

**DAYTONA BEACH RACING AND RECREATIONAL  
FACILITIES DISTRICT**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2022**

**DAYTONA BEACH RACING AND RECREATIONAL FACILITIES DISTRICT  
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FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners,  
Daytona Beach Racing and Recreational Facilities District:

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

#### ***Opinions***

We have audited the financial statements of the governmental activities and the general fund of the Daytona Beach Racing and Recreational Facilities District (the District), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District'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 and the general fund of the District, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance 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 District 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.

#### ***Emphasis of Matter – Implementation of New Accounting Standard***

The District adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, (GASB 87), as described further in Note 5 to the financial statements. As a result of the implementation of GASB 87 the beginning fund balance and net position were restated, as described further in Note 6 to the financial statements. Our opinion is not modified with respect to these matters.

#### ***Responsibilities of Management for the Financial Statements***

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

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 District'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 the District'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 the District'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 budgetary comparison 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2023, on our consideration of the District'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 District's internal control over financial reporting and compliance.

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

Daytona Beach, Florida  
June 15, 2023

**DAYTONA BEACH RACING AND RECREATIONAL FACILITIES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

This section of the annual financial report of Daytona Beach Racing and Recreational Facilities District (the "District") presents management's discussion and analysis of the District's financial performance during the fiscal year ended September 30, 2022. Please read it in conjunction with the District's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The November 2021 show was very successful. Show revenues increased by approximately \$338,000 and only mild increase in directly related expenses of approximately \$124,000. The net impact was an increase in the November 2021 show net income of approximately \$214,000.
- The March 2022 show was flat in revenue year over year; but, did have increased expenses of approximately \$45,000. The net impact was expenses exceeding revenues by approximately \$50,000.
- For the fiscal year ended September 30, 2022, the District's total revenues exceeded expenses by \$548,698, which represents an increase from the prior year, when expenses exceeded revenues by \$255,882. This was very positive for the District. This was accomplished by offsetting the increased show expenses with a decrease in grants.
- The District's total net position increased approximately \$549,000.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 12 – 13) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 14. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most financially significant funds.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are government-wide financial statements that provide information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

The notes to the financial statements explain some of the information in the financial statements and provide more detail. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.



**DAYTONA BEACH RACING AND RECREATIONAL FACILITIES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022  
(Continued)**

**Government-wide Financial Statements**

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by the private sector. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how they have changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating. To assess the overall financial position of the District, one needs to consider additional non-financial factors such as changes in the District's show base funding level.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. A fund is a self-balancing set of accounts, which the District uses to keep track of sources of funding and spending.

The District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position**

The District's combined net position increased from fiscal year 2021 to 2022 (see table below).

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Current and other assets	\$ 19,632,928	\$ 1,213,928	\$ 18,419,000
Capital assets, net	173,879	28,740	145,139
Total assets	<u>19,806,807</u>	<u>1,242,668</u>	<u>18,564,139</u>
Current and other liabilities	<u>829,433</u>	<u>637,545</u>	<u>191,888</u>
Deferred inflows of resources	<u>17,721,053</u>	<u>-</u>	<u>17,721,053</u>
Net position:			
Invested in capital assets	27,307	28,740	(1,433)
Unrestricted	1,229,142	576,383	652,759
Total net position	<u>\$ 1,256,321</u>	<u>\$ 605,123</u>	<u>\$ 651,198</u>

Current and other assets increased primarily due to lease receivable recognized as a result of the implementation of GASB Statement No. 87, *Leases*, as well as due to an increase in cash. Current and other liabilities and deferred inflows of resources increased during the year also due the implementation of GASB No.87, *Leases*.

**DAYTONA BEACH RACING AND RECREATIONAL FACILITIES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022  
(Continued)**

**Change in Net Position**

The District's total revenues increased approximately 26% to \$3,107,947, and the total cost of all programs and services decreased approximately 6% to \$2,559,249, (see table below).

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Revenues:			
Recreational revenues	\$ 2,097,573	\$ 1,831,150	\$ 266,423
Lease revenue	550,914	615,000	(64,086)
Other revenues	459,460	16,778	442,682
Total revenues	<u>3,107,947</u>	<u>2,462,928</u>	<u>645,019</u>
Expenses:			
General governmental	1,496,567	1,291,264	205,303
Grants to others	1,062,682	1,427,546	(364,864)
Total expenses	<u>2,559,249</u>	<u>2,718,810</u>	<u>(159,561)</u>
Change in net position	<u>\$ 548,698</u>	<u>\$ (255,882)</u>	<u>\$ 804,580</u>

Recreational revenues increased by approximately 15%. Rent revenue was in accordance with the sublease agreement and other revenues included lease interest recognized as a result the implementation of GASB Statement No. 87, *Leases*.

