



# City of Daytona Beach Shores Volusia County, Florida

**Annual Comprehensive Financial Report**

For the

**Fiscal Year ended September 30, 2021**



**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**PREPARED BY: THE FINANCE DEPARTMENT**

**CITY OF DAYTONA BEACH SHORES, FLORIDA  
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SEPTEMBER 30, 2021**

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# City of Daytona Beach Shores

*"Life is Better Here"*

*"A Premier, Friendly Place to Be"*

Office of the Finance Director

February 28, 2022

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

State law requires that all general-purpose local governments publish within twelve months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report of the City of Daytona Beach Shores for the fiscal year ended September 30, 2021.

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

James Moore & Co., P.L., a firm of licensed certified public accountants has audited the City of Daytona Beach Shores' financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Daytona Beach Shores for fiscal year ended September 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Daytona Beach Shores' financial statements for the fiscal year ended September 30, 2021 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

## **Profile of Government**

The City of Daytona Beach Shores, incorporated in 1960, is located in the central part of the state in Volusia County, Florida, on the Atlantic coast. As Volusia County has exhibited rather dramatic growth over the past ten years, the City of Daytona Beach Shores has proven to be an attractive location for some of this growth; 21.9%. Because of the City's proximity to the beach, its cooler summers and milder winters, and a host of other positive features, the City attracts a significant tourist population.

The City of Daytona Beach Shores currently occupies a land area of 1.31 square miles, serves a year-round population of 5,179 and, an estimated “seasonal” population of 20,000. The City of Daytona Beach Shores is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statutes to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

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

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

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

### **Information Useful in Assessing the Government’s Economic Condition**

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

**Local Economy:** The City of Daytona Beach Shores is experiencing an increasing trend toward a more permanent population base. This has become apparent with the many residential condominiums that have been built and sold. As is the case in the rest of the state and most of the nation, the City is continuing to slowly recover from the protracted downturn in both the commercial and real estate markets. In the current year new construction totaled over \$1 million; building permits totaled over 695 and economic development incentives helped bring 5 new businesses to our City.

The emergence of Covid-19 in 2019/2020 certainly had an impact on the City during 2020/2021 fiscal year with the decline of available workers. The City Community Center reopened its doors in October 2020, having limited activities to reflect social distancing and mask wearing. The City received American Rescue Plan (ARP) funding of \$1,155K to help offset the additional costs associated with combating Covid-19. An additional \$1,155K is expected in late fiscal year 2021/2022.

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

business owners as shareholders and taking actions appropriate to the protection of that part of their owner's equity that is based on the safety, attractiveness, and overall desirability of the living and business environments.

City Council approved two separate Resolutions to payoff City General Obligation Debt: \$4,611K in fiscal year 2019/2020 and \$6,595K in fiscal year 2020/2021 eliminating all City debt. City reserves would be utilized. The City would still maintain healthy reserves. This debt reduction will allow for the removal of the voted debt ad valorem tax for fiscal year 2021/2022 and later lowering the overall tax rate of the City.

Relevant Financial Policies: The City's investment policy is to minimize market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by Federal Depository Insurance or collateralized in Qualified Public Depositories in accordance with state statutes. Very limited surplus funds (less than 0.01%) are invested in the Local Government Investment Pool (LGIP) administered by the Florida State Board of Administration (SBA). Covid-19 continues to have an impact on investment rates in the 2020/2021 fiscal year with federal funds rate remaining at 0.25%.

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

Major Initiatives: Economic development incentives to help develop the west side.  
Elimination of all debt obligations of the City.  
Removal of 1.73 mills from the millage rate by making the City debt free.

## Acknowledgements

Acknowledgments: The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the members of the City Council of the City of Daytona Beach Shores, preparation of this report would not have been possible.

Respectfully submitted,

*Michael T. Booker*

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Michael T. Booker  
City Manager

*Kurt D. Swartzlander*

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Kurt D. Swartzlander  
Finance Director

**CITY OF DAYTONA BEACH SHORES, FLORIDA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**



**CITY COUNCIL**

Nancy J. Miller, Mayor

Mel Lindauer, Vice Mayor

Richard Bryan

Richard Frizalone

Michael Politis

**CITY MANAGER**

Michael T. Booker

**CITY ATTORNEY**

Gretchen R. H. ("Becky") Vose, Esq.

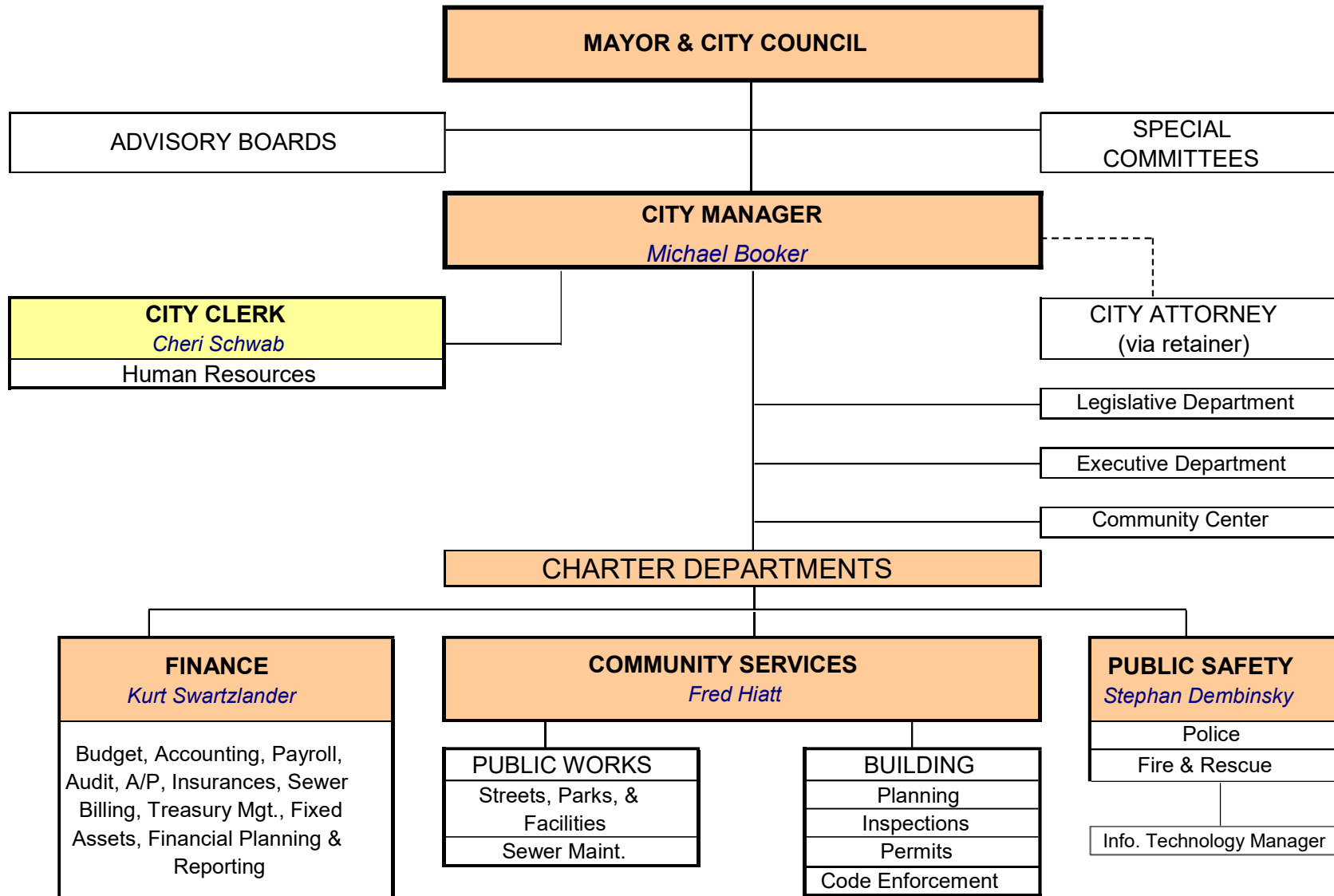
**CITY AUDITORS**

James Moore & Co., P.L.



# CITY OF DAYTONA BEACH SHORES ORGANIZATION CHART

(including charter established department heads)





## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Audit of Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Daytona Beach Shores, Florida (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

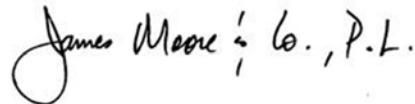
### ***Other Information Included in the Annual Comprehensive Financial Report***

Management is responsible for other information included in the Annual Comprehensive Financial Report. The other information comprises the Introductory and Statistical Section in the Annual Comprehensive Financial Report but does not include the financial statements and our auditors' report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 28, 2022

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

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

As management of the City of Daytona Beach Shores, we offer readers this overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021 to assist the reader in focusing on (1) significant financial issues, (2) the City's financial activity, (3) changes in the City's financial position, (4) deviations from the approved budget, and (5) identification of fund level issues or concerns.

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

### **Fiscal Year End Financial Highlights**

- Total assets including deferred outflows of resources of the City of Daytona Beach Shores exceed its total liabilities including deferred inflows of resources at the close of the fiscal year by \$61,054K (net position). This amount includes \$42,235K in capital assets (net of related debt) and restricted and unrestricted net position of \$1,217K and \$17,602K, respectively.
- The City's total net position increased by \$2,787K [4.8%] based on current year activities. Of this amount \$2,234K was produced by governmental activities while the business-type activities produced an increase of \$533K.
- Included in total net position is \$3,155K in net pension liability for the City's portion of the Florida Retirement System's (FRS) net pension liability. \$2,932K is attributable to governmental activities while \$223K is Business-type activities. Although this FRS liability continues to be shown as a City liability, the City is on a pay-as-you-go rate structure with FRS. Thus, the FRS pension "liability" represents an actuarial estimate of the City's portion of a future obligation of the FRS pension fund, not an existing debt or claim on City cash.
- As of the close of the current fiscal year, the City of Daytona Beach Shores' governmental funds reported a combined ending fund balance of \$16,266K, a decrease of \$1,166K [-6.7%] in comparison with the prior year. This decrease is attributable to a decrease in cash due to Council approved debt repayment; the City is debt free at fiscal year-end 2021. Approximately 88.4% of the fund balance is unassigned and available for spending at the City's discretion.
- The City's total outstanding debt decreased \$6,595K [-100%] during the current fiscal year. Governmental activities debt was paid in full for \$6,595K.
- Economic development activities totaled \$63K from current year activities.
- The City received \$1.155 million in American Rescue Plan funding for fiscal year 2020-2021 and is expected to receive another \$1.155 million in fiscal year 2021-2022; Delinquent accounts due to Covid-19 totaled \$11K at fiscal year-end.

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

### **Overview of Basic Financial Statements**

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

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

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

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

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

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

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



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

The City of Daytona Beach Shores maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is a major fund. Data from the Contraband/Forfeiture Fund is presented as a non-major governmental fund.

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

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

Feature	Government-Wide Statements	Fund Financial Statements	
		Governmental Funds	Enterprise Funds
Scope	Entire Government (excluding fiduciary funds (ie. Pension funds))	Activities of the Gov't that are not Proprietary or Fiduciary (e.g., public safety, culture & recreation, general gov't services, administration)	Activities operated like private business -- with distinct charges for service (e.g. water & sewer)
Required Financial Statements	{a} Statement of Net Position {b} Statement of Activities	{a} Balance Sheet; {b} Statement of Revenues, Expenditures and Changes in Fund Balance	{a} Statement of Net Position {b} Statement of Revenues, Expenses & Changes in Fund Net Position {c} Statement of Cash Flows
Basis of Accounting and Measurement Focus	Accrual Accounting: Economic Resources Focus	Modified Accrual Accounting: Current Financial Resources Focus	Accrual Accounting: Economic Resources Focus
Type of Asset and Liability Information	All Assets and deferred outflows and Liabilities and deferred inflows; Both Financial and Capital -- Short-Term and Long-Term	Assets and Liabilities are Expected to be Fully Discharged During the Year; No Capital Assets or Long-Term Liabilities	All Assets and Liabilities; Both Financial and Capital -- Short Term and Long-Term
Type of Inflow and Outflow Information	All Revenues and Expenses, Regardless of When Cash is Received or Paid	{a} Revenues and other financial resources are recognized when they are measurable and available; {b} Expenses are recognized when a liability has been incurred with certain exceptions when normally expected to be liquidated with expendable available financial resources--Current resources	{a} Revenues are recognized when they are both earned and measurable; {b} Expenses are recognized as they are incurred-- Current and non-current resources

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

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

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

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

**Governmental-wide Financial Analysis**—As noted earlier, net position may serve over time as a useful indicator of a city's financial position. In the case of the City of Daytona Beach Shores, assets exceed liabilities by \$61,054K at the close of the most recent fiscal year.

A significant portion of the City of Daytona Beach Shores' net position [69.2%] reflects its investment in capital assets (e.g. land, buildings, equipment), less any related debt used to acquire those assets that is still outstanding. The City of Daytona Beach Shores uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Another portion of the City's net position [2.0%] represents resources that are subject to external restrictions on how they may be used. The remaining 28.9% [\$17,602K] of net position is unrestricted and may be used to meet the government's ongoing obligations.

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

- The government's net position increased by \$2,787K during the fiscal year, primarily as a result of favorable revenue and expense budget variances even with a scheduled pay down of debt. These favorable variances were widespread across both revenue and expense categories and are detailed later in this report.

