

**PRELIMINARY OFFICIAL STATEMENT DATED JULY 23, 2024**

**NEW ISSUE - BOOK ENTRY ONLY**

**SEE "RATINGS" herein.**

*In the opinion of Bryant Miller Olive P.A., Bond Counsel, assuming continuing compliance by the City with certain covenants, under existing statutes, regulations and judicial decisions, the interest on the Series 2024B Bonds is excluded from gross income for federal income tax purposes of the holders thereof and is not an item of tax preference for purposes of the federal alternative minimum tax; however, interest on the Series 2024B Bonds may be included in the "adjusted financial statement income" of certain "applicable corporations" that are subject to the 15-percent alternative minimum tax under Section 55 of the Internal Revenue Code of 1986, as amended (the "Code"). INTEREST ON THE SERIES 2024A BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. See "TAX MATTERS" herein for a description of certain other tax consequences to holders of Bonds.*

**\$20,000,000\***

**CITY OF DAYTONA BEACH, FLORIDA  
TAXABLE CAPITAL IMPROVEMENT  
REVENUE BONDS, SERIES 2024A**



**\$30,025,000\***

**CITY OF DAYTONA BEACH, FLORIDA  
CAPITAL IMPROVEMENT  
REVENUE BONDS, SERIES 2024B**

**Dated: Date of Delivery**

**Due: September 1, as shown on the inside cover**

The City of Daytona Beach, Florida (the "City") is issuing its Taxable Capital Improvement Revenue Bonds, Series 2024A (the "Series 2024A Bonds") and its Capital Improvement Revenue Bonds, Series 2024B (the "Series 2024B Bonds," collectively with the Series 2024A Bonds, the "Bonds") as fully registered bonds, which initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Individual purchases will be made in book-entry form only in denominations as described herein. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical delivery of the Bonds. Transfer of ownership in the Bonds will be affected through DTC's book-entry system as described herein. As long as Cede & Co. is the registered owner as nominee of DTC, principal and interest payments will be made directly to such registered owner which will in turn remit such payments to the Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. Interest on the Bonds is payable on March 1 and September 1 of each year, commencing March 1, 2025. Principal of the Bonds is payable, when due, to the registered holders upon presentation and surrender at the designated corporate office of The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as Registrar and Paying Agent. All payments of principal of, redemption premium, if applicable, and interest on the Bonds shall be payable in lawful money of the United States of America.

Certain of the Bonds are subject to optional and mandatory redemption prior to their stated dates of maturity as set forth herein. See "DESCRIPTION OF THE BONDS - Redemption Provisions" herein.

The Bonds are being issued pursuant to the authority of, and in full compliance with, the Constitution and laws of the State of Florida, Chapter 166, Part II, Florida Statutes; the Charter of the City, Ordinance No. 2024-108 of the City enacted on March 20, 2024, and other applicable provisions of law (collectively, the "Act"); and Resolution No. 2024-215 adopted by the City Commission of the City (the "Commission") on June 5, 2024, as it may be amended and supplemented from time to time, and as particularly supplemented by Resolution No. 2024-216 adopted by the Commission on June 5, 2024 (collectively, the "Resolution"). All terms used herein in capitalized form and not otherwise defined shall have the meanings ascribed thereto in the Resolution.

Pursuant to the Resolution, the City covenants and agrees to appropriate in its annual budget, by amendment, if necessary, for each Fiscal Year in which the Bonds remain Outstanding, sufficient amounts of Non-Ad Valorem Revenues into the Debt Service Fund for the payment of principal of, redemption premium, if applicable, and interest on the Bonds and to make certain other payments required under the Resolution in each such Fiscal Year. "Pledged Funds" consist of (1) Non-Ad Valorem Revenues budgeted and appropriated, and deposited into the Debt Service Fund, and (2) until applied in accordance with the provisions of the Resolution, all moneys, including the investments thereof, in the funds and accounts established in the Resolution, with the exception of the Rebate Fund. The obligation of the City to budget, appropriate, deposit and make payments pursuant to the Resolution from its Non-Ad Valorem Revenues is subject to the availability of Non-Ad Valorem Revenues after the satisfaction of the funding requirements for obligations having an express lien on or pledge of such revenues and the funding requirements for essential governmental services of the City, as more fully described herein and in the Resolution. Notwithstanding the foregoing, the City has not covenanted to maintain or continue any activities, services, or programs now maintained or provided by the City, including those programs and services which generate user fees, regulatory fees, or other Non-Ad Valorem Revenues. See "SECURITY FOR THE BONDS" and "DEBT SERVICE REQUIREMENTS" herein.

THE BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE CITY AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT SHALL BE SPECIAL OBLIGATIONS OF THE CITY, PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE PLEDGED FUNDS. NO HOLDER OF ANY BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER TO PAY SUCH BOND, FOR THE PAYMENT OF ANY AMOUNTS PAYABLE UNDER THE RESOLUTION, OR IN ORDER TO MAINTAIN ANY SERVICES OR PROGRAMS THAT GENERATE NON-AD VALOREM REVENUES, OR BE ENTITLED TO PAYMENT OF SUCH BOND FROM ANY MONEYS OF THE CITY EXCEPT FROM THE PLEDGED FUNDS IN THE MANNER PROVIDED IN THE RESOLUTION.

The Series 2024A Bonds are being issued for the purpose of (1) financing and/or reimbursing all or a portion of the costs of design, installation, acquisition, construction, reconstruction, and equipping of various capital projects of the City relating to the Jackie Robinson Ballpark Stadium, and (2) paying certain costs of issuance incurred with respect thereto. The Series 2024B Bonds are being issued for the purpose of (1) financing and/or reimbursing all or a portion of the costs of design, installation, acquisition, construction, reconstruction, and equipping of various capital projects of the City relating to the Fire Station No. 1 and related facilities and the acquisition of certain new equipment including a fire engine apparatus and an aerial truck, and (2) paying certain costs of issuance incurred with respect thereto.

This cover page contains certain information for quick reference only. It is not, and is not intended to be, a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

*The Bonds are offered when, as and if issued by the City and accepted by the Underwriters, subject to the approving legal opinion of Bryant Miller Olive P.A., Orlando, Florida, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by Benjamin Gross, Esq., City Attorney, and Bryant Miller Olive P.A., Tampa, Florida, Disclosure Counsel. Certain legal matters for the Underwriters will be passed on by their counsel, Nabors, Giblin & Nickerson, P.A., Tampa, Florida. PFM Financial Advisors LLC, Orlando, Florida, has served as financial advisor to the City with respect to the offering of the Bonds. It is expected that settlement for the Bonds will occur through the facilities of DTC in New York, New York on or about \_\_\_\_\_, 2024.*

**JEFFERIES**

**Raymond James**

**Truist Securities**

Dated: \_\_\_\_\_, 2024

\* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of such jurisdiction. The City has deemed this Preliminary Official Statement "final," except for certain permitted omissions, within the contemplation of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

**\$20,000,000\***  
**CITY OF DAYTONA BEACH, FLORIDA**  
**TAXABLE CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2024A**

**MATURITIES, AMOUNTS, INTEREST RATES, PRICES,  
AND INITIAL CUSIP NUMBERS**

\$3,595,000\* Serial Bonds

Maturity (September 1)*	Amount*	Interest Rate	Price	Initial CUSIP Numbers**
2025	\$240,000			
2026	305,000			
2027	320,000			
2028	335,000			
2029	355,000			
2030	370,000			
2031	390,000			
2032	405,000			
2033	425,000			
2034	450,000			

\$2,620,000\* \_\_\_\_% Term Bonds due on September 1, 2039\* Price \_\_\_\_ – Yield \_\_\_\_% - Initial CUSIP Number \_\_\_\_\*\*  
\$3,415,000\* \_\_\_\_% Term Bonds due on September 1, 2044\* Price \_\_\_\_ – Yield \_\_\_\_% - Initial CUSIP Number \_\_\_\_\*\*  
\$10,370,000\* \_\_\_\_% Term Bonds due on September 1, 2054\* Price \_\_\_\_ – Yield \_\_\_\_% - Initial CUSIP Number \_\_\_\_\*\*

\* Preliminary, subject to change.

\*\* Neither the City nor the Underwriters is responsible for the use of the CUSIP Numbers referenced herein nor is any representation made by the City or the Underwriters as to their correctness. The CUSIP Numbers provided herein are included solely for the convenience of the readers of this Official Statement.

**\$30,025,000\***  
**CITY OF DAYTONA BEACH, FLORIDA**  
**CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2024B**

**MATURITIES, AMOUNTS, INTEREST RATES, PRICES, YIELDS,  
AND INITIAL CUSIP NUMBERS**

\$14,915,000\* Serial Bonds

Maturity (September 1)*	Amount*	Interest Rate	Price	Yield	Initial CUSIP Numbers**
2025	\$385,000				
2026	475,000				
2027	500,000				
2028	525,000				
2029	550,000				
2030	580,000				
2031	605,000				
2032	635,000				
2033	670,000				
2034	705,000				
2035	740,000				
2036	775,000				
2037	815,000				
2038	855,000				
2039	895,000				
2040	940,000				
2041	990,000				
2042	1,040,000				
2043	1,090,000				
2044	1,145,000				

\$6,635,000\* \_\_\_\_% Term Bonds due on September 1, 2049\* Price \_\_\_\_ – Yield \_\_\_\_% - Initial CUSIP Number \_\_\_\_\*\*

\$8,475,000\* \_\_\_\_% Term Bonds due on September 1, 2054\* Price \_\_\_\_ – Yield \_\_\_\_% - Initial CUSIP Number \_\_\_\_\*\*

\* Preliminary, subject to change.

\*\* Neither the City nor the Underwriters is responsible for the use of the CUSIP Numbers referenced herein nor is any representation made by the City or the Underwriters as to their correctness. The CUSIP Numbers provided herein are included solely for the convenience of the readers of this Official Statement.

**CITY OF DAYTONA BEACH, FLORIDA**

301 South Ridgewood Avenue  
Daytona Beach, Florida 32114

**MEMBERS OF THE CITY COMMISSION**

Derrick L. Henry, Mayor  
Stacy Cantu, Commissioner  
Dannette Henry, Commissioner  
Quanita May, Commissioner  
Monica Paris, Commissioner  
Paula R. Reed, Commissioner  
Ken Strickland, Commissioner

**CITY MANAGER**

Deric C. Feacher

**CITY CLERK**

Letitia LaMagna

**CHIEF FINANCIAL OFFICER**

Natalia Eckroth

**CITY ATTORNEY**

Benjamin Gross, Esq.

**BOND AND DISCLOSURE COUNSEL**

Bryant Miller Olive P.A.  
Orlando/Tampa, Florida

**FINANCIAL ADVISOR**

PFM Financial Advisors LLC  
Orlando, Florida

No dealer, broker, salesman or other person has been authorized by the City or the underwriters listed on the cover page hereof (the "Underwriters") to give any information or to make any representations in connection with the Bonds, other than as contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the City or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information set forth herein has been obtained from the City, DTC and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the City with respect to any information provided by others. The information and expressions of opinion stated herein are subject to change, and neither the delivery of this Official Statement nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the matters described herein since the date hereof.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

NO REGISTRATION STATEMENT RELATING TO THE BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR WITH ANY STATE SECURITIES COMMISSION. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT CONSTITUTE "FORWARD LOOKING STATEMENTS." SUCH STATEMENTS GENERALLY ARE IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET" OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, SUBJECT TO ANY CONTRACTUAL OR LEGAL RESPONSIBILITIES TO THE CONTRARY.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE CITY OR THE UNDERWRITERS AND ANY ONE OR MORE OF THE OWNERS OF THE BONDS.

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APPENDICES:

- APPENDIX A: City of Daytona Beach, Florida General Information
- APPENDIX B: Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2023
- APPENDIX C: Form of Resolution
- APPENDIX D: Proposed Form of Bond Counsel Opinion
- APPENDIX E: Form of Continuing Disclosure Certificate



**OFFICIAL STATEMENT**  
relating to

\$20,000,000\*  
**CITY OF DAYTONA BEACH, FLORIDA**  
**TAXABLE CAPITAL IMPROVEMENT**  
**REVENUE BONDS, SERIES 2024A**

\$30,025,0000\*  
**CITY OF DAYTONA BEACH, FLORIDA**  
**CAPITAL IMPROVEMENT REVENUE BONDS,**  
**SERIES 2024B**

**INTRODUCTION**

This Official Statement is provided by the City of Daytona Beach, Florida (the "City"), including the cover page, inside cover page and Appendices attached hereto, in order to set forth certain information regarding the City and the City's aggregate principal amount of \$20,000,000\* Taxable Capital Improvement Revenue Bonds, Series 2024A (the "Series 2024A Bonds") and \$30,025,000\* Capital Improvement Revenue Bonds, Series 2024B (the "Series 2024B Bonds," collectively with the Series 2024A Bonds, the "Bonds"), authorized by , the Constitution and laws of the State of Florida (the "State"), Chapter 166, Part II, Florida Statutes; the Charter of the City, Ordinance No. 2024-108 of the City enacted on March 20, 2024, and other applicable provisions of law (collectively, the "Act"); and Resolution No. 2024-215 adopted by the City Commission of the City (the "Commission") on June 5, 2024, as may be amended and supplemented from time to time, and as particularly supplemented by Resolution No. 2024-216 adopted by the Commission on June 5, 2024 (collectively, the "Resolution").

All capitalized terms used in this Official Statement not otherwise defined herein shall have the same meaning ascribed thereto in the Resolution. Descriptions of the terms and conditions of the Bonds are set forth in the Resolution, the form of which is attached to this Official Statement as APPENDIX C. The descriptions of the Bonds, the documents authorizing and securing the same, and the information from various reports and statements contained herein are not comprehensive or definitive. All references herein to such documents, reports and statements are qualified by the entire, actual content of such documents, reports and statements. Copies of such documents, reports and statements referred to herein that are not included in their entirety in this Official Statement may be obtained from the City at 301 S. Ridgewood Ave., Room 210, Daytona Beach, Florida 32114, Attention: City Clerk. The attached appendices are integral parts of the Official Statement and must be read together with all the statements contained herein.

The Series 2024A Bonds are being issued for the purpose of (1) financing and/or reimbursing all or a portion of the costs of design, installation, acquisition, construction, reconstruction, and equipping of various capital projects of the City relating to the Jackie Robinson Ballpark Stadium (the "2024A Project"), and (2) paying certain costs of issuance incurred with respect thereto.

The Series 2024B Bonds are being issued for the purpose of (1) financing and/or reimbursing all or a portion of the costs of design, installation, acquisition, construction, reconstruction, and equipping of various capital projects of the City relating to the Fire Station No. 1 and related facilities and the acquisition of certain new equipment including a fire engine apparatus and an aerial truck (the "2024B Project"), and (2) paying certain costs of issuance incurred with respect thereto.

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\*Preliminary, subject to change.

## THE CITY

The City is an incorporated municipality of the State located within the County of Volusia (the "County"). The City, which encompasses 68 square miles, is located on the central east coast of the State at the crossroads of Interstate 4 and Interstate 95. The City is 89 miles south of Jacksonville, 50 miles northeast of Orlando, and 75 miles north of Cape Canaveral. The City is home to an estimated population of 80,940 residents.

For additional information concerning the City, see "APPENDIX A – City of Daytona Beach, Florida General Information" attached hereto.

## BOOK-ENTRY ONLY SYSTEM

THE FOLLOWING INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY ("DTC") AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY BELIEVES TO BE RELIABLE. THE CITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, CERTAIN REFERENCES IN THIS OFFICIAL STATEMENT TO THE BONDHOLDERS OR REGISTERED HOLDERS OF THE BONDS SHALL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE BONDS TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE CITY NEITHER MAKES NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of each series of the Bonds as set forth in the inside cover of this Official Statement in the aggregate principal amount thereof, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers,

banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Direct Participants and the Indirect Participants are collectively referred to herein as the "DTC Participants." DTC has an S&P Global Ratings ("S&P") rating of AA+. The DTC Rules applicable to its DTC Participants are on file with the Securities and Exchange Commission (the "SEC"). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bondholder ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest on the Bonds, as applicable, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City and/or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, the Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC. See "APPENDIX C - Form of Resolution" for more information.

## **DESCRIPTION OF THE BONDS**

### **General**

The principal of or Redemption Price, if applicable, on the Bonds are payable upon presentation and surrender of the Bonds at the designated office of The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as Registrar and Paying Agent (the "Paying Agent"). Interest on the Bonds is payable semi-annually on each March 1 and September 1 (each an "Interest Date"), commencing March 1, 2025. Interest payable on the Bonds on any Interest Date will be paid by check or draft of the Paying Agent to the Holder in whose name such Bond shall be registered at the close of business on the date which shall be the fifteenth (15<sup>th</sup>) day (whether or not a business day) of the calendar month next preceding such Interest Date, or, at the option of the Paying Agent, and at the request and expense of such Holder, by bank wire transfer for the account of such Holder. In the event the interest payable on any such Bond is not punctually paid or duly provided for by the City on such Interest Date, such defaulted interest will be paid to the Holder in whose name such Bond shall be registered at the close of business on a special record date for the payment of such defaulted interest as established by notice to such Holder, not less than ten days preceding such special record date. All payments of principal of or Redemption Price, if applicable, and interest on the Bonds shall be payable in any coin or currency of the

United States of America which at the time of payment is legal tender for the payment of public and private debts.

The Bonds will be issued initially as book-entry obligations and held by DTC as securities depository. See "BOOK-ENTRY ONLY SYSTEM" above.

### **Redemption Provisions**

*Make-Whole Redemption for Series 2024A Bonds.* The Series 2024A Bonds are subject to redemption prior to maturity at the option of the City, in whole or in part, on any date at a Redemption Price equal to the greater of: (1) 100% of the principal amount of the Series 2024A Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2024A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2024A Bonds are to be redeemed, discounted to the date on which the Series 2024A Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus \_\_\_\_ (\_\_\_) basis points, plus, in each case, accrued and unpaid interest on the Series 2024A Bonds to be redeemed to the redemption date.

"Treasury Rate" shall mean, as of any redemption date for a particular Series 2024A Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two (2) business days, but not more than forty-five (45) calendar days, prior to the redemption date (excluding inflation indexed securities) or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Series 2024A Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

The make-whole redemption price will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the City to calculate such Redemption Price (the "Calculation Agent"). The determination by the Calculation Agent of the Redemption Price will be conclusive and binding on the City and the Holders of the Series 2024A Bonds.

The particular maturities and amounts of the Series 2024A Bonds to be redeemed at the option of the City will be determined by the City in its sole discretion.

So long as the Series 2024A Bonds are in book-entry-only form and DTC or a successor securities depository is the sole registered owner of such Series 2024A Bonds, if some but less than all of the Series 2024A Bonds of a particular maturity are to be redeemed on any date, the Registrar shall instruct DTC to provide for a pro rata redemption in accordance with DTC's procedures as a pro rata pass-through distribution of principal, or if the DTC operational arrangements do not allow for pro rata pass-through distribution of principal, the Series 2024A Bonds to be redeemed shall be selected by lot; provided that, so long as such Series 2024A Bonds are registered in the book-entry-only system, the selection for redemption of the Series 2024A Bonds will be in accordance with operational arrangements of DTC then in effect.

It is the City's intent that redemption allocations with respect to the Series 2024A Bonds made by DTC be on a pro rata pass-through distribution of principal basis as described above. However, the City cannot provide any assurance that DTC, DTC's direct and indirect participants or any other intermediary will allocate the redemption of the Series 2024A Bonds on such basis, nor will the City be responsible for any failure of DTC, DTC's direct and indirect participants, or other intermediary to do so.

**Optional Redemption for the Bonds.** The Bonds maturing on or after September 1, 20\_\_ may be redeemed prior to maturity at the option of the City, as a whole or in part on September 1, 20\_\_, or on any date thereafter, if in part, from such maturity or maturities as the City shall designate and by lot within a maturity at the Redemption Price of 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date.

**Mandatory Redemption of Series 2024A Bonds.** The Series 2024A Bonds maturing on September 1, 20\_\_ are subject to mandatory redemption in part by the City on September 1 in the years and in the Amortization Installments, plus accrued interest to the redemption date, as set forth below.

<u>Year</u>	<u>Amortization Installments</u>
*	\$

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\*Maturity

**Mandatory Redemption of Series 2024B Bonds.** The Series 2024B Bonds maturing on September 1, 20\_\_ are subject to mandatory redemption in part by the City on September 1 in the years and in the Amortization Installments, plus accrued interest to the redemption date, as set forth below.

<u>Year</u>	<u>Amortization Installments</u>
*	\$

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\*Maturity

**Notice of Redemption.** Unless waived by any Holder of the Bonds to be redeemed, notice of any redemption made pursuant to the Resolution shall be given by the Registrar on behalf of the City by mailing a copy of an official redemption notice by registered or certified mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to each Holder of the Bonds to be redeemed at the address of such Holder shown on the registration books maintained by the Registrar or at such other address as shall be furnished in writing by such Holder to the Registrar; provided, however, that no defect in any notice given to any Holder of Bonds to be redeemed nor failure to give such notice shall in any manner defeat the effectiveness of a call for redemption as to all other Holders of Bonds to be redeemed.

Every official notice of redemption shall be dated and shall state: (1) the redemption date, (2) the Redemption Price, (3) if less than all Outstanding Bonds are to be redeemed, the number (and, in the case of a partial redemption of any Bond, the principal amount) of each Bond to be redeemed, (4) that, on the redemption date, the Redemption Price will become due and payable upon each such Bond or portion

thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and (5) that such Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the Redemption Price at the designated office of the Registrar.

Prior to any redemption date, the City shall deposit with the Registrar an amount of money sufficient to pay the Redemption Price of all the Bonds or portions of Bonds which are to be redeemed on that date.

The City may provide that a notice of redemption may be contingent upon the occurrence of condition(s) and that if such condition(s) do not occur, the notice will be rescinded; provided notice of such rescission shall be mailed in the manner described in the Resolution to all Holders as soon as practicable after the City has determined to rescind the redemption.

**Selection of the Bonds to be Redeemed.** The Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The City shall, at least forty (40) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Registrar) notify the Registrar of such redemption date and of the principal amount of Bonds to be redeemed. For purposes of any redemption of less than all of the Outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected not more than thirty-five (35) days prior to the redemption date by the Registrar from the Outstanding Bonds of the maturity or maturities designated by the City by such method as the Registrar shall deem fair and appropriate and which may provide for the selection for redemption of Bonds or portions of Bonds in principal amounts of \$5,000 and integral multiples thereof.

If less than all of the Outstanding Bonds of a single maturity are to be redeemed, the Registrar shall promptly notify the City and Paying Agent (if the Registrar is not the Paying Agent for such Bonds) in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

**Payment of Redeemed Bonds.** Notice of redemption having been given substantially as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the City shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar and/or Paying Agent at the appropriate Redemption Price, plus accrued interest. All Bonds which have been redeemed shall be canceled by the Registrar and shall not be reissued.

**Redemption of Portions of the Bonds.** Any Bond which is to be redeemed only in part shall be surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to, the Registrar duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the City shall execute and the Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds, of the same interest rate and maturity, and of any authorized denomination as requested by such Holder, in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bonds so surrendered.

## **Interchangeability, Negotiability, and Transfer**

*So long as Bonds are registered in the name of DTC or its nominee, the following paragraphs relating to registration, transfer, and exchange of Bonds do not apply to the Bonds.*

Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder thereof or such Holder's attorney duly authorized in writing, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same maturity of any other authorized denominations.

The Bonds issued under the Resolution shall be and have all the qualities and incidents of negotiable instruments under the commercial laws and the Uniform Commercial Code of the State, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds. So long as any of the Bonds shall remain Outstanding, the City shall maintain and keep, at the office of the Registrar, books for the registration and transfer of the Bonds.

Each Bond shall be transferable only upon the books of the City, at the office of the Registrar, under such reasonable regulations as the City may prescribe, by the Holder thereof in person or by such Holder's attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or such Holder's duly authorized attorney. Upon the transfer of any such Bond, the City shall issue, and cause to be authenticated, in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and Series and maturity as the surrendered Bond. The City, the Registrar, and any Paying Agent or fiduciary of the City may deem and treat the Person in whose name any Outstanding Bond shall be registered upon the books of the City as the absolute holder of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if applicable, and interest on such Bond and for all other purposes, and all such payments so made to any such Holder or upon such Holder's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid and neither the City nor the Registrar nor any Paying Agent or other fiduciary of the City shall be affected by any notice to the contrary.

The Registrar, in any case where it is not also the Paying Agent in respect to the Bonds, forthwith (A) following the fifteenth (15<sup>th</sup>) day prior to an Interest Date; (B) following the fifteenth (15<sup>th</sup>) day next preceding the date of first mailing of notice of redemption of any Bonds; and (C) at any other time as reasonably requested by the Paying Agent, shall certify and furnish to such Paying Agent the names, addresses and holdings of the Holders and any other relevant information reflected in the registration books. Any Paying Agent of any fully registered Bond shall effect payment of interest on such Bonds by mailing a check or draft to the Holder entitled thereto or may, in lieu thereof, upon the request and at the expense of such Holder, transmit such payment by bank wire transfer for the account of such Holder.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the City shall execute and the Registrar shall authenticate and deliver such Bonds in accordance with the provisions of the Resolution. Execution of Bonds in the same manner as is provided in the Resolution for purposes of exchanging, replacing, or transferring Bonds may occur at the time of the original delivery of the Bonds. All Bonds surrendered in any such exchanges or transfers shall be held by the Registrar in safekeeping until directed by the City to be canceled by the Registrar. For every such exchange or transfer of Bonds, the City or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense, or other governmental charge required to be paid with respect to such exchange or transfer. The City and



the Registrar shall not be obligated to make any such exchange or transfer of Bonds during the fifteen days next preceding an Interest Date on the Bonds, or, in the case of any proposed redemption of Bonds, then during the fifteen (15) days next preceding the date of the first mailing of notice of such redemption and continuing until such redemption date.

### **Bonds Mutilated, Destroyed, Stolen, or Lost**

In case any Bond shall become mutilated, or be destroyed, stolen, or lost, the City may, in its discretion, issue and deliver, and the Registrar shall authenticate, a new Bond of like tenor as the Bond so mutilated, destroyed, stolen, or lost, in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen, or lost, and upon the Holder furnishing the City and the Registrar proof of such Holder's ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the City or the Registrar may prescribe and paying such expenses as the City and the Registrar may incur. All Bonds so surrendered or otherwise substituted shall be canceled by the Registrar. If any of the Bonds shall have matured or be about to mature, instead of issuing a substitute Bond, the City may pay the same or cause the Bond to be paid, upon being indemnified as aforesaid, and if such Bonds be lost, stolen, or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to the Resolution shall constitute original, additional contractual obligations on the part of the City whether or not the lost, stolen, or destroyed Bond be at any time found by anyone, and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien on the Pledged Funds to the same extent as all other Bonds issued under the Resolution.

## **SECURITY FOR THE BONDS**

### **Bonds Not General Obligations**

THE BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE CITY AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT SHALL BE SPECIAL OBLIGATIONS OF THE CITY, PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE PLEDGED FUNDS. NO HOLDER OF ANY BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER TO PAY SUCH BOND, FOR THE PAYMENT OF ANY AMOUNTS PAYABLE UNDER THE RESOLUTION, OR IN ORDER TO MAINTAIN ANY SERVICES OR PROGRAMS THAT GENERATE NON-AD VALOREM REVENUES, OR BE ENTITLED TO PAYMENT OF SUCH BOND FROM ANY MONEYS OF THE CITY EXCEPT FROM THE PLEDGED FUNDS IN THE MANNER PROVIDED IN THE RESOLUTION.

### **Pledged Funds**

The Bonds and the interest thereon are secured by and payable solely from (1) Non-Ad Valorem Revenues budgeted and appropriated by the City in accordance with the Resolution and deposited into the Debt Service Fund, and (2) until applied in accordance with the provisions of the Resolution, all moneys, including the investments thereof, in the funds and accounts established under the Resolution, with the exception of the Rebate Fund (collectively, the "Pledged Funds").

"Non-Ad Valorem Revenues" shall mean all revenues of the City not derived from ad valorem taxation, and which are lawfully available to be used to pay debt service on the Bonds.

### **Covenant to Budget and Appropriate**

The City has covenanted and agreed in the Resolution and has a positive and affirmative duty to appropriate in its annual budget, by amendment, if necessary, from Non-Ad Valorem Revenues, and to deposit into the Debt Service Fund amounts sufficient to pay principal of and interest on the Bonds and all other payments due under the Resolution not being paid from other amounts as the same shall become due. The City shall make each deposit no later than five (5) Business Days prior to the date such payment is due. Such covenant and agreement on the part of the City to budget, appropriate and deposit such amounts of Non-Ad Valorem Revenues shall be cumulative to the extent not paid, and shall continue until such Non-Ad Valorem Revenues or other legally available funds in amounts sufficient to make all such required payments shall have been budgeted, appropriated, deposited and actually paid. No lien upon or pledge of such budgeted Non-Ad Valorem Revenues shall be in effect until such monies are budgeted, appropriated and deposited as provided in the Resolution. The City further acknowledged and agreed in the Resolution that the obligations of the City to include the amount of such amendments in each of its annual budgets and to pay such amounts from Non-Ad Valorem Revenues may be enforced in a court of competent jurisdiction in accordance with the remedies set forth in the Resolution.

Until such monies are budgeted, appropriated and deposited as provided in the Resolution, such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Revenues, nor does it preclude the City from pledging in the future its Non-Ad Valorem Revenues, nor does it require the City to levy and collect any particular Non-Ad Valorem Revenues, nor does it give the Holders of the Bonds a prior claim on the Non-Ad Valorem Revenues as opposed to claims of general creditors of the City. Such covenant to budget and appropriate Non-Ad Valorem Revenues is subject in all respects to the prior payment of obligations secured by a pledge of such Non-Ad Valorem Revenues heretofore or hereafter entered into (including the payment of debt service on bonds and other debt instruments). Anything in the Resolution to the contrary notwithstanding, it is understood and agreed that all obligations of the City pursuant to the Resolution shall be payable from the portion of Non-Ad Valorem Revenues budgeted, appropriated and deposited as provided for in the Resolution and nothing in the Resolution shall be deemed to pledge ad valorem taxing power or ad valorem tax revenues or to permit or constitute a mortgage or lien upon any assets owned by the City and no Holders of the Bonds nor any other Person, may compel the levy of ad valorem taxes on real or personal property within the boundaries of the City or the use or application of ad valorem tax revenues in order to satisfy any payment obligations under the Resolution. The obligation of the City to budget, appropriate, deposit and make payments pursuant to the Resolution from its Non-Ad Valorem Revenues is subject to the availability of Non-Ad Valorem Revenues after the satisfaction of the funding requirements for obligations having an express lien on or pledge of such revenues and the funding requirements for essential governmental services of the City. Notwithstanding any provisions of the Resolution or the Bonds to the contrary, the City shall never be obligated to maintain or continue any of the activities of the City which generate user service charges, regulatory fees or any Non-Ad Valorem Revenues. Until such monies are budgeted, appropriated and deposited as provided in the Resolution, neither the Resolution nor the obligations of the City pursuant to the Resolution shall be construed as a pledge of or a lien on all or any legally available Non-Ad Valorem Revenues of the City, but shall be payable solely as provided in the Resolution and is subject to the payment of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the City and is further subject to the provisions of Section 166.241, Florida Statutes insofar as there are not sufficient Non-Ad Valorem

Revenues to comply with such covenant after the satisfaction of the funding requirements for obligations having an express lien on or pledge of such revenues and the funding requirements for essential governmental services of the City.

