

**Community Redevelopment Agency
of the City of Daytona Beach
FINANCIAL STATEMENTS
For the Fiscal Year
Ended September 30, 2021**

Daytona Beach Community Redevelopment Agency
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Year Ended September 30, 2021



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**Daytona Beach Community Redevelopment Agency
Agency Officials
Year Ended September 30, 2021**

CRA Board Members

Derrick Henry
Ruth Trager
Quanita May
Stacy Cantu
Dannette Henry
Paula R. Reed
Zone 2 Seat - Vacant

CRA Staff

Reed Berger, Redevelopment Director
Michele Tolliver, Redevelopment Project Manager



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the Board
Daytona Beach Community Redevelopment Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Daytona Beach Community Redevelopment Agency (the CRA and "Agency"), a component unit of the City of Daytona Beach, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Daytona Beach Community Redevelopment Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Daytona Beach Community Redevelopment Agency as of September 30, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information on pages 9-13, and pages 37-38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Daytona Beach Community Redevelopment Agency's basic financial statements. The combining balance sheet and the combining statement of revenues, expenditures and changes in fund balance are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining balance sheet and the combining statement of revenues, expenditures and changes in fund balance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, combining balance sheet and the combining statement of revenues, expenditures and changes in fund balance are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

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

Melbourne, Florida
June 30, 2022



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Daytona Beach Community Redevelopment Agency Management's Discussion and Analysis

As management of the Daytona Beach Community Redevelopment Agency (the "Agency"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended September 30, 2021.

Financial Highlights

- The assets and deferred inflows of resources of the Agency fall short of its liabilities and deferred inflows of resources at the close of the most recent fiscal year by a deficit \$8.7 million (deficit net position). This amount represents the net deficit due to recording the noncurrent debt liabilities of \$24.5 million on the government-wide financial statements.
- The Agency's total net position increased \$4.7 million over the course of this year's operations primarily due to \$5.2 million in unspent project funds received from new debt proceeds and the net increase in outstanding debt obligations of \$0.8 million.
- The Agency's operating fund reported an ending fund balance of \$15.8 million, an increase of \$5.7 million compared to the prior year. This represents unspent funds including \$5.2 million in debt proceeds which will be carried forward and used in subsequent years.

Overview of the Financial Statements

The financial section of this annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Daytona Beach Community Redevelopment Agency's finances, in a manner similar to a private-sector business. All the Agency's activities are reported as governmental activities in the government-wide financial statements.

The statement of net position presents information on all of the Daytona Beach Community Redevelopment Agency's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the elements 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 Daytona Beach Community Redevelopment Agency is improving or deteriorating.

The statement of activities presents information showing how the Daytona Beach Community Redevelopment Agency'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.

The government-wide financial statements can be found on pages 16-17 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Daytona Beach

Daytona Beach Community Redevelopment Agency Management's Discussion and Analysis

Community Redevelopment Agency like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund. The governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental fund 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 balance provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities.

The Daytona Beach Community Redevelopment Agency only has one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the Daytona Beach Community Redevelopment Agency.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted to cash. For example, amounts reported on the balance sheet include items such as cash and receivables but do not include capital assets such as land and buildings. The operating statement for the governmental fund reports only those revenues that were collected during the current period or very shortly after the end of the year. Expenditures are generally recorded when incurred.

The basic governmental fund financial statements can be found on pages 18-21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-34 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) which is a comparison between the Daytona Beach Community Redevelopment Agency's adopted and final budget and actual financial results for its general fund. The Daytona Beach Community Redevelopment Agency adopts an annual budget for its general fund, and a budgetary comparison schedule has been provided to demonstrate compliance with this budget.

Required supplementary information can be found on pages 37-38 of this report.

Daytona Beach Community Redevelopment Agency Management's Discussion and Analysis

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of an Agency's financial position. In the case of the Daytona Beach Community Redevelopment Agency's liabilities exceeded assets resulting in a deficit of \$8.7 million at the close of the most recent fiscal year.

The following table reflects the condensed statement of net position:

Daytona Beach Community Redevelopment Agency's Net Position

| | 2021 | 2020 |
|-----------------------------------|----------------|-----------------|
| Current and other assets | \$ 15,839,669 | \$ 10,227,882 |
| Total assets | 15,839,669 | 10,227,882 |
| Deferred outflows of resources | 5,069 | 336,181 |
| Long-term liabilities outstanding | 24,515,962 | 23,820,598 |
| Other liabilities | 23,548 | 108,853 |
| Total liabilities | 24,539,510 | 23,929,451 |
| Net position: | | |
| Net investment in capital assets | (24,515,962) | (2,319,681) |
| Unrestricted (deficit) | 15,821,190 | (11,045,707) |
| Total net position | \$ (8,694,772) | \$ (13,365,388) |

The Daytona Beach Community Redevelopment Agency is reporting a negative (deficit) balance in its net position. This is primarily due to recording long term debt without the corresponding related asset in the government-wide financial statements.