General governmental expenses increased due to show operations resuming along with general inflation across the board.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds reported a combined fund balance of \$1,230,789.



**DAYTONA BEACH RACING AND RECREATIONAL FACILITIES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

(Continued)

**General Fund Budgetary Highlights**

Over the course of the year, the District prepares budgets for the two annual car shows held at the Daytona International Speedway which produce almost all of the revenue for the District. One show is held in the fall and one show is held in the spring of each year.

The following budget-to-actual analysis presents the results of these shows versus budget. The difference between these results and those reported in the Supplementary Budgetary Comparison Schedule is that this budget reflects only the direct revenue and expenditures of the car shows and not the District as a whole.

<b>November 2021 Show</b>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$ 1,711,573	\$ 1,699,677	\$ 11,896
Expenses	805,326	829,344	(24,018)
Change in net position	<u>\$ 906,247</u>	<u>\$ 870,333</u>	<u>\$ 35,914</u>

<b>March 2022 Show</b>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$ 510,613	\$ 506,681	\$ 3,932
Expenses	410,824	419,355	(8,531)
Change in net position	<u>\$ 99,789</u>	<u>\$ 87,326</u>	<u>\$ 12,463</u>

<b>Non-show Amounts</b>	<u>Budget</u>	<u>Actual *</u>	<u>Variance</u>
Revenues	\$ 665,000	\$ 671,148	\$ (6,148)
Expenses	371,001	247,868	123,133
Change in net position	<u>\$ 293,999</u>	<u>\$ 423,280</u>	<u>\$ (129,281)</u>

\* Non-show expenses do not include grants of \$1,062,682.

**DAYTONA BEACH RACING AND RECREATIONAL FACILITIES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022  
(Continued)**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of fiscal 2022, the District had invested \$222,940 in a broad range of capital assets, including land, furniture and equipment, and right to use assets. The District leases or owns approximately 447 acres of real property along the south side of U.S. Highway 92 and just west of Clyde Morris Boulevard in Volusia County. In 1955, the District leased 374 acres of real property from the City (which lease was assigned later by the City to the County) under a 99-year lease. Thereafter, the District purchased 9 acres of real property (along the northern perimeter of the real property) and 64 acres of adjoining real property (approximate location of the west turns).

The District does not anticipate any significant additional investment in capital assets to be required during the next fiscal year.

At the end of fiscal 2022, the District had \$146,700 in leases payable, \$29,557 of which is due within one year, related to the implementation of GASB Statement No. 87, *Leases*.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Budgets are completed each year prior to the related car show. Significant factors affecting the success of the car shows include the weather, traffic patterns and construction near the site, and general economic conditions in the Daytona Beach area and vicinity.

The year ending September 30, 2023, budgets for the car shows include revenues of \$2,432,200 and expenditures of \$1,338,795 resulting in an excess of revenues over expenditures of \$1,093,405. This represents an increase of approximately 9% in show revenues from the prior year and an increase of approximately 10% in expected show expenses from the prior year.

The year ending September 30, 2023 budgets for the non-car show revenues of \$675,000 and expenditures of \$351,125 resulting in an excess of revenues over expenditures of \$323,875. This represents an increase of approximately 2% in expected non-show revenue from the prior year and a decrease of approximately 5% in expected non-show expenditures from prior year.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

The financial report is designed to provide interested parties with a general overview of the District's finances and to demonstrate the District's accountability for the monies it receives. Should additional information be required, please contact the District's administrative offices at 335 Bill France Blvd, Daytona Beach, Florida 32114.