Until applied in accordance with the Resolution, the Non-Ad Valorem Revenues of the City on deposit in the Debt Service Fund and other amounts on deposit from time to time in the funds and accounts established in the Resolution, plus any earnings thereon, shall be pledged to the repayment of the Bonds.

The payment of the debt service of all of the Bonds issued under the Resolution shall be secured forthwith equally and ratably by a pledge of and a lien upon the Pledged Funds, as provided in the Resolution. The City irrevocably pledges such Pledged Funds to the payment of the principal of and interest on the Bonds issued pursuant to the Resolution, and the City agrees to the deposit of Non-Ad Valorem Revenues into the Debt Service Fund at the times provided of the sums required to secure to the Holders of the Bonds issued under the Resolution, and the payment of the principal of and interest thereon when due. Upon being deposited to the Debt Service Fund the Pledged Funds shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City.

#### **Anti-Dilution Test**

The City shall not issue any other debt obligations secured by Non-Ad Valorem Revenues or a covenant to budget and appropriate Non-Ad Valorem Revenues, unless the ratio of (i) the average annual Non-Ad Valorem Revenues for the two immediately preceding Fiscal Years of the City for which audited financial statements are available, plus reasonably projected receipts of any new source of Non-Ad Valorem Revenues that have been levied to the extent not fully reflected in such audited financial statements, less the amount by which General Governmental Services Expenditures exceed Ad Valorem Revenues of the City, to (ii) Maximum Annual Non-Ad Valorem Debt Service, is not less than 1.5:1.

As provided in the Resolution, the below defined terms are provided for the purposes of this section:

"Ad Valorem Revenues" means the average for the two most recent Fiscal Years for which audited financial statements of the City are available of all total receipts derived from ad valorem taxation.

"General Governmental Services Expenditures" means the average for the two most recent Fiscal Years for which audited financial statements of the City are available of the total of general government and public safety expenditures in the City's general fund, debt service funds, special revenues funds, and capital projects fund.

"Maximum Annual Non-Ad Valorem Debt Service" means the maximum annual debt service on a consolidated basis of all Non-Ad Valorem Revenue Obligations then outstanding for the then current or any subsequent Fiscal Year.

"Non-Ad Valorem Revenue Obligations" means the Bonds and obligations evidencing indebtedness for borrowed money (i) payable from or secured by a pledge of or lien on one or more

sources of Non-Ad Valorem Revenues or a covenant to budget and appropriate Non-Ad Valorem Revenues or (ii) payable directly or indirectly from a covenant to budget and appropriate Non-Ad Valorem Revenues, but only if the City reasonably expects to apply Non-Ad Valorem Revenues to the payment of debt service, directly or indirectly, on such obligations and only to the extent that amounts other than Non-Ad Valorem Revenues available and pledged to pay such obligations during the prior Fiscal Year for which audited financial statements are available were less than the maximum annual debt service for the then current or subsequent Fiscal Year.

Notwithstanding anything in the Resolution to the contrary, the provisions of the Resolution may be amended, supplemented, or waived from time to time only with the prior written consent of the Bondholders owning a majority of the Bonds then Outstanding; provided, however, if any Bonds the Outstanding are insured by the Insurer, the Insurer may provide consent in lieu of the Holders of the Bonds that it insures.

### **Funds and Accounts**

The City has covenanted and agreed to establish two (2) special funds to be designated the "Series 2024A Project Fund" and the "Series 2024B Project Fund." Amounts on deposit from time to time in the Series 2024A Project Fund and the Series 2024B Project Fund, plus any earnings thereon, are pledged to the repayment of the Bonds. Costs of the 2024A Project will be paid from the Series 2024A Project Fund. Costs of the 2024B Project will be paid from the Series 2024B Project Fund.

The City has created and established the "Debt Service Fund", which fund shall be a trust fund held by the City, which shall be held solely for the benefit of the Holders as provided in the Resolution. The City shall maintain in the Debt Service Fund six (6) accounts: the "Series 2024A Interest Account," the "Series 2024B Interest Account," the "Series 2024A Principal Account," the "Series 2024B Principal Account," the "Series 2024A Bond Amortization Account" and the "Series 2024B Bond Amortization Account." Moneys in the aforementioned funds and accounts, until applied in accordance with the provisions of the Resolution, shall be subject to a lien and charge in favor of the Holders and for the further security of the Holders.

### **Separate Accounts**

The moneys required to be accounted for in each of the Funds and Accounts established in the Resolution may be deposited in a single account, and funds allocated to the various Funds and Accounts may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such Funds and Accounts as provided in the Resolution.

The designation and establishment of the various Funds and Accounts by the Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as provided in the Resolution.

## **Flow of Funds**

Pursuant to the Resolution, the Non-Ad Valorem Revenues shall be deposited or credited at least five (5) business days prior to the applicable due date, in the following manner:

Interest Account. The City shall deposit into or credit to each Interest Account the sum which, together with the balance in said Accounts, shall be equal to the interest on all Outstanding Bonds accrued and unpaid and to accrue on such Interest Date. Moneys in the Interest Accounts will be used to pay interest on the Bonds as and when the same become due, whether by redemption or otherwise, and for no other purpose.

Principal Accounts. The City shall deposit into or credit to each Principal Account the sum which, together with the balance in said Accounts, is equal the portion of the principal on the Outstanding Bonds next due. Moneys in the Principal Accounts will be used to pay the principal of the Bonds as and when the same mature, and for no other purpose.

Bond Amortization Accounts. The City shall deposit into or credit to each Bond Amortization Account the sum which, together with the balance in said Accounts, shall equal the portion of the Amortization Installments of all Outstanding Bonds next due. Moneys in the Bond Amortization Accounts will be used to purchase or redeem Term Bonds in the manner provided in the Resolution, and for no other purpose. Payments to the Bond Amortization Accounts will be on a parity with payments to the Principal Accounts.

On the date established for payment of any principal of or Redemption Price, if applicable, or interest on the Outstanding Bonds, the City will withdraw from the appropriate account of the Debt Service Fund sufficient moneys to pay such principal or Redemption Price, if applicable, or interest and deposit such moneys with the Paying Agent for the Outstanding Bonds to be paid.

## **No Debt Service Reserve Fund**

The City has not established a reserve fund or account to secure the Bonds.

## **No Impairment**

The City has covenanted in the Resolution that the pledging of the Pledged Funds in the manner provided in the Resolution shall not be subject to repeal, modification, or impairment by any subsequent ordinance, resolution, or other proceedings of the Commission.

## **Books and Records**

The City shall keep proper books, records and accounts of the receipt of the Non-Ad Valorem Revenues in accordance with generally accepted accounting principles, and any Holder or Holders of Bonds shall have the right at all reasonable times to inspect such books, records, accounts and data of the City relating thereto. The City shall, by April 30th following the close of the prior Fiscal Year of the City, cause an audit of such books, records and accounts to be made by an independent firm of certified public accountants.

Copies of each such audit report shall be placed on file with the City and be made available at reasonable times for inspection by Holders of the Bonds.

### **Annual Audit**

The City shall, immediately after the close of each Fiscal Year, cause the financial statements of the City to be properly audited by a recognized independent certified public accountant or recognized independent firm of certified public accountants, and shall require such accountants to complete their report on the annual financial statements in accordance with applicable law. Such annual financial statements shall contain, but not be limited to, a balance sheet, a statement of revenues, expenditures and changes in fund balance, and any other statements as required by law or accounting convention, and a report by such accountants disclosing any material default on the part of the City of any covenant or agreement provided in the Resolution which is disclosed by the audit of the financial statements. The annual financial statements shall be prepared in conformity with generally accepted accounting principles. A copy of the audited financial statements for each Fiscal Year shall be furnished to any Holder of a Bond who shall have furnished such Holder's address to the Chief Financial Officer and/or the City Manager and requested in writing that the same be furnished to such Holder. The City shall be permitted to make a reasonable charge for furnishing such audited financial statements.

### **Investments**

The Project Fund and the Debt Service Fund shall be continuously secured in the manner by which the deposits of public funds are authorized to be secured by the laws of the State. Moneys on deposit in the Debt Service Fund and Project Fund may be invested and reinvested in Permitted Investments maturing not later than the date on which the moneys therein will be needed. Any and all income received by the City from the investment of moneys in the Debt Service Fund and the Project Fund shall be retained in such respective Funds or Accounts.

Nothing contained in the Resolution shall prevent any Permitted Investments acquired as investments of or security for funds held under the Resolution from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

The value of Permitted Investments held under the Resolution shall be determined as follows:

(a) For the purpose of determining the amount in any Fund or Account, all Permitted Investments credited to such fund or account shall be valued at fair market value. The City shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Financial Times Interactive Data Corporation, Merrill Lynch, Citigroup Global Markets, Bear Stearns or Lehman Brothers.

(b) As to certificates of deposit and bankers' acceptances: the face amount thereof, plus accrued interest thereon.

(c) As to any investment not specified above: the value thereof established by prior agreement between the City and Insurer.

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## ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Bonds are expected to be applied as follows:

	<u>Series 2024A</u> <u>Bonds</u>	<u>Series 2024B</u> <u>Bonds</u>	<u>Total</u>
SOURCES OF FUNDS FOR THE BONDS:			
Par Amount of Bonds			
Plus/Minus [Net] Bond Premium/Discount			
TOTAL SOURCES			
USES OF FUNDS FOR THE BONDS:			
Deposit to the Series 2024A Project Fund			
Deposit to the Series 2024B Project Fund			
Costs of Issuance <sup>(1)</sup>			
TOTAL USES			

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<sup>(1)</sup> Includes, without limitation, Underwriters' discount, legal, accounting and financial advisory fees, printing costs, and other costs associated with the issuance of the Bonds.

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## DEBT SERVICE REQUIREMENTS

The following table shows the scheduled annual principal, interest, and debt service requirements for the Series 2024A Bonds and Series 2024B Bonds and the total annual debt service for the Bonds:

Year Ending <u>September 1</u>	<u>Series 2024A Bonds</u>			<u>Series 2024B Bonds</u>			Total Annual <u>Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>	
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036							
2037							
2038							
2039							
2040							
2041							
2042							
2043							
2044							
2045							
2046							
2047							
2048							
2049							
2050							
2051							
2052							
2053							
2054							
TOTAL							



## DESCRIPTION OF NON-AD VALOREM REVENUES

### General

The City generally receives two primary sources of revenue: ad valorem taxes and non-ad valorem revenues. Ad valorem taxes may not be pledged for the payment of debt obligations of the City maturing more than twelve months from the date of issuance thereof without approval of the electorate of the City. *The ad valorem tax revenues of the City are not pledged as security for the payment of the Bonds and the City is not obligated to budget and appropriate ad valorem tax revenues for the payment of the Bonds.*

The Bonds are payable from Pledged Funds which includes Non-Ad Valorem Revenues budgeted, appropriated and deposited by the City for such purpose as described herein, and are not payable from ad valorem taxation. However, the ability of the City to covenant to budget and appropriate Non-Ad Valorem Revenues is subject to a variety of factors, including the obligation of the City to provide governmental services and the provisions of State law which require the City to have a balanced budget.

Although the Bonds are not payable from ad valorem taxation, approximately 24% of the City's Governmental Funds Revenues come from ad valorem taxes. To the extent that the future collection of ad valorem tax revenues is adversely affected, a larger portion of Non-Ad Valorem Revenues would be required to balance the budget and provide governmental services.

The City is permitted by the State Constitution to levy ad valorem taxes at a rate of up to \$10 per \$1,000 of assessed valuation for general governmental expenditures. The General Fund ad valorem tax millage rate for the tax year 2023 is \$5.4300 per \$1,000. The City is also permitted by the State Constitution to levy ad valorem taxes above the \$10 per \$1,000 cap to pay debt service on general obligation long-term debt if approved by a voter referendum. The City currently levies \$0.1749 per \$1,000 to pay debt service on long-term general obligation debt.

Non-Ad Valorem Revenues of the City may be pledged or applied, subject to certain limitations disclosed herein, for the payment of debt obligations of the City. Such Non-Ad Valorem Revenues include a broad category of revenues, including, but not limited to, revenues received from the federal and state governments, investment income and income produced from certain services and facilities of the City, as described below.

Portions of Non-Ad Valorem Revenues have been, and may subsequently be, pledged to secure debt issued by the City. Any such debt is or will be payable from such specific Non-Ad Valorem Revenues prior to payment of debt service on the Bonds. See the section "Debt of City Secured by Non-Ad Valorem Revenues" below for a description of other obligations that must be satisfied prior to the payment of debt service on the Bonds. Amounts in particular categories of Non-Ad Valorem Revenues may increase or decrease in the future due to factors within or outside of the control of the City. Certain categories may cease to exist altogether and new sources may come about from time to time.

The Florida Department of Financial Services ("FDfs") has developed, as part of the Uniform Accounting System Manual's Chart of Accounts, six major categories of local government revenues: taxes; permits, fees and special assessments; intergovernmental revenues; charges for services; judgments, fines and forfeitures; and miscellaneous revenues. Using such categories as a guide, the

following describes the sources of the City's Non-Ad Valorem Revenues and outlines the City's classification of such Non-Ad Valorem Revenues:

## **Taxes**

### Utilities Tax Revenues

The "Utilities Tax" (also, commonly referred to as the "Public Services Tax") is imposed by the City pursuant to the Constitution of the State and Section 166.231, Florida Statutes, and other applicable provisions of law. State law authorizes any municipality in the State to levy a utilities tax on the purchase within such municipality of electricity, metered natural gas, liquefied petroleum gas either metered or bottled, manufactured gas either metered or bottled, and water service. Services competitive with those enumerated in the previous sentence, as defined by ordinance, shall be taxed on a comparable base at the same rates. However, fuel oil shall be taxed at a rate not to exceed 4 cents per gallon.

Pursuant to Ordinance No. 96-335 enacted by the Commission on August 7, 1996, as amended by Ordinance No. 00-423 enacted by the Commission on September 20, 2000 (the "Public Service Tax Ordinance"), the City levied a public service tax on the purchase of electricity and metered or bottled as (natural or liquefied petroleum gas) at a rate of ten percent (10%) of the charge made by the seller of such service or commodity. These taxes shall in each case be paid by the purchaser thereof for the use of the City to the seller of such electricity, metered or bottled gas (natural or liquefied petroleum gas), water service, and fuel oil at the time of paying the charge therefor, but not less than monthly.

State law provides that a municipality may exempt from the utilities tax the first 500 kilowatts of electricity per month purchased for residential use, metered or bottled gas or fuel oil for agricultural purposes, purchases of electricity, natural gas, liquefied petroleum gas or manufactured gas by industrial customers for use in industrial manufacturing or processing facilities in the municipality and electrical energy used in a facility located in a designated enterprise zone. The City has not adopted any such exemptions, but it does exempt purchases by the United States Government, the State, the County, the City and their agencies, boards, commissions and authorities from the levy of such tax, as well as purchases by all other governmental entities and all religious entities. Additional statutory exemptions are accorded to purchases for resale or for use as fuel in the generation of electricity, or the purchase of fuel oil or kerosene for use as an aircraft engine fuel or propellant or for use in internal combustion engines.

The utilities tax shall not be applied against any fuel adjustment charge. The term "fuel adjustment charge" means all increases in the cost of utility services to the ultimate consumer resulting from an increase in the cost of fuel to the utility subsequent to October 1, 1973.

The utilities tax must be collected by the seller from purchasers at the time of sale and remitted to the City on a monthly basis. Taxes on most utility services are separately itemized on the bill rendered to customers, but separate disclosure is not required. A failure by a consumer to pay that portion of the bill attributable to the utilities tax may result in a suspension of the service involved in the same fashion as the failure to pay that portion of the bill attributable to the particular utility service.

The amount of Utility Tax received by the City may fluctuate as the price of water, gas and/or electricity and the other services subject to the Utility Tax fluctuates and a sustained increase in the price thereof may have an adverse effect on the amount of Utility Tax collected.

Communications Services Tax Revenues

The Communications Services Tax Simplification Act, enacted by Chapter 2000-260, Laws of Florida, as amended by Chapter 2001-140, Laws of Florida, and now codified in part as Chapter 202, Florida Statutes (the "CSTA") established, effective October 1, 2001, a local communications services tax on the sale of communications services as defined in Section 202.11, Florida Statutes, and as of the same date repealed Section 166.231(9), Florida Statutes, which previously granted municipalities the authority to levy a utility services tax on the purchase of telecommunications services. See "DESCRIPTION OF NON-AD VALOREM REVENUES -- Taxes – *Utilities Tax Revenues*" above. Pursuant to Ordinance No. 01-259 enacted by the Commission on July 20, 2001, the City has imposed the local communications services tax at a rate of 5.5% beginning on October 1, 2001 and then 5.1% on all bills dated on or after October 1, 2002. The rate includes the 0.12% add-on permitted by Section 337.401, Florida Statutes, and established by the City for waiving the right to collect permit fees for the use of the rights-of-way by communications providers.

Although the Local Communications Services Tax is levied locally, the Florida Department of Revenue's ("FDOR") collects the tax on behalf of the local governments. The proceeds of the local communications services tax, less FDOR cost of administration which may not exceed 1% of the total tax generated, are deposited in the Local Communications Services Tax Clearing Trust Fund (the "CST Trust Fund") and distributed monthly to the appropriate jurisdiction. The local communications services tax revenues received by the City are deposited into the City's General Fund and may be used for any public purpose. The revenues that are received by the City from such communications services tax which derive from the CST Trust Fund created with the FDOR pursuant to Section 202.193, Florida Statutes, may be pledged for the repayment of current or future bonded indebtedness.

One effect of the CSTA was to replace the former utilities tax on telecommunications, including pre-paid calling arrangements, as well as any revenues from franchise fees on cable and telecommunications service providers and permit fees relating to placing or maintaining facilities in rights-of-way collected from providers of certain telecommunications services, with the local communications services tax. This change in law was intended to be revenue neutral to the counties and municipalities. The communications services tax applies to a broader base of communications services than the former utilities tax on telecommunications.

The local communications services tax applies to the purchase of "communications services" which originated or terminated within the City, with certain exemptions described below. "Communication services" under the CSTA are defined as the transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals, including cable services, to a point, or between or among points, by or through any electronic, radio, satellite, cable, optical, microwave, or other medium or method now in existence or hereafter devised, regardless of the protocol used for such transmission or conveyance. The term does not include:

- (a) Information services.
- (b) Installation or maintenance of wiring or equipment on a customer's premises.
- (c) The sale or rental of tangible personal property.
- (d) The sale of advertising, including, but not limited to, directory advertising.
- (e) Bad check charges.
- (f) Late payment charges.
- (g) Billing and collection services.

- (h) Internet access service, electronic mail service, electronic bulletin board service, or similar on-line services.

While such services have historically been taxed if the charges for such services are not stated separately from the charges for communications services, on a customer's bill, providers now have the ability to exclude such services from the tax if they can be reasonably identified from the selling dealer's books and records kept in the regular course of business. The dealer may support the allocation of charges with books and records kept in the regular course of business covering the dealer's entire service area, including territories outside of State.

The sale of communications services to (i) the federal government, or any instrumentality or agency thereof, or any entity that is exempt from state taxes under federal law, (ii) the State or any county, municipality or political subdivision of the State when payment is made directly to the dealer by the governmental entity, and (iii) any home for the aged or educational institution (which includes state tax-supported and nonprofit private schools, colleges and universities and nonprofit libraries, art galleries and museums, among others) or religious institutions (which include, but are not limited to, organizations having an established physical place for worship at which nonprofit religious services and activities are regularly conducted) that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), are exempt from the local communications services tax.

The CSTA provides that, to the extent that a provider of communications services is required to pay to a local taxing jurisdiction a tax, charge, or other fee under any franchise agreement or ordinance with respect to the services or revenues that are also subject to the local communications services tax, such provider is entitled to a credit against the amount of such local communications services tax payable to the State in the amount of such tax, charge, or fee with respect to such service or revenues. The amount of such credit is deducted from the amount that such local taxing jurisdiction is entitled to receive under Section 202.18(3), Florida Statutes. However, the City does not impose any such fees or charges on communications services providers.

Under the CSTA, local governments must work with the FDOR to properly identify service addresses to each municipality and county. If a jurisdiction fails to provide the FDOR with accurate service address information, the local government risks losing tax proceeds that it should properly receive. The City believes it has provided the FDOR with all information that the FDOR has requested as of the date hereof and that such information is accurate.

The federal Internet Tax Freedom Act ("ITFA") imposed a moratorium on taxation of Internet Access by states and political subdivisions. As amended by the Internet Tax Nondiscrimination Act ("ITNA"), "Internet Access" includes telecommunications services (unregulated non-utility telecommunications, such as cable services) purchased, used or sold by a provider of Internet Access to provide Internet Access, including related communication services, such as email and instant messaging. On February 24, 2016, President Obama signed the Trade Facilitation and Trade Enforcement Act of 2015, that was signed into law (Public Law 114-125, Sec. 922) that included a provision granting a Permanent Moratorium on Internet Access Taxes. Since Public Law 114-125, Sec. 922 has been in place and since the inception of Florida Statute, Chapter 202 that excludes charges for internet access services from state law, the City does not and the City does not anticipate any negative impact on future collections of local communications services tax revenues because of this action.

Providers of communications services collect the local communications services tax and may deduct 0.75% as a collection fee (or 0.25% in the case of providers who do not employ an enhanced zip code database or a data base that is either supplied or certified by the FDOR). The communications services providers remit the remaining proceeds to the FDOR for deposit into the CST Trust Fund. The FDOR then makes monthly contributions from the CST Trust Fund to the appropriate local governments after deducting up to 1% of the total revenues generated as an administrative fee.

The amount of local communications services tax revenues received by the City is subject to increase or decrease due to (i) increases or decreases in the dollar volume of taxable sales within the City, (ii) legislative changes, and/or (iii) technological advances which could affect consumer preferences. The amount of the local communications services tax revenues collected within the City may be adversely affected by de-annexation. Such de-annexation would decrease the number of addresses contained within the City. At this time there are no de-annexations anticipated within the City.

Chapter 2023-157 was signed into law during the 2023 State Legislative session and provides that any local communications services tax rate in effect as of January 1, 2023 may not be increased before January 1, 2026. Chapter 2023-157 also provides that any increases to discretionary sales tax, levied pursuant to Section 212.055, Florida Statutes, may not be added to the local CST under Section 202.19, Florida Statutes, before January 1, 2026.

#### Business Tax Revenues

The "Business Tax" (formerly called the "Occupational License Tax") includes the business taxes levied and collected by the City pursuant to Chapter 205, Florida Statutes, and Ordinance 15-5128 enacted by the Commission on the 18<sup>th</sup> day of May, 2015. Section 205.042, Florida Statutes, authorizes the City to levy "a business tax for the privilege of engaging in or managing any business, profession, or occupation within its jurisdiction." The Business Tax may be levied on:

- (1) Any person who maintains a permanent business location or branch office within the municipality, for the privilege of engaging in or managing any business within its jurisdiction.
- (2) Any person who maintains a permanent business location or branch office within the municipality, for the privilege of engaging in or managing any profession or occupation within its jurisdiction.
- (3) Any person who does not qualify under subsection (1) or subsection (2) and who transacts any business or engages in any occupation or profession in interstate commerce, if the Business Tax is not prohibited by the United States Constitution.

All Business Tax receipts are issued for payment by the City beginning August 1 of each year and such taxes are due and payable on or before September 30 of each year. Each Business Tax receipt expires on September 30 of the succeeding year. Business Tax receipts that are not renewed when due and payable are delinquent and subject to a delinquency penalty of 10% for the month of October, plus an additional 5% penalty for each subsequent month of delinquency until paid. However, the total delinquency penalty may not exceed 25% of the Business Tax for the delinquent establishment.

Any person who engages in or manages any business, occupation, or profession without first paying the required Business Tax, is subject to a penalty of 25% of the tax due, in addition to any other

penalty provided by law or ordinance. Any person who engages in any business, occupation, or profession covered by Chapter 205, Florida Statutes, who does not pay the required Business Tax within 150 days after the initial notice of tax due, and who does not obtain the required Business Tax receipt, is subject to civil actions and penalties, including court costs, reasonable attorneys' fees, additional administrative costs incurred as a result of collection efforts, and a penalty of up to \$250.

Chapter 205, Florida Statutes, provides that the City may only increase by ordinance the rates of Business Taxes every other year by up to 5%. The increase, however, may be enacted only by a majority plus one vote of Commission. The City last increased its Business Tax rates in Fiscal Year 2016 by 5%, the maximum allowed by Chapter 205, Florida Statutes. The City did not increase its Business Tax rates in Fiscal Year 2017.

In past sessions of the State Legislature, legislation has been introduced that, had it been enacted, could have reduced the amount of Business Taxes to be collected by the City. Such proposed legislation was not passed. No assurance can be given that similar legislation will not be re-introduced in the future.

## **Licenses and Permits**

### Franchise Tax Revenues

Pursuant to Ordinance No. 04-301, adopted by the Commission on July 7, 2004, the City has a non-exclusive franchise agreement granting Florida Power & Light Company ("FPL") use of the public streets, alleys, highways, waterways, bridges, easements and other public ways of the City for the supply of electricity and other services within the incorporated areas of the City. In consideration for this privilege, FPL has agreed to pay 5.9% of its billed revenues, less actual write-offs, from the sale of electrical energy to residential, commercial, and industrial customers within the incorporated areas of the City. The agreement is for a thirty (30) year period which commenced on July 29, 2004. Pursuant to Ordinance No. 08-31, adopted by the Commission on February 6, 2008, the City has a non-exclusive franchise agreement granting Peoples Gas System, Inc. ("PGS") a non-exclusive franchise to lay, erect, construct, operate and maintain in, on, or under any and all public rights-of-way of the City for the provision of natural gas for the public and private use of the inhabitants of the City. In consideration for this privilege, PGS pays to the City 6% of its gross revenues derived from the sale of natural gas to customers located within the corporate limits of the City, less any adjustments for uncollectible accounts. The agreement is for a thirty (30) year period commencing on February 6, 2008. The expiration of the FPL and PGS franchise agreements are prior to the final maturity date of the Bonds on September 1, 2054. If it is in the best interest of the City, the City intends to negotiate new franchise agreements or extend the existing agreements prior to the expiration of the existing agreements.

Pursuant to Ordinance No. 77-1, as amended by Ordinance No. 14-178, any public utility operating without a franchise within the City shall pay six percent (6%) of its gross revenues for the prior month. Additionally, any public utility operating without a franchise within the streets, right-of-way, easements, and on public properties of the City, which property the City maintains shall pay to the City \$100,000 annually. Currently, no utilities are operating without a franchise agreement.

## **Intergovernmental Revenues**

### General

All revenues received by a local unit from federal, state, and other local government sources in the form of grants, shared revenues, payments in lieu of taxes and payments in lieu of franchise fees would be included in the intergovernmental revenues category. The category can be further classified into eight subcategories: federal grants, federal payments in lieu of taxes ("PILOT"), state grants, state shared revenues, state PILOT, if any, local grants, local shared revenues, and local PILOT. If a particular grant is funded from separate intergovernmental sources, then the revenue is recorded proportionately. At this time, the City does not receive any PILOT revenues from any other government. The largest component is the Local Government Half-Cent Sales Tax.

### Half-Cent Sales Tax Revenues

Chapter 218, Part VI, Florida Statutes (the "Sales Tax Act"), authorizes the levy and collection by the State of a sales tax upon, among other things, the sales price of each item or article of tangible personal property sold at retail in the State, subject to certain exceptions and dealer allowances. In 1982, the State Legislature created the Local Government Half-Cent Sales Tax Program (the "Half-Cent Sales Tax Program") which distributes a portion of the sales tax revenue and money from the State's General Revenue Fund to counties and municipalities that meet strict eligibility requirements. In 1982, when the Half-Cent Sales Tax Program was created, the general rate of sales tax in the State was increased from 4% to 5%, and one-half of the fifth cent was devoted to the Half-Cent Sales Tax Program, thus giving rise to the name "Half-Cent Sales Tax." Although the amount of sales tax revenue deposited into the Half-Cent Sales Tax Program is no longer one-half of the fifth cent of every dollar of the sales price of an item subject to sales tax, the name "Half-Cent Sales Tax" has continued to be utilized. As of October 1, 2001, the Half-Cent Sales Tax Trust Fund began receiving a portion of certain taxes imposed by the State on communications services pursuant to Chapter 202, Florida Statutes. Accordingly, moneys distributed from the Half-Cent Sales Tax Trust Fund now consist of funds derived from both general sales tax proceeds and certain taxes imposed on the sales of communications services required to be deposited into the Half-Cent Sales Tax Trust Fund.

The Half-Cent Sales Tax is collected on behalf of the State by businesses at the time of sale at retail, use, consumption, or storage for use or consumption, of taxable property and remitted to the State on a monthly basis. The Sales Tax Act provides for penalties and fines, including criminal prosecution, for non-compliance with the provisions thereof.

The general rate of sales tax in the State is currently 6%. Section 212.20, Florida Statutes, provides for the distribution of 8.9744%, reduced by 0.1%, of sales tax revenues to the Half-Cent Sales Tax Clearing Trust Fund (the "Half-Cent Sales Tax Trust Fund"), after providing for certain transfers to the State's General Fund. Such amount deposited in the Half-Cent Sales Tax Trust Fund is earmarked for distribution to the governing body of such county and each participating municipality within that county pursuant to the following distribution formula:

$$\begin{array}{l} \text{County Share} \\ \text{(percentage of total Half-Cent} \\ \text{Sales Tax receipts)} \end{array} = \frac{\text{unincorporated} \\ \text{area population}}{\text{total county population}} + \frac{2/3 \text{ incorporated} \\ \text{area population}}{2/3 \text{ incorporated} \\ \text{area population}}$$

$$\begin{array}{l} \text{Municipality Share} \\ \text{(percentage of total Half-Cent} \\ \text{Sales Tax receipts)} \end{array} = \frac{\text{municipality population}}{\text{total county population}} + \frac{2/3 \text{ incorporated} \\ \text{area population}}{2/3 \text{ incorporated} \\ \text{area population}}$$

For purposes of the foregoing formula, "population" is based upon the latest official State estimate of population certified prior to the beginning of the local government fiscal year. Should the City annex any area or should any area of the City de-annex from the City, the share of the Half-Cent Sales Tax received by the City would be respectively increased or decreased according to the foregoing formula.

The Half-Cent Sales Tax is distributed from the Half-Cent Sales Tax Trust Fund on a monthly basis to participating units of local government in accordance with the Sales Tax Act and is deposited by the City into the City's General Fund. The Sales Tax Act permits the City to pledge its share of the Half-Cent Sales Tax for the payment of principal of and interest on any capital project.

