

City of Daytona Beach Shores
Volusia County, Florida
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2022



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CITY OF DAYTONA BEACH SHORES, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2022

PREPARED BY: THE FINANCE DEPARTMENT

**CITY OF DAYTONA BEACH SHORES, FLORIDA
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City of Daytona Beach Shores

"Life is Better Here"

Office of the Finance Director

March 29, 2023

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

State law requires that all general-purpose local governments publish within nine 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 (the City) for the fiscal year ended September 30, 2022.

This report consists of management's representations concerning the finances of the City. 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 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's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's 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's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for fiscal year ended September 30, 2022, 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's financial statements for the fiscal year ended September 30, 2022 are fairly presented in conformity with GAAP. The independent auditors' 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's MD&A can be found immediately following the report of the independent auditors.

Profile of Government

The City, 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 has proven to be an attractive location for some of this growth. Because of the City's proximity to the beach, its cooler summers and milder winters, and a host of other positive features, the City attracts a significant tourist population.

The City currently occupies a land area of 1.31 square miles, serves a year-round population of 5,259 and, an estimated “seasonal” population of 20,000. The City 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 Commission.

The City has operated under the commission-manager form of government since 1967. Policy-making and legislative authority are vested in the City commission consisting of the mayor and four other members. The City commission 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 commission, for overseeing the day-to-day operations of the City and for appointing the heads of various departments. The commission is elected on a non-partisan basis. Commission 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 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 Commission to ensure adequate coverage of operating expenses and payments on outstanding debt. The City provides sewer service outside the city limits to certain unincorporated parts of Volusia County. The City contracts with private enterprise for solid waste collection.

The annual budget serves as the foundation for the City’ financial planning and control. All departments of the City 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 Commission receives the proposed budget and workshop(s) are held in July; the City commission sets the millage rate by the second Commission meeting in August. The commission 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 commission 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 operates.

Local Economy: The City 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 over the past year. As is the case in the rest of the state and most of the nation, the City is continuing to recover from the protracted downturn in both the commercial and real estate markets. In the current year new construction totaled over \$38 million; building permits totaled over 672 and future economic development incentives helped to get the Treasure Island Resort skeleton sitting since 2008 demolished.

The economy continues to strengthen as seen with the unemployment rate, but this strengthening has created a decline of available workers. According to the U.S. Bureau of Labor Statistics, unemployment for the Deltona- Daytona Beach-Ormond Beach area was at 2.8% at the end of September 2022. The Community Center is back to a full schedule of events and rentals. Rentals have increase 139% over the previous year. The City received the final American Rescue Plan (ARP) funding of \$1,155K to help offset the additional costs associated with combating Covid-19. The end to 2022 brought Hurricane Ian and new challenges for the future.

Long-Term Financial Planning: Each year, the City conducts a thorough ratio analysis of financial trends on numerous strategic performance metrics over the preceding five-year period to identify financial threats and/or issues that may affect the delivery of services or the financial stability of the government. The results of this analysis are incorporated

as appropriate into each year's pre-budget planning, assisting in the determination of major budgeting parameters such as tax policy, capital renewal, operational spending targets, cash management, and reserve requirements. Long-term financial planning is also incorporated into budgeting via use of the City's four part fiscal strategy, which includes: (1) Controlling recurring expenses and long-term liabilities –insuring that such cost growth does not outpace the growth of recurring revenue; (2) Providing for the future availability of current assets; (3) Avoiding any structural fiscal imbalance; and, (4) Running government like a business, i.e., recognizing citizens and business owners as shareholders and taking actions appropriate to the protection of that part of their owner's equity that is based on the safety, attractiveness, and overall desirability of the living and business environments.

Relevant Financial Policies: The City's investment policy is to minimize market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by Federal Depository Insurance, collateralized in Qualified Public Depositories in accordance with state statutes or invested in U.S. Treasury Securities (81.9%). 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).

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.

Awards: The Government Finance Officers' Association of the United States and Canada (GFOA) awarded the City a Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2021. This was the first time the City has applied for this prestigious award in over 10 years. In order to be awarded a Certificate of Achievement a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. It is our belief that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we will be submitting it to GFOA again this year.

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 Commission of the City of Daytona Beach Shores, preparation of this report would not have been possible.

Respectfully submitted,

Kurt D. Swartzlander

Kurt D. Swartzlander
City Manager

Lory B. Irwin

Lory B. Irwin
Finance Director

**CITY OF DAYTONA BEACH SHORES, FLORIDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**



CITY COUNCIL

Nancy J. Miller, Mayor

Mel Lindauer, Vice Mayor

Richard Bryan

Chris Conomos

Michael Politis

CITY MANAGER

Kurt D. Swartzlander

CITY ATTORNEY

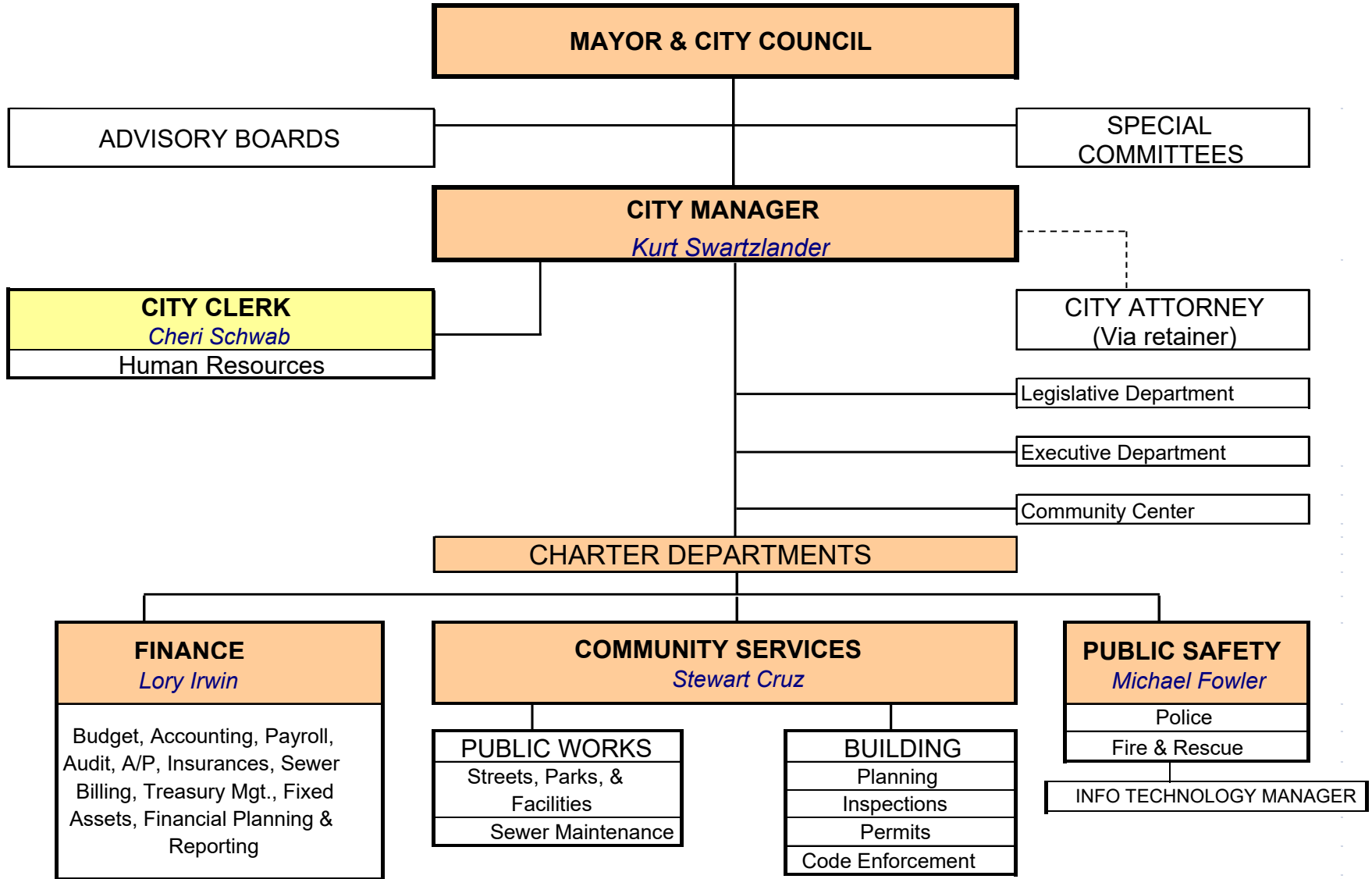
Gretchen R. H. ("Becky") Vose, Esq.

CITY AUDITORS

James Moore & Co., P.L.

CITY OF DAYTONA BEACH SHORES ORGANIZATION CHART

(Including charter established department heads)





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Daytona Beach Shores
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

Executive Director/CEO



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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Daytona Beach Shores, Florida (the City), as of and for the year ended September 30, 2022, 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund 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 *Government 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.

Implementation of New Accounting Standard

As discussed in Note 11(a) to the financial statements, the City adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, (GASB 87). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

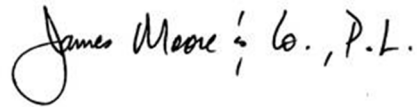
consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory section and statistical sections, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic 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 basic 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 March 29, 2023, 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 the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Daytona Beach, Florida
March 29, 2023

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, 2022, 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 Financial Highlights

- Total assets including deferred outflows of resources of the City exceed its total liabilities including deferred inflows of resources at the close of fiscal year by \$63,353K (net position). This amount includes \$40,015K in capital assets (net of related debt) and restricted and unrestricted net position of \$1,382K and \$21,956K, respectively.
- The City's total net position increased by \$2,299K [3.8%] based on current year activities. Of this amount \$1,449K was produced by governmental activities while the business-type activities produced an increase of \$850K.
- Included in total net position is \$9,283K in net pension liability for the City's portion of the Florida Retirement System's (FRS) net pension liability. This is an increase of 194% over last year. Prior year net pension liability decreased over 150%. This increase could be due to a truing up over last year's valuation. \$8,945K is attributable to governmental activities while \$338K 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.
- City of Daytona Beach Shores' governmental funds reported a combined ending fund balance of \$20,231K, an increase of \$3,965K [24.4%] in comparison with the prior year. This increase is attributable to funds from the U.S. Treasury's American Rescue Plan Act (ARPA) grant. Approximately 88.5% of the fund balance is unassigned and available for spending at the City's discretion.
- The City's proprietary funds reported a combined ending net position of \$14.397K, an increase of \$850K (6.3%) based on current activities. Approximately 71.2% of net position is unrestricted and available to be utilized at the City's discretion.
- Economic development activities totaled \$56K from current year activities.
- City investments in U.S. Treasuries increased to \$24,756K per Commission request.

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

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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 to the financial statements provide additional information 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.

**City of Daytona Beach Shores: Net Position (in 000’s)
September 30, 2022**

	Governmental Activities		Business-Type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 21,400	\$ 18,185	\$ 11,024	\$ 9,813	\$ 32,424	\$ 27,998
Capital assets	36,187	37,881	4,086	4,353	40,273	42,234
Total Assets	57,587	56,066	15,110	14,166	72,697	70,232
Deferred outflows of resources	3,101	2,744	150	151	3,251	2,895
Current and other liabilities	1,651	2,000	371	294	2,022	2,294
Long-term liabilities outstanding	9,645	3,944	363	248	10,008	4,192
Total Liabilities	11,296	5,944	734	542	12,030	6,486
Deferred inflows of resources	438	5,360	129	227	567	5,587
Net Position:						
Invested in capital assets, net of related debt	35,928	37,881	4,086	4,353	40,014	42,234
Restricted	1,316	1,207	67	11	1,383	1,218
Unrestricted	11,711	8,419	10,244	9,183	21,955	17,602
Total Net Position	48,955	47,507	14,397	\$13,547	\$63,352	\$61,054

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

Government-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 \$63,353K at the close of the most recent fiscal year.

A significant portion of the City of Daytona Beach Shores’ net position [63.2%] 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.

A smaller portion of the City’s net position [2.2%] represents resources that are subject to external restrictions on how they may be used. The remaining 34.6% [\$21,956K] of net position is unrestricted and may be used to meet the government’s ongoing obligations.

The following table contains a summary of activities during the fiscal year ended September 30, 2022.