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

**City of Daytona Beach Shores: Net Position (in 000's)  
September 30, 2021**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 18,185	\$ 18,835	\$ 9,813	\$ 9,353	\$ 27,998	\$ 28,188
Capital assets	37,881	41,615	4,353	4,250	42,234	45,865
<b>Total Assets</b>	<b>56,066</b>	<b>60,450</b>	<b>14,166</b>	<b>13,603</b>	<b>70,232</b>	<b>74,053</b>
Deferred outflows of resources	2,744	3,350	151	176	2,895	3,526
Long-term liabilities outstanding	5,415	16,591	515	526	5,930	17,117
Other liabilities	529	1,067	27	236	556	1,303
<b>Total Liabilities</b>	<b>5,944</b>	<b>17,658</b>	<b>542</b>	<b>762</b>	<b>6,486</b>	<b>18,420</b>
Deferred inflows of resources	5,360	869	227	22	5,587	891
<b>Net Position:</b>						
Invested in capital assets, net of related debt	37,881	35,020	4,353	4,250	42,234	39,270
Restricted	1,207	2,693	11		1,218	2,693
Unrestricted	8,419	7,560	9,183	8,745	17,602	16,305
<b>Total Net Position</b>	<b>\$47,507</b>	<b>\$45,273</b>	<b>\$13,547</b>	<b>\$12,995</b>	<b>\$61,054</b>	<b>\$58,268</b>

The following is a summary of financial activities during the fiscal year ended September 30, 2021.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Revenues:</b>						
Property taxes	\$ 11,278	\$ 11,250	\$ -	\$ -	\$ 11,278	\$ 11,250
Sales taxes	283	236	-	-	283	236
Franchise & utility taxes	1,774	1,173	-	-	1,774	1,173
Grants & contributions, not restricted	239	133	-	-	239	133
Gain on sale of capital assets	-	20		41	-	61
Charges for services	2,230	2,653	3,522	3,221	5,752	5,874
Insurance Proceeds	-	7	-	-	-	
Unrestricted investment earnings	25	116	14	-	39	116
Other miscellaneous	45	779	3	-	48	779
<b>Sub-Total Revenues</b>	<b>15,874</b>	<b>16,367</b>	<b>3,539</b>	<b>3,262</b>	<b>19,413</b>	<b>19,622</b>
Operating grants & contributions	316	526	-	-	316	526
Capital grants & contributions	-	100	49	6	49	106
<b>Total Revenues</b>	<b>16,190</b>	<b>16,993</b>	<b>3,588</b>	<b>3,268</b>	<b>19,778</b>	<b>20,254</b>

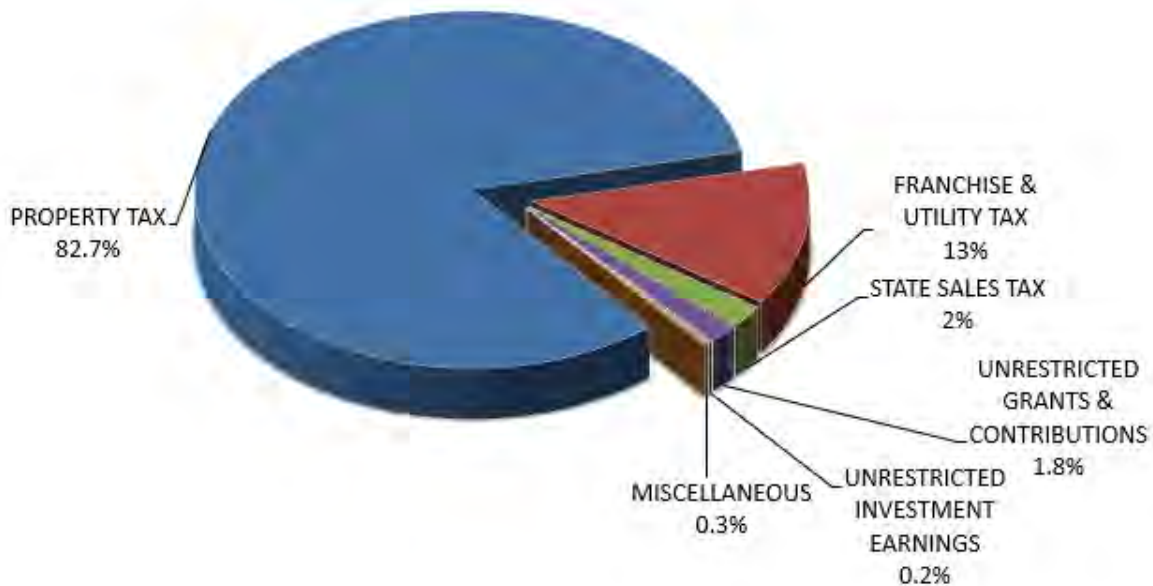
**City of Daytona Beach Shores, Florida  
Management's Discussion and Analysis**

**City of Daytona Beach Shores: Net Position (in 000's)**

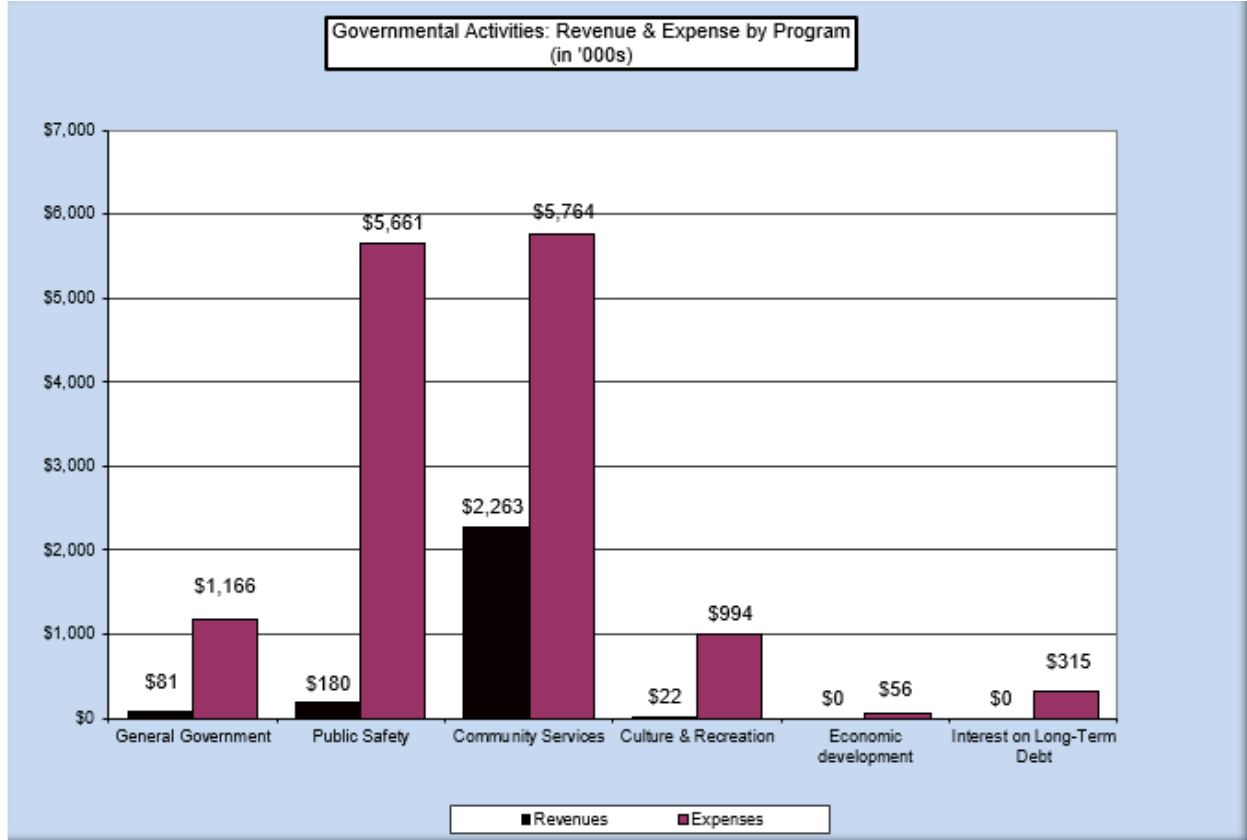
<b>Expenses:</b>						
General government	1,166	2,216	-	-	1,166	2,216
Public safety	5,661	6,365	-	-	5,661	6,365
Culture & recreation	994	928	-	-	994	928
Community services	5,764	3,959	-	-	5,764	3,959
Economic development	56	2	-	-	56	2
Interest and other charges	315	885	-	-	315	885
Sewer			3,036	3,054	3,036	3,054
<b>Total Expenses</b>	<b>13,956</b>	<b>14,355</b>	<b>3,036</b>	<b>3,054</b>	<b>16,992</b>	<b>17,409</b>
Increase in net position	2,234	2,638	552	214	2,786	2,845
Net position, beginning of year	45,273	42,635	12,995	12,781	58,268	55,416
Net position, end of year	<u>\$ 47,507</u>	<u>\$ 45,273</u>	<u>\$ 13,547</u>	<u>\$ 12,995</u>	<u>\$ 61,054</u>	<u>\$ 58,261</u>

**Governmental Activities**—Governmental activities increased the City of Daytona Beach Shores' net position by \$2,234K, accounting for 80.2% of the total growth in the net position of the City of Daytona Beach Shores. This increase is primarily the result of favorable budget variances across all categories of revenue and expenses (including contingency), even with the pay down of long-term debt.

**General Revenues by Source - Governmental Activities**

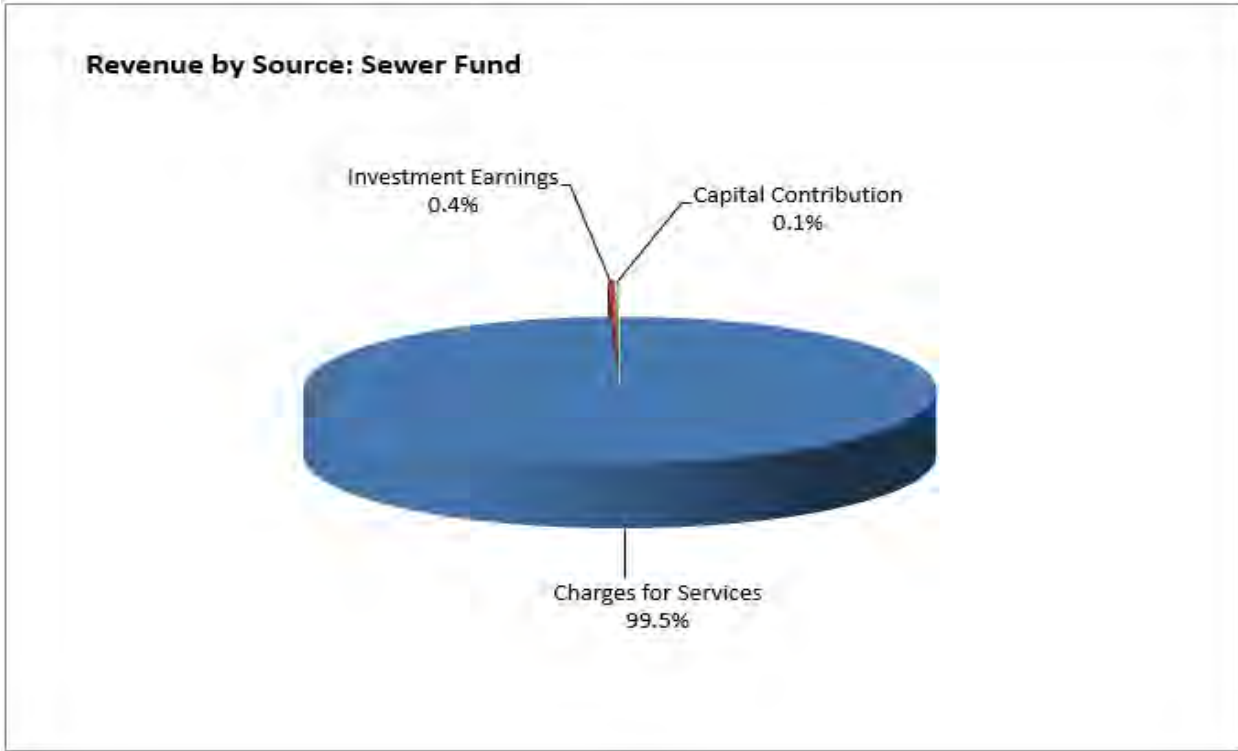
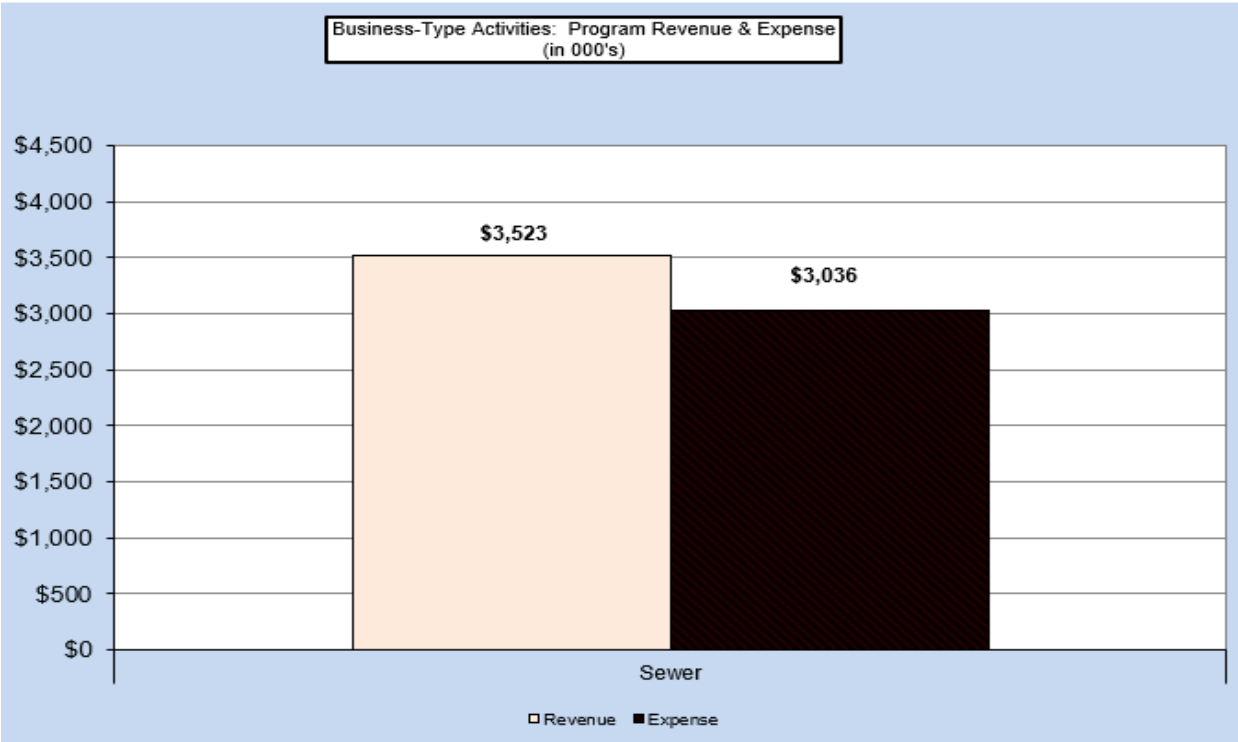


**City of Daytona Beach Shores, Florida  
Management's Discussion and Analysis**



**Business-Type Activities**—Business-type activities showed an overall increase to net position of \$552K including a capital contribution of \$49K. The Sewer fund produced \$535K in income before capital contributions and grants.