To be eligible to participate in the Half-Cent Sales Tax Program, each municipality and county is required to have satisfied the Eligibility Requirements (defined below). The City must have:

- (i) reported its finances for its most recently completed fiscal year to the FDFS as required by State law;
- (ii) made provisions for annual post audits of financial accounts in accordance with provisions of law;
- (iii) levied, as shown on its most recent financial report, ad valorem taxes, exclusive of taxes levied for debt service or other special millages authorized by the voters, to produce the revenue equivalent to a millage rate of 3 mills on the dollar based upon 1973 taxable values or, in order to produce revenue equivalent to that which would otherwise be produced by such 3 mill ad valorem tax, to have received certain revenues from a county (in the case of a municipality), collected an occupational license tax, utility tax, or ad valorem tax, or any combination of those four sources;
- (iv) certified that persons in its employ as law enforcement officers meet certain qualifications for employment, and receive certain compensation;
- (v) certified that persons in its employ as firefighters meet certain employment qualifications and are eligible for certain compensation;



- (vi) certified that each dependent special district that is budgeted separately from the general budget of such county or municipality has met the provisions for annual post audit of its financial accounts in accordance with law; and
- (vii) certified to FDOR that it has complied with certain procedures regarding the establishment of the ad valorem tax millage of the county or municipality as required by law.

The requirements described in (i) through (vii) are referred to herein as the "Eligibility Requirements". If the City does not comply with the Eligibility Requirements, the City would lose its Half-Cent Sales Tax Trust Fund distributions for twelve (12) months following a "determination of noncompliance" by FDOR. The City has continuously maintained eligibility to receive the Half-Cent Sales Tax.

Although the Sales Tax Act does not impose any limitation on the number of years during which the City can receive distribution of the Half-Cent Sales Tax revenues from the Half-Cent Sales Tax Trust Fund, there may be amendments to the Sales Tax Act in subsequent years imposing additional requirements of eligibility for counties and municipalities participating in the Half-Cent Sales Tax Program, and it is not unusual for the distribution formulas in Sections 212.20(6)(d) or 218.62, Florida Statutes, to be revised from time to time.

The amount of Half-Cent Sales Tax revenues received by the City is subject to increase or decrease due to (i) increases or decreases in the dollar volume of taxable sales within the County, (ii) legislative changes relating to the overall sales tax, which may include changes in the scope of taxable sales, changes in the tax rate and changes in the amount of sales tax revenue deposited into the Half-Cent Sales Tax Trust Fund, (iii) changes in the relative population of the City, which affect the percentage of Local Government Half-Cent Sales Tax received by the City, and (iv) other factors which may be beyond the control of the City, including but not limited to the potential for increased use of electronic commerce and other internet-related sales activity that could have a material adverse impact upon the amount of sales tax collected by the State and then distributed to the City.

#### State Revenue Sharing

A portion of certain taxes levied and collected by the State is shared with local governments under provisions of Section 218.215, Florida Statutes. The amount deposited by the FDOR into the State Revenue Sharing Trust Fund for Municipalities is 1.3653% of available sales and use tax collections after certain required distributions and the net collections from the one-cent municipal fuel tax.

To be eligible for State Revenue Sharing funds beyond the minimum entitlement (defined as the amount necessary to meet obligations to which the City has pledged amounts received from the State Revenue Sharing Trust Fund for Municipalities), a local government must have met the Eligibility Requirements.

If the City fails to comply with such requirements, the FDOR may utilize the best information available to it, if such information is available, or take any necessary action including disqualification, either partial or entire, and the City shall further waive any right to challenge the determination of the FDOR as to its distribution, if any. Eligibility is retained if the local government has met eligibility

requirements for the previous three years, even if the local government reduces its millage or utilities taxes because of the receipt of State Revenue Sharing funds.

The amount of the State Revenue Sharing Trust Fund for Municipalities distributed to any one municipality is the average of three factors: an adjusted population factor; a sales tax collection factor, which is the proportion of the local City's ordinary sales tax distribution the municipality would receive if the distribution were strictly population-based; and a relative revenue-raising ability factor, which measures the municipality's ability to raise revenue relative to other qualifying municipalities in the State.

The distribution to an eligible municipality is determined by the following procedure. First, a municipal government's entitlement is computed on the basis of the apportionment factor applied to all State Revenue Sharing Trust Fund receipts available for distribution. Second, the revenue to be shared via the formula in any fiscal year is adjusted so that no municipality receives fewer funds than its guaranteed entitlement, which is equal to the aggregate amount received from the state in fiscal year 1971-72 under then-existing statutory provisions. Third, the revenue to be shared via the formula in any fiscal year is adjusted so that all municipalities receive at least their minimum entitlement, which means the amount of revenue necessary for a municipality to meet its obligations as the result of pledges, assignments, or trusts entered into that obligated State Revenue Sharing Trust Fund monies. Finally, after making these adjustments, any remaining State Revenue Sharing Trust Fund monies are distributed on the basis of the additional money of each qualified municipality in proportion to the total additional money for all qualified municipalities.

The following are sources of revenues that are deposited into the State Revenue Sharing Trust Fund for Municipalities.

*Sales Tax Revenues.* Prior to July 1, 2000, a state tax was levied on cigarette packages at varying rates, depending upon the length and number of cigarettes in a package and, pursuant to Section 210.20(2)(a), Florida Statutes, certain amounts derived from such cigarette taxes were deposited to the Revenue Sharing Trust Fund for Municipalities after deducting therefrom certain charges for administration and collection. Effective July 1, 2000, the cigarette tax revenues were eliminated from distribution to the Revenue Sharing Trust Fund for Municipalities and replaced with sales and use tax proceeds. Currently, 1.3653% of the available proceeds of the sales and use tax imposed pursuant to Chapter 212, Florida Statutes, is transferred monthly to the Revenue Sharing Trust Fund for Municipalities after certain other transfers have been made and certain charges for administration and collection have been deducted therefrom.

*Municipal Fuel Tax.* The proceeds of the municipal fuel tax imposed pursuant to Section 206.41(1)(c), Florida Statutes, after deducting certain service charges and administrative costs is transferred into the Revenue Sharing Trust Fund for Municipalities. Funds derived from the municipal fuel tax on motor fuel may only be used to pay debt service allocable to transportation facilities. None of the debt service on the Bonds is allocable to transportation facilities.

The sales and use tax provides the majority of the receipts for the guaranteed entitlement from the Revenue Sharing Trust Fund for Municipalities. For the State's fiscal year ending June 30, 2024, the FDOR's Office of Tax Research estimated that approximately 82.0% of the deposits of the Revenue Sharing Trust Fund for Municipalities will be from sales and use tax and approximately 18.0% will be from the municipal fuel tax.

### PILOT Program

Ordinance Number 07-91 Sec. 46-37 voted on by Commission on March 07, 2007, establishes the PILOT Program. The City's Enterprise Funds and certain special revenue funds are similar to private businesses in that they operate to show a profit. This means the full costs of services provided by the enterprise must be recovered through fees and charges. The types of Enterprise Funds utilized by the City are water and sewer, solid waste, stormwater, marina, and pier. Because of their governmental character, Enterprise Funds most often are not subject to taxation from the local government. Therefore, Enterprise Funds and special revenue funds may make PILOTs to compensate the general fund for public services (such as police, fire, public works) provided. These payments can be calculated to be reasonable equivalent in value to the services provided (exchange-like) transaction or where there is no clear link to the value of the services provided, an imposed non-exchange-type transaction. It is the policy of the City to charge PILOT to all major enterprise and certain special revenue funds at a rate that is calculated periodically by the Finance Department and approved by the City Manager. The Finance Department will also periodically review the current PILOT rates and make recommendations to the City Manager for proposed changes. Staff will provide a copy of the report on the recommended PILOT rate to the Commission. The City has elected to use the imposed non-exchange transaction type method for charging PILOT. The City may elect to exempt a new Enterprise Fund that has not yet established itself as a self-sustaining business. However, when the new fund begins to reflect a profit from operations (on a cash basis), the Enterprise Fund will then be required to commence PILOT to the General Fund.

### **Charges for Services**

All revenues resulting from a local unit's charges for services are reflected in this category and include those charges received from private individuals or other governmental units. The following functional areas include such charges:

- General government – document reproduction fees, sales of maps & publications
- Public safety – fees for police and fire protection services
- Planning and zoning – fees for zoning changes and planning reviews
- Indirect services – fees associated with services provided to City Proprietary Funds
- Transportation and parking – including parking fees
- Recreation and culture – fees for parks and recreation activities such as athletics programs and swimming pool usage
- Other – fees for services not specifically mentioned above

### **Fines and Forfeitures**

Fines and forfeitures reflect those penalties and fines imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations, and for neglect of official duty. Forfeitures include revenues resulting from parking and court fines, as well as proceeds from the sale of contraband property seized by law enforcement agencies.

### **Miscellaneous Non-Ad Valorem Revenue**

This is a broad category that includes a wide variety of revenues, including but not limited to investment income, rents and royalties, disposition of fixed assets, sales of surplus materials and scrap, contributions from private sources and other miscellaneous revenues.

## Historical Receipt of Non-Ad Valorem Revenues

The following table shows the historical receipt by the City of significant sources of certain Non-Ad Valorem Revenues accounted for in the City's General Fund for the five Fiscal Years ended September 30 prior to issuance of the Bonds. All of the foregoing categories of Non-Ad Valorem Revenues are legally available to pay debt service on the Bonds. The City receives other non-ad valorem revenues which are not legally available to pay debt service on the Bonds.

### HISTORICAL LEGALLY AVAILABLE NON-AD VALOREM REVENUES IN THE GENERAL FUND

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Tax Revenue:</b>					
Local Communications Services Tax	\$2,444,940	\$2,456,532	\$2,448,787	\$2,560,329	\$2,736,424
Utility Tax	9,323,866	9,104,629	9,612,467	10,435,483	11,832,327
Business Tax	1,142,848	1,043,931	905,611	1,078,147	1,010,060
Other Tax Revenues <sup>(1)</sup>	991,258	1,058,682	1,081,810	1,134,302	1,393,607
<b>Total Tax Revenues</b>	<b>13,902,912</b>	<b>13,663,774</b>	<b>14,048,675</b>	<b>15,208,261</b>	<b>16,972,417</b>
<b>Licenses and Permits:</b>					
Franchise Tax	6,514,401	6,084,297	6,639,553	7,812,124	8,517,392
<b>Intergovernmental Revenue:</b>					
Half-Cent Sales Tax	3,809,242	3,723,080	4,366,650	4,927,098	5,199,916
State Revenue Sharing	2,400,744	2,232,494	2,552,450	3,263,446	3,540,423
PILOT	82,767	80,940	95,844	55,644	34,611
Other Intergovernmental Revenues <sup>(2)</sup>	1,270,829	1,592,690	3,778,568	1,397,637	1,450,117
<b>Total Intergovernmental Revenues</b>	<b>7,563,582</b>	<b>7,629,204</b>	<b>10,793,512</b>	<b>9,643,825</b>	<b>10,225,067</b>
<b>Charges for Services</b>	<b>4,425,834</b>	<b>9,021,205</b>	<b>7,599,264</b>	<b>10,603,173</b>	<b>12,715,898</b>
<b>Fines and Forfeitures</b>	<b>425,008</b>	<b>433,701</b>	<b>782,500</b>	<b>1,327,693</b>	<b>870,746</b>
<b>Interest Income</b>	<b>1,659,045</b>	<b>1,381,063</b>	<b>704,127</b>	<b>595,707</b>	<b>665,446</b>
<b>Miscellaneous</b>	<b>455,042</b>	<b>1,219,191</b>	<b>773,851</b>	<b>1,088,819</b>	<b>1,487,714</b>
<b>Total Sources of Legally Available Non-Ad Valorem Revenues in the General Fund</b>	<b>\$34,945,824</b>	<b>\$39,432,435</b>	<b>\$41,341,482</b>	<b>\$46,279,602</b>	<b>\$51,454,680</b>

<sup>(1)</sup> Other Tax Revenues include Police & Fire State Insurance Premium.

<sup>(2)</sup> Other Intergovernmental Revenues includes Florida Department of Transportation Maintenance Agreements, State revenue sharing, sales tax, and CARES Act funding.

Source: City Finance Department

## Debt of City Secured by or Payable from Non-Ad Valorem Revenues

Set forth below is a table showing debt which is secured by or payable from Non-Ad Valorem Revenues of the City in the General Fund. A description of such debt is included in the table below:

<u>Description<sup>(1)</sup></u>	<u>Source of Security</u>	Amount <u>Outstanding as of September 30, 2023</u>	<u>Maturity</u>
Capital Improvement Revenue Note, Series 2017	Covenant to Budget and Appropriate	\$928,000 <sup>(2)</sup>	11/1/2028
Capital Improvement Revenue Note, Series 2010	Covenant to Budget and Appropriate	\$1,620,325	11/1/2024

(1) Does not include annual grants made to Clyde Morris Partners, Ltd. and Clyde Morris Phase V Partners, Ltd. which are paid out of the ad valorem tax revenues received from the project site. The City expects ad valorem tax revenues to be sufficient to pay the annual grants. Each annual grant shall not exceed \$60,000.00 in a given year.

(2) Represents the amount outstanding to be paid from Non-Ad Valorem Revenues of the City. The remaining principal outstanding, in the amount of \$8,590,000, is expected to be paid from revenues of the Water and Sewer Enterprise Fund and Halifax Harbor Fund.

In addition, the City has other financial obligations described below that it intends and expects to pay from non-ad valorem revenues that are not deposited to the General Fund, including enterprise fund revenues and tax increment revenues. None of the debt service on such obligations is expected to be paid from non-ad valorem revenues that are allocated to the General Fund described in the table above entitled, "HISTORICAL LEGALLY AVAILABLE NON-AD VALOREM REVENUES IN THE GENERAL FUND."

The City of Daytona Beach Community Redevelopment Agency Taxable Revenue Note, Series 2023 is outstanding in the principal amount of \$50,000 as of September 30, 2023, which is secured by tax increment revenues and a backup covenant to budget and appropriate legally available non-ad valorem revenues of the City pursuant to interlocal agreement with the Community Redevelopment Agency. None of the debt service on such Note is expected to be paid from Non-Ad Valorem Revenues in the General Fund described in the table above entitled, "HISTORICAL LEGALLY AVAILABLE NON-AD VALOREM REVENUES IN THE GENERAL FUND."

The City's Capital Improvement Refunding and Revenue Note, Series 2020 is outstanding in the principal amount of \$18,395,000 as of September 30, 2023, which is secured by tax increment revenues transferred to the City by the Community Redevelopment Agency and a backup covenant to budget and appropriate legally available non-ad valorem revenues of the City. The City expects tax increment revenues to be sufficient to pay the debt service on such Note. None of the debt service on such Note is expected to be paid from Non-Ad Valorem Revenues in the General Fund described in the table above entitled, "HISTORICAL LEGALLY AVAILABLE NON-AD VALOREM REVENUES IN THE GENERAL FUND."

The City has State Revolving Fund Loans which are outstanding in the aggregate principal amount of \$83,897,313 as of September 30, 2023, in which are secured by certain Water and Sewer

Enterprise Fund net revenues and a backup covenant to budget and appropriate legally available non-ad valorem revenues of the City. In addition, the City expects to enter into a proposed State Revolving Fund Loan in an amount equal to approximately \$5,693,115 in the near future. The City expects certain Water and Sewer Enterprise Fund net revenues to be sufficient to pay the debt service on such State Revolving Fund Loans. None of the debt service on such State Revolving Fund Loans is expected to be paid from Non-Ad Valorem Revenues in the General Fund described in the table above entitled "HISTORICAL LEGALLY AVAILABLE NON-AD VALOREM REVENUES IN THE GENERAL FUND".

The City is obligated to make an annual grant to One Daytona Community Development District ("CDD") pursuant to City Ordinance No. 14-29, adopted by the Commission on February 5, 2014. The annual grant is calculated based on the increase over the amount of ad valorem real and personal property tax revenue due to the City (exclusive of debt service millage) for the 2013 tax roll on properties located in the CDD determined using a present value calculation, up to the amount of \$18,000,000. In the Fiscal Year ending September 30, 2024, such grant amount equaled \$637,997.40. Ordinance No. 14-29 does not constitute a general obligation of the City under State law. The City expects tax increment revenues to be sufficient to pay the annual grant. None of such payments are expected to be paid from Non-Ad Valorem Revenues in the General Fund described in the table above entitled, "HISTORICAL LEGALLY AVAILABLE NON-AD VALOREM REVENUES IN THE GENERAL FUND."

The City is obligated to make an annual grant to Amazon.com Services LLC pursuant to an Economic Development Agreement executed by the City on January 6, 2022. The annual grant is calculated based on a proscribed percentage of the tax increment revenues which derive from the project site and are received by the City for the prior tax year. The annual grant payments shall not exceed a cumulative total of \$4,000,000. The Economic Development Agreement does not constitute a general obligation of the City under State law. The City's financial obligations are limited to the availability of lawfully appropriated funds. The City expects ad valorem tax revenues to be sufficient to pay the annual grant. None of such payments are expected to be paid from Non-Ad Valorem Revenues in the General Fund described in the table above entitled, "HISTORICAL LEGALLY AVAILABLE NON-AD VALOREM REVENUES IN THE GENERAL FUND."

The City is obligated to make an annual grant to Framework Group LLC ("Framework") pursuant to an Acquisition, Redevelopment, and Economic Development Grant Agreement executed by the City on January 6, 2022 (the "First Framework Agreement"). The annual grant is calculated based on a proscribed percentage of the tax increment revenues which derive from the project site and are received by the City. Subject to certain adjustments as provided in the First Framework Agreement, the annual grant shall not exceed \$655,000. The First Framework Agreement does not constitute a general obligation of the City under State law. The City's financial obligations are limited solely to the tax increment revenues. The City expects ad valorem tax revenues to be sufficient to pay the annual grant. None of such payments are expected to be paid from Non-Ad Valorem Revenues in the General Fund described in the table above entitled, "HISTORICAL LEGALLY AVAILABLE NON-AD VALOREM REVENUES IN THE GENERAL FUND."

The City is obligated to make an annual grant to Framework pursuant to an Acquisition, Redevelopment, and Economic Development Grant Agreement executed by the City on November 2, 2022 (the "Second Framework Agreement"). The annual grant is calculated based on a proscribed percentage of the tax increment revenues which derive from the project site and are received by the City. Subject to certain adjustments as provided in the Second Framework Agreement, the annual grant shall not exceed \$655,000. The Second Framework Agreement does not constitute a general obligation of the

City under State law. The City's financial obligations are limited solely to the tax increment revenues. The City expects ad valorem tax revenues to be sufficient to pay the annual grant. None of such payments are expected to be paid from Non-Ad Valorem Revenues in the General Fund described in the table above entitled, "HISTORICAL LEGALLY AVAILABLE NON-AD VALOREM REVENUES IN THE GENERAL FUND." Pursuant to the Second Framework Agreement, the City intends to sell the project site to Framework on the closing date following satisfaction of all closing conditions.

The City is obligated to make an annual grant to Brown Riverfront Esplanade Foundation, Inc. (the Foundation"), pursuant to an Amended and Restated Riverfront Esplanade Development, Maintenances and Lease Agreement executed by the City on July, 15, 2022. The annual contribution for each Fiscal Year is the lesser of \$800,000 or the balance of the unpaid reimbursable expenses. City contributions are limited to legally available non-ad valorem revenues. The City expects tax increment revenues to be sufficient to pay the annual grant. None of such payments are expected to be paid from Non-Ad Valorem Revenues in the General Fund described in the table above entitled, "HISTORICAL LEGALLY AVAILABLE NON-AD VALOREM REVENUES IN THE GENERAL FUND."

## **CERTAIN FINANCIAL MATTERS**

### **General**

Certain matters relating to the City's Financial Policies, Disclosure Policies, Budgeting, Accounting and Auditing practices, Other Post-Employment Benefit Plan, Defined Benefit Pension Plans and other financial data can be found in "APPENDIX A – City of Daytona Beach, Florida General Information" and in "APPENDIX B –Annual Comprehensive Financial Report Fiscal Year Ended September 30, 2023" attached hereto.

### **Governmental Funds**

To the extent that the future collection of ad valorem tax revenues or Non-Ad Valorem Revenues is adversely affected, a larger portion of Non-Ad Valorem Revenues would be required to balance the budget and provide for the payment of services and programs which are for essential public purposes affecting the health, safety and welfare of the inhabitants of the City or which are mandated by applicable law.

Revenues deposited in the Governmental Funds described in this subsection do not directly correspond to the Non-Ad Valorem Revenues from which debt service on the Bonds is payable as some Governmental Fund Revenues are not legally available to pay debt service on the Bonds. The following chart shows information regarding the Governmental Funds for the City's fiscal years ending September 30, 2019 through and including September 30, 2023:

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**GOVERNMENTAL FUNDS REVENUES AND EXPENSES<sup>(1)</sup>**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Revenues</b>					
Taxes	\$46,253,839	\$46,905,969	\$48,481,076	\$52,090,381	\$58,503,614
Permits, Fees and Special Assessments	15,697,219	14,662,233	18,092,578	25,698,885	22,184,580
Intergovernmental	14,795,706	16,633,410	22,169,029	28,428,468	18,729,076
Charges for services	4,828,974	9,352,802	8,089,139	11,269,075	13,509,776
Fines and forfeits	501,464	467,320	818,052	1,399,741	984,389
Investment earnings	2,697,121	2,152,329	42,537	(2,442,733)	3,661,877
Miscellaneous	<u>1,282,767</u>	<u>2,407,868</u>	<u>1,917,268</u>	<u>2,954,349</u>	<u>2,951,256</u>
Total revenues	86,057,090	92,581,931	99,609,679	119,398,166	120,524,568
<b>Expenditures<sup>(2)</sup></b>					
General government	9,321,023	15,270,898	15,922,113	17,616,579	27,935,388
Public safety	49,539,412	51,923,552	57,082,444	59,826,828	64,808,268
Physical environment	1,089,956	875,087	-	-	-
Transportation	12,414,769	12,680,815	8,121,329	12,767,516	11,806,177
Culture and recreation	5,089,870	10,907,483	10,563,500	13,824,400	14,816,526
Economic environment	3,472,648	2,723,049	6,718,403	4,481,314	6,568,410
Grants and Aids	-	-	-	-	671,964
Human services	2,529	804,993	661,205	807,741	825,263
Debt service:					
Principal payments	3,697,742	3,789,786	6,517,161	4,927,938	6,329,781
Interest and fiscal charges	1,682,401	1,586,296	1,505,852	951,572	946,437
Capital outlay	<u>9,235,728</u>	<u>11,127,350</u>	<u>6,990,973</u>	<u>9,765,067</u>	<u>20,425,404</u>
Total expenditures	<u>95,546,078</u>	<u>111,689,309</u>	<u>114,082,980</u>	<u>124,968,955</u>	<u>155,133,618</u>
Excess (deficiency) of revenues over (under) expenditures	(9,488,988)	(19,107,378)	(14,473,301)	(5,570,789)	(34,609,050)
<b>Other financing sources (uses)</b>					
Debt proceeds	-	354,030	25,245,198	3,354,915	325,095
Lease proceeds	-	-	-	602,820	-
Refunding note proceeds	-	-	(19,190,000)	-	-
Proceeds from insurance recovery	149,486	216,050	103,779	150,606	1,719,344
Transfers in	49,805,849	44,734,200	40,899,424	49,340,500	49,357,909
Transfers out	<u>(24,232,398)</u>	<u>(18,611,033)</u>	<u>(15,644,702)</u>	<u>(24,627,933)</u>	<u>(16,668,618)</u>
Total other financing sources (uses)	25,722,937	26,693,247	31,413,699	28,820,908	34,733,730
Net change in fund balances	16,233,949	7,585,869	16,940,398	23,250,119	124,680
Fund balances - beginning	\$50,780,529	\$67,014,478	\$76,050,353	\$92,990,751	116,240,870
Prior period adjustment		1,450,006			(2,284,694)
Beginning of year, restated		<u>68,464,484</u>			113,956,176
Fund balances - ending	<u>\$67,014,478</u>	<u>\$76,050,353</u>	<u>\$92,990,751</u>	<u>\$116,240,870</u>	<u>\$114,080,856</u>

(1) This table includes all revenues for the City's governmental funds including non-ad valorem revenues which may not be legally available to pay debt service on the Bonds and ad valorem revenues which are not legally available to pay debt service on the Bonds.

(2) See "CERTAIN FINANCIAL MATTERS - Classification of Local Government Expenditures" herein.

Source: City of Daytona Beach, Florida, Annual Comprehensive Financial Report for Fiscal Years Ended September 30, 2019 through 2023.



## Classification of Local Government Expenditures

The City classifies its expenditures in accordance with the Uniform Accounting System devised by the FDFS.

*General government* expenditures arise from operations of legislative and administrative activities of the local government. These costs are related to operations of the Commission, pension benefits, comprehensive planning, financial operations, legal expenses and other general government services.

*Public safety* expenditures reflect all costs associated with the City's police and fire department operations, as well as emergency disaster relief services and protective inspections.

*Transportation* expenditures relate to the City's public works expenses. Transportation expenditures generally reflect the costs of roads and streets, mass transit systems, and parking facilities.

*Capital outlay* expenditures include expenditures which result in the acquisition of, or addition to, fixed assets such as buildings, land and roads.

*Culture and recreation* expenditures include the City's costs of operating parks and recreation facilities and of offering special events, cultural services and programs and similar services.

*Debt service* expenditures reflect outlays for local government debt.

## INVESTMENT POLICY

The Resolution governs the investment of moneys on deposit in funds and accounts created by the Resolution, and permits investments under the laws of the State and pursuant to the City's investment policy. See "APPENDIX C – Copy of the Resolution" attached hereto. Pursuant to Section 218.415, Florida Statutes, the Commission established an investment policy applicable to all financial assets of the City. The City's Finance Department is responsible for the investment of operating funds, operating reserve funds, and bond proceeds.

Pursuant to the limitations in the City's investment policy, Section 218.415, Florida Statutes and other applicable State law, surplus funds of the City may be invested and reinvested in the following investments:

1. The Florida Local Government Surplus Funds Trust Fund (FLPRIME)
2. United States Government Securities
  - a. Negotiable direct obligations or obligations the principal and interest of which are unconditionally guaranteed by the United States Government. Such securities will include, but not be limited to the following:
    - i. Cash Management Bills
    - ii. Treasury Securities – State and Local Government Series (“SLGS”)
    - iii. Treasury Bills
    - iv. Treasury Notes
    - v. Treasury Bonds
    - vi. Treasury Strips

3. United States Government Agencies
  - a. Bonds, debentures, notes or callables issued or guaranteed by the United States Governments agencies, provided such obligations are backed by the full faith and credit of the United States Government. This includes adjustable and fixed rate mortgage-backed securities. The adjustable interest rate securities are to only adjust to the US treasury indices. Such securities will include, but not be limited to the following:
    - i. United States Export – Import Bank
    - ii. Farmer Home Administration
    - iii. Federal Financing Bank
    - iv. Federal Housing Administration Debentures
    - v. Government National Mortgage Association (GNMA)
    - vi. General Services Administration
    - vii. United States Maritime Administration Guaranteed
    - viii. New Communities Debentures
    - ix. United States Public Housing Notes and Bonds
    - x. United States Department of Housing and Urban Development
4. Federal Instrumentalities (United States Government sponsored agencies)
  - a. Bonds, debentures, notes or callables issued or guaranteed by United States Government sponsored agencies (Federal Instrumentalities), which are non-full faith and credit agencies. This includes adjustable and fixed rate mortgage-backed securities. The adjustable interest rate securities are to only adjust to the US treasury indices. These are limited to the following:
    - i. Federal Farm Credit Bank (FFCB)
    - ii. Federal Home Loan Bank or its City banks (FHLB)
    - iii. Federal National Mortgage Association (FNMA)
    - iv. Federal Home Loan Mortgage Corporation (Freddie-Macs) including Federal Home Loan Mortgage Corporation participation certificates
5. Interest Bearing Time Deposit or Saving Accounts
6. Repurchase Agreements
7. Commercial Paper
8. Corporate Notes
9. Bankers' Acceptances
10. State and/or Local Government Taxable Debt
11. Registered Investment Companies (Money Market Mutual Funds)
12. Intergovernmental Investment Pool

The City's investment policy may be modified from time to time by the Commission.

## ABILITY TO BE SUED, JUDGMENTS ENFORCEABLE

Notwithstanding the liability limits described below, the laws of the State provide that each city has waived sovereign immunity for liability in tort to the extent provided in Section 768.28, Florida Statutes. Therefore, the City is liable for tort claims in the same manner and, subject to limits stated below, to the same extent as a private individual under like circumstances, except that the City is not liable for punitive damages or interest for the period prior to judgment. Such legislation also limits the liability of a city to pay a judgment in excess of \$200,000 to any one person or in excess of \$300,000 because of any single tort incident or occurrence. Judgments in excess of \$200,000 and \$300,000 for any tort claim may be rendered, but may be paid from City funds only pursuant to further action of the State Legislature in the form of a "claims bill." Notwithstanding the foregoing, the City may agree, within the limits of insurance coverage provided, to settle a claim made or a judgment rendered against it without further action by the State Legislature, but the City shall not be deemed to have waived any defense or sovereign immunity or to have increased the limits of its liability as a result of its obtaining insurance coverage for tortuous acts in excess of the \$200,000 or \$300,000 waiver provided by Florida Statutes. In addition, it should be noted that State courts have also ruled that municipalities may contractually waive the defense of sovereign immunity including the statutory limits contained in Section 768.28, Florida Statutes, for tort actions, by contractually agreeing to indemnify a third party.

## FLORIDA CONSTITUTIONAL LIMITATIONS AND PROPERTY TAX REFORM

Non-Ad Valorem Revenues do not include ad valorem tax revenues. The Bonds are not secured in any manner by the City's ad valorem tax revenues and the City is not obligated to appropriate any ad valorem tax revenues to pay debt service on the Bonds. Ad valorem tax revenues have historically been used, at least in part, by the City for payment of services and programs which are essential government services or which are legally mandated by applicable law. Therefore, a decrease in ad valorem tax revenues may in turn increase the amount of Non-Ad Valorem Revenues required for payment of services and programs which are essential government services or which are legally mandated by applicable law and thereby reduce the amount of Non-Ad Valorem Revenues available to be budgeted and appropriated to satisfy the obligations of the City. The City has provided the following discussion of property tax reform in the State, to illustrate the various initiatives put forth by the State Legislature and their respective impact, if any, on the City's financial and budgetary matters.

General. During recent years, various legislative proposals and constitutional amendments relating to ad valorem taxation and revenue limitation have been introduced in the State. Many of these proposals sought to provide for new or increased exemptions to ad valorem taxation, limit the amount of revenues that local governments could generate or otherwise restrict the ability of local governments in the State to levy ad valorem taxes at recent, historical levels. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon the City or either of its finances.