City of Daytona Beach Shores' Statement of Activities (in 000's)

	Governmental		Business-Type		Total	
	Activities		Activities		2022	2021
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for services	\$ 2,508	\$ 2,230	\$ 3,636	\$ 3,523	\$ 6,144	\$ 5,753
Operating grants & contributions	2,595	316	-	-	2,595	316
Capital grants & contributions	-	-	137	49	137	49
General Revenues:						
Property taxes	8,407	11,278	-	-	8,407	11,278
Sales taxes	317	283	-	-	317	283
Franchise & utility taxes	1,902	1,774	-	-	1,902	1,774
Grants & contributions, not restricted	264	239	-	-	264	239
Unrestricted investment earnings	(56)	25	3	14	(53)	39
Other miscellaneous	75	45	-	3	75	48
Total Revenues	16,012	16,190	3,776	3,589	19,788	19,779
Expenses:						
General government	1,588	1,166	-	-	1,588	1,166
Public safety	6,975	5,661	-	-	6,975	5,661
Culture & recreation	1,166	994	-	-	1,166	994
Community services	4,643	5,764	-	-	4,643	5,764
Economic development	178	56	-	-	178	56
Interest and other charges	13	315	-	-	13	315
Sewer			2,926	3,036	2,926	3,036
Total Expenses	14,563	13,956	2,926	3,036	17,489	16,992
Increase in net position	1,449	2,234	850	553	2,299	2,787
Net position, beginning of year	47,507	45,273	13,547	12,995	61,054	58,268
Net position, end of year	\$ 48,956	\$ 47,507	\$ 14,397	\$ 13,548	\$ 63,353	\$ 61,055

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.

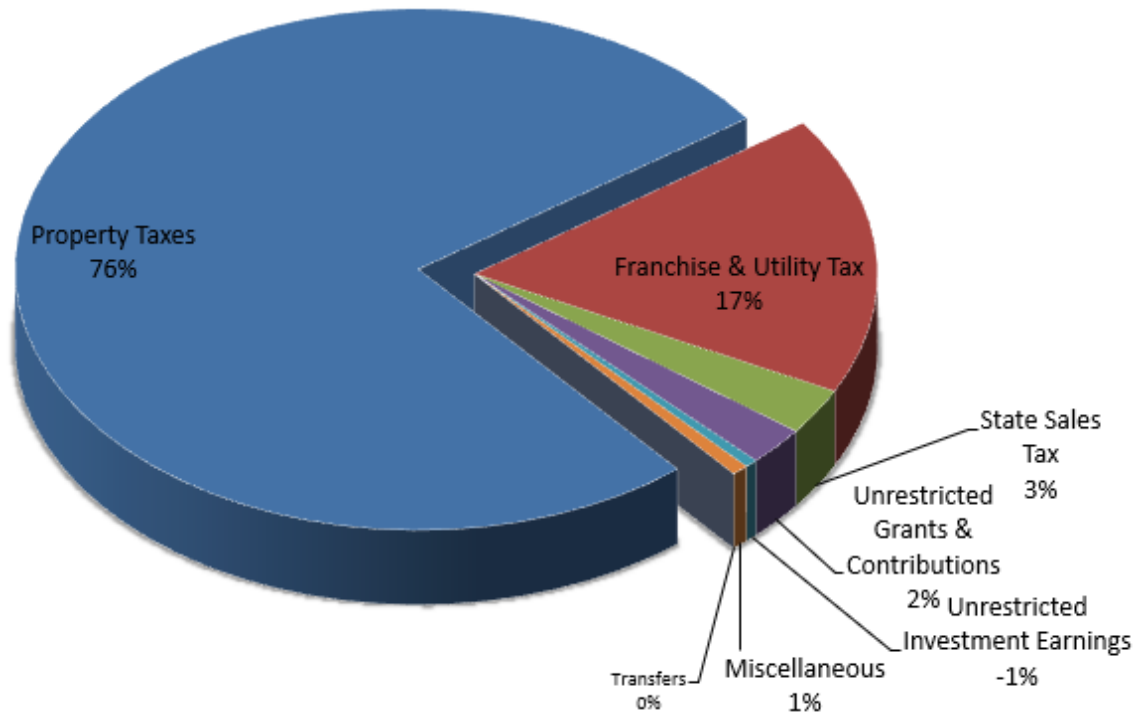
**City of Daytona Beach Shores, Florida
Management’s Discussion and Analysis**

The government’s general revenues decreased overall due to the payoff of debt last year but overall sales tax, and franchise and utility fees were up 7.9% during the fiscal year.

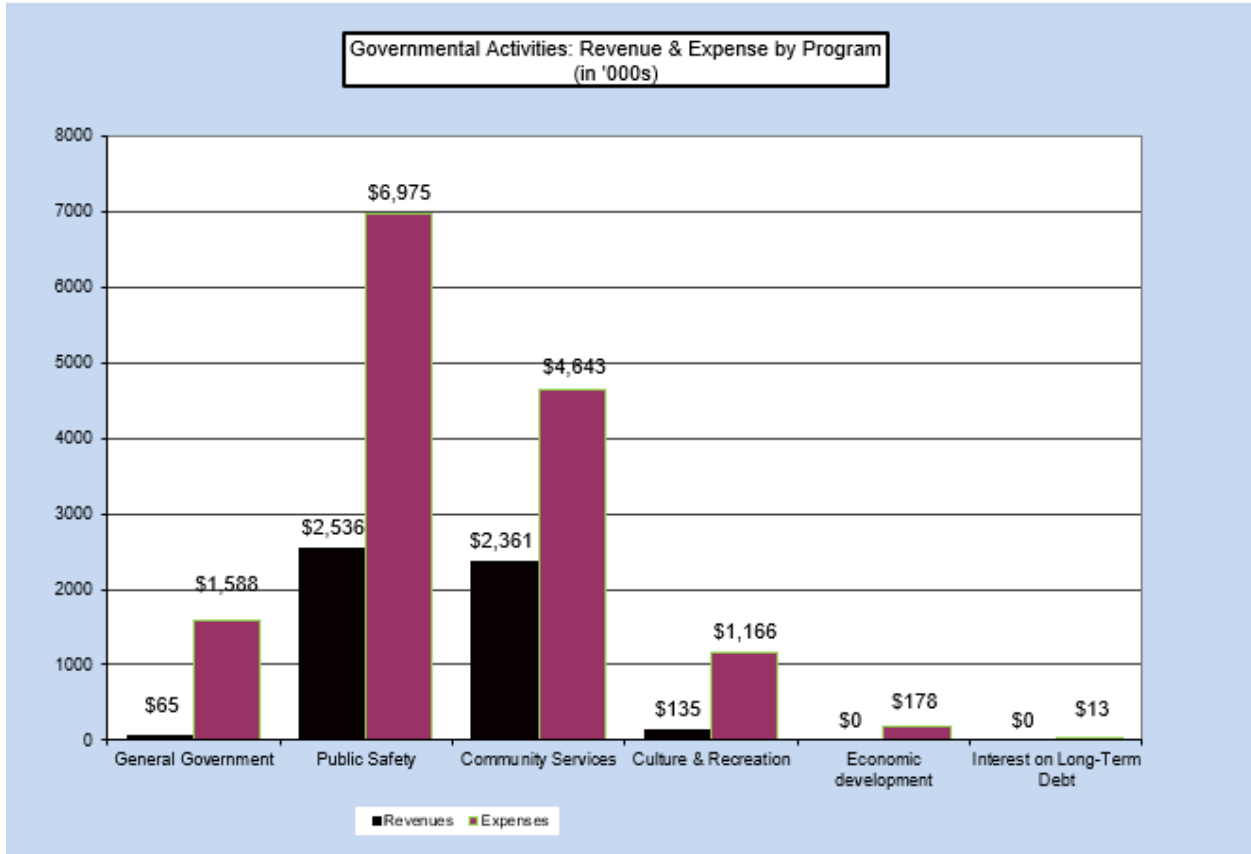
There was an increase in operating grants of \$2.276K due to the receipt of ARPA funds, which are considered non-recurring additions during the fiscal year.

Governmental Activities—Governmental activities increased the City of Daytona Beach Shores’ net position by \$1,449K, accounting for 63% of the total growth in the net position of the city. This increase is primarily the result of an increase in operating grants.

General Revenues by Source - Governmental Activities

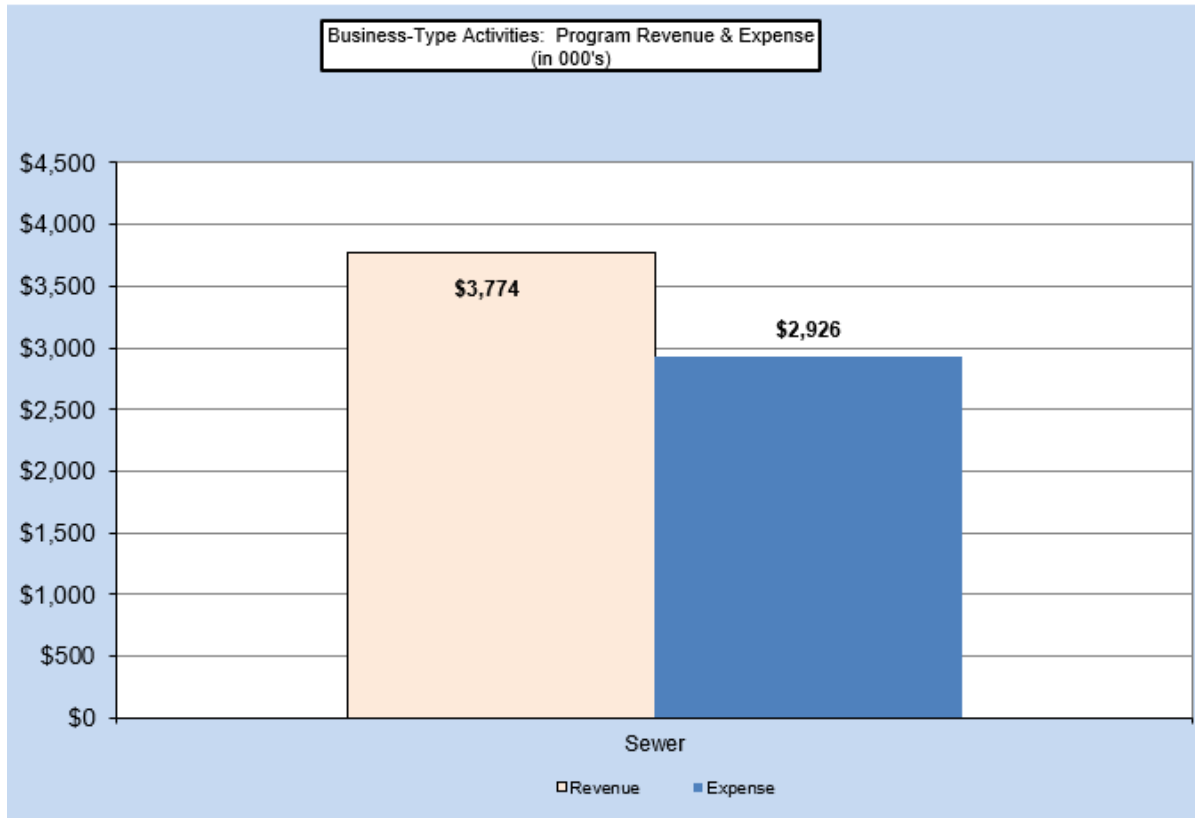


**City of Daytona Beach Shores, Florida
Management’s Discussion and Analysis**

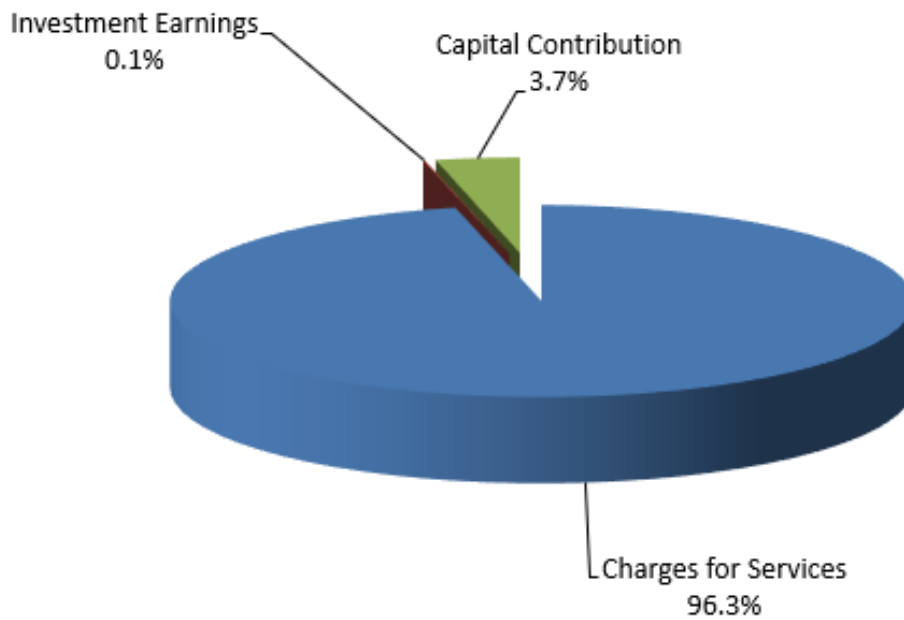


Business-Type Activities—Business-type activities showed an overall increase to net position of \$850K including capital contribution of \$137K. The Sewer fund produced \$710K in income before capital contributions and grants.