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



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

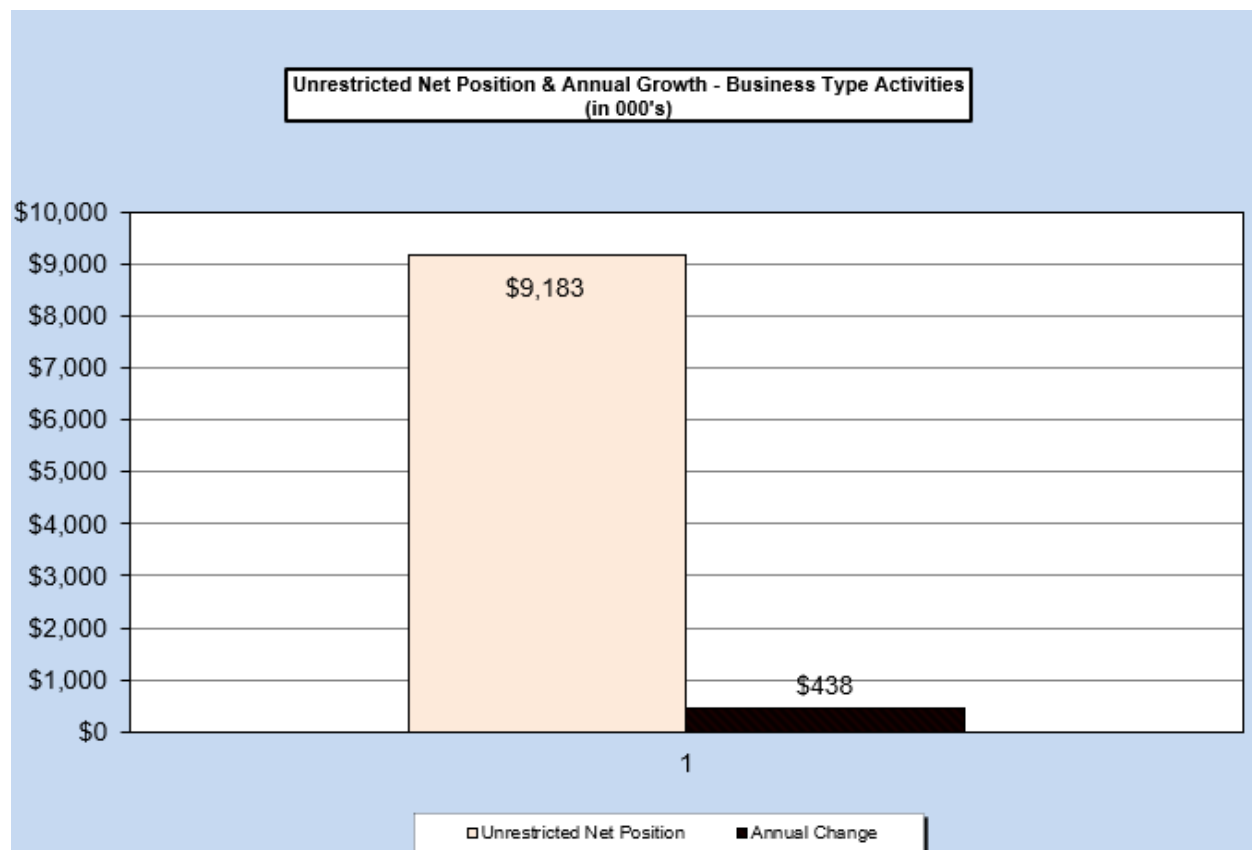


**City of Daytona Beach Shores, Florida**  
**Management's Discussion and Analysis**

**Governmental Funds**—The focus of the City's governmental funds is to provide information on near-term inflows, and balances of liquid resources. Such information is useful in assessing the City of Daytona Beach Shores' financing requirements. Fund balance may serve as a useful measure of the City's net resources available for spending at the end of a fiscal year. As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$16,266K, a decrease of \$1,166 [-6.7%] in comparison with the prior year due to Council approved debt paydown. \$14,369K [88.4%] of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is either not spendable (e.g., inventory), is legally restricted to specific functions or projects, or has a revocable assignment to a specific purpose.

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

The unrestricted net position of the Sewer Fund at the end of the year amounted to \$9,183K. Unrestricted net position for the fund increased by \$438K [-5.0%]. Operating income was \$486K, while net non-operating revenues were \$17K. The capital contribution was \$49K.



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

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

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

	Original Budget	Amended Budget	Change	Actual	Variance from Amended Budget
<b><u>REVENUES &amp; SOURCES</u></b>					
Taxes	\$ 12,474	\$ 12,474	\$ -	\$ 12,486	\$ 12
Licenses & Permits	950	950	-	1,011	61
Intergov'tal	624	624	-	848	224
Charges for Services (Incl. Internal)	2,357	2,357	-	2,467	110
Fines	103	103	-	112	9
Investment earnings (loss)	64	64	-	25	(39)
Miscellaneous	92	92	-	17	(75)
Proceeds from sale of capital assets	11	11	-	835	824
Insurance proceeds	10	10	-	27	17
<b>Total Revenues &amp; Sources</b>	<b>\$ 16,685</b>	<b>\$ 16,685</b>	<b>\$ -</b>	<b>\$ 17,828</b>	<b>\$ 1,143</b>
<b><u>EXPENSES</u></b>					
General Gov't	\$ 2,038	\$ 2,009	\$ (29)	\$ 1,733	\$ 276
Public Safety	5,790	5,805	15	5,367	438
Community Services	2,956	3,179	223	3,061	118
Culture & Recreation	722	761	39	720	41
Contingency	1,159	1,072	(87)	-	1,072
Economic development	198	198	-	56	142
Capital Outlay	1,464	1,325	(139)	1,027	298
Debt Service Principal	7,145	7,145	-	6,595	550
Debt Service Interest	935	913	(22)	414	499
Other Charges				14	(14)
<b>Total Expenses</b>	<b>\$ 22,407</b>	<b>\$ 22,407</b>	<b>\$ -</b>	<b>\$ 18,987</b>	<b>\$ 3,420</b>

The original and amended budgets were balanced by a planned use of prior year fund balance from reserves, restricted road taxes, and restricted debt proceeds.

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

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

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

**Capital Assets**—The City of Daytona Beach Shores' investment in capital assets for its governmental and business-type assets as of September 30, 2021, amounts to \$42,235K (net of accumulated depreciation), a decrease of \$3,630K for the year. Governmental assets decreased \$3,734K, while business-type assets increased \$103K. This investment in capital assets includes land, buildings and improvements other than buildings, equipment, and construction in progress. The City's ratio of accumulated depreciation to total depreciable capital assets (excludes land and CIP) is 50.5%, up from 47.9% in the prior year. The City's asset capitalization threshold is \$10K.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Land & land improvements	\$ 15,994	\$ 18,790	\$ 239	\$ 239	\$ 16,233	\$ 19,029
Buildings	21,076	21,329	299	299	21,375	21,628
Improvements other than buildings	19,297	19,038	9,634	9,493	28,931	28,531
Equipment	3,302	2,984	1,882	1,605	5,184	4,589
Construction in progress	257	203	-	81	257	284
Accumulated depreciation	(22,044)	(20,729)	(7,701)	(7,467)	(29,745)	(28,196)
<b>Total</b>	<b>\$ 37,882</b>	<b>\$ 41,615</b>	<b>\$ 4,353</b>	<b>\$ 4,250</b>	<b>\$ 42,235</b>	<b>\$ 45,865</b>
Latest annual change	\$ (3,733)	\$ 37,262	\$ 103	\$(37,985)	\$ (3,630)	\$ 45,865
Accumulated depreciation ratio (excluding Land and CIP)	50%	48%	65%	66%	53.6%	51.5%

Additional information on the City of Daytona Beach Shores' capital assets is provided in the Financial Notes Section in Note 3-D of this report.

**Long-Term Debt**—At the end of the current fiscal year, the City of Daytona Beach Shores had no debt; the city is debt free per the council-approved debt repayment plan. More detailed information on long-term debt activity is provided in the Financial Section at Note 3-E.

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

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds payable	\$ -	\$ 6,595	\$ -	\$ -	\$ -	\$ 6,595
Notes/Loans payable	-	-	-	-	-	-
Net OPEB Obligation (Asset)	483	499	26	26	509	525
Compensated absences	528	450	27	24	555	474
State Revolving Loan Payable	-	-	-	-	-	-
Total	<u>\$ 1,011</u>	<u>\$ 7,544</u>	<u>\$ 53</u>	<u>\$ 50</u>	<u>\$ 1,064</u>	<u>\$ 7,594</u>
Change from prior year	<u>-86.6%</u>		<u>6.0%</u>		<u>-86.0%</u>	

During the reported fiscal year, the outstanding debt for the City of Daytona Beach Shores decreased \$6,595K [100%] due to normal debt payments and Council approved debt reduction.

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

- For tax year 2021, excluding new construction, property values in the City increased 2.1%. However, property valuation is still 9.7% below its 2007 peak. The City had \$1,057K in new construction. Despite some improving activity, west-side commercial property continues to struggle, and there remains a greater than normal number of vacant storefronts. Economic development incentives have been developed to help grow City business and residential investments. Council has approved \$63K in lease subsidies for five new businesses.
- After a November 2006 election, a debt service ad-valorem tax was implemented to support the borrowing of up to \$30 million for underground utilities and streetscape projects. The City Council approved, on September 22, 2020, a Resolution to pay-off the remaining Series 2007 and Series 2008 debt along with their corresponding swaps by September 30, 2021. The Series 2007, Series 2008 and their swaps of \$6,595 were paid off on February 16, 2021.
- The non-voted ad-valorem tax rate for 2020/2021 was the roll back rate of 5.0476 mils, down from prior year of 5.23 mils in 2019/2020. The 2020/2021 figure is the legal "roll-back rate" as defined by state law. The general obligation debt service tax rate is 1.7350 mils, down from 1.7977 mils in FY 2019/2020, reflecting the increase in property valuations and use of the roll back rate. FY 2021/2022 will not include a debt service tax as the general obligation debt has been paid off.
- Covid-19 had a direct impact on the Community Center closing its doors from March 2020 through September 2020. Upon October 2020 opening, programs had been adjusted for social distancing and mask wearing. Facility rentals have resumed with a 52.2% decline from the previous year. 2020/2021 FY budget was developed with a 20% reduction in State collected revenue as determined by Volusia County cities. The City received an American Rescue Plan grant (ARP) for \$1,155K with another \$1,155K anticipated at the end of fiscal year 2021/2022.

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

**Requests for Information**

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

**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2021**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Equity in pooled cash and cash equivalents	\$ 17,326,865	\$ 9,145,788	\$ 26,472,653
Receivables, net	416,277	655,896	1,072,173
Due from other governments	199,566	-	199,566
Inventories	46,493	-	46,493
Prepaid items and other assets	106,213	-	106,213
Deposits and other assets	33,300	-	33,300
Restricted assets:			
Equity in pooled cash	56,317	10,585	66,902
Capital assets:			
Capital assets, not being depreciated	16,250,935	239,487	16,490,422
Other capital assets, net of depreciation	21,630,450	4,113,771	25,744,221
Total assets	<u>56,066,416</u>	<u>14,165,527</u>	<u>70,231,943</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	2,507,947	138,474	2,646,421
Deferred outflows related to OPEB	236,192	12,114	248,306
Total deferred outflows	<u>2,744,139</u>	<u>150,588</u>	<u>2,894,727</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	625,971	122,907	748,878
Customer deposits	5,808	143,994	149,802
Unearned revenue	1,368,691	-	1,368,691
Noncurrent liabilities:			
Due within one year:			
Compensated absences	528,566	26,648	555,214
Total OPEB liability	482,988	25,956	508,944
Net pension liability	2,932,292	222,545	3,154,837
Total liabilities	<u>5,944,316</u>	<u>542,050</u>	<u>6,486,366</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	5,351,774	226,595	5,578,369
Deferred inflows related to OPEB	7,752	417	8,169
Total deferred inflows of resources	<u>5,359,526</u>	<u>227,012</u>	<u>5,586,538</u>
<b>NET POSITION</b>			
Net investment in capital assets	37,881,385	4,353,258	42,234,643
Restricted for:			
Law enforcement	52,009	-	52,009
Road improvements	1,153,909		1,153,909
Sewer improvements	-	10,585	10,585
Domestic violence	500	-	500
Unrestricted	8,418,910	9,183,210	17,602,120
Total net position	<u>\$ 47,506,713</u>	<u>\$ 13,547,053</u>	<u>\$ 61,053,766</u>

