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# City of South Daytona

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Comprehensive Annual Financial Report  
For the Fiscal Year Ended September 30, 2020



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1672 S. Ridgewood Avenue, South Daytona, FL 32119  
386-322-3065 [www.southdaytona.org](http://www.southdaytona.org)

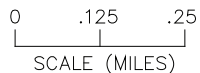
# CITY OF SOUTH DAYTONA

## LEGEND:

- 1 RIVERFRONT PARK
- 2 REED CANAL PARK
- 3 JAMES STREET PARK
- 4 MAGNOLIA PARK
- 5 MELODIE PARK
- 6 NED WAGNER PARK
- 7 CITY HALL
- 8 PUBLIC WORKS
- 9 SUNSHINE PARK MALL – CITIZENS ALERT
- 10 SOUTH DAYTONA ELEMENTARY SCHOOL
- 11 PIGGOTTE COMMUNITY CENTER
- 12 BLAINE O'NEAL PARK
- 13 CENTRAL PARK
- 14 SOUTH DAYTONA PARK OF HONOR



NORTH



HALIFAX RIVER

# **CITY OF SOUTH DAYTONA, FLORIDA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**SEPTEMBER 30, 2020**



### **CITY COUNCIL**

**THE HONORABLE WILLIAM C. HALL, MAYOR**  
**DOUGLAS QUARTIER, VICE MAYOR**  
**LISA O'NEAL**  
**THEODOR ERIC SANDER**  
**BRANDON YOUNG**

**CITY MANAGER**  
**JAMES L. GILLIS, JR.**

**CITY ATTORNEY**  
**WADE C. VOSE ESQ.**  
**VOSE LAW FIRM LLP**

**FINANCE DIRECTOR**  
**JASON OLIVA**

Prepared by:  
City of South Daytona Finance Department



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City of South Daytona  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended September 30, 2020

TABLE OF CONTENTS

	Page
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	3
GFOA Certificate of Achievement	9
Organizational Chart	13
List of Elected and Appointed Officials	17
 <b>FINANCIAL SECTION</b>	
Independent Auditor’s Report	21
Management’s Discussion and Analysis	25
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Position	41
Statement of Activities	42
Fund Financial Statements:	
Balance Sheet - Governmental Funds	43
Reconciliation of the Balance Sheet - Governmental Funds to the Government-wide Statement of Net Position	44
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	45
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Government-wide Statement of Activities	46
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	47
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Redevelopment Trust Fund	48
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Transportation Fund	49
Statement of Net Position - Proprietary Funds	50
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	51
Statement of Cash Flows - Proprietary Funds	52
Notes to the Financial Statements	55
<b>Required Supplementary Information:</b>	
Schedule of Changes in the City’s Total OPEB Liability and Related Ratios	89
FRS – Schedule of Proportionate Share of Net Pension Liability And Schedule of Contributions	90
HIS – Schedule of Proportionate Share of Net Pension Liability And Schedule of Contributions	91
<b>Combining and Individual Fund Financial Statements and Schedules:</b>	
Combining Balance Sheet - Nonmajor Governmental Funds	95
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	96
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Capital Projects Fund	97
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Community Trust Fund	98

## STATISTICAL SECTION

Financial Trends:	
Net Position by Component	103
Changes in Net Position	104
Fund Balances - Governmental Funds	106
Changes in Fund Balances - Governmental Funds	107
Revenue Capacity:	
Program Revenues by Function/Program	108
Governmental Activities Tax Revenue by Source	109
Assessed Value and Estimated Actual Value of Taxable Property	110
Property Tax Rates – Direct and Overlapping Governments	111
Principal Property Taxpayers	112
Property Tax Levies and Collections	113
Debt Capacity:	
Ratios of Outstanding Debt by Type	114
Ratios of General Bonded Debt Outstanding	115
Direct and Overlapping Governmental Activities Debt	116
Legal Debt Margin Information	117
Pledged-Revenue Coverage	118
Demographic and Economic Information:	
Demographic and Economic Statistics	120
Principal Employers	121
Operating Information:	
Full-Time Equivalent Employees by Function	122
Operating Indicators by Function	123
Capital Asset Statistics by Function	124
Water & Sewer Residential Service Rates	125

## SUPPLEMENTAL AUDIT REPORTS:

Independent Auditor's 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	129
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	131
Schedule of Expenditures of Federal Awards	133
Notes to the Schedule of Federal Awards	134
Schedule of Findings and Questioned Costs	135
Management Letter	137
Independent Accountant's Examination Report	141
Response to Audit Findings/Recommendations	143
Impact Fee Affidavit	145
Response to Prior Year Financial Statement Findings	147



## INTRODUCTORY SECTION



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## LETTER OF TRANSMITTAL



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# City of South Daytona

Office of the City Manager / Department of Finance

Post Office Box 214960 · South Daytona, FL 32121 · 386/322-3060 · FAX  
386/322-3099



February 4, 2021

To the Honorable Mayor, Members of the City Council, and Citizens of the City of South Daytona, Florida.

State law requires that every general purpose local government publish, within nine months of the close of each fiscal year, a complete set of audited financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby submit the comprehensive annual financial report of the City of South Daytona for the fiscal year ended September 30, 2020.

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

James Moore & Co., P.L., Certified Public Accounts have issued an unmodified (“clean”) opinion on the City of South Daytona’s financial statements for the fiscal year ended September 30, 2020. The independent auditor’s report is located at the front of the financial section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements the letter of transmittal and should be read in conjunction with it.

## **Profile of Government**

The City of South Daytona, incorporated in 1951, is in east central Florida. The City is bordered on the north by the City of Daytona Beach, Port Orange to the south, the Halifax River on the east, and by unincorporated Volusia County on the West. Topographically, South Daytona lies on a coastal plateau that slopes toward the Inter-coastal Waterway, resulting in an average elevation of 6.5 feet above sea level and a maximum elevation of 10 feet above sea level. The City of South Daytona currently encompasses a land area of 3.87 square miles and serves a total population of 13,007. The City is empowered to levy a tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

South Daytona has operated under a City Manager/Council form of government since 1980, with the Mayor and four Council Members serving four-year, staggered terms beginning in 1990. Policy-making and legislative authority are vested in the City Council consisting of the mayor and four other members, all of whom are elected at large. The City Council is responsible, among other things, for passing ordinances and resolutions, adopting the budget, appointing committees, and hiring both the City Manager and Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operation of the City, and for appointing the heads of various departments. The Council is elected on a non-partisan basis.

The City of South Daytona provides a full range of services including police, fire and rescue, street construction and maintenance, planning and zoning, parks and recreation, cultural events, and general administrative services. In addition, water and sewer services, solid waste collection, and stormwater are provided under an Enterprise Fund concept with user charges established by the City Council to ensure adequate coverage of expenses and payments on outstanding debt. The City of South Daytona contracts with private enterprise for solid waste collection and contracts with the City of Daytona Beach for wholesale water purchases and wastewater treatment.

The annual budget serves as the foundation for the City’s financial planning and control. All departments of the City are required to submit requests for appropriations to the City Manager by early May. Requests for personnel and capital improvements must be submitted by early April. The City Manager uses these requests as the starting

point for developing a proposed budget. A budget workshop is held in late July where the proposed millage rate is set. The City Manager then presents this proposed budget to Council for review by August 1st. The Council is required to hold two public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function, and department. Department heads may make transfers of appropriations within a department. Transfers of appropriations between funds, however, require approval of the City Council.

### **Local Economy**

The economy of the City of South Daytona generally mirrors that of Volusia County. The current global financial downturn that began in March of 2020 due to the Covid-19 pandemic is having impact across Volusia's economy. Recovery from this downturn is expected to be gradual based on several key factors, including public health and medical considerations, the timing of vaccine availability, and the public's confidence in the safety of resuming normal activities.

Unemployment rates in the City also mirror that of Volusia County and have increased during the past year. The labor market saw an unprecedented downturn as businesses across the state and county were forced to close. Unemployment rates in the County reached 14.6% in mid-April. The economy has started to show signs of recovery as the September unemployment rates were down to 5.9%.

Property values were set before the impact by Covid-19. The City saw an increase of 6.2% in taxable value for the year ended September 30, 2020. During the current fiscal year, the City had significant growth with the construction of an assisted living facility and the start of construction of a high-end apartment complex. The opportunity for growth still exists in the City with several riverfront parcels to be potentially developed. This development could lead to an increase to the City's taxable valuation in upcoming years and provide valuable recurring financial resources.

### **Long Term Financial Planning and Major Initiatives**

Unrestricted fund balance in the general fund at year end was 20% of the following years budgeted expenditures. This amount was within the policy guidelines set by the Council for budgetary and planning purposes (two months of general fund expenditures or 16.7%) officially adopted by Resolution #2020-34. Although unassigned balance remained within policy guidelines for the general fund, lack of operating cash in the utility service fund required the recording of an advance from the general fund which is not considered to be unassigned fund balance in the general fund. Accordingly, the City completed and implemented a utility rate study during fiscal year ending 2019 to increase cash balances in the utility service fund. Staff will continue to monitor revenues and expenditures to further increase unassigned fund balance.

The City of South Daytona maintains a five-year Capital Improvement Program which serves as its planning document to ensure that its facilities, equipment, and infrastructure are well maintained and operating in peak condition. This process gives the City the ability to plan for its capital needs and allocate short and long-term resources appropriately. As part of this process, the City identifies and quantifies the operational costs associated with its capital projects and budgets resources accordingly. In addition, the City maintains a vehicle replacement policy which serves as its fleet replacement guide over a ten-year period. During the economic downturn, the City was forced to delay replacement of vehicles and other equipment. While the City looks to recover from the economic downturn by restoring fund balances, it is imperative that the City also addresses these delays to facility maintenance and equipment replacement by prioritizing these in the future budgets.

### **Relevant Financial Policies**

**Budgeting Controls** The objective of the City's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of all the governmental funds are included in the annual appropriated budget.

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is exercised at the fund level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Any unencumbered balance of appropriations will revert to the General Fund and be subject to future appropriations except those relating to capital projects and contracted professional services. As demonstrated by the financial statements and schedules included in the Financial Section of this Comprehensive Annual Financial Report, the City continues to meet its responsibility with respect to sound

financial management.

**Awards and Acknowledgements**

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Daytona for its comprehensive annual financial report for the fiscal year ended September 30, 2019. This was the thirty-sixth consecutive year the City has received 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 that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report on a timely basis was made by the dedicated service of the entire staff of the Finance Department. We would like to express our sincere appreciation to each member of the department for their contributions to the preparation of this report. We would also like to thank the City Manager and members of the City Council for their leadership and dedication.

Respectfully submitted,



James L. Gillis  
City Manager



Jason Oliva  
Finance Director



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**CITY OF SOUTH DAYTONA, FLORIDA**

**CERTIFICATE OF ACHIEVEMENT AWARDED**

For the Fiscal Year Ended September 30, 2019

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a **Certificate of Achievement for Excellence in Financial Reporting** to the City of South Daytona, Florida for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2019.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports 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 our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.



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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of South Daytona  
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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## ORGANIZATIONAL CHART

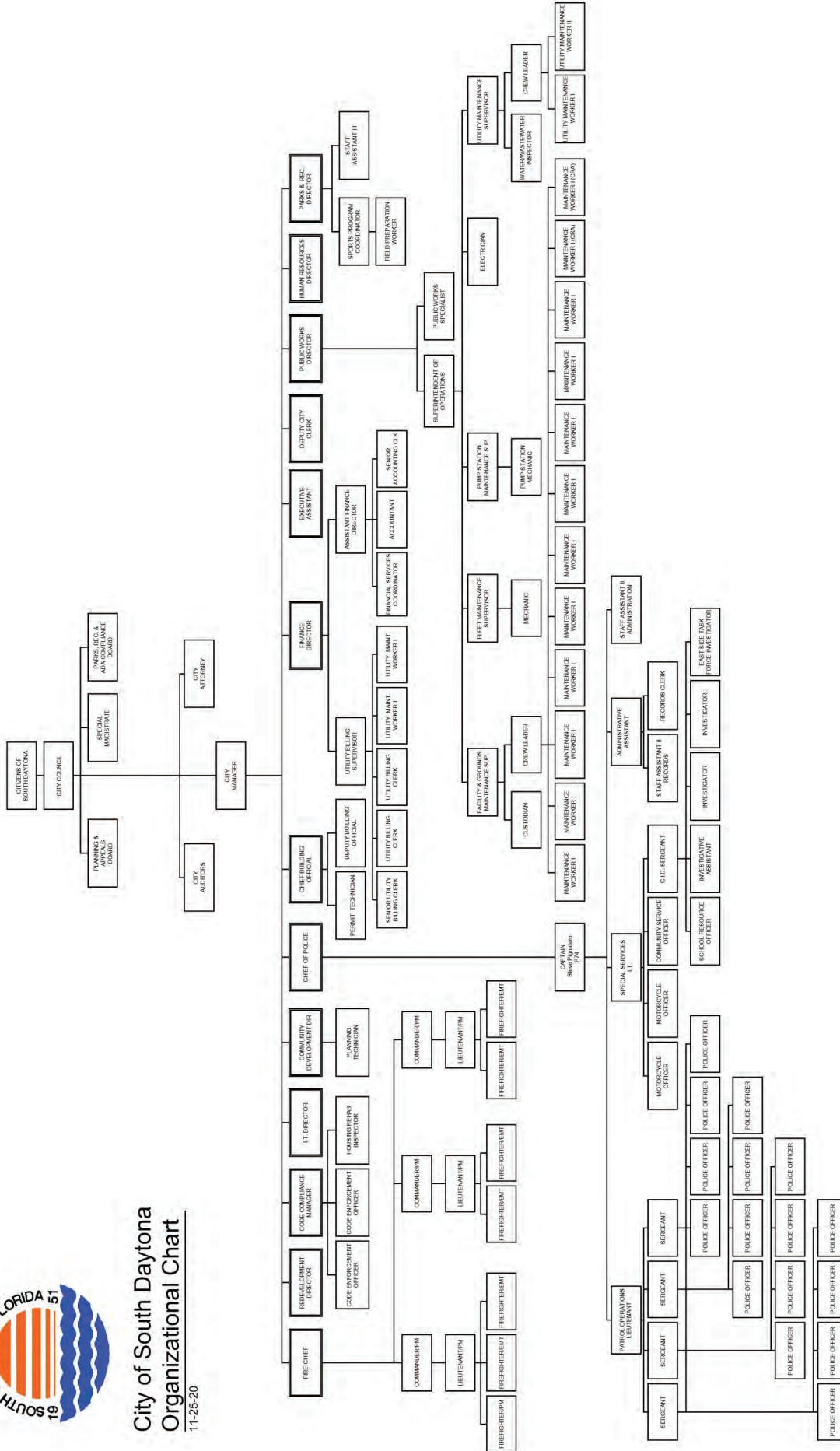






# City of South Daytona Organizational Chart

11-25-20





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**City of South Daytona  
List of Elected Officials  
September 30, 2020**

**Elected Officials**



Mayor  
William C. Hall



Councilmember, Seat 1  
Brandon Young



Vice-Mayor, Seat 2  
Doug Quartier



Councilmember, Seat 3  
Lisa O'Neal



Councilmember, Seat 4  
Eric Sander\*

\* Effective November 10, 2020

**City of South Daytona  
Appointed Officials  
September 30, 2020**

**Appointed Officials**

City Manager	James L. Gillis Jr.
Finance Director	Jason Oliva*
Parks/Recreation Director	Amy Zengotita
Community Development Director	Laureen Kornel
Deputy City Clerk	Debbie Fitz-Gerald
Fire Chief	James Giles
Public Works Director	Brian Peek
Chief of Police	Mark Cheatham
Human Resources Director	Trudy O'Dell
Redevelopment Director	Patty Rippey

\*Effective October 1, 2020



## FINANCIAL SECTION



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## **INDEPENDENT AUDITOR'S REPORT**



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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Council, and City Manager  
of the City of South Daytona, Florida:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Daytona, 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 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of South Daytona, Florida, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and budgetary comparison statements for the General Fund, Redevelopment Trust Fund, and Transportation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that 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***

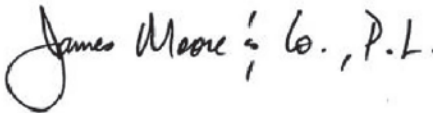
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, statistical section, and schedule of expenditures of federal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

The combining and individual fund financial statements and schedules and schedule of expenditures of federal awards 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 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 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 February 4, 2021 on our consideration of City of South Daytona, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.



Daytona Beach, Florida  
February 4, 2021



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of South Daytona, Florida (hereinafter referred to as the "City"), we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 5-7 of this report.

### **Financial Highlights**

- ◆ The assets and deferred outflows of the City exceeded its liabilities and deferred inflows by \$23,891,396 (net position). The unrestricted net position, which represents the amounts available to meet the City's ongoing obligations to citizens and creditors, was a deficit of \$9,356,235. The City is committed to provide postemployment benefits to its employees. As a result, the City has recognized substantial liabilities in the financial statements for these benefits. As of September 30, 2020, the City had liabilities of \$14,645,097 for postemployment benefits, which has caused the deficit balance in the unrestricted net position.
- ◆ The City's total net position increased \$3,477,704 primarily due to debt reduction and grant revenues, accompanied by a continued focus to increase fund balance in the General and Utility Service Funds.
- ◆ At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$4,856,718, an increase of \$1,511,034 in comparison with the prior year. Of this amount, \$2,282,337 or 47%, is available for spending at the government's discretion (unassigned fund balance).
- ◆ At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,282,337 or approximately 20% of the following year's total budgeted general fund expenditures. Per city policy, unassigned fund balance over twenty percent, \$346,531, has been committed for disaster recovery.
- ◆ The City's proprietary funds reported an increase of \$1,516,284. This increase was a result of a rate increase implemented in September of 2019 combined actual revenues exceeding the budgeted amounts due to the City using conservative revenue estimates for usage. The impact of Covid-19 on utility usage was less than what was anticipated.
- ◆ The City's net long term debt outstanding decreased by \$3,233,623 during the current fiscal year.

### **Overview of the Financial Statements**

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

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial assets of the City are improving or deteriorating.

The *statement of activities* presents information showing how the City's net position has changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported

by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, streets, sanitation, and culture and recreation. The business-type activities of the City include water and sewer service operations and stormwater management.

The government-wide financial statements include not only the City of South Daytona itself (known as the primary government), but also a legally separate entity (South Daytona Community Redevelopment Agency) known as a blended component unit, for which the City is financially accountable. Financial information for this component unit is blended with the financial information presented for the government itself.

The government-wide financial statements can be found on pages 41-42 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental and proprietary 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 balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is more narrow than that of 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. Those reconciliations can be found on pages 44 and 46.

The City maintains five (5) individual governmental funds. Two of these governmental funds are classified as non-major and are summarized under this heading in the governmental fund presentation. 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 Community Redevelopment Trust Fund (blended component unit), and the Transportation Fund all of which are considered to be major funds. Data from the other two governmental funds is combined into a single aggregated column. Individual fund data for these nonmajor governmental funds is provided in the form of combining and individual fund statements and schedules section of this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 43 and 45 of this report.

**Proprietary Funds.** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented in the business-type activities of the government-wide financial statements. The Utility Service Fund is used to account for the fiscal activities of the City's water, sewer and flood control (stormwater management) activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various departments and cost functions. The City uses an internal service fund to account for its vehicle fleet maintenance facilities and operations. Because this service predominantly benefits government operations rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide statements, only in more detail. The proprietary fund financial statements provide separate financial information for the Enterprise Fund, considered to be a major fund of the City, and the Internal Service Fund.

The basic proprietary fund statements can be found on pages 50 - 53 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 57- 86 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City’s progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required supplementary information can be found on pages 89-91 of this report.

This report also presents *other supplementary information*. The combining balance sheet and the combining statement of revenues, expenditures, and changes in fund balances for the City’s non-major governmental funds, the schedule of revenues, expenditures, and changes in fund balance budget and actual for funds with legal budgets other than the General Fund, Redevelopment Trust Fund, The Transportation Fund and the Internal Service Fund are presented immediately following the required supplementary information. These combining fund statements and budget and actual schedules can be found on pages 95-98 of this report.

**Government-Wide Overall Financial Analysis**

As noted previously, net position over time may serve as a useful indicator of a government’s financial position. In the case of the City, assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$23,891,396 at the close of the most recent fiscal year.

**The City of South Daytona’s Net Position.**

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Assets:</b>						
Current and other assets	\$ 6,019,571	\$ 4,123,154	\$ 1,546,101	\$ 381,579	\$ 7,565,672	\$ 4,504,733
Capital assets, net	20,022,408	20,593,716	21,174,107	21,652,726	41,196,515	42,246,442
Total Assets	26,041,979	24,716,870	22,720,208	22,034,305	48,762,187	46,751,175
Deferred outflows of resources	3,830,888	3,601,722	228,965	227,791	4,059,853	3,829,513
<b>Liabilities:</b>						
Long-term liabilities	8,440,209	10,772,461	3,821,333	4,686,621	12,261,542	15,459,082
Net Pension liabilities	12,410,692	10,962,012	544,103	513,831	12,954,795	11,475,843
Other liabilities	1,156,502	781,593	1,381,247	1,389,286	2,537,749	2,170,879
Total liabilities	22,007,403	22,516,066	5,746,683	6,589,738	27,754,086	29,105,804
Deferred inflows of resources	1,110,493	1,008,975	66,065	52,217	1,176,558	1,061,192
<b>Net position:</b>						
Net investment in capital assets	13,849,857	12,177,138	17,773,515	17,272,002	31,623,372	29,449,140
Restricted	1,274,546	969,716	349,713	180,469	1,624,259	1,150,185
Unrestricted (deficit)	(8,369,432)	(8,353,303)	(986,803)	(1,832,330)	(9,356,235)	(10,185,633)
Total net position	\$ 6,754,971	\$ 4,793,551	\$ 17,136,425	\$ 15,620,141	\$ 23,891,396	\$ 20,413,692

Current and other assets increased in governmental activities by \$1.9 million from the prior year. In an effort to increase fund balance, the City originally budget a \$200,000 transfer to reserve that was increased to \$368,511 during the mid-year budget adjustment. The City also received \$455,154 from the Coronavirus Aid, Relief, and Economic Security (CARES) .

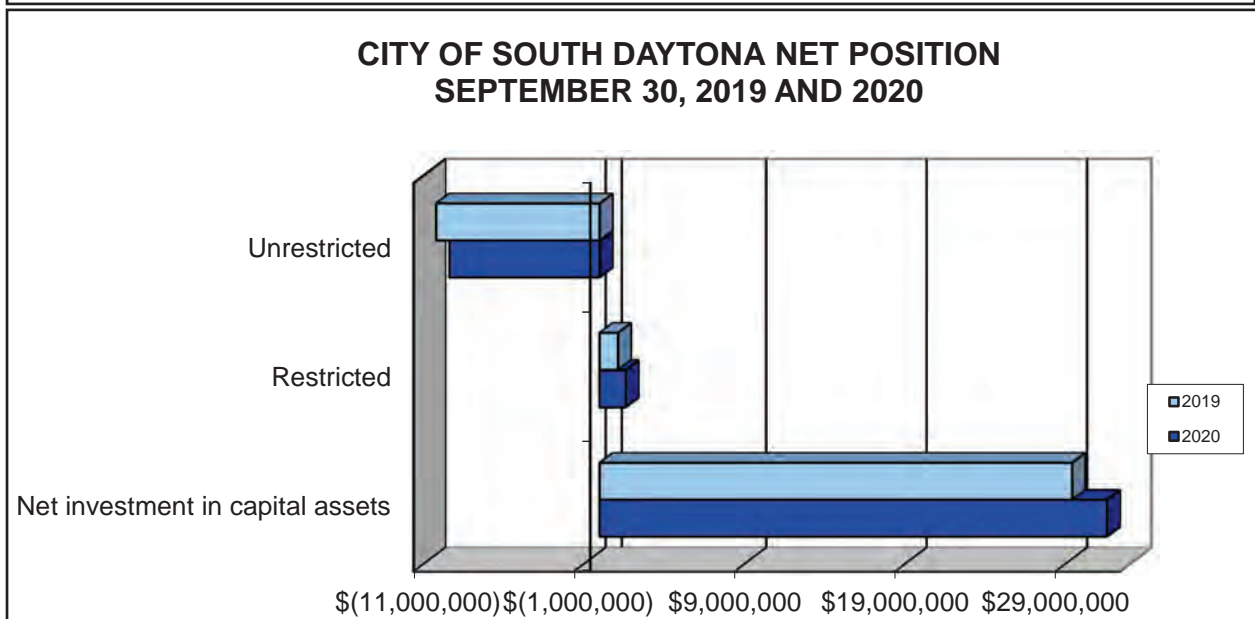
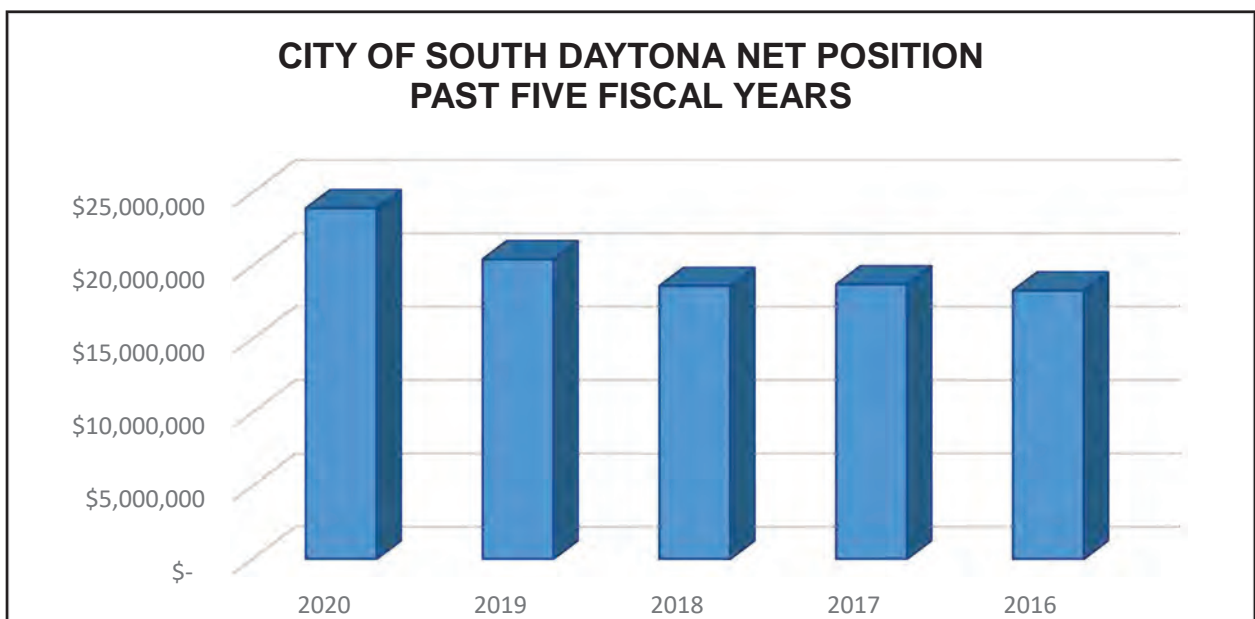
Other liabilities in governmental activities increased \$374,909 from the previous year due to an increase in accounts payables. The City pays accounts payable on a bi-weekly schedule and the timing of the payments caused an additional week of payables to accumulate in comparison to the prior year.