**DAYTONA BEACH RACING & RECREATIONAL FACILITIES DISTRICT**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2022**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 972,455
Certificates of deposit	535,548
Lease receivable	18,050,279
Other current assets	74,646
Capital assets:	
Land	26,206
Furniture and equipment	19,552
Right to use asset	177,182
Less accumulated depreciation/amortization	(49,061)
Total assets	\$ 19,806,807
<b>LIABILITIES</b>	
Accounts payable	\$ 6,516
Accrued interest payable	1,647
Unearned revenue	674,570
Noncurrent liabilities:	
Due within one year:	
Leases payable	29,557
Due in more than one year:	
Leases payable	117,143
Total liabilities	\$ 829,433
<b>DEFERRED INFLOW OF RESOURCES</b>	
Deferred inflows related to leases	\$ 17,721,053
Total deferred inflows of resources	\$ 17,721,053
<b>NET POSITION</b>	
Investment in capital assets	\$ 27,179
Unrestricted	1,229,142
Total net position	\$ 1,256,321

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

**DAYTONA BEACH RACING & RECREATIONAL FACILITIES DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Program Revenues				Net Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 2,559,249	\$ 2,648,487	\$ -	\$ -	\$ 89,238
Total primary government	\$ 2,559,249	\$ 2,648,487	\$ -	\$ -	89,238
General revenues:					
Lease interest					453,312
Interest earnings					6,148
Total general revenues					459,460
Change in net position					548,698
Net position at beginning of year, as restated					707,623
Net position at end of year					\$ 1,256,321

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

**DAYTONA BEACH RACING & RECREATIONAL FACILITIES DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2022**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 972,455
Certificates of deposit	535,548
Lease receivable	18,050,279
Other current assets	74,646
Total assets	<u>\$ 19,632,928</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 6,516
Unearned revenue	674,570
Total liabilities	<u>681,086</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to leases	17,721,053
<b>FUND BALANCE</b>	
Nonspendable for prepaids	72,795
Unassigned	1,157,994
Total fund balance	<u>1,230,789</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 19,632,928</u>

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

**DAYTONA BEACH RACING & RECREATIONAL FACILITIES DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2022**

**Total fund balance - governmental funds** \$ 1,230,789

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

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

Governmental capital assets	45,758
Right to use asset	177,182
Less: accumulated depreciation/amortization	(49,061)

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

Long-term debt	(146,700)
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Accrued interest payable on right to use asset that is not recognized on the fund statements.

(1,647)
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<b>Total net position - governmental activities</b>	<b>\$ 1,256,321</b>
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The accompanying notes to financial statements are an integral part of this statement.



**DAYTONA BEACH RACING & RECREATIONAL FACILITIES DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<b>General Fund</b>
<b>REVENUES</b>	
Recreational revenue	\$ 2,097,573
Lease revenue	550,914
Lease interest	453,312
Interest earnings	6,148
Total revenues	3,107,947
<b>EXPENDITURES</b>	
Current:	
General government	2,523,134
Debt service:	
Principal	30,482
Interest	2,425
Total expenditures	2,556,041
<b>Net change in fund balance</b>	551,906
<b>Fund balance at beginning of year, as restated</b>	678,883
<b>Fund balance at end of year</b>	\$ 1,230,789

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

**DAYTONA BEACH RACING & RECREATIONAL FACILITIES DISTRICT  
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 balance - total governmental funds** **\$ 551,906**

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

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

Depreciation/amortization expense (32,043)

The issuance of long-term debt (i.e., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and deferred amount on refunding when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Principal paid on lease 30,482

Change in accrued interest on lease (1,647)

**Change in net position of governmental activities** \$ 548,698

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

**DAYTONA BEACH RACING AND RECREATIONAL FACILITIES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

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

(a) **Reporting entity**

Daytona Beach Racing and Recreational Facilities District (the "District") is an independent special district organized pursuant to Chapter 31343, Florida Statutes in 1955. The District is located within the eastern portion of Volusia County (the "County"), north of Ponce de Leon Inlet. The governing body of the District is the five-member commission, consisting of two members appointed by the County, two members appointed by the City of Daytona Beach and one member appointed jointly.

The reporting entity for the District includes all functions of government over which the District Commission exercises oversight responsibility. Oversight responsibility includes, but is not limited to, financial interdependency, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Criteria for determining if other entities are potential component units of the District which should be reported with the District's basic financial statements are identified and described in the Governmental Accounting Standards Board's ("GASB") *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provide for identification of any entities for which the District is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the District.

(b) **Basis of presentation**

The District's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. Accordingly, both government-wide and fund financial statements are presented.

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The government-wide financial statements of the District are generally divided into three categories:

- *Governmental activities* – most of the District's basic services are included here, such as District administration. Funds received from the operation of two annual car shows finance most of these activities.
- *Business-type activities* – in certain instances, the District may charge fees to help it cover the costs of certain services it provides. The District currently has no business-type activities.
- *Component units* – there currently are no component units included within the reporting entity of the District.