Several Constitutional and Legislative amendments affecting ad valorem taxes have been approved by voters in the past including the following:

Limitation on Increase in Assessed Value of Property. The State Constitution limits the increases in assessed just value of homestead property to the lower of (1) three percent of the assessment for the prior year or (2) the percentage change in the Consumer Price Index for all urban consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by

the United States Department of Labor, Bureau of Labor Statistics. The accumulated difference between the assessed value and the just value is known as the "Save Our Homes Benefit." Further, any change of ownership of homestead property or upon termination of homestead status such property shall be reassessed at just value as of January 1 of the year following the year of sale or change of status; new homestead property shall be assessed at just value as of January 1 of the year following the establishment of the homestead; and changes, additions, reductions or improvements to the homestead shall initially be assessed as provided for by general law.

Owners of homestead property may transfer up to \$500,000 of their Save Our Homes Benefit to a new homestead property purchased within three years of the sale of their previous homestead property to which such benefit applied if the just value of the new homestead is greater than or is equal to the just value of the prior homestead. If the just value of the new homestead is less than the just value of the prior homestead, then owners of homestead property may transfer a proportional amount of their Save Our Homes Benefit, such proportional amount equaling the just value of the new homestead divided by the just value of the prior homestead multiplied by the assessed value of the prior homestead.

For all levies other than school district levies, assessment increases for specified nonhomestead real property may not exceed ten percent (10%) of the assessment for the prior year. This assessment limitation is, by its terms, to be repealed effective January 1, 2019; however, the legislature by joint resolution approved an amendment abrogating such repeal, which was approved by the electors in the November 6, 2018 general election and went into effect January 1, 2019.

Homestead Exemption. In addition to the exemptions described above, the State Constitution also provides for a homestead exemption. Every person who has the legal title or beneficial title in equity to real property in the State and who resides thereon and in good faith makes the same his or her permanent residence or the permanent residence of others legally or naturally dependent upon such person is eligible to receive a homestead exemption of up to \$50,000. The first \$25,000 applies to all property taxes, including school district taxes. The additional exemption, up to \$25,000, applicable to the assessed value of the property between \$50,000 and \$75,000, applies to all levies other than school district levies. A person who is receiving or claiming the benefit of an ad valorem tax exemption or a tax credit in another state where permanent residency, or residency of another legally or naturally dependent upon the owner, is required as a basis for the granting of that ad valorem tax exemption or tax credit is not entitled to the homestead exemption. In addition to the general homestead exemption described in this paragraph, the following homestead exemptions are authorized by State law.

Millage Rollback Legislation. In 2007, the State Legislature adopted a property tax plan which significantly impacted ad valorem tax collections for State local governments (the "Millage Rollback Legislation"). One component of the Millage Rollback Legislation required counties, cities and special districts to rollback their millage rates for the 2007-2008 Fiscal Year to a level that, with certain adjustments and exceptions, would generate the same level of ad valorem tax revenue as in Fiscal Year 2006-2007; provided, however, depending upon the relative growth of each local government's own ad valorem tax revenues from 2001 to 2006, such rolled back millage rates were determined after first reducing 2006-2007 ad valorem tax revenues by zero to nine percent (0% to 9%). In addition, the Rollback Legislation also limited how much the aggregate amount of ad valorem tax revenues may increase in future Fiscal Years. A local government may override certain portions of these requirements by a supermajority, and for certain requirements, a unanimous vote of its governing body.

Constitutional Exemptions. Certain exemptions from property taxes have been enacted. Constitutional exemptions include, but are not limited to, property owned by a municipality and used exclusively by it for municipal or public purposes, certain household goods and personal effects to the value fixed by general law, certain locally approved community and economic development ad valorem tax exemptions to new businesses and expansions of existing businesses, as defined by general law and historic preservation ad valorem tax exemptions to owners of historic properties, \$25,000 of the assessed value of property subject to tangible personal property tax, the assessed value of solar devices or renewable energy source devices subject to tangible personal property tax may be exempt from ad valorem taxation, subject to limitations provided by general law, and certain real property dedicated in perpetuity for conservation purposes, including real property encumbered by perpetual conservation easements or by other perpetual conservation protections, as defined by general law.

Deployed Military Personnel. The State Constitution provides that by general law and subject to certain conditions specified therein, each person who receives a homestead exemption who was a member of the United States military or military reserves, the United States Coast Guard or its reserves, or the Florida National Guard; and who was deployed during the preceding calendar year on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the legislature shall receive an additional exemption equal to a percentage of the taxable value of his or her homestead property. The applicable percentage shall be calculated as the number of days during the preceding calendar year the person was deployed on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the legislature divided by the number of days in that year.

Certain Active Duty Military and Veterans. A military veteran who was honorably discharged, is a resident of the State, and who is disabled to a degree of 10% or more because of misfortune or while serving during wartime may be entitled to a \$5,000 reduction in the assessed value of his or her property. This exemption is not limited to homestead property. A military veteran who was honorably discharged with a service-related total and permanent disability may be eligible for a total exemption from taxes on homestead property. A similar exemption is available to disabled veterans confined to wheelchairs. Under certain circumstances, the veteran's surviving spouse may be entitled to carry over these exemptions.

Certain Totally and Permanently Disabled Persons. Real estate used and owned as a homestead by a quadriplegic, less any portion used for commercial purposes, is exempt from all ad valorem taxation. Real estate used and owned as a homestead by a paraplegic, hemiplegic, or other totally and permanently disabled person, who must use a wheelchair for mobility or who is legally blind, is exempt from taxation if the gross household income is below statutory limits.

Survivors of First Responders. Any real estate that is owned and used as a homestead by the surviving spouse of a first responder (law enforcement officer, correctional officer, firefighter, emergency medical technician or paramedic), who died in the line of duty may be granted a total exemption on homestead property if the first responder and his or her surviving spouse were permanent residents of the State on January 1 of the year in which the first responder died.

Save Our Homes Portability Affected by Storm Damage (SOH). Owners of homestead property that was significantly damaged or destroyed as a result of a named tropical storm or hurricane can elect to have the property deemed abandoned if the owner establishes a new homestead by January 1 of the second year immediately following the storm or hurricane. This will allow the owner of the homestead

property to keep their SOH benefit if they move from the significantly damaged or destroyed property to establish a new homestead by the end of the year following the storm.

Property Tax Relief for Natural Disasters. In light of the recent natural disasters, the state legislature created a property tax relief credit for homestead parcels on which certain residential improvements were damaged or destroyed by a hurricane that occurred in 2016 or 2017, namely hurricanes Hermine, Matthew, and Irma. If the residential improvement is rendered uninhabitable for at least 30 days due to a hurricane that occurred during the 2016 or 2017 calendar year, taxes initially levied in 2019 may be abated. Due to this reduction in ad valorem tax revenue, the legislature is required to appropriate funds to offset the deficit in certain taxing jurisdictions.

Recent Amendments Relating to Ad Valorem Taxation. In the 2016 legislative session, several amendments were passed affecting ad valorem taxation, including classification of agricultural lands during periods of eradication or quarantine, deleting requirements that conservation easements be renewed annually, providing that just value of real property shall be determined in the first tax year for income restricted persons age 65 or older who have maintained such property as their permanent residence for at least 25 years, authorizing a first responder who is totally and permanently disabled as a result of injuries sustained in the line of duty to receive relief from ad valorem taxes assessed on homestead property, revising procedures with respect to assessments, hearings and notifications by the value adjustment board, and revising the interest rate on unpaid ad valorem taxes.

During the 2018 State legislative session, the State Legislature passed House Joint Resolution 7001, proposing an amendment to the State Constitution providing that no state tax or fee may be imposed, authorized, raised by the State Legislature, or authorized by the State Legislature to be raised, except through legislation approved by two-thirds of the membership of each house of the State Legislature (the "Supermajority Amendment"). The Supermajority Amendment applies the same two-thirds approval requirement to decreasing or eliminating any state tax or fee exemption or credit. The Supermajority Amendment also required that any proposed state tax or fee imposition, authorization or increase must be contained in a separate bill that contains no other subject. The text of the Supermajority Amendment provided that such amendment would not apply to any tax or fee imposed by, or authorized to be imposed by, a county, municipality, school board, or special district. In the November 2018 General Election, voters approved the Supermajority Amendment to the State Constitution. Although the Supermajority Amendment does not subject local taxes and fees to the stricter voting requirement, local governments could be adversely impacted during recessionary economic environments if State lawmakers are unable to raise taxes.

During the 2020 State legislative session, a constitutional amendment was proposed by the State Legislature which would extend the discount on ad valorem taxes provided to certain honorably discharged veterans to their spouses (the "Surviving Spouse Exemption"). Specifically, the Surviving Spouse Exemption allows the same ad valorem tax discount on homestead property for combat-disabled veterans age 65 or older to transfer to the surviving spouse of a veteran receiving the discount if the surviving spouse holds the legal or beneficial title to the homestead, permanently resides thereon, and does not remarry. The amendment was approved by voters on November 3, 2019 and such amendment took effect on January 1, 2021.

During the 2020 State legislative session, a constitutional amendment was proposed by the State Legislature which would extend the period for a homestead property owner to transfer the Homestead Assessment Differential to a new homestead from two years to three years (the "Portability Amendment"). Specifically, the Portability Amendment allows a homeowner who establishes a new

homestead as of January 1 to have the new homestead assessed at less than just value if the homeowner received a prior homestead exemption as of January 1 of any of the immediately preceding three years. The Portability Amendment was approved by voters on November 3, 2019 and such amendment took effect on January 1, 2021.

During the 2021 State legislative session, State Senate Bill 7061 was passed by the Senate and the House and signed into law by the Governor. This law exempts fully from ad valorem taxation certain affordable housing properties that previously received a 50% discount from ad valorem taxes, along with certain other insignificant or indeterminate modifications to State law regarding ad valorem taxes.

During the 2022 State legislative session, State House Bill 7071 was passed by the Senate and the House and signed into law by the Governor. This law contains provisions for tax relief and changes to tax policy including, but not limited to, the following: providing property tax relief for residential property rendered uninhabitable for 30 days or more due to a catastrophic event; providing property tax relief for property owners affected by the sudden and unforeseen collapse of a residential building; increasing the widows, widowers, blind, or totally and permanently disabled property tax exemption from \$500 to \$5,000; providing an alternative assessment methodology for land used in the production of aquaculture products; clarifying the extent of the homestead exemption on classified lands; updating the qualifying operations for the deployed service member property tax exemption; and providing alternative dates from which to calculate the 15-year required term of an affordable housing agreement for establishing qualification for a property tax exemption. This law took effect on July 1, 2022. Further, State House Bill 777 was passed by the Senate and the House, which would require a local government seeking voter approval to levy certain optional local taxes to be held at a general election. The bill applies to the following local option taxes: tourist development taxes; tourist impact taxes; ad valorem taxes levied by a children's services independent special district; county, municipal and school district voted millage increase and local option fuel taxes and took effect on October 1, 2022.

During the 2023 State legislative session, State House Bill 7063 was passed by the Senate and the House and signed into law by the Governor. The law expanded the current homestead exemption for the surviving spouse of a first responder who dies in the line of duty to include first responders who die in the line of duty while employed by the United States Government.

During the 2024 State legislative session, State House Joint Resolution 7017 passed by the State Senate and House and signed by Officers and filed with Secretary of State. The bill would amend Article VII, Section 6(a) of the State Constitution requiring the existing \$25,000 assessed value amount, which is exempt from all ad valorem taxes other than school district taxes, be adjusted annually for positive inflation growth. The amendment must be placed on the ballot at the 2024 general election, or an earlier special election held for the purpose of proposing the amendment to the voters, where 60 percent of the electors voting on the measure must approve it for passage. If approved, the amendment would take effect on January 1, 2025. House Bill 7019 passed by the State Senate and House and ordered enrolled would implement the amendment to Article VII, Section 6 of the State Constitution proposed in HJR 7017 by making conforming statutory changes. If HJR 7017 is approved by the voters, this bill amends section 196.031, Florida Statutes, to add an annual positive inflation adjustment to the current exemption on the assessed value for all levies, other than school district levies, of \$50,000 up to \$75,000. The bill would also create s. 218.136, Florida Statutes, requiring the Legislature to appropriate funds to offset reductions in ad valorem tax revenue experienced by fiscally constrained counties as a result of the annual positive inflation adjustment. To receive the offset, a qualifying county must annually apply to the Department of Revenue and provide documentation regarding the county's estimated reduction in ad valorem tax

revenue. If a fiscally constrained county fails to apply for the distribution, its share reverts to the fund from which the appropriation was made. The bill provides emergency rulemaking authority to the Department of Revenue to administer the provisions of the act. While the City cannot predict whether HJR 7017 will be approved by the voters or whether HB 7019 will be signed into law, the City does not expect, if passed, it will have a material impact on its ability to pay debt service on the Bonds.

During the 2024 State legislative session, House Bill 7073 was passed by the State Senate and House and into law by the Governor. HB 7073 will provide affordable housing ad valorem tax exemption on certain new, low-income housing projects for the first 15 years of the project effective at the beginning of the 2026 tax roll. The property is exempt from ad valorem tax beginning with the January 1 assessment immediately succeeding the date the property was placed in service. Effective at the beginning of the 2025 tax roll, the taxing authority can elect, upon adoption of an ordinance or resolution approved by a two-thirds vote of the governing body, to opt out of the state law that exempts certain affordable housing properties, if certain conditions are met. HB 7073 also provides that the local option ad valorem exemption applies to up to 100 percent of the assessed value of each residential unit used to provide affordable housing and requires the property appraiser to include the proportionate share of residential common areas, including land, to each unit when determining the value of the exemption.

Future Amendments Relating to Ad Valorem Taxation. Historically, various legislative proposals and constitutional amendments relating to ad valorem taxation have been introduced in each session of the State legislature. Many of these proposals have provided for new or increased exemptions to ad valorem taxation and limited increases in assessed valuation of certain types of property or have otherwise restricted the ability of local governments in the State to levy ad valorem taxes at their current levels.

Executive Orders Related to Ad Valorem Taxation. On October 20, 2022, Governor DeSantis signed Executive Order 22-242 that extended property tax payment deadlines for real property owners including personal homes and commercial property whose property was destroyed or otherwise rendered uninhabitable due to Hurricane Ian and located in one of the 26 counties (Volusia County included) designated by Federal Emergency Management Agency. Ad valorem taxes and non-ad valorem assessments levied in 2022 shall be due and payable on January 1, 2023. Taxes and non-ad valorem assessments shall become delinquent on June 1, 2023. In addition, all dates or time periods, and their associated provisions, relative to the collection of, or administrative procedures regarding, delinquent taxes and non-ad valorem assessments, including but not limited to the sale of tax certificates, are similarly extended based on the June 1, 2023, delinquency date in accordance with Section 197.333, Florida Statutes. The City has not been materially financially impacted by the Executive Order.

#### **PENDING LEGISLATIVE AUDIT COMMITTEE REVIEW**

The City is currently undergoing a review by the State's Joint Legislative Audit Committee, pursuant to Section 218.39(8), Florida Statutes, in relation to a management letter from the Auditor, as defined herein, for the City's Annual Comprehensive Financial Report for Fiscal Years ended September 30, 2019 through and including 2023. Specifically the review relates to the City's unexpended building permit funds to determine how to address surpluses in this fund in accordance with Section 553.80(7), Florida Statutes. To the extent that the City is required to dispose of any excess unexpended building permit funds balance, the expenditure would be paid solely from this revenue source, which is not legally available to pay debt service on the Bonds. The City does not expect any payment obligation resulting



from this review to have a material adverse effect on the City's ability to pay debt service on the Bonds, in any event.

## INVESTMENT CONSIDERATIONS

The future financial condition of the City could be affected adversely by, among other things, public health emergencies, legislation, environmental and other regulatory actions, changes in demand for services, economic conditions, demographic changes, hurricanes, droughts and litigation. In particular, some of the possible changes in the future may include, but not be limited to, the following:

1. The outbreak of the highly contagious COVID-19 pandemic in the United States in March 2020 has generally had a negative financial impact on local, state and national economies around the globe, including initially significantly increased unemployment in certain sectors including especially travel, hospitality and restaurants. COVID-19 is a respiratory virus which was first reported in China and thereafter spread around the world, including the United States. This led to quarantine, remote work and other "social distancing" measures throughout the United States which resulted in a period of less travel resulting in declines in certain revenue sources. While many of the effects of COVID-19 were temporary, it has altered the behavior of businesses and people in a manner resulting in negative impacts on global and local economies, including supply chain issues and rising inflation. There can be no guarantee that COVID-19 or another outbreak of a highly contagious disease will not have negative impacts on the City on the collection of non-ad valorem revenues in the future. See "DESCRIPTION OF NON-AD VALOREM REVENUES" and "RATINGS" herein.

2. The State is naturally susceptible to the effects of extreme weather events and natural disasters including floods, droughts, and hurricanes, which could result in negative economic impacts on coastal communities such as the City. Such effects can be exacerbated by change in climate. The occurrence of such extreme weather events could damage the local infrastructure that provides essential services to the City. The economic impacts resulting from such extreme weather events could include a loss of property values, a decline in revenue base, and escalated recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially impair the financial condition of the City. In order to address the ongoing challenges related to climate change, extreme weather events, and sea level rise, the City adopted a Climate Adaptation Plan ("CAP") to address climate-related issues. The CAP was approved in January 2018. This plan reviewed over 200 City-owned assets and identified more than 50 as vulnerable to future climate conditions. The CAP also identified high-level strategies for protecting and preserving those assets.

3. On September 28, 2022, the State was impacted by Hurricane Ian. At approximately 3:05 p.m., the center of Hurricane Ian made landfall along the southwestern gulf coast of the State at Cayo Costa as a Category 5 storm with sustained winds of 150 miles per hour, according to the National Weather Service. Along the City's coast, the storm surge caused extensive impact to seawalls and many people were evacuated due to rising floodwaters. The City incurred debris removal expenditures and various city-owned properties sustained damage in the amount of over \$7 million. In early November 2022, Hurricane Nicole, a Category 1 storm at landfall in Vero Beach, crossed the same region in the State that was devastated six weeks earlier by Hurricane Ian. The City incurred emergency protective measure costs in the amount of \$1.7 million. The majority of these costs is expected to be reimbursed with FEMA funding in the future years.

4. The City, like many other governmental entities, relies on a technology environment to conduct operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. Computer networks and systems used for data transmission and collection are vital to the efficient operations of the City. City systems provide support to departmental operations and constituent services by collecting and storing sensitive data, including intellectual property, security information, proprietary business process information, information applying to suppliers and business partners, and personally identifiable information of customers, constituents and employees. The secure processing, maintenance and transmission of this information is critical to departmental operations and the provision of citizen services. Increasingly, entities in every sector are being targeted by cyberattacks seeking to obtain confidential data or disrupt critical services. A rapidly changing cyber risk landscape may introduce new vulnerabilities that attackers/hackers can exploit in attempts to effect breaches or service disruptions. Employee error and/or malfeasance may also contribute to data loss or other system disruptions. Any such breach could compromise networks and the confidentiality, integrity and availability of systems and the information stored there.

The City requires quarterly cybersecurity training to be completed by all personnel on the City's network. Additionally, information technology ("IT") does biweekly phishing tests to engage employees in regularly assessing email for security risks. There are constant threats of which the City is well apprised and uses layers of security to mitigate. The City handles cybersecurity operations internally including a dedicated security analyst on staff and a 24/7 managed detection and response provider with real-time monitoring and response. The City also maintains a real time endpoint detection and response solution with 24/7 monitoring and response. The City also mandates multifactor authentication on all accounts with for device authentications and cloud logons. Furthermore, the City limits access to City resources access from the continual USA only and has regular patching and verification via internal and external scans, along with ongoing cybersecurity assessment testing. The City also has a verifiable robust, multifaceted backup and response system, with copies out if state, in the cloud.

Additionally, during the 2022 State Legislative session, CS/HB 7055 was passed which requires State agencies and local governments, such as the City, to report all ransomware incidents and high severity level cybersecurity incidents to the Cybersecurity Operations Center ("CSOC") and the Cybercrime Office within the Florida Department of Law Enforcement as soon as possible but no later than 48 hours after discovery of the cybersecurity incident and no later than 12 hours after discovery of a ransomware incident. Local governments must also report such incidents to their respective sheriff's office. CS/HB 7055 requires State agencies to report low level cybersecurity incidents and provides that local governments may report such incidents. It also requires state agencies and local governments to submit after-action reports to FLDS following a cybersecurity or ransomware incident. CS/HB 7055 requires the CSOC to notify the State Legislature of high severity level cybersecurity incidents. State agency and local government employees are required to undergo certain cybersecurity training within 30 days of employment and annually thereafter. Further, local governments are required to adopt cybersecurity standards that safeguard the local government's data, IT, and IT resources and it is illegal for any local government in the State to pay ransoms when attacked. The effective date of CS/HB 7055 was July 1, 2022.

5. Currently, the United States is experiencing high levels of inflation which is having an impact on the cost of goods, including construction materials and products needed by the City. Additionally, the City has encountered adverse effects resulting from labor shortages and current supply chain issues, specifically related to the delivery of goods and construction materials. Deliveries have been

delayed, which has the potential to impact the completion of projects. As a result, the City may experience delays and increased costs that might be incurred as a result of supply chain issues. Therefore, for new projects that have not yet started, the City is taking these factors into account in budgeting and scheduling. It is possible that the United States, including the State, may continue to experience supply chain issues and inflation which will impact State and local government finances.

## **LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Bryant Miller Olive P.A., Orlando, Florida, Bond Counsel. The proposed legal opinion, in the form attached hereto as APPENDIX D, will be delivered with the Bonds. The actual legal opinion to be delivered by Bond Counsel may vary from the form attached hereto if necessary to reflect facts and law on the date of delivery of the opinion. The opinion will speak only as of its date, and subsequent distribution by recirculation of this Official Statement or otherwise shall create no implication that Bond Counsel has renewed or expressed any opinion concerning any of the matters referenced in the opinion subsequent to the date of the opinion. Certain other legal matters will be passed upon for the City by the City Attorney, Benjamin Gross, Esq., Daytona Beach, Florida, and by Bryant Miller Olive P.A., Tampa, Florida, Disclosure Counsel. Certain legal matters for the Underwriters will be passed on by their counsel, Nabors, Giblin & Nickerson, P.A., Tampa, Florida

In its capacity as Bond Counsel, Bryant Miller Olive P.A. has not been engaged to, nor has it undertaken to, review (1) the accuracy, completeness or sufficiency of this Official Statement or any other offering material relating to the Bonds; provided, however, that Bond Counsel will render an opinion to the Underwriters and the City relating to the accuracy of certain statements contained hereunder under the heading "TAX MATTERS" and certain statements which summarize provisions of the Resolution and the Bonds, and (2) the compliance with any federal or state law with regard to the sale or distribution of the Bonds.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment of the transaction on which the opinion is rendered or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **FINANCIAL ADVISOR**

PFM Financial Advisors LLC is employed as Financial Advisor to the City in connection with the issuance of the Bonds, is an SEC registered municipal advisor and is not engaged in the business of underwriting, marketing or trading of municipal securities or any other negotiable instruments. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

## **LITIGATION**

There is no pending or, to the knowledge of the City, any threatened litigation against the City which in any way questions or affects the validity of the Bonds, or any proceedings or transactions

relating to their issuance, sale or delivery, or the adoption of the Resolution, or which may materially adversely affect the imposition, collection and pledge of the Pledged Funds and the City's covenant to budget and appropriate Non-Ad Valorem Revenues. Neither the creation, organization or existence, nor the title of the present members of the Commission, or other officers of the City is being contested.

Nicholas Sakhnovsky, Alice James Sakhnovsky, Devon Morris, James Noce, and Josephine Pope v. CODB (Case No. 2024-10140 CICI, State Court/Volusia County). The Commission adopted an ordinance on July 5, 2023, redistricting the City's six city commissioner zones. Plaintiffs filed suit, alleging that the redistricting fails to comply with Section 166.0321, Florida Statutes, adopted by Chapter 2023-101, Laws of Florida, which among other things prohibits municipalities from drawing district boundaries with the intent to favor or disfavor a candidate for member of the governing body or an incumbent member of the governing body based on the candidate's or incumbent's residential address. No damages are claimed, nor does there appear to be a cause of action that can be pled relating to this case for which damages could be awarded. However, if plaintiffs prevail, they may be entitled to attorney's fees pursuant to Section 57.112, Florida Statutes. The City Attorney's understanding is that, in a recent, somewhat comparable case involving claims that the City of Miami's redistricting ordinance was unconstitutional and in violation of the federal Voting Rights Act, the City paid approximately \$1.5 million in plaintiff's attorneys' fees. The issues in the present case are likely to be much less fact-intensive than those litigated in the City of Miami redistricting lawsuit. Therefore, the City Attorney believes that, in the event the City loses its redistricting case, attorney's fees are likely to be significantly lower than those paid by the City of Miami in the case referenced. In any event, the City does not expect any potential liability in connection with this matter to impact its ability to pay debt service on the Series 2024 Bonds.

The City experiences claims, litigation, and various legal proceedings which, except as otherwise described above, individually are not expected to have a material adverse effect on the operations or financial condition of the City, but may, in the aggregate, have a material impact thereon. Except as described above, in the opinion of the City Attorney, however, the City will either successfully defend such actions or otherwise resolve such matters without any material adverse consequences on the financial condition of the City.

## TAX MATTERS

### **Series 2024A Bonds**

INTEREST ON THE SERIES 2024A BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. Except as described herein, Bond Counsel will express no opinion as to any other tax consequences regarding the Series 2024A Bonds. Holders of the Series 2024A Bonds should consult their tax advisors with respect to the inclusion of interest on Series 2024A Bonds in gross income for federal income tax purposes.

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Series 2024A Bonds by certain persons. The summary is based upon provisions of the Code, the regulations promulgated thereunder and rulings and court decisions now in effect, all of which are subject to change. This summary is intended as a general explanatory discussion of the consequences of holding the Series 2024A Bonds, limited to those persons who hold the Series 2024A Bonds as "capital assets" within the meaning of Section 1221 of the Code. This summary does not purport to address all aspects of federal income taxation that may affect particular

investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding the Series 2024A Bonds as a hedge against currency risks or as a position in a straddle for tax purposes, foreign investors or persons whose functional currency is not the U.S. dollar. This summary does not address alternative minimum tax issues or the indirect consequences to a holder of an equity interest in a holder of the Series 2024A Bonds. Potential purchasers of the Series 2024A Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, ownership and disposition of the Series 2024A Bonds.

As stated above, interest on the Series 2024A Bonds is not excluded from gross income for federal income tax purposes. Purchasers other than those who purchase the Series 2024A Bonds in the initial offering at their principal amounts will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Series 2024A Bonds. Generally, interest paid on the Series 2024A Bonds and recovery of accrued original issue and market discount, if any, will be treated as ordinary income to the Bondholder, and, after adjustment for the foregoing, principal payments will be treated as a return of capital.

#### Market Discount

If a bondholder purchases the Series 2024A Bonds in the secondary market for an amount that is less than the adjusted issue price of the Series 2024A Bonds, and such difference is not considered to be de minimis, then such discount will represent market discount. Absent an election to accrue market discount currently, upon a sale, exchange or other disposition of the Series 2024A Bonds, a portion of any gain will be ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of the sale. In addition, absent an election to accrue market discount currently, the portion of any interest expense intended to carry a market discount bond is limited. Such bondholders should consult their own tax advisors with respect to whether or not they should elect to accrue market discount currently, the determination and treatment of market discount for federal income tax purposes and the state and local tax consequences of owning such Series 2024A Bonds.

#### Tax Treatment of Bond Premium for the Series 2024A Bonds

If a bondholder purchases a Series 2024A Bond at a cost greater than its principal amount, the Bondholder may elect to treat such excess as amortizable bond premium. As the tax accounting treatment of bond premium is complex, such Bondholders should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

#### Sale, Exchange or Redemption

Upon a sale, exchange or redemption of the Series 2024A Bonds, bondholders will generally realize a capital gain or loss on the Series 2024A Bonds equal to the difference between the amount realized on the sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the bondholder's adjusted tax basis on the Series 2024A Bonds. The bondholder's adjusted tax basis for the Series 2024A Bonds is the price such owner pays for the Series 2024A Bonds plus the amount of any original issue discount and market discount previously included in income, reduced on account of any payments received (other than qualified periodic interest payments) and any amortized bond premium. The legal defeasance of the Series 2024A Bonds may result in a deemed sale or

exchange of such bonds under certain circumstances, in which event an owner of the Series 2024A Bonds will also recognize taxable gain or loss as described above. Owners of such Series 2024A Bonds should consult their tax advisors as to the federal income tax consequences of such an event.

#### Information Reporting and Backup Withholding

The Code subjects certain non-corporate owners of Series 2024A Bonds, under certain circumstances, to "backup withholding" at the rate specified in the Code with respect to payments on the Series 2024A Bonds and proceeds from the sale of Series 2024A Bonds. This withholding generally applies if the owner of Series 2024A Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Backup withholding will not apply, however, with respect to certain payments made to holders, including payments to certain exempt recipients and to certain Nonresidents (defined below). Prospective purchasers of the Series 2024A Bonds may also wish to consult with their tax advisors as to their qualification for an exemption from backup withholding and the procedure for obtaining the exemption.

#### Nonresidents

Under the Code, interest and original issue discount income with respect to the Series 2024A Bonds held by nonresident alien individuals, foreign corporations and other non-United States persons ("Nonresidents") may not be subject to withholding. Payments on the Series 2024A Bonds to a Nonresident that has no connection with the United States other than holding the Series 2024A Bonds will generally be made free of withholding tax, as long as such holder has complied with certain tax identification and certification requirements. Nonresidents should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, ownership and disposition of the Series 2024A Bonds.

### **Series 2024B Bonds**

#### General

The Code establishes certain requirements which must be met subsequent to the issuance of the Series 2024B Bonds in order that interest on the Series 2024B Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Series 2024B Bonds to be included in federal gross income retroactive to the date of issuance of the Series 2024B Bonds, regardless of the date on which such non-compliance occurs or is ascertained. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Series 2024B Bonds and the other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The City has covenanted in the Resolution to comply with such requirements in order to maintain the exclusion from federal gross income of the interest on the Series 2024B Bonds.

In the opinion of Bond Counsel, assuming continuing compliance with certain covenants, under existing laws, regulations, judicial decisions and rulings, interest on the Series 2024B Bonds is excluded

from gross income for purposes of federal income taxation. Interest on the Series 2024B Bonds is not an item of tax preference for purposes of the federal alternative minimum tax; however, interest on the Series 2024B Bonds may be included in the "adjusted financial statement income" of certain "applicable corporations" that are subject to the 15-percent alternative minimum tax under Section 55 of the Code.

As to questions of fact material to the opinion of Bond Counsel, Bond Counsel will rely upon representations and covenants made on behalf of the City, certificates of appropriate officers and certificates of public officials (including certifications as to the use of proceeds of the 2024B Bonds and of the property financed or refinanced thereby), without undertaking to verify the same by independent investigation.