Long-term liabilities, which consists of notes, leases, compensated absences and postemployment benefit obligations, decreased by \$3,197,540 from the previous year for governmental and business-type activities combined. Notes and leases decreased by \$3,223,623 as the City has made a commitment to reduce debt via a combination of making additional principal payments and not taking out any additional debt. The City’s net OPEB liability increased \$29,586 due to an increase in the City’s other postemployment benefit healthcare plan liability.

The increase in OPEB was in combined with an addition to the \$1,478,592 increase in the City’s share of the Florida Retirement System’s total pension liability.

By far, the largest portion of the City’s net position, \$31,623,372, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City’s investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City’s net position, \$1,624,259 represents resources that are subject to external restrictions on how they may be used. As of the end of the current year, the City’s the unrestricted net position was a deficit balance of \$9,356,235. The deficit balance is caused by the postemployment liabilities for the City’s portion of FRS pension plans (\$12,954,795) and other postemployment benefit plans for retiree healthcare (\$1,690,302).



### City of South Daytona Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 2,996,015	\$ 2,760,925	\$ 8,112,893	\$ 6,811,893	11,108,908	\$ 9,572,818
Operating grants and contributions	1,076,610	779,715	573,300	388,090	1,649,910	1,167,805
Capital grants and contributions	476,224	1,503,823	628,280	9,859	1,104,504	1,513,682
General revenues:						
Property taxes	3,669,527	3,514,933	-	-	3,669,527	3,514,933
Property tax increments - redevelopment	1,666,585	1,534,641	-	-	1,666,585	1,534,641
Other taxes	2,366,042	2,429,799	-	-	2,366,042	2,429,799
Intergovernmental revenues	1,950,986	1,950,637	-	-	1,950,986	1,950,637
Other revenues	223,395	371,074	17,139	110,027	240,534	481,101
Total revenues	<u>14,425,384</u>	<u>14,845,547</u>	<u>9,331,612</u>	<u>7,319,869</u>	<u>23,756,996</u>	<u>22,165,416</u>
<b>Expenses:</b>						
General government	1,488,212	2,311,135	-	-	1,488,212	2,311,135
Comprehensive planning	584,686	970,206	-	-	584,686	970,206
Public safety	5,587,529	5,524,599	-	-	5,587,529	5,524,599
Environmental services - public works	1,048,044	600,151	-	-	1,048,044	600,151
Environmental services - sanitation	1,654,109	1,495,970	-	-	1,654,109	1,495,970
Road and street facilities	509,674	1,107,544	-	-	509,674	1,107,544
Community redevelopment	640,413	284,926	-	-	640,413	284,926
Parks and recreation	1,276,074	1,547,442	-	-	1,276,074	1,547,442
Parks - summer /spring day camp	-	39,310	-	-	-	39,310
Parks - recreation programs	-	142,047	-	-	-	142,047
Water/Sewer operations	-	-	7,239,470	5,975,235	7,239,470	5,975,235
Interest on long-term debt	251,081	340,526	-	-	251,081	340,526
Total expenses	<u>13,039,822</u>	<u>14,363,856</u>	<u>7,239,470</u>	<u>5,975,235</u>	<u>20,279,292</u>	<u>20,339,091</u>
Increase (decrease) in net position before transfers	1,385,562	481,691	2,092,142	1,344,634	3,477,704	1,826,325
Transfers in (out)	575,858	1,500,896	(575,858)	(1,500,896)	-	-
Increase (decrease) in net position	1,961,420	1,982,587	1,516,284	(156,262)	3,477,704	1,826,325
Net position beginning	4,793,551	2,810,964	15,620,141	15,776,403	20,413,692	18,587,367
Net position ending	<u>\$ 6,754,971</u>	<u>\$ 4,793,551</u>	<u>\$ 17,136,425</u>	<u>\$ 15,620,141</u>	<u>\$ 23,891,396</u>	<u>\$ 20,413,692</u>

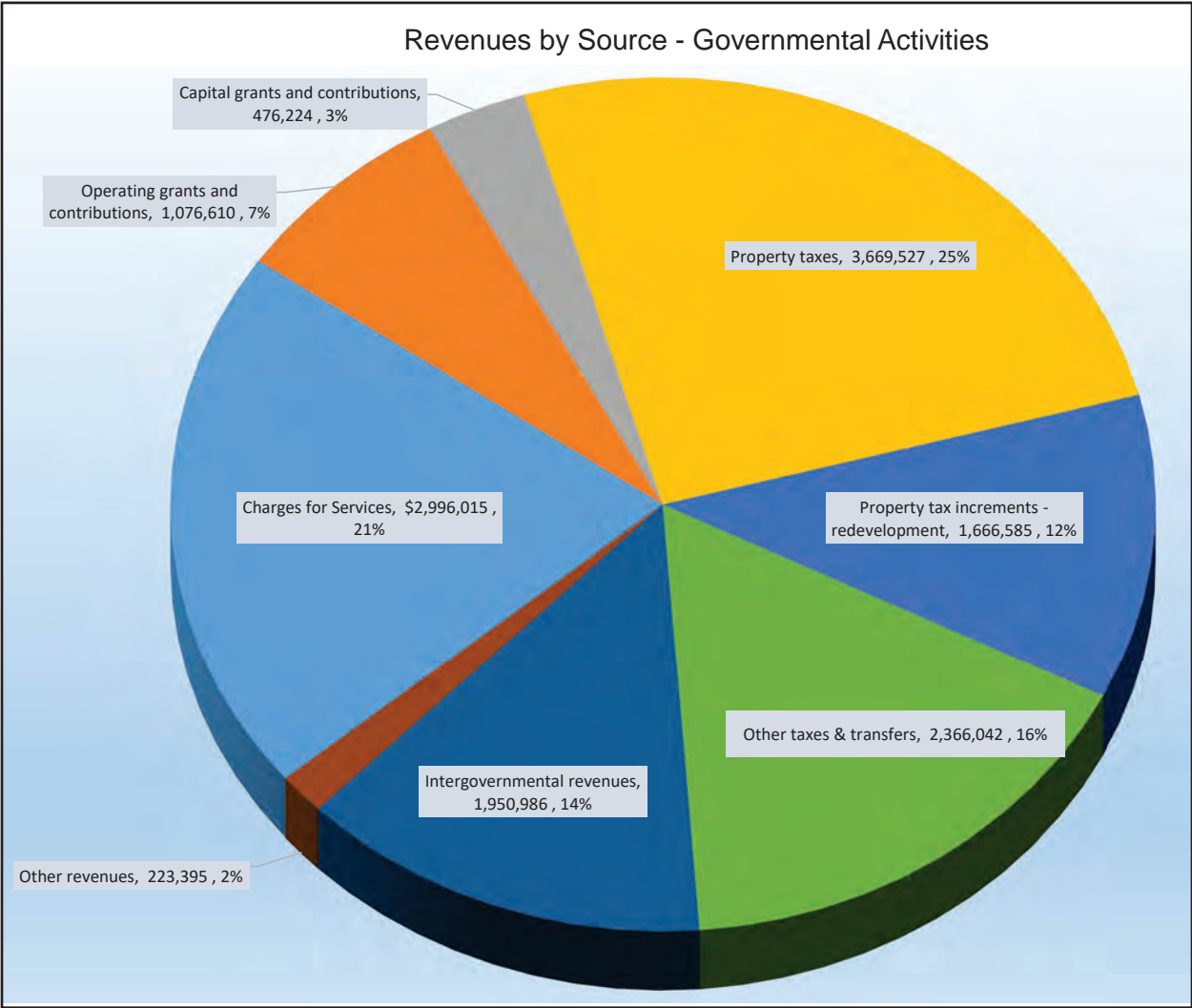
#### **Changes in Net Position.**

The City's overall net position increased \$3,477,704 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental and business-type activities.

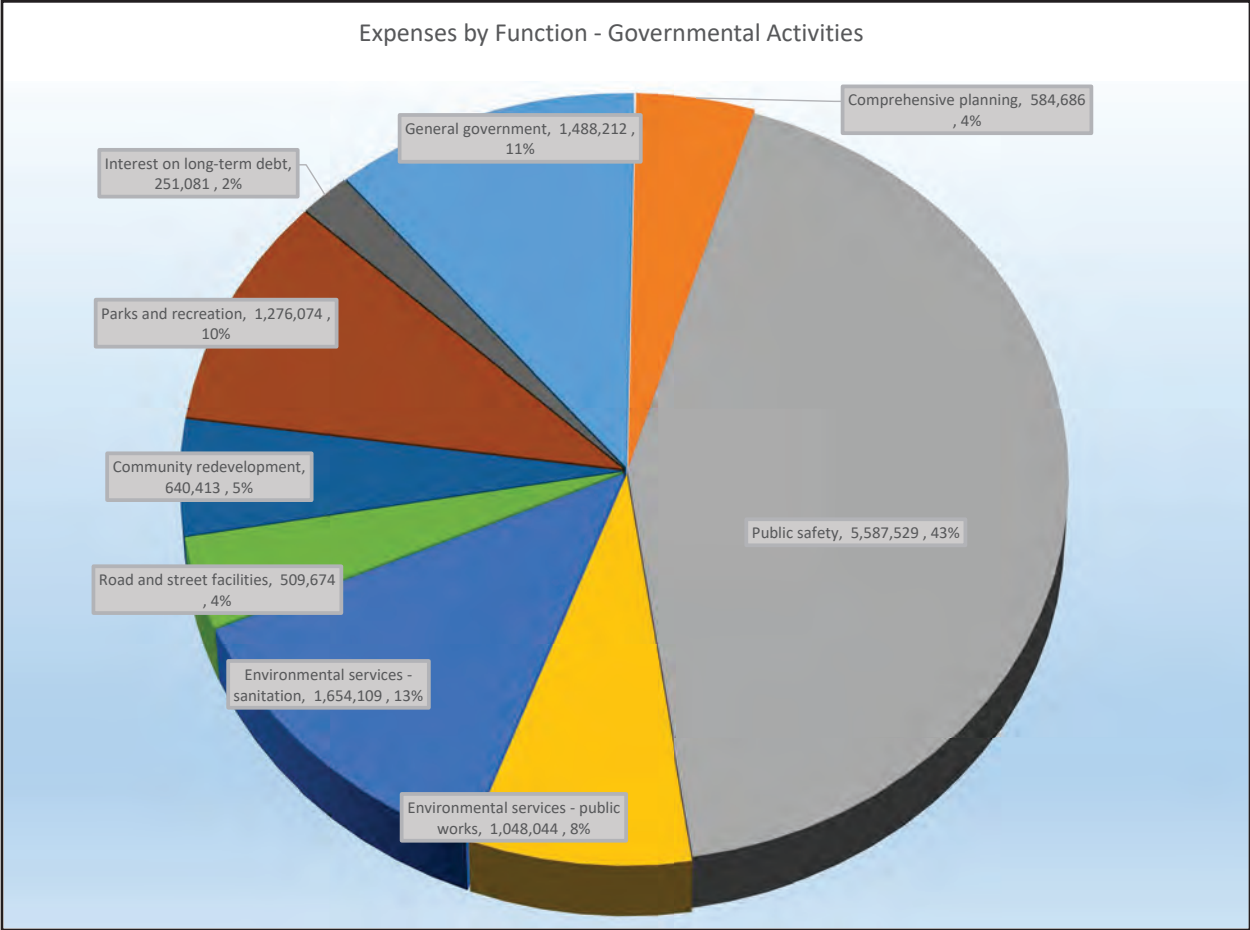
#### **Governmental Activities.**

As mentioned earlier, governmental activities such as public safety, parks and recreation, and streets are supported by taxes and intergovernmental revenue rather than recovering all or a significant portion of their costs through user fees and charges. During the current fiscal year, net position for governmental activities increased \$1,961,420 from the prior fiscal year ending balance of \$4,793,551. While the Covid-19 pandemic certainly had an impact on the City, management was able to take various actions (e.g., adjusting income for certain revenue sources, delaying the filling of vacant positions, reducing expenses related to recreation programs that were cancelled) that neutralized its effect on governmental activities. The increase in the overall net position of governmental activities is primarily due to the mentioned transfer to reserve of \$368,511, \$455,154 (CARES) Act revenue and \$471,429 from FEMA to acquire a fire truck. Another reason for the increase in net position for the governmental funds was the planned decrease to long-term liabilities.



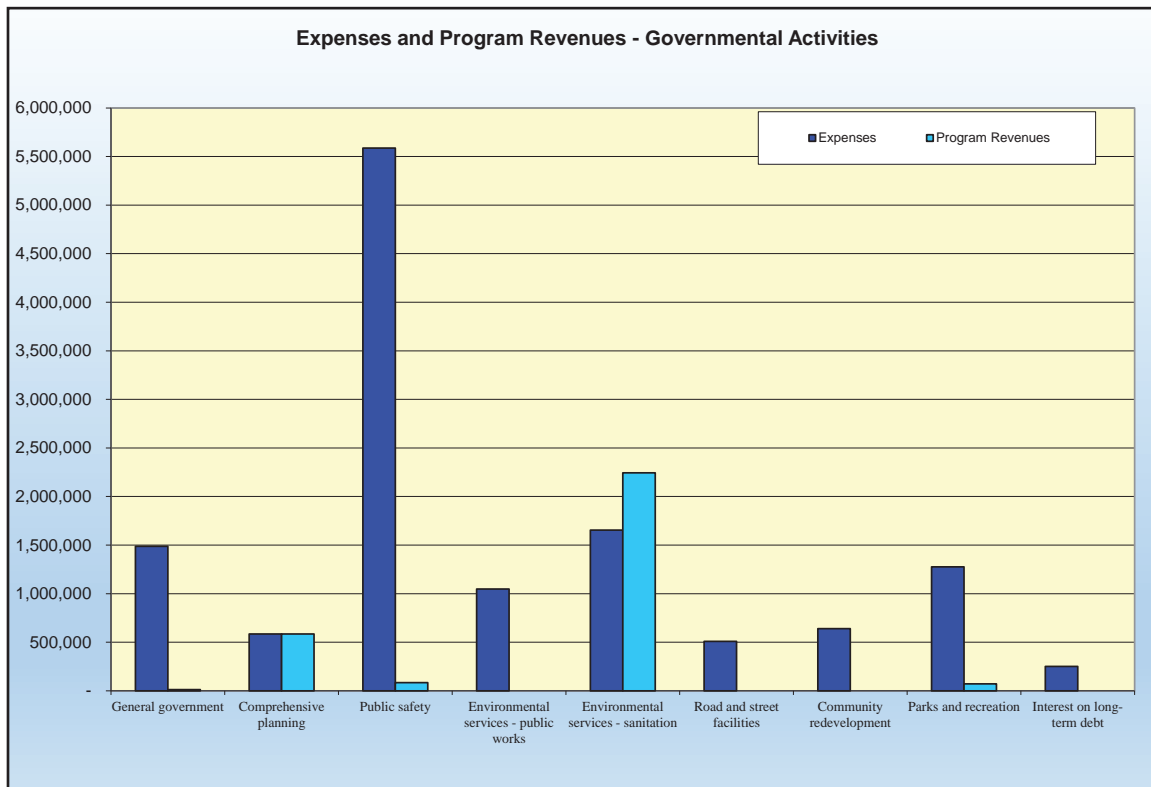


Revenues decreased \$420,163 from the prior year primarily due to a \$730,704 decrease in capital and operating grants. Property taxes remain the largest source of revenue at \$3.7 million for the current fiscal year. The millage rate has remained constant since 2018, however the assessed valuations of property has risen 8.6% in the current year creating an increase of \$154,944 in ad valorem revenue. Charges for services is the second biggest source of revenue for governmental activities for the fiscal year. Charges for services increased \$235,090 over the prior fiscal year due primarily to commercial garbage services provided related to construction of new apartment complex in the City. Other taxes and intergovernmental revenues decreased \$63,408 due to the economic impact of the Covid-19 pandemic. The impact was not as significant as expected and the budget adjustments that management made during the year allowed the City to mitigate potential revenue shortfalls.



Expenses decreased during the current year, decreasing from \$14,363,856 in the prior year to \$13,039,822 in the current year. The most significant decreases are due primarily to shared labor costs being allocated directly to the Utility Service Fund rather than being recorded in the general government and then being reimbursed by transfers in from the Utility Service Fund. A decrease in interest on long-term debt, \$89,445, resulted from decreases in outstanding debt. Additionally, parks recreation and camp programs did not record significant expenses as the Covid-19 pandemic caused cancellations of activities. These decreases were offset by increases in environmental services for sanitation. Sanitation expenditures increased \$158,139 due to the cost of providing commercial garbage service to the new apartment building construction.

As shown in the chart below, revenues generated by the City’s programs are not sufficient to cover the costs. The City relies on property taxes, sales taxes, investment income and other general revenues to cover the costs associated with the various programs.



**Business-type Activities.** The business-type activities for the City include water and sewer service operations and stormwater management. Costs for providing these services are recovered by charging users for the services. For the City’s business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of \$17,136,425. The total increase in net position for business-type activities (water and sewer) was \$1,516,284 or 9.7% from the prior fiscal year. The growth, in large part, is attributable to rate increases for water and sewer enacted in September 2019. As a result, revenues from water and sewer activity charges for services increased \$1,301,000 over the previous year’s amount. An additional cause for the overall increase was operating expenses and transfers out decreased by \$194,374 from the prior year. During the mid-year budget, revenue projections were decreased due to the uncertainty of the impact of Covid-19 on utility usage.

**Financial Analysis of Governmental Funds**

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

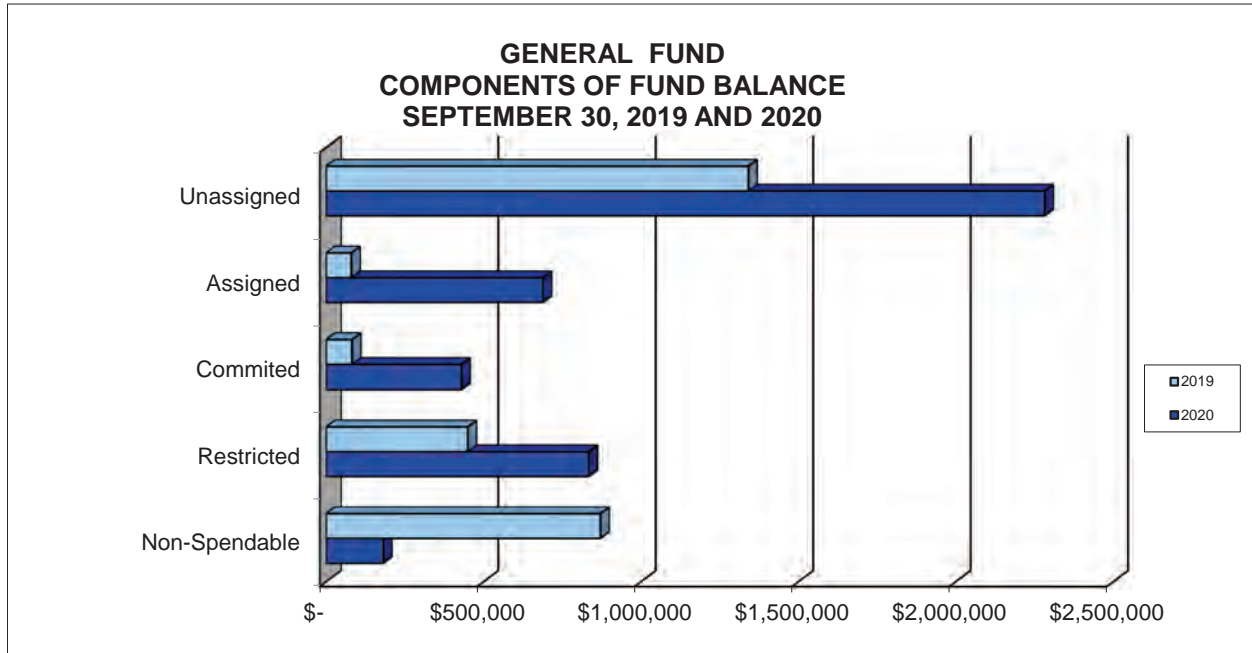
**Governmental Funds.** The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure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

At September 30, 2020, the City’s governmental funds reported combined fund balances of \$4,856,718, an increase of \$1,511,034 in comparison with the prior year balance. Of this amount, \$2,282,337, or 46.9%, constitutes unassigned fund balance, which is available for spending at the City’s discretion. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is (1) not in spendable form \$181,697, (2) restricted for particular purposes, \$1,274,546, (3) committed for particular purposes, \$429,770 or (4) assigned for particular purpose, \$688,368.

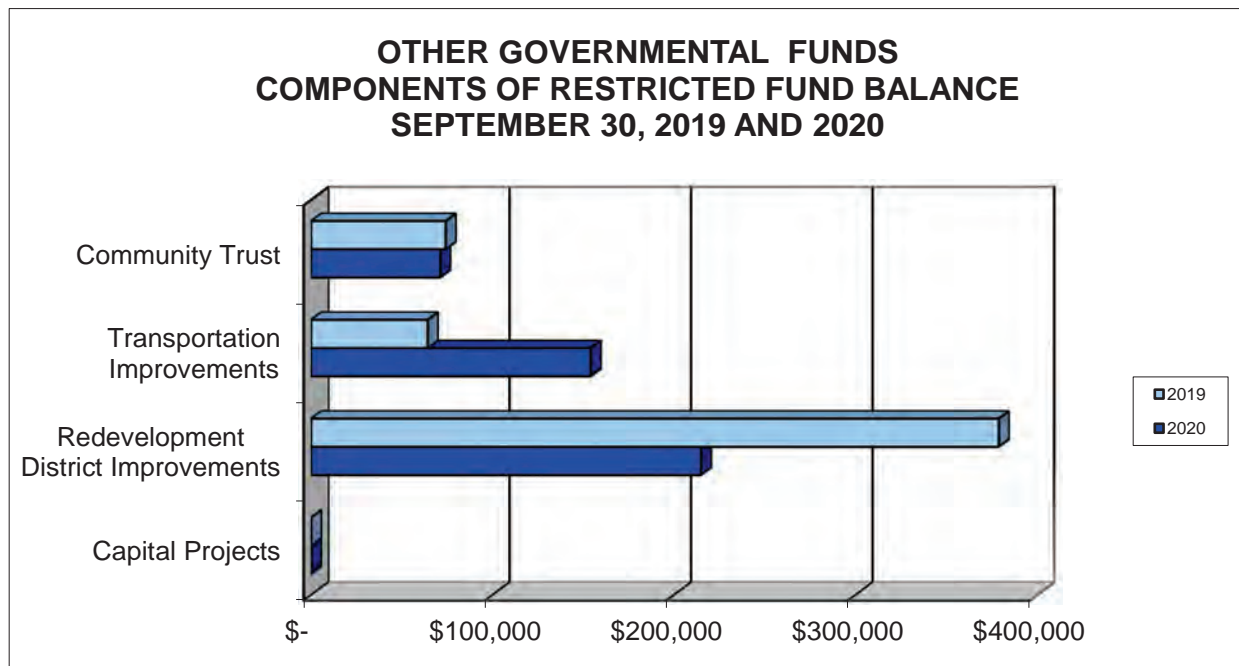


**Analysis of Individual Funds**

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,282,377, while total fund balance increased to \$4,416,620. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 20.2% of total general fund expenditures, while total fund balance represent 39.1% of that same amount.



The fund balance of the City’s General Fund increased by \$1,590,562 during the current fiscal year. The increase was, in part, due to the aforementioned budgeted transfers to reserves to restore unassigned fund balance, C.A.R.E.S. revenue and a reduction in expenditures. A portion of general fund non-spendable balance reported in prior years related to the advance to the Utility Service Fund has now been classified as unassigned fund balance as the amount due to the general fund has been reduced..



The fund balance of the City's Redevelopment Trust Fund decreased by \$164,088 during the current fiscal year. This decrease is a result of budgeted transfers from reserves for additional principal debt payments to made in the current fiscal year.

The transportation fund balance increased by \$64,257 primarily due to expenditures being less than budgeted. Fund balance that remains in the transportation fund will be used to fund transportation related capital projects and expenditures in future years.

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Utility Service Fund at the end of the year was a deficit of \$986,803. The total increase in net position for the utility service fund was \$1,516,284. As noted earlier in the discussion of business-type activities, the increase in the Utility Service Fund was due to increases water and sewer rates.

### **General Fund Budgetary Highlights**

**Original budget compared to final budget.** During the year, a mid-year budget amendment was made to adjust the original estimated revenues or budget appropriations. Due to the economic impact of the Covid-19 pandemic, the City reduced multiple revenue estimates at mid-year. Overall, the general fund budget was increased by \$562,822. The significant variances between the original budget and final amended budget are as follows:

- Federal grants were increased by \$575,537 to recognize a Assistance to Firefighters Grant received during the year to purchase a new fire truck.
- Fire Control capital outlay was increased to budget for the purchase of a fire truck.
- Covid-19 revenue reductions included franchise fees, utility service taxes, state shared revenues, and sales tax.
- Culture/recreation saw decreases in revenues and expenditures as all activities were cancelled in March thru the end of the fiscal year.
- Charges for services and the associated expenditures account for commercial garbage were both increased at mid-year due to the construction of the new apartment building.