Daytona Beach Community Redevelopment Agency Management's Discussion and Analysis

The following table shows condensed revenue and expense data:

Daytona Beach Community Redevelopment Agency's Changes in Net Position

| | 2021 | 2020 |
|----------------------------|----------------|-----------------|
| Program revenues: | | |
| Charges for services | \$ 13,634 | \$ 24,408 |
| General revenues: | | |
| Intergovernmental revenues | 3,782,781 | 3,436,708 |
| Income on investments | 27,353 | 28,375 |
| Miscellaneous | 6,015 | 17 |
| Net transfers in (out) | 4,651,602 | 1,966,525 |
| Total revenues | 8,481,385 | 5,456,033 |
| Expenses: | | |
| Economic environment | 3,810,769 | 1,728,111 |
| Total expenses | 3,810,769 | 1,728,111 |
| Change in net position | 4,670,616 | 3,727,922 |
| Net position | | |
| Net position - beginning | (13,365,388) | (17,093,310) |
| Net position - ending | \$ (8,694,772) | \$ (13,365,388) |

The primary change in net position was caused by the increase in cash by \$5.2 million from unspent debt proceeds and the increase by \$0.8 million in long-term debt liabilities.

Financial Analysis of the Daytona Beach Community Redevelopment Agency

As noted earlier, the Daytona Beach Community Redevelopment Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund. The focus of the Agency's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency's financings requirements. In particular, unassigned fund balance may serve as a useful measure of the Agency's net resources available at the end of the fiscal year. The Agency's operating fund reported an ending fund balance of \$15.8 million, which is an increase of \$5.7 million compared to the prior year. The majority of this represents unspent funds which will be carried forward and used in subsequent years.

Budgetary highlights. During the fiscal year, the total budget was amended after adoption by the Agency Board and accordance with Florida State Statute 163.387 section (7)(d), in which any money remaining in the trust fund after the payment of expenses must be re-appropriated (carried forward) to specific projects pursuant to an approved plan in the subsequent year's budget.

The portion which increased the current year budget for unspent funds remaining at the end of fiscal year 2020 of \$10.0 million was brought forward as part of the carry forward process as future projects.

Daytona Beach Community Redevelopment Agency Management's Discussion and Analysis

Other budget amendments contained adjustments received by the Volusia County Value Adjustment Board for changes to taxable property values subsequent to the beginning of the fiscal year in the amount of \$81 thousand which decrease both revenues and related expense budgets as well as both actual revenues received and expended in the fiscal year.

Additionally, in November 2020, refunding and revenue note, series 2020 was issued which resulted in \$5.2 million in project fund proceeds which will be used to finance the costs of certain acquisition, construction, and improvement projects within the Main Street CRA area. While both revenue and related expense budgets were increased, only actual revenues were received and the expenditures will be carried forward to occur in future fiscal years.

Capital Asset and Debt Administration

Capital assets. The Agency had no capital assets for fiscal year ended September 30, 2021.

Long-term debt. At the end of the current fiscal year, the Agency had revenue bonds and notes payable outstanding of \$24.5 million. The Agency's revenue bonds and notes payable balances increased by a net amount of \$0.8 million during the current fiscal year. Refunding and revenue note, series 2020 was issued in the amount of \$24.4 million which refunded bond series 2011A in the amount of \$21.4 million for a net increase of \$3.0 million. Additionally, current year debt service payments totaled \$2.2 million. Additional information on the Agency's long-term debt can be found in Note 2 on pages 30-32 of this report.

Economic Factors and Next Year's Budget and Rates

The Agency Board approved the FY2021-2022 amended budget in the amount of \$0.7 million which included an increase of gross budgeted final year-end carryover of \$675 thousand plus changes made to taxable property values by the Value Adjustment Board from prior years of \$12 thousand. Tax increment revenue projections were based upon actual values from the County's Property Appraiser's Office and the City of Daytona Beach. The Tax Increment Financing (TIF) increase was attributable to an increase in property valuations within the Agency's district. The Agency anticipates further TIF revenue growth in the coming years as perennial increase in property values continue and future redevelopment projects break ground.

Requests for Information

This financial report is designed to provide a general overview of the Daytona Beach Community Redevelopment Agency's finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, City of Daytona Beach, 301 S. Ridgewood Avenue, Daytona Beach, Florida, 32114.



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BASIC FINANCIAL STATEMENTS

**Daytona Beach Community Redevelopment Agency
Statement of Net Position - Government-wide**

| <i>September 30, 2021</i> | Governmental Activities |
|---|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 10,537,517 |
| Notes receivable | 146,396 |
| Restricted assets: | |
| Cash and cash equivalents | 5,155,756 |
| Total assets | 15,839,669 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred amount on refunding | 5,069 |
| Total deferred outflows of resources | 5,069 |
| LIABILITIES | |
| Accounts payable and other liabilities | 22,562 |
| Intergovernmental payable | 986 |
| Noncurrent liabilities: | |
| Due within one year | 2,359,104 |
| Due in more than one year, net | 22,156,858 |
| Total liabilities | 24,539,510 |
| NET POSITION | |
| Net investment in capital assets | (1,725,206) |
| Unrestricted (deficit) | (6,969,566) |
| Total net position | \$ (8,694,772) |

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

Daytona Beach Community Redevelopment Agency Statement of Activities - Government-wide

For the year ended September 30, 2021

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues | | | Net (Expense) Revenue and Change in Net Position |
|--------------------------------------|---------------------|-------------------------|--|--|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental activities: | | | | | |
| Economic environment | \$ 3,464,994 | \$ 13,634 | \$ - | \$ - | \$ (3,451,360) |
| Interest and fiscal charges | 345,775 | - | - | - | (345,775) |
| Total governmental activities | \$ 3,810,769 | \$ 13,634 | \$ - | \$ - | \$ (3,797,135) |