Except as described above, Bond Counsel will express no opinion regarding other federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of Series 2024B Bonds. Prospective purchasers of Series 2024B Bonds should be aware that the ownership of Series 2024B Bonds may result in collateral federal income tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Series 2024B Bonds; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by fifteen percent (15%) of certain items, including interest on the Series 2024B Bonds; (iii) the inclusion of interest on the Series 2024B Bonds in earnings of certain foreign corporations doing business in the United States for purposes of the branch profits tax; (iv) the inclusion of interest on the Series 2024B Bonds in passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion of interest on the Series 2024B Bonds in "modified adjusted gross income" by recipients of certain Social Security and Railroad Retirement benefits for the purposes of determining whether such benefits are included in gross income for federal income tax purposes.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2024B BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE HOLDERS OF THE SERIES 2024B BONDS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE HOLDERS OF THE SERIES 2024B BONDS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

#### Other Tax Matters

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2024B Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Series 2024B Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2024B Bonds and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the Series 2024B Bonds.

Prospective purchasers of the Series 2024B Bonds should consult their own tax advisors as to the tax consequences of owning the Series 2024B Bonds in their particular state or local jurisdiction and

regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

#### Information Reporting and Backup Withholding

Interest paid on tax-exempt bonds such as the Series 2024B Bonds is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Series 2024B Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Series 2024B Bonds, under certain circumstances, to "backup withholding" at the rate specified in the Code with respect to payments on the Series 2024B Bonds and proceeds from the sale of Series 2024B Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2024B Bonds. This withholding generally applies if the owner of Series 2024B Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2024B Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

#### Tax Treatment of Original Issue Discount

Under the Code, the difference between the maturity amount of the Series 2024B Bonds maturing on September 1, \_\_\_\_ (collectively, the "Discount Bonds"), and the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of the Discount Bonds of the same maturity and, if applicable, interest rate, was sold is "original issue discount." Original issue discount will accrue over the term of the Discount Bonds at a constant interest rate compounded periodically. A purchaser who acquires the Discount Bonds in the initial offering at a price equal to the initial offering price thereof to the public will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period he or she holds the Discount Bonds, and will increase his or her adjusted basis in the Discount Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or disposition of the Discount Bonds. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of the Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Bondholders of the Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of the Discount Bonds and with respect to the state and local tax consequences of owning and disposing of the Discount Bonds.

#### Tax Treatment of Bond Premium

The difference between the principal amount of the Series 2024B Bonds maturing on September 1, \_\_\_\_ (the "Premium Bonds"), and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a



substantial amount of such Premium Bonds of the same maturity and, if applicable, interest rate, was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each of the Premium Bonds, which ends on the earlier of the maturity or call date for each of the Premium Bonds which minimizes the yield on such Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Bondholders of the Premium Bonds are advised that they should consult with their own tax advisors with respect to the state and local tax consequences of owning such Premium Bonds.

## UNDERWRITING

The Bonds are being purchased by Jefferies LLC, in its capacity as agent and representative of itself, Raymond James & Associates, Inc., and Truist Securities, Inc. (collectively, the "Underwriters") at an aggregate purchase price of \$\_\_\_\_\_ (equal to the par amount of the Bonds of \$\_\_\_\_\_, [plus/less] a bond [premium/discount] of \$\_\_\_\_\_, and less an Underwriters' discount of \$\_\_\_\_\_). The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the Bonds if any the Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters. The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guaranty the accuracy or completeness of such information.

Truist Securities, Inc. has entered into an agreement (the "Truist Distribution Agreement") with Truist Investment Services, Inc. ("TIS") for the retail distribution of certain municipal securities offerings, including the Bonds. Pursuant to the Truist Distribution Agreement, Truist Securities will share a portion of its underwriting compensation, as applicable, with respect to the Bonds with TIS. Each of Truist Securities and TIS is a subsidiary of Truist Financial Corporation.

Truist Securities is the trade name for the corporate and investment banking services of Truist Financial Corporation and its subsidiaries. Securities and strategic advisory services are provided by Truist Securities, Inc., member FINRA and SIPC. Lending, financial risk management, and treasury management and payment services are offered by Truist Bank. Deposit products are offered by Truist Bank, Member FDIC. In its normal course of business Truist Bank may currently, or in the future, provide credit, treasury management, or other commercial banking services to the City.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their respective affiliates may have certain creditor and/or other rights against the City and its affiliates in connection with such activities. In the various course of their various business

activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

## **RATINGS**

S&P Global Ratings, Inc. and Moody's Investors Service, Inc. have assigned their municipal bond ratings of "AA" (stable outlook) and "Aa2" (stable outlook), respectively, to the Bonds. The ratings reflect only the views of said rating agencies and an explanation of the ratings may be obtained only from said rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely by the rating agencies, or any of them, if in their judgment, circumstances so warrant. A downward change in or withdrawal of any of such ratings, may have an adverse effect on the market price of the Bonds. An explanation of the significance of the ratings can be received from the rating agency at the following addresses: S&P Global Ratings, 55 Water Street, 38th Floor, New York, New York 10041 and Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007.

## **FINANCIAL STATEMENTS**

The financial statements included in the Annual Comprehensive Financial Report of the City, for the fiscal year ended September 30, 2023, included in this Official Statement as APPENDIX B, have been audited by Carr, Riggs & Ingram, LLC., Melbourne, Florida, independent certified public accountants, auditors for the City (the "Auditor"). Such statements speak only as of September 30, 2023. The audited financial statements of the City have been included herein as a publicly available document. Consent of the Auditor was not requested, and the Auditor was not requested nor did it perform any procedures with respect to the preparation of the Official Statement or the information presented herein.

## **CONTINUING DISCLOSURE**

The City has covenanted for the benefit of the Bondholders to provide certain financial information and operating data relating to the City and the Bonds in each year, and to provide notices of the occurrence of certain enumerated material events. The City has agreed to file annual financial information and operating data and the audited financial statements with each entity authorized and approved by the SEC to act as a repository (each a "Repository") in connection with Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934 (the "Rule") either itself or through its dissemination agent. Effective July 1, 2009, the sole Repository is the Municipal Securities Rulemaking Board. The City has agreed to file notices of certain enumerated events, when and if they occur, with the Repository either itself or through its dissemination agent. The City has entered into a contract with Digital Assurance Certification, LLC to provide continuing disclosure dissemination agent services for all of its outstanding bond issues.

The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the undertaking are described in "APPENDIX E – Form of Continuing Disclosure Certificate" attached hereto. The Continuing Disclosure Certificate shall be executed by the City upon the issuance of the Bonds. These covenants have been made in order to assist the Underwriters in complying with the continuing disclosure requirements of the Rule.

With respect to the Bonds, no party other than the City is obligated to provide, nor expected to provide, any continuing disclosure information with respect to the Rule. In each of the past five Fiscal Years the City's audited financial statements were filed late. Late filings were largely caused by the timing of the receipt of financial information from the independent Police and Fire Pension Trust Fund, a component unit. Prior to the date hereof, the City has filed an omnibus Notice to Timely File Audited Financial Statements with respect to each of the past five Fiscal Years. The City has also performed a curative filing to provide audited financial statements when they became available for each of the past five Fiscal Years.

### **DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS**

Pursuant to Section 517.051, Florida Statutes, as amended, no person may directly or indirectly offer or sell securities of the City except by an offering circular containing full and fair disclosure of all defaults as to principal or interest on its obligations since December 31, 1975, as provided by rule of the Office of Financial Regulation within the Florida Financial Services Commission (the "FFSC"). Pursuant to administrative rulemaking, the FFSC has required the disclosure of the amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the City, and certain additional financial information, unless the City believes in good faith that such information would not be considered material by a reasonable investor. The City is not and has not been in default on any bond issued since December 31, 1975, that would be considered material by a reasonable investor.

The City has not undertaken an independent review or investigation of securities for which it has served as conduit issuer. The City does not believe that any information about any default on such securities is appropriate and would be considered material by a reasonable investor in the Bonds because the City would not have been obligated to pay the debt service on any such securities except from payments made to it by the private companies on whose behalf such securities were issued and no funds of the City would have been pledged or used to pay such securities or the interest thereon.

### **ENFORCEABILITY OF REMEDIES**

The remedies available to the owners of the Bonds upon an event of default under the Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the federal bankruptcy code or the remedies specified by the Resolution or the Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds, including Bond Counsel's approving opinion, will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors enacted before or after such delivery. See "APPENDIX C – Form of Resolution" attached hereto for a description of events of default and remedies.

**CONTINGENT FEES**

The City has retained Bond Counsel, the Financial Advisor, and Disclosure Counsel with respect to the authorization, sale, execution, and delivery of the Bonds. Payment of the fees of such professionals and an underwriting discount to the Underwriters and the fees of their counsel are contingent upon the issuance of the Bonds.

**ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT**

The references, excerpts, and summaries of all documents, statutes, and information concerning the City and certain reports and statistical data referred to herein do not purport to be complete, comprehensive, or definitive, and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds, and the rights and obligations of the owners thereof and to each such statute, report, or instrument.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Bonds.

The Appendices attached hereto are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements.

**AUTHORIZATION OF AND CERTIFICATION CONCERNING OFFICIAL STATEMENT**

The execution and delivery of this Official Statement has been duly authorized and approved by the City. At the time of delivery of the Bonds, the undersigned will furnish a certificate to the effect that nothing has come to their attention which would lead them to believe that the Official Statement (except for the information related to DTC and its book-entry-only system of registration, as to all of which no opinion will be expressed), as of its date and as of the date of delivery of the Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

**CITY OF DAYTONA BEACH, FLORIDA**

By: \_\_\_\_\_  
City Manager

By: \_\_\_\_\_  
Chief Financial Officer

## APPENDIX A

### GENERAL INFORMATION CONCERNING THE CITY OF DAYTONA BEACH, FLORIDA

#### Location

The City of Daytona Beach, Florida (the "City") is an incorporated municipality of the State of Florida located within the County of Volusia, Florida (the "County"). The City, which currently encompasses 68 square miles, is located on the central east coast of the State of Florida, 89 miles south of Jacksonville, 50 miles northeast of Orlando and 75 miles north of Cape Canaveral. It is at the top of the I-4 corridor and located at the crossroads of Interstate 4 and Interstate 95. The area's natural environment includes miles of pristine beaches, blue waterways, brilliant sunlit skies, and exceptional weather. An estimated population of 80,940 residents call this full-service city their home.

The City was incorporated July 26, 1876, and operates under a Commission-Manager form of government. Policy-making and legislative authority are vested in the Commission consisting of the mayor, elected citywide, and six commissioners elected by district. The Mayor and Commissioners are elected on a non-partisan basis to four (4) year terms. The Commission is responsible for, among other things, setting policy, passing ordinances and resolutions, adopting the budget, appointing committee and board members, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and directives of the Commission, overseeing the day-to-day operations of the city and appointing various department directors to join his leadership team.

#### Organization and Administration

The City operates under a Commission-Manager form of government and provides general government, public safety, public works, planning and recreation services to its 80,940 residents. In addition, the City operates ten enterprise activities: the water and sewer system, the solid waste management system, the Halifax Harbor Marina, the municipal golf courses, stormwater improvement, the Florida Tennis Center, cultural services, the Municipal Stadium and Jackie Robinson Ballpark Stadium, and the Daytona Beach Pier.

The Commission appoints the City Manager and City Attorney. As chief executive officer, the City Manager is charged with the enforcement of all ordinances and resolutions passed by the Commission. The City Attorney has the responsibility of prosecuting all municipal ordinance violations.

The present members of the Commission and the years in which their terms expire are as follows:

<u>Name</u>	<u>Title</u>	<u>Expiration of Current Term of Office</u>
Derrick L. Henry	Mayor	November, 2024
Stacy Cantu	Commissioner	November, 2024
Dannette Henry	Commissioner	November, 2026
Quanita May	Commissioner	November, 2026
Monica Paris	Commissioner	November, 2026
Paula R. Reed	Commissioner	November, 2024
Ken Strickland	Commissioner	November, 2024

The City provides its constituents with a wide variety of public services: building inspections, code enforcement, community development, cultural affairs, economic development, golf course, parks and recreation, police and fire protection, refuse collection, small business development, stormwater management, street maintenance, traffic engineering and parking, water and wastewater and telecommunications and data transfer.

Internal support services include the following: accounting and reporting, accounts payable and payroll, billing and collections, budgeting and monitoring, City-wide management, computer systems support, debt management, equal opportunity, fleet maintenance, facilities maintenance, human resources, information systems, investment management, labor relations, mail services, property control, purchasing, risk management and strategic planning. In addition to these activities, the City exercises oversight responsibility for the Community Redevelopment Agency.

**Population**

The following tables depict population growth of the City, the County and the State of Florida:

**CITY, COUNTY AND STATE OF FLORIDA  
POPULATION**

Year	City of Volusia	Annual Average Percentage Increase/ Decrease	Volusia County	Annual Average Percentage Increase	State of Florida	Annual Average Percentage Increase
2014	62,784	--	503,851	--	19,507,369	--
2015	63,186	0.6%	510,494	1.3%	19,815,183	1.6%
2016	64,569	2.2	517,411	1.4	20,148,654	1.7
2017	65,569	1.5	523,405	1.2	20,484,142	1.7
2018	66,267	1.1	531,062	1.5	20,840,568	1.7
2019	67,351	1.6	538,763	1.5	21,208,589	1.8
2020	70,235	4.3	551,588	2.4	21,538,187	1.5
2021	74,113	5.5	563,358	2.1	21,898,945	1.7
2022	77,633	4.7	572,815	1.7	22,276,132	1.7
2023	80,940	4.3	583,505	1.9	22,634,867	1.6

Source: University of Florida, Bureau of Economic and Business Research.

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## Economy

The City's economy is based upon a mixture of tourism and commercial industries. The economy's large tourism presence benefits from miles of pristine beaches and waterways, the Daytona International Speedway, Jackie Robinson Ballpark—which hosts the Daytona Tortugas, a minor league baseball affiliate of the Cincinnati Reds, Daytona Beach Bandshell, convention and entertainment districts, museums, theaters, and cultural facilities. Tourism in the City is also boosted by popular events such as Bike Week and Biketoberfest. Additionally, with the City's close access to Interstate 95, Interstate 4, and the Daytona Beach International Airport it is a major distribution hub that is currently servicing World Class Distribution (Trader Joe's stores), B. Braun Medical Inc., TopBuild, Amazon, and more. The City's distribution hub is experiencing growth with the addition of a large Amazon warehouse facility currently under construction. Several companies are headquartered in the City, such as NASCAR and the PGA in the sports and entertainment sector, Brown & Brown Inc. in the insurance sector, and B. Braun Medical Inc. in the healthcare sector. Moreover, the City has a number of higher learning institutions, including Bethune-Cookman University, Daytona State College, Embry-Riddle Aeronautical University, Florida State University's College of Medicine Regional Campus, Keiser University, and the University of Central Florida's Connect Campus. In addition, the Daytona Beach International Airport is one of the few teaching airports in the country with flight schools and a collaboration with Embry-Riddle Aeronautical University. The Embry Riddle Research Park is an expanding technology-focused ecosystem for research and collaboration, bringing university researchers and students together with businesses, entrepreneurs, and start-ups. The John Mica Engineering and Aerospace Innovation Complex in the Embry-Riddle Research Park is a major engineering, aviation, and aerospace research and development incubator. Also coming to the Embry-Riddle Research Park is Boeing Daytona Beach which will engage in engineering and research for Boeing's Defense, Space and Security aircraft programs and advanced technology capabilities. Boeing Daytona Beach is currently under construction and expected to bring four hundred (400) new jobs to the City. The City's strong commercial activity is benefited by the above factors and has allowed for retail outlet centers, hotels and resorts, restaurants, and major convenience stores such as Buc-ee's to be in the market. The City is supported by multiple hospital systems and medical facilities. Other economic sectors of the City include transportation, utilities, public administration, and insurance, in addition to professional, scientific, and technical services.

## Employment

The following table sets forth the unemployment rate for the City of Daytona Beach over the past ten years.

### EMPLOYMENT

<u>Year</u>	<u>Unemployment Rate</u>
2014	6.7%
2015	5.5
2016	5.2
2017	4.1
2018	3.5
2019	3.2
2020	6.3
2021	4.0
2022	2.8
2023	3.7

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Source: Annual Comprehensive Financial Report for Fiscal Year ended September 30, 2023, City of Daytona Beach, Florida.

### TEN LARGEST PRINCIPAL EMPLOYERS (SEPTEMBER 30, 2023)

<u>Firm</u>	<u>Employees</u>	<u>Percent to Total City Employment</u>
Volusia County School District	7,750	66.04%
Advent Health Daytona Beach	7,794	66.41
Halifax Health	4,312	36.74
Publix Supermarkets Incorporated	4,069	34.67
Walmart Associates	3,586	30.56
State of Florida	2,628	22.39
Volusia County, Florida	2,464	21.00
Embry-Riddle Aeronautical University	1,973	16.81
Stetson University	1,590	13.55
Daytona State College	<u>1,424</u>	<u>12.13</u>
Total	<u>37,590</u>	<u>320.30%</u>

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Source: Annual Comprehensive Financial Report for Fiscal Year ended September 30, 2023, City of Daytona Beach, Florida.



**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year Ended	Taxes Levied For Year	Collected to End of Tax Year			Total Collected	
		Amount	Percent of Levy	Delinquent Collections	Amount	Percent of Levy
2023	\$39,498,307	\$36,920,283	93.47%	\$1,301,125	\$38,221,408	96.77%
2022	34,543,914	32,536,163	94.19	1,020,070	33,556,233	97.14
2021	32,019,430	29,977,209	93.62	1,079,857	31,057,066	96.99
2020	31,006,766	28,823,728	92.96	1,151,217	29,974,945	96.67
2019	29,558,286	27,781,826	93.99	769,262	28,551,088	96.59
2018	27,438,090	25,707,921	93.69	1,059,840	26,767,761	97.56
2017	26,178,787	24,496,495	93.57	934,488	25,430,983	97.14
2016	25,004,584	23,240,711	92.95	962,038	24,202,749	96.79
2015	23,726,632	22,841,109	96.27	290,801	23,131,909	97.49
2014	23,655,425	21,817,045	92.23	1,195,065	23,012,110	97.28

Note: Tax collections are stated net of early payment discounts ranging from 1% to 4% based on the date of taxpayer payments. Actual tax collections received in each fiscal year are from the prior year's tax levy (i.e., FY 2022-23 collections are from the 2022 tax levy).

Source: Annual Comprehensive Financial Report for Fiscal Year ended September 30, 2023, City of Daytona Beach, Florida.

**Florida Retirement System (FRS) Defined Benefit Pension**

The City participates in a defined benefit pension plan that is administered by the State of Florida, Department of Management Services, Division of Retirement. The plan provides retirement, disability or death benefits and annual cost-of-living adjustments to eligible participants. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report is available from the Florida Department of Management Services' website ([www.dms.myflorida.com](http://www.dms.myflorida.com)) or by mail at PO Box 9000, Tallahassee, Florida 32315-9000.

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership under Section 121.051(2)(b)(1) Florida Statutes allows participation by cities. All general full-time employees hired prior to December 31, 1995 and subsequent to May 1, 2005, participate in the plan.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state

administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

*Benefits Provided*

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Benefits under the HIS Program are not guaranteed and are subject to annual State legislature approval. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45.00 and the maximum payment is \$225.00 per month, pursuant to Section 112.363, Florida Statutes.

*Contributions*

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS exclusive of the DROP plan which has 0.00%. Also, there are no employee contributions to the HIS program. The employer's contribution rates are updated as of July 1 of each year. The employer contribution rates, which include the HIS rate of 1.66% and 2.00%, by job class for the periods from October 1, 2022 through June 30, 2023 and from July 1, 2023 through September 30, 2023, respectively, were as follows: Regular 11.91% and 13.57%; Special Risk 27.83% and 32.67%; Senior Management Service 31.57% and 34.52%; Elected Officials 57.00% and 58.68%; DROP participants 18.60% and 21.13%.

*Pension Liabilities and Pension Expense*

In its financial statements for the year ended September 30, 2023, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2023, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2023. The City's proportions of the net pension liabilities were based on the City's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<u>FRS</u>	<u>HIS</u>
Net Pension Liability	\$31,484,434	\$14,529,789
Proportionate share:		
At current measurement date	0.0790%	0.0915%
At prior measurement date	0.0774%	0.0894%
Pension expense (benefit)	\$7,243,015	\$5,693,588

*Deferred Outflows/Inflows of Resources Related to Pensions*

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$2,956,117	\$-	\$212,706	\$(34,104)
Changes of assumptions	2,052,417	-	381,984	(1,259,055)
Net difference between projected and actual earnings on pension plan investments	1,314,875	-	7,503	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,156,250	(14,590)	790,380	(3,900)
Employer contributions subsequent to the measurement date	<u>1,025,440</u>	<u>-</u>	<u>183,280</u>	<u>-</u>
Total	<u>\$9,505,099</u>	<u>\$(14,590)</u>	<u>\$1,575,853</u>	<u>\$(1,297,059)</u>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the future reporting period ending September 30, 2023. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ending September 30</u>	<u>FRS</u>	<u>HIS</u>
2024	\$1,100,458	\$16,236
2025	(423,253)	10,507
2026	6,941,357	17,193
2027	677,206	33,430
2028	169,301	17,193
Thereafter	<u>-</u>	<u>955</u>
Total	<u>\$8,465,069</u>	<u>\$95,514</u>

*Actuarial Assumptions*

The total pension liability for both FRS and HIS plans were measured as of June 30, 2023. The FRS liability was determined by an actuarial valuation dated July 1, 2023, and the HIS liability was determined by an actuarial valuation dated July 1, 2022 rolled forward to July 1, 2023. Both valuations use the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	<u>FRS</u>	<u>HIS</u>
Inflation	2.40%	2.40%
Salary increases	3.25	3.25
Investment rate of return	6.70	N/A
Discount rate	6.70	3.65

Mortality assumptions for both plans were based on the PUB-2010 base tables projected generationally with Scale MP-2018.

For both plans, the actuarial assumptions that determined the total pension liability as of June 30, 2023 were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2023:

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.54 to 3.65%.

HIS: Chapter 2023-193, Laws of Florida (Senate Bill 7024), increased the level of monthly benefits from \$5 times years of service to \$7.50, with an increased minimum of \$45.00 and maximum of \$225.00. This change applies to all years of service for both members currently receiving benefits and members not yet receiving benefits.

The long-term expected investment rate of return for the FRS Pension Plan was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption of 3.25%. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>
Cash	1.0%	2.9%	2.9%
Fixed income	19.8	4.5	4.4
Global equity	54.0	8.7	7.1
Real estate	10.3	7.6	6.6
Private equity	11.1	11.9	8.8
Strategic investments	<u>3.8</u>	6.3	6.1
	<u>100.0%</u>		

*Discount Rate*

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.70%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

*Health Insurance Subsidy (HIS)*

The HIS Plan is essentially funded on a pay-as-you go basis, the depletion date is considered to be immediate, and a municipal bond rate of 2.16% was used to determine the total pension liability for the program. The Bond Buyer General Obligation 20-Year Municipal Bond Index was used as the applicable municipal bond index.

*Sensitivity Analysis*

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00 percent higher or 1.00 percent lower than the current discount rate.

	<u>FRS</u>			<u>HIS</u>		
	<u>1% Decrease (5.70%)</u>	<u>Current Discount Rate (6.70%)</u>	<u>1% Increase (7.70%)</u>	<u>1% Decrease (2.65%)</u>	<u>Current Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
Employer's proportionate share of the net pension liability	\$53,781,824	\$31,484,434	\$12,829,999	\$16,576,222	\$14,529,789	\$12,833,434

*Pension Plans' Fiduciary Net Position*

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports. (<http://www.myfloridacfo.com/Division/AA/Reports/>).

## Police Officers and Firefighters Defined Benefit Pension Plan

Plan Description - The Police and Fire Pension Plan (the Plan) is a single-employer defined benefit pension plan for police officers and firefighters and is administered by the Police and Fire Pension Board, appointed by the Commission. The Police and Fire Pension Trust Fund contains the assets of the combined police and fire defined benefit pension plan. The Plan was established in 1959 under the Code of Ordinances for the City of Daytona Beach, Florida. Subpart C Sections 1-35 and Subpart D Sections 1-28 were amended on August 6, 2014, to change the maximum period of DROP to 60 months under Ordinance No. 14-228 and allow firefighter members not yet in DROP to participate under Ordinance No. 14-227. The Plan is also governed by certain provisions of Chapters 175 and 185, Florida Statutes, Part VII, Chapter 112, Florida Statutes, and the Internal Revenue Service. To qualify for normal retirement benefits, members hired prior to August 6, 2014 must have 20 years of credited service, or at age 55 with 10 years of credited service. Members hired on or after August 6, 2014, must have 25 years of credited service or at age 55 with 10 years of credited service.

Plan Membership - Membership in the Plan consisted of the following at October 1, 2022, the most recent actuarial valuation date:

	<u>Plan Membership</u>
Actives	296
Service Retirees	326
DROP Retirees	20
Beneficiaries	42
Disability Retirees	59
Terminated Vested	<u>98</u>
Total members	<u>841</u>

Benefits Provided - The funding methods and determination of benefits payable are provided in the various sections of the City Charter and various acts of the Florida State Legislature, which created the funds, including subsequent amendments thereto. Retirement benefits include normal retirement, death, and disability. The Plan does not provide for ad-hoc cost-of-living increases.

Police officer members who are eligible for normal retirement as of September 30, 2011, will receive retirement benefits equal to 3.38% of average final compensation for each year of credited service. Police officer members not eligible for normal retirement as of September 30, 2011, will receive retirement benefits equal to 3.00% of average final compensation for each year of credited service after September 30, 2011 and 3.38% of average final compensation for each year of credited service before September 30, 2011 up to a maximum of 90.00% of average final compensation (but not less than 2.00% of average final compensation for each year of credited service).

Firefighters who are eligible for normal retirement as of September 18, 2012, will receive retirement benefits equal to 3.50% of average final compensation for each year of credited service. Firefighter members not eligible for normal retirement as of September 18, 2012, will receive benefits equal to 3.00% of average final compensation for each year of credited service on or after September 19, 2012 and 3.50% of average final compensation for each year of credited service before September 19, 2012, up to a maximum of 90.00% of average final compensation, (but not less than 2.00% of average final compensation for each year of credited service).

Contributions - The City Charter provides, in general, that funds are to be accumulated from employee contributions, City contributions, state appropriations and income from investments of accumulated funds. Police officers are required to contribute 10.0% of compensation and firefighters are required to contribute 9.7% of compensation. The City is required to contribute amounts necessary, on an actuarial basis, to fund the Plan's expenses. Contribution requirements to the Plan are established during the adoption of the City's annual budget. They are predicated on maintaining a level contribution to the Plan as long as the annual pension cost obligation is met or exceeded. Authority to establish and amend contribution requirements rests with the Commission.

For the fiscal year ended September 30, 2023, total pension expense was \$16,392,632, and the City recognized as revenue, total contributions to the Plan of \$12,226,304 which consisted of the following:

	<u>Plan Contributions</u>
Employer	\$8,647,168
Member	2,109,375
State	1,393,607
Buy-Back	<u>76,154</u>
Total contributions	<u>\$12,226,304</u>

The Police and Fire Pension Trust Fund issues a publicly available financial report, including financial statements and required supplementary information. That report contains the required disclosures of GASB Statement No. 68, "Accounting and Financial Reporting for Pension Plans". The report may be obtained by writing to The City of Daytona Beach, Police and Fire Pension Board, PO Box 2451, Daytona Beach, Florida 32115-2451.

Plan Investment Policies and Allocation of Plan Investments - The Plan's investments are managed under the direction of the Police and Fire Pension Board. All investments are reported at fair value. As of September 30, 2023, the investments of the Plan were allocated as follows:

<u>Investment</u>	<u>Percent of Pension Portfolio</u>
Domestic equities	28.0%
Fixed income	24.0
Real estate	10.0
Alternative investments	13.0
International equities	<u>25.0</u>
Total investments	<u>100.0%</u>

Money-Weighted Rate of Return - The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended September 30, 2023, the annual money-weighted rate of return on pension plan investments was 6.51%.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - The City's net pension liability for the Plan was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the Plan's net pension liability at September 30, 2023, along with the changes from the prior year were as follows:

	Total Pension Liability (a)	Pension Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at September 30, 2022	\$282,930,856	\$193,657,634	\$89,273,222
Changes for the fiscal year:			
Service cost	3,511,046	-	3,511,046
Interest	20,762,800	-	20,762,800
Difference between expected and actual experience	2,235,633	-	2,235,633
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - employer	-	8,926,751	(8,926,751)
Contributions - member	-	1,393,607	(1,393,607)
Contributions - State	-	2,109,375	(2,109,375)
Contributions - Buy Back	76,154	76,154	-
Net investment income	-	12,645,684	(12,645,684)
Benefit payments, including refunds of member contributions	(19,209,127)	(19,209,127)	-
Administrative Expenses	-	(252,948)	252,948
Net change	<u>7,376,506</u>	<u>5,689,496</u>	<u>1,687,010</u>
Balance at September 30, 2023	<u>\$290,307,362</u>	<u>\$199,347,130</u>	<u>\$90,960,232</u>

For the fiscal year ended September 30, 2023, the City recognized pension expense of \$16,392,632.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$3,939,289	\$-
Changes of assumptions	496,174	-
Net difference between projected and actual earnings on pension plan investments	<u>22,062,806</u>	<u>-</u>
Total	<u>\$26,498,269</u>	<u>\$-</u>



Amounts reported for the Plan as deferred outflows/(inflows) of resources will be recognized in pension expense for the fiscal year ending September 30, as follows:

<u>Fiscal Year</u>	<u>Deferred Outflow/ Deferred (Inflow)</u>
2024	\$7,026,850
2025	6,740,145
2026	12,407,718
2027	<u>323,556</u>
Total	<u>\$26,498,269</u>

The City's total pension liability for the Plan was determined by an actuarial valuation as of the valuation date and calculated based on the discount rate and actuarial assumptions as follows:

Valuation date	October 1, 2022
Measurement date	September 30, 2023
Actuarial cost method	Individual Entry Age Normal
Expected long-term rate of return	7.50%
Discount rate	7.50%
Municipal bond rate	N/A
Inflation	2.75%
Salary Increases	Service based
Ad-hoc cost-of-living increase	N/A
Mortality rates:	
Healthy Active Lives	Female: PubS.H-2010 (Below Median) for Employees, set forward one year. Male: PubS.H-2010 (Below Median) for Employees, set forward one year.
Healthy Retiree Lives	Female: PubS.H-2010 (Above Median) for Healthy Retirees, set forward one year. Male: PubS.H-2010 for Healthy Retirees, set forward one year.
Beneficiary Lives	Female: PubG.H-2010 for Healthy Retirees. Male: PubG.H-2010 (Above Median) for Healthy Retirees, set back one year.
Disabled	80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees
Experience study	July 30, 2020

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Expected Long-Term Rate of Return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023 are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Long-Term Rate of Return</u>
Domestic equities	28.0%	7.83%
Fixed income	24.0	4.14
Real estate	10.0	5.53
Alternative investments	13.0	10.09
International equities	<u>25.0</u>	7.96
Total	<u>100.0%</u>	

The long-term expected rate of return is 7.50 percent.