Generally, other movement of the appropriations between departments were not significant.

**Final budget compared to actual results.** Revenues reported an overall positive variance in the General Fund with actual revenues higher than the final FY 2020 Budget by \$861,864. The majority of this variance is primarily due to the following:

- Federal grants were over due to the receipt of C.A.R.E.S. revenue of \$455,154.
- Charges for service was \$100,157 over budget due to revenues being higher than anticipated for commercial garbage.
- The revenue reduction at mid-year related to Covid-19 allowed multiple revenue accounts to have actual revenue come in higher than the revised budget.

Expenditures reported an overall positive variance in the General Fund with actual expenditures lower than the final FY 2020 Budget by \$780,260. This variance is attributed to a continued focus on cost containment efforts, salary attrition due to vacancies across the community development, police and parks departments, and not needing to spend budgeted contingency money.

### **Capital Assets and Debt Administration**

**Capital Assets.** The City's investment in capital assets for its governmental and business type activities as of September 30, 2020, amounts to \$41,196,515 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads and bridges. Decreases to capital assets occur when accumulated depreciation expense for the year is greater than capital acquisitions. The total decrease in capital assets for the current fiscal year was approximately 2.5%.

**City of South Daytona's Capital Assets (net of depreciation/amortization)**

Capital Assets as of September 30,	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Land	\$ 2,831,637	\$ 2,831,637	\$ 3,915,623	\$ 3,915,623	\$ 6,747,260	\$ 6,747,260
Construction in progress	2,701	2,701	573,556	-	576,257	2,701
Buildings and improvements	16,028,832	17,386,696	16,055,856	16,994,321	32,084,688	34,381,017
Machinery and equipment	1,159,238	372,682	629,072	742,782	1,788,310	1,115,464
	<u>\$ 20,022,408</u>	<u>\$ 20,593,716</u>	<u>\$ 21,174,107</u>	<u>\$ 21,652,726</u>	<u>\$ 41,196,515</u>	<u>\$ 42,246,442</u>

Major capital asset events during the current fiscal year included the following:

- \$36,929 for self contained breathing apparatus in the fire department.
- \$516,592 for a Pierce Enforcer Custom Pumper fire truck replacement.
- 2020 Ford F-150 truck in the Transportation Fund.
- CIP included ongoing improvements of \$134,228 for Lift Station # 5 and \$439,328 for the Windle Lane Pond expansion

Additional information on the City's capital assets can be found in Note 9 to the financial statements, on pages 67 - 68.

Credit Facility	City of South Daytona Outstanding Debt As of September 30,					
	Governmental		Business-type		Total	
	2020	2019	2020	2019	2020	2019
<b>Long Term Debt</b>						
State Revolving Loan	-	-	1,908,718	2,346,889	1,908,718	2,346,889
Note Payable	1,847,216	3,248,094	-	-	1,847,216	3,248,094
Capital Improvement Notes	4,166,443	4,943,916	1,404,892	1,895,772	5,571,335	6,839,688
Capital Leases	158,892	224,567	126,873	187,419	285,765	411,986
<b>Total Long Term Debt</b>	<u>6,172,551</u>	<u>8,416,577</u>	<u>3,440,483</u>	<u>4,430,080</u>	<u>9,613,034</u>	<u>12,846,657</u>

**Long-term Debt.** During the current fiscal year, the City decreased outstanding debt by \$3,233,623. At year-end, the City had \$9,613,034 in long-term notes and capital lease obligations outstanding. More detailed information about the City's long-term debt is presented in Notes 10 & 11 of the financial statements on pages 69 - 75.

**State Revolving Loans.** The City has three revenue note obligations payable to the State of Florida, Department of Environmental Protection State Revolving Fund Loan Program totaling \$1,908,718 at year-end. The proceeds of these loans were used to finance the construction of needed stormwater drainage and sanitary sewer improvements in Palm Grove and a sanitary sewer installation in Country Club Garden subdivision. These notes are collateralized by the City's utility revenues and are payable in varying amounts through 2026.

**Notes Payable.** During fiscal year 2014, the City secured a \$4,109,102 note to refund a line of credit from Wells Fargo Bank. The terms of the loan include a fixed rate of 2.65% and a maturity date of June 30, 2023. On November 30, 2016 the City received a note of \$401,000 funding capital acquisitions made during the fiscal year ended September 30, 2016. The interest rate is a fixed rate of 2.67% with a maturity date of November 1, 2023. The principal balance of these notes are \$1,847,216 as of September 30, 2020.

**Capital Improvement Notes.** During fiscal year 2004-2005, the City secured a \$15,000,000 working capital line of credit from Wells Fargo (formerly Wachovia) Bank to cover the timing differences between Utility System Fund capital outlay and receipt of reimbursement grant funds. In fiscal year 2011, the revolving line was converted to a term loan. The collective balance owed to Wells Fargo Bank at September 30, 2020 is \$810,072. Of this amount owed, \$700,890 is recognized as debt of governmental activities while the remaining balance of \$109,182 is recorded in the Utility Service Fund.

The City had an additional note payable to Wells Fargo Bank at year end in the amount of \$745,439. This represents the principal balance remaining of the \$6,500,000 loan taken in January 2004 by the Redevelopment Trust Fund for U.S. 1 corridor improvements.

During fiscal year 2014 the City secured a \$4,200,000 Capital Improvement Note #109 with a maturity of November 1, 2028 and an interest rate of 3.29%. The purpose of this note was to pay off part of a Wells Fargo revolving line of credit # 91, fund capital improvement projects and included \$2,500,000 for efforts to acquire the electric utility system. The outstanding amount at fiscal year end was \$2,720,114.

The City's Utility Fund converted a \$7,000,000 line of credit into a term loan during the fiscal year ended September 30, 2011. The interest rate is 5.17% fixed with a maturity date of December 14, 2021. The balance at September 30, 2020 was \$812,710.

The City's Utility System Fund secured an additional \$891,000 credit facility in March, 2013 to refund the then existing Note Payable to City of Daytona Beach. The interest rate is 2.49% fixed with annual debt service payments beginning July 2014 and concluding in 2027. The balance at September 30, 2020 was \$483,000.

**Capital Leases.** The City has outstanding capital lease obligations payable to various financial institutions in the amount of \$285,765. These obligations are used to fund capital equipment purchases on an annual basis and have staggered and varying maturity dates.

The City Charter does not limit the amount of debt the City may incur.

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

Many factors are considered each year by the City Council 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.

- The most recent figures available for unemployment data in Volusia County, Florida are compiled by the Florida Agency for Workforce Innovation on the Florida Research and Economic Information Database Application (FREIDA). This agency reports county-wide unemployment rate of 3.2% a decrease from the rate of 3.5% experienced one year earlier. These estimates are consistent with the state's 3.2% unemployment rate.
- The rates for water and sewer include a 3.5% annual consumer price index increase for fiscal years 2021-2024.
- For fiscal year 2021, the City has adopted a millage rate equivalent to 7.7500 mills per \$1,000 of taxable valuation which represents a 0.4006 mill or 5.45% increase above the rolled-back millage rate of 7.3494 mills as established by the Volusia County Property Appraiser. The millage rate consists of .40000 mills that will be reserved for debt service to provide a funding mechanism to meet scheduled debt service increases and a scheduled balloon payment in future years.
- The Covid-19 pandemic has resulted in projected decreases in sales tax revenue, state shared revenues, fuel tax revenues, and utility tax revenues for the 2020-2021 budget. City staff will continue to monitor the impact of the pandemic on the economy. Budgeted capital acquisitions and additions to staffing will be contingent on these revenues that have been impacted by Covid-19.

#### **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 Finance Director, City of South Daytona, Florida, 1672 South Ridgewood Avenue, South Daytona, Florida 32119.



## **BASIC FINANCIAL STATEMENTS**



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**City of South Daytona, Florida**  
**Statement of Net Position**  
**September 30, 2020**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,779,398	\$ -	\$ 3,779,398
Receivables, net	594,984	892,576	1,487,560
Due from other governments	1,450,604	513,755	1,964,359
Inventory and prepaids	16,574	1,955	18,529
Internal balances	178,011	(178,011)	-
Restricted assets:			
Cash and cash equivalents:	-	315,826	315,826
Capital assets:			
Nondepreciable assets	2,834,338	4,489,179	7,323,517
Depreciable assets, net	17,188,070	16,684,928	33,872,998
<b>Total assets</b>	<u>26,041,979</u>	<u>22,720,208</u>	<u>48,762,187</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred charges on debt refundings	-	39,891	39,891
Deferred outflows on pension and OPEB	3,830,888	189,074	4,019,962
<b>Total deferred outflows of resources</b>	<u>3,830,888</u>	<u>228,965</u>	<u>4,059,853</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	948,961	385,363	1,334,324
Unearned revenue	105,608	-	105,608
Payable from restricted assets:			
Current maturities of state revolving loan payable	-	361,701	361,701
Accrued interest payable	88,387	57,502	145,889
Customer deposits payable	13,546	938,382	951,928
Noncurrent liabilities:			
Due within one year	1,482,647	605,229	2,087,876
Due in more than one year	19,368,254	3,398,506	22,766,760
<b>Total liabilities</b>	<u>22,007,403</u>	<u>5,746,683</u>	<u>27,754,086</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred inflows on pension and OPEB	1,110,493	66,065	1,176,558
<b>Total deferred inflows of resources</b>	<u>1,110,493</u>	<u>66,065</u>	<u>1,176,558</u>
<b>NET POSITION</b>			
Net investment in capital assets	13,849,857	17,773,515	31,623,372
Restricted for:			
Capital projects	34,950	203,596	238,546
Debt service	565,632	146,117	711,749
Redevelopment	214,828	-	214,828
Police confiscation	41,648	-	41,648
Transportation	154,069	-	154,069
Other purposes	263,419	-	263,419
Unrestricted	(8,369,432)	(986,803)	(9,356,235)
<b>Total Net Position</b>	<u>\$ 6,754,971</u>	<u>\$ 17,136,425</u>	<u>\$ 23,891,396</u>

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

Functions/Programs	Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions		Governmental Activities		Business-type Activities		Total
	Expenses										
<b>Primary government:</b>											
Governmental activities:											
General government	\$ 1,488,212	\$ 13,250	\$ -	\$ -	\$ -	\$ -	\$ (1,474,962)	\$ -	\$ -	\$ (1,474,962)	
Comprehensive planning	584,686	583,990	-	-	-	-	(696)	-	-	(696)	
Public safety	5,587,529	84,275	202,699	476,224	-	-	(4,824,331)	-	-	(4,824,331)	
Environmental services - public works	1,048,044	-	570,307	-	-	-	(477,737)	-	-	(477,737)	
Environmental services - sanitation	1,654,109	2,243,423	-	-	-	-	589,314	-	-	589,314	
Road and street facilities	509,674	-	303,604	-	-	-	(206,070)	-	-	(206,070)	
Community redevelopment	640,413	-	-	-	-	-	(640,413)	-	-	(640,413)	
Parks and recreation	1,276,074	71,077	-	-	-	-	(1,204,997)	-	-	(1,204,997)	
Interest on long-term debt	251,081	-	-	-	-	-	(251,081)	-	-	(251,081)	
Total governmental activities	13,039,822	2,996,015	1,076,610	476,224	-	-	(8,490,973)	-	-	(8,490,973)	
Business-type activities:											
Utility service	7,239,470	8,112,893	573,300	628,280	-	-	-	2,075,003	2,075,003	2,075,003	
Total business-type activities	7,239,470	8,112,893	573,300	628,280	-	-	-	2,075,003	2,075,003	2,075,003	
Total primary government	\$ 20,279,292	\$ 11,108,908	\$ 1,649,910	\$ 1,104,504	\$ -	\$ -	\$ (8,490,973)	\$ 2,075,003	\$ 2,075,003	\$ (6,415,970)	
General revenues:											
Property taxes							3,669,527	-	-	3,669,527	
Property tax increments - redevelopment							1,666,585	-	-	1,666,585	
Franchise taxes							737,959	-	-	737,959	
Utility taxes							1,247,084	-	-	1,247,084	
Communication service tax							380,999	-	-	380,999	
Intergovernmental revenue - unrestricted							1,950,986	-	-	1,950,986	
Investment revenue							6,543	4,418	-	10,961	
Miscellaneous							216,852	12,721	-	229,573	
Transfers							575,858	(575,858)	-	-	
Total general revenues and transfers							10,452,393	(558,719)	-	9,893,674	
Change in net position							1,961,420	1,516,284	-	3,477,704	
Net position - beginning							4,793,551	15,620,141	-	20,413,692	
Net position - ending							\$ 6,754,971	\$ 17,136,425	\$ -	\$ 23,891,396	

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



**City of South Daytona, Florida**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2020**

	<b>General Fund</b>	<b>Redevelopment Trust Fund</b>	<b>Transportation Fund</b>	<b>Nonmajor Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,257,179	\$ 224,679	\$ 131,321	\$ 77,401	\$ 3,690,580
Receivables-net of allowance	594,836	-	-	148	594,984
Due from other governments	1,398,627	-	51,977	-	1,450,604
Prepays and deposits	3,686	-	-	-	3,686
Advances to other funds	178,011	-	-	-	178,011
Total assets	<u>\$ 5,432,339</u>	<u>\$ 224,679</u>	<u>\$ 183,298</u>	<u>\$ 77,549</u>	<u>\$ 5,917,865</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and other current liabilities	\$ 896,915	\$ 9,851	\$ 29,229	\$ 5,998	\$ 941,993
Unearned revenue	105,258	-	-	350	105,608
Customer deposits payable	13,546	-	-	-	13,546
Total liabilities	<u>1,015,719</u>	<u>9,851</u>	<u>29,229</u>	<u>6,348</u>	<u>1,061,147</u>
Fund balances:					
Non-spendable for:					
Prepaid assets	3,686	-	-	-	3,686
Long-term interfund advances	178,011	-	-	-	178,011
Restricted for:					
Debt Service	565,632	-	-	-	565,632
Redevelopment trust fund	-	214,828	-	-	214,828
Police confiscation fund	41,648	-	-	-	41,648
Public safety	34,950	-	-	-	34,950
Permits and Inspections	134,161	-	-	-	134,161
Transportation	-	-	151,157	-	151,157
Transportation - gas taxes	-	-	2,912	-	2,912
Community Trust	-	-	-	71,201	71,201
Parks and recreation	58,057	-	-	-	58,057
Committed:					
Tree replacement	83,239	-	-	-	83,239
Disaster recovery	346,531	-	-	-	346,531
Assigned:					
Cell tower and ADA maintenance	105,000	-	-	-	105,000
Capital outlay	128,214	-	-	-	128,214
C.A.R.E.S. act	455,154	-	-	-	455,154
Unassigned	2,282,337	-	-	-	2,282,337
Total fund balance	<u>4,416,620</u>	<u>214,828</u>	<u>154,069</u>	<u>71,201</u>	<u>4,856,718</u>
Total liabilities and fund balance	<u>\$ 5,432,339</u>	<u>\$ 224,679</u>	<u>\$ 183,298</u>	<u>\$ 77,549</u>	<u>\$ 5,917,865</u>

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

**City of South Daytona, Florida**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**September 30, 2020**

Amounts reported for governmental activities in the statement of net position (page 41) are different because:

Total fund balances-governmental funds (page 43)		\$	4,856,718
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.</p>			
Governmental capital assets			53,829,660
Accumulated depreciation			(33,953,809)
			19,875,851
<p>Internal service funds are used by management to charge the costs of fleet lease maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.</p>			
			149,854
<p>Deferred outflows and inflows of resources are not available in the current period and, therefore, are not reported in the governmental funds. Deferred outflows and inflows of resources at year end consist of:</p>			
Deferred Outflows on Pension and OPEB			3,806,324
Deferred Inflows on Pension and OPEB			(1,100,937)
			2,705,387
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.</p>			
Capital lease payable			(158,892)
Notes payable			(6,013,657)
Compensated absences			(755,421)
Accrued interest payable			(88,387)
Total Other Post Employment Benefits Liability			(1,470,564)
Net Pension Liability			(12,345,918)
			(20,832,839)
Net position of governmental activities		\$	6,754,971

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

**City of South Daytona, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Period Ended September 30, 2020**

	General Fund	Redevelopment Trust Fund	Transportation Fund	Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 3,669,527	\$ 1,666,585	\$ -	\$ -	\$ 5,336,112
Franchise taxes	737,959	-	-	-	737,959
Utility taxes	1,247,084	-	-	-	1,247,084
Communication service tax	380,999	-	-	-	380,999
Business tax receipts and permits	543,089	-	-	-	543,089
Motor fuel taxes	-	-	303,604	-	303,604
Federal grants	1,052,304	-	-	-	1,052,304
State grants	-	-	115,153	-	115,153
Grants - other local units	81,773	-	-	-	81,773
Intergovernmental revenue	1,945,557	-	5,429	-	1,950,986
Charges for services	2,364,227	-	-	-	2,364,227
Fines and forfeitures	88,699	-	-	-	88,699
Miscellaneous	207,684	-	1,380	14,331	223,395
Total revenues	<u>12,318,902</u>	<u>1,666,585</u>	<u>425,566</u>	<u>14,331</u>	<u>14,425,384</u>
<b>EXPENDITURES</b>					
Current:					
General government	1,239,648	-	-	-	1,239,648
Comprehensive planning	526,576	-	-	-	526,576
Public safety	4,594,153	-	-	-	4,594,153
Environmental services - public works	408,549	-	-	-	408,549
Environmental services - sanitation	1,654,109	-	-	-	1,654,109
Road and street facilities	67,765	-	252,375	-	320,140
Community redevelopment	-	607,666	-	-	607,666
Parks and recreation	1,020,115	-	-	19,583	1,039,698
Capital outlays	563,447	-	24,003	-	587,450
Debt service:					
Principal	1,151,006	1,045,302	47,719	-	2,244,027
Interest	78,830	177,705	11,657	-	268,192
Total expenditures	<u>11,304,198</u>	<u>1,830,673</u>	<u>335,754</u>	<u>19,583</u>	<u>13,490,208</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>1,014,704</u>	<u>(164,088)</u>	<u>89,812</u>	<u>(5,252)</u>	<u>935,176</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>					
Transfers in	<u>575,858</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>575,858</u>
Total other financing sources (uses)	<u>575,858</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>575,858</u>
Net change in fund balances	1,590,562	(164,088)	89,812	(5,252)	1,511,034
Fund balances-beginning	<u>2,826,058</u>	<u>378,916</u>	<u>64,257</u>	<u>76,453</u>	<u>3,345,684</u>
Fund balances-ending	<u>\$ 4,416,620</u>	<u>\$ 214,828</u>	<u>\$ 154,069</u>	<u>\$ 71,201</u>	<u>\$ 4,856,718</u>

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

**City of South Daytona, 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**

Amounts reported for governmental activities in the statement of activities (page 42) are different because:

Net change in fund balances-total governmental funds (page 45) \$ 1,511,034

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. This is the amount by which capital outlay exceeded depreciation expense for the current period.

Expenditures for capital assets	587,450	
Less current year depreciation	<u>(1,208,933)</u>	(621,483)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, adjustments, trade-ins, donations and contributions) is to increase net position. 46,031

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 2,244,027

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in compensated absences liabilities	107,011	
Change in accrued interest on notes	17,113	
Changes in pension liability	(1,310,183)	
Change in total Other Post Employment Benefits liability	<u>(39,571)</u>	(1,225,630)

The internal service funds are used by management to charge the costs of fleet management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. 7,441

Change in net position of governmental activities. \$ 1,961,420

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

**City of South Daytona, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Period Ended September 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 3,616,819	\$ 3,616,819	\$ 3,669,527	\$ 52,708
Franchise taxes	773,800	745,960	737,959	(8,001)
Utility taxes	1,235,750	1,206,950	1,247,084	40,134
Communication service tax	300,000	346,200	380,999	34,799
Business tax receipts and permits	470,045	470,045	543,089	73,044
Federal grants	16,860	592,397	1,052,304	459,907
State grants	50,000	-	-	-
Grants - other local units	186,355	74,828	81,773	6,945
Intergovernmental revenue	1,850,091	1,862,645	1,945,557	82,912
Charges for services	2,179,904	2,264,070	2,364,227	100,157
Fines and forfeitures	52,655	83,029	88,699	5,670
Miscellaneous	161,937	194,095	207,684	13,589
Total revenues	<u>10,894,216</u>	<u>11,457,038</u>	<u>12,318,902</u>	<u>861,864</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,387,210	1,414,945	1,239,648	175,297
Comprehensive planning	649,471	595,653	526,576	69,077
Public safety	4,683,426	4,702,483	4,594,153	108,330
Environmental services - public works	446,527	439,974	408,549	31,425
Environmental services - sanitation	1,373,063	1,654,581	1,654,109	472
Road and street facilities	-	76,010	67,765	8,245
Parks and recreation	1,417,873	1,156,273	1,020,115	136,158
Contingency	216,223	142,119	-	142,119
Capital outlays	282,882	668,948	563,447	105,501
Debt service:				
Principal	1,151,277	1,151,277	1,151,006	271
Interest	82,195	82,195	78,830	3,365
Total expenditures	<u>11,690,147</u>	<u>12,084,458</u>	<u>11,304,198</u>	<u>780,260</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(795,931)</u>	<u>(627,420)</u>	<u>1,014,704</u>	<u>1,642,124</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Transfers in	575,858	575,858	575,858	-
Transfer from reserve	425,073	425,073	-	(425,073)
Transfers out	(5,000)	(5,000)	-	5,000
Transfer to reserves	(200,000)	(368,511)	-	368,511
Total other financing sources (uses)	<u>795,931</u>	<u>627,420</u>	<u>575,858</u>	<u>(51,562)</u>
Net change in fund balances	-	-	1,590,562	1,590,562
Fund balances-beginning	<u>2,826,058</u>	<u>2,826,058</u>	<u>2,826,058</u>	-
Fund balances-ending	<u>\$ 2,826,058</u>	<u>\$ 2,826,058</u>	<u>\$ 4,416,620</u>	<u>\$ 1,590,562</u>

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

**City of South Daytona, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Redevelopment Trust Fund**  
**For the Period Ended September 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget-</u>
<b>REVENUES</b>				
Property taxes	\$ 1,680,414	\$ 1,680,414	\$ 1,666,585	\$ (13,829)
Total revenues	<u>1,680,414</u>	<u>1,680,414</u>	<u>1,666,585</u>	<u>(13,829)</u>
<b>EXPENDITURES</b>				
Current:				
Community redevelopment	617,402	651,657	607,666	43,991
Contingency	65,063	30,808	-	30,808
Capital outlays	57,500	57,500	-	57,500
Debt service:				
Principal	1,045,192	1,045,192	1,045,302	(110)
Interest	188,039	188,039	177,705	10,334
Total expenditures	<u>1,973,196</u>	<u>1,973,196</u>	<u>1,830,673</u>	<u>142,523</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(292,782)</u>	<u>(292,782)</u>	<u>(164,088)</u>	<u>128,694</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Transfers in	<u>292,782</u>	<u>292,782</u>	<u>-</u>	<u>(292,782)</u>
Total other financing sources (uses)	<u>292,782</u>	<u>292,782</u>	<u>-</u>	<u>(292,782)</u>
Net change in fund balances	-	-	(164,088)	(164,088)
Fund balances-beginning	378,916	378,916	378,916	-
Fund balances-ending	<u>\$ 378,916</u>	<u>\$ 378,916</u>	<u>\$ 214,828</u>	<u>\$ (164,088)</u>

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

**City of South Daytona, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Transportation Fund**  
**For the Period Ended September 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Motor fuel taxes	\$ 343,520	\$ 293,000	\$ 303,604	\$ 10,604
State grants	47,998	103,244	115,153	11,909
Intergovernmental revenue	15,000	8,179	5,429	(2,750)
Miscellaneous	-	1,380	1,380	-
Total revenues	<u>406,518</u>	<u>405,803</u>	<u>425,566</u>	<u>19,763</u>
<b>EXPENDITURES</b>				
Current:				
Road and street facilities	310,070	307,975	252,375	55,600
Contingency	6,403	6,403	-	6,403
Capital outlays	30,000	30,000	24,003	5,997
Debt service:				
Principal	47,719	47,719	47,719	-
Interest	12,326	12,326	11,657	669
Total expenditures	<u>406,518</u>	<u>404,423</u>	<u>335,754</u>	<u>68,669</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>-</u>	<u>1,380</u>	<u>89,812</u>	<u>88,432</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Transfers out	<u>-</u>	<u>(1,380)</u>	<u>-</u>	<u>1,380</u>
Total other financing sources (uses)	<u>-</u>	<u>(1,380)</u>	<u>-</u>	<u>1,380</u>
Net change in fund balances	-	-	89,812	89,812
Fund balances-beginning	<u>64,257</u>	<u>64,257</u>	<u>64,257</u>	<u>-</u>
Fund balances-ending	<u>\$ 64,257</u>	<u>\$ 64,257</u>	<u>\$ 154,069</u>	<u>\$ 89,812</u>

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

City of South Daytona, Florida  
Statement of Net Position  
Utility Service Fund  
September 30, 2020