General revenues:

| | |
|----------------------------------|-----------------------|
| Intergovernmental revenues | 3,782,781 |
| Income on investments | 27,353 |
| Miscellaneous | 6,015 |
| Transfers, net | 4,651,602 |
| Total general revenues | 8,467,751 |
| Change in net position | 4,670,616 |
| Net position, beginning of year | (13,365,388) |
| Net position, end of year | \$ (8,694,772) |

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

**Daytona Beach Community Redevelopment Agency
Balance Sheet – Governmental Fund**

| <i>September 30, 2021</i> | Redevelopment Trust |
|--------------------------------------|------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 10,537,517 |
| Restricted cash and cash equivalents | 5,155,756 |
| Notes receivable | 146,396 |
| Total assets | \$ 15,839,669 |
| LIABILITIES AND FUND BALANCE | |
| Liabilities: | |
| Accounts payable | \$ 22,562 |
| Intergovernmental payable | 986 |
| Total liabilities | 23,548 |
| Fund balance: | |
| Restricted | 15,816,121 |
| Total fund balance | 15,816,121 |
| Total liabilities and fund balance | \$ 15,839,669 |

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

**Daytona Beach Community Redevelopment Agency
Reconciliation of the Balance Sheet of the Governmental Fund
to the Statement of Net Position**

As of September 30, 2021

Total fund balance for the governmental fund \$ 15,816,121

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

| | | |
|--|---------------------|--------------|
| Deferred amount on refunding (to be amortized as interest revenue) | 5,069 | |
| Bonds, loans, and notes payable | <u>(24,515,962)</u> | (24,510,893) |

Net position of governmental activities \$ (8,694,772)

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

**Daytona Beach Community Redevelopment Agency
Statement of Revenues, Expenditures and Changes in Fund Balance –
Governmental Fund**

For the year ended September 30, 2021

| | Redevelopment Trust |
|---|------------------------|
| REVENUES | |
| Licenses and permits | \$ 13,634 |
| Intergovernmental | 3,782,781 |
| Income on investments | 27,353 |
| Miscellaneous | 6,015 |
| Total revenues | 3,829,783 |
| EXPENDITURES | |
| Current operating: | |
| Economic environment | 3,188,706 |
| Capital outlay | 276,288 |
| Debt service: | |
| Interest and fiscal charges | 43,864 |
| Total expenditures | 3,508,858 |
| Excess of revenues over expenditures | 320,925 |
| 8uh | |
| OTHER FINANCING SOURCES (USES) | |
| Debt proceeds from issuance | 5,195,000 |
| Transfers in | 3,022,733 |
| Transfers (out) for debt service payments | (2,794,850) |
| Total other financing sources (uses) | 5,422,883 |
| Net change in fund balances | 5,743,808 |
| FUND BALANCES | |
| Beginning of year | 10,072,313 |
| Ending | \$ 15,816,121 |

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

Daytona Beach Community Redevelopment Agency
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balance of Governmental Fund to the Statement of Activities

For the year ended September 30, 2021

Net change in fund balance - total governmental fund \$ 5,743,808

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

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

| | | |
|--|--------------|-----------|
| Principal paid | 2,188,719 | |
| Issuance of debt | (5,195,000) | |
| Issuance of debt reported in debt service fund | (19,190,000) | |
| Refunding of long-term debt | 21,425,000 | (771,281) |

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

| | | |
|--|-----------|-----------|
| Amortization of prepaid bond insurance costs | (46,716) | |
| Amortization of deferred amount on refunding | (331,112) | |
| Amortization of bond premium | 75,917 | (301,911) |

| | |
|---|--------------|
| Change in net position of governmental activities | \$ 4,670,616 |
|---|--------------|

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



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Daytona Beach Community Redevelopment Agency

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Daytona Beach Community Redevelopment Agency (the “Agency”) was created pursuant to Chapter 163, Part III, Florida Statutes, and Ordinance 82-255 in August 1982. Although legally separate, the CRA is a blended component unit of the City of Daytona Beach, Florida (the “City” and “Primary Government”) and is reported as if it were part of the City, as a special revenue fund. The CRA is governed by a board of directors (the “Board”) which is comprised of the City Commission; the CRA’s Chairman is the City’s Mayor. The purpose of the CRA is to eliminate and prevent blight within the designated Community Redevelopment Areas of the City – the Downtown Redevelopment Area, the Main Street Redevelopment Area, the Ballough Road Redevelopment Area, the Midtown Redevelopment Area and the South Atlantic Avenue Redevelopment Area. These services provided by the CRA entirely benefit the City. Bond issuance authorization is approved by the City Commission. The CRA’s resources are pledged to repay its associated debt; and, if those resources are insufficient, then the City has obligated its non-ad valorem revenues in any amount necessary to make such debt repayment.

Revenue sources for the Agency consist primarily of tax increment property taxes paid as intergovernmental revenues and transfers in of financing sources. Revenue collected from growth in property values within the redevelopment area is used to reinvest in programs and projects within the same boundaries. Any bond issue authorizations are approved by the City Commission and the legal liability for the general obligation portion of the Agency’s debt remains with the Primary Government.

The accompanying financial statements present only the operations of the Agency and are not intended to present the financial position and results of the City of Daytona Beach, Florida. Complete financial statements for the City of Daytona Beach, Florida may be obtained at the City’s finance department located at 301 S. Ridgewood Avenue, Daytona Beach, Florida 32114.