**DAYTONA BEACH RACING AND RECREATIONAL FACILITIES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

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

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund balance, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The funds in the financial statements of this report are as follows:

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

- **Nonspendable fund balance** – includes amounts that cannot be spent because they are either not in spendable form (such as prepaid expenses and advances due from other funds) or are required to be maintained intact.
- **Restricted fund balance** – includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.
- **Committed fund balance** – includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority (i.e., the District Commission). Authority to Commit – Commitments will only be used for specific purposes pursuant to a formal action of the District Commission.
- **Assigned fund balance** – includes amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. Authority to Assign – The District delegates to the District Commission the authority to assign amounts to be used for specific purposes.
- **Unassigned fund balance** – includes the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

For purposes of these statements, the general fund constitutes a major fund. There are no other governmental funds.

The Board of Commissioners approved a policy to maintain reserves no less than \$400,000 in reserve funds. As of September 30, 2022, the District was in compliance with this policy.

**DAYTONA BEACH RACING AND RECREATIONAL FACILITIES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

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

*Operational guidelines* – The following guidelines address the classification and use of fund balance in governmental funds:

Classifying fund balance amounts – Fund balance classifications depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of those classifications. The general fund may also include an unassigned amount.

Encumbrance reporting – Encumbering amounts for specific purposes for which resources have already been restricted, committed or assigned should not result in separate display of encumbered amounts. Encumbered amounts for specific purposes for which amounts have not been previously restricted, committed or assigned, will be classified as committed or assigned, as appropriate, based on the definitions and criteria set forth in GASB Statement No. 54.

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

(c) **Basis of accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are presented using the accrual basis of accounting and an economic resource focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. Sometimes the district 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 District's policy to consider restricted net position to have been used before unrestricted net position is applied.

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within sixty days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred.

(d) **Other current assets**

Other assets primarily include insurance payments made on policies which expire the next year and promotional expenses paid in advance, which are related to the November 2022 and March 2023 car show.



**DAYTONA BEACH RACING AND RECREATIONAL FACILITIES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

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

(e) **Deposits and investments**

The District's cash consists primarily of demand deposits and certificates of deposit held with two financial institutions: a federally insured bank and a bank qualified as a public depository under Florida Law. At September 30, 2022, the aggregate bank balances held in a federally insured bank were \$1,469,799, of which \$1,219,799 was in excess of the coverage provided by the Federal Deposit Insurance Corporation. The aggregate bank balances held in a public depository at September 30, 2022 were \$23,988, all of which was insured by federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

The District's investment policies are governed by Florida statutes and local ordinances. The basic allowable investment instruments include the Local Government Surplus Funds Trust Fund; negotiable direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by the U.S. government; interest-bearing time deposits or savings accounts in banks organized under the laws of the State of Florida, in national banks organized under the laws of the United States and doing business and situated in the State of Florida, in savings and loan associations which are under state supervision or in federal savings and loan associations located in the State of Florida and organized under federal law and federal supervision; obligations of the Federal Farm Credit Banks, the Federal Home Loan Mortgage Corporation including Federal Home Loan Mortgage Corporation participation certificates; or the Federal Home Loan Bank or its district banks or obligations guaranteed by the Government National Mortgage Association; obligations of the Federal National Mortgage Association including Federal National Mortgage Association participation certificates and mortgage pass-through certificates guaranteed by the Federal National Mortgage Association.

(f) **Capital assets and depreciation**

Expenditures for capital assets acquired for general District purposes are reported in the governmental fund that financed the acquisition. The capital assets acquired are reported at cost, net of accumulated depreciation, in the government-wide financial statements. Donated assets are recorded at acquisition value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

Furniture, fixtures and equipment	5 – 7 years
Right-to-use assets	5 – 99 years

(g) **Grants to others**

Unconditional grants to others are expensed in the period in which the commitment is made. Conditional grants to others are expensed in the period in which the conditions under which they are granted are substantially met. During the current year, the district has only conditional grants to others.

(h) **Revenue sources**

Revenues for current operations are received primarily from Daytona International Speedway for the rental of District land for business purposes, and charges to vendors and to the general public for admittance to two annual car shows organized by the District.

(i) **Unearned revenue**

Car show revenues received by the District are not recognized as revenue until the related car show has begun. The unearned car show amounts are included in unearned revenue.