<b>ASSETS</b>	<b>Utility Service</b>	<b>Internal Service Fund</b>
Current assets:		
Cash and cash equivalents - unrestricted	\$ -	\$ 88,818
Receivables, net	892,576	-
Due from other governments	513,755	-
Inventory	-	12,888
Prepays	955	-
Deposits	1,000	-
Restricted cash and cash equivalents:		
State revolving loan reserve	112,230	-
Water/sewer impact fees	203,596	-
<b>Total current assets</b>	<u>1,724,112</u>	<u>101,706</u>
Noncurrent Assets:		
Capital assets:		
Land	3,915,623	-
Buildings and improvements other than buildings	36,869,194	-
Equipment	2,314,924	212,562
Accumulated depreciation	(22,499,190)	(66,005)
Construction in progress	573,556	-
<b>Total noncurrent assets</b>	<u>21,174,107</u>	<u>146,557</u>
<b>Total assets</b>	<u>22,898,219</u>	<u>248,263</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred charges on debt refundings	39,891	-
Deferred outflows on pension and OPEB	189,074	24,564
<b>Total deferred outflow of resources</b>	<u>228,965</u>	<u>24,564</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and other current liabilities	385,363	6,969
Advances from other funds	178,011	-
Customer deposits payable	938,382	-
Current maturities of note payable	513,553	-
Accrued interest payable	57,502	-
Current maturities of lease obligations	62,453	-
Compensated absences	29,222	1,088
Payable from restricted assets:		
Current maturities of state revolving loan payable	361,701	-
<b>Total current liabilities</b>	<u>2,526,187</u>	<u>8,057</u>
Noncurrent liabilities:		
Note payable	891,339	-
State revolving loan payable	1,547,017	-
Obligations under capital lease	64,420	-
Compensated absences	165,695	6,780
Total Other Post Employment Benefit liability	185,933	33,806
Net Pension Liability	544,103	64,774
<b>Total noncurrent liabilities</b>	<u>3,398,507</u>	<u>105,360</u>
<b>Total liabilities</b>	<u>5,924,694</u>	<u>113,417</u>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Deferred inflows on pension and OPEB	66,065	9,556
<b>Total deferred inflow of resources</b>	<u>66,065</u>	<u>9,556</u>
<b>NET POSITION</b>		
Net investment in capital assets	17,773,515	146,557
Restricted for:		
Capital projects	203,596	-
Debt Service	146,117	-
Unrestricted (deficit)	(986,803)	3,297
<b>Total net position</b>	<u>\$ 17,136,425</u>	<u>\$ 149,854</u>

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



**City of South Daytona, Florida**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2020**

	<u>Business-type Activities</u> <u>Enterprise Funds</u>	<u>Governmental</u> <u>Activities</u>
	<u>Utility Service</u>	<u>Internal Service</u> <u>Fund</u>
<b>Operating Revenues:</b>		
Charges for services:		
Water sales	\$ 3,001,807	\$ -
Stormwater management fees	1,068,447	-
Sewer charges	4,042,639	-
Inter fund services provided	-	137,584
<b>Total Operating Revenues</b>	<u>8,112,893</u>	<u>137,584</u>
<b>Operating expenses:</b>		
Water/sewer personal services	1,029,123	-
Water/sewer operating expenses	3,519,484	-
Stormwater control operating expenses	223,534	-
Fleet maintenance personal services	-	97,473
Fleet maintenance operating expenses	-	29,800
Utility billing personal services	625,923	-
Utility billing operating expenses	140,832	-
Depreciation and amortization	1,061,640	2,870
<b>Total Operating Expenses</b>	<u>6,600,536</u>	<u>130,143</u>
<b>Operating Income (Loss)</b>	<u>1,512,357</u>	<u>7,441</u>
<b>Nonoperating Revenues (Expenses):</b>		
Investment revenue	4,418	-
Intergovernmental	573,300	-
Septic to Sewer Expenditures	(520,650)	-
Other non-operating revenue	12,721	-
Interest expense	(118,284)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(48,495)</u>	<u>-</u>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	1,463,862	7,441
Capital contributions and grants	628,280	-
Transfers out	(575,858)	-
<b>Change in Net Position</b>	<u>1,516,284</u>	<u>7,441</u>
<b>Total Net Position - Beginning</b>	<u>15,620,141</u>	<u>142,413</u>
<b>Total Net Position - Ending</b>	<u>\$ 17,136,425</u>	<u>\$ 149,854</u>

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

**City of South Daytona, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2020**

(page 1 of 2)

	<b>Business-type Activities</b>	<b>Governmental</b>
	<b><u>Enterprise Funds</u></b>	<b><u>Activities</u></b>
	<b><u>Utility Service</u></b>	<b><u>Internal Service</u></b>
		<b><u>Funds</u></b>
<b>Cash Flows from Operating Activities</b>		
Cash received from customers and users	\$ 7,791,849	\$ -
Cash received (paid) from interfund services provided	-	137,584
Cash paid to suppliers	(3,903,077)	(25,793)
Cash paid for employees	(1,500,509)	(107,999)
<b>Net Cash Provided by Operating Activities</b>	<b><u>2,388,263</u></b>	<b><u>3,792</u></b>
 <b>Cash Flow from Noncapital Financing Activities</b>		
Transfers out to other funds	(575,858)	-
Decrease (increase) in loans to other funds	(674,386)	-
<b>Net Cash Used by</b>		
<b>Noncapital Financing Activities</b>	<b><u>(1,250,244)</u></b>	<b><u>-</u></b>
 <b>Cash Flows from Capital and Related Financing Activities</b>		
Principal payments on loans	(989,597)	-
Interest paid	(140,866)	-
Acquisition of capital assets	(573,556)	(7,014)
Intergovernmental	52,650	-
Capital grants and contributions	628,280	-
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b><u>(1,023,089)</u></b>	<b><u>(7,014)</u></b>
 <b>Cash Flows from Investing Activities</b>		
Interest on investments	4,418	-
<b>Net Cash Provided by Investing Activities</b>	<b><u>4,418</u></b>	<b><u>-</u></b>
 <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>		
Beginning cash and cash equivalents	119,348	(3,222)
	196,478	92,040
<b>Ending Cash and Cash Equivalents</b>	<b><u>\$ 315,826</u></b>	<b><u>\$ 88,818</u></b>

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

**City of South Daytona, Florida**  
**Statement of Cash Flows (continued)**  
**Proprietary Funds**  
**For the Year Ended September 30, 2020**

(page 2 of 2)

	<b>Business-type Activities</b>	<b>Governmental</b>
	<b>Enterprise Funds</b>	<b>Activities</b>
	<b>Utility Service</b>	<b>Internal Service</b>
	<b>Funds</b>	<b>Funds</b>
<b>Reconciliation of operating income to net cash provided by (used by) operating activities</b>		
Operating income (loss)	\$ 1,512,357	\$ 7,441
Adjustment to reconcile operating income to net cash provided by (used by) operating activities :		
Depreciation and amortization	1,061,640	2,870
Other non-operating income	12,721	-
Change in assets and liabilities:		
Accounts receivable	116,127	-
Due from other governments	(488,006)	-
Inventory	-	1,898
Prepaid expenses	1,091	816
Accounts payable and accrued liabilities	(36,293)	701
Compensated absences	121,055	(7,547)
Other Post Employment Benefits	3,254	592
Net pension liability	33,482	(2,979)
Customer deposits	50,835	-
<b>Total Adjustments</b>	<b>875,906</b>	<b>(3,649)</b>
<b>Net cash provided by (used by) operating activities</b>	<b>\$ 2,388,263</b>	<b>\$ 3,792</b>
<b>Reconciliation of cash and cash equivalents to Balance Sheet</b>		
Cash and cash equivalents		
Unrestricted cash	\$ -	\$ 88,818
Restricted - state revolving loan reserve	112,230	-
Restricted - water/sewer impact fees	203,596	-
<b>Total cash and cash equivalents</b>	<b>\$ 315,826</b>	<b>\$ 88,818</b>

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



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## **NOTES TO THE FINANCIAL STATEMENTS**



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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. Description of government-wide financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**B. Reporting entity**

The City of South Daytona, Florida was incorporated in 1951 by adoption of its charter, under Chapter 27898, Special Acts of Florida. The legislative branch of the City is composed of an elected five-member City Council consisting of the Mayor and four council members. The City Council is governed by the City Charter and by state and local laws and regulations. The City Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Council-appointed City Manager.

The accompanying financial statements present the financial assets, results of operations and cash flows of the applicable funds 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.

**Blended component units.** The Redevelopment Trust Fund is a special revenue fund used to account for the receipt and expenditure of property tax revenues from the tax increment financing district created to support City redevelopment. Although legally separate, the same elected City Council members serve as the governing board of the Redevelopment Trust Fund. Since the City is financially accountable for the operational activities of the Fund, its governing board is the same, and its relationship to the City is significant, its financial activities are reported on a blended basis as if it were part of the primary government as a special revenue fund.

The Community Trust Fund was founded in 2008 as a legally separate tax-exempt entity as defined pursuant to section 501 (c)3 of the Internal Revenue Code. The City created this organization to help serve the needs of the community. This includes accepting donations to be used to help the needy or elderly maintain their homes, provide for public park improvements and to perform other services to the community that are within the purpose outlined by the Articles of Organization. It is governed by the same members of the City Council, and its chief executive officer is the City Manager. The balances and activities of the Community Trust Fund are included in the basic financial statements. The Community Trust Fund does not report separately issued financial statements.

**C. Basis of presentation—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 the activities of the primary government and the blended presented component unit. The primary government is reported in two columns to separately report governmental activities from business-type activities.

Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange revenues, are reported separately from business-type activities, which are financed wholly or partially by fees charged to external parties for goods or services and are reported in enterprise funds. The Statement of Net position presents the overall government's financial assets at year-end. The Statement of Activities presents direct expenses of a given function or segment offset by program revenues for the fiscal reporting period. The resulting net expense or revenue is then totaled and offset by general revenues producing the aggregate change in net position for the period. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment of the government, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other non-exchange revenues not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual government funds and major individual business-type funds are reported in separate columns in the fund financial statements.

**D. 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 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.

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 as soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, intergovernmental revenue, 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 cash is received by the government. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*. Non-exchange transactions are grouped into four classes, based on their principal characteristics. The accounting treatment for each type of transaction is as follows:

*Derived Tax Revenue*, defined as assessments imposed on exchange transactions. Examples include: sales tax, franchise tax, public service taxes, etc. Assets from derived tax revenue are recognized in the period when the exchange transaction on which the tax is imposed or when resources are received, whichever occurs first. Revenues are recognized, net of estimated uncollectible amounts, in the same period that the assets are recognized. Resources received in advance are recorded as deferred revenue until the period of the exchange.

*Imposed Non-exchange Revenue*, result from assessments on non-governmental entities, other than assessments on exchange transactions. Examples include: ad valorem (property) taxes, fines and penalties, and property forfeitures. Assets from imposed non-exchange revenues are recognized in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Property taxes are recognized in the period for which the taxes are levied. All other imposed non-exchange revenues are recognized in the same period that the assets are recognized.

*Government-mandated Non-exchange Transactions*, frequently have established eligibility requirements before a transaction can occur. Examples include federal awards and state financial assistance. Until the requirements are met, the recipient does not have a receivable and the recognition of revenue received in advance is deferred. The providers (usually federal, state, and county governments) often offer resources on a reimbursement ("expenditure-driven") basis at the time the recipient has incurred allowable costs under the applicable program.

*Voluntary Non-exchange Transactions*, result from legislative or contractual agreements other than exchanges, entered into willingly by two or more parties. Examples include certain grants, entitlements, and donations by non-governmental entities. Principal characteristics of these types of transactions are (1) they are not imposed on the provider or recipient, and (2) fulfillment of eligibility requirements is essential for a transaction to occur. Assets and revenues are recognized when all applicable eligibility requirements, including time requirements, are met. Resources received in advance are reported as deferred revenue.

Proprietary 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's accounts are organized on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.



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 majority of current operating expenditures of the City other than proprietary fund activities are financed through revenues received by the General Fund.

*Redevelopment Trust Fund* - The Redevelopment Trust Fund accounts for the financial activities of the Community Redevelopment Agency, whose endeavors include the revitalization of the City's blight areas. The expenditures of the redevelopment trust are from ad valorem taxes and tax incremental financing.

*Special Revenue Funds* - These funds are used to 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. These funds include the Transportation Fund, established to account for expenditures for maintenance and repairs of roads and streets in the City. Financing for Transportation Fund expenditures include local option gas tax, county and state grants, and transfers from the General Fund.

The City reports the following major proprietary fund:

*Utility Service Fund* - The Utility Service Fund was established to account for the revenues and expenses associated with the provision of water, sewer, and stormwater services to the businesses and residents of the City.

Additionally, the City reports the following fund types:

*Capital Projects Funds* - Capital projects funds are used to account for the financial resources to be used for the acquisition or certain construction of major capital facilities (other than those financed by proprietary and trust funds), with a value of \$10,000 or greater.

*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.

*Community Trust Fund* - The Community Trust Fund is used to account for the financial resources and activities for the City's 501(c)(3) not for profit agency whose purpose is to help the needy maintain their homes, provide for public park improvements and perform other services for the community outside the normal scope of governmental activities.

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. Amounts payable and receivable between the primary government and its discretely presented component unit are reported on a separate line in both columns. The effect of internal service fund activity and similar internal allocations of overhead expenses are reported only by the function to which they are related.

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. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing activities. For the City, operating revenues come from water, sewer and a stormwater management fee, which are the principal ongoing operations of the Utility System 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 non-operating revenues and expenses.

## **E. Assets, Liabilities, deferred outflows/inflows of resources, and net position/fund balance**

**1. Cash and cash equivalents.** The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**2. Concentration on Credit Risk.** State Statutes and City Resolution #95-12 govern the City's investment policies. 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. The City's accounting policy is to report investments at fair value.

**3. 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." Any residual balances outstanding between the government activities and business-type activities are reported in the government-wide financial statements accordingly.

All property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered quarterly. Unbilled accounts receivable are accrued by the City at September 30th, to recognize the sales revenues earned between the last meter reading date made in mid-September through the end of the fiscal year.

**4. Inventories and Prepaid Items.** The cost of inventory is accounted for on the consumption basis where inventories are charged as expenditures when used, rather than when purchased. All inventories are valued at cost, which approximated market, by using the first-in, first-out valuation method. The effect of this method is to flow the costs of the materials and supplies in the order in which they are purchased and to assign a balance sheet inventory valuation closer to current replacement value.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**5. 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 legal indentures imposed by applicable bond covenants and other legal indentures. 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.

**6. Capital Assets.** Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable government or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more and an estimated useful life of more than two-years. The capitalization policy for building and improvements other than buildings require assets with an initial cost to be \$50,000 or greater before it is capitalized. For all infrastructure assets, costs must exceed \$50,000 or more before the assets are capitalized. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Contributed assets are recorded at acquisition value as of the date received. Donated capital assets, donated work of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization.

Proprietary fund capital assets that are constructed include construction period interest that is capitalized net of interest earned on unexpended construction funds in accordance with the applicable provisions of the GASB Statement of Financial Accounting Standards Number 62, and therefore, depreciated over the remaining useful life of the related asset.

Maintenance and repairs of property, and replacements and renewals of items determined to be less than units of

property, are charged to operating expenses.

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the assets over their estimated economic useful lives, which are as follows:

<u>Assets</u>	<u>Years</u>
Buildings.....	20-40 years
Improvement other than buildings.....	10-30 years
Equipment.....	3-30 years
Infrastructure.....	20-40 years

**7. Compensated Absences.** The portion of employees’ payroll costs paid subsequent to year-end attributable to services performed prior to year-end, including unpaid vacation and sick leave, is recorded and recognized as a current liability. The remainder of the liability for compensated absences payable beyond the current period is recorded as a long-term liability. City employees receive personal leave days to provide for all forms of leave as follows:

	<u>Annual Accrual</u>
30 days, but less than 4 years .....	22 Days
4 years, but less than 9 years .....	25 Days
9 years, but less than 14 years .....	30 Days
14 years, but less than 20 years .....	31 Days
20 years, but less than 25 years .....	32 Days
25 years, but less than 30 years .....	35 Days
More than 30 years .....	36 Days

**8. Deferred outflows/inflows of resources.** In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City only has three types deferred outflows of resources: 1) the deferred charge on refunding reported in the business-type activities. A deferred charge on refunding 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, 2) the City reports and amount related to pension liabilities associated with the Florida Retirement System (FRS) and Florida Retirement System Health Insurance Subsidy (HIS). Deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment to GASB Statement No. 27*. A deferred amount in pension results from the recognition of the City’s proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to the pension plan. The deferred outflow will be recognized as either pension expense or a reduction in the net pension liabilities in future reporting years. 3) The City reports an amount related to other postemployment benefits on the government-wide financial statements.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two types of deferred inflows of resources: 1) amounts related to FRS and HIS pensions and 2) an amount related to other postemployment benefits. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**9. Pensions / Net Pension Liabilities.** In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting. In general, the City recognizes a net pension liability, which represents the City’s proportionate share of the excess of the total pension liability of the fiduciary net position of the plan reflected in the actuarial report provided by the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan.

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 FRS defined benefit plan and the HIS defined benefit plan, and additions to/deductions from FRS and the HIS fiduciary net

position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**10. Postemployment Benefits Other Than Pensions (OPEB).** For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of South Daytona Postretirement Health Plan (CSDPHP) and additions to/deductions from CSDPHP's fiduciary net position have been determined on the same basis as they are reported by CSDPHP. For this purpose, CSDPHP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**11. Long-term Obligations.** In the government-wide financial statements and proprietary fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. In the fund financial statements, governmental fund types recognize premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

**13. Fund balance flow assumptions.** Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Committed (restricted) fund balance consists of the following: *Capital Projects Fund*: Resources set aside for the purpose of capital expenditures such as park improvements and building additions within governmental funds. *Police Confiscation Fund*: Resources confiscated as a result of felony arrests. *Public Safety*: Impact fees for police and fire service set aside and used for enhancement of public safety infrastructure and equipment relative to incremental population increases. *Transportation*: Impact fees for road improvements set aside and used for enhancement of street and traffic infrastructure and equipment relative to incremental population increases. *Community Trust*: Fund balance for the Community Trust Fund, the 501c(3) entity described previously in paragraph D. *Parks and Recreation*: Impact fees for park improvements set aside and used for enhancement of parks and leisure services infrastructure and equipment relative to incremental population increases. Also included in this segregation of fund balance are any restricted donations made for the benefit of parks improvements.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City council has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. Assigned fund balance consists of the following: *Trees Replacement*: Revenues from tree permits set aside for the funding of the City's tree replacement initiatives.

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. The general fund should be the only fund that reports a positive unassigned fund balance amount. Policy guidelines set by the Council for budgetary and planning purposes require that unassigned fund balance in the general fund to be between fifteen and twenty percent of the following years budgeted expenditures as officially adopted by Resolution #2020-34. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

**15. 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.

**16. Reclassifications.** Certain amounts presented in prior year data may have been reclassified in order to be consistent with the current year's presentation.

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

### A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

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. This report with the detailed explanations can be found on page 44.

### 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 government 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 which can be found on page 46.

## NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### Budget and Budgetary Accounting

The City Council approves a total expenditure budget based on projected revenues. Annual budgets for all governmental and proprietary funds are 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 governmental funds' budgets are prepared on the modified accrual basis of accounting. The proprietary fund's budget is prepared on the full accrual basis of accounting. The City uses the following procedures in establishing budgetary data reflected in the accompanying financial statements:

1. Prior to September 30 of each year the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of a resolution.
4. The City Council, by ordinance, may make supplemental appropriations for the year up to the amount of revenues in excess of those estimated.



5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Fund, Utility Service Fund and Internal Service Fund.
6. Budgets for the General, Special Revenue, and Capital Projects Funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). The budgets for the Enterprise Funds and Internal Service Fund are prepared on a non-GAAP basis since certain capital expenditures and debt repayments are included in the adopted budget.
7. The City Manager or Finance Director is authorized to transfer part or all of an unencumbered appropriation balance between departments within a fund; however, any revisions that alter the total appropriations of any fund must be approved by the City Council. The classification detail at which expenditures may not legally exceed appropriations is at the total fund level.
8. Appropriations shall lapse at the close of the fiscal year.

**NOTE 4 - 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 County Finance Director. 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. The millage rate assessed by the City was \$7.7500 mills for the year ended September 30, 2020.

The property tax calendar is as follows:

Valuation Date	January 1, 2019
Property Appraiser prepares the assessment roll with values as of January 1, 2019, submits preliminary roll for approval by the State and notifies each taxing authority of their respective valuations.	July 1, 2019
City Council holds two required public hearings and adopts a budget and ad valorem tax Millage rate for the coming fiscal year.	September, 2019
Property Appraiser certified the assessment roll and all real and tangible personal property taxes are due and payable (Levy date).	November 1, 2019
A Notice of Taxes is mailed to each property owner on the assessment roll. Taxes are paid November 2019 through March 2020, with the following applicable discounts:	
<u>Month Paid</u>	<u>Discount Percent</u>
November	4
December	3
January	2
February	1
March	0
All unpaid taxes on real and tangible personal property become delinquent.	April 1, 2020
A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised.	April/May 2020
Tax certificates are sold on all real estate parcels with unpaid real property taxes (Lien date).	June 1, 2020
A court order is obtained authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent taxes.	August 28, 2020

**NOTE 5 - CASH DEPOSITS AND INVESTMENTS**

**A. Deposits.** Pursuant to the applicable provisions of Chapter 280, Florida Statutes, (The Florida Security for Public Deposits Act), the State of Florida, Department of Insurance, Bureau of Collateral Securities, and the Department of Treasury have established specific requirements relative to security and collateralization for public deposits. Accordingly, banks qualifying as public depository in the State of Florida must adopt the necessary procedures outlined in these statutes and meet all of the requirements of this chapter to be designated by the State Treasurer as eligible to receive deposits from municipal depositors. Collateral having a market value equal to 50% of the average daily balance for each month of all public deposits in excess of any applicable depository insurance is required to be pledged or deposited with the State Treasurer to secure such deposits. Additional collateral, up to a maximum of 125% may be required if deemed necessary under the conditions set forth in the Act. Securities eligible to be pledged as collateral are generally limited to obligations of the United States government and any state thereof and are held in the name of the State Treasurer’s office. Compliance with the provisions of Chapter 280, F.S., is monitored by the Department of Insurance.

As of September 30, 2020, the pooled cash carrying amount of the City's aggregated deposits (primary government) was \$4,093,044. The bank balances are insured by federal depository insurance and secured in accordance with the statutory provisions of the Florida Security for Deposits Act.

**B. Investments.** State statutes and local resolution govern the City's investment policies. Allowable investment instruments include: 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.

**C. Cash and Cash Equivalents**

Cash and cash equivalents at September 30, 2020 are comprised of the following:

Governmental Activities:	
Pooled Cash	\$ 3,777,718
Petty Cash	1,680
	<u>\$ 3,779,398</u>
Business-Type Activities:	
Pooled Cash	\$ 315,326
Petty Cash	500
	<u>\$ 315,826</u>

**NOTE 6- RECEIVABLES / DUE FROM OTHER GOVERNMENTS**

The City's accounts receivable/due from other governments at September 30, 2020, consist of the following:

Governmental Activities	
Taxes receivable	\$ 15,993
Accounts receivable	663,470
Notes receivable	42
Less allowances for doubtful accounts	(84,521)
Receivables-net of allowances	<u>594,984</u>
Due from Federal Government	648,445
Due from State of Florida	286,405
Due from Volusia County	515,754
Total Due from other governments	<u>1,450,604</u>
Total Governmental Activities accounts receivable/due from other governments net	<u>\$ 2,045,588</u>
Business-Type Activities	
Utility Service Fund:	
Accounts receivable	\$ 1,053,797
Notes receivable	2,212
Less allowances for doubtful accounts	(163,433)
Receivables-net of allowances	<u>892,576</u>
Due from State of Florida	400,250
Due from Volusia County	113,505
Total Due from other governments	<u>513,755</u>
Total Business-Type Activities accounts receivable/due from other governments net	<u>\$ 1,406,331</u>

**NOTE 7- INTERFUND RECEIVABLES AND PAYABLES**

Individual fund interfund receivables and payables at September 30, 2020, are as follows:

	<u>Advances from other funds</u>	<u>Advances to other funds</u>
Governmental Activities:		
General Fund:		
Utility Service Fund	<u>\$ 178,011</u>	<u>\$ -</u>
	<u>178,011</u>	<u>-</u>
Business Type Activities:		
Utility Service Fund:		
General Fund	<u>-</u>	<u>178,011</u>
	<u>-</u>	<u>178,011</u>
 Total	 <u><u>\$ 178,011</u></u>	 <u><u>\$ 178,011</u></u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances also include advances of working capital loans made to the utility fund which the general fund expects to collect in the next three fiscal years. The general fund has classified the working capital loans as advances and a non-spendable component of fund balance.

Transfers to the General Fund from the Redevelopment Trust Fund and the Utility Service Fund are for personal services allocations and debt service, the transfer from the Transportation Fund is for personal services allocation only. The General Fund transferred money to the Transportation Fund to subsidize current year street and road operating and capital outlays in excess of its revenue.

Interfund transfers for the year ended September 30, 2020, are as follows:

Transfers From:	<u>Transfers To:</u>				<u>Total</u>
	<u>General Fund</u>	<u>Transportation Fund</u>	<u>Internal Service Fund</u>	<u>Utility Service Fund</u>	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Service Fund	<u>575,858</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>575,858</u>
Total	<u><u>\$ 575,858</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 575,858</u></u>



**NOTE 8-NOTES / LEASES RECEIVABLE**

Note receivable in the Community Trust is for financing of driveway improvements thru the good neighbor program. The balance of the note at September 30, 2020 is \$42.

The Utility Service Fund notes receivable of \$2,212 is comprised of the City's financing of water/sewer impact fees assessed to the residents of Palm Grove and Country Club Gardens subdivisions. The residents have the option of financing the \$838 impact fee over ten years at a rate consistent with the rate which the City has secured from the Florida Department of Environmental Protection State Revolving Loan Program for the construction of the water and sewer infrastructure relative to these areas of the City. Citizens who choose this financing option have monthly payments added to their utility bill. A lien is filed on the subject property to secure the City's interest and removed upon amortization of or payback of the loan.