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



**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 1,166,259	\$ 74,972	\$ 5,708	\$ -	\$ (1,085,579)	\$ -	\$ (1,085,579)
Public safety	5,660,855	178,392	1,965	-	(5,480,498)	-	(5,480,498)
Community services	5,763,600	1,954,893	308,603	-	(3,500,104)	-	(3,500,104)
Economic development	55,687	-	-	-	(55,687)	-	(55,687)
Culture and recreation	993,702	21,393	200	-	(972,109)	-	(972,109)
Interest on long-term debt	315,216	-	-	-	(315,216)	-	(315,216)
Total governmental activities	<u>13,955,319</u>	<u>2,229,650</u>	<u>316,476</u>	<u>-</u>	<u>(11,409,193)</u>	<u>-</u>	<u>(11,409,193)</u>
Business-type activities:							
Sewer	<u>3,036,384</u>	<u>3,522,726</u>	<u>-</u>	<u>48,825</u>	<u>-</u>	<u>535,167</u>	<u>535,167</u>
Total business-type activities	<u>3,036,384</u>	<u>3,522,726</u>	<u>-</u>	<u>48,825</u>	<u>-</u>	<u>535,167</u>	<u>535,167</u>
Total primary government	<u>\$ 16,991,703</u>	<u>\$ 5,752,376</u>	<u>\$ 316,476</u>	<u>\$ 48,825</u>	<u>(11,409,193)</u>	<u>535,167</u>	<u>(10,874,026)</u>
General revenues:							
Property taxes					11,277,898	-	11,277,898
Sales taxes					283,399	-	283,399
Franchise fees and utility taxes					1,773,570	-	1,773,570
Grants, taxes, and contributions not restricted to specific programs					238,839	-	238,839
Investment earnings					25,058	13,756	38,814
Miscellaneous revenues					44,575	3,528	48,103
Total general revenues and transfers					<u>13,643,339</u>	<u>17,284</u>	<u>13,660,623</u>
Change in net position					2,234,146	552,451	2,786,597
Net position - beginning of year					45,272,567	12,994,602	58,267,169
Net position - ending of year					<u>\$ 47,506,713</u>	<u>\$ 13,547,053</u>	<u>\$ 61,053,766</u>

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

**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2021**

	<u>General</u>	<u>Nonmajor Contraband and Forfeitures</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Equity in pooled cash and cash equivalents	\$ 17,226,859	\$ 56,317	\$ 17,283,176
Investments	100,092	-	100,092
Receivables, net	416,191	-	416,191
Due from other governments	199,566	-	199,566
Inventories	46,493	-	46,493
Prepaid items	106,213	-	106,213
Deposits and other assets	33,300	-	33,300
Total assets	<u>\$ 18,128,714</u>	<u>\$ 56,317</u>	<u>\$ 18,185,031</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 544,446	\$ -	\$ 544,446
Customer deposits	1,500	4,308	5,808
Unearned revenue	1,368,691	-	1,368,691
Total liabilities	<u>1,914,637</u>	<u>4,308</u>	<u>1,918,945</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Inventories	46,493	-	46,493
Prepaid items	106,213	-	106,213
Restricted for:			
Law enforcement	-	52,009	52,009
Road improvements	1,153,909	-	1,153,909
Domestic Violence	500	-	500
Assigned to:			
Subsequent year's budget	538,200	-	538,200
Unassigned	14,368,762	-	14,368,762
Total fund balances	<u>16,214,077</u>	<u>52,009</u>	<u>16,266,086</u>
Total liabilities and fund balances	<u>\$ 18,128,714</u>	<u>\$ 56,317</u>	<u>\$ 18,185,031</u>

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

**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2021**

**Fund balances - total governmental funds** \$ 16,266,086

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

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

Total governmental capital assets	59,925,711	
Less: accumulated depreciation	<u>(22,044,326)</u>	37,881,385

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

Net pension liability	(2,932,292)	
Deferred outflows related to pensions	2,507,947	
Deferred inflows related to pensions	<u>(5,351,774)</u>	(5,776,119)

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

Total OPEB liability	(482,988)	
Deferred outflows related to OPEB	236,192	
Deferred inflows related to OPEB	<u>(7,752)</u>	(254,548)

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

Incurred but not reported (IBNR) health insurance claims	(81,525)	
Compensated absences	<u>(528,566)</u>	(610,091)

<b>Net position of governmental activities</b>	<u><u>\$ 47,506,713</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>General</u>	<u>Nonmajor Contraband and Forfeitures</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Taxes	\$ 12,485,766	\$ -	\$ 12,485,766
Permits and fees	1,011,368	-	1,011,368
Intergovernmental	848,003	-	848,003
Charges for services	2,467,388	-	2,467,388
Fines and forfeitures	111,671	636	112,307
Investment income	25,055	3	25,058
Miscellaneous	17,399	-	17,399
Total revenues	<u>16,966,650</u>	<u>639</u>	<u>16,967,289</u>
<b>Expenditures</b>			
Current:			
General government	1,733,367	-	1,733,367
Public safety	5,367,204	7,286	5,374,490
Economic development	55,687	-	55,687
Culture and recreation	719,794	-	719,794
Community services	3,061,601	-	3,061,601
Capital outlay	1,027,408	-	1,027,408
Debt service:			
Principal retirement	6,595,185	-	6,595,185
Interest and fiscal charges	413,658	-	413,658
Other charges	14,400	-	14,400
Total expenditures	<u>18,988,304</u>	<u>7,286</u>	<u>18,995,590</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,021,654)</u>	<u>(6,647)</u>	<u>(2,028,301)</u>
<b>Other financing sources (uses)</b>			
Proceeds from sale of capital assets	835,140	-	835,140
Proceeds from insurance recoveries	27,176	-	27,176
Total other financing sources (uses)	<u>862,316</u>	<u>-</u>	<u>862,316</u>
<b>Net change in fund balances</b>	<u>(1,159,338)</u>	<u>(6,647)</u>	<u>(1,165,985)</u>
<b>Fund balances, beginning of year</b>	17,373,415	58,656	17,432,071
<b>Fund balances, end of year</b>	<u><u>\$ 16,214,077</u></u>	<u><u>\$ 52,009</u></u>	<u><u>\$ 16,266,086</u></u>

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

**CITY OF DAYTONA BEACH SHORES, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**Net change in fund balances - total governmental funds** **\$ (1,165,985)**

Differences in amounts reported for governmental activities in the statement of activities are:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Capital outlay expenditures	1,027,408
Depreciation expense	(2,009,544)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, CIP project abandoned) is to decrease net position.	(2,751,808)
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Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position.

Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position.

These amounts are as follows:

Principal repayment of general long-term debt	6,595,185
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Governmental funds report contributions to defined benefit pension plans as expenditures.

However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the statement of activities are amounts required to be amortized.

Change in net pension liability and deferred inflows/outflows related to pensions	596,994
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:

Change in accrued interest on long-term debt	98,442
Change in compensated absences liability	(77,551)
Claims incurred but not reported (IBNR)	(61,967)
Change in total OPEB liability	(17,028)

<b>Change in net position of governmental activities</b>	<b>\$ 2,234,146</b>
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The accompanying notes to financial statements are an integral part of this statement.

**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**SEPTEMBER 30, 2021**

	<u><b>Business-type Activities - Sewer Enterprise Fund</b></u>
<b>ASSETS</b>	
Equity in pooled cash and cash equivalents	\$ 9,145,788
Accounts receivable, net	655,896
Total current assets	<u>9,801,684</u>
Noncurrent assets:	
Restricted cash	<u>10,585</u>
Capital assets:	
Land	239,487
Buildings	298,716
Improvements	9,633,793
Machinery and equipment	1,882,497
Accumulated depreciation	<u>(7,701,235)</u>
Total capital assets, net	<u>4,353,258</u>
Total noncurrent assets	<u>4,363,843</u>
Total assets	<u><u>14,165,527</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	138,474
Deferred outflows related to OPEB	<u>12,114</u>
Total deferred outflows of resources	<u><u>150,588</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	122,907
Deposits	143,994
Compensated absences	<u>26,648</u>
Total current liabilities	<u><u>293,549</u></u>
Noncurrent liabilities:	
Total OPEB liability	25,956
Net pension liability	<u>222,545</u>
Total noncurrent liabilities	<u><u>248,501</u></u>
Total liabilities	<u><u>542,050</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	226,595
Deferred inflows related to OPEB	<u>417</u>
Total deferred inflows of resources	<u><u>227,012</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	4,353,258
Restricted for capital expansion	10,585
Unrestricted	<u>9,183,210</u>
Total net position	<u><u>\$ 13,547,053</u></u>

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

**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<b><u>Business-type Activities - Sewer Enterprise Fund</u></b>
<b>Operating revenues</b>	
Charges for services	\$ 3,522,726
Total operating revenues	<u>3,522,726</u>
<b>Operating expenses</b>	
Personal services	273,969
Contractual services	1,299,192
Material and supplies	1,050,061
Utility service	45,501
Depreciation	367,661
Total operating expenses	<u>3,036,384</u>
<b>Operating income (loss)</b>	<u>486,342</u>
<b>Nonoperating revenues (expenses)</b>	
Interest earnings	13,756
Gain (loss) on disposition of capital assets	3,528
Interest and amortization expense	-
Total nonoperating revenues (expenses)	<u>17,284</u>
<b>Income (loss) before contributions and transfers</b>	<u>503,626</u>
Capital contributions	48,825
<b>Change in net position</b>	<u>552,451</u>
<b>Net position, beginning of year</b>	12,994,602
<b>Net position, end of year</b>	<u><u>\$ 13,547,053</u></u>

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

**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<b>Business-type Activities - Enterprise Fund</b>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 3,417,213
Cash paid to employees	(294,110)
Cash paid to suppliers	(2,373,838)
Net cash provided by (used in) operating activities	<u>749,265</u>
<b>Cash flows from capital and related financing activities</b>	
Proceeds from capital contributions	48,825
Acquisition and construction of capital assets	(470,664)
Proceeds from sale of capital assets	3,528
Net cash provided by (used in) capital and related financing activities	<u>(418,311)</u>
<b>Cash flows from investing activities</b>	
Interest received	13,756
<b>Net change in cash and cash equivalents</b>	<u>344,710</u>
<b>Cash and cash equivalents, beginning of year</b>	8,811,663
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 9,156,373</u></u>
<b>Cash and cash equivalents classified as:</b>	
Unrestricted	\$ 9,145,788
Restricted	10,585
Total cash and cash equivalents	<u><u>\$ 9,156,373</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income (loss)	\$ 486,342
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	367,661
Changes in assets and liabilities:	
Accounts receivable	(114,751)
Accounts payable and accrued liabilities	20,916
Deposits	9,238
Compensated absences	3,114
Net pension liability	(24,761)
Total OPEB liability	1,506
Net cash provided by (used in) operating activities	<u><u>\$ 749,265</u></u>

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



**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

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

(a) **Reporting entity**—The City of Daytona Beach Shores, Florida, was incorporated on April 20, 1960, under the provisions of the State of Florida (Florida Statutes Section 165.031(4)) and operates under a Council-Manager form of government that provides the following services as authorized by its charter: public safety (Police, Fire, and Building Department), emergency management, community services, economic development, culture/recreation, and general government services. The City is a municipal corporation governed by an elected mayor and four-member governing council (the "Council").

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

(b) **Government-wide and fund financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report aggregated information for the overall government for all of the activities of the primary government. These statements do not report fiduciary funds or fiduciary component units such as retirement trust funds. Those activities are reported only in fund financial statements. The effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange revenues, are reported separately from business-type activities, which are financed wholly or partially by fees charged to external parties for goods or services and are reported in enterprise funds.

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

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

(c) **Measurement focus, basis of accounting, and financial statement presentation**—The accounts of the City 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 balance, revenues, and expenditures. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and the basis of accounting. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grants, other intergovernmental revenues, charges for services, licenses 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. When grant terms provide that an expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, certain expenditures relating to future periods, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental fund:

**General Fund**—The General Fund is the principal fund of the City which accounts for all financial transactions of the general government 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.

The City reports the following major proprietary funds:

**Sewer Fund**—The Sewer Fund accounts for the costs and recovery of costs in the form of user charges related to the collection, treatment and disposal of sewage waste with the City. The maintenance and improvement of utility plant required to provide these goods and services are financed primarily from user charges. Physical plant expansion is financed primarily from revenue bond obligations and other long-term debt borrowings.

Additionally, the City reports the following other fund type:

**Special Revenue Fund**—This Contraband and Forfeitures nonmajor fund accounts for the activity of City of Daytona Beach Shores public safety that is restricted for law enforcement use.

**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

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

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments (when applicable). 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City recognizes as operating revenue the portion of impact fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

- i. On or before August 1st, the City Manager submits a preliminary budget to the City Council for the ensuing fiscal year.
- ii. Budget workshop sessions are scheduled by the City Council, as needed.
- iii. A general summary of the budget and notice of public hearing is made available to the public.
- iv. Prior to October 1st, the budget is legally enacted through passage of a resolution.
- v. The City Council, by resolution, may make supplemental appropriations in excess of those estimated for the year up to the amount of available revenue. Prior to the end of the fiscal year, supplemental appropriations are made for unanticipated spending requirements by the Council.
- vi. The City Manager must approve all inter-departmental budget amendments and/or appropriations transfers.
- vii. The City Council must approve any increases to the total budget expenditures by fund.
- viii. Budgetary control is exercised at the fund level.
- ix. Every appropriation lapses at the close of the fiscal year.

**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

The budgets for governmental funds that were either adopted or amended during the year by the City Council were prepared using the modified accrual basis of accounting in accordance with generally accepted accounting principles. The general fund is the only governmental fund that has a legally adopted budget.

The budgets for proprietary funds that were either adopted or amended during the year by the City Council were prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. The sewer fund also has a legally adopted annual budget.

(e) **Deposits and investments**—The City's cash and cash equivalents include cash on hand, demand deposits and short-term investments that are readily convertible to known amounts of cash. Investments with original maturities of three months or less are considered to be cash equivalents.

The City has adopted the reporting required by Accounting and Financial Reporting for Certain Investments and for External Investment Pools. All investments are recorded at fair value based on quoted market values.

(f) **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 "due to/from other funds" (i.e., the 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 governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and 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 monthly. Unbilled accounts receivable are accrued by the City at September 30th, to recognize the sales revenues earned between the last meter reading dates made in August through the end of the fiscal year.

(g) **Inventories and prepaid items**—The cost of inventory is accounted for on the consumption basis wherein inventories are charged as expenditures when used, rather than when purchased. All inventories are valued at cost, which approximates 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 more nearly at current replacement value. No required minimum levels of inventory are maintained.

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.