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



Revenue by Source: Sewer Fund



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

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

Governmental Funds— The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable 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 \$20,231K, an increase of \$3,965 [24.4%] in comparison with the prior year. This increase relates to the ARPA operating grant. Fund balance for the combined two (2) governmental funds consist of:

- \$943,000 or 4.7% is assigned for the subsequent year’s budget.
- \$1,316,000 or 6.5% is restricted by enabling legislation or other legal requirements imposed by outside sources.
- \$76,000 or .4% is non-spendable relating to inventories and prepaid items.
- \$17,896,000 or 88.4% is unassigned.

The General Fund is the chief operating fund of the City of Daytona Beach Shores. The general fund balance increased \$3,957K during the year. This increase relates to the ARPA grant the city received of \$2,311 K, increases from initial State revenue estimates, and increases in city services while decreasing annual departmental expenses. At the end of the current fiscal year fund balance of \$75k was considered non-spendable; \$1,256k was restricted by legal requirements and \$943k was assigned to the subsequent year’s budget. Unassigned funds in the general fund were \$17,896K on September 30, 2022.

The Contraband/Forfeiture fund is nonmajor special revenue governmental fund with a restricted fund balance of \$59K on September 30, 2022. Funds increased this year due to a revenue sharing payment from Volusia County and there were no expenditures.

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 \$10,244K. The total net position was \$14,397K. Unrestricted net position increased by \$1,061K [11.6%] due to an increase in operating income from an increase in services as the economy is strengthening after coming out from Covid-19 shutdowns and limited occupancy for restaurants and rentals.

General Fund Budgetary Highlights— The General Fund variances between the final budget and actual amounts consisted of:

Revenues:

- \$2,466,000 Intergovernmental - the variance reflects ARPA operating grant funds.
- \$287,000 Charges for Services – The positive variance reflects an unexpected increase to park revenue from a new County contact and higher than expected revenue from garbage and recycling.
- \$244,000 Sale of capital assets – The sale of 36 Beachcomber took place.
- \$320,000 Issuance of long-term debt –The city entered into a 5-year lease with Axon Enterprises for Public Safety equipment. See note 6 in the financial statements.

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

Expenses:

- \$183,000 General Government – The variance reflects unspent program costs due to early retirements and position changes through departments.
- \$(267,000) Public Safety – The variance reflects the incorporation of GASB 87 leases and the challenge with recruitment.
- \$201,000 Community Services – The variance reflects unspent program costs due to vacant positions as a result of retirement and terminations.

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

	Original Budget	Amended Budget	Change	Actual	Variance from Amended Budget
<u>REVENUES & SOURCES</u>					
Taxes	\$ 9,529	\$ 9,529	\$ -	\$ 9,616	\$ 87
Licenses & Permits	893	893	-	1,106	213
Intergov'tal	722	722	-	3,188	2,466
Charges for Services (Incl. Internal)	2,493	2,493	-	2,780	287
Fines	95	95	-	149	54
Investment earnings (loss)	23	23	-	(56)	(79)
Miscellaneous	10	10	-	65	55
Proceeds from sale of capital assets	10	10	-	254	244
Insurance proceeds	10	10	-	10	-
Issuance of long-term debt	-	-	-	320	320
Total Revenues & Sources	\$ 13,785	\$ 13,785	\$ -	\$ 17,432	\$ 3,647
<u>EXPENSES</u>					
General Gov't	\$ 2,126	\$ 2,235	\$ 109	\$ 2,052	\$ 183
Public Safety	5,982	5,735	(247)	6,002	(267)
Community Services	3,333	3,503	170	3,302	201
Culture & Recreation	976	1,012	36	968	44
Economic development	180	180	-	127	53
Capital Outlay	1,905	1,837	(68)	955	882
Debt Service Principal	-	-	-	61	(61)
Debt Service Interest	-	-	-	8	(8)
Other Charges	-	-	-	-	-
Total Expenses	\$ 14,502	\$ 14,502	\$ -	\$ 13,475	\$ 1,027

**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, 2022, amounts to \$40,015K (net of accumulated depreciation), a decrease of \$2,220K for the year. Governmental assets decreased \$1,953K, while business-type assets decreased \$267K. 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 56.9%, up from 53.6% in the prior year. The City’s asset capitalization threshold is \$10K.

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

	Governmental		Business-type		Total	
	Activities		Activities		2022	2021
	2022	2021	2022	2021	2022	2021
Land & land improvements	\$ 15,294	\$ 15,994	\$ 239	\$ 239	\$ 15,533	\$ 16,233
Buildings	21,076	21,076	299	299	21,375	21,375
Improvements other than buildings	19,330	19,297	9,634	9,634	28,964	28,931
Equipment	3,742	3,302	1,987	1,882	5,729	5,184
Construction in progress	257	257	-	-	257	257
Right to Use Assets	320					
Accumulated depreciation	(23,832)	(22,044)	(8,073)	(7,701)	(31,905)	(29,745)
Total	<u>\$ 36,187</u>	<u>\$ 37,882</u>	<u>\$ 4,086</u>	<u>\$ 4,353</u>	<u>\$ 39,953</u>	<u>\$ 42,235</u>
Latest annual change	<u>\$ (1,695)</u>		<u>\$ (267)</u>		<u>\$ (2,282)</u>	
Accumulated depreciation ratio (excluding Land and CIP)	<u>54%</u>	<u>50%</u>	<u>68%</u>	<u>65%</u>	<u>56.9%</u>	<u>53.6%</u>

Additional information on the City of Daytona Beach Shores’ capital assets is provided in the Financial Notes Section in Note 5 of the financial statements.

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 in 2021.

Leases and Long Term Liabilities – Long term liability activity for the year increased due to the increase in lease payables.

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

City of Daytona Beach Shores’ Long-Term Liabilities and Leases (in 000’s)

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Leases payable	\$ 259	\$ -	\$ -	\$ -	\$ 259	\$ -
Net OPEB Obligation (Asset)	503	483	26	26	529	509
Compensated absences	501	529	16	27	517	556
State Revolving Loan Payable	-	-	-	-	-	-
Total	\$ 1,263	\$ 1,012	\$ 42	\$ 53	\$ 1,305	\$ 1,065
Change from prior year	<u>24.8%</u>		<u>-20.8%</u>		<u>22.5%</u>	

More detailed information about the city’s lease and long-term liabilities are presented in Note 6 to the financial statements.

Economic Factors and Next Year’s Budgets and Rates

- Property values continue to increase along with real estate sales.
- Unemployment continues to remain below 3% signaling a full job market. Municipalities continue to have issues filling vacant positions as a lack of candidates remains.
- Hurricane’s Ian and Nicole affected the city at the tail-end of fiscal year 2022 and the beginning of 2023. Costs and valuations will affect expenses in 2023 and budgeting for 2024. More detailed information about the monetary affects of the hurricanes is presented in Note 11 to the financial statements.
- The non-voted ad-valorem tax rate for 2022/2023 was an increase over the prior year’s rate of 4.51% at 4.6389 mils.
- Inflationary trends are affecting the supply and demand chain nationally as well as regional.

These factors were considered in preparing the budget for 2022-23 fiscal year.

Unassigned fund balance of the General Fund as of September 30, 2022 was \$17,896,000.

Sewer rates were increased modestly for fiscal year 2023 to provide for adequate operational and capital funding.

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, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Equity in pooled cash and cash equivalents	\$ 3,732,950	\$ 2,342,390	\$ 6,075,340
Investments	16,906,484	7,951,178	24,857,662
Receivables, net	278,671	663,455	942,126
Lease receivable	177,362	-	177,362
Due from other governments	132,015	-	132,015
Inventories	50,517	-	50,517
Prepaid items and other assets	25,014	372	25,386
Deposits and other assets	33,300	-	33,300
Restricted assets:			
Equity in pooled cash	63,627	66,569	130,196
Receivables, net	-	125	125
Capital assets:			
Capital assets, not being depreciated	15,550,935	239,487	15,790,422
Other capital assets, net of depreciation	20,636,467	3,846,823	24,483,290
Total assets	<u>57,587,342</u>	<u>15,110,399</u>	<u>72,697,741</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	3,101,362	149,869	3,251,231
Total deferred outflows	<u>3,101,362</u>	<u>149,869</u>	<u>3,251,231</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,019,685	191,645	1,211,330
Deposits	4,308	162,810	167,118
Unearned revenue	64,462	-	64,462
Noncurrent liabilities:			
Due within one year:			
Leases payable	62,322	-	62,322
Compensated absences	500,518	16,179	516,697
Due in more than one year:			
Leases payable	196,676	-	196,676
Total OPEB liability	502,674	25,456	528,130
Net pension liability	8,945,010	338,002	9,283,012
Total liabilities	<u>11,295,655</u>	<u>734,092</u>	<u>12,029,747</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	262,486	128,871	391,357
Deferred inflows related to leases	175,452	-	175,452
Total deferred inflows of resources	<u>437,938</u>	<u>128,871</u>	<u>566,809</u>
NET POSITION			
Net investment in capital assets	35,928,404	4,086,310	40,014,714
Restricted for:			
Law enforcement	59,319	-	59,319
Road improvements	1,255,764	-	1,255,764
Sewer improvements	-	66,694	66,694
Domestic violence	500	-	500
Unrestricted	11,711,124	10,244,301	21,955,425
Total net position	<u>\$ 48,955,111</u>	<u>\$ 14,397,305</u>	<u>\$ 63,352,416</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, 2022**

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	\$ 1,587,641	\$ 63,812	\$ 6,819	\$ -	\$ (1,517,010)	\$ -	\$ (1,517,010)
Public safety	6,974,967	223,274	2,312,920	-	(4,438,773)	-	(4,438,773)
Community services	4,642,804	2,085,516	275,325	-	(2,281,963)	-	(2,281,963)
Economic development	178,080	-	-	-	(178,080)	-	(178,080)
Culture and recreation	1,165,958	135,073	-	-	(1,030,885)	-	(1,030,885)
Interest on long-term debt	13,562	-	-	-	(13,562)	-	(13,562)
Total governmental activities	<u>14,563,012</u>	<u>2,507,675</u>	<u>2,595,064</u>	<u>-</u>	<u>(9,460,273)</u>	<u>-</u>	<u>(9,460,273)</u>
Business-type activities:							
Sewer	<u>2,926,426</u>	<u>3,636,242</u>	<u>-</u>	<u>137,369</u>	<u>-</u>	<u>847,185</u>	<u>847,185</u>
Total business-type activities	<u>2,926,426</u>	<u>3,636,242</u>	<u>-</u>	<u>137,369</u>	<u>-</u>	<u>847,185</u>	<u>847,185</u>
Total primary government	<u>\$ 17,489,438</u>	<u>\$ 6,143,917</u>	<u>\$ 2,595,064</u>	<u>\$ 137,369</u>	<u>(9,460,273)</u>	<u>847,185</u>	<u>(8,613,088)</u>
General revenues:							
Property taxes					8,406,469	-	8,406,469
Sales taxes					317,432	-	317,432
Franchise fees and utility taxes					1,902,179	-	1,902,179
Grants, taxes, and contributions not restricted to specific programs					263,522	-	263,522
Investment earnings (loss)					(56,290)	3,067	(53,223)
Miscellaneous revenues					75,359	-	75,359
Total general revenues and transfers					<u>10,908,671</u>	<u>3,067</u>	<u>10,911,738</u>
Change in net position					1,448,398	850,252	2,298,650
Net position - beginning of year					47,506,713	13,547,053	61,053,766
Net position - ending of year					<u>\$ 48,955,111</u>	<u>\$ 14,397,305</u>	<u>\$ 63,352,416</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, 2022**