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 information on all of the nonfiduciary activities of the Agency. *Governmental activities* are those which normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Daytona Beach Community Redevelopment Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within twelve months of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Agency.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental fund. Separate financial statements are provided for the governmental fund.

Daytona Beach Community Redevelopment Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The fund financial statements provide information about the Agency's fund. The emphasis of fund financial statements is on the major governmental fund.

The Agency reports the following major governmental fund:

The *Community Redevelopment Agency Fund* is the Agency's operating fund. It accounts for all financial resources of the Agency.

Budgetary Information

The Agency has elected, as permitted by Section 2400: *Budgetary Reporting* of the GASB Codification, to disclose all budgetary information in the notes to the required supplementary information.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Cash and cash equivalents

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

Receivables and payables

All trade and property tax receivables are considered to be fully collectible.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and are recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Daytona Beach Community Redevelopment Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Categories and Classification of Fund Equity

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

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

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

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Daytona Beach Community Redevelopment Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Agency’s highest level of decision-making authority. The governing commission is the highest level of decision-making authority for the Agency that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the Agency for specific purposes but do not meet the criteria to be classified as committed. The governing commission (commission) has by resolution authorized the Chief Financial Officer and Budget Officer to assign fund balance. The commission may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for fund balance not meeting criteria to be reported as nonspendable, restricted, committed, or assigned.

Revenues and Expenditures/Expenses

Program revenues – Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues. The Agency has program revenues of \$13,634 in the fiscal year ended September 30, 2021.

Tax increment revenues – The primary source of revenues is tax increment funds (“TIF”) received from the City of Daytona Beach, Volusia County, Halifax Hospital District and Daytona Beach Downtown Development Authority (“DB DDA”). Volusia County includes Volusia General Fund, ECHO, Volusia Forever, Mosquito Control and Ponce Inlet Port Authority. The revenue is computed by multiplying the various operating tax millage rates of each taxing district by the increased value of the properties within the area’s boundaries over the base property value. An administrative fee of five percent is deducted. The calculated amounts are due by December 31st each year without regard to actual tax collections or other obligations of the taxing districts.

In accordance to multiple inter-local agreements, the Agency is required to provide funding in an amount equal to the annual debt service payments to the City of Daytona Beach and to refund an amount equal to the annual tax increment revenue received from the DB DDA back to the DB DDA.

Daytona Beach Community Redevelopment Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses (Continued)

The TIF funds received from the City are reported as transfers. The TIF funds received from all other taxing districts are reported as intergovernmental revenues.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 30, 2022. See Note 5 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

During the year ended September 30, 2021, the Agency adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest costs incurred before the end of a construction period. This statement had no effect on the Agency.

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

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

Daytona Beach Community Redevelopment Agency Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

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

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

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits

The Agency pools its deposits with the Primary Government. At September 30, 2021, the Agency's carrying amount of deposits was \$15,693,273. All deposits are placed with banks that qualify as a public depository pursuant to the provisions of the Florida Statutes for Public Depositories Act. The qualified public depositories pledge securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Agency pursuant to Section 280.08, Florida Statutes.

Intragovernmental Receivables, Payables, and Transfers

Transfers for the year ended September 30, 2021:

| | Transfers in: | | | Total |
|--------------------------------|-----------------------|--------------------------------------|-----------|----------------|
| | Primary Government | Community Redevelopment Agency | | |
| Transfers out: | | | | |
| Primary Government | \$ - | \$ 3,022,733 | \$ | 3,022,733 |
| Community Redevelopment Agency | (2,794,850) | - | \$ | (2,794,850) |
| Total | \$ (2,794,850) | \$ 3,022,733 | \$ | 227,883 |

Daytona Beach Community Redevelopment Agency Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Intragovernmental Receivables, Payables, and Transfers (Continued)

Transfers are used to (1) move revenues from the fund that is required (per statute or budget) to collect them to the fund that is required (per statute or budget) to expend them and (2) transfer annual debt service required payments of principal and interest to the debt service fund within the Primary Government.

Notes Receivable

On November 19, 2009, the Daytona Beach Community Redevelopment Agency (CRA) entered into an agreement to lend Central Florida Community and Economic Development Corporation, LLC, up to \$551,000 for retail development of property located at 456 South Martin Luther King Boulevard, Daytona Beach, Florida, which is within the Midtown Redevelopment area of the City. The note is secured by a mortgage on the property. The CRA agreed to forgive a repayment of up to \$250,000 for authorized CRA expenditures under Chapter 163, Florida Statutes, and the Midtown Redevelopment Area Plan pursuant to the terms of the loan agreement. During FY 2012-13, the loan agreement was modified and as of September 30, 2013, combined payments on the indebtedness totaled \$20,846, leaving a principal balance owed to the CRA of \$280,153. This remaining principal balance was to be amortized over 57 months and repaid in equal monthly installments of \$2,083 through December 2018, at which time a balloon payment was due in the amount of \$161,396. The remaining principal balance owed at September 30, 2021 was \$146,396, for which the City Manager is in negotiations to get a settlement.