Discount Rate - The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the Discount Rate assumed that Plan Member contribution will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.50%)	Trend Rate (7.50%)	1% Increase (8.50%)
Plan net pension liability	\$123,064,992	\$90,960,232	\$64,181,922

### **Florida Retirement System Defined Contribution Investment Plan**

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class.

Employees are required to contribute 3.00% of their salary. Required employer contributions made to the plan during the year ended September 30, 2023 totaled \$1,387,701. Employee contributions totaled \$48,460 during the same period.

**MissionSquare Deferred Compensation Defined Contribution Investment Plan**

Beginning January 1, 1996 and ending April 30, 2005, the City provided pension benefits to new general employees through a defined contribution plan administered by MissionSquare Retirement. In a defined contribution plan, benefits depend solely on amounts contributed plus investment earnings. The authority for establishing and amending the funding policy by resolution resides with the Commission. The City’s contribution for each employee vests starting in the third year with full vesting after seven (7) years. For the fiscal year ending September 30, 2023, there were a total of 13 employees participating in the plan with a covered payroll of \$1,101,830. Employees do not contribute into this plan. The City contributed 11% effective July 1, 2023 of covered employees’ gross wages for general employees. City contributions for the fiscal year ending September 30, 2023 totaled \$126,491.

The total of the City’s pension expense for the fiscal year ended September 30, 2023 is as follows:

<u>Plan Description</u>	<u>Pension Expenses</u>
Defined Benefit Plans:	
FRS Pension Plan	\$7,243,015
Retiree Health Insurance Subsidy Program (HIS)	5,693,588
Police Officers' and Firefighters' Pension Plan	<u>16,392,632</u>
Total defined benefit pension expense	<u>\$29,329,235</u>
Defined Contribution Plan:	
FRS Investment Plan	1,387,701
ICMA Deferred Compensation Plan	<u>126,491</u>
Total defined contribution pension expense	<u>\$1,514,192</u>
Total Pension Expense	<u>\$30,843,427</u>

**Other Post-Employment Benefit Plan**

Plan Description - Pursuant to Section 112.0801, Florida Statutes, the City is required to permit participation in the single-employer benefit health insurance program (the "Plan") for retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Optional post-employment benefits are provided to all eligible individuals including lifetime medical, prescription, dental, and certain life insurance coverage. Eligible individuals include all regular employees of the City who retire from active service under a pension plan sponsored by the City. Under certain conditions eligible individuals also include spouses and dependent children. The Plan does not issue a publicly available financial report.

Funding Policy - The Commission is authorized to establish benefit levels and approve the actuarial assumptions used in the determination of contribution levels. The Commission establishes the contribution requirements of Plan members and the City. These contributions are neither mandated nor guaranteed. The retiree contributes the premium cost each month. Spouses and other dependents are also eligible for coverage, although the retiree pays the premium cost. Retirees must pay a monthly premium

as determined by the insurance carrier, less any explicit subsidies that are provided by the City. The premium varies depending on whether the retiree elects single, single plus spouse, single plus dependents, or family coverage. As of May 1, 2009, the City provides an explicit subsidy for a portion of the premium charged for dependent coverage. The current explicit subsidy is \$70.48 per month for a single dependent or \$134.43 per month for multiple dependents. The ultimate implicit and explicit subsidies which are provided over time are financed directly by general assets of the City, which are invested in short-term fixed income instruments according to the City’s investment policy.

The City selected an interest discount rate of 4.75% per annum and is based on the prescribed discount interest rate methodology under GASB No. 75 based on an average of three 20-year bond indices (e.g., Bond Buyer-20 Bond GO, S&P Municipal Bond 20 Year High Grade Rate Index, Fidelity GA AA 20 Years) as of September 30, 2023. There are no separate trust funds or equivalent arrangements into which the City makes contributions to fund the OPEB obligations in advance as it does for its retiree pension plans.

Plan Membership – At October 1, 2021, OPEB membership consisted of the following:

Active Members	854
Retirees (including surviving spouses)	<u>140</u>
Total	<u>994</u>
Active Members Eligible for Benefits	84

Actuarial Assumptions and Other Inputs – The total OPEB liability in the September 30, 2023 actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Assets	Not valued since benefit is unfunded. Assets are zero.
Expected Return on Assets	N/A
Inflation	N/A
Salary Increases	3.50% projected annual salary increase

The actuarial assumptions for fiscal year October 1, 2022 to September 30, 2023 were based on a valuation as of October 1, 2021 and projected to year end September 30, 2023. This valuation was based on census information provided in September 2021, reflected plan costs (rates) and decrement tables (assumptions) for turnover, disability and retirement based on the Florida Retirement System Pension Plan actuarial valuation report with issue date of December 1, 2020. All assumptions are the same except for the discount rate.

The mortality table used for the current valuation was the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables based on Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2021.

Valuation date .....	October 1, 2021
Actuarial cost method .....	Entry Age Normal as a Level Percentage of Payroll
Discount rate .....	4.75%

Assumed healthcare cost trend rates:

	<u>Year</u>	Age <u>Pre-65</u>	Age <u>Post-65</u>
Year 1 Trend	October 1, 2023	7.0%	7.0%
Ultimate Trend	October 1, 2033 & Later	4.5%	4.5%
Grading Per Year	-	0.25%	0.25%

At September 30, 2023 the City of Daytona Beach reported a Total OPEB liability of \$4,072,246. The GASB 75 information has been provided as of the year ended September 30, 2023.

	<u>Increase (Decrease)</u>		
	Total OPEB	Plan	Net OPEB
	<u>Liability (a)</u>	<u>Fiduciary</u>	<u>Liability</u>
<i>Change in Net OPEB Liability</i>	<u>Liability (a)</u>	<u>Net Position (b)</u>	<u>(a) - (b)</u>
Balance Recognized as of Beginning of Year (End of Prior Year)	\$4,247,221	\$-	\$4,247,221
Changes Recognized for Fiscal Year			
Service Cost	53,069	-	53,069
Interest	193,109	-	193,109
Changes in Assumptions	(57,596)	-	(57,596)
Benefit Payments	(363,557)	(363,557)	-
Contributions from employer	<u>-</u>	<u>363,557</u>	<u>(363,557)</u>
Net Changes	<u>(174,975)</u>	<u>-</u>	<u>(174,975)</u>
Balance Recognized as of End Year - September 30, 2021	<u>\$4,072,246</u>	<u>\$-</u>	<u>\$4,072,246</u>

The liability decrease is due to changes in the discount rate from 4.59% to 4.75% as prescribed under GASB 75, as well as changes in employee demographics (e.g., higher percentage of dependents, increase in number of actives, etc.) since the prior valuation.

Sensitivity of the Total OPEB Liability – The following table represents the City’s total OPEB liability calculated using the discount rate of 4.75%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower and one percentage point higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	<u>(3.75%)</u>	<u>(4.75%)</u>	<u>(5.75%)</u>
Total OPEB Liability	\$4,422,173	\$4,072,246	\$3,770,242

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The following table represents the City's total OPEB liability calculated using the health care cost trend rate of 7.00%, as well as what the City's total OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower, 6.00%, or one percentage point higher, 8.00%, than the current rate.

	1% Decrease (6.00%)	Trend Rate (7.00%)	1% Increase (8.00%)
Total OPEB Liability	\$3,655,295	\$4,072,246	\$4,656,965

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the fiscal year ended September 30, 2023, the City of Daytona Beach recognized an OPEB expense of \$221,733. Deferred Inflows/Outflows of Resources reflects amounts resulting from experience gains/losses that have not been recognized in the current OPEB expense calculations, but will be potentially reflected in future years.

	Deferred Outflows of Resources	Deferred Outflows of Resources
Changes of assumptions	\$557,551	\$(1,460,168)
Total	\$557,551	\$(1,460,168)

Amounts reported for OPEB as deferred outflows of resources will be recognized in pension expense for the fiscal year ending September 30, as follows:

<u>Fiscal Year</u>	<u>Deferred Outflow</u>
2024	\$(24,445)
2025	(24,445)
2026	(24,445)
2027	(48,003)
2028	(117,921)
Thereafter	<u>(663,358)</u>
Total	<u>\$(902,617)</u>

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**APPENDIX B**

**Annual Comprehensive Financial Report  
for the Fiscal Year Ended September 30, 2023**

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**City of Daytona Beach, Florida**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

For the year ended September 30, 2023

Prepared by: The Finance Department

# Introduction Section



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**Corrective Action Plan**



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## The CITY OF DAYTONA BEACH

“THE WORLD’S MOST FAMOUS BEACH”

Office of the City Manager

June 28, 2024

To the Honorable Mayor and City Commissioners, and  
Citizens of The City of Daytona Beach

We are pleased to submit the Annual Comprehensive Financial Report of The City of Daytona Beach, Florida, for the fiscal year ended September 30, 2023. The report fulfills the requirements of Article X, Section 41 of The City of Daytona Beach Charter; Section 166.241, Florida Statutes; and Section 10.550 of the Rules of the Florida Auditor General. The financial statements included in this report conform to Generally Accepted Accounting Principles in the United States (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB).

This report complies with these requirements and continues to present the City’s strong tradition of full financial disclosure. The management team assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance the financial statements are free of any material misstatements.

Carr, Riggs & Ingram, LLC, Certified Public Accountants, have issued an unmodified (“clean”) opinion on The City of Daytona Beach’s financial statements for the year ended September 30, 2023. The independent auditor’s report is located at the front of the financial section of this report. Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### **Profile of The City of Daytona Beach**

The City of Daytona Beach, Florida, (the “City”) is an incorporated municipality of the State of Florida located within the County of Volusia. The City, which currently encompasses 68 square miles, is located on the central east coast of the State of Florida, 89 miles south of Jacksonville, 50 miles northeast of Orlando and 75 miles north of Cape Canaveral. It is at the top of the I-4 corridor and located at the crossroads of Interstate 4 and Interstate 95. The area’s natural environment includes miles of pristine beaches, blue waterways, brilliant sunlit skies and exceptional weather. An estimated population of more than 80,000 residents call this full-service city their home.

The City was incorporated July 26, 1876, and operates under a Commission-Manager form of government. Policy-making and legislative authority are vested in the City Commission, which consists of the mayor, elected citywide, and six commissioners elected by district. The Mayor and Commissioners are elected on a non-partisan basis to four (4) year terms. The City Commission is responsible for, among other things, setting policy, passing ordinances and resolutions, adopting the budget, appointing committee and board members, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and directives of the City Commission, overseeing the day-to-day operations of the city and appointing various department directors to join his leadership team.

The City is empowered to levy a property tax on both real and personal property within the city and provides general government, public safety, transportation, economic environment, and cultural, parks and recreation services to its residents, visitors, and businesses. To provide these services, the City operates five (5) enterprise activities: a water and sewer system, a solid waste system, a stormwater system, a marina with an office plaza, and pier operations.

To effectively manage its financial resources, the City of Daytona Beach prepares and adopts an annual operating budget and a five-year capital program that encompasses all funds as necessary. Usually, the budget process starts each January with a strategic planning session with the City Commission and management. Later, the operating department managers submit their requests to the City Manager, who reviews these requests and, considering available revenue sources, prepares his proposed budget. The City Manager's proposed budget is submitted to the City Commission by July 15th of each year. Budget workshops are scheduled as necessary, and two advertisements and two public hearings are held with final adoption by September 30, all in compliance with Florida's Truth in Millage (TRIM) requirements. Annual budgets are legally adopted for activities of the general fund, certain special revenue funds, debt service funds, and capital projects funds. Certain special revenue funds and capital projects funds, such as multi-year grant funds, are appropriated on a project basis. The legal level of budgetary control is at the fund level at which management may not overspend appropriated amounts.

#### **Financial Reporting Entity**

This financial report includes all funds and component units of the City in accordance with Governmental Accounting Standards Board, Statement No. 14, as amended, which clarifies the criteria in defining the governmental reporting entity. Included as part of this report is the fiscal information the City maintains for the Daytona Beach Downtown Development Authority, which is a dependent taxing entity. The First Step Shelter Inc., a 501(c)3 not-for-profit corporation that provides homeless services, is a discretely presented component unit of the City as the Commission is responsible for appointing and removing its board members.

The Daytona Beach Housing Authority is not included in this report because the City's accountability does not extend beyond making appointments to its board. The City cannot impose its will on the Daytona Beach Housing Authority, nor does the City derive any financial benefit or burden from the relationship.

The Volusia County school system provides education and schools, and the Volusia County government provides ambulance, judicial, airport, library, and health services. The Volusia County school system and government are independent taxing authorities, and their financial data is not included in this report's financial statements.

#### **Factors Affecting Financial Condition**

**Local economy.** There is a continued interest in new housing opportunities within the city, which started before, during, and after the COVID-19 pandemic shutdown. Daytona Beach has gained more residents than any other Volusia County municipality and increased its population by 15.2% from 71,586 in 2020 to 82,485 in 2023, according to the 2023 Census. U.S. News recognized Daytona Beach as #49 in Best Places to Live in USA, #7 in Best Places to Live in Florida, #7 in Best Places to Retire, #8 in Fastest-Growing Places, #9 in Safest Places to Live. According to U.S. News, "life in Daytona Beach is balanced by museums, theaters, performing arts centers, antique markets, restaurants, malls and colleges that combine to make Daytona Beach one of Florida's most well-rounded metro areas". In recent years, more than 10,000 single-family residential and apartment rental units have been recently completed or are currently under construction, with additional units being planned. Several complexes are "class A" apartments with high-end features and amenities, while others are fully furnished, resort-style apartments or geared toward college students. Commissioners have also actively pursued workforce housing prospects and have taken local legislative action to incentivize developers to address the area's affordable housing quandary.

The City's growth generates the entire Volusia County's growth, which means making smart planning choices now is more important than ever before. The City's financial picture includes resources to ensure adequate infrastructure to support existing and planned growth, a safe, healthy, and welcoming community of desirable neighborhoods, and an environment of prosperity to promote economic vitality and opportunity for everyone.

The City continues its commitment to economic development. There is a focus on economic stability and business opportunity. The team works daily to grow and retain existing businesses, attract new businesses, develop entrepreneurship and make Daytona Beach a more competitive city. Major features of the economy include an international airport, a motorsports entertainment venue, a minor league baseball affiliate, convention and entertainment districts, retail outlet centers, institutions of higher learning, an engineering, aviation and aerospace research and development incubator and innovation complex, a business district, headquarters for several leading

national and global companies, manufacturing and distribution centers, multiple hospital systems and medical facilities, museums, theaters, live entertainment venues, and other cultural facilities. The city's economic sectors include professional and business services, trade, transportation, utilities, education, insurance, and health services. According to the 2020 U.S. Census, the four largest industries in Daytona Beach are retail trade, health care and social assistance, manufacturers shipment, and accommodation and food services. The three highest-paying industries are utilities, public administration, and professional, scientific, and technical services.

The business community's need for a healthy and well-educated workforce is another city priority. Two well-attended recurring programs are the Mayor's Literacy Initiative, which encourages childhood reading and writing, and the Mayor's Fitness Challenge, which promotes healthy living. Moreover, there are six institutions of higher learning within the city: Daytona State College, Bethune-Cookman University, Embry-Riddle Aeronautical University, Keiser University, University of Central Florida's Connect Campus, and Florida State University's College of Medicine Regional Campus. The Daytona Beach International Airport is also one of the few teaching airports in the country.

Daytona Beach has always been heavily tourist-oriented, drawing more than 10 million tourists annually for family vacations and to attend many of the major special events held in the city throughout the year. The City's investment over the past several years to create a diversified employment base is paying off, with additional high-paying jobs being created by various non-tourism businesses. Small and mid-sized firms, as well as industry giants such as Brown & Brown Inc., one of the largest insurance companies in the nation, and B. Braun Medical Inc., a German-based manufacturer of intravenous drug systems, are headquartered here. These companies are an important part of the local economy and will provide an expansion of the City's tax base in the long-term.

Additionally, the city is located at the crossroads of Interstate 4 and Interstate 95 and is convenient to most major metropolitan areas and commercial markets in the eastern coastal United States. The city is at the top of the I-4 corridor, in which Interstate 4 crosses the state of Florida, starting at Daytona Beach and running west through Orlando, continuing to Tampa. Interstate 95 at the east end of I-4 provides access to Port Canaveral, Miami and all of South Florida as well as northbound destinations like Jacksonville's JaxPort, the Eastern Seaboard and points north of the Florida border. Because of its location and access to the interstate and its international airport, the city is a major distribution hub currently servicing World Class Distribution (Trader Joe's stores), B. Braun Medical, TopBuild, two Amazon distribution centers, and others.

**Long-term financial planning.** The City Commission's budget process is to plan for resilience and sustainability for its residents and the business community. The primary focus related to economic growth is to enhance commercial and residential property values through continued revitalization. The City continues to stress expenditure control, employ cost-cutting measures, and seek to leverage its dollars by grant funding and additional sources of recurring revenues whenever opportunities arise. One of the ongoing budgetary challenges is anticipating the impact of state mandates. There were several legislative initiatives that put financial restraints on Florida's local governments. The last legislative session included proposed changes that continue the erosion of home-rule capabilities and are an area of uncertainty and vulnerability for municipal governments throughout the state.

**Relevant financial policies.** To ensure sound financial management policies and procedures are in place in Daytona Beach, the city forefathers adopted the Fiscal Integrity Principles Ordinance. The City Commission recognizes the need to meet seasonal shortfalls in cash flows, its susceptibility to emergency or unanticipated expenditures, or the possibility of revenue shortfalls during any fiscal year. To address these issues, the Fiscal Integrity Principles Ordinance contains a policy to maintain a segregated budgetary cash reserve in the General Fund of not less than 10 percent of next year's budgeted operating expenditures. The segregated budgetary cash reserve is shown as an unassigned fund balance on the General Fund Balance Sheet. On September 30, 2023, the General Fund unassigned fund balance is \$22.2 million which is 19.4 percent of fiscal year 2023-24 budgeted operating expenditures of \$114.3 million.

**Major initiatives – Work year.** Daytona Beach has accelerated efforts to ensure it is the community of choice – a great place to live, learn, work, play, and raise a family. Fiscal year 2023 was another successful year for prioritizing citizen engagement, improving public spaces, completing infrastructure projects, continuing funding assistance, and increasing affordable housing. The City is extremely appreciative of the federal, state and local grants received and the

services they make possible. Team members continue to pursue grant funding to leverage our resources to offer the best possible public services at the lowest cost.

Significant completed initiatives and projects include the following.

- Connected with residents through diverse community events, weekend festivals, parades, and music concerts held in various neighborhood locations.
- Helped residents and businesses prosper including partnering with Homes Bring Hope for affordable housing, hosting a housing fair and financial clinic, providing development incentives for the Clyde Morris Landings apartment homes, partnering with Habitat for Humanity on beautification projects, offering hurricane assistance to affected homeowners and renters, roof replacement grants, and waiving permit and inspection fees in the city's core area.
- Introduced performance-rating kiosks in city hall to measure customer satisfaction by inviting residents to give feedback about their experience, based on a simple smiley-face and color-coded system.
- Enhanced recreational and cultural opportunities with year-round educational events and social activities for people of all ages and interests including the opening of the Riverfront Esplanade.
- Restructured redevelopment grants to help small businesses recover and succeed.
- Donated nearly \$1.2 million to community organizations and youth sports.
- Completed a three-year project to improve amenities and functionality of the John H. Dickerson Center, James Huger Park and Campbell Aquatic Center, creating the Dickerson Recreation Complex. Improvements included new playground equipment, an outdoor basketball court, reconfiguration and additional parking, connecting sidewalks, improved exterior lighting, new exterior paint and upgraded landscaping.
- Continued city-wide resurfacing and ADA sidewalks improvements.
- Opened a police substation in the busy entertainment area near Seabreeze Boulevard. Began the project to add more security cameras and better lighting in the corridor.

**Major initiatives – In the future.** The City is committed to investing in its future through various long-term programs and policies that will ensure the preservation of the City's quality of life. Long-term capital item improvements include facility improvements, road improvements, streetscaping, bicycle and pedestrian projects, and drainage projects. Notable projects scheduled to be completed in fiscal year 2024 include the following.

- Annual resurfacing of public roadways, streetscape and lighting improvements on major roads to create a vibrant and positive atmosphere.
- Replacement of existing and increase the quantity of sidewalks to expand and improve the walkability of neighborhoods.
- Continue improving the features and amenities of various parks and recreation facilities. Complete new playground at Bethune Point park, new playground equipment at Cherry Center, Daisy Stocking park renovation and improvement, and Seabreeze boat ramp upgrades.
- Continue the successful public-private partnership by providing funding to the Brown Riverfront Esplanade Foundation, which maintains the mile-long, 22.5-acre, city-owned but privately managed Riverfront Esplanade that parallels Beach Street.
- Continue Beach Street Phase II Roadway construction.
- Continuation of affordable housing incentives to address quality of life issues and to fund assistance programs.
- Rehabilitation of critical infrastructure by replacement of aging watermain, force mains, and sanitary lift stations to modernize and improve existing treatment plants and infrastructure. Building a five-million-gallon water storage tank to provide an emergency water supply during peak demand periods.
- Start construction of Fire Station No. 1 replacement.
- Complete Parks and Recreation Master Plan.
- Continuation of the community spending action plan of the over \$15 million in Fiscal Recovery Funds.

**Tax abatements.** Tax abatements are a temporary reduction in property tax revenues for a limited length of time. The City is authorized by city resolution 13-313 and Section 196.1995, Florida Statutes, to enter into economic development ad valorem tax exemption agreements with new or expanding businesses. Under the program, property tax abatements are used to attract or retain businesses that contribute to the economy of the City with new jobs, improvements to designated Brownfield properties, and increases to real and personal property values. During the fiscal year 2022-23,

no new agreements were created and no previously adopted agreements became eligible for the program. The City abated 2022 real estate and tangible property taxes to six businesses at three locations totaling \$385,129.

Over the last several years, the City has made significant progress in planning for future development, fostering a positive business climate and improving the city's appearance along gateway corridors and in neighborhoods, upgrading roadways and utility systems, renovating community centers, creating master plans for redevelopment areas, and revitalizing Daytona Beach all while reducing crime rates and preserving Daytona Beach's outstanding quality of life.

#### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to The City of Daytona Beach for its annual comprehensive financial report for the fiscal year ended September 30, 2022. This was the 51<sup>st</sup> consecutive year the City has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one (1) year only. We believe that our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

#### Acknowledgments

An annual comprehensive financial report of this nature could not have been prepared without the dedicated efforts of all staff members concerned. We would like to express our appreciation to all who helped produce this report and for their interest and support in planning and conducting the fiscal operations of the City. A special note of thanks and acknowledgment is extended to the Accounting team of the Finance Department for their continued dedicated contribution and their proficient effort in the preparation of this report. Thank you to Carr, Riggs & Ingram LLC for their professional approach and high standards in conducting the independent audit. Credit must also be given to the City Commission and City Management Team for their commitment to supporting sound fiscal management practices with an emphasis on long-term financial stability and sustainability.

Respectfully submitted,

  
Deric C. Feacher  
City Manager

  
Natalia Eckroth  
Chief Financial Officer

  
Christine Aiken  
Assistant Finance Director



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Government Finance Officers Association

Certificate of  
Achievement  
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Presented to

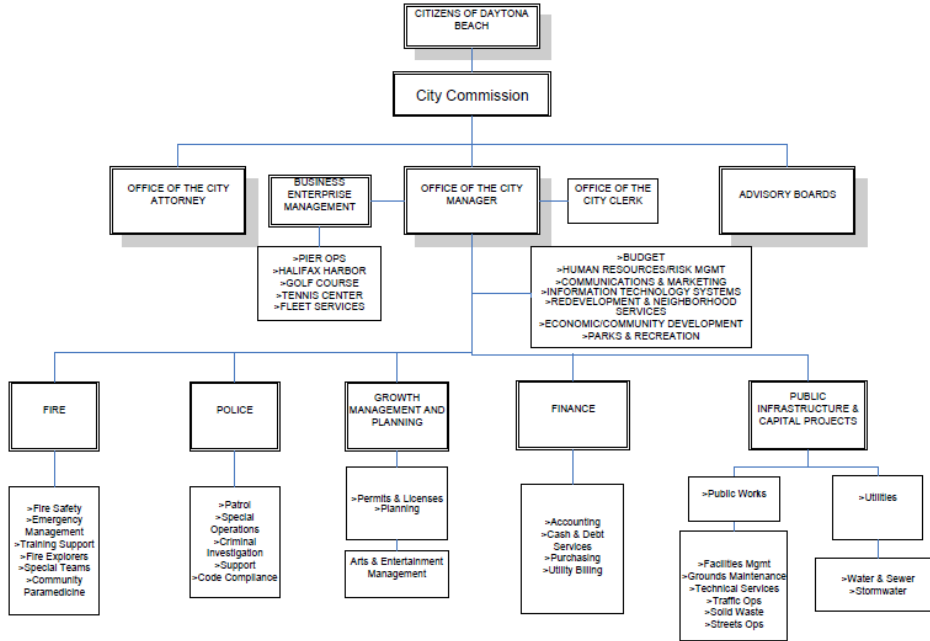
**City of Daytona Beach  
Florida**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2022

*Christopher P. Morill*  
Executive Director/CEO

City of Daytona Beach, Florida  
 Organizational Structure  
 Fiscal Year 2022-2023



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**City of Daytona Beach, Florida  
Mayor, City Commissioners and City Officials  
September 30, 2023**

MAYOR AND COMMISSIONERS



*Front Row, left to right: Monica Paris, Mayor Derrick L. Henry, Dannette Henry  
Back Row, left to right: Quanita May, Stacy Cantu, Paula R. Reed, Ken Strickland*

CITY MANAGER  
Deric C. Feacher

CHIEF FINANCIAL OFFICER  
Natalia Eckroth

CITY ATTORNEY  
Benjamin Gross

CITY CLERK  
Letitia LaMagna



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# Financial Section



Carr, Riggs & Ingram, LLC  
215 Baytree Drive  
Melbourne, Florida 32940

321.255.0088  
386.336.4189 (fax)  
CRIcpa.com

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Commission  
City of Daytona Beach, Florida

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Daytona Beach, Florida (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Daytona Beach, Florida, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Redevelopment Trust Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Police and Fire Pension Trust Fund, which represents 100% of the assets, net position and additions of the pension trust fiduciary fund. We also did not audit the financial statements of First Step Shelter, Inc., which represent 97%, 97%, and 85%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the Police and Fire Trust Fund and the First Step Shelter, Inc., are based solely on the report of the other auditors.

#### *Basis for Opinions*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter*

As described in Note 2 to the financial statements, in fiscal year 2023, the City adopted new accounting guidance, GASB Statement No. 96 *Subscription-Based Information Technology Arrangements*. Additionally, fund balance as of September 30, 2022 has been restated to adjust prior year-end balances related to unavailable revenues in non-major governmental funds. Our opinion is not modified with respect to these matters.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's 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 auditor's 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules of nonmajor special revenue and debt service funds, combining internal service funds financial statements, combining discretely presented component units financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, combining schedule of deposits and withdrawals for the redevelopment trust fund, and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Melbourne, Florida  
June 28, 2024

# Management's Discussion and Analysis



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

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

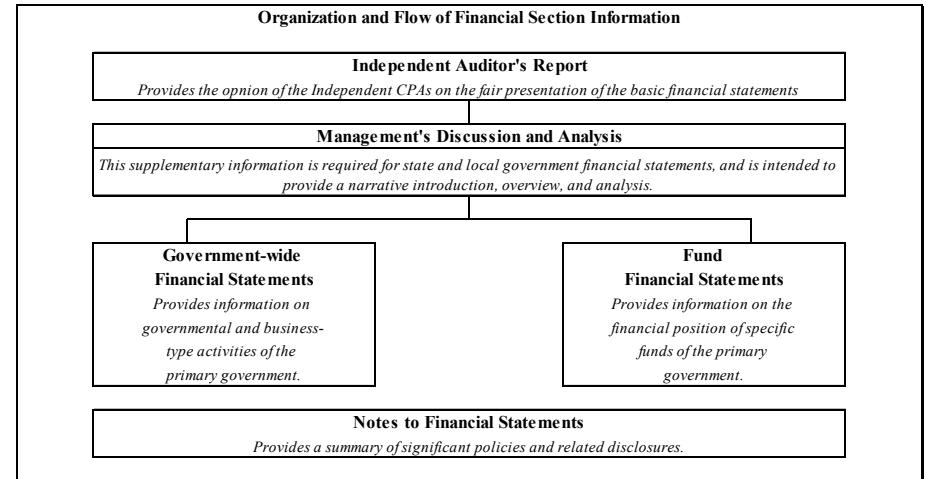
On behalf of the City of Daytona Beach (the "City"), management presents to the readers of the City's financial statements this narrative overview and analysis of financial activities of the City of Daytona Beach for the fiscal year ended September 30, 2023. We are providing this discussion and analysis to assist the reader in a better understanding of the City's overall financial position. This discussion and analysis should be considered in conjunction with the additional information in the letter of transmittal beginning on page 5, and the City's financial statements beginning on page 35.

**FINANCIAL HIGHLIGHTS**

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of FY 2022-23 by \$289.4 million (*net position*). Because the City has non-asset related debt and due to the impact of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*, the unrestricted net position reflects a deficit of \$15.8 million.
- For FY 2022-23, the City's total net position increased by \$25.9 million, or 13.2 percent when compared to last fiscal year's net position. The governmental activities net position increased by \$5.1 million. The business-type activities net position increased by \$20.8 million.
- At the close of the fiscal year ended 09/30/2023, the City's governmental funds reported combined fund balances of \$114.1 million, a decrease of \$0.1 million after restatement from the prior fiscal year. Approximately \$15.0 million of the governmental fund balance is available for spending at the City's discretion (*unassigned fund balance*).
- At the end of FY 2022-23, the General Fund's unrestricted fund balance (the total of *committed, assigned, and unassigned* components of *fund balance*) was \$44.2 million.
- In compliance with the City's Fiscal Integrity Principles Ordinance, segregated budgetary cash reserves (*unassigned fund balance*) in the General Fund on September 30, 2023, is 19.4 percent of the future year's (FY 2023-24) budgeted operating expenditures, which is greater than the 10 percent minimum requirement. Water and Sewer System, Stormwater Improvement, and Daytona Beach Pier enterprise funds contain a FY 2022-23 budget appropriation designated for capital renewal and replacement equal to 8 percent of the preceding fiscal year's revenues, which is the minimum amount required.
- The City's total outstanding long-term debt from bonds, loans and notes decreased by \$3.8 million for FY2022-23 over FY2021-22. Governmental activities debt decreased \$5.6 million, net of \$2.1 million in new bank loan, leases, and subscriptions less principal retirement of \$5.5 million. Business-type activities debt increased \$3.5 million which is net of principal retirement of \$35.6 million and new borrowing of \$33.5 million, which include the refunding of the water and sewer bond, series 2012 into a capital improvement revenue note, series 2023, and for new utility projects, leases and subscriptions.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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



**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *statement of activities* presents information on how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government services, public safety, transportation, economic environment, human services, cultural, leisure and recreation. The business-type activities of the City include the water and sewer system, solid waste management, stormwater improvement, marina with office plaza, and pier operations. The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Downtown Development Authority and First Step Shelter, Inc. for which the City discretely reports separately from the primary government. The government-wide financial statements can be found on pages 35 and 36 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three (3) categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of*

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

*spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted into cash. Such information may be useful in evaluating the City's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. These reconciliations can be found on pages 38 and 40.