**DAYTONA BEACH RACING AND RECREATIONAL FACILITIES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

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

(j) **Deferred inflows of resources**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Currently, the District's deferred inflows are related to leases. Deferred inflows related to leases are calculated under GASB Statement No. 87, Leases. Lease-related amounts are recognized at the inception of leases in which the District is the lessor. The deferred inflow of resources is 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, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease. Details on the composition of deferred inflows related to leases are reported in subsequent notes.

(k) **Budgets**

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles and are presented on the modified accrual basis of accounting. The legal level of control is at the fund level. Three budgets are prepared each year. Two cover the recreation revenues and expenses only: one for the period from May 1 through December 31 to cover the revenues and expenses of the November Car Show and one for the period from January 1 through April 30 to cover the March Car Show. The third budget covers general revenues and expenses including grants to others.

(l) **Use of estimates**

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and affect revenues and expenditures for the period presented. Actual results could differ significantly from those estimates.

(m) **Leases**

The District is both a lessee and a lessor in various lease agreements.

Lessee: The District currently leases the land from the County of Volusia that is then subleased to the Daytona International Speedway Corporation in a separate lease agreement. The District also leases an office space used to conduct the day-to-day operations of the District. The District recognizes intangible right-to-use (RTU) assets and corresponding lease liabilities for all leases that are not considered short-term. RTU assets represent the District's right to use an underlying asset for the lease term and lease liabilities represent the District'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.

**DAYTONA BEACH RACING AND RECREATIONAL FACILITIES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

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

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 District, or the District 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 District’s incremental borrowing rate (IBR), which will be the rate utilized for the subsequent fiscal year. The District’s IBR was calculated at 2.53% at September 30, 2021, and was the discount rate utilized for applicable leases beginning October 1, 2021 and applicable lease conversions.

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

Lessor: The District is the lessor of the land in the sublease arrangement with the Daytona International Speedway Corporation. The District recognizes lease receivables and corresponding deferred inflows for all leases that are not considered short-term. Lease receivables represent the District’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 District, or the District is able to determine the rate implicit within the lease, the discount rate used to calculate lease receivable will be the District’s incremental borrowing rate (IBR), which will be the rate utilized for the subsequent fiscal year. The District’s IBR was calculated at 2.53% at September 30, 2021, and was the discount rate utilized for applicable leases beginning October 1, 2021 and applicable lease conversions.

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

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

**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.

**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,

**DAYTONA BEACH RACING AND RECREATIONAL FACILITIES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

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

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) **Certificates of Deposits:**

Certificates of deposit totaling \$535,548, included in the accompanying financial statements, would incur a penalty for early withdrawal; however, any penalties for early withdrawal are not expected to have a material effect on the financial statements. These certificates of deposit mature in fiscal year 2024.

(4) **Changes in Capital Assets:**

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

	<b>Beginning Balance, as restated</b>	<b>Increase</b>	<b>Decreases</b>	<b>Ending Balance</b>
Governmental activities:				
Capital assets, not being depreciated –				
Land	\$ 26,206	\$ -	\$ -	\$ 26,206
Capital assets, being depreciated –				
Furniture and equipment	19,552	-	-	19,552
Right-to-use-assets	177,182	-	-	177,182
Less accumulated depreciation for –				
Furniture and equipment	(17,018)	(1,433)	-	(18,451)
Right-to-use-assets	-	(30,610)	-	(30,610)
Total capital assets, being depreciated, net	<u>179,716</u>	<u>-</u>	<u>-</u>	<u>147,673</u>
Governmental activities capital assets, net	<u>\$ 205,922</u>	<u>\$ (32,043)</u>	<u>\$ -</u>	<u>\$ 173,879</u>

The District leases or owns approximately 447 acres of real property along the south side of U.S. Highway 92 and just west of Clyde Morris Boulevard in Volusia County. In 1955, the District leased 374 acres of real property from the City (which lease was assigned later by the City to the County) under a 99 year lease. Thereafter, the District purchased 73 acres of adjoining real property.

(5) **Leases:**

(a) **District as Lessor**—The District is the lessor in a lease agreement the lease of land to the Daytona International Speedway Corporation. A lease receivable and deferred inflow of resources was recorded for this lease.

In 1955, the District entered into a lease agreement with Daytona International Speedway Corporation for the subleasing of the land the District leases from the Volusia County. Based on the terms of the agreement, the lease is scheduled to expire on November 30, 2054. Annual rentals under the lease agreement range from \$725,000 to \$1,090,000. For the year ended September 30, 2022, the District recognized \$550,914 in lease revenue and \$453,312 in interest revenue related to

**DAYTONA BEACH RACING AND RECREATIONAL FACILITIES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

(5) **Leases:** (Continued)

this lease. As of September 30, 2022, the District's receivable for lease payments was \$17,674,095 and for interest payments was \$376,184. Also, the District 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 \$17,721,053.