Long-Term Debt and Liabilities

Capital Improvement Revenue Note, Series 2010

On June 10, 2010, the City entered into a loan agreement with SunTrust Bank for \$2,411,613 at a fixed interest rate of 3.38% for the purpose of street and sidewalk enhancements located within the Midtown Redevelopment area. On October 20, 2016, an allonge to the loan agreement between the City and SunTrust Bank was executed which amended the interest rate of the series 2010 note from 3.38 percent to 2.40 percent for the remaining term. An economic gain (difference between the present values of the debt service payments on the old and new debt) of \$69,973 was realized on the transaction. Tax Cuts and Jobs Act that took effect on January 1, 2018 reduced the corporate tax rate to 21 percent from a maximum rate of 35 percent. As a result, the interest rate on the loan has changed from 2.40 percent to 2.92 percent for the remaining term. Principal and interest are payable from the Midtown Redevelopment Trust Fund tax increment revenues. The City has covenanted and agreed to budget and appropriate sufficient amounts of non-ad valorem revenues to satisfy any loan payments required.

The note's final maturity is November 1, 2024. A liability is recorded in the government-wide statement of net position. The remaining principal balance attributed to the Agency at September 30, 2021 was \$808,932.

Daytona Beach Community Redevelopment Agency Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (Continued)

Capital Improvement Revenue Note, Series 2017

On December 28, 2017, the City of Daytona Beach issued Capital Improvement Revenue Note, Series 2017 in the amount of \$1,568,000 for the purpose of refunding Capital Improvement Revenue Note, Series 2009 of \$1,555,899.

The City refinanced the Capital Improvement Revenue Note with a 3.54% fixed rate loan from Branch Banking & Trust Company. The reacquisition price exceeded the net carrying amount of the old debt by \$12,268. This amount is being shown as a deferred outflow of resources and amortized over the term of the new debt issued, which is the same as the term of old debt. The City reduced its total debt payments over 11 years by \$159,385 which resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$135,129. The original proceeds were used for the Magnolia Street streetscape. Principal and interest are payable from the Downtown Redevelopment Trust Fund tax increment revenues. The City has covenanted and agreed to budget and appropriate sufficient amounts of non-ad valorem revenues to satisfy any loan payments required. This portion of the note's final maturity is November 1, 2028. A liability is recorded in the government-wide statement of net position. The remaining principal balance at September 30, 2021 was \$1,197,000.

Capital Improvement Revenue Bonds, Series 2011 A and B

In June 2011, the City issued Capital Improvement Revenue Bonds, Series 2011 A and B in the original amount of \$35,620,000. The Series A portion of the debt, totaling \$19,190,000, was paid off in the current year through a current refunding using new debt issued from the Capital Improvement Revenue Note, Series 2020. The Series B portion of the debt matured and was paid off in the current year.

Capital Improvement Revenue Bonds, Series 2020

On November 4, 2020, the City issued Capital Improvement Refunding and Revenue Note, Series 2020 in the amount of \$24,385,000, for the purpose of refunding the Capital Improvement Revenues Bonds, Series 2011A. The Series A portion of the refunded debt was issued for the purpose of refinancing FIFC Capital Revenue Bonds, Series 2001 C-1 of \$33,285,000, which was originally issued to finance certain public improvements benefitting the HBE and Ocean Walk prime areas. \$19,190,000 of the new Series 2020 was used to pay off Series 2011A, and the remaining \$5,195,000 is new debt to be spent on new projects. Certain tax increment revenues are pledged as security, with the City further obligating itself to budget and appropriate from non-ad valorem revenues any additional amounts necessary to make such repayment. The new note has an interest rate of 2.2%, a term of 11 years, and the refunding will provide an estimated savings of \$2,478,699. The remaining principal balance at September 30, 2021 was \$22,510,000.

**Daytona Beach Community Redevelopment Agency
Notes to Financial Statements**

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (Continued)

Pledged Revenues

Pledged revenues and principal and interest payments are as follows:

| Pledged Revenue | Amount of issue | Future Principal and Interest | Current Pledged Revenue | Current Principal & Interest | Current Percentage of Revenue |
|---|--------------------|-------------------------------------|-------------------------------|------------------------------------|-------------------------------------|
| Community Redevelopment | | | | | |
| Capital Improvement Revenue Note, Series 2010 | \$ 2,411,613 | \$ 857,152 | \$ 2,956,936 | \$ 212,024 | 7% |
| Capital Improvement Revenue Note, Series 2017 | \$ 1,568,000 | \$ 1,374,055 | \$ 752,622 | \$ 172,640 | 23% |
| Capital Improvement Revenue Note, Series 2020 | \$ 24,385,000 | \$ 25,075,200 | \$ 3,782,781 | \$ 2,252,257 | 60% |

Debt Service

Annual debt service requirements to maturity for the Agency's note payable are as follows:

| <i>September 30,</i> | Principal | Interest | Total |
|----------------------|----------------------|---------------------|----------------------|
| 2022 | \$ 2,359,104 | \$ 533,668 | \$ 2,892,772 |
| 2023 | 2,415,709 | 477,943 | 2,893,652 |
| 2024 | 2,477,541 | 420,798 | 2,898,339 |
| 2025 | 2,534,608 | 362,228 | 2,896,836 |
| 2026 | 2,377,000 | 305,435 | 2,682,435 |
| Thereafter | 12,352,000 | 690,373 | 13,042,373 |
| Total | \$ 24,515,962 | \$ 2,790,445 | \$ 27,306,407 |