**NOTE 9-CAPITAL ASSETS**

A summary of the capital assets for the year ended September 30, 2020, is as follows:

	Balances 9/30/2019	Adjustments	Additions	Deletions	Balances 9/30/2020
Government Activities:					
Capital Assets, not being depreciated					
Land	\$ 2,831,637	\$ -	\$ -	\$ -	\$ 2,831,637
Construction in progress	2,701	-	-	-	2,701
Total capital assets, not being depreciated	2,834,338	-	-	-	2,834,338
Capital assets, being depreciated:					
Buildings	5,021,710	(669,084)	-	-	4,352,626
Improvements other than buildings	40,430,648	629,363	-	-	41,060,011
Machinery & equipment	4,742,326	85,752	594,464	(2,475)	5,420,067
Assets under capital lease	375,180	-	-	-	375,180
Total capital assets being depreciated	50,569,864	46,031	594,464	(2,475)	51,207,884
Less accumulated depreciation for:					
Buildings and system	(3,149,031)	498,865	(113,029)	-	(2,763,195)
Improvements other than Bldgs	(24,916,631)	(734,406)	(969,573)	-	(26,620,610)
Machinery & equipment	(4,744,824)	235,541	(129,201)	2,475	(4,636,009)
Total accumulated depreciation	(32,810,486)	-	(1,211,803)	2,475	(34,019,814)
Total capital assets, being depreciated, net	17,759,378	46,031	(617,339)	-	17,188,070
Governmental activities capital assets, net	<u>\$ 20,593,716</u>	<u>\$ 46,031</u>	<u>\$ (617,339)</u>	<u>\$ -</u>	<u>\$ 20,022,408</u>

**NOTE 9-CAPITAL ASSETS CONTINUED**

	Balance 9/30/2019	Adjustments	Additions	Deletions	Balances 9/30/2020
Business-type Activities:					
Capital Assets, not being depreciated					
Land	\$ 3,915,623	\$ -	\$ -	\$ -	\$ 3,915,623
Construction in progress	-	-	573,556	-	573,556
Total capital assets, not being depreciated	3,915,623	-	573,556	-	4,489,179
Capital assets, being depreciated:					
Buildings	73,730	-	-	-	73,730
Improvements other than buildings	36,795,464	-	-	-	36,795,464
Machinery & equipment	2,010,455	-	-	-	2,010,455
Assets under capital lease	304,469	-	-	-	304,469
Total capital assets being depreciated	39,184,118	-	-	-	39,184,118
Less accumulated depreciation for:					
Buildings and system	(14,557)	-	(106)	-	(14,663)
Improvements other than Bldgs	(19,860,316)	-	(938,359)	-	(20,798,675)
Machinery & equipment	(1,572,142)	-	(113,710)	-	(1,685,852)
Total accumulated depreciation	(21,447,015)	-	(1,052,175)	-	(22,499,190)
Total capital assets, being depreciated, net	17,737,103	-	(1,052,175)	-	16,684,928
Business-Type Activities capital assets, net	\$ 21,652,726	\$ -	\$ (478,619)	\$ -	\$ 21,174,107

Depreciation expense was charged to functions/programs of the primary government as follows:

## Governmental Activities:

General Government	\$ 87,556
Public Safety	105,397
Comprehensive Planning	5,384
Public Works	580,308
Transportation	207,088
Parks/Recreation	223,200
Inter-governmental services	2,870
Total Governmental Activities	\$ 1,211,803

## Business-type activities:

Water & Sewer Operations	\$ 529,562
Water & Sewer Office	6,530
Flood Control	516,083
Total Business -type Activities	1,052,175
Total depreciation	\$ 2,263,978

- 1) All assets under capital lease are machinery and equipment.

**NOTE 10-LONG TERM DEBT**

The City has entered into long-term debt obligations where it pledges specific income streams in order to pay debt service. Other liabilities include capital lease financing for acquisition of operating equipment, the recognition of compensated absences liability for employees' earned but unused personal leave balances, other post employment benefits, and net pension liabilities.

A summary of changes in long-term liabilities in the City is as follows:

	Balance Sept. 30 <u>2019</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Payments</u>	Balance Sept. 30 <u>2020</u>	<u>Due In One Year</u>
<b>Governmental Activities :</b>						
<u>Governmental Funds</u>						
Wells Fargo Capital Improvement Note #75	\$ 1,026,448	\$ (4)	\$ -	\$ (325,554)	\$ 700,890	\$ 341,885
Wells Fargo Capital Improvement Note #109	2,983,653	-	-	(263,539)	2,720,114	270,729
Wells Fargo Capital Improvement Revenue Note #117	3,042,451	-	-	(1,297,990)	1,744,461	490,512
Compass Bank Note 2016	205,643	-	-	(102,888)	102,755	47,488
Wells Fargo U.S. 1 Median Improvements 2006 #34	933,815	-	-	(188,376)	745,439	198,820
Capital Leases	224,567	-	-	(65,675)	158,892	37,404
Compensated Absences	862,432	-	281,138	(388,149)	755,421	94,721
Other Post Employment Benefits	1,444,823	-	-	25,740	1,470,563	-
Net Pension Liabilities	10,891,643	-	1,454,275	-	12,345,918	-
<u>Internal Service Fund</u>						
Compensated Absences	15,415	-	4,829	(12,376)	7,868	1,088
Other Post Employment Benefits	33,214	-	-	592	33,806	-
Net Pension Liabilities	70,369	-	(5,595)	-	64,774	-
Total-Governmental Activities	<u>\$ 21,734,473</u>	<u>\$ (4)</u>	<u>\$ 1,734,647</u>	<u>\$ (2,618,215)</u>	<u>\$ 20,850,901</u>	<u>\$ 1,482,647</u>
<b>Business-Type Activities :</b>						
<u>Utility Service Fund</u>						
State Revolving Loan - Country Club Gardens	\$ 84,978	\$ -	\$ -	\$ (84,978)	\$ -	\$ -
State Revolving Loan - Palm Grove Phase I	1,698,346	-	-	(292,223)	1,406,123	299,377
State Revolving Loan - Palm Grove Phase II	563,565	-	-	(60,970)	502,595	62,324
Wells Fargo Capital Improvement Note #59	1,189,378	-	-	(376,668)	812,710	396,124
Wells Fargo Capital Improvement Note #75	160,394	-	-	(51,212)	109,182	53,429
Compass Bank Revenue Note Series 2013B	546,000	-	-	(63,000)	483,000	64,000
Capital Leases	187,419	-	-	(60,546)	126,873	62,453
Compensated Absences	73,862	-	157,354	(36,299)	194,917	29,222
Other Post Employment Benefits	182,679	-	-	3,254	185,933	-
Net Pension Liabilities	513,831	-	30,272	-	544,103	-
Total-Business Type Activities	<u>\$ 5,200,452</u>	<u>\$ -</u>	<u>\$ 187,626</u>	<u>\$ (1,022,642)</u>	<u>\$ 4,365,436</u>	<u>\$ 966,929</u>
Total - Entity -Wide	<u>\$ 26,934,925</u>	<u>\$ (4)</u>	<u>\$ 1,922,273</u>	<u>\$ (3,640,857)</u>	<u>\$ 25,216,337</u>	<u>\$ 2,449,576</u>

The liability for compensated absences, net other post employment benefits, and net pension liabilities are normally liquidated in the funds that have incurred the liability which are the general fund, the internal service fund and the utility service fund.

**Wells Fargo Capital Improvement Note # 75**

The City's General Fund secured an \$8,000,000 dollar line of credit in January 2007 to cover the timing differences between expenditures and revenue streams for capital projects and to finance the City's match. In fiscal year ended September 30, 2011, the revolving line was converted to a term loan in the amount of \$3,513,059 to finance the City's match of grant expenditures and other capital expenditures primarily consisting of land acquisition and pre-construction costs associated with the pending replacement of the public works facility, Reed Canal Park improvements Phase I and II, Big Tree Road / Magnolia mast arms, US1 / Ridge Blvd mast arms, James Street Splash park, Sensory Park development, and Riverfront Park parking lot expansion. The interest rate is a fixed rate of 4.92%. The maturity date is January 10, 2022. The amount due at September 30, 2020 is \$700,890. Maturities on this debt are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 341,885	\$ 35,105	\$ 376,990
2022	359,005	17,974	376,979
	<u>\$ 700,890</u>	<u>\$ 53,079</u>	<u>\$ 753,969</u>

**Wells Fargo Capital Improvement Note # 109**

During the fiscal year 2014, the City secured a \$4,200,000 loan in order to refund part of the existing line of credit #91 from Wells Fargo Bank, NA. This amount includes \$2,500,000 for efforts to acquire the electric utility system within the City. Additionally, this loan funded supplemental costs for the final phase of the US1 corridor project and other transportation projects, namely initial funding of the Lantern Park sub-division bridge entrance. Provisions of the agreement call for semi-annual debt service payments in May and November. The November payment includes principal and interest while the May payment is for interest only. The interest rate is a fixed rate of 3.29%. The maturity date is November 1, 2028. The amount due at September 30, 2020 is \$2,720,114. Maturities on this debt are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 270,729	\$ 85,134	\$ 355,863
2022	278,115	76,095	354,210
2023	285,703	66,810	352,513
2024	293,498	57,271	350,769
2025	301,506	47,472	348,978
Thereafter	1,290,563	85,465	1,376,028
	<u>\$ 2,720,114</u>	<u>\$ 418,247</u>	<u>\$ 3,138,361</u>

**Wells Fargo Capital Improvement Revenue Note # 117**

On September 30, 2015, the City issued the Capital Improvement Revenue Note Series 2015. The total cost of issuance including the refinancing of existing debt was \$4,109,102. The purpose of this note was to pay off and to reduce the interest rate on debt. Provisions of the agreement call for semi-annual debt service payments in January and July. The interest rate is a fixed rate of 2.65%. The maturity date of this note is June 30, 2023. The amount due at September 30, 2020 is \$1,744,461. Maturities on this debt are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 490,512	\$ 42,971	\$ 533,483
2022	501,264	29,903	531,167
2023	752,685	16,550	769,235
	<u>\$ 1,744,461</u>	<u>\$ 89,424</u>	<u>\$ 1,833,885</u>

**Compass Bank Note 2016**

On November 30, 2016 the City received a note of \$401,000 funding capital acquisitions made during the fiscal year ended September 30, 2016. The interest rate is a fixed rate of 2.67%. The maturity date is November 1, 2023. The amount due at September 30, 2020 is \$102,755. Maturities on this debt are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 47,488	\$ 2,110	\$ 49,598
2022	49,159	820	49,979
2023	3,009	123	3,132
2024	3,099	41	3,140
	<u>\$ 102,755</u>	<u>\$ 3,094</u>	<u>\$ 105,849</u>

**Wells Fargo U.S. 1 Median Improvement Note 2006 # 34**

During fiscal year 2006, the Community Redevelopment Agency borrowed \$3,000,000 to be used for the U.S. 1 corridor utility burial project and median improvements. This is the second loan for this multi-year project. The interest rate is a fixed rate of 5.47%. The maturity date of this note is February 1, 2024. The amount due at September 30, 2020 is \$745,439. Maturities on this debt are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 198,820	\$ 38,088	\$ 236,908
2022	209,842	27,065	236,907
2023	221,476	15,432	236,908
2024	115,301	3,153	118,454
	<u>\$ 745,439</u>	<u>\$ 83,738</u>	<u>\$ 829,177</u>

**General Fund Obligations Under Capital Lease**

The City expends cash for major equipment and then subsequently finances the purchase through a master lease agreement put in place in 2003.

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of September 30, 2020:

<b>General Government</b>						
<u>Lessor</u>	<u>Date of Lease</u>	<u>Original Principal Amount</u>	<u>Principal Outstanding</u>	<u>Payments Per Year</u>	<u>Life of Lease (Yrs.)</u>	<u>Interest Rate</u>
SANTANDER	03/15/19	\$ 197,020	\$ 158,892	\$ 43,798	5	4.02%
		<u>\$ 197,020</u>	<u>\$ 158,892</u>	<u>\$ 43,798</u>		
	<u>Year Ending</u>			<u>Lease Payments</u>		
	2021			\$ 43,798		
	2022			43,798		
	2023			43,798		
	2024			<u>43,798</u>		
	Net minimum lease payments			175,192		
	Less amount representing interest			<u>(16,300)</u>		
	Present value of net minimum lease payments			<u>\$ 158,892</u>		

**NOTE 11 - UTILITY SYSTEM DEBT**

The City combined its stormwater and water and sewer utility in 1995.

On March 12, 2013 the City adopted resolution No. 13-05 (master Utility System Bond Resolution) which amended Resolution No. 02-13. The City also adopted Resolution No. 13-06 on March 12, 2013, which authorized the issuance of not to exceed \$1,200,000 Utility System Refunding Revenue Note Series 2013 A and not to exceed \$1,000,000 Series 2013B. Utility System Refunding Revenue Note Series 2013 A was paid off during fiscal year ended 2017.

**Debt Issuance Costs On Debt Refunding**

2003 Refunding Revenue Bond consists of the following:

Deferred loss on bonds redeemed	\$	39,891
Total deferred charges on debt refunding	\$	<u>39,891</u>

**State of Florida Revolving Loans**

The City of South Daytona received a State of Florida Department of Environmental Protection Revolving Loan for installation of a sanitary sewer collection system in the Country Club Gardens sub-division. The interest rate is 2.63% on the loan. The payments are due May 15<sup>th</sup> and November 15<sup>th</sup>. The loan is amortized over twenty years (240 months) with a maturity date of May 15, 2020. The loan balance was paid off in 2020.

The City of South Daytona received a State of Florida Department of Environmental Protection Revolving Loan for installation of a sanitary sewer collection system in the Palm Grove sub-division. The interest rate is 3.16% on the loan. The payments are due June 15<sup>th</sup> and December 15<sup>th</sup>. The loan is amortized over twenty years (240 months) with a maturity date of December 15, 2024. As of September 30, 2020, the City owed \$1,406,123. Maturities on long-term debt for the Palm Grove loan are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 299,377	\$ 32,420	\$ 331,797
2022	306,707	25,090	331,797
2023	314,219	17,579	331,798
2024	321,915	9,883	331,798
2025	163,905	1,995	165,900
	<u>\$ 1,406,123</u>	<u>\$ 86,967</u>	<u>\$ 1,493,090</u>

The City of South Daytona received a State of Florida Department of Environmental Protection Revolving Loan for installation of culverts, swales and other stormwater management enhancements in the Palm Grove sub-division. The interest rate is 2.21% on the loan. The payments are due June 15th and December 15th. The loan is amortized over twenty years (240 months) with a maturity date of December 15, 2027. As of September 30, 2020, the City owed \$502,595. Maturities on long-term debt for the Palm Grove loan are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 62,324	\$ 10,765	\$ 73,089
2022	63,708	9,380	73,088
2023	65,124	7,964	73,088
2024	66,571	6,517	73,088
2025	68,051	5,038	73,089
Thereafter	176,817	5,904	182,721
	<u>\$ 502,595</u>	<u>\$ 45,568</u>	<u>\$ 548,163</u>

#### **Wells Fargo Capital Improvement Note # 59**

The City's Utility Fund secured a \$7,000,000 line of credit in December, 2006 to cover the timing differences between expenditures and revenue streams for capital projects. In fiscal year ended September 30, 2011, the revolving line was converted to a term loan bearing level annual debt service payments of \$433,953 and a fixed interest rate of 5.17%. The maturity date of this note is December 14, 2021. The balance owed at September 30, 2020 is \$812,710. Maturities on this debt are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 396,124	\$ 41,980	\$ 438,104
2022	416,586	21,518	438,104
	<u>\$ 812,710</u>	<u>\$ 63,498</u>	<u>\$ 876,208</u>

#### **Wells Fargo Capital Improvement Note # 75**

The City's General Fund secured an \$8,000,000 line of credit in January 2007 to cover the timing differences between expenditures and revenue streams for capital projects and to finance the City's match. In fiscal year ended September 30, 2011, the revolving line was converted to a term loan in the amount of \$3,513,059 to finance the City's match of grant expenditures and other capital expenditures primarily consisting of land acquisition and pre-construction costs associated with the pending replacement of the public works facility, Reed Canal Park improvements Phase I and II, Big Tree Road / Magnolia mast arms, US1 / Ridge Blvd mast arms, James Street Splash park, Sensory Park development, and Riverfront Park parking lot expansion. A percentage of this note has been recorded in the Utility Service fund for funding of project related to the Utility Service Fund. This note bears a fixed interest rate of 4.92%. The maturity date of the note is January 10, 2022. The amount due from the Utility Service Fund at September 30, 2020 was \$109,182.

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 53,429	\$ 4,767	\$ 58,196
2022	55,753	2,441	58,194
	<u>\$ 109,182</u>	<u>\$ 7,208</u>	<u>\$ 116,390</u>



**Utility System Refunding Revenue Note Series 2013 B – BBVA Compass Bank**

The City’s Utility System Fund secured an additional \$891,000 credit facility in March, 2013 to refund the then existing Note Payable to City of Daytona Beach. The interest rate is a fixed rate of 2.49%. The maturity date of the note is July 1, 2027. The amount due at September 30, 2020 is \$483,000. Maturities on this debt are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 64,000	\$ 12,027	\$ 76,027
2022	66,000	10,433	76,433
2023	67,000	8,790	75,790
2024	69,000	7,121	76,121
2025	71,000	5,403	76,403
Thereafter	146,000	5,478	151,478
	<u>\$ 483,000</u>	<u>\$ 49,252</u>	<u>\$ 532,252</u>

**Utility Service Fund Obligations Under Capital Lease**

The City expends cash for major equipment and then subsequently finances the purchase through a master lease agreement put in place in 2003.

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of September 30, 2020

<b>Utility Service Fund</b>						
<u>Lessor</u>	<u>Date of Lease</u>	<u>Original Principal Amount</u>	<u>Principal Outstanding</u>	<u>Payments Per Year</u>	<u>Life of Lease (Yrs.)</u>	<u>Interest Rate</u>
Santander	12/15/16	\$ 304,469	\$ 126,873	\$ 66,449	5	3.15%
		<u>\$ 304,469</u>	<u>\$ 126,873</u>	<u>\$ 66,449</u>		
	<u>Year Ending</u>			<u>Lease Payments</u>		
	2021			\$ 66,449		
	2022			66,449		
	Net minimum lease payments			132,898		
	Less amount representing interest			(6,025)		
	Present value of net minimum lease payments			<u>\$ 126,873</u>		

**NOTE 12–OTHER POSTEMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSIONS**

**General Information about the OPEB Plan**

**Plan Description.** The City of South Daytona administers a single-employer defined benefit healthcare plan. A separate financial report is not prepared for the healthcare plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

**Benefits provided.** The City’s group health care plan provides healthcare and dental insurance for retirees and their dependents. The City pays 100% of the active employees insurance costs. Retirees can choose to remain on the City’s insurance plan into retirement if they pay the entire premium. The insurance carrier charges actives and retirees the same premium rates. Benefits levels and provisions are established by the City.

**Employees covered by benefit terms.** At September 30, 2020 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	15
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>100</u>
Totals	<u><u>115</u></u>

**Total OPEB Liability**

The City's total OPEB liability of \$1,690,302 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 included in the measurement, unless otherwise specified:

**Discount Rate.** The City does not have a dedicated Trust to pay retiree healthcare benefits. Per GASB 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

A rate of 2.14% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of September 30, 2020.

**OPEB Actuarial Methods and Assumptions**

Inflation rate	3.00%
Salary rate increase	4.00%
Discount rate	2.14%
Initial health care cost trend rate (1)	5.00%
Ultimate health care cost trend rate	4.50%
Retirees' share of benefit-related costs	100.00%

(1) Trend rate for 2021 to 2022. The trend rate for 2020 to 2021 is known and used.

**Mortality rates.** The mortality rates were based on the PubG.H-2010 Mortality Table for Males or Females.

The actuarial assumptions used in the November 10, 2020 valuation were based on the results of an actuarial experience study for the period October 1 – September 30, 2020.

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
Balances as of 9/30/2019	<u>\$ 1,660,716</u>
Changes for the year:	
Service Cost	52,331
Interest on Total OPEB Liability	58,036
Changes of benefit terms	-
Difference Between Expected & Actual Experience	25,541
Changes of Assumptions and Other Inputs	(18,220)
Contributions – Employer	-
Contributions - Active & Inactive Employees	-
Net Investment Income	-
Benefit Payments	(76,202)
Other Changes	<u>(11,900)</u>
Net Changes	29,586
Balances as of 9/30/2020	<u><u>\$ 1,690,302</u></u>

**Sensitivity of the total OPEB liability to changes in the discount rate.** The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.14 percent) or 1-percentage-point higher (3.14 percent) than the current discount rate:

	1% Decrease 1.14%	Discount Rate 2.14%	1% Increase 3.14%
Total OPEB liability	\$1,833,117	\$1,690,302	\$1,560,923

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a health care cost rate that is 1-percentage-point lower (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current discount rate:

	1% Decrease (4.00%)	Health Care Trend Rates (5.00%)	1% Increase (6.00%)
Total OPEB liability	\$1,525,982	\$1,690,302	\$1,884,643

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$121,687. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference Between Expected & Actual Experience	\$ 22,390	\$ 3,454
Changes of Assumptions	275,193	241,387
Net Difference Between Projected & Actual Earnings	-	-
<b>Total</b>	<b>\$ 297,583</b>	<b>\$ 244,841</b>

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

<u>Fiscal Year Ending:</u>	<u>Amount</u>
September 30, 2021	11,319
September 30, 2022	11,319
September 30, 2023	11,319
September 30, 2024	11,319
September 30, 2025	8,195
September 30, 2026	(105)
September 30, 2027	(565)
September 30, 2028	(59)

## NOTE 13 - RISK MANAGEMENT

The City of South Daytona is exposed to various risks of loss relative to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, all which are satisfactorily insured by general liability insurance. Commercial insurance policies are also obtained for all 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.

## NOTE 14 - PENSION PLANS

### 1. Florida Retirement System (FRS) (Defined Benefit Pension Plan)

**General Information About the FRS.** The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially, all regular employees of the City who were employed before January 1, 1996 and after September 30, 2005, including those individuals employed between these two periods that subsequently elected to roll over their net pension assets into the FRS Plans, are eligible to enroll as members of the State-administered FRS. 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. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: [www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

**Plan Description.** The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The City's general classes of membership are as follows:

- ◆ Regular Class - Members of the FRS who do not qualify for membership in the other classes.
- ◆ Special Risk Class – Members of FRS who are eligible for membership in Special Risk.
- ◆ Senior Management Service Class (SMSC) - Members in senior management level positions.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 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 the Plan 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 to eligible participants.

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 participating 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.

The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

**Benefits Provided.** 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 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 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 class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
<b>Regular Class members initially enrolled before July1, 2011:</b>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement up to age 63 or up to 31 years of service	1.63
Retirement up to age 64 or up to 32 years of service	1.65
Retirement up to age 65 or up to 33 or more years of service	1.68
<b>Regular Class members initially enrolled on or after July1, 2011:</b>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement up to age 66 or up to 34 years of service	1.63
Retirement up to age 67 or up to 35 years of service	1.65
Retirement up to age 68 or up to 36 or more years of service	1.68
<b>Senior Management Service Class</b>	2.00
<b>Special Risk Class</b>	
Service from Dec. 1, 1970 through Sept. 30, 1974	2.00
Service on and after Oct. 1, 1974	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

**Contributions.** The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2019-20 fiscal year were as follows:

Class	Percent of Gross Salary		
	Employee	Employer (1)	
		Pre 06/30/20	Post 07/01/20
FRS, Regular	3.00	8.47	10.00
FRS, Special Risk Class	3.00	25.48	24.45
FRS, Senior Management Service	3.00	25.41	27.29
DROP - Applicable to Members of the Above Class	0.00	14.60	16.98
FRS, Reemployed Retiree		(2.00)	(2.00)

Notes: (1) Employer rates include a 1.66 percent for the postemployment health insurance. Also, employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the investment plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The City's contributions to the Plan totaled \$982,164 (including employee contributions of \$134,026), for the fiscal year ended September 30, 2020. This excludes HIS defined benefit pension plan contributions of \$87,585 and FRS Investment Plan contributions of \$84,567.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At September 30, 2020, the City reported a liability of \$11,130,061 for its proportionate share of the Plan's net pension liability. 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 July 1, 2020. The City's proportionate share of the net pension liability was based on the City's 2019-20 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members based on a June 30, 2020 fiscal year. At June 30, 2020, the City's proportionate share was 0.025679933%, which was a decrease of 0.00233385% from its proportionate share measured as of June 30, 2019 of 0.028013318%.

For the fiscal year ended September 30, 2020, the City recognized the Plan pension expense of \$2,337,411. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 425,970	\$ -
Change of assumptions	2,014,895	-
Net difference between projected and actual earnings on FRS pension plan investments	662,695	-
Changes in proportion and differences between City FRS contributions and proportionate share of contributions	57,520	653,277
City FRS contributions subsequent to the measurement date	240,985	-
Total	<u>\$ 3,402,065</u>	<u>\$ 653,277</u>

The deferred outflows of resources related to pensions, totaling \$240,985, resulting from the City's contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Measurement Period Ending June 30</u>	<u>Amount</u>
2021	\$ 516,798
2022	804,881
2023	684,146
2024	408,986
2025	92,991
Thereafter	-
	<u>\$ 2,507,802</u>

**Actuarial Assumptions.** The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	6.80 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. 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. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation (1)</b>	<b>Annual Arithmetic Return</b>	<b>Compound Annual (Geometric) Return</b>	<b>Standard Deviation</b>
Cash	1.0%	2.2%	2.2%	1.2%
Fixed income	19.0%	3.0%	2.9%	3.5%
Global equity	54.2%	8.0%	6.7%	17.1%
Real estate	10.3%	6.4%	5.8%	11.7%
Private equity	11.1%	10.8%	8.1%	25.7%
Strategic investments	4.4%	5.5%	5.3%	6.9%
<b>Total</b>	<b>100%</b>			
Assumed Inflation - Mean			2.4%	1.7%

Note: (1) As outlined in the Plan's Investment Policy

**Discount Rate.** The discount rate used to measure the total pension liability was 6.80 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

**Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate.** The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.80 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.80 percent) or 1 percentage-point higher (7.80 percent) than the current rate:

	<b>1% Decrease 5.80%</b>	<b>Current Discount Rate 6.80%</b>	<b>1% Increase 7.80%</b>
The City's proportionate share of net pension liability	\$ 17,772,838	\$ 11,130,061	\$ 5,581,986

**Pension Plan Fiduciary Net Position.** Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

**Payables to the FRS Pension Plan.** At September 30, 2020, the City reported a payable of \$81,654 for the outstanding amount of contributions to the FRS Plan required for the fiscal year ended September 30, 2020.

## 2. HIS Pension Plan (Defined Benefit Pension Plan)

**Plan Description.** The HIS Pension Plan (Health Insurance Subsidy Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.



**Benefits Provided.** For the fiscal year ended September 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**Contributions.** The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2020, the HIS contribution rate for the period from October 1, 2019 through June 30, 2020 and from July 1, 2020 through September 30, 2020 was 1.66%, of payroll pursuant to section 112.363, Florida Statutes. The City contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The City's contributions to the HIS Plan totaled \$87,585 for the fiscal year ended September 30, 2020.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions.** At September 30, 2020, the City reported a net pension liability of \$1,824,732 for its proportionate share. The City's proportionate share of the net pension liability was based on the City's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the City's proportionate share was 0.014944770%, which was a decrease of 0.00139665% from its proportionate share measured as of June 30, 2019, of 0.016341427%. 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 July 1, 2020.