	<u>General</u>	<u>Nonmajor Contraband and Forfeitures</u>	<u>Total Governmental Funds</u>
ASSETS			
Equity in pooled cash and cash equivalents	\$ 3,732,950	\$ 63,627	\$ 3,796,577
Investments	16,906,484	-	16,906,484
Receivables, net	278,671	-	278,671
Due from other governments	132,015	-	132,015
Lease receivable	177,362	-	177,362
Inventories	50,517	-	50,517
Prepaid items	25,014	-	25,014
Deposits and other assets	33,300	-	33,300
Total assets	<u>\$ 21,336,313</u>	<u>\$ 63,627</u>	<u>\$ 21,399,940</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 924,922	\$ -	\$ 924,922
Deposits	-	4,308	4,308
Unearned revenue	64,462	-	64,462
Total liabilities	<u>989,384</u>	<u>4,308</u>	<u>993,692</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to leases	<u>175,452</u>	<u>-</u>	<u>175,452</u>
FUND BALANCES			
Nonspendable:			
Inventories	50,517	-	50,517
Prepaid items	25,014	-	25,014
Restricted for:			
Law enforcement	-	59,319	59,319
Road improvements	1,255,764	-	1,255,764
Domestic Violence	500	-	500
Assigned to:			
Subsequent year's budget	943,200	-	943,200
Unassigned	17,896,482	-	17,896,482
Total fund balances	<u>20,171,477</u>	<u>59,319</u>	<u>20,230,796</u>
Total liabilities and fund balances	<u>\$ 21,336,313</u>	<u>\$ 63,627</u>	<u>\$ 21,399,940</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, 2022**

Fund balances - total governmental funds		\$ 20,230,796
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds</p>		
Total governmental capital assets	60,019,219	
Less: accumulated depreciation	(23,831,817)	36,187,402
<p>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.</p>		
Net pension liability	(8,945,010)	
Deferred outflows related to pensions	3,101,362	
Deferred inflows related to pensions	(262,486)	(6,106,134)
<p>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.</p>		
Total OPEB liability		(502,674)
<p>Long-term liabilities, including leases 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:</p>		
Accrued interest payable	(5,465)	
Incurred but not reported (IBNR) health insurance claims	(89,298)	
Long-term debt	(258,998)	
Compensated absences	(500,518)	(854,279)
Net position of governmental activities		\$ 48,955,111

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, 2022

	General	Nonmajor Contraband and Forfeitures	Total Governmental Funds
Revenues			
Taxes	\$ 9,616,422	\$ -	\$ 9,616,422
Permits and fees	1,105,991	-	1,105,991
Intergovernmental	3,187,889	-	3,187,889
Charges for services	2,780,728	-	2,780,728
Fines and forfeitures	149,111	7,700	156,811
Investment income	(56,400)	110	(56,290)
Miscellaneous	65,359	-	65,359
Total revenues	16,849,100	7,810	16,856,910
Expenditures			
Current:			
General government	2,051,575	-	2,051,575
Public safety	6,002,519	500	6,003,019
Economic development	126,885	-	126,885
Culture and recreation	968,318	-	968,318
Community services	3,302,422	-	3,302,422
Capital outlay	954,803	-	954,803
Debt service:			
Principal retirement	60,783	-	60,783
Interest and fiscal charges	8,097	-	8,097
Total expenditures	13,475,402	500	13,475,902
Excess (deficiency) of revenues over expenditures	3,373,698	7,310	3,381,008
Other financing sources (uses)			
Proceeds from sale of capital assets	253,921	-	253,921
Proceeds from insurance recoveries	10,000	-	10,000
Issuance of long-term debt	319,781	-	319,781
Total other financing sources (uses)	583,702	-	583,702
Net change in fund balances	3,957,400	7,310	3,964,710
Fund balances, beginning of year	16,214,077	52,009	16,266,086
Fund balances, end of year	\$ 20,171,477	\$ 59,319	\$ 20,230,796

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, 2022**

Net change in fund balances - total governmental funds	\$ 3,964,710
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	954,803
Depreciation expense	(1,948,786)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, CIP project abandoned) is to decrease net position.	
	(700,000)
Loan and lease 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 loan and lease 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	60,783
Issuance of governmental long-term debt	(319,781)
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	(330,015)
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	(5,465)
Change in compensated absences liability	28,048
Claims incurred but not reported (IBNR)	(7,773)
Change in total OPEB liability	(248,126)
Change in net position of governmental activities	\$ 1,448,398

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, 2022

	<u>Business-type Activities - Sewer Enterprise Fund</u>
ASSETS	
Equity in pooled cash and cash equivalents	\$ 2,342,390
Investments	7,951,178
Accounts receivable, net	663,455
Prepaid items	372
Total current assets	<u>10,957,395</u>
Noncurrent assets:	
Restricted cash	66,569
Restricted accounts receivable	125
Total restricted assets	<u>66,694</u>
Capital assets:	
Land	239,487
Buildings	298,716
Improvements	9,633,793
Machinery and equipment	1,987,079
Accumulated depreciation	<u>(8,072,765)</u>
Total capital assets, net	<u>4,086,310</u>
Total noncurrent assets	<u>4,153,004</u>
Total assets	<u>15,110,399</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	149,869
Total deferred outflows of resources	<u>149,869</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	191,645
Deposits	162,810
Compensated absences	16,179
Total current liabilities	<u>370,634</u>
Noncurrent liabilities:	
Total OPEB liability	25,456
Net pension liability	<u>338,002</u>
Total noncurrent liabilities	<u>363,458</u>
Total liabilities	<u>734,092</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	128,871
Total deferred inflows of resources	<u>128,871</u>
NET POSITION	
Net investment in capital assets	4,086,310
Restricted for capital expansion	66,694
Unrestricted	<u>10,244,301</u>
Total net position	<u>\$ 14,397,305</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, 2022

	Business-type Activities - Sewer Enterprise Fund
Operating revenues	
Charges for services	\$ 3,636,242
Total operating revenues	3,636,242
Operating expenses	
Personal services	291,791
Contractual services	1,197,006
Material and supplies	1,017,101
Utility service	48,998
Depreciation	371,530
Total operating expenses	2,926,426
Operating income (loss)	709,816
Nonoperating revenues (expenses)	
Interest earnings (loss)	3,067
Total nonoperating revenues (expenses)	3,067
Income (loss) before contributions and transfers	712,883
Capital contributions	137,369
Change in net position	850,252
Net position, beginning of year	13,547,053
Net position, end of year	\$ 14,397,305

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, 2022

	Business-type Activities - Enterprise Fund
Cash flows from operating activities	
Cash received from customers	\$ 3,647,374
Cash paid to employees	(284,725)
Cash paid to suppliers	(2,194,739)
Net cash provided by (used in) operating activities	1,167,910
Cash flows from capital and related financing activities	
Proceeds from capital contributions	137,369
Acquisition and construction of capital assets	(104,582)
Net cash provided by (used in) capital and related financing activities	32,787
Cash flows from investing activities	
Interest received	3,062
Purchases of investments	(7,950,634)
investing activities	(7,947,572)
Net change in cash and cash equivalents	(6,746,875)
Cash and cash equivalents, beginning of year	9,155,834
Cash and cash equivalents, end of year	\$ 2,408,959
Cash and cash equivalents classified as:	
Unrestricted	\$ 2,342,390
Restricted	66,569
Total cash and cash equivalents	\$ 2,408,959
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ 709,816
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	371,530
Changes in assets and liabilities:	
Accounts receivable	(7,684)
Prepaid items	(372)
Accounts payable and accrued liabilities	68,738
Deposits	18,816
Compensated absences	(10,469)
Net pension liability	6,338
Total OPEB liability	11,197
Net cash provided by (used in) operating activities	\$ 1,167,910

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, 2022

(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, 2022

(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, 2022

(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 will lapse at the close of the fiscal year.

CITY OF DAYTONA BEACH SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(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, right-to-use assts, 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 acquisition value at the date of donation. Capital assets received in a service concession arrangement are also recorded at acquisition value.

CITY OF DAYTONA BEACH SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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

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

Assets	Years
Buildings	10 – 50 years
Improvements	10 – 50 years
Right-to-use assets	5 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.

CITY OF DAYTONA BEACH SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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.

(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 assets 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 assets 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, OPEB, and leases 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). Deferred inflows related to leases are discussed in Note (6).

(n) **Leases**—The City is both a lessee and a lessor in various lease agreements.

Lessee: The City currently leases equipment and determines if an arrangement is a lease at inception. The City recognizes intangible right-to-use (RTU) assets and corresponding lease liabilities for all leases that are not considered short-term. RTU assets represent the City’s right to use an underlying asset for the lease term and lease liabilities represent the City’s obligation to make lease payments arising from the lease. RTU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

Basis of lease classification – Leases that meet the following requirements will not be considered short term: (1) the maximum possible lease term(s) is non-cancelable by both lessee and lessor, and is more than 12 months, and (2) the present value of lease payments for the lease is less than \$5,000.

Discount Rate – Unless explicitly stated in the lease agreement, known by the City, or the City is able to determine the rate implicit within the lease, the discount rate used to calculate lease right-to-use assets and liabilities will be the City’s incremental borrowing rate (IBR), which will be the rate utilized for the subsequent fiscal year.

The City’s lessee agreements do not contain any material residual value guarantees or material restrictive covenants.

CITY OF DAYTONA BEACH SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Lessor: The City is the lessor of a building and determines if an arrangement is a lease at inception. The City recognizes lease receivables and corresponding deferred inflows for all leases that are not considered short-term. Lease receivables represent the City's right to receive lease payments arising from the lease. Deferred inflows represent resources recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods. Subsequently, the lease receivable is reduced by the principal portion of lease payments received, and deferred inflow of resources are recognized as revenue over the life of the lease term.

Basis of lease classification – Leases that meet the following requirements will not be considered short term: (1) the maximum possible lease term(s) is non-cancelable by both lessee and lessor, and is more than 12 months, and (2) the present value of lease payments for the lease is less than \$5,000.

Discount Rate – Unless explicitly stated in the lease agreement, known by the City, or the City is able to determine the rate implicit within the lease, the discount rate used to calculate lease receivable will be the City's incremental borrowing rate (IBR), which will be the rate utilized for the subsequent fiscal year.

The City's lessor agreements do not contain any material residual value guarantees or material restrictive covenants.

(o) **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, 2021
Lien date	May 31, 2021
Levy date	November 1, 2021
Discount periods	November 2021 – February 2022
No discount period	March 2022
Delinquent date	April 1, 2022

(p) **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, 2022

(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) **Cash Deposits and Investments:**

The City's investment policies are governed by Chapter 280 and 218, Florida Statutes, City Code of Ordinances, and the adopted investment policy. For all investments authorized by statute or policy, the investment manager or appropriate management staff shall purchase or sell investment securities at prevailing market rates. Authorized investments are as follows:

1. The Florida Local Government Surplus Funds Trust Fund (SBA) or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969.
2. Bonds, notes, or other obligations of the United States guaranteed by the United States or for which the credit of the United States is pledged for the payment of principal and interest or dividends.
3. Interest-bearing savings accounts and/or time deposits in state-certified qualified public depositories.
4. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
5. Federal agencies and instrumentalities which are non-full faith and credit agencies.
6. Collateralized Mortgage Obligations (CMO's) supported by mortgages guaranteed by the following: Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA), and Federal Home Loan Mortgage Corporation (FHLMC).
7. Commercial paper rated at the time of purchase, "Prime-1" by Moody's Investors Service and "A-1" by Standard & Poor's Corporation.
8. The Florida Municipal Investment Trust.

CITY OF DAYTONA BEACH SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(3) Cash Deposits and Investments: (Continued)

Deposits include cash on hand and amounts held in the City’s demand accounts. At September 30, 2022, the carrying amount of the City’s deposits was \$6,205,536. 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.