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

Year Ending September 30,	Principal	Interest	Total Payments
2023	\$ 222,624	\$ 452,376	\$ 675,000
2024	228,322	446,678	675,000
2025	234,166	440,834	675,000
2026	240,159	434,841	675,000
2027	296,306	428,694	725,000
2028-2032	1,659,251	2,025,749	3,685,000
2033-2037	2,193,505	1,786,495	3,980,000
2038-2042	2,778,408	1,476,592	4,255,000
2043-2047	3,442,098	1,087,902	4,530,000
2048-2052	4,280,185	609,815	4,890,000
2053-2057	2,099,071	80,929	2,180,000
Total future minimum lease payments	\$ 17,674,095	\$ 9,270,905	\$ 26,945,000

(b) **District as Lessee**—The District is the lessee in two lease agreements for land and office space. A lease liability and a right-to-use asset was recorded for these leases.

In 1956, the District entered into a 99-year lease agreement with the City of Daytona Beach, which was later assigned to the County of Volusia, for the use of land valued at \$108,583. A right-to-use asset and initial lease liability was recorded by the District during the current fiscal year. As of September 30, 2022, the value of the lease liability was \$104,982. The District is required to make monthly principal and interest payments of \$4,750. The District's IBR was calculated at 2.53% at September 30, 2021, and was the discount rate utilized in the current year for this lease. The value of the right-to-use assets as of September 30, 2022 was \$108,583 and had accumulated depreciation of \$3,170.

In 2021, the District entered into a 3-year lease agreement for the office space valued at \$68,599. A right-to-use asset and initial lease liability was recorded by the District during the current fiscal year. As of September 30, 2022, the value of the lease liability was \$41,718. The District is required to make monthly principal and interest payments of \$2,251 with a 3% increase each year. The District's IBR was calculated at 2.53% at September 30, 2021, and was the discount rate utilized in the current year for this lease. The value of the right-to-use assets as of September 30, 2022 was \$68,599 and had accumulated depreciation of \$27,440.



**DAYTONA BEACH RACING AND RECREATIONAL FACILITIES DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

(5) **Leases:** (Continued)

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

September 30, 2022	<u>Governmental Activities</u>
Amortization expense	\$ 30,610
Interest on lease liabilities	4,073
<b>Total</b>	<u>\$ 34,683</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 September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2023	\$ 29,558	\$ 3,428	\$ 32,986
2024	16,339	2,739	19,078
2025	2,170	2,580	4,750
2026	2,225	2,525	4,750
2027	2,282	2,468	4,750
2028-2032	12,319	11,431	23,750
2033-2037	13,978	9,772	23,750
2038-2042	15,861	7,889	23,750
2043-2047	17,997	5,753	23,750
2048-2052	20,421	3,329	23,750
2053-2057	13,551	699	14,250
<b>Total future minimum lease payments</b>	<u>\$ 146,701</u>	<u>\$ 52,613</u>	<u>\$ 199,314</u>

(6) **Restatement of Fund Balance and Net Position:**

During the year ended September 30, 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, issued in June 2017, effective for the year ending September 30, 2022. As a result of this implementation unearned rent revenue was removed and beginning fund balance and net position have been restated as follows:

	<u>General Fund</u>	<u>Governmental Activities</u>
Unadjusted fund balance/net position, 9/30/2021	\$ 576,383	\$ 605,123
Add: Unearned rent revenue	102,500	102,500
Adjusted fund balance/net position, 9/30/2021	<u>\$ 678,883</u>	<u>\$ 707,623</u>

**DAYTONA BEACH RACING AND RECREATIONAL FACILITIES DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

(7) **Commitments and Contingent Liabilities:**

**Legal matters**

In the normal course of conducting its operations, the District occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

(8) **Risk Management:**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters. During the year ended September 30, 2022, the District managed its risks as follows:

The District purchases commercial insurance coverage including property, general liability, crime, auto, and umbrella policies from a commercial insurance carrier.

(9) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for fiscal years subsequent to September 30, 2022, that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the District's financial statements:

- (a) GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, in May 2020. provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The provisions in GASB 96 are effective for periods beginning after June 15, 2022.
- (b) 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.