Discount, Premium, Prepaid Bond Insurance Costs and Deferred Amount on Refunding

At September 30, 2021, the balance of unamortized bond discount/premium, prepaid bond insurance costs, and deferred amount on refunding consisted of the following:

| Description | Original Amount | Accumulated Amortization | Unamortized Amount |
|--------------------------------------|--------------------|-----------------------------|-----------------------|
| Governmental activities: | | | |
| Bond (premium) | \$ (138,033) | \$ 138,033 | \$ - |
| Deferred amount on refunding | 982,074 | (977,005) | 5,069 |
| Total governmental activities | \$ 844,041 | \$ (838,972) | \$ 5,069 |

**Daytona Beach Community Redevelopment Agency
Notes to Financial Statements**

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (Continued)

Long-term Liability Activity

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

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|----------------------|----------------------|------------------------|----------------------|------------------------|
| Governmental activities: | | | | | |
| Capital Improvement Revenue Note, Series 2010 | \$ 994,681 | \$ - | \$ (185,719) | \$ 808,962 | \$ 192,104 |
| Capital Improvement Revenue Bonds, Series 2011 A | 21,425,000 | - | (21,425,000) | - | - |
| Capital Improvement Revenue Note, Series 2017 | 1,325,000 | - | (128,000) | 1,197,000 | 132,000 |
| Capital Improvement Revenue Note, Series 2020 (Refunding) | - | 19,190,000 | (1,555,000) | 17,635,000 | 1,595,000 |
| Capital Improvement Revenue Note, Series 2020 | - | 5,195,000 | (320,000) | 4,875,000 | 440,000 |
| Total long-term liabilities | \$ 23,744,681 | \$ 24,385,000 | \$ (23,613,719) | \$ 24,515,962 | \$ 2,359,104 |

Governmental Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Agency is bound to observe constraints imposed upon the use of the resources in the governmental funds. The Agency has \$15,816,121 in restricted fund balance at September 30, 2021.

Note 3: RISK MANAGEMENT

Self-Insurance Program

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Primary Government is self-insured for most liability exposures to reduce insurance costs and provide a means of controlling workers' compensation and liability claims. The Agency is charged premiums by the Consolidated Insurance Fund which is accounted for as an internal service fund in the Primary Government.

Daytona Beach Community Redevelopment Agency Notes to Financial Statements

Note 3: RISK MANAGEMENT (Continued)

Litigation

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

Note 4: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of the novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the ongoing operating activities and the future results of the Agency. The occurrence and extent of such an impact will depend on future developments, including (i) the spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain as of the date of this report.

Note 5: SUBSEQUENT EVENTS

Land Acquisition

On May 26, 2022, the Agency purchased the property commonly known as the Corbin Building at 777 Main Street for \$3,100,000. The property was purchased using Main Street Community Redevelopment Agency funds and is located adjacent to the city-owned Peabody Theater and across the street from the county-owned Ocean Center Convention Complex.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**



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**Daytona Beach Community Redevelopment Agency
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual – Community Redevelopment Agency Fund**

| <i>For the year ended September 30, 2021</i> | Original | Final | Actual Amounts | Variance |
|--|------------------|-------------------|-------------------|--------------------|
| REVENUES: | | | | |
| Licenses and permits | \$ 10,121 | \$ 10,121 | \$ 13,634 | \$ 3,513 |
| Intergovernmental | 3,772,980 | 3,776,396 | 3,782,781 | 6,385 |
| Income on investments | - | - | 27,353 | 27,353 |
| Miscellaneous | 14,332 | 14,332 | 6,015 | (8,317) |
| Total revenues | 3,797,433 | 3,800,849 | 3,829,783 | 28,934 |
| EXPENDITURES: | | | | |
| Current operating: | | | | |
| Economic environment | 2,265,341 | 3,689,120 | 3,188,706 | 500,414 |
| Capital outlay | 1,868,239 | 15,209,393 | 276,288 | 14,933,105 |
| Debt Service: | | | | |
| Interest and fiscal charges | - | 105,387 | 43,864 | 61,523 |
| Total expenditures | 4,133,580 | 19,003,900 | 3,508,858 | 15,495,042 |
| Excess (deficiency) of revenues over (under) expenditures | (336,147) | (15,203,051) | 320,925 | 15,523,976 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from debt issuance | - | 5,195,000 | 5,195,000 | - |
| Budgetary reserves, net | 197,004 | 9,878,772 | - | (9,878,772) |
| Transfers in | 3,027,228 | 3,017,364 | 3,022,733 | 5,369 |
| Transfers (out) | (2,888,085) | (2,888,085) | (2,794,850) | 93,235 |
| Total other financing sources (uses) | 336,147 | 15,203,051 | 5,422,883 | (9,780,168) |
| Net change in fund balance | - | - | 5,743,808 | 5,743,808 |
| FUND BALANCE: | | | | |
| Beginning | 10,072,313 | 10,072,313 | 10,072,313 | - |
| Ending | \$ 10,072,313 | \$ 10,072,313 | \$ 15,816,121 | \$ 5,743,808 |

Daytona Beach Community Redevelopment Agency Budgetary Notes to Required Supplementary Information

Note 1. BUDGETARY INFORMATION

An annual budget is adopted by the Agency's Board on a basis consistent with U.S. generally accepted accounting principles. All annual appropriations lapse at fiscal year-end; however, valid outstanding encumbrances for contractual performance expected in the next fiscal year are re-appropriated by budget amendment and become a part of the subsequent year's budget pursuant to state regulations.