The City measures and records its investments, assets whose use is limited, and restricted assets using fair value measurement guidelines. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices – Values determined based on quoted market prices for similar assets in active or inactive markets; and,
- *Level 3:* Unobservable inputs – Values determined based on the underlying real estate and other holdings within the noted investments.

The City’s investment measured via Level 2 inputs are valued based on the price/yield of similar bonds or other investments.

As of September 30, 2022, the City’s governmental and business-type investment portfolio was composed of the following investments:

<u>Investment Type</u>	<u>Credit Quality Rating (S&P)</u>	<u>Carrying Value</u>	<u>Weighted Average Investment Maturities (in Years)</u>		<u>Fair Value Hierarchy</u>
			<u>Less Than 1</u>	<u>1 – 5</u>	<u>Classification</u>
Cash	NR	\$ 6,205,536	\$ 6,205,536	\$ -	N/A
Municipal Bonds	AAAm	1,088	1,088	-	Level 2
US Government Treasury Notes	AAA to AA-	24,756,422	-	24,756,422	Level 2
Certificates of deposit	NR	100,152	100,152	-	N/A
Total Portfolio		<u>\$ 31,063,198</u>	<u>\$ 6,306,776</u>	<u>\$ 24,756,422</u>	

CITY OF DAYTONA BEACH SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(3) Cash Deposits and Investments: (Continued)

Interest Rate Risk: The City's investment policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of the agency funds shall have maturities consistent with the statutory distribution requirements.

Credit Risk: Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The City's investment policy utilizes portfolio diversification in order to limit investments to the highest rated securities as rated by nationally recognized rating agencies. The ratings of the investments held at year end are shown above. All are rated within the investment policy guidelines at September 30, 2022.

Concentration of Credit Risk: The City's investment policy has established portfolio composition guidelines and issuer limits on its investments which are designed to reduce concentration of credit risk of the City's investment portfolio. A maximum of 100% of the portfolio may be invested in the SBA, a maximum of 100% of the portfolio may be invested in direct obligations of the United States government, a maximum of 100% of the portfolio may be invested in the combination of interest-bearing savings accounts and certificates of deposit in state-certified qualified public depositories, a maximum of 20% of the portfolio may be invested in SEC registered money market funds, a maximum of 30% of the portfolio may be invested in federal agencies and instrumentalities, a maximum of 20% of the portfolio may be invested in CMO instruments, a maximum of 10% of the portfolio may be directly invested in prime commercial paper, and a maximum of 100% of the portfolio may be invested in the FMIT.

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.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The investment policy does not permit general obligations issued by a foreign government and is, therefore, not exposed to foreign currency risk.

CITY OF DAYTONA BEACH SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(4) Accounts Receivable:

The City's receivables consisted of the following at September 30, 2022:

	<u>Gross Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivable</u>
Governmental Activities:			
General Fund	\$ 278,671	\$ -	\$ 278,671
Total – Governmental Activities	<u>278,671</u>	<u>-</u>	<u>278,671</u>
Business-Type Activities:			
Sewer Fund	663,580	-	663,580
Totals – Business-Type Activities	<u>663,580</u>	<u>-</u>	<u>663,580</u>
Totals	<u>\$ 942,251</u>	<u>\$ -</u>	<u>\$ 942,251</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 \$132,015 in due from other governments at September 30, 2022, of which primarily includes accruals for half cent sales tax, communication service tax and gas taxes. The City also recorded \$177,362 in leases receivable at September 30, 2022, related to its Halifax building lease.

(5) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2022, is as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land and land improvements	\$ 15,994,035	\$ -	\$ (700,000)	\$ 15,294,035
Construction in progress	256,900	-	-	256,900
Total assets not being depreciated	<u>16,250,935</u>	<u>-</u>	<u>(700,000)</u>	<u>15,550,935</u>
Capital assets being depreciated:				
Buildings	21,075,746	-	-	21,075,746
Improvements	19,297,049	33,000	-	19,330,049
Machinery and equipment	3,301,981	602,022	(161,295)	3,742,708
Right-to-use assets	-	319,781	-	319,781
Total assets being depreciated	<u>43,674,776</u>	<u>954,803</u>	<u>(161,295)</u>	<u>44,468,284</u>
Less accumulated depreciation for:				
Buildings	(7,994,503)	(704,465)	-	(8,698,968)
Improvements	(12,221,792)	(846,316)	-	(13,068,108)
Machinery and equipment	(1,828,031)	(334,065)	161,295	(2,000,801)
Right-to-use assets	-	(63,940)	-	(63,940)
Total accumulated depreciation	<u>(22,044,326)</u>	<u>(1,948,786)</u>	<u>161,295</u>	<u>(23,831,817)</u>
Total capital assets being depreciated, net	<u>21,630,450</u>	<u>(993,983)</u>	<u>-</u>	<u>20,636,467</u>
Governmental activities capital assets, net	<u>\$ 37,881,385</u>	<u>\$ (993,983)</u>	<u>\$ (700,000)</u>	<u>\$ 36,187,402</u>

CITY OF DAYTONA BEACH SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(5) **Capital Assets:** (Continued)

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	-	-	-	-
Total assets not being depreciated	<u>239,487</u>	<u>-</u>	<u>-</u>	<u>239,487</u>
Capital assets being depreciated:				
Buildings	298,716	-	-	298,716
Improvements	9,633,793	-	-	9,633,793
Machinery and equipment	1,882,497	104,582	-	1,987,079
Total assets being depreciated	<u>11,815,006</u>	<u>104,582</u>	<u>-</u>	<u>11,919,588</u>
Less accumulated depreciation for:				
Buildings	(126,757)	(9,760)	-	(136,517)
Improvements	(6,518,360)	(244,830)	-	(6,763,190)
Machinery and equipment	(1,056,118)	(116,940)	-	(1,173,058)
Total accumulated depreciation	<u>(7,701,235)</u>	<u>(371,530)</u>	<u>-</u>	<u>(8,072,765)</u>
Total capital assets being depreciated, net	<u>4,113,771</u>	<u>(266,948)</u>	<u>-</u>	<u>3,846,823</u>
Business-type activities capital assets, net	<u>\$ 4,353,258</u>	<u>\$ (266,948)</u>	<u>\$ -</u>	<u>\$ 4,086,310</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government	\$ 313,616
Economic Development	51,195
Public safety	635,010
Community services	786,547
Culture and recreation	162,418
Total depreciation expense - governmental activities	<u>\$ 1,948,786</u>

Business-type activities:

Sewer	\$ 371,530
Total depreciation expense - business-type activities	<u>\$ 371,530</u>

(6) **Leases and Long-Term Liabilities**

City as Lessor—The City is the lessor in one lease agreement for a building. A lease receivable and deferred inflow of resources was recorded for this lease.

In 2019, the City entered into a lease agreement with Halifax Hospital Medical Center for the leasing of a building. Based on the terms of the agreement, the lease is for a twenty year term. The discount rate applied to this lease was 2.532%. For the year ended September 30, 2022, the City recognized \$9,234 in lease revenue and \$5,799 in interest revenue related to this lease. As of September 30, 2022, the City's receivable for lease payments was \$177,362. Also, the City has a deferred inflow of resources associated with this lease that will be recognized over the lease term. As of September 30, 2022, the balance of the deferred inflow of resources was \$175,452.

CITY OF DAYTONA BEACH SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(6) **Leases and Long-Term Liabilities** (Continued)

The principal and interest requirements to maturity for this lease as of September 30, 2022, are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2023	\$ 7,509	\$ 4,491	\$ 12,000
2024	7,699	4,301	12,000
2025	7,894	4,106	12,000
2026	8,094	3,906	12,000
2027	8,299	3,701	12,000
2028-2032	44,756	15,244	60,000
2033-2037	50,716	9,284	60,000
2038-2041	42,394	2,606	45,000
Total future minimum lease payments	<u>\$ 177,362</u>	<u>\$ 47,638</u>	<u>\$ 225,000</u>

City as Lessee—The City is the lessee in one lease agreement for public safety equipment. A lease liability and a right-to-use asset was recorded for this lease.

In November 2021, the City entered into a 60 month lease agreement with Axon Enterprises for the use of public safety equipment valued at \$319,781. A right-to-use asset and initial lease liability was recorded by the City during the current fiscal year. As of September 30, 2022, the value of the lease liability was \$258,998. The City is required to make annual principal and interest payments of \$68,880. The discount rate applied to this lease was 2.532%. The equipment has a five-year estimated useful life. The value of the right-to-use assets as of September 30, 2022, was \$319,781 and had accumulated depreciation of \$63,940.

Lease expense for the right-to-use assets for the years ended September 30, 2022, was as follows:

September 30, 2022	Governmental Activities
Equipment depreciation expense	\$ 63,940
Interest on lease liabilities	9,446
Total	<u>\$ 93,762</u>

The principal and interest requirements to maturity for the lease liability as of September 30, 2022, is as follows:

<u>Governmental Activities Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2023	\$ 62,322	\$ 6,558	\$ 68,880
2024	63,900	4,980	68,880
2025	65,518	3,362	68,880
2026	67,257	1,623	68,880
Total future minimum lease payments	<u>\$ 258,997</u>	<u>\$ 16,523</u>	<u>\$ 275,520</u>

CITY OF DAYTONA BEACH SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(6) Leases and Long-Term Liabilities (Continued)

Long-term liability activity for the year ended September 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Leases payable	\$ -	\$ 319,781	\$ (60,783)	\$ 258,998	\$ 62,322
Compensated absences	528,566	520,534	(548,582)	500,518	500,518
Total long-term liabilities	<u>\$ 528,566</u>	<u>\$ 519,000</u>	<u>\$ (7,036,577)</u>	<u>\$ 759,516</u>	<u>\$ 562,840</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Compensated absences	26,648	12,215	(22,684)	16,179	16,179
Total long-term liabilities	<u>\$ 26,648</u>	<u>\$ 12,215</u>	<u>\$ (22,684)</u>	<u>\$ 16,179</u>	<u>\$ 16,179</u>

(7) Commitments and Contingencies:

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2022. 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.

(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.

CITY OF DAYTONA BEACH SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(8) Risk Management: (Continued)

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, 2022, the City reported a liability of \$80,863 in the general fund and an additional \$89,298 as Incurred but Not Reported Claims (IBNR) for a total governmental liability of \$170,161. Both are included in accounts payable and accrued liabilities.

	Year ended 9/30/2022	Year ended 9/30/2021
Unpaid claims, beginning of fiscal year	\$ 153,000	\$ 84,000
Incurred (closed) claims (including IBNRs)	1,208,000	1,057,000
Claim payments	(1,191,000)	(988,000)
Unpaid claims, end of fiscal year	\$ 170,000	\$ 153,000

(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, 2022, the City will recognize OPEB expense of \$337,527, 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, 2022.

CITY OF DAYTONA BEACH SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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.” In addition, department heads are eligible for an explicit subsidy from the City that covers the cost of retiree health care to age 65 equal to the difference between the total plan cost and the amount charged to active employees.

Plan Membership—At September 30, 2021, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	78
Inactive Employees	4
Covered Spouses	4
	86
	86

Total OPEB Liability—The City’s total OPEB liability of \$528,130 was measured as of September 30, 2022 and was determined by an actuarial valuation as of that date utilizing the Alternative Measurement Method for small plans as permitted under GASB 75.

Actuarial Assumptions and Other Inputs—The total OPEB liability in the September 30, 2022, 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	4.77%
Healthcare cost trend rate	7.50%

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.

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

For the fiscal year ended September 30, 2022, changes in the total OPEB liability were as follows:

Balance at September 30, 2021	\$ 508,944
Changes for a year:	
Service cost	19,422
Interest	14,519
Changes of assumptions	(46,710)
Differences between Expected and Actual	
Experience	105,769
Benefit payments	(73,814)
Net changes	19,186
Balance at September 30, 2022	\$ 528,130

CITY OF DAYTONA BEACH SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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

The following presents the total OPEB liability of the City calculated using the discount rate of 4.77%, 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	\$ 503,557	\$ 528,130	\$ 554,221

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 (3.00%-6.50%) or 1% higher (5.00%-8.50%) than the current healthcare cost trend rates (4.00%-7.50%):

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 496,972	\$ 528,130	\$ 561,994

OPEB Expense and Deferred Outflows of Resources and Inflows of Resources

For the year ended September 30, 2022, the City recognized OPEB expense of \$337,527. At September 30, 2022, the City reported no deferred outflows of resources and no deferred inflows of resources related to OPEB. Under GASB 75 as it applies to plans that qualify for the Alternative Measurement Method, changes in the Total OPEB Liability are not permitted to be included in deferred outflows of resources or deferred inflows of resources related to OPEB. These changes will be immediately recognized through OPEB Expense.