For the fiscal year ended September 30, 2020, the City recognized an increase of Plan pension expense of \$150,174. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 74,643	\$ 1,408
Change of assumptions	196,211	106,101
Net difference between projected and actual earnings on HIS pension plan investments	1,457	-
Changes in proportion and differences between City HIS contributions and proportionate share of contributions	24,494	170,930
City HIS contributions subsequent to the measurement date	23,509	-
Total	\$ 320,314	\$ 278,439

The deferred outflows of resources related to pensions, totaling \$23,509, resulting from the City's contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:



<u>Measurement Period Ending June 30</u>	<u>Amount</u>
2021	\$ 5,084
2022	3,770
2023	1,030
2024	2,392
2025	3,258
Thereafter	2,832
	<u>\$ 18,366</u>

**Actuarial Assumptions.** The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	2.21 percent

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

**Discount Rate.** The discount rate used to measure the total pension liability was 2.21 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 2.21 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
The City's proportionate share of net pension liability	\$ 2,109,309	\$ 1,824,732	\$ 1,591,807

**Pension Plan Fiduciary Net Position.** Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

**Payable to the HIS Pension Plan -** At September 30, 2020, the City reported a payable of \$1,502 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended September 30, 2020.

### 3. FRS – Investment Plan (Defined Contribution Pension Plan)

The City contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

As provided in Section 121.450 I, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established by and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

Allocations to the investment member's accounts during the 2019-20 fiscal year were as follows:

Class	Percent of Gross Salary		
	Employee	Employer	
		Pre 06/30/20	Post 07/01/20
FRS, Regular	3.00	3.30	3.30
FRS, Special Risk Class	3.00	11.00	11.00
FRS, Senior Management Service	3.00	4.67	4.67

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended June 30, 2020, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The City's Investment Plan pension expense totaled \$73,277 for the fiscal year ended September 30, 2020.

**Payable to the FRS Investment Plan** - At September 30, 2020, the City reported a payable of \$6,947 for the outstanding amount of contributions to the Investment Plan required for the fiscal year ended September 30, 2020.

**NOTE 15 – DEFERRED COMPENSATION EMPLOYEE BENEFITS**

The City offers its City Manager participation in a Prototype Money Purchase Plan, created in accordance with Section 401(a) of the Internal Revenue Code. The International City Managers Association Retirement Corporation administers the assets of this plan. Upon separation from service for reasons of death, disability or attainment of age 65 (normal retirement age) the participant may elect to commence receiving benefits, which equal accumulated employers' contributions plus earnings thereon. All benefits vest with the employee at the date of contribution. Also, the City provides its employees with two optional deferred compensation plans created in accordance with Internal Revenue Code Section 457. Annual contributions, determined by the participant, may not exceed the lesser of \$19,500 or 100% of gross annual compensation.

Provisions have been made to amend the plan to keep it in conformity with tax law changes, which also permits special catch-up contribution of \$6,500 for those participants age 50 years old and older and double catch up contributions which allow a participant for three years prior to the normal retirement age to contribute twice the annual limit (\$39,000 in 2020). Deferred compensation withheld from a participating employee's pay is not taxable as current income until withdrawn from the plan. 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.

**NOTE 16 - LEGAL MATTERS**

The City is engaged in routine litigation incidental to the conduct of its business and municipal affairs. In the opinion of its Counsel, no legal proceedings are pending against them, not covered by insurance, which would inhibit the City's ability to perform its operations or materially affect its financial condition.

**NOTE 17 - COMMITMENTS**

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, if any, to be immaterial.

Budgetary policy of the City is that appropriations lapse at the close of the fiscal year, therefore the City does not have any encumbrances.

**NOTE 18 - CONSTRUCTION IN PROGRESS**

As of September 30, 2020 the City recorded construction in progress of \$2,701 in the Governmental Funds and \$573,556 in the Utility Service Fund. These amounts are comprised of commitments and projects at various stages of completion. The following schedule illustrates these projects.

	Total			Total	
	Project Cost 9/30/2019	Additions	Deletions	Project Cost 9/30/2020	
<u>Governmental Funds</u>					
#836 Reed Canal Mitigation	\$ 2,701	\$ -	\$ -	\$ 2,701	
Total Governmental Funds	2,701	-	-	2,701	
<u>Utility Service Fund</u>					
#608 Lift Station # 5 Pump Replacement	-	134,228	-	134,228	
#838 Windle Lane Pond Expansion	-	439,328	-	439,328	
Total Utility Service Funds	-	573,556	-	573,556	
Total All Funds	\$ 2,701	\$ 573,556	\$ -	\$ 576,257	

**NOTE 19 - HURRICANE IRMA SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)**

Non-Federal entities must record expenditures on the SEFA when: (1) FEMA has approved the non-Federal entity's Project Worksheet, and (2) the non-Federal entity had incurred the eligible expenditures. Federal awards expended in years subsequent to the fiscal year in which the PW is approved are to be recorded on the non-Federal entity's SEFA in those subsequent years.

**NOTE 20 - NEW ACCOUNTING STANDARDS**

The following Governmental Accounting Standards Boards (GASB) Statements will be implemented in the financial statements, as applicable:

**Statement No. 87.** "Leases." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2022.

**Statement No. 91.** "Conduit Debt Obligations." The requirements of this Statement will go take effect for financial statements starting with the fiscal year that ends December 31, 2020.

**Implementation Guide No. 2019-1,** "Implementation Guidance Update –2019." The requirements of this Implementation Guide will take effect for financial statements starting with the fiscal year that ends June 30, 2021.

**Implementation Guide No. 2019-3,** "Leases." The requirements of this Implementation Guide will take effect for financial statements starting with the fiscal year that ends June 30, 2022.



## **REQUIRED SUPPLEMENTARY INFORMATION**



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**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
CITY OF SOUTH DAYTONA, FL**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB Liability										
Service cost	\$ 52,331	\$ 60,504	\$ 59,598	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Interest	58,036	58,021	50,580	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Changes of benefit terms	-	-	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Difference between expected and actual experience	25,541	-	(5,653)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Changes in assumptions or other inputs	(18,219)	6,812	(91,669)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Benefit payments	(76,203)	(118,382)	(101,754)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other Changes	(11,900)	575	181,354	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Net change in total OPEB liability</b>	<b>29,586</b>	<b>7,550</b>	<b>92,456</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>Total OPEB liability - beginning</b>	<b>1,660,716</b>	<b>1,653,186</b>	<b>1,560,730</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>Total OPEB liability - ending</b>	<b>\$ 1,690,302</b>	<b>\$ 1,660,716</b>	<b>\$ 1,653,186</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>Covered-payroll</b>	<b>\$ 4,906,404</b>	<b>\$ 5,412,212</b>	<b>\$ 5,394,917</b>							
<b>Total OPEB liability as a percentage of covered payroll</b>	<b>34.45%</b>	<b>30.68%</b>	<b>30.64%</b>							

**Notes to Schedule**

Changes in assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2.14%	3.58%	3.64%
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This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those years for which information is available.

This schedule is prepared using the optional format of combining the required schedules in paragraph 170a and 170b.

REQUIRED SUPPLEMENTARY INFORMATION  
 FLORIDA RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN  
 CITY OF SOUTH DAYTONA, FL

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
--	------	------	------	------	------	------	------	------	------	------

FISCAL YEAR

**Schedule of Proportionate Share of Net Pension Liability:**

City proportion of the net pension liability	0.025679933%	0.028013318%	0.027780218%	0.029015145%	0.029747996%	0.028941522%	0.028889917%	n/a	n/a	n/a
City proportionate share of the net pension liability	\$ 11,130,061	\$ 9,647,397	\$ 8,367,546	\$ 8,582,485	\$ 7,511,392	\$ 3,738,186	\$ 1,762,710	n/a	n/a	n/a
City covered payroll	\$ 5,321,112	\$ 5,412,212	\$ 5,360,253	\$ 5,594,389	\$ 5,418,743	\$ 5,077,155	\$ 5,118,666	n/a	n/a	n/a
City proportionate share of the net pension liability as a percentage of covered payroll	209.17%	178.25%	156.10%	153.41%	138.62%	73.63%	34.44%	n/a	n/a	n/a
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%	n/a	n/a	n/a

**Schedule of Contributions:**

Contractually required contribution	\$ 853,230	\$ 868,615	\$ 791,714	\$ 755,336	\$ 725,452	\$ 705,619	\$ 632,812	n/a	n/a	n/a
Contributions in relation to the contractually required contribution	(853,230)	(868,615)	(791,714)	(755,336)	(725,452)	(705,619)	(632,812)	n/a	n/a	n/a
Contribution deficiency ( excess )	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	n/a	n/a	n/a
City covered payroll	\$ 5,321,112	\$ 5,412,212	\$ 5,394,917	\$ 5,594,389	\$ 5,418,743	\$ 5,077,155	\$ 5,118,666	n/a	n/a	n/a
Contributions as a percentage of covered payroll	16.03%	16.05%	14.68%	13.50%	13.39%	13.90%	12.36%	n/a	n/a	n/a

\* The amounts presented for each fiscal year were determined as of 6/30.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those years for which information is available.



**REQUIRED SUPPLEMENTARY INFORMATION**  
**FRS HEALTH INSURANCE/SUBSIDY DEFINED BENEFIT PENSION PLAN**  
 CITY OF SOUTH DAYTONA, FL

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
--	------	------	------	------	------	------	------	------	------	------

**Schedule of Proportionate Share of Net Pension Liability:**

City proportion of the net pension liability	0.014944770%	0.016341427%	0.016014556%	0.016168139%	0.016416986%	0.016767803%	0.016767803%	n/a	n/a	n/a
City proportionate share of the net pension liability	\$ 1,824,732	\$ 1,828,442	\$ 1,694,999	\$ 1,728,772	\$ 1,913,332	\$ 1,710,052	\$ 1,625,596	n/a	n/a	n/a
City covered payroll	\$ 5,321,112	\$ 5,412,212	\$ 5,394,917	\$ 5,594,389	\$ 5,418,743	\$ 5,077,155	\$ 5,118,666	n/a	n/a	n/a
City proportionate share of the net pension liability as a percentage of covered payroll	34.29%	33.78%	31.42%	30.90%	35.31%	33.68%	31.76%	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.50%	2.50%	1.64%	0.97%	0.50%	0.99%	n/a	n/a	n/a

**Schedule of Contributions:**

Contractually required contribution	\$ 86,120	\$ 90,742	\$ 86,847	\$ 85,566	\$ 84,148	\$ 64,097	\$ 59,557	n/a	n/a	n/a
Contributions in relation to the contractually required contribution	(86,120)	(90,742)	(86,847)	(85,566)	(84,148)	(64,097)	(59,557)	n/a	n/a	n/a
Contribution deficiency ( excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	n/a	n/a	n/a
City covered payroll	\$ 5,321,112	\$ 5,412,212	\$ 5,394,917	\$ 5,594,389	\$ 5,077,155	\$ 5,077,155	\$ 5,118,666	n/a	n/a	n/a
Contributions as a percentage of covered payroll	1.62%	1.68%	1.61%	1.53%	1.66%	1.26%	1.16%	n/a	n/a	n/a

\* The amounts presented for each fiscal year were determined as of 6/30.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those years for which information is available.



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## **OTHER SUPPLEMENTARY INFORMATION**



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**City of South Daytona, Florida  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2020**

	<u>Community Trust Fund</u>	<u>Capital Project Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 77,401	\$ -	\$ 77,401
Receivables-net of allowance	106	-	106
Notes receivable	42	-	42
Total assets	<u>\$ 77,549</u>	<u>\$ -</u>	<u>\$ 77,549</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and other current liabilities	\$ 5,998	\$ -	\$ 5,998
Unearned revenue	350	-	350
Total liabilities	<u>6,348</u>	<u>-</u>	<u>6,348</u>
Fund balances:			
Community Trust	71,201	-	71,201
Total fund balance	<u>71,201</u>	<u>-</u>	<u>71,201</u>
Total liabilities and fund balance	<u>\$ 77,549</u>	<u>\$ -</u>	<u>\$ 77,549</u>

**City of South Daytona, Florida**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2020**

---

	<u>Community Trust Fund</u>	<u>Capital Project Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>			
Miscellaneous	\$ 14,331	\$ -	\$ 14,331
Total revenues	<u>14,331</u>	<u>-</u>	<u>14,331</u>
<b>EXPENDITURES</b>			
Current:			
Parks and recreation	19,583	-	19,583
Total expenditures	<u>19,583</u>	<u>-</u>	<u>19,583</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(5,252)</u>	<u>-</u>	<u>(5,252)</u>
Net change in fund balances	(5,252)	-	(5,252)
Fund balances-beginning	<u>76,453</u>	<u>-</u>	<u>76,453</u>
Fund balances-ending	<u>\$ 71,201</u>	<u>\$ -</u>	<u>\$ 71,201</u>

**City of South Daytona, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Capital Project Fund**  
**For the Period Ended September 30, 2020**

---

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous	\$ 45,000	\$ 60,000	\$ -	\$ (60,000)
Total revenues	45,000	60,000	-	(60,000)
<b>EXPENDITURES</b>				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures.	45,000	60,000	-	(60,000)
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Transfers out	(45,000)	(60,000)	-	60,000
Total other financing sources (uses)	(45,000)	(60,000)	-	60,000
Net change in fund balances	-	-	-	-
Fund balances-beginning	-	-	-	-
Fund balances-ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of South Daytona, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Community Trust Fund**  
**For the Period Ended September 30, 2020**

---

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous	\$ 20,000	\$ 20,000	\$ 14,331	\$ (5,669)
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>14,331</u>	<u>(5,669)</u>
<b>EXPENDITURES</b>				
Current:				
Comprehensive planning	10,000	10,000	-	10,000
Parks and recreation	10,000	10,000	19,583	(9,583)
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>19,583</u>	<u>417</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>-</u>	<u>-</u>	<u>(5,252)</u>	<u>(5,252)</u>
Net change in fund balances	-	-	(5,252)	(5,252)
Fund balances-beginning	76,453	76,453	76,453	-
Fund balances-ending	<u>\$ 76,453</u>	<u>\$ 76,453</u>	<u>\$ 71,201</u>	<u>\$ (5,252)</u>





## STATISTICAL SECTION



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## STATISTICAL SECTION

This part of the City of South Daytona’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.

<b>Contents</b>	<b>Page</b>
Financial Trends	103
<i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	
Revenue Capacity	108
<i>These schedules contain information to help the reader assess the City’s most significant local revenue source, property taxes.</i>	
Debt Capacity	114
<i>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.</i>	
Demographic and Economic Information	120
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.</i>	
Operating Information	122
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports of the City for the relevant year.



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**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
September 30, 2020  
CITY OF SOUTH DAVENPORT, FLORIDA  
(accrual basis of accounting)

**TABLE I**

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Governmental activities</b>										
Net investment in capital assets	\$ 13,849,857	\$ 12,177,138	\$ 10,534,584	\$ 9,444,684	\$ 8,120,997	\$ 7,774,857	\$ 7,586,871	\$ 7,253,609	\$ 6,026,300	\$ 5,307,076
Restricted	1,274,546	969,716	1,620,443	600,216	1,903,137	545,881	615,638	662,706	2,343,877	980,496
Unrestricted (deficit)	(8,369,432)	(8,353,303)	(9,344,063)	(7,496,162)	(7,347,769)	(6,001,696)	32,523	787,718	387,421	719,093
Total governmental activities net position	\$ 6,754,971	\$ 4,793,551	\$ 2,810,964	\$ 2,548,738	\$ 2,676,365	\$ 2,319,042	\$ 8,235,032	\$ 8,704,033	\$ 8,757,598	\$ 7,006,665
<b>Business-type activities</b>										
Net investment in capital assets	\$ 17,773,515	\$ 17,272,002	\$ 17,270,420	\$ 16,946,401	\$ 16,277,612	\$ 15,954,483	\$ 15,553,514	\$ 14,874,196	\$ 14,454,343	\$ 14,295,009
Restricted	349,713	180,469	104,712	102,730	155,490	548,518	534,563	1,000,908	836,302	1,248,285
Unrestricted (deficit)	(986,803)	(1,832,330)	(1,598,729)	(900,012)	(836,180)	(1,463,337)	(737,893)	(1,311,904)	(1,031,568)	(656,058)
Total business-type activities net position	\$ 17,136,425	\$ 15,620,141	\$ 15,776,403	\$ 16,149,119	\$ 15,596,922	\$ 15,039,664	\$ 15,350,184	\$ 14,563,200	\$ 14,259,077	\$ 14,887,236
<b>Primary government</b>										
Net investment in capital assets	\$ 31,623,372	\$ 29,449,140	\$ 27,805,004	\$ 26,391,085	\$ 24,398,609	\$ 23,729,340	\$ 23,140,385	\$ 22,127,805	\$ 20,480,643	\$ 19,602,085
Restricted	1,624,259	1,150,185	1,725,155	702,946	2,058,627	1,094,399	1,150,201	1,663,614	3,180,179	2,228,781
Unrestricted (deficit)	(9,356,235)	(10,185,633)	(10,942,792)	(8,396,174)	(8,183,949)	(7,465,033)	(705,370)	(524,186)	(644,147)	63,035
Total primary government net position	\$ 23,891,396	\$ 20,413,692	\$ 18,587,367	\$ 18,697,857	\$ 18,273,287	\$ 17,358,706	\$ 23,585,216	\$ 23,267,233	\$ 23,016,675	\$ 21,893,901

Note: During the fiscal year ended September 30, 2015, GASB Statement No. 68 was implemented resulting in adjustments to beginning net position. Periods previous to that year have not been adjusted for these changes.

TABLE II

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS

September 30, 2020  
CITY OF SOUTH DA YTONA, FLORIDA  
(accrual basis of accounting)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Expenses</b>										
Governmental activities:										
General government	\$ 1,488,212	\$ 2,311,135	\$ 2,122,681	\$ 2,337,247	\$ 2,252,653	\$ 2,320,673	\$ 2,257,561	\$ 2,005,738	\$ 1,821,525	\$ 2,094,353
Comprehensive planning	584,686	970,206	1,015,415	948,947	861,523	660,543	686,678	748,234	726,973	795,489
Public safety	5,587,529	5,524,599	5,047,259	5,001,435	4,691,442	4,425,389	4,745,775	4,656,015	4,620,595	5,027,911
Environmental services- public works	1,048,044	600,151	1,444,527	2,722,801	1,022,247	944,136	962,031	1,139,452	1,005,978	932,072
Environmental services- sanitation	1,654,109	1,495,970	1,470,249	1,419,128	1,336,965	1,402,863	1,302,646	1,268,557	1,257,156	1,207,289
Road and street facilities	509,674	1,107,544	851,093	777,712	769,679	370,112	409,385	564,138	599,728	533,825
Community redevelopment	640,413	284,926	241,484	164,900	163,621	134,479	126,520	146,438	143,471	146,914
Parks and recreation	1,121,458	1,547,442	1,652,424	1,542,747	1,431,711	1,337,629	1,382,993	1,346,227	1,366,501	1,354,545
Parks - summer/spring day camp	9,774	39,310	38,666	40,037	35,253	40,815	45,593	31,282	37,826	46,131
Parks - recreation programs	144,842	142,047	151,372	154,891	164,895	179,083	161,644	186,162	217,176	243,550
Interest on long-term debt	251,081	340,526	321,242	388,030	369,850	431,808	462,089	397,875	482,898	380,332
Total governmental activities expenses	13,039,822	14,363,856	14,356,412	15,497,875	13,099,839	12,247,530	12,542,915	12,490,118	12,279,827	12,762,411
Business-type activities:										
Utility service	7,239,470	5,975,235	5,381,327	5,105,439	4,755,505	4,528,236	4,264,573	4,587,574	4,953,457	4,509,189
Electric utility service	-	-	-	-	-	-	-	-	1,420,009	-
Interest on long-term debt	-	-	-	-	212,251	268,486	278,206	338,723	376,462	439,402
Total business-type activities expenses	7,239,470	5,975,235	5,381,327	5,105,439	4,967,756	4,796,722	4,542,779	4,926,297	6,749,928	4,948,591
Total primary government expenses	\$ 20,279,292	\$ 20,339,091	\$ 19,737,739	\$ 20,603,314	\$ 18,067,595	\$ 17,044,252	\$ 17,085,694	\$ 17,416,415	\$ 19,029,755	\$ 17,711,002
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 13,250	\$ 1,854	\$ 1,326	\$ 1,159	\$ 2,387	\$ 1,697	\$ 1,114	\$ 890	\$ 3,293	\$ 1,796
Comprehensive planning	583,990	438,263	387,594	419,908	366,648	345,186	329,951	375,185	329,508	365,323
Public safety	84,275	97,844	108,445	99,620	82,375	104,721	79,505	88,275	88,963	128,010
Environmental services- sanitation	2,243,423	2,024,438	1,951,606	1,887,886	1,735,189	1,794,415	1,787,597	1,743,260	1,717,477	1,636,564
Parks and recreation	34,605	22,743	53,558	42,581	41,613	34,608	29,738	38,650	37,808	22,282
Parks - summer/spring day camp	595	46,960	48,179	38,947	32,447	33,502	40,450	24,323	22,931	31,860
Parks - recreation programs	35,877	128,823	102,052	96,257	112,594	130,457	115,648	124,605	152,181	191,667
Operating grants and contributions	1,076,610	779,715	833,464	1,858,644	89,644	94,131	105,583	104,818	98,443	186,403
Capital grants and contributions	476,224	1,503,823	818,230	228,917	1,374,782	16,478	449,922	2,009,867	4,293,109	289,057
Total governmental activities program revenues	4,548,849	5,044,463	4,304,454	4,673,919	3,837,679	2,555,195	2,939,508	4,509,873	6,743,713	2,852,962
Business-type activities:										
Charges for services										
Water and sewer	8,112,893	6,811,893	6,541,407	6,771,324	6,610,304	6,268,470	6,462,741	6,230,009	6,220,439	6,092,752
Operating grants and contributions	573,300	388,090	-	-	-	-	-	-	-	-
Capital grants and contributions	628,280	9,859	118,024	601,292	330,326	55,330	199,488	194,458	334,596	439,147
Total business-type activities program revenues	9,314,473	7,209,842	6,659,431	7,372,616	6,940,630	6,323,800	6,662,229	6,424,467	6,555,035	6,531,899
Total primary government program revenues	\$ 13,863,322	\$ 12,254,305	\$ 10,963,885	\$ 12,046,535	\$ 10,778,309	\$ 8,878,995	\$ 9,601,737	\$ 10,934,340	\$ 13,298,748	\$ 9,384,861

**LAST TEN FISCAL YEARS**

September 30, 2020

CITY OF SOUTH DAYTONA, FLORIDA

(accrual basis of accounting)

CONTINUED

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 3,669,527	\$ 3,514,933	\$ 3,325,668	\$ 2,965,814	\$ 2,840,097	\$ 2,703,529	\$ 2,679,609	\$ 2,110,112	\$ 2,176,715	\$ 2,325,914
Property tax increments	1,666,585	1,534,641	1,375,280	1,210,342	1,092,555	985,184	875,628	788,529	905,599	1,099,180
Sales taxes	713,178	792,952	729,043	698,174	668,367	639,870	594,501	564,315	533,527	551,740
Public Service taxes	1,247,084	1,258,971	1,228,426	1,194,892	1,180,666	1,156,243	1,125,497	1,039,272	988,076	1,007,815
Franchise taxes	737,959	776,487	761,782	752,465	851,398	868,935	847,249	660,345	652,358	709,671
Motor fuel taxes	-	-	347,001	341,364	335,286	313,780	305,461	303,828	305,233	304,108
Communication service tax	380,999	394,341	378,596	369,548	404,599	442,686	467,132	506,888	556,874	558,385
Other taxes	15,474	13,387	24,560	23,389	20,181	20,380	21,286	22,157	21,883	21,201
Intergovernmental revenue	1,222,334	1,144,298	1,095,633	1,095,642	767,966	756,727	729,383	647,341	628,407	631,483
Unrestricted investments earnings	6,543	7,460	6,840	73	-	9,038	74	(271)	-	-
Miscellaneous	216,852	358,375	290,205	342,822	118,439	206,816	139,931	107,354	80,958	139,243
Gain (Loss) on sale of fixed assets	-	5,239	1,263	(5,910)	-	4,436	8,832	-	5,266	-
Transfers	575,858	1,500,896	1,543,253	1,707,714	1,424,274	1,649,598	1,339,823	1,176,810	432,151	205,639
Total governmental activities	10,452,393	11,301,980	11,107,350	10,696,329	9,703,828	9,757,222	9,134,406	7,926,680	7,287,047	7,554,379
Business-type activities:										
Unrestricted investments earnings	4,418	5,691	-	-	-	8,777	(992)	(775)	(1,115)	4,031
Miscellaneous	12,721	104,336	4,992	(9,531)	8,658	-	-	-	-	-
Gain (Loss) on sale of fixed assets	-	-	-	2,265	-	-	8,349	(16,462)	-	-
Transfers	(575,858)	(1,500,896)	(1,543,253)	(1,707,714)	(1,424,274)	(1,649,598)	(1,339,823)	(1,176,810)	(432,151)	(205,639)
Total business-type activities	(558,719)	(1,390,869)	(1,538,261)	(1,714,980)	(1,415,616)	(1,640,821)	(1,332,466)	(1,194,047)	(433,266)	(201,608)
Total primary government	\$ 9,893,674	\$ 9,911,111	\$ 9,569,089	\$ 8,981,349	\$ 8,288,212	\$ 8,116,401	\$ 7,801,940	\$ 6,732,633	\$ 6,853,781	\$ 7,352,771
<b>Change in Net Position</b>										
Governmental activities	\$ 1,961,420	\$ 1,982,587	\$ 1,055,392	\$ (127,627)	\$ 441,668	\$ 64,887	\$ (469,001)	\$ (53,565)	\$ 1,750,933	\$ (2,355,070)
Business-type activities	1,516,284	(156,262)	(260,157)	552,197	557,258	(113,743)	786,984	304,123	(628,159)	1,381,700
Total primary government	\$ 3,477,704	\$ 1,826,325	\$ 795,235	\$ 424,570	\$ 998,926	\$ (48,856)	\$ 317,983	\$ 250,558	\$ 1,122,774	\$ (973,370)

Note: Motor fuel taxes were reclassified to Operating Contributions starting in fiscal year 2019. During the fiscal year ended September 30, 2015, GASB Statement No. 68 was implemented resulting in adjustments to beginning net position. Periods previous to that year have not been adjusted for these changes.