(h) **Capital assets**—Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, drainage improvements, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial threshold of \$10,000 or more and an estimated useful life of greater than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

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

<u>Assets</u>	<u>Years</u>
Buildings	10 – 50 years
Improvements	10 – 50 years
Machinery and equipment	3 – 20 years

(i) **Compensated absences**—The City reports compensated absences in the applicable governmental or business-type activity columns in the governmental-wide financial statements. The portion of employee payroll costs paid subsequent to year-end attributable to services performed prior to year-end and accumulated unpaid vacation, sick-leave, and personal 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.

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

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

*Nonspendable* – amounts not available to be spent or not in spendable form, such as inventory and prepaid items.

*Restricted* – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions or by enabling legislation.

*Committed* – amounts constrained to specific purposes based on actions taken by the City Council through ordinance.

*Assigned* – amounts the City intends to use for a specific purpose. Intent can be expressed by City Council or by an official or body which the City Council delegates authority.

*Unassigned* – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available; the City considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds and finally, unassigned funds, as needed.

**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

(l) **Net position flow assumption**—Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the City's policy to consider restricted net position to have been used before unrestricted net position is applied.

(m) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has deferred outflows related to pensions and OPEB, which qualify for reporting in this category. Deferred outflows related to pensions are discussed further in Note (10) and deferred outflows related to OPEB are discussed further in Note (9).

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 represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has multiple items, deferred inflows related to pensions and OPEB in the proprietary funds and government-wide statement of net position, which qualify for reporting in this category. Deferred inflows related to pensions are discussed further in Note (10) and deferred inflows related to OPEB are discussed further in Note (9).

(n) **Property taxes**— Property tax revenues are recognized when levied, to the extent that they result in current receivables. Details of the property tax calendar are presented below:

Valuation date	January 1, 2020
Lien date	May 31, 2020
Levy date	November 1, 2020
Discount periods	November 2020 – February 2021
No discount period	March 2021
Delinquent date	April 1, 2021

(o) **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.

**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**(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.

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

**(3) Deposits and Investments:**

Deposits include cash on hand and amounts held in the City's demand accounts. At September 30, 2021, the carrying amount of the City's deposits was \$26,439,549. Each demand account is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Any balance in excess of FDIC insurance is covered by collateral held by the City's custodial bank, which is pledged to a state trust fund that provides security in accordance with Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act (the Act) established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified public depository must pledge at least 50 percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125 percent, may be required, if deemed necessary under the conditions set forth in the Act.

Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer. Under the Act, the pool may assess participating financial institutions on a pro rata basis to fund any shortfall in the event of the failure of a member institution.

**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**(3) Deposits and Investments:** (Continued)

*Custodial Credit Risk—Deposits:* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Pursuant to the applicable provisions of Chapter 280, Florida Statutes, *The Florida Security for Public Deposits Act*, the State of Florida, Department of Financial Services, Division of Treasury, Bureau of Collateral Management have established specific requirements relative to the security and collateralization for public deposits. Accordingly, banks qualifying as a 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 Chief Financial Officer (CFO) 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 CFO 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 CFO's office. Compliance with the provisions of Chapter 280, Florida Statutes, is monitored by a Qualified Public Depository Oversight Board with members appointed by the State CFO.

**(4) Accounts Receivable:**

The City's receivables consisted of the following at September 30, 2021:

	<u>Gross Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivable</u>
Governmental Activities:			
General Fund	\$ 416,191	\$ -	\$ 416,191
Total – Governmental Activities	<u>416,191</u>	<u>-</u>	<u>416,191</u>
Business-Type Activities:			
Sewer Fund	655,896	-	655,896
Totals – Business-Type Activities	<u>655,896</u>	<u>-</u>	<u>655,896</u>
Totals	<u>\$ 1,072,087</u>	<u>\$ -</u>	<u>\$ 1,072,087</u>

Based on historical trends, the City determines all amounts recorded as receivables at year end to be collectible, therefore, no allowance is necessary.

In addition to accounts receivable, the City also recorded \$199,566 in due from other governments at September 30, 2021, of which includes accruals for half cent sales tax, communication service tax and gas taxes.



**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

(5) **Capital Assets:**

Capital asset activity for the fiscal year ended September 30, 2021, is as follows:

**Governmental activities:**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land and land improvements	\$ 18,790,088	\$ -	\$ (2,796,053)	\$ 15,994,035
Construction in progress	203,383	246,698	(193,181)	256,900
Total assets not being depreciated	<u>18,993,471</u>	<u>246,698</u>	<u>(2,989,234)</u>	<u>16,250,935</u>
Capital assets being depreciated:				
Buildings	21,329,299	-	(253,553)	21,075,746
Improvements	19,038,328	258,721	-	19,297,049
Machinery and equipment	2,983,550	715,170	(396,739)	3,301,981
Total assets being depreciated	<u>43,351,177</u>	<u>973,891</u>	<u>(650,292)</u>	<u>43,674,776</u>
Less: accumulated depreciation	<u>(20,729,318)</u>	<u>(2,009,544)</u>	<u>694,536</u>	<u>(22,044,326)</u>
Total capital assets being depreciated, net	<u>22,621,859</u>	<u>(1,035,653)</u>	<u>44,244</u>	<u>21,630,450</u>
Governmental activities capital assets, net	<u>\$ 41,615,330</u>	<u>\$ (788,955)</u>	<u>\$ (2,944,990)</u>	<u>\$ 37,881,385</u>

**Business-type activities:**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land and land improvements	\$ 239,487	\$ -	\$ -	\$ 239,487
Construction in progress	80,919	-	(80,919)	-
Total assets not being depreciated	<u>320,406</u>	<u>-</u>	<u>(80,919)</u>	<u>239,487</u>
Capital assets being depreciated:				
Buildings	298,716	-	-	298,716
Improvements	9,492,693	141,100	-	9,633,793
Machinery and equipment	1,605,265	410,483	(133,251)	1,882,497
Total assets being depreciated	<u>11,396,674</u>	<u>551,583</u>	<u>(133,251)</u>	<u>11,815,006</u>
Less accumulated depreciation for:				
Less: accumulated depreciation	<u>(7,466,825)</u>	<u>(367,661)</u>	<u>133,251</u>	<u>(7,701,235)</u>
Total capital assets being depreciated, net	<u>3,929,849</u>	<u>183,922</u>	<u>-</u>	<u>4,113,771</u>
Business-type activities capital assets, net	<u>\$ 4,250,255</u>	<u>\$ 183,922</u>	<u>\$ (80,919)</u>	<u>\$ 4,353,258</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government	\$ 313,616
Public safety	554,442
Community services	831,184
Culture and recreation	310,302
Total depreciation expense - governmental activities	<u>\$ 2,009,544</u>

Business-type activities:

Sewer	\$ 367,661
Total depreciation expense - business-type activities	<u>\$ 367,661</u>

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

Long-term liability activity for the year ended September 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds and notes payable	\$ 6,595,128	\$ -	\$ (6,595,128)	\$ -	\$ -
Compensated absences	451,015	519,000	(441,449)	528,566	528,566
Total long-term liabilities	<u>\$ 7,046,143</u>	<u>\$ 519,000</u>	<u>\$ (7,036,577)</u>	<u>\$ 528,566</u>	<u>\$ 528,566</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
Compensated absences	23,534	17,000	(13,886)	26,648	26,648
Total long-term liabilities	<u>\$ 23,534</u>	<u>\$ 17,000</u>	<u>\$ (13,886)</u>	<u>\$ 26,648</u>	<u>\$ 26,648</u>

Bonds and notes payable in the City's governmental activities during the fiscal year ended September 30, 2021, were comprised of the following obligations:

General Obligation Bond, Series 2007, issued to finance costs of certain streetscape and improvements, including the undergrounding of utilities. The interest rate is variable based on 63.7% of the 90-day LIBOR plus 70 basis points. The bond had an original maturity date of October 2022. Bonds are due in payments of interest annually on October 1st.

General Obligation Bond, Series 2008, issued to finance costs of certain streetscape and improvements, including the undergrounding of utilities. The interest rate is fixed at 4.13%. The bond had an original maturity date of October 2023. Bonds are due in payments of interest annually on October 1st.

General Obligation Bond, Series 2010, issued to finance costs of certain streetscape and improvements, including the undergrounding of utilities. The interest rate is fixed at 3.85%. The bond had an original maturity date of October 2021. Bonds are due in payments of interest annually on October 1st.

During the fiscal year ended September 30, 2021, the City paid off the General Obligation Bonds Series 2007, Series 2008, and Series 2010 in advance of their scheduled maturity dates, resulting in no balance outstanding at year-end. In conjunction with the payoff of the General Obligation Bonds Series 2007 and Series 2008, the City terminated the related interest rate swap agreement. The fees paid to terminate the interest rate swap agreement were \$289,000.

**(7) Commitments and Contingencies:**

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2021. The outcomes of established claims are included in these financial statements. In the opinion of the City's legal counsel, no legal proceedings are pending or threatened against the City which are not covered by applicable insurance which would inhibit its ability to perform its operations or materially affect its financial condition.

Subsequent to September 30, 2021, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced

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

consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the City as of February 28, 2022, management believes that an impact on the City's financial position and results of future operations is reasonably possible.

**(8) Risk Management:**

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

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

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

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

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

All departments of the City participate in the program and make payments based on estimates of amounts needed to pay prior and current year claims, claims reserves, and administrative costs. A liability for claims is reported if it is probable that a liability has occurred and the amount is estimable. As of September 30, 2021, the City reported a liability of \$71,474 in the general fund and an additional \$81,525 as Incurred but Not Reported Claims (IBNR) for a total governmental liability of \$152,999. Both are included in accounts payable and accrued liabilities.

	<b>Year ended 9/30/2021</b>	<b>Year ended 9/30/2020</b>
Unpaid claims, beginning of fiscal year	\$ 84,000	\$ 91,000
Incurred (closed) claims (including IBNRs)	1,057,000	983,000
Claim payments	(988,000)	(990,000)
Unpaid claims, end of fiscal year	<u>\$ 153,000</u>	<u>\$ 84,000</u>

**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
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**(9) Other Postemployment Benefits (OPEB):**

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

**Funding Policy**—The City is funding the Plan on a pay-as-you-go basis. Most employees and their dependents are required to pay 100% of the estimated pro rata annual cost of the Plan. There is an implied subsidy in the insurance premiums for these employees because the premium charged for retirees is the same as the premium charged for active employees, who are younger than retirees on average. However, department head retirees, receive an explicit subsidy to age 65 equal to the difference between the total plan costs and amount charged to active employees.

For the year ended September 30, 2021, the City will recognize OPEB expense of \$18,534, which includes an estimate of the explicit and implied subsidy contributions described above. There were no contributions made by plan members for the year ended September 30, 2021.

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

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

Active Employees	81
Inactive Employees	—
	<u>81</u>

**Total OPEB Liability**—The City’s total OPEB liability of \$508,944 was measured as of September 30, 2021 and was determined by an actuarial valuation as of October 1, 2019.

**Actuarial Assumptions and Other Inputs**—The total OPEB liability in the September 30, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Salary increases	3% per annum
Discount rate	2.43%
Healthcare cost trend rate	7.00%
	Ultimate rate reached in FY2024 5.00%

The City does not have a dedicated Trust to pay retiree healthcare benefits. The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices.

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

All mortality rates are projected generationally with mortality Improvements Scale MP-2020.

For the fiscal year ended September 30, 2021, changes in the total OPEB liability were as follows:

Balance at September 30, 2020	\$ 524,811
Changes for a year:	
Service cost	35,047
Interest	12,942
Changes of assumptions	(9,032)
Benefit payments – implicit rate subsidy	(54,824)
Net changes	<u>15,867</u>
Balance at September 30, 2021	<u>\$ 508,944</u>

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

The following presents the total OPEB liability of the City calculated using the discount rate of 2.43%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 540,865	\$ 508,944	\$ 479,354

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend 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 healthcare cost trend rates that are 1% lower (4.00%-6.00%) or 1% higher (6.00%-8.00%) than the current healthcare cost trend rates (5.00%-7.00%):

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 461,596	\$ 508,944	\$ 564,060

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$18,534. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Demographic gain/loss	\$ 78,284	\$ -
Changes of assumptions	170,022	8,169
Total	<u>\$ 248,306</u>	<u>\$ 8,169</u>

**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
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**(9) Other Postemployment Benefits (OPEB):** (Continued)

Deferred outflows for contributions subsequent to the measurement date will be recognized in fiscal year 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended September 30:</u>	<u>Amortization</u>
2022	\$ 25,369
2023	25,369
2024	25,369
2025	25,369
2026	25,369
Thereafter	113,292

**(10) Employee Retirement Systems and Pension Plans:**

**A. Defined Contribution Pension Plans**

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

During fiscal year 2021, the City closed the RPTGE to new entrants and account balances for employees electing to join the FRS Pension Plan were forfeited to the City and used to buy service time in the FRS Pension Plan. At September 30, 2021, there was 1 plan member remaining in the RPTGE.

For the years ended September 30, 2021, the total covered payroll was \$61,241. The amount of pension expense was \$32 for fiscal year ended September 30, 2021.

**B. Florida Retirement System**

**Plan Description and Administration**

The City participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the City's full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail.

**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
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**(10) Employee Retirement Systems and Pension Plans:** (Continued)

The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the City are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**Benefits Provided and Employees Covered**

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

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

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to

**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
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(10) **Employee Retirement Systems and Pension Plans:** (Continued)

individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

**Financial Statements**

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

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

**Contributions**

Employers may participate in certain classes of FRS membership. Each class has descriptions and employer contribution rates in effect during the fiscal year ended September 30, 2021, as follows (contribution rates are in agreement with the actuarially determined rates):

<b>FRS Membership Plan &amp; Class</b>	<b>Through June 30, 2021</b>	<b>After June 30, 2021</b>
Regular Class	10.00%	10.82%
Elected Officer Class	49.18%	51.42%
Senior Management Service Class (SMSC)	27.29%	29.01%
Special Risk	24.45%	25.89%
DROP from ERS	16.98%	18.34%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, which are included in the above rates.