The City maintains twenty (20) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Redevelopment Trust Fund, and Capital Projects Fund, all of which are major funds. Data from the other seventeen (17) nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* in the combining and individual fund statements and schedules section of this report.

The City adopts an annual appropriated budget for its General Fund and Redevelopment Trust Fund. Budgetary comparison statements have been provided for the General Fund and Redevelopment Trust Fund (special revenue fund) to demonstrate compliance with the adopted budgets. The basic governmental fund financial statements can be found on pages 37 – 42 of this report.

**Proprietary Funds.** The City maintains two (2) different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses five (5) enterprise funds to account for its water and sewer system, solid waste management, stormwater improvement, marina and office plaza, and pier operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses five (5) internal service funds to account for its fleet vehicle maintenance, employment services, property maintenance, information technology systems, and consolidated insurance. These internal service funds have been included within *governmental activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements only in more detail. The proprietary fund financial statements provide separate information for the water and sewer system, solid waste management, and stormwater improvement, all of which are major funds. Data from the other nonmajor proprietary funds are combined into a single, aggregated presentation. Internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the nonmajor proprietary funds and the internal service funds is provided in the form of *combining statements* in the combining and individual fund statements and schedules section of this report. The basic proprietary fund financial statements can be found on pages 45 – 48 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds are *not* available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City maintains two (2) different types of fiduciary funds. The Police and Fire Pension Trust Fund is used to report resources held in trust for retirees and beneficiaries covered by this pension trust fund. The Police Asset Custodial Fund is used to report resources held in trust that were seized by police officials and held in evidence until the criminal investigations are complete and is reported using the economic measurement focus and the accrual basis of accounting. The basic fiduciary fund financial statements can be found on pages 49 and 50 of this report.

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

**Notes to the Financial Statements.** The notes to the financial statements 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 51 – 117 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* on pages 119-123 concerning the City's proportionate share of and changes in the net pension liability for Florida Retirement System, Health Insurance Subsidy, the Police and Fire pensions, and the total liability and changes in the total liability for post-employment benefits (OPEB), as well as the City's progress in funding its contribution requirements for pension benefits and other post-employment benefits to certain employees.

The *combining statements* referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds and internal service funds are presented immediately following the required supplementary information on pensions and other post-employment benefits. Combining, and individual fund budgetary comparison schedules can be found on pages 127 - 173 of this report.

### GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted previously, net position over time may serve as a useful indicator of a government's financial position, and reviewing the changes in assets, liabilities, resources, and outlays during the fiscal period allows management to assess the City's current financial position and the results of its operations for FY2023. The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of FY 2022-23 by \$289.4 million, which is an increase of \$25.9 million or 9.8 percent from the previous fiscal year.

The following condensed information includes some of the basic data used to measure the City's progress over the last year.

**Assets** – The largest portion of the City's net position (\$168.7 million) reflects its substantial investment in capital assets (e.g., land, buildings, improvements, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. This displays the City's commitment to investing in assets that have useful lives more than the life the debt issues used to finance the assets. Government-wide assets increased over the prior year by 18.4% or \$47.3 million for a balance at year-end of \$609.3 million in total assets. This increase was primarily due to a combination of activities that took place in FY2023 which included: an increase in cash and cash equivalents of \$13.5 million relating to an uptick in income on investments, charges for services and unspent loan proceeds at the end of the fiscal year, an increase in capital assets (less accumulated depreciation) of \$32.4 million over the previous fiscal year.

**Liabilities** – Total government-wide liabilities increased by \$14.8 million. This change is primarily attributable to increases in net pension liability, and deferred outflows amount for pensions.

**Net Position** – As noted previously, net position may serve as a useful indicator of a government's financial position over time. Approximately 58.3% of the City's net position reflects its investment in capital assets (land, equipment, buildings, improvements, machinery and equipment, infrastructure, and right-to-use lease assets and right-to-use subscriptions), net of related debt. The City uses these capital assets to provide a variety of services to its citizens, so consequently these assets are not available for future spending. It should be noted that resources needed to repay capital-related debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities.

The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of the fiscal year by \$289.4 million. Total net position increased \$25.9 million from last year. Net position of the City's governmental activities increased by \$5.1 million and totaled \$111.4 million at the end of the fiscal year. Of this amount, approximately 87.8% is either restricted as to the purpose for which it can be used or is

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invested in capital assets. Net position of the City's business-type net activities experienced an increase of \$20.8 million, for a total of \$178.0 million compared to \$157.3 million in FY2021-22, primarily due to activities in the Water and Sewer System Fund.

The City implemented GASB Statement No. 96, *Subscription Based Information Technology Agreements* (SBITA), effective for the City's fiscal year beginning October 1, 2022 (see Note 2).

The following is a summary of net position for the years ended September 30, 2023, and 2022:

**The City of Daytona Beach, Florida  
Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$140,646,857	\$139,190,795	\$139,297,423	\$125,865,217	\$279,944,280	\$265,056,012
Capital assets	130,234,007	118,037,676	199,127,002	178,952,138	329,361,009	296,989,814
Total assets	270,880,864	257,228,471	338,424,425	304,817,355	609,305,289	562,045,826
Total deferred outflows of resources	34,472,493	39,633,088	4,407,626	4,814,599	38,880,119	44,447,687
Current liabilities	24,680,662	22,741,548	32,022,021	27,317,009	56,702,683	50,058,557
Long-term liabilities	167,285,128	165,645,220	128,623,576	122,140,708	295,908,704	287,785,928
Total liabilities	191,965,790	188,386,768	160,645,597	149,457,717	352,611,387	337,844,485
Total deferred inflows of resources	1,990,075	2,227,181	4,145,610	2,893,839	6,135,685	5,121,020
Net position:						
Net investment in capital assets	97,806,426	87,826,794	70,880,694	60,387,438	168,687,120	148,214,232
Restricted	70,023,679	63,432,615	66,552,114	59,666,199	136,575,793	123,098,814
Unrestricted (deficit)	(56,432,613)	(45,011,799)	40,608,036	37,226,761	(15,824,577)	(7,785,038)
Total net position	\$111,397,492	\$106,247,610	\$178,040,844	\$157,280,398	\$289,438,336	\$263,528,008

**Changes in Net Position.** While the statement of net position shows a summary of the City's financial position at the end of the fiscal year, the statement of changes in net position provides answers as to the nature and source of those changes. During FY2023, the City's net position totaled \$289.4 million, an increase of \$25.9 million over the previous year. The City's total revenues increased by \$14.7 million over FY2022 to a total of \$253.7 million, primarily due to increases in income on investments, which rose by \$10.8 million, given favorable market conditions; charges for services, which increased by \$10.5 million being mainly due to business-type charges for utilities, stormwater, and solid waste; and a \$4.6 million increase in property taxes due to increased property values. The City experienced a significant decline in the operating and capital grants revenues, which decreased by \$16.4 million, because of the American Rescue Plan Act (ARPA) funding received in the prior year.

Government-wide expenses increased by \$29.1 million or 14.6 percent during the reporting period, primarily due to expenditures relating to general government, public safety, and economic environment, and expenses related to water sewer system and solid waste management. General government expenses increased by \$13.0 million and is largely due to expenditures for recovery activities relating to Hurricanes Ian and Nicole; public safety expenditures increased by \$5.1 million or 7.3 percent over the previous year and is attributable to regular operations and wage increase. Economic environment expenditures rose by \$3.7 million over the last fiscal year due to spending related to a community relief grant implemented by the City to assist residents and businesses affected by Hurricanes Ian and Nicole, and to foster other community development projects. Business-type

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expenses relating to utility and solid waste management increased by \$3.9 million due capital improvement and maintenance expenses at several of the City's pump stations and water treatment plants.

The following is a comparison of major revenue and expense categories for the fiscal years ending September 30, 2023, and 2022:

**The City of Daytona Beach, Florida  
Changes in Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
<b>REVENUES:</b>						
Program revenues:						
Charges for services	\$ 29,280,589	\$ 31,934,702	\$117,858,156	\$104,665,976	\$147,138,745	\$136,600,678
Operating grants and contributions	3,937,336	15,316,655	-	-	3,937,336	15,316,655
Capital grants and contributions	313,484	1,726,787	7,852,817	11,443,782	8,166,301	13,170,569
General revenues:						
Property taxes	39,661,044	34,999,413	-	-	39,661,044	34,999,413
Gas taxes	1,870,152	1,882,705	-	-	1,870,152	1,882,705
Public services taxes	14,568,751	12,995,813	-	-	14,568,751	12,995,813
Sales taxes	5,199,916	4,927,098	-	-	5,199,916	4,927,098
Franchise taxes	8,496,276	7,708,997	-	-	8,496,276	7,708,997
Tax increment taxes	4,570,838	4,067,092	-	-	4,570,838	4,067,092
Other taxes	1,393,607	1,134,302	-	-	1,393,607	1,134,302
Intergovernmental revenue not restricted to specific programs	5,628,782	5,484,349	-	-	5,628,782	5,484,349
Income on investments	4,014,122	(2,402,077)	5,115,231	694,102	9,129,353	(1,707,975)
Other general revenues	3,233,391	1,806,949	682,303	627,000	3,915,694	2,433,949
Total revenues	122,168,288	121,582,785	131,508,507	117,430,860	253,676,795	239,013,645
<b>EXPENSES:</b>						
General government	33,295,990	20,310,253	-	-	33,295,990	20,310,253
Public safety	74,740,759	69,639,548	-	-	74,740,759	69,639,548
Transportation	13,922,477	12,869,955	-	-	13,922,477	12,869,955
Economic environment	8,502,462	4,818,803	-	-	8,502,462	4,818,803
Human services	825,263	807,741	-	-	825,263	807,741
Culture and recreation	17,503,451	15,050,360	-	-	17,503,451	15,050,360
Interest and fiscal charges	884,471	1,053,303	-	-	884,471	1,053,303
Water and sewer system	-	-	53,795,476	50,782,056	53,795,476	50,782,056
Solid waste management	-	-	13,214,098	12,288,926	13,214,098	12,288,926
Stormwater improvement	-	-	6,454,682	6,253,307	6,454,682	6,253,307
Halifax Harbor Marina	-	-	3,602,829	3,492,935	3,602,829	3,492,935
Daytona Beach Pier	-	-	1,024,509	1,340,557	1,024,509	1,340,557
Total expenses	149,674,873	124,549,963	78,091,594	74,157,781	227,766,467	198,707,744
Excess (deficiency) before transfers	(27,506,585)	(2,967,178)	53,416,913	43,273,079	25,910,328	40,305,901
Net transfers - in (out)	32,656,467	24,712,567	(32,656,467)	(24,712,567)	-	-
Change in net position	5,149,882	21,745,389	20,760,446	18,560,512	25,910,328	40,305,901
<b>NET POSITION:</b>						
Net position - beginning	106,247,610	84,502,221	157,280,398	138,719,886	263,528,008	223,222,107
Net position - ending	\$111,397,492	\$106,247,610	\$178,040,844	\$157,280,398	\$289,438,336	\$263,528,008

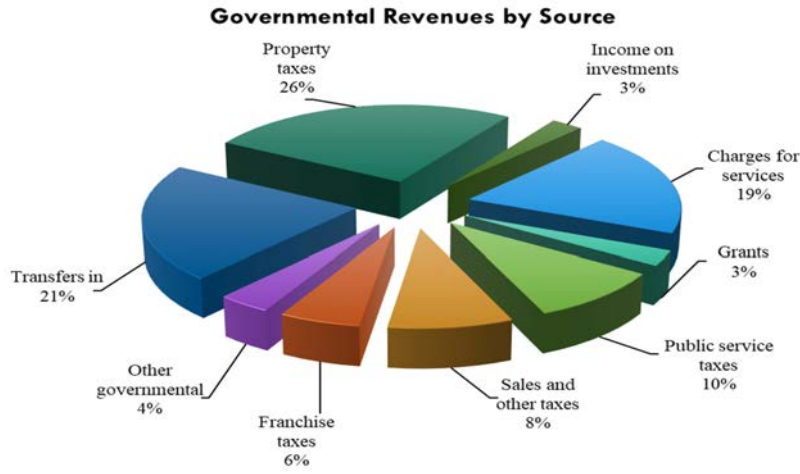
**Governmental Activities:**

Revenues for the governmental activities increased marginally by \$0.6 million, or 0.5 percent from the prior fiscal year. This increase is primarily attributable to increases in income on investment rose of \$6.4 million because of positive changes in the market, property taxes rose by \$4.7 million due to increased property values, and public services taxes rose by \$1.6 million. On the contrary, this increase was largely depleted by reductions in operating and capital grants and contributions of \$12.7 million, and charges for services of \$2.7 million.

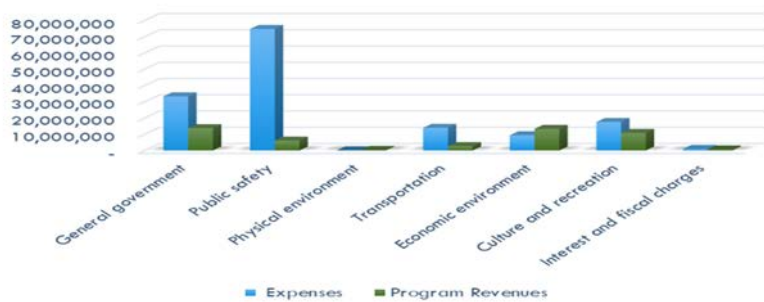
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**Revenues by Source – Governmental Activities**

An individual comparison of the City's functional program revenues and costs of providing program services to its citizens during FY2023 is useful in identifying the program and the extent of which each program is dependent on taxes and other non-exchange revenues to subsidize their program operations, which is presented in the graph below:



**FY2022-23 Expenses and Program Revenues – Governmental Activities**



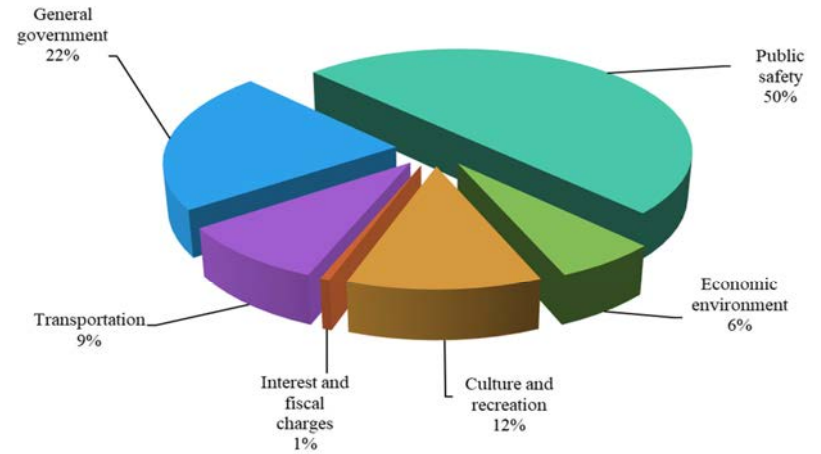
The cost of all governmental activities expended this fiscal year totaled \$149.7 million compared to \$124.5 million last fiscal year, which denotes a \$25.2 million increase. A major aspect of this increase is attributable to increased spending of \$13.0 million related to general government expenditures, in part due to recovery activities related to the effects of Hurricanes Ian and Nicole, which passed through the Daytona Beach area in September and

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November 2022, respectively. The City is expecting reimbursement from the Federal Emergency Management Agency (FEMA). Economic environment expenditures increased by \$3.7 million and is mainly due to the City providing community relief grants to residents and businesses affected by Hurricanes Ian and Nicole. Public safety expenditures rose by \$5.1 million and is due to regular operations, personnel wages and benefits increases. Similarly, all other functions of governmental activities showed increased spending, which is largely due to regular operations, personnel and benefit increases.

The following is a summary of the City's governmental activities expenses by function for FY2022-23:

**Governmental Expenses by Function**



**Business-Type Activities:**

The results of the City's business-type activities for FY2022-23 were positive in that overall net position increased to an ending balance of \$178.0 million. The City's utilities department have acquired subsidized, low interest rate loans from the Florida Department of Environmental Protection, one of which approximately \$1 million in principal forgiveness was received and sought capital grants to fund major construction initiatives. The total increase in net position was \$20.8 million, or 13.2 percent, compared to FY2021-22. The growth in net position, in large part, is attributable to collection of excess water, sewer, stormwater and solid waste rate revenues over operating expenditures.

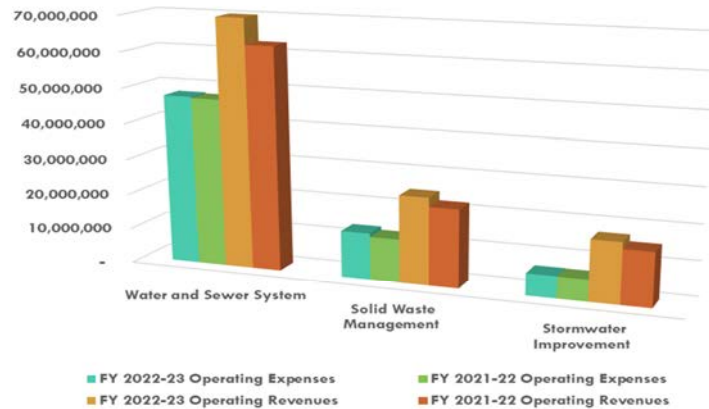
A comparison of the City's functional program revenues and costs of providing business-type services to its customers in fiscal year 2023 is useful in identifying the capabilities of producing revenues sufficient to operate their programs and are presented in the graph below:



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**FY 2022-23 Business-Type Activities – Major Funds – Operating Expenses and Operating Revenues**



Water and Sewer System Fund operating revenues increased \$7.2 million or 11.4 percent from the prior fiscal year primarily due to the net effect of a 4.4% annual CPI increase in water and sewer rates, coupled with increases in new construction, which simultaneously increased consumption, resulting in charges for services increased by \$7.4 million. Operating expenses increased by \$0.3 million, or 0.7 percent, from the prior fiscal year, and is primarily relating to increased pension expense derived from change made by the State in the contribution rates paid by employers for the unfunded actuarial liability of the Florida Retirement System. The fund's net operating income increased by \$6.9 million for a total of \$22.3 million, a 44.5 percent increase from the prior fiscal year. The fund reported a change in net position of \$19.1 million primarily due to increased revenues attributed to usage increases, continued growth in the City, new construction, and increased income and investment from the positive change in the market environment.

Solid Waste Management Fund operating revenues increased by \$2.5 million, or 11.5 percent, from the prior fiscal year primarily due to the annual CPI adjustment and increased demand for services, resulting in a \$2.7 million increase over the prior year. Operating expenses increased by \$0.9 million, or 7.6 percent primarily due to increased spending related to contractual services for solid waste collection with Waste Pro, for landfill tipping fee with Volusia County, and landfill post-closure charges. The fund reported net operating income of \$11.4 million for fiscal year 2022-23, as compared to \$9.8 million in FY 2021-22, a 16.2 percent increase. Net position increased by \$2.0 million, largely attributed to revenues generated from charges for services.

Stormwater Improvement Fund operating revenues increased \$1.9 million, or 12.1 percent, from the prior fiscal year to \$17.2 million. This increase was primarily due to the annual CPI rate change. Operating expenses marginally increased by \$0.08 million or 1.2 percent, when compared to the prior fiscal year, and is partially attributed to increases in personnel costs relating to wages, and pension expense due to increased employer contributions to the unfunded actuarial liability in the Florida Retirement System. Net operating income at the end of the fiscal year 2022-23 was \$10.9 million, an increase of \$1.8 million, or 19.4 percent, over the previous fiscal year. The fund reported a slight decrease in net position of \$0.6 million and ended the fiscal year at \$24.2 million. The decrease was largely due to increased transfers out to general fund to offset general government expenditures.

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

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

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

At the end of the FY2022-23, governmental funds reported combined fund balances of \$114.1 million, a slight decrease of \$0.1 million, in comparison with FY2021-22 restated balance, wherein the City implemented GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. Approximately 13.2 percent of this total fund balance amount, \$15.0 million, constitutes unassigned fund balance which is available for spending at the City's discretion. The remainder of fund balance is *non-spendable, restricted, committed or assigned* to indicate the following:

- non-spendable for inventories and prepaid items (\$0.7 million)
- legally required to be maintained intact for debt covenants (\$0.7 million)
- restricted by external grantors and outside agencies for specific purposes (\$69.3 million)
- assigned by the City for specific purposes (\$28.3 million)

The General Fund is the chief operating fund of the City. At the end of FY2022-23, the general fund reported a fund balance of \$44.9 million. Of this amount, \$0.7 million is considered nonspendable because it cannot be easily converted to cash or is contractually required to remain intact. The remaining spendable portions reflect balances that are assigned to fund the FY2023-24 budget (\$7.5 million) and capital/other projects (\$13.2 million). As of September 30, 2023, the unassigned fund balance in the General Fund was \$22.2 million, which is an increase of \$9.9 million compared to FY 2021-22. This increase is attributable primarily to increased revenue generation in taxes, charges for services and income on investments. Additionally, a portion of the change is due to the modification in terminology applied to unassigned balance per the updated Fiscal Integrity Ordinance in FY 2018-19. According to the Fiscal Integrity Ordinance, some of the surplus will be included in the budget and be reported as an assigned balance in the next budget year balance. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 19.4 percent of total current year's (FY 2022-23) General Fund expenditures (excluding transfers out, capital, and other financing uses). Total fund balance represents approximately 39.4 percent of that same amount.

The Redevelopment Trust Fund is a special revenue fund that reports the activities of the five (5) tax increment redevelopment areas of the City. For fiscal year ended September 30, 2023, the Redevelopment Trust Fund reflected an increase of \$0.05 million when revenues are compared to expenditures including transfers, mainly due to intergovernmental revenues derived from increased property values, and increased income on investment because of positive changes in the market environment. Total revenues increased by \$1.5 million over the last fiscal year; while total expenditures increased by \$1.6 million when compared to FY2021-22, primarily due to continued acquisition of land and other properties in the redevelopment areas to minimize and mitigate blight and slum. Ending fund balance on September 30, 2023, remained at \$15.2 million (same as last fiscal year). At the end of the fiscal year, any unspent funds will be used for future projects per state statutes. More detailed financial information on the Redevelopment Trust Fund can be found on page 174 in the combining and individual fund statements and schedules section of this report.

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The Capital Projects Fund reflected a total fund balance of \$6.3 million at the end of FY 2022-23 compared to \$8.7 million in the prior fiscal year. The fund has remaining unspent funds for several high-dollar capital projects expected to be completed in the next year.

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Other pertinent information concerning the finances of the enterprise funds has already been addressed in the discussion of business-type activities.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the fiscal year, the total City budget was amended after adoption by the City Commission and in accordance with the Fiscal Integrity Ordinance and Resolutions of the City Commission. The General Fund final expenditure budget, including transfers out, increased by approximately \$24.7 million, or 22.4 percent, from the originally adopted expenditure budget. The most significant amendments made to the budget were as follows:

- \$11.0 million for capital projects, including the carryforward of unexpended project funds from FY 2021-22 to FY 2022-23
- \$10.2 million for COVID-19 related projects from funds received from the American Rescue Plan Act (ARPA)
- \$2.5 for increased operating expenditures related to the uptick of participation in culture and recreational activities within the city.
- \$2.3 million for transfers out to fund capital projects and debt financing.

Actual expenditures were \$20.2 million lower than final budgeted appropriations. A large portion of the decrease is attributed to \$6.7 million of capital projects that were not completed by the end of the fiscal year and will be carried forward for completion in the following fiscal years; \$2.6 million of unspent balances designated for projects relating to economic recovery; and \$2.5 million for unspent balances designated for public safety vehicles and equipment, which will be carried forward to the new fiscal year. All departments' expenditures exhibited positive variances compared to budgeted amounts.

Final budgeted revenues in the General Fund (including transfers in) increased by \$8.9 million or 8.2 percent more than originally budgeted. This increase is primarily attributed to a \$6.4 rise in transfers from enterprise funds to assist with general government operations, and \$2.0 million increase in charges for services primarily related to culture and recreational activities provided. All areas except fines and forfeitures performed better than originally budgeted.

Overall, actual General Fund revenues not including reserves increased by \$5.3 million over final budgeted revenues. Some of the major increases include \$1.3 million in income on investments given the better than last year's performance of the market, \$1.2 million in charges for services primarily due to continued high participation in culture and recreation activities provided, \$0.9 million in intergovernmental receipts, and \$0.8 million in taxes due to increased property values. A budgetary comparison statement can be found in the basic financial statements section on page 41.

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

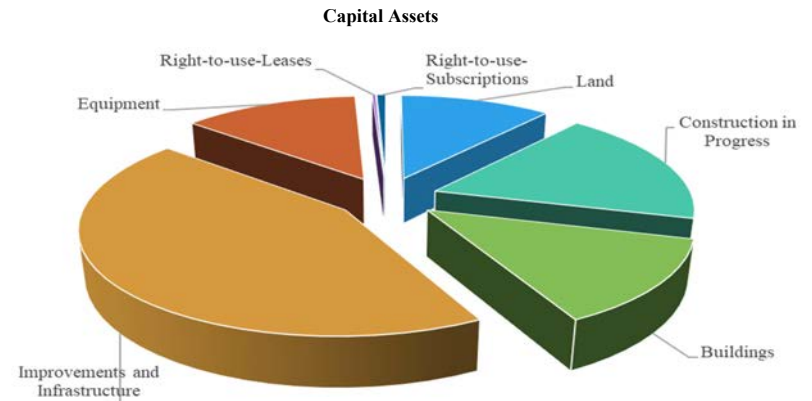
The City's investment in capital assets includes land, buildings, improvements and infrastructure, equipment, and construction in progress. As of September 30, 2023, the City had investment in capital assets, net of related depreciation, of \$329.4 million. This represents a net increase consisting of additions, deletions, and depreciation of \$32.5 million from the prior fiscal year, primarily due to utilities construction in progress projects relating to a new influent pump station and headworks at the Westside Regional WRF and a new 5 MG potable water ground storage tank and pump station on Heineman Street, and newly implemented GASB Statement No. 96 *Subscription Based Information Technology Agreements* (SBITA) of \$2.1 million.

The following is a summary of the City's capital assets, net of depreciation, as of September 30, 2023, and 2022:

**The City of Daytona Beach, Florida  
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 30,397,364	\$ 30,542,308	\$ 6,428,187	\$ 6,428,187	\$ 36,825,551	\$ 36,970,495
Construction in progress	16,736,107	3,314,492	42,717,563	15,974,063	59,453,670	19,288,555
Buildings	31,105,970	32,239,991	12,179,919	14,801,898	43,285,889	47,041,889
Improvements and infrastructure	38,719,883	42,100,941	105,399,634	111,844,050	144,119,517	153,944,991
Equipment	11,048,865	9,076,052	31,704,786	29,627,647	42,753,651	38,703,699
Right-to-use assets:						
Equipment	458,245	763,892	-	-	458,245	763,892
Land and infrastructure	98,019	-	230,491	276,293	328,510	276,293
Right-to-use subscription assets	1,669,554	1,451,221	466,422	-	2,135,976	1,451,221
<b>Total</b>	<b>\$130,234,007</b>	<b>\$119,488,897</b>	<b>\$199,127,002</b>	<b>\$178,952,138</b>	<b>\$329,361,009</b>	<b>\$298,441,035</b>

*Note: 2022 balances have been restated for the implementation of GASBS 96*



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

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

This fiscal year's major additions to capital assets, including projects completed during the year, are as follows:

- Biosolids Dewatering - \$4,066,545
- Police Vehicle Replacement – \$2,000,939
- Lift Station 97 Replacement - \$650,000
- Midtown CRA Improvements– \$607,978
- Fire Department Typhoon Pumper - \$560,065
- Heavy Equipment Replacements:
  - Streetsweepers (2) - \$565,594
  - Backhoes (3) - \$404,824
  - Dump Trucks - \$343,518

Additional information regarding the City's capital assets can be found in Note 9 of the financial statements (see pages 78 - 82)

**Debt Administration**

At fiscal year ended September 30, 2023, the City had \$154.7 million in debt outstanding compared to \$158.2 million as restated for FY2021-22 as shown in the table below.

**The City of Daytona Beach, Florida  
Outstanding Debt (Net)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenue bonds	\$ -	\$ -	\$ -	\$ 26,396,496	\$ -	\$ 26,396,496
General obligation bonds	7,761,263	8,920,015	-	-	7,761,263	8,920,015
Notes payable	20,993,325	23,930,322	35,625,000	17,324,000	56,618,325	41,254,322
State Revolving Fund loans	-	-	83,897,308	74,108,566	83,897,308	74,108,566
Financed purchases	3,724,038	5,113,983	-	-	3,724,038	5,113,983
Lease liabilities	558,885	764,803	237,624	280,217	796,509	1,045,020
Subscription liabilities	1,511,111	1,439,631	469,084	-	1,980,195	1,439,631
<b>Total</b>	<b>\$ 34,548,622</b>	<b>\$ 40,168,754</b>	<b>\$120,229,016</b>	<b>\$118,109,279</b>	<b>\$154,777,638</b>	<b>\$158,278,033</b>

*Note: 2022 balances have been restated for the implementation of GASBS 87 and 96*

Governmental debt decreased \$5.6 million, net of \$1.3 million in a new taxable revenue note, leases and subscriptions less principal retirement of \$5.5 million. Business-type debt increased by \$2.1 million which is net of principal retirement of \$33.4 million and new debt issuance of \$35.1 million, because of the Utility System Refunding and Improvement Revenue Bond, Series 2012 being refunded into the Utility System Refunding Revenue Note, Series 2023 for \$21.3 million. Additionally, business-type activities recorded new subscriptions of \$0.5 million. Currently, the City has 100 percent fixed rate debt. Of the outstanding debt, approximately 5.0 percent is backed by the full faith and credit of the government and the balance is secured by various revenue sources. The City Commission adopted a Municipal Securities Disclosure Policy on November 19, 2014, and uses the services of a financial advisor for debt administration related to new debt issues.

The following table provides a list of the bond ratings by bond issue and rating agency.

**The City of Daytona Beach, Florida  
Bond Ratings**

Revenue Bond Issue	Moody's	Standard & Poor's
General Obligation Refunding Bonds, Series 2012	Aa2	AA

Additional information on the City's long-term debt can be found in Notes 10 and 11 in the notes to the financial statements section of this report.