The Primary Government's City Manager is authorized to transfer all or part of an unencumbered balance between departments within the fund. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The Agency's Board made several supplemental budgetary appropriations during the year.

The Agency uses encumbrance accounting. Open commitments are recognized as expenditures in the period in which the actual goods or services are received and a liability is incurred. Encumbrances (e.g., contracts) outstanding at year end for unfulfilled obligations are cancelled and re-appropriated in the succeeding year's budget. Accordingly, there were no encumbrances outstanding at year end.

SUPPLEMENTARY INFORMATION

Daytona Beach Community Redevelopment Agency Combining Balance Sheet – Community Redevelopment Areas

| <i>September 30, 2021</i> | Downtown | Main Street | Ballough Road | Midtown | South Atlantic Avenue | Total |
|---|-------------------|----------------------|---------------------|---------------------|-----------------------------|----------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 849,816 | \$ 6,382,826 | \$ 1,481,539 | \$ 1,187,533 | \$ 635,803 | \$ 10,537,517 |
| Restricted cash and cash equivalents | - | 5,155,756 | - | - | - | 5,155,756 |
| Notes receivable | - | - | - | 146,396 | - | 146,396 |
| Total assets | 849,816 | 11,538,582 | 1,481,539 | 1,333,929 | 635,803 | 15,839,669 |
| LIABILITIES AND FUND BALANCE | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | 11,545 | 6,644 | 11 | 4,362 | - | 22,562 |
| Intergovernmental payable | 197 | 714 | 37 | 38 | - | 986 |
| Total liabilities | 11,742 | 7,358 | 48 | 4,400 | - | 23,548 |
| Fund balance: | | | | | | |
| Restricted | 838,074 | 11,531,225 | 1,481,491 | 1,329,528 | 635,803 | 15,816,121 |
| Total fund balance | 838,074 | 11,531,225 | 1,481,491 | 1,329,528 | 635,803 | 15,816,121 |
| Total liabilities and fund balance | \$ 849,816 | \$ 11,538,583 | \$ 1,481,539 | \$ 1,333,928 | \$ 635,803 | \$ 15,839,669 |

**Daytona Beach Community Redevelopment Agency
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance – Community Redevelopment Areas**

| <i>For the year ended September 30, 2021</i> | Downtown | Main Street | Ballough Road | Midtown | South Atlantic Avenue | Total |
|---|------------------|------------------|----------------|----------------|-----------------------|------------------|
| REVENUES | | | | | | |
| Licenses and permits | \$ 2,152 | \$ 11,482 | \$ - | \$ - | \$ - | \$ 13,634 |
| Intergovernmental | 724,746 | 2,443,696 | 113,404 | 364,748 | 136,187 | 3,782,781 |
| Income on investments | 3,929 | 18,007 | 2,506 | 1,944 | 967 | 27,353 |
| Miscellaneous | 1 | 6,014 | - | - | - | 6,015 |
| Total revenues | 730,828 | 2,479,199 | 115,910 | 366,692 | 137,154 | 3,829,783 |
| EXPENDITURES | | | | | | |
| Current operating: | | | | | | |
| Economic environment | 2,620,766 | 363,654 | 50,359 | 150,477 | 3,450 | 3,188,706 |
| Capital outlay | 25,425 | - | 250,863 | - | - | 276,288 |
| Debt service: | | | | | | |
| Interest and fiscal charges | - | 43,864 | - | - | - | 43,864 |
| Total expenditures | 2,646,191 | 407,518 | 301,222 | 150,477 | 3,450 | 3,508,858 |
| Excess (deficiency) of revenues over (under) expenditures | (1,915,363) | 2,071,681 | (185,312) | 216,215 | 133,704 | 320,925 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Debt proceeds | - | 5,195,000 | - | - | - | 5,195,000 |
| Transfers in | 539,007 | 1,985,062 | 92,100 | 296,370 | 110,194 | 3,022,733 |
| Transfers (out) for debt service | (172,639) | (2,410,186) | - | (212,025) | - | (2,794,850) |
| Total other financing sources (uses) | 366,368 | 4,769,876 | 92,100 | 84,345 | 110,194 | 5,422,883 |
| Net change in fund balances | (1,548,995) | 6,841,557 | (93,212) | 300,560 | 243,898 | 5,743,808 |
| FUND BALANCES | | | | | | |
| Beginning of year | 2,387,069 | 4,689,668 | 1,574,703 | 1,028,968 | 391,905 | 10,072,313 |
| Ending | \$ 838,074 | \$ 11,531,225 | \$ 1,481,491 | \$ 1,329,528 | \$ 635,803 | \$ 15,816,121 |



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

Honorable Mayor and Members of the City Commission
Daytona Beach Community Redevelopment Agency

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Daytona Beach Community Redevelopment Agency, a component unit of the City of Daytona Beach, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Daytona Beach Community Redevelopment Agency's basic financial statements, and have issued our report thereon dated June 30, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Daytona Beach Community Redevelopment Agency'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.

Carr, Rigg & Ingram, L.L.C.

Melbourne, Florida

June 30, 2022



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INDEPENDENT AUDITORS’ MANAGEMENT LETTER

Honorable Mayor and Members of the City Commission
 Daytona Beach Community Redevelopment Agency

Report on the Financial Statements

We have audited the financial statements of the Daytona Beach Community Redevelopment Agency (the “Agency”), a component unit of the City of Daytona Beach, Florida, as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 30, 2022.