(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 2022, 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, 2022, there was 1 plan member remaining in the RPTGE.

CITY OF DAYTONA BEACH SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

For the years ended September 30, 2022, as part of the current City Manager's employment contract, allowed the City Manager to join the RPTGE plan where the City contributes 3% of eligible payroll. The City Manager is 100% vested immediately. City Manager contributions are not permitted.

For the years ended September 30, 2022, the total covered payroll was \$76,047. The amount of pension expense was \$5,194 for fiscal year ended September 30, 2022.

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.

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, 2022, 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.

CITY OF DAYTONA BEACH SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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

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

Financial Statements

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

Florida Department of Management Services
 Division of Retirement
 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, 2022, as follows (contribution rates are in agreement with the actuarially determined rates):

<u>FRS Membership Plan & Class</u>	<u>Through June 30, 2022</u>	<u>After June 30, 2022</u>
Regular Class	10.82%	11.91%
Elected Officer Class	51.42%	57.00%
Senior Management Service Class (SMSC)	29.01%	31.57%
Special Risk	25.89%	27.83%
DROP from ERS	18.34%	18.60%

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

CITY OF DAYTONA BEACH SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Actual contributions made for City employees participating in FRS and HIS for the plan year ended June 30, 2022, were as follows:

City Contributions – FRS	\$	894,536
City Contributions – HIS		84,724
Employee Contributions – FRS		153,115

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

At September 30, 2022, the City reported a net pension liability related to FRS and HIS as follows:

FRS	\$	7,799,977
HIS		1,483,035
Total	\$	<u>9,283,012</u>

The net pension liability was measured as of June 30, 2022, 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, 2022 and 2021, the City’s proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	2022	2021
FRS	0.020963146%	0.019931993%
HIS	0.014001995%	0.013444754%

For the plan year ended June 30, 2022, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$	1,189,278
HIS		164,692
Total	\$	<u>1,353,970</u>

Deferred outflows/inflows related to pensions:

At September 30, 2022, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

CITY OF DAYTONA BEACH SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 370,454	\$ -	\$ 45,014	\$ (6,525)
Changes of assumptions	960,600	-	85,009	(229,425)
Net difference between projected and actual investment earnings	515,031	-	2,147	-
Change in City's proportionate share	571,849	(130,292)	415,558	(25,116)
Contributions subsequent to measurement date	262,936	-	22,633	-
	<u>\$ 2,680,870</u>	<u>\$ (130,292)</u>	<u>\$ 570,361</u>	<u>\$ (261,066)</u>

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, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	FRS	HIS	Total
2023	\$ 522,659	\$ 57,885	\$ 580,544
2024	281,844	71,535	353,379
2025	(9,610)	82,824	73,214
2026	1,396,875	78,974	1,475,849
2027	95,873	5,826	101,699
Thereafter	-	(10,381)	(10,381)
Total	<u>\$ 2,287,641</u>	<u>\$ 286,663</u>	<u>\$ 2,574,304</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 6.70%. This rate decrease from the prior year rate of 6.80%. 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 3.54% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 2.16%. 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
SEPTEMBER 30, 2022

(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 2022, 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%	2.6%
Fixed income	19.8%	4.4%
Global equities	54.0%	8.8%
Real estate	10.3 %	7.4%
Private equity	11.1%	12.0%
Strategic investments	3.8%	6.2%
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	6.70%	\$ 13,489,520	\$ 7,799,975	\$ 3,042,838
HIS	3.54%	1,696,714	1,483,035	1,306,220

(11) **Subsequent Events:**

At the end of September 2022, the city was affected by Hurricane Ian and again in November 2022, by Hurricane Nicole. These hurricanes were primarily wind and flooding events, causing damage to many of the city facilities, significant beach erosion and debris, power outages, and flooding damages. Debris removal and cleanup costs, facilities damage, and emergency protective measures incurred due to the evacuation of the city and compromised building throughout the city are estimated at \$3.5 million. Expected reimbursements of approximately 90% are expected from FEMA, and state, and insurance proceeds.

CITY OF DAYTONA BEACH SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 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 City implemented this Statement and its various provisions during the year ended September 30, 2022 with an effective date of October 1, 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.

(c) GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends various provisions regarding the calculation methodology and required disclosures related to the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.

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, 2022

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget - Positive (Negative)
Revenues				
Taxes	\$ 9,528,700	\$ 9,528,700	\$ 9,616,422	\$ 87,722
Permits and fees	893,200	893,200	1,105,991	212,791
Intergovernmental	721,500	721,500	3,187,889	2,466,389
Charges for services	2,492,700	2,492,700	2,780,728	288,028
Fines and forfeitures	94,800	94,800	149,111	54,311
Investment income	23,000	23,000	(56,400)	(79,400)
Miscellaneous	10,000	10,000	65,359	55,359
Total revenues	<u>13,763,900</u>	<u>13,763,900</u>	<u>16,849,100</u>	<u>3,085,200</u>
Expenditures				
Current:				
General government	2,125,800	2,235,500	2,051,575	183,925
Public safety	5,982,600	5,735,000	6,002,519	(267,519)
Economic development	180,100	180,100	126,885	53,215
Culture and recreation	976,200	1,012,100	968,318	43,782
Community services	3,332,600	3,503,000	3,302,422	200,578
Capital outlay	1,904,900	1,836,500	954,803	881,697
Debt service:				
Principal retirement	-	-	60,783	(60,783)
Interest and fiscal charges	-	-	8,097	(8,097)
Total expenditures	<u>14,502,200</u>	<u>14,502,200</u>	<u>13,475,402</u>	<u>1,026,798</u>
Excess (deficiency) of revenues over expenditures	<u>(738,300)</u>	<u>(738,300)</u>	<u>3,373,698</u>	<u>4,111,998</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	10,000	10,000	253,921	243,921
Proceeds from insurance recoveries	10,000	10,000	10,000	-
Issuance of long-term debt	-	-	319,781	319,781
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>583,702</u>	<u>563,702</u>
Net change in fund balances	<u>(718,300)</u>	<u>(718,300)</u>	<u>3,957,400</u>	<u>4,675,700</u>
Fund balances, beginning of year	16,214,077	16,214,077	16,214,077	-
Fund balances, end of year	<u>\$ 15,495,777</u>	<u>\$ 15,495,777</u>	<u>\$ 20,171,477</u>	<u>\$ 4,675,700</u>

The accompanying notes to the required supplemental information are an integral part of this schedule.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 19,422	\$ 35,047	\$ 36,668	\$ 4,416	\$ 4,364
Interest	14,519	12,942	1,744	2,074	1,905
Difference between expected and actual experience	105,769	-	-	-	-
Changes of assumptions	(46,710)	(9,032)	205,930	353	-
Benefit payments	(73,814)	(54,824)	(30,382)	(803)	(671)
Changes in benefit terms	-	-	156,374	-	-
Other changes	-	-	94,524	-	-
Net change in total OPEB liability	19,186	(15,867)	464,858	6,040	5,598
Total OPEB liability - beginning of year	508,944	524,811	59,953	53,913	48,315
Total OPEB liability - end of year	<u>\$ 528,130</u>	<u>\$ 508,944</u>	<u>\$ 524,811</u>	<u>\$ 59,953</u>	<u>\$ 53,913</u>
Covered-employee payroll	\$ 4,638,913	\$ 4,480,355	\$ 4,480,355	\$ 3,919,871	\$ 3,919,871
Total OPEB liability as a percentage of covered-employee payroll	11.38%	11.36%	11.71%	1.53%	1.38%

Notes to Schedule:

Valuation date:	9/30/2021	10/1/2019	10/1/2019	10/1/2017	10/1/2017
Measurement date:	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018

GASB 75 Measurement Method:

Alternative Measurement Method, as described in Governmental Accounting Standards Board No. 75 for plans with fewer than 100 covered members.

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:

4.77%	2.43%	2.14%	3.58%	3.64%
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Also reflected as assumption changes are updated health care costs and premiums, updated health care cost trend rates, and termination rates.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

Benefit Payments:

The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2022. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

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

The accompanying notes to the required supplemental
information are an integral part of this schedule.

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,							
	2022	2021	2020	2019	2018	2017	2016	2015
Florida Retirement System (FRS)								
Proportion of the net pension liability	0.020963146%	0.019931993%	0.013585849%	0.013403952%	0.013616542%	0.012974748%	0.011402375%	0.010951725%
Proportionate share of the net pension liability	\$ 7,799,975	\$ 1,505,636	\$ 8,259,092	\$ 6,115,350	\$ 5,558,903	\$ 5,997,314	\$ 5,296,678	\$ 2,298,011
Covered-employee payroll	5,103,847	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-employee payroll	152.83%	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	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%
Health Insurance Subsidy Program (HIS)								
Proportion of the net pension liability	0.014001995%	0.013444754%	0.010353742%	0.008352733%	0.008595837%	0.008874264%	0.009196412%	0.008687620%
Proportionate share of the net pension liability	\$ 1,483,035	\$ 1,649,201	\$ 1,264,175	\$ 934,587	\$ 909,793	\$ 948,877	\$ 1,071,804	\$ 886,001
Covered-employee payroll	5,103,847	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-employee payroll	29.06%	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	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension plan.

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

See accompanying notes to required supplementary information.

The accompanying notes to the required supplemental information are an integral part of this schedule.

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

	As of the Plan Year Ended June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Florida Retirement System (FRS)								
Contractually required contribution	\$ 931,649	\$ 814,942	\$ 633,142	\$ 550,618	\$ 525,968	\$ 527,636	\$ 511,555	\$ 433,772
Contributions in relation to the contractually required contribution	931,649	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>	<u>\$ -</u>
Covered-employee payroll	\$ 5,178,792	\$ 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-employee payroll	17.99%	16.37%	17.94%	20.30%	18.73%	18.65%	18.02%	14.72%
Health Insurance Subsidy Program (HIS)								
Contractually required contribution	\$ 85,968	\$ 82,633	\$ 59,664	\$ 46,382	\$ 46,615	\$ 46,965	\$ 47,137	\$ 33,209
Contributions in relation to the contractually required contribution	85,968	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>	<u>\$ -</u>
Covered-employee payroll	\$ 5,178,792	\$ 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-employee payroll	1.66%	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.

See accompanying notes to required supplementary information.

The accompanying notes to the required supplemental information are an integral part of this schedule.

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.