Actual contributions made for City employees participating in FRS and HIS for the plan year ended June 30, 2021, were as follows:

City Contributions – FRS	\$ 759,323
City Contributions – HIS	79,028
Employee Contributions – FRS	142,822



**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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(10) **Employee Retirement Systems and Pension Plans:** (Continued)

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

At September 30, 2021, the City reported a net pension liability related to FRS and HIS as follows:

FRS	\$	1,505,636
HIS		1,649,201
Total	\$	<u>3,154,837</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the organization's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2021 and 2020, the City's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2021</u>	<u>2020</u>
FRS	0.019931993%	0.019055863%
HIS	0.013444754%	0.010353742%

For the plan year ended June 30, 2021, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$	81,148
HIS		194,673
Total	\$	<u>275,821</u>

*Deferred outflows/inflows related to pensions:*

At September 30, 2021, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 258,068	\$ -	\$ 55,816	\$ (691)
Changes of assumptions	1,030,230	-	129,590	(67,951)
Net difference between projected and actual investment earnings	-	(5,252,784)	1,719	-
Change in City's proportionate share	472,452	(219,922)	451,964	(37,021)
Contributions subsequent to measurement date	225,823	-	21,389	-
	<u>\$ 1,986,573</u>	<u>\$ (5,472,706)</u>	<u>\$ 659,848</u>	<u>\$ (105,663)</u>

**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(10) Employee Retirement Systems and Pension Plans:** (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
2022	\$ (655,736)	\$ 110,513	\$ (545,223)
2023	(789,459)	83,163	(706,296)
2024	(1,016,600)	96,357	(920,243)
2025	(1,292,353)	107,356	(1,184,997)
2026	42,192	103,802	145,994
Thereafter	-	31,605	31,605
Total	<u>\$ (3,711,956)</u>	<u>\$ 532,796</u>	<u>\$ (3,179,160)</u>

*Actuarial assumptions:*

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

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.80%. This rate did not change from the prior year rate. 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. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.16% was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 2.21%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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(10) **Employee Retirement Systems and Pension Plans:** (Continued)

*Long-term expected rate of return:*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2021, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.1%
Fixed income	20.0%	3.8%
Global equities	54.2%	8.2%
Real estate	10.3%	7.1%
Private equity	10.8%	11.7%
Strategic investments	3.7%	5.7%
Total	<u>100.0%</u>	

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

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

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.80%	\$ 6,733,303	\$ 1,505,636	\$ (2,864,108)
HIS	2.16%	1,906,636	1,649,201	1,438,291

**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**(11) Subsequent Events:**

In February 2022, the City sold a rental property at 136 Beachcomber Avenue, Daytona Beach Shores. Ordinance 2021-13 granted the sale to Purucker Plaza II, LLC for \$217,500. The City originally purchased the property in January 2006 for \$700,000. The date of the finalization of the sale was 2/4/2022.

**(12) Recent Accounting Pronouncements:**

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

- (a) GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.
- (b) GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The provisions in GASB 96 are effective for periods beginning after June 15, 2022.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Taxes	\$ 12,474,400	\$ 12,474,400	\$ 12,485,766	\$ 11,366
Permits and fees	950,400	950,400	1,011,368	60,968
Intergovernmental	623,900	623,900	848,003	224,103
Charges for services	2,357,100	2,357,100	2,467,388	110,288
Fines and forfeitures	103,200	103,200	111,671	8,471
Investment income	63,900	63,900	25,055	(38,845)
Miscellaneous	92,000	92,000	17,399	(74,601)
Total revenues	16,664,900	16,664,900	16,966,650	301,750
<b>Expenditures</b>				
Current:				
General government	2,038,100	2,009,100	1,733,367	275,733
Public safety	5,790,200	5,805,400	5,367,204	438,196
Economic development	198,000	198,000	55,687	142,313
Culture and recreation	722,000	760,610	719,794	40,816
Community services	2,956,400	3,165,535	3,061,601	103,934
Capital outlay	2,623,800	2,397,905	1,027,408	1,370,497
Debt service:				
Principal retirement	7,144,800	7,144,800	6,595,185	549,615
Interest and fiscal charges	935,300	912,850	413,658	499,192
Other charges	-	14,400	14,400	-
Total expenditures	22,408,600	22,408,600	18,988,304	3,420,296
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(5,743,700)</u>	<u>(5,743,700)</u>	<u>(2,021,654)</u>	<u>3,722,046</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	11,000	11,000	835,140	824,140
Proceeds from insurance recoveries	10,000	10,000	27,176	17,176
Total other financing sources (uses)	21,000	21,000	862,316	841,316
<b>Net change in fund balances</b>	<u>(5,722,700)</u>	<u>(5,722,700)</u>	<u>(1,159,338)</u>	<u>4,563,362</u>
<b>Fund balances, beginning of year</b>	17,373,415	17,373,415	17,373,415	-
<b>Fund balances, end of year</b>	<u>\$ 11,650,715</u>	<u>\$ 11,650,715</u>	<u>\$ 16,214,077</u>	<u>\$ 4,563,362</u>

**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
**BUDGETARY NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2021**

**A. Budgetary information**

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

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

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 35,047	\$ 36,668	\$ 4,416	\$ 4,364
Interest	12,942	1,744	2,074	1,905
Changes of assumptions	(9,032)	205,930	353	-
Benefit payments - implicit rate subsidy	(54,824)	(30,382)	(803)	(671)
Changes in benefit terms	-	156,374	-	-
Other changes	-	94,524	-	-
Net change in total OPEB liability	<u>(15,867)</u>	<u>464,858</u>	<u>6,040</u>	<u>5,598</u>
Total OPEB liability - beginning of year	524,811	59,953	53,913	48,315
<b>Total OPEB liability - end of year</b>	<u><u>\$ 508,944</u></u>	<u><u>\$ 524,811</u></u>	<u><u>\$ 59,953</u></u>	<u><u>\$ 53,913</u></u>
 Covered payroll	 \$ 4,480,355	 \$ 4,480,355	 \$ 3,919,871	 \$ 3,919,871
Total OPEB liability as a percentage of covered payroll	11.36%	11.71%	1.53%	1.38%

Notes to Schedule:

Valuation date:	10/1/2019	10/1/2019	10/1/2017	10/1/2017
Measurement date:	9/30/2021	9/30/2020	9/30/2019	9/30/2018

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

2.43%	2.14%	3.58%	3.64%
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NOTE: The amortization period for assumption changes was 9.42 years for the 2019 fiscal year, 11.47 years for the 2020 fiscal year, and 10.47 years for the 2021 fiscal year.

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

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



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

	As of the Plan Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
<b>Florida Retirement System (FRS)</b>							
Proportion of the net pension liability	0.019931993%	0.013585849%	0.013403952%	0.013616542%	0.012974748%	0.011402375%	0.010951725%
Proportionate share of the net pension liability	\$ 1,505,636	\$ 8,259,092	\$ 6,115,350	\$ 5,558,903	\$ 5,997,314	\$ 5,296,678	\$ 2,298,011
Covered payroll	4,760,745	3,529,000	2,713,000	2,808,000	2,829,000	2,839,000	2,946,000
Proportionate share of the net pension liability as a percentage of covered payroll	31.63%	234.03%	225.41%	197.97%	211.99%	186.57%	78.00%
Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%
<b>Health Insurance Subsidy Program (HIS)</b>							
Proportion of the net pension liability	0.013444754%	0.010353742%	0.008352733%	0.008595837%	0.008874264%	0.009196412%	0.008687620%
Proportionate share of the net pension liability	\$ 1,649,201	\$ 1,264,175	\$ 934,587	\$ 909,793	\$ 948,877	\$ 1,071,804	\$ 886,001
Covered payroll	4,760,745	3,529,000	2,713,000	2,808,000	2,829,000	2,839,000	2,946,000
Proportionate share of the net pension liability as a percentage of covered payroll	34.64%	35.82%	34.45%	32.40%	33.54%	37.75%	30.07%
Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

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

**CITY OF DAYTONA BEACH SHORES, FLORIDA**  
**SCHEDULE OF CONTRIBUTIONS**  
**LAST 10 FISCAL YEARS**  
**(UNAUDITED)**

	As of the Plan Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
<b>Florida Retirement System (FRS)</b>							
Contractually required contribution	\$ 814,942	\$ 633,142	\$ 550,618	\$ 525,968	\$ 527,636	\$ 511,555	\$ 433,772
Contributions in relation to the contractually required contribution	814,942	633,142	550,618	525,968	527,636	511,555	433,772
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,977,887	\$ 3,529,000	\$ 2,713,000	\$ 2,808,000	\$ 2,829,000	\$ 2,839,000	\$ 2,946,000
Contributions as a percentage of covered payroll	16.37%	17.94%	20.30%	18.73%	18.65%	18.02%	14.72%
<b>Health Insurance Subsidy Program (HIS)</b>							
Contractually required contribution	\$ 82,633	\$ 59,664	\$ 46,382	\$ 46,615	\$ 46,965	\$ 47,137	\$ 33,209
Contributions in relation to the contractually required contribution	82,633	59,664	46,382	46,615	46,965	47,137	33,209
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,977,887	\$ 3,529,000	\$ 2,713,000	\$ 2,808,000	\$ 2,829,000	\$ 2,839,000	\$ 2,946,000
Contributions as a percentage of covered payroll	1.66%	1.69%	1.71%	1.66%	1.66%	1.66%	1.13%

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

## **STATISTICAL SECTION**

## STATISTICAL SECTION

This part of the City of Daytona Beach Shores, Florida's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

### Table of Contents

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

#### Schedules 1 to 4

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

#### Schedules 5 to 7

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

#### Schedules 8 to 10

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

#### Schedules 11 to 12

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

#### Schedules 13 to 15

### Additional Notes

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

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**Schedule 1****City of Daytona Beach Shores  
Net Position by Component (in thousands)  
Last Ten Fiscal Years**

<i>As of September 30,</i>	2012	2013	2014	2015
<hr/>				
Governmental activities				
Invested in capital assets, net of related debt	\$ 10,722	\$ 12,557	\$ 13,863	\$ 15,365
Restricted	2,835	2,964	3,161	3,329
Unrestricted	11,290	11,931	13,482	12,038
Total governmental activities net assets	<u>\$ 24,847</u>	<u>\$ 27,452</u>	<u>\$ 30,506</u>	<u>\$ 30,732</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 2,560	\$ 2,680	\$ 2,847	\$ 3,090
Restricted	112	112	112	112
Unrestricted	4,534	4,656	4,954	5,805
Total business-type activities net assets	<u>\$ 7,206</u>	<u>\$ 7,448</u>	<u>\$ 7,913</u>	<u>\$ 9,007</u>
Primary Government				
Invested in capital assets, net of related debt	\$ 13,282	\$ 15,237	\$ 16,710	\$ 18,455
Restricted	2,947	3,076	3,273	3,441
Unrestricted	15,824	16,587	18,436	17,843
Total primary government net assets	<u>\$ 32,053</u>	<u>\$ 34,900</u>	<u>\$ 38,419</u>	<u>\$ 39,739</u>

**Schedule 1**

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

2016	2017	2018	2019	2020	2021
\$ 17,010	\$ 20,779	\$ 27,392	\$ 28,837	\$ 35,020	\$ 37,882
3,533	3,580	3,763	4,006	2,693	1,206
13,384	12,273	8,847	9,792	7,560	8,419
<u>\$ 33,927</u>	<u>\$ 36,632</u>	<u>\$ 40,002</u>	<u>\$ 42,635</u>	<u>\$ 45,273</u>	<u>\$ 47,507</u>
\$ 3,268	\$ 3,200	\$ 3,142	\$ 3,212	\$ 4,250	\$ 4,353
112	112	112	112		11
6,763	7,681	8,615	9,457	8,745	9,183
<u>\$ 10,143</u>	<u>\$ 10,993</u>	<u>\$ 11,869</u>	<u>\$ 12,781</u>	<u>\$ 12,995</u>	<u>\$ 13,547</u>
\$ 20,278	\$ 23,979	\$ 30,534	\$ 32,049	\$ 39,270	\$ 42,235
3,645	3,692	3,875	4,118	2,693	1,217
20,147	19,954	17,462	19,249	16,305	17,602
<u>\$ 44,070</u>	<u>\$ 47,625</u>	<u>\$ 51,871</u>	<u>\$ 55,416</u>	<u>\$ 58,268</u>	<u>\$ 61,054</u>