Auditors’ Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants’ Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 30, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. The current status of findings and recommendations made in the preceding financial audit report are listed below:

| Current Year Finding No. | Prior Year Finding No. | Status |
|---------------------------------|-------------------------------|---------------|
| 2021-001 | 2020-001 | Repeated* |
| 2021-002 | 2020-002 | Repeated* |

* This finding originated in fiscal year 2020.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority of the Daytona Beach Community Redevelopment Agency is disclosed in the footnotes. The Daytona Beach Community Redevelopment Agency has no component units.

Financial Condition and Management

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

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

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

2021-001 Community Redevelopment Agency Amended Budget Posted on City's Website

Criteria: In accordance with Florida Statute 163.387(6)(a) and 189.016(7), adopted budget amendments must be posted on the official website of the Agency or the website of the sponsoring agency within 5 days after adoption and must remain on the website for at least 2 years.

Condition: As noted in the prior year, the Agency did not post all Community Redevelopment Agency budget amendments to the City's website.

Cause: The posting of the final budget amendment was overlooked.

Effect: The Agency is out of compliance with Florida Statutes.

Recommendation: We recommend that the Agency ensure that all Community Redevelopment Agency budgets and amendments are posted to the City's website in accordance with Florida Statutes.

Management's Response: *Procedures were placed into service during the FY 2020/21 audit, midway through FY 2021/22. As new procedures were being implemented, one budget amendment at the end of the fiscal year was missed. It is anticipated that the revised procedures are now fully in place and will correct the end of year amendment issue.*

2020-002 Community Redevelopment Agency Budget Provided to Volusia County

Criteria: In accordance with Florida Statute 163.387(6)(b), a community redevelopment agency created by a municipality shall submit its annual budget to the board of county commissioners for the county in which the agency is located within 10 days after the adoption of such budget and submit amendments of its annual budget to the board of county commissioners within 10 days after the adoption date of the amended budget.

Condition: The final adopted budget and budget amendments for the Community Redevelopment Agency were not submitted to the Volusia County Board of County Commissioners within 10 of adoption of such budget or amendment.

Cause: The Agency only recently became aware of the requirement to submit the Community Redevelopment Agency budget and amendments to the Volusia County Board of County Commissioners and had not yet made the necessary changes to its controls over compliance by the current fiscal year end.

Effect: The Agency is out of compliance with Florida Statutes.

Recommendation: We recommend that the Agency ensure that all Community Redevelopment Agency budgets and amendments are submitted to the Volusia County Board of County Commissioners in accordance with Florida Statutes.

Management's Response: *Procedures were placed into service during the FY 2020/21 audit, midway through FY 2021/22. As new procedures were being implemented, one budget amendment at the end of the fiscal year was missed. It is anticipated that the revised procedures are now fully in place and will correct the end of year amendment issue.*

Specific Information (Unaudited)

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Agency reported the information below. This information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Pursuant to the aforementioned statutes, the Agency reported:

- a. The total number of Agency employees compensated in the last pay period of the Agency's fiscal year as: **None**

- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Agency's fiscal year as: **None**

- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$ 0
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$ 54,329
- e. Each construction project with a total cost of at least \$65,000 approved by the Agency that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as: None
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the Agency amends a final adopted budget under Section 189.016(6), Florida Statutes, as: See Page 37

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the Agency reported:

- a. The millage rate or rates imposed by the Agency as: 5.5300 mills
- b. The total amount of ad valorem taxes collected by or on behalf of the Agency as: \$3,782,781
- c. The total amount of outstanding bonds issued by the Agency and the terms of such bonds as: See Note 2 on page 30

The Daytona Beach Community Redevelopment Agency has not imposed any special assessments and, therefore, no reporting is required by Section 218.39(3), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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

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

Melbourne, Florida
June 30, 2022



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

Honorable Mayor and Members of the City Commission
Daytona Beach Community Redevelopment Agency

We have examined the Daytona Beach Community Redevelopment Agency's (the "Agency") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021. Management of the Agency is responsible for the Agency's compliance with the specified requirements. Our responsibility is to express an opinion on the Agency's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Agency complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021.

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

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

Melbourne, Florida
June 30, 2022



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REDEVELOPMENT TRUST FUND

Honorable Mayor and Members of the City Commission
Daytona Beach Community Redevelopment Agency

We have examined the Daytona Beach Community Redevelopment Agency's (the "Agency") compliance with the requirements of Section 163.387(6) and (7), Florida Statutes, *Redevelopment Trust Fund Policies*, during the year ended September 30, 2021. Management of the Agency is responsible for the Agency's compliance with the specified requirements. Our responsibility is to express an opinion on the Agency's compliance with the specified requirements based on our examination.

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

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

Our examination disclosed the following noncompliance with Section 163.387(6)(b), Florida Statutes, applicable to the Daytona Beach Community Redevelopment Agency during the fiscal year ended September 30, 2021. The Agency did not submit its annual budget for fiscal year 2021 or the subsequent amendments to the budget to the Volusia County Board of County Commissioners within 10 days after the adoption of such budget or amendment to the fiscal year 2021 budget. The Agency also did not post all amendments to the budget on the City's website.

In our opinion, the CRA complied, in all material respects, with the requirements of Sections 163.387(6) and 163.387(7), Florida Statutes, *Redevelopment Trust Fund*, during the year ended September 30, 2021.

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

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

Melbourne, Florida
June 30, 2022