TABLE III

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

September 30, 2020

CITY OF SOUTH DAYTONA, FLORIDA

(modified accrual basis of accounting)

	Fiscal Year										
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	
General Fund											
Nonspendable	\$ 181,697	\$ 871,528	\$ 8,050	\$ 17,314	\$ 12,606	\$ 157,543	\$ 43,720	\$ 40,623	\$ 45,300	\$ 40,336	
Restricted	834,448	450,090	1,100,631	53,211	253,824	269,449	271,974	253,901	250,756	245,046	
Committed	429,770	82,660	-	-	-	-	-	-	-	-	
Assigned	688,368	80,500	81,700	80,800	160,197	165,035	129,084	160,715	1,594,541	159,846	
Unassigned	2,282,337	1,341,280	1,270,096	708,007	246,442	906,312	1,442,530	2,059,353	1,654,600	1,821,248	
Total general fund	\$ 4,416,620	\$ 2,826,058	\$ 2,460,477	\$ 859,332	\$ 673,069	\$ 1,498,339	\$ 1,887,308	\$ 2,514,592	\$ 3,545,197	\$ 2,266,476	
All Other Governmental Funds											
Nonspendable	\$ -	\$ 2,259	\$ 2,316	\$ 21,864	\$ -	\$ 4,760	\$ -	\$ -	\$ -	\$ -	
Restricted	440,098	517,367	435,797	443,279	1,489,116	106,637	214,580	248,090	533,173	575,604	
Total All Other Governmental Funds	\$ 440,098	\$ 519,626	\$ 438,113	\$ 465,143	\$ 1,489,116	\$ 111,397	\$ 214,580	\$ 248,090	\$ 533,173	\$ 575,604	



TABLE IV

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

September 30, 2020  
CITY OF SOUTH DAYTONA, FLORIDA  
(modified accrual basis of accounting)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Taxes	\$ 8,005,758	\$ 7,864,042	\$ 8,170,156	\$ 7,555,988	\$ 7,393,149	\$ 7,130,607	\$ 6,916,363	\$ 5,995,446	\$ 6,140,265	\$ 6,578,014
Licenses and permits	543,089	341,729	338,819	373,588	327,940	310,908	315,377	320,981	307,490	316,544
Intergovernmental revenue	1,223,980	1,329,725	506,438	497,544	464,669	454,181	427,904	408,037	395,532	400,512
Payments in lieu of taxes	727,006	607,525	589,195	598,098	303,297	302,546	301,479	239,304	232,875	230,971
Fines and forfeitures	88,699	155,847	80,525	75,068	82,331	108,128	65,292	110,822	83,486	147,471
Unrestricted investment earnings	-	-	6,840	73	-	9,038	74	-	-	-
Miscellaneous	223,395	379,222	290,205	342,822	118,439	206,816	139,931	107,083	80,958	139,243
Grants and contributions	1,249,230	398,870	1,651,694	2,087,561	1,464,426	110,609	555,505	2,114,685	4,391,552	475,460
Charges for services	2,364,227	2,263,349	2,233,416	2,137,702	1,962,982	2,025,550	2,003,334	1,963,385	1,961,185	1,913,487
Total revenues	14,425,384	13,340,309	13,867,288	13,668,444	12,117,233	10,658,383	10,725,259	11,259,743	13,593,343	10,201,702
Expenditures										
General government	1,239,648	2,008,212	1,930,728	2,158,652	2,108,165	1,981,667	1,809,895	1,934,821	1,749,049	2,027,123
Comprehensive planning	526,576	921,957	937,046	849,718	787,556	676,620	679,607	736,154	710,926	792,245
Public safety	4,594,153	4,568,679	4,514,402	4,413,816	4,228,959	4,452,149	4,434,911	4,472,364	4,373,228	4,834,052
Environmental services	2,062,658	1,852,301	2,297,662	3,549,266	1,747,829	1,727,115	1,671,785	1,405,296	1,466,769	1,383,092
Road and streets	320,140	551,802	671,384	645,941	630,079	419,103	409,385	562,279	597,912	555,632
Community redevelopment	607,666	256,448	237,323	163,180	170,024	128,438	125,812	145,421	142,563	146,079
Parks and recreation	1,039,698	1,437,355	1,563,955	1,480,468	1,357,242	1,330,653	1,335,420	1,301,082	1,361,342	1,376,896
Capital outlays	587,450	266,677	1,237,127	180,902	2,320,472	453,499	547,381	2,121,843	5,282,316	605,327
Debt service:										
Principal	2,244,027	2,365,176	1,110,215	989,542	997,959	5,306,240	5,486,259	2,242,852	2,537,324	946,985
Interest	268,192	367,763	337,847	388,030	356,428	438,277	434,253	426,699	337,724	380,332
Total Expenditures	13,490,208	14,596,370	14,837,689	14,819,515	14,704,713	16,913,761	16,934,708	15,348,811	18,559,153	13,047,763
Excess of revenues over (under) expenditures	935,176	(1,256,061)	(970,401)	(1,151,071)	(2,587,480)	(6,255,378)	(6,209,449)	(4,089,068)	(4,965,810)	(2,846,061)
Other financing sources (uses)										
Transfers in	575,858	3,214,550	3,077,503	3,770,554	2,610,896	2,424,505	1,746,463	2,010,488	2,956,143	2,683,858
Transfers out	-	(1,713,654)	(1,534,250)	(2,062,840)	(1,186,622)	(774,907)	(406,640)	(832,806)	(2,523,992)	(2,478,219)
Refunding existing debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	5,239	1,263	4,647	-	4,436	8,832	-	5,266	-
Issuance of debt	-	197,020	1,000,000	401,000	1,800,000	4,109,192	4,200,000	1,595,698	5,764,683	2,482,111
Total other financing sources (uses)	575,858	1,703,155	2,544,516	2,113,361	3,224,274	5,763,226	5,548,655	2,773,380	6,202,100	2,687,750
Net change in fund balances	\$ 1,511,034	\$ 447,094	\$ 1,574,115	\$ 962,290	\$ 636,794	\$ (492,152)	\$ (660,794)	\$ (1,315,688)	\$ 1,236,290	\$ (158,311)
Debt service as a percentage of noncapital expenditures	19.47%	19.07%	10.65%	9.41%	10.94%	34.90%	36.13%	20.18%	21.65%	10.67%

**PROGRAM REVENUES BY FUNCTION  
LAST TEN FISCAL YEARS**

September 30, 2020  
CITY OF SOUTH DAVENPORT, FLORIDA  
(accrual basis of accounting)

Function/Program	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Governmental activities:</b>										
General government	\$ 13,250	\$ 1,854	\$ 1,326	\$ 1,159	\$ 2,387	\$ 1,697	\$ 1,114	\$ 890	\$ 3,293	\$ 1,796
Comprehensive planning	583,990	438,263	387,594	419,908	366,648	345,186	329,951	375,185	329,508	365,323
Police	55,979	52,491	33,270	39,063	44,503	75,773	52,108	56,618	61,468	98,692
Fire	28,296	45,353	75,175	60,557	37,872	28,948	27,397	31,657	27,495	29,318
Public works	-	-	-	-	-	-	-	-	-	-
Refuse collection	2,243,423	2,024,438	1,951,606	1,887,886	1,735,189	1,794,415	1,787,597	1,743,260	1,717,477	1,636,564
Road and street facilities	-	-	-	-	-	-	-	-	-	-
Parks and recreation	34,605	22,743	53,558	42,581	41,613	34,608	29,738	38,650	37,808	22,282
Parks - summer/spring day camp	595	46,960	48,179	38,947	32,447	33,502	40,450	24,323	22,931	31,860
Parks - recreation programs	35,877	128,823	102,052	96,257	112,594	130,457	115,648	124,605	152,181	191,667
Intergovernmental services	-	-	-	-	-	-	-	-	-	-
Subtotal governmental activities	2,996,015	2,760,925	2,652,760	2,586,358	2,373,253	2,444,586	2,384,003	2,395,188	2,377,502	2,484,623
<b>Business-type activities</b>										
Water	3,001,807	2,779,994	2,720,907	2,899,587	2,706,258	2,544,533	2,528,020	2,530,385	2,564,014	2,581,305
Sewer	4,042,639	2,974,458	2,762,926	2,807,568	2,838,561	2,646,632	2,869,423	2,639,563	2,617,914	2,480,249
Stormwater	1,068,447	1,057,441	1,057,574	1,064,169	1,065,485	1,077,305	1,065,298	1,060,061	1,038,511	1,031,198
Subtotal business-type activities	8,112,893	6,811,893	6,541,407	6,771,324	6,610,304	6,268,470	6,462,741	6,230,009	6,092,752	6,008,926
Total primary government	\$ 11,108,908	\$ 9,572,818	\$ 9,194,167	\$ 9,357,682	\$ 8,983,557	\$ 8,713,056	\$ 8,846,744	\$ 8,625,197	\$ 8,470,254	\$ 8,493,549

**TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

September 30, 2020  
CITY OF SOUTH DA YTONA, FLORIDA  
(modified accrual basis of accounting)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Ad Valorem property tax										
City operating	\$ 3,669,527	\$ 3,514,933	\$ 3,325,668	\$ 2,965,814	\$ 2,840,097	\$ 2,703,529	\$ 2,679,609	\$ 2,110,112	\$ 2,176,715	\$ 2,325,914
Tax increment districts	1,666,585	1,534,641	1,375,280	1,210,342	1,092,555	985,184	875,628	788,529	905,599	1,099,180
Total property tax	\$ 5,336,112	\$ 5,049,574	\$ 4,700,948	\$ 4,176,156	\$ 3,932,652	\$ 3,688,713	\$ 3,555,237	\$ 2,898,641	\$ 3,082,314	\$ 3,425,094
Sales and use tax	\$ 713,178	\$ 792,952	\$ 729,043	\$ 698,174	\$ 668,367	\$ 639,870	\$ 594,501	\$ 564,315	\$ 533,527	\$ 551,740
Franchise fee	737,959	776,487	761,782	752,465	851,398	868,935	847,249	660,345	652,358	709,671
Public service tax	1,247,084	1,258,971	1,228,426	1,194,892	1,180,666	1,156,243	1,125,497	1,039,272	988,076	1,007,815
Motor fuel tax	303,604	384,669	347,001	341,364	335,286	313,780	305,461	303,828	305,233	304,108
Communication services tax	380,999	394,341	378,596	369,548	404,599	442,686	467,132	506,888	556,874	558,385
Other taxes	15,474	13,387	24,360	23,389	20,181	20,380	21,286	22,157	21,883	21,201

Table VII

**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

September 30, 2020  
CITY OF SOUTH DAYTONA, FLORIDA

Fiscal Year Ended Sept. 30,	Residential Property	Commercial Property	Industrial /Other Property	Total Just Value	Less: Tax-Exempt Property	Total Taxable Assessed Value	Value of One Mill	Total Direct Tax Rate
2011	\$ 452,572,103	\$ 149,959,393	\$ 77,883,556	\$ 680,415,052	\$ 191,572,401	\$ 488,842,651	\$ 488,843	5.900
2012	423,033,748	139,114,035	72,811,672	634,959,455	183,998,160	450,961,295	450,961	5.900
2013	403,352,878	132,921,255	69,533,309	605,807,442	177,237,372	428,570,070	428,570	5.900
2014	400,854,761	132,947,205	69,538,993	603,340,959	174,730,685	428,610,274	428,610	7.400
2015	409,974,063	136,904,422	72,876,547	619,755,032	176,942,377	442,812,655	442,813	7.400
2016	428,317,132	139,440,851	78,130,176	645,888,159	177,562,072	468,326,087	468,326	7.400
2017	449,605,213	148,422,698	81,933,587	679,961,498	182,410,198	497,551,300	497,551	7.400
2018	476,360,970	142,227,143	103,489,489	722,077,602	186,954,750	535,122,852	535,123	7.800
2019	512,318,266	145,314,454	110,420,884	768,053,604	192,594,620	575,458,984	575,459	7.750
2020	541,113,304	152,371,996	112,780,968	806,266,268	197,236,229	609,030,039	609,030	7.750

Source: Volusia County Property Appraiser's Office

**TABLE VIII**

**PROPERTY TAX RATES ALL DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

September 30, 2020  
CITY OF SOUTH DAYTONA, FLORIDA  
(rate per \$1,000 of assessed value)

Fiscal Year	City Direct Rate			Overlapping Rates								Total Direct & Overlapping Rates	
	Tax Year	Operating Rate	Debt Rate	Total City Millage	Volusia County	School District	Volusia and Echo Forever	Mosquito Control	Inlet and Port Authority	Halifax Hospital	St. Johns Water Management		Inland Navigation
2011	2010	5.900	0.000	5.900	6.303	8.237	0.000	0.208	0.0930	2.0000	0.4158	0.0350	23.191
2012	2011	5.900	0.000	5.900	6.779	8.063	0.000	0.208	0.0929	1.7500	0.3313	0.0345	23.159
2013	2012	5.900	0.000	5.900	6.881	7.888	0.000	0.208	0.0929	1.2500	0.3313	0.0345	22.586
2014	2013	7.400	0.000	7.400	7.271	7.358	0.000	0.208	0.0929	1.0000	0.3283	0.0345	23.693
2015	2014	7.400	0.000	7.400	7.271	7.336	0.000	0.188	0.0929	1.0000	0.3164	0.0345	23.639
2016	2015	7.400	0.000	7.400	7.271	7.197	0.000	0.188	0.0929	0.9550	0.3023	0.0320	23.438
2017	2016	7.400	0.000	7.400	7.052	6.848	0.000	0.188	0.0929	0.7561	0.2885	0.0320	22.658
2018	2017	7.800	0.000	7.800	7.052	6.520	0.000	0.188	0.0929	0.3781	0.2724	0.0320	22.335
2019	2018	7.750	0.000	7.750	6.646	6.281	0.000	0.188	0.0929	0.3546	0.2562	0.0320	21.601
2020	2019	7.750	0.000	7.750	6.542	6.081	0.000	0.188	0.0929	0.3546	0.2414	0.0320	21.282

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

Source: Volusia County Finance Department and the City of South Daytona Finance Department

**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT AND NINE YEARS AGO**  
September 30, 2020  
CITY OF SOUTH DAYTONA, FLORIDA

**TABLE IX**

<u>Taxpayer</u>	<u>2019</u>			<u>2010</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Florida Power & Light Company	\$ 18,184,430	1	3.16%	\$ 9,658,312	2	1.63%
Tzadik Eagle Oaks Apartments LLC	7,968,924	2	1.385			-
Lakeview Estates LTD	6,821,378	3	1.185	4,787,685	6	0.81
2400 Ridgewood LLC	6,159,861	4	1.070	5,013,526	4	0.85
Marcell Gardens LTD	4,904,579	5	0.852	3,847,348	8	0.65
Industrial Opportunity LLC	4,492,661	6	0.781	3,776,921	9	0.64
South Daytona Storage	3,471,682	7	0.603			-
Amoena Realty LTD	3,369,262	8	0.585			
TRB Daytona LLC	3,298,932	9	0.573	3,948,556	7	0.67
Mirza Sayeed & Nasim	3,275,281	10	0.569			
Halifax Landing Condo LLC				26,798,410	1	4.54
The Grove at Ridgewood				5,205,027	3	0.88
3131 S Ridgewood Avenue LLC				4,976,042	5	
Bell South Telecommunications INC				3,237,158	10	0.55
	<u>\$ 61,946,990</u>		<u>10.76%</u>	<u>\$ 71,248,985</u>		<u>12.06%</u>

Source: Volusia County Property Appraiser

**PROPERTY TAX LEVIES AND COLLECTIONS**

**TABLE X**

**LAST TEN FISCAL YEARS**

September 30, 2020

CITY OF SOUTH DAYTONA, FLORIDA

<b>Fiscal Year Ended September 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collection to Date</b>	
		<b>Amount</b>	<b>Percent of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2011	2,884,172	2,789,680	96.72%	*	2,789,680	96.72%
2012	2,660,672	2,542,045	95.54%	*	2,542,045	95.54%
2013	2,528,563	2,438,761	96.45%	*	2,438,761	96.45%
2014	3,171,716	2,968,386	93.59%	*	2,968,386	93.59%
2015	3,276,814	3,172,927	96.83%	*	3,172,927	96.83%
2016	3,465,613	3,247,789	93.71%	*	3,247,789	93.71%
2017	3,681,880	3,436,338	93.33%	*	3,436,338	93.33%
2018	4,176,124	3,889,239	93.13%	*	3,889,239	93.13%
2019	4,459,807	4,174,118	93.59%	*	4,174,118	93.59%
2020	4,719,983	4,385,452	92.91%	*	4,385,452	92.91%

Source: Volusia County Finance Department and the City of South Daytona Finance Department

\* Collections in subsequent years of prior year levies is not available from the Volusia County Property Appraisers Office.

**TABLE XI**

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

September 30, 2020  
CITY OF SOUTH DA YTONA, FLORIDA

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income	Outstanding Debt Per Capita
	Notes Payable	Capital Leases	Revenue Bonds	Note Payable	State Revolving Loan Payable	Capital Leases	Total				
2011	11,715,563	468,989	2,035,000	5,151,353	5,494,833	-	24,865,738	6.13%	2,030		
2012	14,602,835	809,074	1,480,000	4,804,537	5,133,891	-	26,830,337	6.78%	2,182		
2013	14,058,546	706,209	-	3,689,153	4,764,101	-	23,218,009	5.61%	1,868		
2014	12,954,744	523,752	-	4,411,539	4,385,244	-	22,275,279	5.29%	1,814		
2015	11,944,050	337,399	-	3,681,876	3,997,093	-	19,960,418	4.26%	1,462		
2016	12,863,493	219,997	-	3,258,168	3,599,418	-	19,941,076	4.46%	1,578		
2017	10,551,549	143,399	-	2,821,460	3,191,989	304,469	17,012,866	3.39%	1,266		
2018	10,506,097	78,636	-	2,364,637	2,774,561	246,117	15,970,048	3.06%	1,257		
2019	8,192,010	224,567	-	1,895,772	2,346,888	187,420	12,846,657	2.34%	1,002		
2020	6,013,659	158,892	-	1,404,892	1,908,718	126,873	9,613,034	1.67%	739		

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.  
See Schedule XVI for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.



**RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

**TABLE XII**

September 30, 2020

CITY OF SOUTH DAYTONA, FLORIDA

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**General Bonded Debt Outstanding**

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*The City has not had any general bonded debt over the past ten fiscal years.*

Source: City of South Daytona Finance Department.

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
 September 30, 2020  
 CITY OF SOUTH DAYTONA, FLORIDA

**TABLE XIII**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
<b>Debt repaid with property taxes</b>			
County of Volusia	\$ 3,220,000	1.65%	\$ 53,130
Volusia County School District	-	0.00%	-
Subtotal, overlapping debt		1.65%	53,130
City of South Daytona Direct Debt			6,172,551
Total direct and overlapping debt			\$ 6,225,681

Source: Independent Taxing Districts

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of South Daytona. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt of each overlapping government.

**LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

**TABLE XIV**

September 30, 2020

CITY OF SOUTH DAYTONA, FLORIDA

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

Source: City of South Daytona Finance Department

**Utility Service Fund Pledged Revenues**  
 Series 2013B (Maturity: July 1, 2027)

State Revolving Loan Fund (SRF) Loans: Country Club Gardens (Maturity: May 15, 2020 )  
 Palm Grove Phase I (Maturity: December 15, 2024 )/Palm Grove Phase II (Maturity: December 15, 2027)

Fiscal Year	Utility Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service		Total Annual Debt Service	Coverage		
				Annual SRF	Maximum 2013B		State Revolving Fund Actual	Required and Add'l Parity	2013B Required and Add'l Parity
2011	\$ 6,535,930	\$ 3,423,694	\$ 3,112,236	\$ 1,106,616	\$ 76,608	\$ 1,183,224	2.63	1.15	1.10
2012	6,555,035	3,877,152	2,677,883	1,563,376	76,608	1,639,984	1.63	1.15	1.10
2013	6,424,467	3,574,961	2,849,506	907,001	76,608	983,609	2.90	1.15	1.10
2014	6,662,229	3,286,040	3,376,189	488,674	76,608	565,282	5.97	1.15	1.10
2015	6,332,577	3,507,231	2,825,346	488,605	76,608	565,213	5.00	1.15	1.10
2016	6,949,288	3,824,612	3,124,676	491,554	76,608	568,162	5.50	1.15	1.10
2017	7,365,350	3,901,485	3,463,865	491,546	76,608	568,154	6.10	1.15	1.10
2018	6,664,423	4,160,420	2,504,003	491,546	76,608	568,154	4.41	1.15	1.10
2019	6,926,088	4,754,788	2,171,300	491,544	76,595	568,139	3.82	1.15	1.10
2020	8,125,614	5,507,163	2,618,451	404,886	76,027	480,913	5.44	1.15	1.10

**Governmental Pledged Revenues**

Capital Improvement Note Series 2011 (#75 - Maturity: January 10, 2022)  
 Series 2015 (#117 - Maturity: June 30, 2023)

Fiscal Year	Public Service Tax	Communication Service Tax	Available Revenues	Maximum Annual Debt Service			Coverage		
				Loan # 75	Loan # 117	Total	Actual	Required	Additional Parity
2011	\$ 1,007,815	\$ 558,385	\$ 1,566,200	\$ 426,392	\$ -	\$ 426,392	3.67	N/A	1.50
2012	988,076	556,874	1,544,950	426,392	-	426,392	3.62	N/A	1.50
2013	1,039,272	506,888	1,546,160	426,392	-	426,392	3.63	N/A	1.50
2014	1,125,497	467,132	1,592,629	426,392	-	426,392	3.74	N/A	1.50
2015	1,156,243	442,686	1,598,929	426,392	543,700	970,092	1.65	N/A	1.50
2016	1,180,666	404,599	1,585,265	426,392	543,700	970,092	1.63	N/A	1.50
2017	1,194,892	369,548	1,564,440	426,392	543,700	970,092	1.61	N/A	1.50
2018	1,228,426	378,596	1,607,022	426,392	543,700	970,092	1.66	N/A	1.50
2019	1,258,971	394,341	1,653,312	435,187	557,423	992,610	1.67	N/A	1.50
2020	1,247,084	380,999	1,628,083	435,186	533,483	968,669	1.68	N/A	1.50

**Transportation Revenue Note, Series 2006**  
 (CRA # 34 - Maturity: February 1, 2024)

Fiscal Year	Tax Increment Proceeds	Maximum Annual Debt Service	Coverage		
			Actual	Required	Additional Parity
2011	\$ 1,099,180	\$ 243,175	4.52	1.15	1.50
2012	905,599	243,175	3.72	1.15	1.50
2013	788,529	243,175	3.24	1.15	1.50
2014	875,628	243,175	3.60	1.15	1.50
2015	985,184	243,175	4.05	1.15	1.50
2016	1,092,555	243,175	4.49	1.15	1.50
2017	1,210,342	243,175	4.98	1.15	1.50
2018	1,375,280	243,175	5.66	1.15	1.50
2019	1,534,641	236,908	6.48	1.15	1.50
2020	1,666,585	236,908	7.03	1.15	1.50

**Capital Improvement Revenue Note Series 2013**  
 (#109 - Maturity: November 27, 2028)

Fiscal Year	Sales Tax	Maximum Annual Debt Service	Coverage		
			Actual	Required	Additional Parity
2014	\$ 594,501	\$ 339,488	1.75	N/A	1.50
2015	639,870	339,488	1.88	N/A	1.50
2016	688,367	339,488	2.03	N/A	1.50
2017	698,174	338,983	2.06	N/A	1.50
2018	729,043	348,264	2.09	N/A	1.50
2019	792,952	359,036	2.21	N/A	1.50
2020	713,178	355,863	2.00	N/A	1.50

Source: City of South Daytona Finance Department

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating revenues include investment revenue, capital grants and contributions. Operating expenses do not include interest, depreciation, or amortization expense. Coverage calculation provided from year of issuance forward.