**Schedule 2**

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

<i>Fiscal year ended September 30,</i>	2012	2013	2014	2015
<b>Expenses</b>				
Governmental activities				
General government	\$ 1,642	\$ 1,701	\$ 1,815	\$ 1,745
Public safety	4,590	4,672	4,931	4,411
Community services	3,568	3,134	3,271	3,151
Culture/recreation	488	471	542	627
Economic environment	52	-	-	-
Interest on long-term debt	1,307	1,206	1,138	1,028
Total governmental activities expenses	<u>11,647</u>	<u>11,184</u>	<u>11,697</u>	<u>10,962</u>
Business-type activities				
Sewer	2,006	2,288	2,464	2,391
Total business-type activities net assets	<u>2,006</u>	<u>2,288</u>	<u>2,464</u>	<u>2,391</u>
Total primary government expenses	<u>\$ 13,653</u>	<u>\$ 13,472</u>	<u>\$ 14,161</u>	<u>\$ 13,353</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for services (see Schedule 2A for detail)	\$ 2,310	\$ 2,172	\$ 2,364	\$ 2,367
Operating grants and contributions	376	420	344	360
Capital grants and contributions	912	69	96	86
Total governmental activities program revenues	<u>3,598</u>	<u>2,661</u>	<u>2,804</u>	<u>2,813</u>
Business-type activities				
Charges for services (see Schedule 2A for detail)	2,642	2,961	2,891	3,458
Capital grants and contributions	11	7	30	16
Total business-type activities program revenues	<u>2,653</u>	<u>2,968</u>	<u>2,921</u>	<u>3,474</u>
Total primary government program revenues	<u>\$ 6,251</u>	<u>\$ 5,629</u>	<u>\$ 5,725</u>	<u>\$ 6,287</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (8,049)	\$ (8,523)	\$ (8,893)	\$ (8,149)
Business-type activities	647	680	457	1,083
Total primary government net expense	<u>\$ (7,402)</u>	<u>\$ (7,843)</u>	<u>\$ (8,436)</u>	<u>\$ (7,066)</u>
<b>Governmental Revenues and Other Changes in Net Assets</b>				
Governmental activities				
Property taxes	\$ 9,233	\$ 9,446	\$ 10,175	\$ 10,196
Sales taxes	178	196	207	221
Franchise and utility taxes	804	831	873	929
Unrestricted grants and contributions	127	125	127	130
Gain on Sale of Capital Asset				
Unrestricted investment earnings	114	67	21	100
Miscellaneous	479	463	544	597
Transfers	-	-	-	-
Total governmental activities	<u>10,935</u>	<u>11,128</u>	<u>11,947</u>	<u>12,173</u>
Business-type activities				
Unrestricted investment earnings	15	11	8	11
Miscellaneous	3	5	-	-
Gain on Sale of Capital Asset				
Special item	-	(454)	-	-
Total business-type activities	<u>18</u>	<u>(438)</u>	<u>8</u>	<u>11</u>
Total primary government	<u>\$ 10,953</u>	<u>\$ 10,690</u>	<u>\$ 11,955</u>	<u>\$ 12,184</u>
<b>Change in Net Assets</b>				
Governmental activities	\$ 2,886	\$ 2,605	\$ 3,054	\$ 4,024
Business-type activities	665	242	465	1,094
Total primary government	<u>\$ 3,551</u>	<u>\$ 2,847</u>	<u>\$ 3,519</u>	<u>\$ 5,118</u>



## Schedule 2

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

2016	2017	2018	2019	2020	2021
\$ 1,785	\$ 1,958	\$ 2,226	\$ 2,253	\$ 2,216	\$ 1,166
5,488	5,799	5,960	6,638	6,365	5,661
3,335	3,433	3,506	3,649	3,959	5,763
633	727	795	765	928	994
-	-			2	56
932	819	729	619	885	315
<u>12,173</u>	<u>12,736</u>	<u>13,216</u>	<u>13,924</u>	<u>14,355</u>	<u>13,955</u>
2,526	2,534	2,663	2,611	3,054	3,036
<u>2,526</u>	<u>2,534</u>	<u>2,663</u>	<u>2,611</u>	<u>3,054</u>	<u>3,036</u>
<u>\$ 14,699</u>	<u>\$ 15,270</u>	<u>\$ 15,879</u>	<u>\$ 16,535</u>	<u>\$ 17,409</u>	<u>\$ 16,991</u>
\$ 2,400	\$ 2,459	\$ 2,629	\$ 2,716	\$ 2,653	\$ 2,230
341	379	808	358	526	316
89	92	94	97	100	
<u>2,830</u>	<u>2,930</u>	<u>3,531</u>	<u>3,171</u>	<u>3,279</u>	<u>2,546</u>
3,542	3,335	3,420	3,403	3,221	3,522
91	7	62	23	6	49
<u>3,633</u>	<u>3,342</u>	<u>3,482</u>	<u>3,426</u>	<u>3,227</u>	<u>3,571</u>
<u>\$ 6,463</u>	<u>\$ 6,272</u>	<u>\$ 7,013</u>	<u>\$ 6,597</u>	<u>\$ 6,506</u>	<u>\$ 6,117</u>
\$ (9,343)	\$ (9,806)	\$ (9,685)	\$ (10,753)	\$ (11,076)	\$ (11,409)
1,107	808	819	815	173	535
<u>\$ (8,236)</u>	<u>\$ (8,998)</u>	<u>\$ (8,866)</u>	<u>\$ (9,938)</u>	<u>\$ (10,903)</u>	<u>\$ (10,874)</u>
\$ 10,213	\$ 10,204	\$ 10,586	\$ 10,844	\$ 11,250	\$ 11,278
231	238	249	250	236	283
1,235	1,201	1,251	1,216	1,173	1,773
131	133	133	133	133	239
			4	7	
101	95	172	209	116	25
627	640	711	730	800	45
-	-	-	-	-	-
<u>12,538</u>	<u>12,511</u>	<u>13,102</u>	<u>13,386</u>	<u>13,715</u>	<u>13,643</u>
24	34	59	72	41	14
5	8				3
			25		
-	-	-	-	-	-
<u>29</u>	<u>42</u>	<u>59</u>	<u>97</u>	<u>41</u>	<u>17</u>
<u>\$ 12,567</u>	<u>\$ 12,553</u>	<u>\$ 13,161</u>	<u>\$ 13,483</u>	<u>\$ 13,756</u>	<u>\$ 13,660</u>
\$ 3,195	\$ 2,705	\$ 3,417	\$ 2,633	\$ 2,639	\$ 2,234
1,136	850	878	912	214	552
<u>\$ 4,331</u>	<u>\$ 3,555</u>	<u>\$ 4,295</u>	<u>\$ 3,545</u>	<u>\$ 2,853</u>	<u>\$ 2,786</u>

**Schedule 2a**

**City of Daytona Beach Shores**  
**Detail Schedule of Charges for Services (in thousands)**  
**Last Ten Fiscal Years**

<i>For the fiscal year ended September 30,</i>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
General government	\$ 850	\$ 785	\$ 926	\$ 926	\$ 921	\$ 986	\$ 1,002	\$ 988	\$ 968	\$ 75
Public safety	265	268	151	133	148	147	228	237	171	178
Community services	1,118	1,044	1,182	1,225	1,259	1,311	1,380	1,462	1,496	1,955
Culture & recreation	77	75	105	83	72	15	19	29	18	22
Total governmental activities	<u>\$ 2,310</u>	<u>\$ 2,172</u>	<u>\$ 2,364</u>	<u>\$ 2,367</u>	<u>\$ 2,400</u>	<u>\$ 2,459</u>	<u>\$ 2,629</u>	<u>\$ 2,716</u>	<u>\$ 2,653</u>	<u>\$ 2,230</u>
Business-type activities										
Sewer utility	\$ 2,642	\$ 2,961	\$ 2,891	\$ 3,458	\$ 3,542	\$ 3,335	\$ 3,420	\$ 3,403	\$ 3,221	\$ 3,522
Total business-type activities	<u>\$ 2,642</u>	<u>\$ 2,961</u>	<u>\$ 2,891</u>	<u>\$ 3,458</u>	<u>\$ 3,542</u>	<u>\$ 3,335</u>	<u>\$ 3,420</u>	<u>\$ 3,403</u>	<u>\$ 3,221</u>	<u>\$ 3,522</u>

**Schedule 3**

**City of Daytona Beach Shores**  
**Fund Balances - Governmental Funds (in thousands)**  
**Last Ten Fiscal Years**

<i>As of September 30,</i>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Spendable	612	151	140	129	75	89	78	90	747	153
Restricted	2,808	2,949	3,138	3,246	3,442	3,519	3,727	3,973	2,634	1,154
Assigned	1,396	1,487	1,582	1,671	1,816	1,921	2,069	2,257	5,481	538
Unassigned	10,107	11,160	12,707	14,323	15,789	14,721	12,073	13,681	8,511	14,369
Total general fund	<u>\$ 14,923</u>	<u>\$ 15,747</u>	<u>\$ 17,567</u>	<u>\$ 19,369</u>	<u>\$ 21,122</u>	<u>\$ 20,250</u>	<u>\$ 17,947</u>	<u>\$ 20,001</u>	<u>\$ 17,373</u>	<u>\$ 16,214</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	27	15	23	83	91	61	36	33	59	52
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 27</u>	<u>\$ 15</u>	<u>\$ 23</u>	<u>\$ 83</u>	<u>\$ 91</u>	<u>\$ 61</u>	<u>\$ 36</u>	<u>\$ 33</u>	<u>\$ 59</u>	<u>\$ 52</u>

**Schedule 4**

**City of Daytona Beach Shores**  
**Changes in Fund Balances - Governmental Funds (in thousands)**  
**Last Ten Fiscal Years**

<i>Fiscal year ended September 30,</i>	2012	2013	2014	2015
<b>Revenues</b>				
Taxes	\$ 10,621	\$ 10,798	\$ 11,636	\$ 11,754
Licenses and permits	263	262	333	292
Intergovernmental	1,597	815	778	802
Charges for services	1,700	1,674	1,791	1,818
Investment income	114	66	21	172
Fines and forfeitures	95	112	121	100
Miscellaneous	119	35	22	21
Total revenues	<u>14,509</u>	<u>13,762</u>	<u>14,702</u>	<u>14,959</u>
<b>Expenditures</b>				
General government	1,528	1,849	1,670	1,668
Public safety	4,275	4,701	4,505	4,627
Community services	5,306	2,478	2,546	2,698
Culture/recreation	650	406	660	589
Economic development		-	-	-
Economic environment	41			
Debt service				
Principal retirement	2,212	2,307	2,399	2,497
Interest	1,332	1,234	1,143	1,045
Other Charges				
Total expenditures [including capital outlay]	<u>15,344</u>	<u>12,975</u>	<u>12,923</u>	<u>13,124</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(835)</u>	<u>787</u>	<u>1,779</u>	<u>1,835</u>
<b>Other financing sources</b>				
Sale of capital assets	7	13	41	14
Proceeds from insurance recovery	19	12	8	13
Termination of interest rate swap	-	-	-	-
Total other financing sources	<u>26</u>	<u>25</u>	<u>49</u>	<u>27</u>
<b>Net change in fund balances</b>	<u><u>\$ (809)</u></u>	<u><u>\$ 812</u></u>	<u><u>\$ 1,828</u></u>	<u><u>\$ 1,862</u></u>
Net capital outlay [incl. in total expenditures above] (shown for calculation purposes only)	3,335	947	347	454
Debt service as a percentage of non-capital outlay	20.8%	21.4%	21.0%	21.5%

**Schedule 4**

**City of Daytona Beach Shores**  
**Changes in Fund Balances - Governmental Funds (in thousands)**  
**Last Ten Fiscal Years**

2016	2017	2018	2019	2020	2021
\$ 12,006	\$ 11,944	\$ 12,419	\$ 12,629	\$ 12,945	\$ 12,486
359	441	414	413	438	1,011
798	849	1,292	846	1,004	848
1,897	1,953	2,118	2,249	2,305	2,467
101	95	172	172	116	25
136	86	166	209	106	112
37	27	33	23	23	18
<u>15,334</u>	<u>15,395</u>	<u>16,614</u>	<u>16,541</u>	<u>16,937</u>	<u>16,967</u>
1,980	4,434	6,575	1,940	1,835	1,762
4,856	5,048	5,136	5,401	5,492	6,025
2,597	2,747	2,714	2,881	3,248	3,346
640	574	1,257	695	802	783
-	-			2	56
2,602	2,710	2,819	2,936	7,262	6,595
942	834	727	638	567	414
					14
<u>13,617</u>	<u>16,347</u>	<u>19,228</u>	<u>14,491</u>	<u>19,208</u>	<u>18,995</u>
<u>1,717</u>	<u>(952)</u>	<u>(2,614)</u>	<u>2,050</u>	<u>(2,271)</u>	<u>(2,028)</u>
33	31	306	4	22	835
11	19	5	-	7	27
-	-			(386)	
<u>44</u>	<u>50</u>	<u>311</u>	<u>4</u>	<u>(357)</u>	<u>862</u>
<u>\$ 1,761</u>	<u>\$ (902)</u>	<u>\$ (2,303)</u>	<u>\$ 2,054</u>	<u>\$ (2,628)</u>	<u>\$ (1,166)</u>
542	3,164	5,418	250	700	1,027
21.4%	21.9%	21.5%	21.6%	40.5%	37.8%

**Schedule 5**

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

<u>Tax Year</u>	<u>Residential Property (1)</u>	<u>Commercial and Industrial Property (1)</u>	<u>Institutional, Governmental, and Other Property</u>	<u>Less: Tax- Exempt Property</u>	<u>Assesed Taxable Value (1)</u>	<u>Estimated Actual Market Value (1)</u>
2009-10	1,305,349	161,429	47,991	114,081	1,400,688	1,565,644
2010-11	1,051,997	109,045	34,022	113,734	1,081,330	1,361,236
2011-12	1,067,145	109,307	34,563	105,386	1,105,629	1,211,015
2012-13	1,096,107	102,884	30,792	102,629	1,127,154	1,288,793
2013-14	1,214,867	106,595	31,045	103,787	1,248,720	1,355,214
2014-15	1,218,529	120,414	34,297	107,457	1,265,783	1,490,222
2015-16	1,295,178	131,196	37,260	111,951	1,351,683	1,601,974
2016-17	1,366,074	153,354	39,971	119,309	1,440,090	1,708,901
2017-18	1,415,659	170,819	40,413	124,733	1,502,158	1,766,486
2018-19	1,513,258	195,602	56,756	139,835	1,625,781	1,783,471
2019-20	1,517,248	196,017	68,795	139,636	1,642,424	1,914,658
2020-21	1,579,324	198,581	57,460	143,581	1,691,784	1,980,835

(1) Source: Volusia County Property Appraiser Office

For additional information regarding property payment discounts, see Note 1 of the Notes to Financial Statements.