Schedule 1

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

<i>As of September 30,</i>	2013	2014	2015	2016
Governmental activities				
Invested in capital assets, net of related debt	\$ 12,557	\$ 13,863	\$ 15,365	\$ 17,010
Restricted	2,964	3,161	3,329	3,533
Unrestricted	11,931	13,482	12,038	13,384
Total governmental activities net assets	<u>\$ 27,452</u>	<u>\$ 30,506</u>	<u>\$ 30,732</u>	<u>\$ 33,927</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 2,680	\$ 2,847	\$ 3,090	\$ 3,268
Restricted	112	112	112	112
Unrestricted	4,656	4,954	5,805	6,763
Total business-type activities net assets	<u>\$ 7,448</u>	<u>\$ 7,913</u>	<u>\$ 9,007</u>	<u>\$ 10,143</u>
Primary Government				
Invested in capital assets, net of related debt	\$ 15,237	\$ 16,710	\$ 18,455	\$ 20,278
Restricted	3,076	3,273	3,441	3,645
Unrestricted	16,587	18,436	17,843	20,147
Total primary government net assets	<u>\$ 34,900</u>	<u>\$ 38,419</u>	<u>\$ 39,739</u>	<u>\$ 44,070</u>

Schedule 1

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

2017	2018	2019	2020	2021	2022
\$ 20,779	\$ 27,392	\$ 28,837	\$ 35,020	\$ 37,882	\$ 35,928
3,580	3,763	4,006	2,693	1,206	1,316
12,273	8,847	9,792	7,560	8,419	11,711
<u>\$ 36,632</u>	<u>\$ 40,002</u>	<u>\$ 42,635</u>	<u>\$ 45,273</u>	<u>\$ 47,507</u>	<u>\$ 48,955</u>
\$ 3,200	\$ 3,142	\$ 3,212	\$ 4,250	\$ 4,353	\$ 4,086
112	112	112		11	67
7,681	8,615	9,457	8,745	9,183	10,244
<u>\$ 10,993</u>	<u>\$ 11,869</u>	<u>\$ 12,781</u>	<u>\$ 12,995</u>	<u>\$ 13,547</u>	<u>\$ 14,397</u>
\$ 23,979	\$ 30,534	\$ 32,049	\$ 39,270	\$ 42,235	\$ 40,014
3,692	3,875	4,118	2,693	1,217	1,383
19,954	17,462	19,249	16,305	17,602	21,955
<u>\$ 47,625</u>	<u>\$ 51,871</u>	<u>\$ 55,416</u>	<u>\$ 58,268</u>	<u>\$ 61,054</u>	<u>\$ 63,352</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>	2013	2014	2015	2016
Expenses				
Governmental activities				
General government	\$ 1,701	\$ 1,815	\$ 1,745	\$ 1,785
Public safety	4,672	4,931	4,411	5,488
Community services	3,134	3,271	3,151	3,335
Culture/recreation	471	542	627	633
Economic environment	-	-	-	-
Interest on long-term debt	1,206	1,138	1,028	932
Total governmental activities expenses	<u>11,184</u>	<u>11,697</u>	<u>10,962</u>	<u>12,173</u>
Business-type activities				
Sewer	2,288	2,464	2,391	2,526
Total business-type activities net assets	<u>2,288</u>	<u>2,464</u>	<u>2,391</u>	<u>2,526</u>
Total primary government expenses	<u>\$ 13,472</u>	<u>\$ 14,161</u>	<u>\$ 13,353</u>	<u>\$ 14,699</u>
Program Revenues				
Governmental activities				
Charges for services (see Schedule 2A for detail)	\$ 2,172	\$ 2,364	\$ 2,367	\$ 2,400
Operating grants and contributions	420	344	360	341
Capital grants and contributions	69	96	86	89
Total governmental activities program revenues	<u>2,661</u>	<u>2,804</u>	<u>2,813</u>	<u>2,830</u>
Business-type activities				
Charges for services (see Schedule 2A for detail)	2,961	2,891	3,458	3,542
Capital grants and contributions	7	30	16	91
Total business-type activities program revenues	<u>2,968</u>	<u>2,921</u>	<u>3,474</u>	<u>3,633</u>
Total primary government program revenues	<u>\$ 5,629</u>	<u>\$ 5,725</u>	<u>\$ 6,287</u>	<u>\$ 6,463</u>
Net (Expense)/Revenue				
Governmental activities	\$ (8,523)	\$ (8,893)	\$ (8,149)	\$ (9,343)
Business-type activities	680	457	1,083	1,107
Total primary government net expense	<u>\$ (7,843)</u>	<u>\$ (8,436)</u>	<u>\$ (7,066)</u>	<u>\$ (8,236)</u>
Governmental Revenues and Other Changes in Net Assets				
Governmental activities				
Property taxes	\$ 9,446	\$ 10,175	\$ 10,196	\$ 10,213
Sales taxes	196	207	221	231
Franchise and utility taxes	831	873	929	1,235
Unrestricted grants and contributions	125	127	130	131
Gain on Sale of Capital Asset				
Unrestricted investment earnings	67	21	100	101
Miscellaneous	463	544	597	627
Transfers	-	-	-	-
Total governmental activities	<u>11,128</u>	<u>11,947</u>	<u>12,173</u>	<u>12,538</u>
Business-type activities				
Unrestricted investment earnings	11	8	11	24
Miscellaneous	5	-	-	5
Gain on Sale of Capital Asset				
Special item	(454)	-	-	-
Transfers	-	-	-	-
Total business-type activities	<u>(438)</u>	<u>8</u>	<u>11</u>	<u>29</u>
Total primary government	<u>\$ 10,690</u>	<u>\$ 11,955</u>	<u>\$ 12,184</u>	<u>\$ 12,567</u>
Change in Net Assets				
Governmental activities	\$ 2,605	\$ 3,054	\$ 4,024	\$ 3,195
Business-type activities	242	465	1,094	1,136
Total primary government	<u>\$ 2,847</u>	<u>\$ 3,519</u>	<u>\$ 5,118</u>	<u>\$ 4,331</u>

Schedule 2

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

2017	2018	2019	2020	2021	2022
\$ 1,958	\$ 2,226	\$ 2,253	\$ 2,216	\$ 1,166	\$ 1,588
5,799	5,960	6,638	6,365	5,661	6,975
3,433	3,506	3,649	3,959	5,763	4,643
727	795	765	928	994	1,166
-			2	56	178
819	729	619	885	315	13
<u>12,736</u>	<u>13,216</u>	<u>13,924</u>	<u>14,355</u>	<u>13,955</u>	<u>14,563</u>
<u>2,534</u>	<u>2,663</u>	<u>2,611</u>	<u>3,054</u>	<u>3,036</u>	<u>2,926</u>
<u>2,534</u>	<u>2,663</u>	<u>2,611</u>	<u>3,054</u>	<u>3,036</u>	<u>2,926</u>
<u>\$ 15,270</u>	<u>\$ 15,879</u>	<u>\$ 16,535</u>	<u>\$ 17,409</u>	<u>\$ 16,991</u>	<u>\$ 17,489</u>
\$ 2,459	\$ 2,629	\$ 2,716	\$ 2,653	\$ 2,230	\$ 2,508
379	808	358	526	316	2,595
92	94	97	100		
<u>2,930</u>	<u>3,531</u>	<u>3,171</u>	<u>3,279</u>	<u>2,546</u>	<u>5,103</u>
3,335	3,420	3,403	3,221	3,522	3,636
7	62	23	6	49	137
<u>3,342</u>	<u>3,482</u>	<u>3,426</u>	<u>3,227</u>	<u>3,571</u>	<u>3,773</u>
<u>\$ 6,272</u>	<u>\$ 7,013</u>	<u>\$ 6,597</u>	<u>\$ 6,506</u>	<u>\$ 6,117</u>	<u>\$ 8,876</u>
\$ (9,806)	\$ (9,685)	\$ (10,753)	\$ (11,076)	\$ (11,409)	\$ (9,460)
808	819	815	173	535	847
<u>\$ (8,998)</u>	<u>\$ (8,866)</u>	<u>\$ (9,938)</u>	<u>\$ (10,903)</u>	<u>\$ (10,874)</u>	<u>\$ (8,613)</u>
\$ 10,204	\$ 10,586	\$ 10,844	\$ 11,250	\$ 11,278	\$ 8,407
238	249	250	236	283	317
1,201	1,251	1,216	1,173	1,773	1,902
133	133	133	133	239	264
		4	7		
95	172	209	116	25	(56)
640	711	730	800	45	75
-	-	-	-	-	-
<u>12,511</u>	<u>13,102</u>	<u>13,386</u>	<u>13,715</u>	<u>13,643</u>	<u>10,909</u>
34	59	72	41	14	3
8				3	
		25			
-	-	-	-	-	-
-	-	-	-	-	-
<u>42</u>	<u>59</u>	<u>97</u>	<u>41</u>	<u>17</u>	<u>3</u>
<u>\$ 12,553</u>	<u>\$ 13,161</u>	<u>\$ 13,483</u>	<u>\$ 13,756</u>	<u>\$ 13,660</u>	<u>\$ 10,912</u>
\$ 2,705	\$ 3,417	\$ 2,633	\$ 2,639	\$ 2,234	\$ 1,449
850	878	912	214	552	850
<u>\$ 3,555</u>	<u>\$ 4,295</u>	<u>\$ 3,545</u>	<u>\$ 2,853</u>	<u>\$ 2,786</u>	<u>\$ 2,299</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>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
General government	\$ 785	\$ 926	\$ 926	\$ 921	\$ 986	\$ 1,002	\$ 988	\$ 968	\$ 75	\$ 1,588
Public safety	268	151	133	148	147	228	237	171	178	6,975
Community services	1,044	1,182	1,225	1,259	1,311	1,380	1,462	1,496	1,955	4,643
Culture & recreation	75	105	83	72	15	19	29	18	22	1,166
Total governmental activities	<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>	<u>\$ 14,372</u>
Business-type activities										
Sewer utility	\$ 2,961	\$ 2,891	\$ 3,458	\$ 3,542	\$ 3,335	\$ 3,420	\$ 3,403	\$ 3,221	\$ 3,522	\$ 2,926
Total business-type activities	<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>	<u>\$ 2,926</u>

Schedule 3

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

<i>As of September 30,</i>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Spendable	151	140	129	75	89	78	90	747	153	76
Restricted	2,949	3,138	3,246	3,442	3,519	3,727	3,973	2,634	1,154	1,256
Assigned	1,487	1,582	1,671	1,816	1,921	2,069	2,257	5,481	538	943
Unassigned	11,160	12,707	14,323	15,789	14,721	12,073	13,681	8,511	14,369	17,896
Total general fund	<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>	<u>20,171</u>
All other governmental funds										
Reserved	-	-	-	-	-	-	-	-	-	-
Restricted	15	23	83	91	61	36	33	59	52	59
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>59</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>	2013	2014	2015	2016
Revenues				
Taxes	\$ 10,798	\$ 11,636	\$ 11,754	\$ 12,006
Licenses and permits	262	333	292	359
Intergovernmental	815	778	802	798
Charges for services	1,674	1,791	1,818	1,897
Investment income	66	21	172	101
Fines and forfeitures	112	121	100	136
Miscellaneous	35	22	21	37
Total revenues	<u>13,762</u>	<u>14,702</u>	<u>14,959</u>	<u>15,334</u>
Expenditures				
General government	1,849	1,670	1,668	1,980
Public safety	4,701	4,505	4,627	4,856
Community services	2,478	2,546	2,698	2,597
Culture/recreation	406	660	589	640
Economic development	-	-	-	-
Debt service				
Principal retirement	2,307	2,399	2,497	2,602
Interest	1,234	1,143	1,045	942
Other Charges				
Total expenditures [including capital outlay]	<u>12,975</u>	<u>12,923</u>	<u>13,124</u>	<u>13,617</u>
Excess (deficiency) of revenues over (under) expenditures	<u>787</u>	<u>1,779</u>	<u>1,835</u>	<u>1,717</u>
Other financing sources				
Sale of capital assets	13	41	14	33
Proceeds from insurance recovery	12	8	13	11
Termination of interest rate swap	-	-	-	-
Issuance of long-term debt	-	-	-	-
Total other financing sources	<u>25</u>	<u>49</u>	<u>27</u>	<u>44</u>
Net change in fund balances	<u>\$ 812</u>	<u>\$ 1,828</u>	<u>\$ 1,862</u>	<u>\$ 1,761</u>
Net capital outlay [incl. in total expenditures above] <i>(shown for calculation purposes only)</i>	947	347	454	542
Debt service as a percentage of non-capital outlay	29.4%	28.2%	28.0%	27.1%

Schedule 4

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

	2017	2018	2019	2020	2021	2022
\$	11,944	\$ 12,419	\$ 12,629	\$ 12,945	\$ 12,486	\$ 9,616
	441	414	413	438	1,011	1,016
	849	1,292	846	1,004	848	3,188
	1,953	2,118	2,249	2,305	2,467	2,781
	95	172	172	116	25	(56)
	86	166	209	106	112	157
	27	33	23	23	18	65
	<u>15,395</u>	<u>16,614</u>	<u>16,541</u>	<u>16,937</u>	<u>16,967</u>	<u>16,767</u>
	4,434	6,575	1,940	1,835	1,762	2,052
	5,048	5,136	5,401	5,492	6,025	6,003
	2,747	2,714	2,881	3,248	3,346	3,302
	574	1,257	695	802	783	968
	-			2	56	127
	2,710	2,819	2,936	7,262	6,595	61
	834	727	638	567	414	8
					14	
	<u>16,347</u>	<u>19,228</u>	<u>14,491</u>	<u>19,208</u>	<u>18,995</u>	<u>12,521</u>
	<u>(952)</u>	<u>(2,614)</u>	<u>2,050</u>	<u>(2,271)</u>	<u>(2,028)</u>	<u>4,246</u>
	31	306	4	22	835	254
	19	5	-	7	27	10
	-			(386)		
	-					320.00
	<u>50</u>	<u>311</u>	<u>4</u>	<u>(357)</u>	<u>862</u>	<u>584</u>
\$	<u>(902)</u>	<u>(2,303)</u>	<u>2,054</u>	<u>(2,628)</u>	<u>(1,166)</u>	<u>4,830</u>
	3,164	5,418	250	700	1,027	955
	26.9%	25.7%	25.1%	42.3%	39.1%	0.6%