**DAYTONA BEACH RACING & RECREATIONAL FACILITIES DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Recreational revenue	\$ 2,198,600	\$ 2,222,186	\$ 2,097,573	\$ (124,613)
Rental income	675,000	665,000	550,914	(114,086)
Other revenues	-	-	459,460	459,460
Total revenues	<u>2,873,600</u>	<u>2,887,186</u>	<u>3,107,947</u>	<u>220,761</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,473,125	1,587,152	1,460,452	126,700
Grants to others	1,062,682	1,062,682	1,062,682	-
Debt service:				
Principal	-	-	30,482	(30,482)
Interest	-	-	2,425	(2,425)
Total expenditures	<u>2,535,807</u>	<u>2,649,834</u>	<u>2,556,041</u>	<u>93,793</u>
<b>Net change in fund balance</b>	<u>337,793</u>	<u>237,352</u>	<u>551,906</u>	<u>314,554</u>
<b>Fund balance at beginning of year</b>	678,883	678,883	678,883	-
<b>Fund balance at end of year</b>	<u>\$ 1,016,676</u>	<u>\$ 916,235</u>	<u>\$ 1,230,789</u>	<u>\$ 314,554</u>

**Notes to Required Supplementary Information**

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles and are presented on the modified accrual basis of accounting. During the fiscal year, the level of control is at the fund level, which is in agreement with the presentation in place. Three budgets are prepared each year. Two cover the recreation revenues and expenses only: one for the period from May 1 through December 31 to cover the revenues and expenses of the November Car Show and one for the period from January 1 through April 30 to cover the March Car Show.

**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 Board of Commissioners,  
Daytona Beach Racing and Recreational Facilities District:

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 governmental activities and the general fund of the Daytona Beach Racing and Recreational Facilities District (the District), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 15, 2023.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control as described below that we consider to be a significant deficiency.

**2022-001 Reconciliation of Account Balances (Repeat comment one year):** We noted a number of account balances requiring audit adjustments, including accounts payable, expenditures, accounts receivable and revenues in order to be compliant with generally accepted accounting principles in the United States of America. We recommend the District review significant transactions to ensure completeness and accuracy, as well as all account balances at year-end to ensure proper cutoff and accrual-based reconciliations agree to the general ledger.

### ***Report on Compliance and Other Matters***

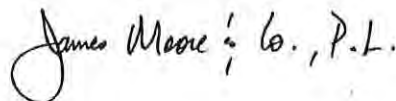
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

### **District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying District's Response to Findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance 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.

James Moore & Co., P.L.

Daytona Beach, Florida  
June 15, 2023

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

To the Board of Commissioners,  
Daytona Beach Racing and Recreational Facilities District:

**Report on the Financial Statements**

We have audited the financial statements of the Daytona Beach Racing and Recreational Facilities District (the District), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 15, 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 Florida 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 and schedule, which are dated June 15, 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. Prior year comment 2021-001 Reconciliation of Account Balances has been repeated as comment number 2022-001. There were no other findings or recommendations from the prior year's audit.

**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 Daytona Beach Racing and Recreational Facilities District was incorporated in 1955 under Chapter 31-343, Laws of the State of Florida. There are no component units related to the District as of September 30, 2022.

## **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 District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the District, 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 District. It is management's responsibility to monitor the District'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 in the management letter any recommendations to improve financial management. In connection with our audit, we noted the following recommendation:

**2022-002 Review and Approval of Cash Disbursements:** The District currently does not document in writing review and approval of electronic fund transfers. We recommend the District's management establish procedures to document their review and approval of all cash disbursements, including automatic electronic fund transfers, in writing.

## **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.

## **Specific Special District Information – Daytona Beach Racing and Recreational Facilities District**

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the District reported the following unaudited data:

- a) The total number of district employees compensated in the last pay period of the district's fiscal year: 5.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year: -0-.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$269,821.



- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$ 174,434.
- e) Each construction project with a total cost of at least \$65,000 approved by the district 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:
  - a. No such projects noted
- 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 district amends a final adopted budget under Section 189.016(6), Florida Statutes, as follows: the District's original budget totaled \$2,535,807 and was amended by the total amount of \$114,027 for final budgeted expenditures of \$2,649,834.