**PLEGGED COVERED REVENUES**  
**LAST TEN FISCAL YEARS**  
September 30, 2020  
CITY OF SOUTH DAYTONA, FLORIDA

**TABLE XV**  
**CONTINUED**

Anti-dilution Test - Obligation # 42 (Note # 59)

<u>Revenues</u>	2020	2019	2018	2017	2016	2015
Total Revenues per CAFR	\$ 14,425,384	\$ 13,340,309	\$ 13,867,288	\$ 13,668,444	\$ 12,117,233	\$ 10,658,383
Less: Ad Valorem revenues	(5,336,112)	(5,049,574)	(4,700,948)	(4,176,156)	(3,932,652)	(3,688,713)
<b>Total Non-ad valorem revenues</b>	<b>9,089,272</b>	<b>8,290,735</b>	<b>9,166,340</b>	<b>9,492,288</b>	<b>8,184,581</b>	<b>6,969,670</b>
<b><u>Less Restricted Funds</u></b>						
General Fund Grant Revenues	(1,052,304)	(93,855)	(724,776)	(1,858,974)	(152,656)	-
Less Hurricane grants - debt service	-	-	-	356,095	-	-
Less Essential exp grants	-	-	-	55,140	-	-
Capital Projects Fund	-	(57,703)	-	-	(63,585)	-
Transportation Fund	(425,566)	(442,500)	(1,280,738)	(612,473)	(1,595,126)	(356,235)
Community Trust Fund	(14,331)	(20,063)	(20,654)	(17,712)	(20,541)	(16,572)
Redevelopment Fund	-	-	-	-	-	-
Total Restricted	(1,492,201)	(614,121)	(2,026,168)	(2,077,924)	(1,831,908)	(372,807)
<b>Adjusted non-ad valorem revenues</b>	<b>7,597,071</b>	<b>7,676,614</b>	<b>7,140,172</b>	<b>7,414,364</b>	<b>6,352,673</b>	<b>6,596,863</b>
<b><u>Essential Expenditures</u></b>						
General government	(1,239,648)	(2,008,212)	(1,930,728)	(2,158,547)	(2,108,165)	(1,981,667)
Public safety	(4,594,153)	(4,568,679)	(4,514,402)	(4,412,454)	(4,228,959)	(4,452,149)
Total essential expenditures	(5,833,801)	(6,576,891)	(6,445,130)	(6,571,001)	(6,337,124)	(6,433,816)
Total ad valorem	5,336,112	5,049,574	4,700,948	4,176,156	3,932,652	3,688,713
Less TIF	(1,666,585)	(1,534,641)	(1,375,280)	(1,210,342)	(1,092,555)	(985,184)
Available ad valorem not restricted	3,669,527	3,514,933	3,325,668	2,965,814	2,840,097	2,703,529
Adjusted essential expenditures	(2,164,274)	(3,061,958)	(3,119,462)	(3,605,187)	(3,497,027)	(3,730,287)
Legally available non-ad valorem revenues	5,432,797	4,614,656	4,020,710	3,809,177	2,855,646	2,866,576
City debt service coverage ratio:						
2 year average of legally available NAV	5,023,727	4,317,683	3,914,943	3,332,411	2,861,111	1,433,288
<b><u>Maximum annual debt service</u></b>						
Obligation # 117	533,483	557,423	543,700	543,700	543,700	543,700
Obligation # 109	355,863	357,471	338,984	338,984	339,488	339,488
Obligation # 67 (note 75)	435,186	435,187	426,392	426,392	426,392	426,392
BBVA Compass 2016 (\$401,000)	49,598	107,004	107,006	107,006	-	-
Leases	43,798	71,789	68,178	68,178	81,759	125,220
Emergency Loan - Hurricane Matthew	-	-	356,095	356,095	-	-
Total maximum annual debt service	\$ 1,417,928	\$ 1,528,874	\$ 1,840,355	\$ 1,840,355	\$ 1,391,339	\$ 1,434,800
Actual annual debt ratio	3.54	2.82	2.13	1.81	2.06	1.00
Required debt ratio	1.50	1.50	1.50	1.50	1.50	1.50

Source: City of South Daytona Finance Department

Note: Obligation 42 (Note 59) has a CBA pledge, however this obligation was paid out of revenues from the Utility Service Fund. Therefore, this obligation was not included in the above calculation.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating revenues include investment revenue, capital grants and contributions. Operating expenses do not include interest, depreciation, or amortization expense. Coverage calculation provided from year of issuance forward.

**DEMOGRAPHIC AND ECONOMIC STATS  
LAST TEN FISCAL YEARS**

September 30, 2020

CITY OF SOUTH DAYTONA, FLORIDA

**TABLE XVI**

<b>Fiscal Year</b>	<b>Population (a)</b>	<b>Personal Income (amounts expressed in thousands) (b)</b>	<b>Per Capita Personal Income (b)</b>	<b>Median Age (c)</b>	<b>School Enrollment (c)</b>	<b>County Unemployment Rate (d)</b>
2011	12,252	16,373,000	33,104	45.3	61,684	11.0%
2012	12,294	15,933,933	32,203	41.7	61,636	8.8%
2013	12,431	16,544,186	33,299	*	61,124	6.0%
2014	12,279	17,117,508	34,305	*	61,234	5.6%
2015	13,653	17,292,604	34,321	46.5	61,829	5.3%
2016	12,635	18,297,539	35,364	*	62,850	5.2%
2017	13,436	19,577,196	37,404	*	63,043	3.7%
2018	12,703	20,543,253	41,019	*	62,948	3.5%
2019	12,819	21,902,076	42,867	*	63,264	3.5%
2020	13,007	24,444,162	44,180	*	62,931	5.9%

\* Information not readily available.

(a) Bureau of Economic and Business Research

(b) United States Department of Commerce, Bureau of Economic and Business Research (2007-2012); Florida Research & Economic Database (2013-2019) (Federal Reserve Economic Data 2020) (Number represents County total)

(c) Volusia County School Board (Number represents county total)

(d) Agency for Work Force Innovation

**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND 9 YEARS AGO**  
September 30, 2020  
CITY OF SOUTH DAYTONA, FLORIDA

**TABLE XVII**

<u>Employer</u>	<u>2020</u>			<u>2011</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Votran	280	1	8.30%	225	1	12.03%
Publix	140	2	4.15%	120	3	6.42%
City of South Daytona	105	3	3.11%	99	4	5.29%
Giles Electric prior year	100	4	2.96%	62	6	3.32%
W.B. Masons	100	4	2.96%	-	-	
Total Quality Logistics	90	6	2.67%	-	-	
Warner Christian Academy	78	7	2.31%	130	2	6.95%
South Daytona Elementary	67	8	1.99%	95	5	5.08%
Johns Appliance	65	9	1.93%	55	8	2.94%
Food Supply Inc	60	10	1.78%	52	9	2.78%
Universal Engineering	60	10	1.78%	-	-	
RGIS Inventory Specialist py	-	-		60	7	3.21%
Ocean Buffet	-	-		38	10	2.03%
	<u>1,145</u>		<u>33.94%</u>	<u>936</u>		<u>50.05%</u>

Soure: City of South Daytona Community Development Department and Volusia County Property Appraiser's Office/ Team Volusia

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
September 30, 2020  
CITY OF SOUTH DAYTONA, FLORIDA

**TABLE XVIII**

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Government										
Executive	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00
Finance	4.00	5.00	5.00	5.00	6.00	6.00	6.00	5.00	5.00	5.00
Community Development	8.00	7.00	10.00	10.00	9.00	7.00	7.00	8.00	8.00	8.00
Information Technology	1.00	-	-	-	-	-	-	-	-	-
Human Resources	1.00	1.00	1.50	1.00	-	-	-	-	-	-
Community Redevelopment	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Custodial	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Police										
Officers	28.00	28.00	30.00	30.00	29.00	30.00	30.00	32.00	33.00	27.00
Civilians	6.00	6.00	6.00	6.00	6.00	8.00	8.00	8.00	10.00	7.00
Fire										
Firefighters and officers	14.00	14.00	13.00	13.00	13.00	13.00	13.00	16.00	16.00	16.00
Civilians	-	-	-	-	-	-	-	-	-	-
Public works	5.00	5.00	3.00	3.00	3.00	3.00	3.00	3.00	1.00	1.00
Road and street	2.00	2.00	4.00	4.00	1.00	-	-	-	1.00	3.00
Parks and recreation	7.00	7.50	8.50	8.50	7.00	8.00	8.00	9.00	10.00	7.00
Community center	-	0.50	0.50	0.50	1.00	1.00	1.00	1.00	1.00	1.00
Water and sewer operations	9.00	6.00	5.00	5.00	6.00	6.00	6.00	5.00	4.00	7.00
Water and sewer office	7.00	5.00	4.50	4.00	3.00	3.00	3.00	4.00	4.00	3.00
Equipment maintenance	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Total	99.00	94.00	98.00	97.00	91.00	92.00	92.00	98.00	99.00	91.00

Note: Number of positions are full time equivalents  
Source: City of South Daytona Finance Department



**OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

September 30, 2020

CITY OF SOUTH DAYTONA, FLORIDA

**TABLE XIX**

Function	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police										
Physical arrests	327	608	641	744	782	708	1,053	778	615	680
Parking violations	33	133	470	561	676	529	7	15	35	26
Traffic violations	3,265	5,623	5,005	4,060	2,634	4,122	4,092	3,545	3,274	3,526
Fire										
Emergency responses	1,557	1,508	2,323	1,766	1,662	1,370	1,265	1,338	1,758	1,547
Fire responses	1,063	1,044	506	1,147	1,003	714	742	146	542	527
Inspections	237	268	253	287	265	360	230	325	250	332
Solid Waste:										
Refuse collected (tons per day)	b)	b)	b)	b)	b)	b)	b)	b)	b)	b)
Recyclables collected (tons per day)	b)	b)	b)	b)	b)	b)	b)	b)	b)	b)
Other public works										
Street resurfacing (miles)	-	-	0.600	-	-	3	-	-	-	-
Water										
Average daily consumption (thousands of gallons)	a)	a)	a)	a)	a)	a)	a)	a)	a)	a)
Number of Customers c)	5,654	5,667	5,222	5,158	5,145	5,152	5,162	5,120	5,105	5,090
Sewer										
Average daily treatment (thousands of gallons)	a)	a)	a)	a)	a)	a)	a)	a)	a)	a)
Number of Customers	5,349	5,379	4,912	4,877	5,040	5,028	5,025	4,990	4,962	4,920

a) Water and Sewer service is outsourced to the City of Daytona Beach

b) Solid waste service outsourced

c) In 2019 number of water and sewer customers includes accounts with availability charges

Source: City of South Daytona Finance Department

**CAPITAL ASSETS BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
 September 30, 2020  
 CITY OF SOUTH DAYTONA, FLORIDA

TABLE XX

Function	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
Solid Waste	a)	a)	a)	a)	a)	a)	a)	a)	a)	a)
Collection trucks (services contracted)	46.40	46.40	46.40	46.40	46.40	46.40	46.40	46.40	46.40	46.40
Streets (miles)	-	-	-	-	-	-	-	-	-	-
Highways (miles)	29	29	29	29	29	29	29	29	29	29
Streetlights	c)	c)	c)	c)	c)	c)	c)	c)	c)	c)
Traffic signals										
Parks and recreation										
Acreage	66.75	66.75	66.75	66.75	66.75	66.75	66.75	66.75	66.75	66.75
Playgrounds	7	7	7	7	7	7	7	7	7	7
Baseball/softball diamonds	4	4	4	4	4	4	4	4	4	4
Soccer/football fields	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	40	40	40	40	40	40	40	40	40	40
Fire hydrants	403	403	403	403	403	403	403	403	403	403
Storage capacity (thousands of gallons)	d)	d)	d)	d)	d)	d)	d)	d)	d)	d)
Wastewater										
Sanitary sewers (miles)	35	35	35	35	35	35	35	35	35	35
Storm sewers (miles)	10	10	10	10	10	10	10	10	10	10
Treatment capacity (thousands of gallons)	d)	d)	d)	d)	d)	d)	d)	d)	d)	d)

- a) Solid waste service outsourced
- b) Streetlights owned and maintained by FPL
- c) Traffic Signals owned and maintained by Volusia County
- d) Water and Sewer service is outsourced to the City of Daytona Beach

Source: City of South Daytona Finance Department

**WATER AND SEWER RESIDENTIAL RATES  
LAST TEN FISCAL YEARS**

**TABLE XXI**

September 30, 2020

CITY OF SOUTH DAYTONA, FLORIDA

Fiscal Year	Water Service Rates			Sewer Service Rates			
	Minimum Use (0-1,000 Total Gallons)	Additional Use (2,000-7,000 Total Gallons)	Additional Use (Over 7,000 Total Gallons)	Minimum Use (0-1,000 Total Gallons)	Additional Use (2,000-7,000 Total Gallons)	Additional Use (Over 7,000 Total Gallons)	Stormwater Management Fee
2010	\$ 12.49	\$ 4.79	\$ 5.08	\$ 13.55	\$ 6.25	\$ 6.87	\$ 9.00
2011	13.00	5.00	5.45	14.90	6.89	7.55	9.00
2012	13.00	5.00	5.45	14.90	6.89	7.55	9.00
2013	13.22	5.09	5.55	16.55	7.70	8.37	9.00
2014	13.19	5.05	5.52	14.33	6.58	7.26	9.00
2015	13.35	5.13	5.60	14.69	6.67	7.44	9.00
2016	13.44	5.16	5.64	14.79	6.81	7.49	9.00
2017	14.33	5.57	6.06	15.57	7.18	7.87	9.00
2018	14.61	5.67	6.17	15.61	7.19	7.89	9.00

Fiscal Year	Water Service Rates				Sewer Service Rates			
	Availability Charge	Minimum Use (0-1,000 Total Gallons)	Additional Use (1,001-7,000 Total Gallons)	Additional Use (Over 7,000 Total Gallons)	Availability Charge	Additional Use (0-1,000 Total Gallons)	Additional Use (Over 1,000 Total Gallons)	Stormwater Management Fee
2019	\$ 13.00	\$ 3.39	\$ 5.43	\$ 9.50	\$ 16.00	\$ 6.16	\$ 9.85	\$ 9.00
2020	13.46	3.51	5.62	9.84	16.56	6.37	10.19	9.00

Notes: Changes in water and sewer rates must be approved via resolution by the City Council.

City Council changed water and sewer rates based on a water sewer study conducted in 2018. The City instituted an availability charge for customer accounts that are temporarily turned off.

Source: City of South Daytona Finance Department



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## **SUPPLEMENTAL AUDIT REPORTS**



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

To the Honorable Mayor, City Council, and City Manager  
of the City of South Daytona, Florida:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Daytona, 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 February 4, 2021.

***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 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 over financial reporting 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 were not identified.

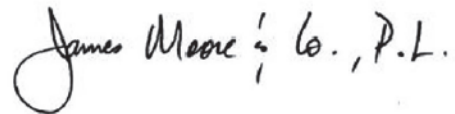


***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City’s financial statements are free from 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*.

***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 initial "J" and a distinct "Co." followed by "P.L.".

Daytona Beach, Florida  
February 4, 2021



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Honorable Mayor, City Council, and City Manager  
of the City of South Daytona, Florida:

**Report on Compliance for Each Major Federal Program**

We have audited the City of South Daytona, Florida's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2020. The City's major federal programs 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 the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs 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). Those standards and the Uniform Guidance, and the Guide 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 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. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

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, for the year ended September 30, 2020.

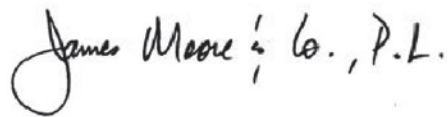
## Report on Internal Control over Compliance

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 as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 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 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 were not 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 the Guide. Accordingly, this report 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  
February 4, 2021



**City of South Daytona, Florida**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2020**

Federal Grantor/Pass-Through Grantor Program or Cluster	Federal CFDA Number	Grant/Contract #	Expenditures
<b>Federal Emergency Management Agency</b>			
Pass-through Program From:			
Florida Division of Emergency Management			
FEMA Hurricane Disaster Aid (Irma) PIER	97.036	DR 4337	175,694
DAC	97.036	DR 4337	52,306
			228,000
Pass-through Program From:			
Florida Division of Emergency Management			
HAZARD MITIGATION GRANT	97.039	FEMA DR 4283 FL	262,500
WINDLE LANE			
2018 AFG FIRE TRUCK	97.044	EMW-2018-FV-01991	471,429
SAFER HIRING GRANT	97.083	EMW-2016 FH-00602	120,926
			<b>\$ 1,082,855</b>
<b>United States Department of Treasury</b>			
Pass-through Program From:			
Volusia County			
CARES ACT FIRST RESPONDERS	21.019		455,154
			<b>\$ 455,154</b>
<b>Department of Housing and Urban Development</b>			
Pass-through County of Volusia :			
Community Development Block Grant			
Jones Street	14.218		113,505
Septic to Sewer Conversion/Hope Place	14.218		23,400
Total "CDBG - Entitlement Grants Cluster"	14.218	N/A	136,905
			<b>\$ 136,905</b>
<b>Department of Justice</b>			
Direct:			
Bulletproof Vests Program	16.607	2020 DOJ	1,609
Edward Byrne Justice Assistance Program	16.738	2020 - JAGD - Y6-040	3,186
			<b>\$ 4,795</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 1,679,709</b>

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

**City of South Daytona, Florida**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2020**

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**1. Basis of Accounting**

This schedule is prepared on the same basis of accounting as the City of South Daytona's financial statements except for FEMA awards see note 3. The City uses the modified accrual basis of accounting.

**2. Indirect Cost Rate**

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

**3. Deferred FEMA Expenditures**

During the fiscal years ended September 30, 2017 and 2018, the City incurred substantial costs related to Hurricane Irma. Per the OMB Compliance Supplement, any reimbursements from the Federal Emergency Management Agency (FEMA) under CFDA 97.036 are not to be recognized as expenditures for purposes of the Schedule of Federal Awards until the respective Project Worksheets (PW) have been obligated. During the year ended September 30, 2020, \$228,000 of the City's PWs from Hurricane Irma had been obligated by FEMA.

**4 Subrecipients**

During the fiscal year ended September 30, 2020, no amounts were passed through to subrecipients.

**CITY OF SOUTH DAYTONA, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**I. 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?                           \_\_\_ yes     X  none reported

    Noncompliance material to financial statements noted?       \_\_\_ yes     X  no

***Federal Awards:***

Internal control over major Federal programs:

    Material weakness(es) identified?                                   \_\_\_ yes     X  no

    Significant deficiency(ies) identified?                           \_\_\_ yes     X  none reported

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

    Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?       \_\_\_ yes     X  none reported

    Auditee qualified as a low-risk auditee?                           \_\_\_ yes     X  no

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

Identification of major Federal programs:

<b>CFDA Number</b>	<b>Program Name</b>
97.036	Disaster Grants – Public Assistance
97.044	Assistance to Firefighters Grant

II. **Financial Statement Findings:** None.

III. **Federal Awards Programs Findings and Questioned Costs:** None.

IV. **Prior Audit Findings:**

**2019-001 Purchasing Policy and Missing Documentation**—Corrective action taken.

**2019-002 Information Technology Matters**—Corrective action taken.

V. **Corrective Action Plan:** See corrective action plan/management's response as listed in the table of contents.



**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED  
BY OFFICE OF THE AUDITOR GENERAL**

To the Honorable Mayor, City Council, and City Manager  
of the City of South Daytona, Florida:

**Report on the Financial Statements**

We have audited the financial statements of the City of South Daytona, Florida, as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated February 4, 2021.

**Auditors' Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in accordance with the Uniform Guidance; Schedule of Findings and Questioned Costs; and Independent Accountant's Examination Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 4, 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. The following is a summary of prior year recommendations:

**2019-001 Purchasing Policy and Missing Documentation**—Corrective action taken.

**2019-002 Information Technology Matters**—Corrective action taken.

**2019-003 Interfund Receivables**—Partial corrective action taken. See seventh-year repeat comment 2020-001.



**2019-004 Customer Deposits**—Partial corrective action taken. See third-year repeat comment 2020-002.

**2019-005 Bank Reconciliation Review**—Corrective action taken.

**2019-006 Lack of Asset or Inventory Count**—Corrective action taken.

**2019-007 Journal Entry Approvals**—Corrective action taken.

### **Official Title and Legal Authority**

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

### **Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires us to apply appropriate procedures and report 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 identification of 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. 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 have the following recommendations:

#### **2020-001 Interfund Receivables (Seventh-Year Repeat Comment)**

At year-end, the Utility Service Fund continued to owe the General Fund significant amounts while also holding a deficit balance in unrestricted net position. While the City performed a rate study and enacted a new rate structure at the end of the prior year, and substantial ground was made in recovering the Utility Service Fund's deficit to repay this advance, \$178,011 was still owed as of September 30, 2020. We recommend the City continue to utilize funds from the new rates to reduce the balance owed to the General Fund and to ensure a long-range plan is in place to recover the unrestricted net position deficit.

#### **2020-002 Customer Deposits (Third-Year Repeat Comment)**

At year-end, the Utility Fund had no utility deposits on hand in cash and a liability for customer deposits of \$938,382. The City should strive to have sufficient cash on hand to cover the liability balance throughout the year. We recommend the City assess the impact of the new rate study and ensure a plan is in place to generate and hold the related cash balance of utility deposit in utility fund cash and cash equivalents, especially once the advance from the General Fund is paid in full.

#### **2020-003 Investment Policy**

The City's investment policy has not been updated since 1995. While the City currently holds no liquid assets in investments other than cash accounts, we recommend the policy be reviewed and updated to ensure compliance with state statutes and to ensure the policy reflects the intentions of the current City's current governance and administration.



### **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.

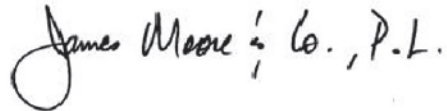
### **City's Response to Recommendations**

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

### **Purpose of this Letter**

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

Daytona Beach, Florida  
February 4, 2021

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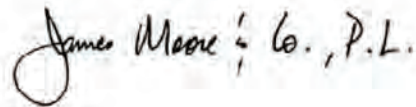
## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor, City Council, and City Manager  
of the City of South Daytona, Florida:

We have examined the City of South Daytona, 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 South Daytona, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.



Daytona Beach, Florida  
February 4, 2021



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# City of South Daytona

Office of the City Manager / Department of Finance

Post Office Box 214960 • South Daytona, FL 32121 • 386/322-3060 • FAX 386/322-3099



## MEMORANDUM

**To:** James L. Gillis, Jr., City Manager  
**From:** Jason E. Oliva, Finance Director  
**Re:** Response to Audit Findings/Recommendations  
**Date:** February 04, 2021

---

The following constitutes the Finance Department's responses to prior year and current year audit findings and recommendations:

### **Prior Year Findings and Recommendations:**

#### **2020-001 Interfund Receivables (Seventh-Year Repeat Comment)**

At year-end, the Utility Service Fund continued to owe the General Fund significant amounts while also holding a deficit balance in unrestricted net position. While the City performed a rate study and enacted a new rate structure at the end of the prior year, and substantial ground was made in recovering the Utility Service Fund's deficit to repay this advance, \$178,011 was still owed as of September 30, 2020. We recommend the City continue to utilize funds from the new rates to reduce the balance owed to the General Fund and to ensure a long-range plan is in place to recover the unrestricted net position deficit.

#### **Response**

The City will continue to reduce the balance owed to the General Fund. **Staff anticipates that the amount owed to the General Fund will be paid in full at the end of fiscal year 2021.**

#### **2020-002 Customer Deposits (Third-Year Repeat Comment)**

At year-end, the Utility Fund had no utility deposits on hand and a liability for customer deposits of \$887,547. The City should strive to have equal cash on hand compared to the liability balance throughout the year. We recommend the City assess the impact of the new rate study and ensure a plan is in place to generate and hold the related cash balance of utility deposit in utility fund cash and cash equivalents.

#### **Response**

Reducing the balance owed to the General Fund and increasing unrestricted fund balance was a major focus of the rate study completed in FY 2019. The City Council approved rate adjustments that were implemented in September 2019. The first focus of the City was to repay the amount owed to the General Fund. **The City will begin to restrict cash available at fiscal year end for utility deposits cash on hand.**

## **Current Year Findings and Recommendations:**

### **2020-003 Investment Policy**

The City's investment policy has not been updated since 1995. While the City currently holds no liquid assets in investments other than cash accounts, we recommend the policy be reviewed and updated to ensure compliance with state statutes and to ensure the policy reflects the intentions of the current City's current governance and administration.

#### Response


The City agrees with the comments and recommendations. The City is reviewing and will be updating its investment policy.



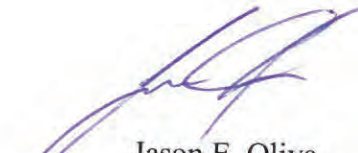


**AFFIDAVIT OF IMPACT FEE COMPLIANCE**

The City of South Daytona, Florida had complied with Section 163.31801 of Florida Statutes regarding accounting and reporting of impact fee collections and expenditures.



James L. Gillis, Jr.  
City Manager



Jason E. Oliva  
Finance Director


**STATE OF FLORIDA  
COUNTY OF VOLUSIA**

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgements, personally appeared James L. Gillis, Jr. and Jason Oliva, whom I know personally and who executed the foregoing instrument and acknowledged before me that he executed the same.

Witness my hand and official seal in the County and State last aforesaid this 4<sup>th</sup> day of February 2021.



(Seal/Stamp)  
(Commission Expiration Date) *April 14, 2021*



Rebecca Witte  
Notary Public  
State of Florida at Large



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# City of South Daytona

Office of the City Manager / Department of Finance

Post Office Box 214960 • South Daytona, FL 32121 • 386/322-3060 • FAX 386/322-3099



## MEMORANDUM

**To:** James L. Gillis, Jr., City Manager  
**From:** Jason E. Oliva, Finance Director  
**Re:** Response to Prior Year Financial Statement Findings  
**Date:** February 04, 2021

---

The following constitutes the Finance Department's responses to prior year financial statement findings.

### **Prior Year Findings and Recommendations:**

#### **2019-001 Purchasing Policy and Missing Documentation**

**Criteria:** The City's policies and procedures require three quotes for any disbursements greater than \$1,000. Also, department heads are required to review and approve monthly purchasing card statements.

**Condition:** On two out of 40 transactions, the City failed to obtain or produce support indicating that the three quotes were obtained. Also, on two out of 40 transactions, two department heads failed to document their review and approval of the monthly purchasing card statement.

**Cause:** The various procedures were not performed as required, and the absence of the required documentation in each scenario was not detected by internal processes.

**Effect:** The failure to obtain or retain quote documentation and the lack of approval by a department head could result in noncompliance with City policy and/or the lack of identification of improper expenditures of City funds.

**Recommendation:** We recommend that the City review all purchasing and procurement policies to ensure required procedures are consistent with current practice and to educate management and staff on any new policies and procedures to ensure compliance.

### **Response**

The City updated its purchasing policies and procedures during fiscal year ended 2020. The City provided a training workshop for all City staff involved with processing purchases.

**2019-002 Information Technology Matters**

Criteria: The City's information technology (IT) environment plays a key role in the financial reporting process, and safeguards should be in place to protect the integrity and security of all financial data.

Condition: Various areas for improvement were identified during our analysis of the City's IT environment. The specific areas are exempt from public access provided by Florida Statutes 119.07(1) and 286.001 and other laws and rules requiring public access or disclosure. This exemption is addressed under Florida Statute 281.301, Security systems; records and meetings exempt from public access or disclosure.

Cause: Certain IT policies, procedures, and/or best practices were not implemented and/or updated in recent years.

Effect: The exploitation of certain deficiencies could result in the compromise of the integrity and/or security of the City's data as it relates to financial reporting.

Recommendation: Recommendations have been provided to management in a separate letter exempt from public disclosure for the same reasons as noted in the "Condition" paragraph.

**Response**

The City made updates as recommended during the fiscal year ended 2020.



# CRA District Boundary Map



Note: Area within the red boundary line is included in the redevelopment district.