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

Tax Year	Residential Property (1)	Commercial and Industrial Property (1)	Institutional, Governmental, and Other Property	Less: Tax-Exempt Property	Assesed Taxable Value (1)	Estimated Actual Market Value (1)	Assessed as a Percent of Estimated Actual
2009-10	\$ 1,305,349	\$ 161,429	\$ 47,991	\$ 114,081	\$ 1,400,688	\$ 1,565,644	89.3%
2010-11	1,051,997	109,045	34,022	113,734	1,081,330	1,361,236	79.4%
2011-12	1,067,145	109,307	34,563	105,386	1,105,629	1,211,015	91.3%
2012-13	1,096,107	102,884	30,792	102,629	1,127,154	1,288,793	87.5%
2013-14	1,214,867	106,595	31,045	103,787	1,248,720	1,355,214	92.1%
2014-15	1,218,529	120,414	34,297	107,457	1,265,783	1,490,222	84.9%
2015-16	1,295,178	131,196	37,260	111,951	1,351,683	1,601,974	84.4%
2016-17	1,366,074	153,354	39,971	119,309	1,440,090	1,708,901	84.3%
2017-18	1,415,659	170,819	40,413	124,733	1,502,158	1,766,486	85.0%
2018-19	1,513,258	195,602	56,756	139,835	1,625,781	1,783,471	91.2%
2019-20	1,517,248	196,017	68,795	139,636	1,642,424	1,914,658	85.8%
2020-21	1,579,324	198,581	57,460	143,581	1,691,784	1,980,835	85.4%
2021-22	1,650,782	169,970	87,429	150,703	1,757,478	2,060,452	85.3%

(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**

Tax Rate	Tax Levy (2)	Property Tax Collections (3)	Percent of Levy Collected
4.99720	\$ 7,108	\$ 6,925	96.5%
5.47200	6,828	6,610	96.8%
6.09000	6,756	6,455	95.5%
5.88190	6,748	6,569	97.3%
6.28000	7,563	7,333	97.0%
5.87330	7,560	7,330	97.0%
5.49940	7,575	7,344	97.0%
5.15900	7,576	7,317	96.6%
5.23000	7,997	7,722	96.6%
5.23000	8,333	8,022	96.3%
5.23000	8,681	8,372	96.4%
5.04760	8,687	8,393	96.6%
4.93560	8,673	8,408	96.9%

Schedule 6

City of Daytona Beach Shores
Direct and Overlapping Property Tax Rates (in thousands)
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
2013	6.28000	2.44000	7.35800	7.27090	0.03450	0.20800	0.09290	1.00000	0.32830
2014	5.87330	2.30000	7.33600	7.27090	0.03450	0.18800	0.09290	1.00000	0.31640
2015	5.49940	2.15360	7.19700	7.27090	0.03200	0.18800	0.09290	0.95500	0.30230
2016	5.15900	2.03000	6.84800	7.05200	0.03200	0.18800	0.09290	0.75610	0.28850
2017	5.23000	1.84000	6.28100	6.64640	0.03200	0.18800	0.09290	0.35460	0.25620
2018	5.23000	1.79770	6.08100	6.54200	0.03200	0.18800	0.09290	0.35460	0.24140
2019	5.23000	1.79770	6.08100	6.54200	0.03200	0.18800	0.09290	0.03546	0.24140
2020	5.04760	1.73500	5.90700	6.15090	0.03200	0.17810	0.08800	0.98790	0.22870
2021	4.93560	0.00000	5.80200	6.29860	0.03200	0.17810	0.08450	0.95290	0.21890
2022	4.63890	0.00000	5.48200	5.71340	0.03200	0.17810	0.07600	0.86060	0.19740

Source: County of Volusia Tax Assessor's Office

Schedule 7

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

Taxpayer	September 2022			September 2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
BG Daytona Seabreeze COA	\$ 19,773,490	1	17.20%	\$ 18,954,363	1	25.89%
Uhon Daytona Shores	19,662,430	2	17.10%			
Florida Power & Light Company	15,248,935	3	13.27%	6,910,009	4	9.44%
JK Daytona LLC	9,655,434	4	8.40%			
Avista Properties II LLC	9,542,228	5	8.30%			
Pacifica Daytona LLC	9,330,130	6	8.12%	7,541,704	3	10.30%
ASA Lodging LLC	8,532,171	7	7.42%			
Lady Godvia 2 LLC	7,957,421	8	6.92%			
2505 South Atlantic LLC	7,930,100	9	6.90%			
TL3 Sun Viking LLC	7,323,233	10	6.37%			
Daytona Shores Hotels & Resorts						
RB Daytona LLC				13,458,379	2	18.38%
DiMucci Development of				5,361,962	5	7.32%
Tropic Shores Condo Association				5,135,976	6	7.02%
Century Nationwide Properties				4,388,551	7	5.99%
Tristar Lodging inc				4,133,295	8	5.65%
Acapulco Ocean Waters LLC				3,784,781	9	5.17%
AKU Tiki LTC				3,538,030	10	4.83%
Total	114,955,572		100.00%	73,207,050		100.00%

Source: Property Appraiser, County of Volusia, Florida

Schedule 8

City of Daytona Beach Shores
Ratios of Outstanding Debt by Types (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		
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
2022	5,259		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.

Schedule 9

City of Daytona Beach Shores
Direct and Overlapping Governmental Activities Debt (in thousands)
September 30, 2022

	<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	\$ - a	100%	\$ -
Overlapping:			
Volusia County	- b	4.32% c	-
Total direct and overlapping debt			<u><u>\$ -</u></u>

a See Schedule 8
b Volusia County Outstanding Debt at September 30, 2022
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 (1)
2012	497,279	\$ 17,445,045	\$ 35,081	9.2%
2013	501,282	17,696,257	35,302	8.0%
2014	507,913	18,610,440	36,641	6.7%
2015	518,190	19,782,421	38,176	5.6%
2016	529,364	20,543,029	38,807	5.3%
2017	538,692	21,041,310	39,060	4.1%
2018	546,772	21,918,449	40,087	3.4%
2019	547,538	21,814,571	39,841	3.3%
2020	553,543	26,979,379	48,739	7.9%
2021	563,358	29,893,649	53,063	4.0%
2022	572,915	33,370,007	58,246	2.8%

* Latest Annual Data Available

Based on County-wide data

Sources (unless specified):

(1) Florida Legislature, Office of Economic and Demographic Research

[volusia.pdf \(state.fl.us\)](https://www.fred.stlouisfed.org/fred2/series/FLVOLU7URN)

for Volusia County as a whole

(2) FRED-Federal Reserve Bank of St. Louis Economic Research Data

[Unemployment Rate in Volusia County, FL \(FLVOLU7URN\) | FRED | St. Louis Fed](https://www.fred.stlouisfed.org/fred2/series/FLVOLU7URN)

Schedule 12

**City of Daytona Beach Shores
Principal Employers by Industry
Current Year and Ten Years Ago**

Deltona - Daytona Beach - Ormond Beach Metropolitan Statistical Area

Industry	2022			2013		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Office and Administrative Support	25,380	1	13.0%	25,570	1	18.7%
Sales	23,970	2	12.3%	20,610	2	15.0%
Food Preparation & Service Related	23,850	3	12.2%	18,380	3	13.4%
Healthcare	22,660	4	11.6%	16,170	4	11.8%
Building/Repair/Installation/Maintenance	16,890	5	8.7%	12,120	5	8.8%
Education, Training, and Library	10,010	6	5.1%	7,850	6	5.7%
Production	8,270	7	4.2%	6,350	7	4.6%
Business and Financial	8,620	8	4.4%	5,450	8	4.0%
Transportation, Warehousing, and Utilities	14,100	9	7.2%	5,390	9	3.9%
Construction	9,920	10	5.1%	3,950	10	2.9%
Personal Care	4,550	11	2.3%	3,920	11	2.9%
Management	9,990	12	5.1%	3,640	12	2.7%
Community and Social Services	2,920	13	1.5%	1,880	13	1.4%
Computer and Mathematical	2,630	14	1.4%	1,310	14	1.0%
Architecture and engineering	1,980	15	1.0%	1,230	15	0.9%
Legal	1,370	16	0.7%	1,120	16	0.8%
Arts, Design, Entertainment, Sports	1,890	16	1.0%	1,070	17	0.8%
Protective	4,720	16	2.4%	720	18	0.5%
Life, Physical, and Social Science	1,030	16	0.5%	330	19	0.2%
Total	194,750		100%	137,060		100%

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 2013 for Deltona-Daytona Beach-Ormond Beach MSA (Volusia County).

[CES Current Employment Statistics - FloridaJobs.org](https://www.floridajobs.org/CES-Current-Employment-Statistics)

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>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Function/Program</u>										
General Government										
Legislative	5	5	5	5	5	5	5	5	5	5
Executive / IT / Grants	5	5	5.5	6.7	5	5	5.88	5	4.5	5
Finance	5	5	5	5	4.7	4.3	4.8	5.0	5.0	5.0
Planning	1	1	1	1	1	1	1	1	1	1
Senior Services	1.5	1.5	2.8	2.8	2.8	1.8	1.3	1.8	1.8	1.8
Public Safety										
Sworn Officers	33	33	33	36	36	33	38.44	32	28.25	24
Civilians	6	6	5	9	9	9	8	7.5	10.5	11.0
Community Services/										
Public Works										
Sewer Utility	3	3	3	3	4	4	4	4	4	4
Building/Codes	5	5	5	5	5	5	5	5	6	6
Public Works	11	13	12	12	13	10.17	10.37	10.5	12	12
Parks and Recreation	6	6	6	6	8	5.33	5.94	6	6.5	8.2
Economic Development	-	-	-	-	-	-	-	0.5	0.5	0.8
Total	<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>85.1</u>	<u>83.8</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>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Function/Program</u>										
Public safety										
Physical arrests	1,111	1,111	945	781	903	627	703	293	446	330
Traffic & parking violations	3,482	2,906	2,921	3,954	3,945	3,809	4,629	2,782	2,789	2,208
Fire emergency responses	643	591	608	465	273	426	499	594	514	375
Rescue emergency responses	837	901	1,010	1,247	1,057	977	1,106	958	1,174	1,174
Fire inspections	314	475	1,002	397	507	472	764	420	252	304
Wastewater										
Number of service connections	885	891	895	898	902	907	908	909	916	965
Daily average gallonage flow <i>(in thousands)</i>	886	932	1,091	1,059	974	935	862	841	898	859
General government										
Building permits issued	327	494	399	430	602	710	601	663	698	672
Mech., elec., plumb permits issued	687	903	907	922	1,074	1,001	1,050	1,119	1,359	1,299
Other permits issued	177	208	178	172	306	214	137	122	196	159

Sources: Various City Departments

Schedule 15

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

<u>Function/Program</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 29, 2023.

Report on 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 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Daytona Beach, Florida
March 29, 2023

James Moore & Co., P.L.



**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 financial statements of the City of Daytona Beach Shores, Florida (the City), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated March 29, 2023.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Examination 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 March 29, 2023, 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. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority 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 report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the City, did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires us to address in the management letter any recommendations to improve financial management. In connection with our audit, we noted that there no IT deficiencies noted.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units; therefore, we did not note any such component units that failed to provide the necessary information, nor is any specific special district information required to be reported.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to address 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.

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
March 29, 2023

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, 2022. The City's management is responsible for the City's compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluating the City's compliance against Section 218.415, Florida Statutes, *Local Government Investment Policies*, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance by evaluating the City's compliance against Section 218.415, Florida Statutes, *Local Government Investment Policies*, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the City's compliance for the year ended September 30, 2022. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that the City's compliance was not in accordance with the aforementioned requirements, in all material respects, 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.

We are required to be independent of City of Daytona Beach Shores, Florida, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

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, 2022.

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

Daytona Beach, Florida
March 29, 2023