**Schedule 5****City of Daytona Beach Shores  
Assessed Value and Estimated Actual Value of Taxable Property  
with Levies and Collections (in thousands)  
Last Ten Fiscal Years**

Assessed as a Percent of Estimated Actual	Tax Rate	Tax Levy (2)	Property Tax Collections (3)	Percent of Levy Collected
89.3%	4.99720	\$ 7,108	\$ 6,925	96.5%
79.4%	5.47200	6,828	6,610	96.8%
91.3%	6.09000	6,756	6,455	95.5%
87.5%	5.88190	6,748	6,569	97.3%
92.1%	6.28000	7,563	7,333	97.0%
84.9%	5.87330	7,560	7,330	97.0%
84.4%	5.49940	7,575	7,344	97.0%
84.3%	5.15900	7,576	7,317	96.6%
85.0%	5.23000	7,997	7,722	96.6%
91.2%	5.23000	8,333	8,022	96.3%
85.8%	5.04760	8,681	8,372	96.4%
85.4%	5.04760	8,687	8,393	96.6%

**Schedule 6**

**City of Daytona Beach Shores**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**

Tax Year Ended	Direct Rates		Overlapping Rates						
	Daytona Beach Shores	Debt Service	School District	Volusia County	Fla. Inland Nav. Dist.	Mosquito Control	Ponce DeLeon Inlet and Port Authority	Halifax Hospital	St. Johns Water Mgt. District
2012	6.09000	2.60000	8.06300	6.77910	0.03450	0.20800	0.09290	1.75000	0.33130
2013	5.88190	2.58000	7.88800	6.88090	0.03450	0.20800	0.09290	1.25000	0.33130
2014	6.28000	2.44000	7.35800	7.27090	0.03450	0.20800	0.09290	1.00000	0.32830
2015	5.87330	2.30000	7.33600	7.27090	0.03450	0.18800	0.09290	1.00000	0.31640
2016	5.49940	2.15360	7.19700	7.27090	0.03200	0.18800	0.09290	0.95500	0.30230
2017	5.15900	2.03000	6.84800	7.05200	0.03200	0.18800	0.09290	0.75610	0.28850
2018	5.23000	1.84000	6.28100	6.64640	0.03200	0.18800	0.09290	0.35460	0.25620
2019	5.23000	1.79770	6.08100	6.54200	0.03200	0.18800	0.09290	0.35460	0.24140
2020	5.23000	1.79770	6.08100	6.54200	0.03200	0.18800	0.09290	0.03546	0.24140
2021	5.04760	1.73500	5.90700	6.15090	0.03200	0.17810	0.08800	0.98790	0.22870

Source: County of Volusia Tax Assessor's Office



## Schedule 7

**City of Daytona Beach Shores  
Principal Property Taxpayers  
Current Year and Nine Years Ago**

Taxpayer	September 2021			September 2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Uhon Daytona Shores	\$ 27,245,426	1	21.55%			
BG Daytona Seabreeze COA	18,000,001	2	14.24%	\$ 18,954,363	1	25.59%
Avista Properties II LLC	13,776,278	3	10.90%			
Florida Power & Light Company	11,776,577	5	9.32%	6,271,275	5	8.47%
Pacifica Daytona LLC	11,433,241	4	9.04%	5,220,377	6	7.05%
Daytona Shores Hotels & Resorts	10,725,136	6	8.48%			
ASA Lodging LLC	8,898,808	7	7.04%			
2505 South Atlantic LLC	8,348,164	8	6.60%			
Acres Loan Origination LLC	8,151,649	9	6.45%			
Dimucci Development Corp	8,068,450	10	6.38%	9,777,626	3	13.20%
RB Daytona LLC				13,822,016	2	18.66%
Opus Condominium LP				7,276,258	4	9.82%
Tropic Shores Condo Association				5,212,276	7	7.04%
Acapulco Ocean Waters LLC				3,777,255	8	5.10%
CCMS 2005-CD1						0.00%
D R Walker Enterprises LLC					10	0.00%
Tristar Lodging inc				3,772,355	9	5.09%
Total	<u>\$ 126,423,730</u>		<u>100.00%</u>	<u>\$ 74,083,801</u>		<u>100.00%</u>

Source: Property Appraiser, County of Volusia, Florida

**Schedule 8**

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

Tax Year Ending	Population (2)	Governmental Activities			Business-type Activities			Total Primary Government	Per Capita
		Bonded Debt	Percentage of Assessed Taxable Value of Property (1)	Per Capita	Term Loan	State Revolving Loan Payable	Term Loan		
2012	4,259	\$ 23,748	1.99%	5.576	\$ 8,379	\$ 2,478	\$ 720	\$ 35,325	8.294
2013	4,255	21,889	1.78%	5.144	7,931	2,294	555	32,669	7.678
2014	4,292	19,957	1.55%	4.650	7,464	2,104	380	29,905	6.968
2015	4,264	17,947	1.42%	4.209	6,977	1,909	195	27,028	6.339
2016	4,263	15,853	1.17%	3.719	6,469	1,708	-	24,030	5.637
2017	4,291	13,673	0.95%	3.186	5,939	1,501	-	21,113	4.920
2018	4,288	11,407	0.76%	2.660	5,386	1,288	-	18,081	4.217
2019	4,296	9,048	0.56%	2.106	4,809	1,069	-	14,926	3.474
2020	4,489	6,595	0.40%	1.469	-	-	-	6,595	1.469
2021	4,641		0.00%	0.000	-	-	-	-	0.000

(1) See Schedule 5 for property value data

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

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

City of Daytona Beach Shores  
Direct and Overlapping Governmental Activies Debt (in thousands)  
September 30, 2021

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

**a** See Schedule 8  
**b** Volusia County Outstanding Debt at September 30, 2021  
**c** Overlapping Debt per Volusia County

Source: City of Daytona Beach Shores, Finance Department

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

Source: City of Daytona Beach Finance Department

Calendar Year*	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (1)	Unemployment Rate (2)
2012	497,279	\$ 17,445,045	\$ 35,081	9.2%
2013	501,282	17,696,257	35,302	8.0%
2014	507,913	18,610,440	36,641	6.7%
2015	518,190	19,782,421	38,176	5.6%
2016	529,364	20,543,029	38,807	5.3%
2017	538,692	21,041,310	39,060	4.1%
2018	546,772	21,918,449	40,087	3.4%
2019	547,538	21,814,571	39,841	3.2%
2020	551,588	24,369,158	44,180	5.9%
2021	553,543	26,095,706	46,475	7.7%

\* Latest Annual Data Available

Sources (unless specified):

(1) Florida Legislature, Office of Economic and Demographic Research  
[volusia.pdf \(state.fl.us\)](https://www.flsenate.gov/legislation/bills/2021/volusia.pdf)

(2) FRED-Federal Reserve Bank of St. Louis Economic Research Data  
[Unemployment Rate in Volusia County, FL \(FLVOLU7URN\) | FRED | St. Louis Fed](https://fred.stlouisfed.org/series/FLVOLU7URN)

**Schedule 12**

**City of Daytona Beach Shores  
Principal Employers by Industry (Last Available Data)  
Current Year and Nine Years Ago**

Deltona - Daytona Beach - Ormond Beach Metropolitan Statistical Area						
Industry	2021			2012		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Education and Health Services	40,900	1	15.4%	34,900	12	15.3%
Trade, Transportation, and Utilities	38,000	2	14.3%	33,200	3	14.6%
Leisure and Hospitality	29,800	3	11.2%	25,300	14	11.1%
Retail Trade	29,700	4	11.2%	26,300	5	11.5%
Total Government	24,900	5	9.4%	24,400	16	10.7%
Professional and Business Services	24,500	6	9.2%	19,000	11	8.3%
Mining, Logging, and Construction	15,000	7	5.6%	8,700	1	3.8%
Manufacturing	11,300	8	4.3%	9,400	2	4.1%
Hospitals	10,500	9	4.0%	8,500	13	3.7%
Financial Activities	9,100	10	3.4%	8,500	10	3.7%
Other Services	8,200	11	3.1%	8,300	15	3.6%
Food and Beverage Stores	7,100	12	2.7%	5,600	6	2.5%
General Merchandise Stores	6,300	13	2.4%	6,100	7	2.7%
Wholesale Trade	5,100	14	1.9%	4,800	4	2.1%
Transportation, Warehousing, and Utilities	3,200	15	1.2%	2,100	8	0.9%
Information	1,900	16	0.7%	2,900	9	1.3%
	<u>265,500</u>		<u>100%</u>	<u>228000</u>		<u>100%</u>

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

Source: Florida Department of Economic Opportunity, Bureau of Labor Market Statistics, based on 2021 and 2012 for Deltona-Daytona Beach-Ormond Beach MSA (Volusia County).

[CES Current Employment Statistics - FloridaJobs.org](http://CES.CurrentEmploymentStatistics-FloridaJobs.org)

**Schedule 13**

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

<i>As of September 30,</i>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b><u>Function/Program</u></b>										
General Government										
Legislative	5	5	5	5	5	5	5	5	5	5
Executive / IT / Grants	4	5	5	5.5	6.7	5	5	5.88	5	4.5
Finance	5	5	5	5	5	4.7	4.3	4.8	5.0	5.0
Planning	1	1	1	1	1	1	1	1	1	1
Senior Services	1	1.5	1.5	2.8	2.8	2.8	1.8	1.3	1.8	1.8
Public Safety										
Sworn Officers	34	33	33	33	36	36	33	38.44	32	28.25
Civilians	7	6	6	5	9	9	9	8	7.5	10.5
Community Services/										
Public Works										
Sewer Utility	3	3	3	3	3	4	4	4	4	4
Building/Codes	5	5	5	5	5	5	5	5	5	5
Public Works	11	11	13	12	12	13	10.17	10.37	10.5	9
Parks and Recreation	6	6	6	6	6	8	5.33	5.94	6	4
Economic Development	-	-	-	-	-	-	-	-	0.5	0.5
Total	<u>82</u>	<u>81.5</u>	<u>83.5</u>	<u>83.3</u>	<u>91.5</u>	<u>93.5</u>	<u>83.6</u>	<u>89.9</u>	<u>83.3</u>	<u>78.6</u>

Source: City Finance Department

**Schedule 14**

**City of Daytona Beach Shores  
Operating Indicators by Function/Program  
Last Ten Fiscal Years**

<i>Fiscal year ended September 30,</i>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b><u>Function/Program</u></b>										
Public safety										
Physical arrests	1,152	1,111	1,111	945	781	903	627	703	293	446
Traffic & parking violations	5,963	3,482	2,906	2,921	3,954	3,945	3,809	4,629	2,782	2,789
Fire emergency responses	508	643	591	608	465	273	426	499	594	514
Rescue emergency responses	1,012	837	901	1,010	1,247	1,057	977	1,106	958	1,174
Fire inspections	307	314	475	1,002	397	507	472	764	420	252
Wastewater										
Number of service connections	883	885	891	895	898	902	907	908	909	916
Daily average gallonage flow (in thousands)	905	886	932	1,091	1,059	974	935	862	841	898
General government										
Building permits issued	327	327	494	399	430	602	710	601	663	698
Mech., elec., plumb permits issued	762	687	903	907	922	1,074	1,001	1,050	1,119	1,359
Other permits issued	209	177	208	178	172	306	214	137	122	196

Sources: Various City Departments



**Schedule 15**

**City of Daytona Beach Shores  
Capital Assets Statistics by Function/Program  
Last Ten Fiscal Years**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b><u>Function/Program</u></b>										
Public safety										
Number of patrol units	23	23	25	25	25	25	26	26	27	28
Number of stations	1	1	1	1	1	1	1	1	1	1
Wastewater										
Miles of sanitary sewers	20	20	20	20	20	20	20	20	20	20
Culture and recreation										
Parks	7	7	6	6	6	6	6	6	6	6
Park acreage	7.7	7.7	7.03	7.03	7.03	7.03	7.03	7.03	7.03	7.03
Tennis courts	11	11	10	10	10	0	5	5	5	6
Pickleball courts	4	4	8	8	8	10	10	10	10	10
Bocce courts	2	2	2	2	2	2	2	2	2	2
Shuffleboard courts	2	2	2	2	2	2	2	2	2	2
Horseshoe pits	2	2	2	2	2	2	0	0	0	0
Community centers	1	1	1	1	1	1	1	1	1	1
Senior centers	1	1	1	1	1	1	1	0	0	0
Recreation clubs	1	1	1	1	1	0	0	0	0	0

Sources: Various City Departments



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Daytona Beach Shores, Florida (the City), as of and for the year ended September 30, 2021, 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 28, 2022.

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

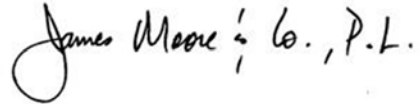
### ***Compliance and Other Matters***

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

### **Purpose of this Report**

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

Daytona Beach, Florida  
February 28, 2022

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

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

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

**Report on the Financial Statements**

We have audited the basic financial statements of the City of Daytona Beach Shores, Florida (the City), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated February 28, 2022.

**Auditors' Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 28, 2022, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no prior year recommendations.

**Official Title and Legal Authority**

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

## **Financial Condition and Management**

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

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

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

**2021-001 – IT Backup Restores, Administrator Rights, Security Logging, and Change Management Processes:** In our testing of information technology general controls, we noted the following:

- The City is not currently performing test restores from backups.
- The Finance Director and the Assistant Finance Director have administrator rights within Munis, which allows for the ability to create users and modify permissions by finance personnel.
- The City does not utilize security logging on the Windows domain to track failed login attempts.
- The City does not have a formal change management process over IT processes.

We recommend performing test restores from backup at least annually to identify potential backup issues and speed up the disaster recovery process. We recommend reviewing required software permissions and reducing access to the least required levels to strengthen controls and reduce the risk of management override. We recommend the city enable security logging to assist in tracking failed login attempts. Finally, we recommend drafting a formal change management process. Updates should be tested by business users and signed off on prior to being rolled out to production.

## **Additional Matters**

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

## **City of Daytona Beach Shores, Florida's Response to Findings**

The City's responses to the findings identified in our audit are described in a letter from the city as listed in the table of contents. The City's responses were 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 28, 2022

*James Moore & Co., P.L.*



## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor, Members of City Council, and City Manager,

City of Daytona Beach Shores, Florida:

We have examined the City of Daytona Beach Shores, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021. 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, 2021, 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 Daytona Beach Shores, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

Daytona Beach, Florida  
February 28, 2022



## Management's Responses to Findings

### 2021-001 IT Backup Restores, Administrator Rights, Security Logging, and Change Management Processes

- Management agrees that test restores from backups should be performed and will implement a process to be performed on a regular basis.
- Administrator rights should be limited in Munis for finance personnel and management will work with the software provider to resolve these issues.
- Management agrees that security logging should be used on the domain controller and will implement a process over the coming year.
- Management will determine how best to implement a formal change management process to strengthen IT controls in the near future.