**Additional Matters**

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

**District's Response to Findings**

Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying District's Response to Findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Letter**

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

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

Daytona Beach, Florida  
June 15, 2023



## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

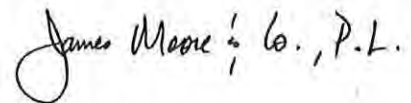
To the Board of Commissioners,  
Daytona Beach Racing and Recreational Facilities District:

We have examined the Daytona Beach Racing and Recreational Facilities District's (the District) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2022. The District's management is responsible for the District's compliance with those requirements. Our responsibility is to obtain reasonable assurance by measuring (or evaluating) the investment policies of the District during the year ended September 30, 2022 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 measurement (or evaluation) based on our examination.

Our examination was conducted in accordance with attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants. Those standards require that we obtain reasonable assurance by measuring (or evaluating) the District's investment policies against Section 418.415, 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 measurement or evaluation of the District's compliance. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that the District's investment policies were not in accordance with Section 418.415, Florida Statutes, *Local Government Investment Policies*, 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 the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the District's investment policies were in accordance with aforementioned requirements for the year ended September 30, 2022, in all material respects.



Daytona Beach, Florida  
June 15, 2023

Scott W. Cichon  
Robert A. Merrell III  
John P. Ferguson  
Mark A. Watts  
Heather Bond Vargas  
Michael J. Woods  
Raymond L. Schumann  
Kathleen L. Crotty  
Michael O. Sznajstajler  
Matthew S. Welch  
Robert E. Doan  
William A. Rice  
Douglas J. Collins  
Sara E. Glover  
Holly W. Zitzka  
Jessica L. Gow  
Nika K. Hosseini  
Sydney V. Cichon  
Brandon T. Byers  
Baylee D. Bunyard  
Anne M. Kehrl  
James P. Love III



**OF COUNSEL**  
Larry D. Marsh

**RETIRED**  
William M. Cobb  
(1881-1939)  
Thomas T. Cobb  
(1916-2004)  
W. Warren Cole, Jr.  
(1926-2008)

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June 15, 2023

TO: Commissioners  
Daytona Beach Racing and Recreational Facilities District

Re: Daytona Beach Racing and Recreational Facilities District  
Audit for Year Ending September 30, 2022

Dear Commissioners:

Please accept this letter, from me as Secretary of the District, as the response of the District regarding the District's 2021-2022 Fiscal Year Audit Report ("Audit") and Finding Number 2022-001 contained on Page 26 of the Audit and Finding Number 2022-002 contained on Page 29 of the Audit, as follows:

**2022-001 Reconciliation of Account Balances (Repeat comment one year): We noted a number of account balances required audit adjustments, including accounts payable, expenditures, accounts receivable and revenues in order to be compliant with generally accepted accounting principles in the United States of America. We recommend the District review significant transactions to ensure completeness and accuracy, as well as all account balances at year-end to ensure proper cutoff and accrual-based reconciliations agree to the general ledger.**

District staff prepares a reconciliation of the account balances referenced monthly. The issues referenced arise from how our outside accountants treat prepaid expenses and advance revenues received for the Fall show prior to September 30<sup>th</sup>, so that we can accurately determine profits and losses per the separate Spring and Fall shows. All expenses and revenue are accounted for.

To address the auditor's comment above, the District will continue to review significant transactions to ensure completeness and accuracy, as well as all account balances at year-end to ensure proper cutoff and accrual-based reconciliations agree to the general ledger. Both the District and accounting firm have identified the employees who will coordinate in August to review all relevant significant transactions.

June 15, 2023

**2022-002 Review and Approval of Cash Disbursements: This District currently does not document in writing review and approval of electronic fund transfers. We recommend the District's management establish procedures to document their review and approval of all cash disbursements, including automatic electronic fund transfers, in writing.**

The District documents in writing any electronic fund transfers other than through its credit card. The District's contract with its credit card processing company provides for an automatic monthly debit of three percent (3%), which District management uses to confirm payment. The District will adopt a policy, working with the District's accounting firm, for approving all electronic fund transfers, including the credit card, prior to any District staff member having the authority to electronically transfer funds.

This Letter will be forwarded to the Florida Auditor General and Joint Legislative Auditing Committee, along with a copy of the Audit.

If you have any questions regarding the foregoing explanation, please feel free to contact me directly.

Sincerely,

**John P. Ferguson**  
Direct Dial (386) 323-9247  
Email [John.Ferguson@CobbCole.com](mailto:John.Ferguson@CobbCole.com)  
Fax (386) 323-9206

cc: Ms. Barbara Kelly