**Fiscal Integrity Principles Ordinance**

On June 2, 2004, the City Commission established the Fiscal Integrity Principles Ordinance (the "Ordinance") to institute sound financial policies and procedures in assuring the optimal use of public funds. The Ordinance was amended in FY 2006-07, FY 2007-08, FY 2011-12, and FY 2018-19 and was used as a basis for the FY 2005-06 through FY 2020-22 budgets. Some of the more salient points of the Ordinance include: maintaining a General Fund segregated budgetary cash reserve at a minimum of 10 percent of next year's budgeted operating expenditures, limiting new personnel requests to an increase in services and new recurring revenue, limiting annual salary increases to increases in recurring revenues, funding the pension plan contributions as actuarially computed and in a manner that provides for a more level annual contribution, funding a self-insurance program through fees charged to user departments, performing user fee rate studies when an operating loss has occurred for two (2) consecutive fiscal years and cash reserves fall below 10 percent, preparing and updating a 5-year financial plan annually, and establishing a budget review committee to review and verify the assumptions and estimates underlying the annual budget and 5-year financial plan. Additionally, non-recurring revenues from the City's fund balance account cannot be used to balance the annual budget for recurring expenditures.

The purpose of the FY 2011-12 amendment was to establish renewal and replacement funds for the Water and Sewer System and Stormwater Improvement funds for the purpose of maintaining infrastructure and the quality of services provided. Annually, the City will appropriate 8 percent of the preceding fiscal year's actual operating revenues for the specific fund. Usually, the amount of this renewal and replacement appropriation provides funds for system repairs and improvements equal to approximately 50 percent of the annual depreciation expense and shows the City's commitment to maintaining its existing infrastructure.

The purpose of the FY 2018-19 amendment was to clarify the policy as it relates to segregated budgetary cash reserves which changes terminology applied to unassigned fund balance, establish renewal and replacement fund for certain other enterprise funds, and modified the re-appropriation budgetary process of donation or grant funded expenditures. According to the updated Fiscal Integrity Ordinance, additions to surplus or use of reserves will be included in the budget and are shown on budget vs. actual statements and schedules as net budgetary reserves.

The City is compliant with the Ordinance by having segregated budgetary cash reserve in the General Fund of 19.4 percent of future year's (FY2023-24) budgeted operating expenditures and by appropriating 8 percent of the prior year's (FY 2021-22) budget for renewal and replacement in the Water and Sewer System, Stormwater Improvement, and Daytona Beach Pier funds.

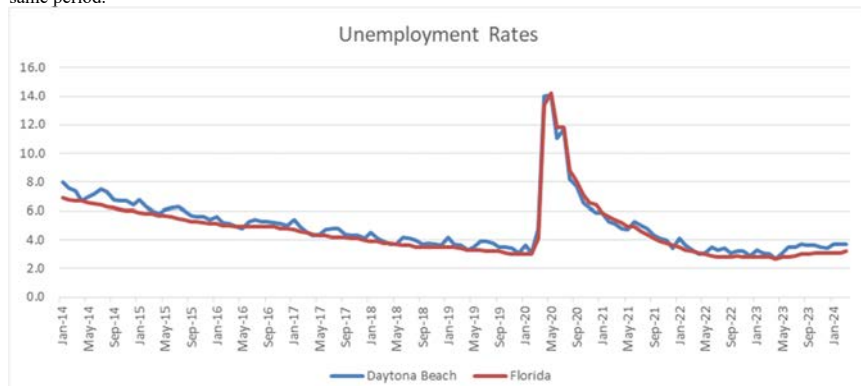
**ECONOMIC FACTORS AFFECTING NEXT YEAR'S BUDGET AND RATES**

Many factors are considered each year by the City Commission in its efforts to establish an operating budget, evaluate its personnel needs, and develop uniform user fees that are reasonable, and more importantly, capable of cost recovery. Some of the major factors considered in this process are the local economy, civilian labor force, inflation rates and unemployment rates.

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

Daytona Beach has recovered from the effects of the COVID-19 pandemic and the resulting economic impacts. As Volusia County's commercial sector leader, Daytona Beach had a growing local economy, rising home values, record number of new housing starts, commercial growth in the northwest section of our city, and low unemployment rates.

The most recent estimates available for unemployment data in the Deltona-Daytona Beach-Ormond Beach Area are compiled by the U.S. Bureau of Labor Statistics. This agency estimates a local area unemployment rate of 3.7% at the end of September 2023, an increase from the 3.5% recorded March 2023, the result of several years of declining unemployment rates beginning with the recovery from the economic shutdowns resulting from the COVID pandemic. The peak unemployment rate during the pandemic was 14.1%, recorded in May 2020. This trend can be compared to the change in State of Florida rates as well, which decreased to 2.5% from 13.2% in the same period.



When the FY 2023/24 budget was developed, taxable property values had increased for the eleventh straight year since 2012 by an overall growth of 164.6%. The latest single year growth was 16.7%. The General Fund and Redevelopment Trust Funds have benefited from the growth in tax revenue due to the rising valuations. The adopted millage rate of \$5.4300 per \$1,000 of taxable value for the FY 2023/24 annual operating budget is the same millage rate as FY 2022/23.



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

In addition to property taxes the City's other major revenue source is water and sewer utility revenue. In accordance with City ordinances, there is an automatic annual rate adjustment tied to the CPI index in effect for the FY 2023/24 budget year. On March 4, 2020, the city engaged a Utilities rate consultant to perform the annual revenue sufficiency study and to review its water and sewer rates and impact fees, which resulted in Commission adoption on February 17, 2021 of a modified rate structure to address equitability in rates and improve revenue stability. The new retail rate structure became effective October 1, 2021, and the new impact fees had an effective date of July 1, 2021.

The City's infrastructure needs to be in place and available to coincide with the growth and private capital investments occurring within the City's boundaries. Management has continued to look for ways to streamline City functions to keep expenditures low and continues to pursue cost saving measures such as outsourcing. The City and its four unions – the Coastal Florida Police Benevolent Association (CFPBA), the American Federation of State, County and Municipal Employees, Florida Council (AFSCME), the International Association of Firefighters Local 1162 (IAFF), and the Florida State Lodge Fraternal Order of Police (FOP) – executed collective bargaining agreements with a two year term. These agreements began on October 1, 2023, and will expire on September 30, 2025. All union contracts will impact future budgets.

The FY 2023/24 budget was developed to address the City Commission's priorities, which includes improvements for stormwater mitigation, addressing the homeless population of Daytona Beach, initiatives for proactive public safety, proactive road maintenance, evaluation of the utility system, funding for sidewalk and trail projects, maintenance of city owned assets such as Daytona Stadium, and redevelopment of the downtown and midtown areas. The City will continue to monitor revenue and expenditure trends in anticipation of a potential nationwide economic downturn and pursue financial assistance to stabilize the local economy. However, to date there has been no such downturn in the Daytona Beach area.

Despite the ongoing financial constraints put on all local governments to keep taxes and service fees as low as possible, the City continues with a long-term strategic focus on improving the quality of life for all citizens, encouraging a positive business environment, and improving tourist gateway corridor appearances. It is anticipated that the City's spending requirements for FY 2023/24 will be met with current financial resources including federal aid and grants from COVID relief funds.

**FINANCIAL CONTACT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact the Chief Financial Officer, 301 South Ridgewood Avenue, P. O. Box 2451, Daytona Beach, Florida 32115-2451. Additional financial information can also be found on the City's web site: <http://www.codb.us>.

# Basic Financial Statements



## City of Daytona Beach, Florida Statement of Net Position September 30, 2023

September 30, 2023	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS:</b>				
Equity in pooled cash, cash equivalents and investments	\$ 127,387,170	\$ 59,118,672	\$ 186,505,842	\$ 1,706,682
Receivables (net)	4,790,249	16,391,741	21,181,990	127,453
Lease receivables	15,952	1,614,126	1,630,078	-
Intergovernmental receivable	4,829,631	4,947	4,834,578	-
Internal balances	(988,110)	988,110	-	-
Inventory	794,170	945,985	1,740,155	-
Prepays	490,916	143,899	634,815	18,168
Other assets	510,150	27,000	537,150	19,145
Restricted assets:				
Equity in pooled cash, cash equivalents and investments	2,816,729	60,062,943	62,879,672	-
Capital assets:				
Non-depreciable	47,133,471	49,145,750	96,279,221	-
Depreciable (net)	80,874,718	149,284,340	230,159,058	116,066
Right-to-use lease assets (net)	556,264	230,490	786,754	-
Right-to-use subscription assets (net)	1,669,554	466,422	2,135,976	-
<b>Total assets</b>	<b>270,880,864</b>	<b>338,424,425</b>	<b>609,305,289</b>	<b>1,987,514</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred amount on refunding	94,932	648,416	743,348	-
Deferred amount for other post-employment benefits	434,766	122,784	557,550	-
Deferred amount for pensions	33,942,795	3,636,426	37,579,221	-
<b>Total deferred outflows of resources</b>	<b>34,472,493</b>	<b>4,407,626</b>	<b>38,880,119</b>	<b>-</b>
<b>LIABILITIES:</b>				
Accounts payable and other liabilities	5,430,421	3,111,507	8,541,928	72,962
Contracts payable	-	246,415	246,415	-
Intergovernmental payable	157,019	40,226	197,245	-
Deposits	86,361	10,577,149	10,663,510	-
Unearned revenue	6,108,034	2,089,338	8,197,372	-
Payable from restricted assets:				
Accounts payable and other liabilities	-	5,120,297	5,120,297	-
Contracts payable	168,438	1,173,248	1,341,686	-
Accrued interest	370,448	590,046	960,494	-
Due within one year:				
Bonds, loans, and notes payable	5,661,582	8,219,005	13,880,587	-
Other post-employment benefits	135,888	39,087	174,975	-
Insurance claims payable	2,416,000	-	2,416,000	-
Lease liabilities	373,539	44,131	417,670	-
Subscription liabilities	964,926	13,004	977,930	-
Compensated absences	2,808,006	758,568	3,566,574	20,184
Due in more than one year:				
Bonds, loans, and notes payable	26,817,044	111,303,303	138,120,347	-
Net pension liability	122,390,609	14,583,844	136,974,453	-
Other post-employment benefits	3,139,628	757,642	3,897,270	-
Insurance claims payable	8,631,000	-	8,631,000	-
Lease liabilities	185,346	193,493	378,839	-
Subscription liabilities	557,774	456,080	1,013,854	-
Compensated absences	5,563,727	1,329,214	6,892,941	-
<b>Total liabilities</b>	<b>191,965,790</b>	<b>160,645,597</b>	<b>352,611,387</b>	<b>93,146</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred amount on refunding	-	1,779,126	1,779,126	-
Deferred amount for pensions	852,900	458,749	1,311,649	-
Deferred amount for other post-employment benefits	1,121,315	338,853	1,460,168	-
Deferred amount for leases	15,860	1,568,882	1,584,742	-
<b>Total deferred inflows of resources</b>	<b>1,990,075</b>	<b>4,145,610</b>	<b>6,135,685</b>	<b>-</b>
<b>NET POSITION:</b>				
Net investment in capital assets	97,806,426	70,880,694	168,687,120	116,066
Restricted for:				
Debt covenants	710,282	9,367,827	10,078,109	-
General government	11,728,626	-	11,728,626	-
Public safety	26,234,314	-	26,234,314	-
Transportation	4,949,460	-	4,949,460	-
Economic environment	15,662,070	-	15,662,070	-
Human services	-	-	-	1,727,594
Culture and recreation	10,738,927	-	10,738,927	-
Capital projects	-	56,899,816	56,899,816	-
Landfill	-	284,471	284,471	-
Unrestricted (deficit)	(56,432,613)	40,608,036	(15,824,577)	50,708
<b>Total net position</b>	<b>\$ 111,397,492</b>	<b>\$ 178,040,844</b>	<b>\$ 289,438,336</b>	<b>\$ 1,894,368</b>

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

**City of Daytona Beach, Florida**  
**Statement of Activities**  
**For the Year Ended September 30, 2023**

Year Ended September 30, 2023	PROGRAM REVENUES				Net (Expense) Revenue and Changes in Net Position			
	EXPENSES	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
General government	\$ 33,295,990	\$ 11,982,553	\$ -	\$ 199,555	\$ (21,113,882)	\$ -	\$ (21,113,882)	\$ -
Public safety	74,740,759	4,074,650	364,481	113,929	(70,187,699)	-	(70,187,699)	-
Physical environment	-	-	15,154	-	15,154	-	15,154	-
Transportation	13,922,477	952,750	1,161,587	-	(11,808,140)	-	(11,808,140)	-
Economic environment	8,502,462	672,765	1,361,825	-	(6,467,872)	-	(6,467,872)	-
Human services	825,263	-	400,000	-	(425,263)	-	(425,263)	-
Culture and recreation	17,503,451	11,597,871	634,289	-	(5,271,291)	-	(5,271,291)	-
Interest and fiscal charges	884,471	-	-	-	(884,471)	-	(884,471)	-
<b>Total governmental activities</b>	<b>149,674,873</b>	<b>29,280,589</b>	<b>3,937,336</b>	<b>313,484</b>	<b>(116,143,464)</b>	<b>-</b>	<b>(116,143,464)</b>	<b>-</b>
<b>Business-Type Activities:</b>								
Water and sewer system	53,795,476	70,771,646	-	7,852,817	-	24,828,987	24,828,987	-
Solid waste management	13,214,098	24,646,960	-	-	-	11,432,862	11,432,862	-
Stormwater improvement	6,454,682	17,248,912	-	-	-	10,794,230	10,794,230	-
Hullfax Harbor	3,602,829	4,166,275	-	-	-	563,446	563,446	-
Daytona Beach Pier	1,024,509	1,024,363	-	-	-	(146)	(146)	-
<b>Total business-type activities</b>	<b>78,091,594</b>	<b>117,858,156</b>	<b>-</b>	<b>7,852,817</b>	<b>-</b>	<b>47,619,379</b>	<b>47,619,379</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 227,766,467</b>	<b>\$ 147,138,745</b>	<b>\$ 3,937,336</b>	<b>\$ 8,166,301</b>	<b>(116,143,464)</b>	<b>47,619,379</b>	<b>(68,524,085)</b>	<b>-</b>
<b>Component Unit:</b>								
Downtown Development Authority	\$ 331,321	\$ -	\$ 117,961	\$ -	-	-	-	(213,360)
First Step Shelter, Inc.	1,528,306	-	1,876,409	-	-	-	-	348,103
<b>Total component unit</b>	<b>\$ 1,859,627</b>	<b>\$ -</b>	<b>\$ 1,994,370</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>134,743</b>
<b>GENERAL REVENUES:</b>								
<b>Taxes:</b>								
Property taxes, levied for general purposes					39,661,044	-	39,661,044	208,570
Local option gas taxes					1,870,152	-	1,870,152	-
Public service taxes					14,568,751	-	14,568,751	-
Sales taxes					5,199,916	-	5,199,916	-
Franchise taxes					8,496,276	-	8,496,276	-
Tax increment taxes					4,570,838	-	4,570,838	-
Other taxes					1,393,607	-	1,393,607	-
Intergovernmental revenues not restricted to specific programs					5,628,782	-	5,628,782	-
Income on investments					4,014,122	5,115,231	9,129,353	8,472
Miscellaneous					3,233,391	682,303	3,915,694	2,685
<b>Transfers</b>					<b>32,656,467</b>	<b>(32,656,467)</b>	<b>-</b>	<b>-</b>
<b>Total general revenues and transfers</b>					<b>121,293,346</b>	<b>(26,858,933)</b>	<b>94,434,413</b>	<b>219,727</b>
<b>Change in net position</b>					<b>5,149,882</b>	<b>20,760,446</b>	<b>25,910,328</b>	<b>354,470</b>
<b>NET POSITION:</b>								
Beginning of year					106,247,610	157,280,398	263,528,008	1,539,898
<b>End of year</b>					<b>\$ 111,397,492</b>	<b>\$ 178,040,844</b>	<b>\$ 289,438,336</b>	<b>\$ 1,894,368</b>

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

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**City of Daytona Beach, Florida  
Balance Sheet – Governmental Funds  
September 30, 2023**

	General	Redevelopment Trust	Capital Projects	Nonmajor Governmental	Total Governmental Funds
<b>ASSETS:</b>					
Equity in pooled cash, cash equivalents, and investments	\$ 35,677,628	\$ 12,560,206	\$ 6,567,865	\$ 58,479,728	\$ 113,285,427
Receivables (net):					
Accounts	3,936,498	24,000	-	287,370	4,247,868
Taxes	174,311	-	-	8,571	182,882
Notes	-	94,396	-	-	94,396
Accrued interest	265,103	-	-	-	265,103
Due from other funds	7,543,000	-	-	-	7,543,000
Intergovernmental receivable	1,508,678	-	-	3,320,953	4,829,631
Deposits	10,150	500,000	-	-	510,150
Inventory	647,866	-	-	-	647,866
Prepays	57,124	445	-	75	57,644
Lease receivable	15,952	-	-	-	15,952
Restricted equity in pooled cash, cash equivalents, and investments	-	2,115,018	-	701,711	2,816,729
<b>Total assets</b>	<b>\$ 49,836,310</b>	<b>\$ 15,294,065</b>	<b>\$ 6,567,865</b>	<b>\$ 62,798,408</b>	<b>\$ 134,496,648</b>
<b>LIABILITIES:</b>					
Accounts payable and other liabilities	\$ 2,501,045	\$ 61,330	\$ 215,102	\$ 1,135,003	\$ 3,912,480
Due to other funds	-	-	-	7,543,000	7,543,000
Intergovernmental payable	146,355	863	-	3,415	150,633
Deposits	75,368	10,000	-	993	86,361
Contracts payable	-	-	28,892	139,546	168,438
Unearned revenue	2,213,216	-	-	3,894,818	6,108,034
<b>Total liabilities</b>	<b>4,935,984</b>	<b>72,193</b>	<b>243,994</b>	<b>12,716,775</b>	<b>17,968,946</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Deferred inflows-leases	15,860	-	-	-	15,860
Deferred inflows-unavailable revenue	-	-	-	2,430,986	2,430,986
<b>Total deferred inflows of resources</b>	<b>15,860</b>	<b>-</b>	<b>-</b>	<b>2,430,986</b>	<b>2,446,846</b>
<b>FUND BALANCES:</b>					
<b>Non-Spendable:</b>					
Inventory	647,866	-	-	-	647,866
Prepays	57,124	445	-	75	57,644
<b>Restricted:</b>					
Debt covenants	-	-	-	710,282	710,282
General government	-	-	-	11,728,626	11,728,626
Public safety	-	-	-	26,234,314	26,234,314
Transportation	-	-	-	4,949,460	4,949,460
Economic environment	-	15,221,427	-	440,643	15,662,070
Culture and recreation	-	-	-	10,738,927	10,738,927
<b>Assigned:</b>					
Capital projects	13,197,002	-	6,323,871	-	19,520,873
Fiscal year 2024 budget	7,517,883	-	-	-	7,517,883
Other projects	1,285,503	-	-	-	1,285,503
Unassigned	22,179,088	-	-	(7,151,680)	15,027,408
<b>Total fund balances</b>	<b>44,884,466</b>	<b>15,221,872</b>	<b>6,323,871</b>	<b>47,650,647</b>	<b>114,080,856</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 49,836,310</b>	<b>\$ 15,294,065</b>	<b>\$ 6,567,865</b>	<b>\$ 62,798,408</b>	<b>\$ 134,496,648</b>

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

**City of Daytona Beach, Florida  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
September 30, 2023**

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

Fund balance - governmental funds	\$	114,080,856
Certain assets, liabilities, deferred inflow of resources, and deferred outflow of resources reported in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Land	\$	30,397,364
Construction in progress		16,568,286
Buildings (net)		31,092,593
Improvements and infrastructure (net)		38,650,746
Equipment (net)		10,724,153
Right-to-use lease assets (net)		453,774
Right-to-use subscription assets (net)		584,981
<b>Total</b>		<b>128,471,897</b>
Internal service funds are used by management to charge the costs of fleet maintenance, employment services, property maintenance, information systems, and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
		(3,698,272)
Long-term liabilities - liabilities are not due and payable in the current period and are not reported in the funds:		
Deferred amount on refunding (to be amortized as interest revenue)	\$	94,932
Deferred amount for pensions (net)		31,862,522
Deferred amount for other post-employment benefits (net)		(624,268)
Accrued interest payable		(346,413)
Bonds, loans, notes payable, lease liabilities and subscription liabilities		(33,442,093)
Net pension liability		(116,879,095)
Compensated absences		(7,509,990)
Other post-employment benefits		(3,043,570)
<b>Total</b>		<b>(129,887,975)</b>
Receivables that are not available to pay for current period expenditures and, therefore, are either deferred or not reported in the funds.		
		2,430,986
<b>Net position - governmental activities</b>	<b>\$</b>	<b>111,397,492</b>

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

**City of Daytona Beach, Florida**  
**Statement of Revenues, Expenditures and Changes in Fund Balances –**  
**Governmental Funds**  
**For the Year Ended September 30, 2023**

	General	Redevelopment Trust	Capital Projects	Nonmajor Governmental	Total Governmental Funds
<b>REVENUES:</b>					
Taxes	\$ 56,272,168	\$ -	\$ -	\$ 2,231,446	\$ 58,503,614
Licenses and permits	8,517,392	5,278	-	7,191,027	15,713,697
Intergovernmental	10,225,066	4,688,799	-	3,815,211	18,729,076
Charges for services	12,715,898	211,648	-	582,230	13,509,776
Fines and forfeitures	870,746	-	-	113,643	984,389
Special assessments/impact fees	47,707	-	-	6,423,176	6,470,883
Income on investments	1,505,912	445,392	215,156	1,495,417	3,661,877
Miscellaneous	1,487,714	433,098	50,000	980,444	2,951,256
<b>Total revenues</b>	<b>91,642,603</b>	<b>5,784,215</b>	<b>265,156</b>	<b>22,832,594</b>	<b>120,524,568</b>
<b>EXPENDITURES:</b>					
Current operating:					
General government	18,899,815	-	35,952	8,999,621	27,935,388
Public safety	60,079,852	-	-	4,728,416	64,808,268
Transportation	7,215,151	156	3,275,881	1,314,989	11,806,177
Economic environment	3,165,453	1,928,773	-	1,474,184	6,568,410
Grants and aids	671,964	-	-	-	671,964
Human services	400,000	-	25,263	400,000	825,263
Culture and recreation	14,454,769	-	320,557	41,200	14,816,526
Capital outlay	6,684,674	4,951,108	4,510,457	4,279,165	20,425,404
Debt service:					
Principal	-	-	-	6,329,781	6,329,781
Interest and fiscal charges	-	20,359	-	926,078	946,437
<b>Total expenditures</b>	<b>111,571,678</b>	<b>6,900,396</b>	<b>8,168,110</b>	<b>28,493,434</b>	<b>155,133,618</b>
Excess (deficiency) of revenues over (under) expenditures	(19,929,075)	(1,116,181)	(7,902,954)	(5,660,840)	(34,609,050)
<b>OTHER FINANCING SOURCES (USES):</b>					
ISSUANCE OF DEBT:					
Issuance of debt	115,814	209,281	-	-	325,095
Proceeds from insurance recovery	314,626	-	-	1,404,718	1,719,344
Transfers in	32,330,432	3,909,070	5,982,667	7,135,740	49,357,909
Transfers (out)	(12,076,490)	(2,955,626)	(433,377)	(1,203,125)	(16,668,618)
<b>Total other financing sources (uses)</b>	<b>20,684,382</b>	<b>1,162,725</b>	<b>5,549,290</b>	<b>7,337,333</b>	<b>34,733,730</b>
Net change in fund balances	755,307	46,544	(2,353,664)	1,676,493	124,680
<b>FUND BALANCES:</b>					
Beginning of year	44,129,159	15,175,328	8,677,535	48,258,848	116,240,870
Prior period adjustment (Note 21)	-	-	-	(2,284,694)	(2,284,694)
<b>Beginning of year, restated</b>	<b>44,129,159</b>	<b>15,175,328</b>	<b>8,677,535</b>	<b>45,974,154</b>	<b>113,956,176</b>
<b>End of year</b>	<b>\$ 44,884,466</b>	<b>\$ 15,221,872</b>	<b>\$ 6,323,871</b>	<b>\$ 47,650,647</b>	<b>\$ 114,080,856</b>

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

**City of Daytona Beach, Florida**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**In Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended September 30, 2023**

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balance - total governmental funds	\$ 124,680
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. Also, certain capital assets are contributed to the City upon completion, requiring recognition of capital contributions not reported in the funds.	
Capital assets acquired by use of financial resources	\$ 20,425,404
Capital assets contributed to the City	199,555
Current year depreciation and amortization	<u>(8,533,320)</u>
Total	12,091,639
In the statement of activities, only the gain or loss on the sale or disposal of capital assets are reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in the net position differs from the change in fund balances by the cost of the capital assets sold or disposed, net of accumulated depreciation or amortization.	(1,859,900)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Earned but unavailable grant revenues	146,292
The issuance of long-term debt (i.e., bonds, notes, leases, subscriptions) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of prepaid bond insurance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Principal paid	\$ 6,329,781
Issuance of debt	<u>(325,095)</u>
Total	6,004,686
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 deferred amount on refunding	\$ (13,760)
Amortization of bond premium	13,752
Accrued interest	87,617
Pension expense	(10,899,273)
Compensated absences	(205,789)
Other post-employment benefits	<u>100,252</u>
Total	(10,917,201)
Internal service funds are used by management to charge the costs of fleet maintenance, employment services, property maintenance, information systems, and insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	(440,314)
<b>Change in net position - governmental activities</b>	<b>\$ 5,149,882</b>

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



**City of Daytona Beach, Florida**  
**Statement of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 55,506,873	\$ 55,506,873	\$ 56,272,168	\$ 765,295
Licenses and permits	7,345,513	7,345,513	8,517,392	1,171,879
Intergovernmental	9,373,920	9,373,920	10,225,066	851,146
Charges for services	10,201,656	12,259,804	12,715,898	456,094
Fines and forfeitures	889,080	889,080	870,746	(18,334)
Special assessment/impact fees	-	-	47,707	47,707
Income (loss) on investments	234,160	234,160	1,505,912	1,271,752
Miscellaneous	331,261	768,000	1,487,714	719,714
<b>Total revenues</b>	<b>83,882,463</b>	<b>86,377,350</b>	<b>91,642,603</b>	<b>5,265,253</b>
<b>EXPENDITURES:</b>				
General government:				
Legislative	1,253,179	1,582,013	1,281,417	300,596
City Manager	4,300,605	3,243,454	2,753,972	489,482
City Attorney	1,774,236	2,001,999	1,864,628	137,371
Finance	2,441,815	2,449,315	2,007,499	441,816
Comprehensive Planning	1,811,534	1,811,534	1,398,449	413,085
Other General Government Services	1,013,504	1,031,104	1,083,943	(52,839)
Other Physical Environment	9,393,852	9,066,607	8,509,907	556,700
Public safety:				
Police	44,318,584	44,389,634	41,802,388	2,587,246
Fire	19,388,304	18,967,139	18,277,464	689,675
Transportation	8,537,867	8,188,598	7,215,151	973,447
Economic environment	274,844	10,458,025	3,165,453	7,292,572
Grants and aids	675,000	852,472	671,964	180,508
Human services	500,000	500,000	400,000	100,000
Culture and recreation	11,997,942	14,519,540	14,454,769	64,771
Capital outlay	2,318,922	13,348,939	6,684,674	6,664,265
<b>Total expenditures</b>	<b>110,000,188</b>	<b>132,410,373</b>	<b>111,571,678</b>	<b>20,838,695</b>
Excess (deficiency) of revenues over (under) expenditures	(26,117,725)	(46,033,023)	(19,929,075)	26,103,948
<b>OTHER FINANCING SOURCES (USES):</b>				
Budgetary reserves, net	10,369,064	26,129,567	-	(26,129,567)
Issuance of debt	-	-	115,814	115,814
Proceeds from insurance recovery	125,463	125,463	314,626	189,163
Transfers in	24,737,818	31,171,195	32,330,432	1,159,237
Transfers (out)	(9,114,620)	(11,393,202)	(12,076,490)	(683,288)
<b>Total other financing sources (uses)</b>	<b>26,117,725</b>	<b>46,033,023</b>	<b>20,684,382</b>	<b>(25,348,641)</b>
Net change in fund balance	-	-	755,307	755,307
<b>FUND BALANCE:</b>				
Beginning of year	44,129,159	44,129,159	44,129,159	-
End of year	\$ 44,129,159	\$ 44,129,159	\$ 44,884,466	\$ 755,307

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

**City of Daytona Beach, Florida**  
**Statement of Revenues, Expenditures, and Changes In Fund Balances –**  
**Budget and Actual**  
**Redevelopment Trust Special Revenue Fund**  
**For the Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ 13,324	\$ 13,324	\$ 5,278	\$ (8,046)
Intergovernmental	4,666,219	4,699,808	4,688,799	(11,009)
Charges for services	5,887	74,354	211,648	137,294
Income on investments	-	-	445,392	445,392
Miscellaneous	13	427,813	433,098	5,285
<b>Total revenues</b>	<b>4,685,443</b>	<b>5,215,299</b>	<b>5,784,215</b>	<b>568,916</b>
<b>EXPENDITURES:</b>				
Current operating:				
Transportation	-	-	156	(156)
Economic environment	2,680,320	3,175,232	1,928,773	1,246,459
Cultural and Recreation	-	52,540	-	52,540
Capital outlay	2,992,115	24,515,229	4,951,108	19,564,121
Debt service:				
Interest and fiscal charges	-	-	20,359	(20,359)
<b>Total expenditures</b>	<b>5,672,435</b>	<b>27,743,001</b>	<b>6,900,396</b>	<b>20,842,605</b>
Excess (deficiency) of revenues over (under) expenditures	(986,992)	(22,527,702)	(1,116,181)	21,411,521
<b>OTHER FINANCING SOURCES (USES):</b>				
Budgetary reserves, net	-	15,059,548	-	(15,059,548)
Issuance of debt	-	-	209,281	209,281
Transfers in	3,880,644	3,909,306	3,909,070	(236)
Transfers (out)	(2,893,652)	(2,893,652)	(2,955,626)	(61,974)
<b>Total other financing sources (uses)</b>	<b>986,992</b>	<b>16,075,202</b>	<b>1,162,725</b>	<b>(14,912,477)</b>
Net change in fund balance	-	(6,452,500)	46,544	6,499,044
<b>FUND BALANCE:</b>				
Beginning of year	15,175,328	15,175,328	15,175,328	-
End of year	\$ 15,175,328	\$ 8,722,828	\$ 15,221,872	\$ 6,499,044

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



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**City of Daytona Beach, Florida**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2023**

	Business-Type Activities - Enterprise Funds				Governmental Activities	
	Water and Sewer System	Solid Waste Management	Stormwater Improvement	Nonmajor Enterprise	Totals	Internal Service Funds
<b>ASSETS:</b>						
<b>Current assets:</b>						
Equity in pooled cash, cash equivalents, and investments	\$ 42,531,049	\$ 6,213,432	\$ 7,786,170	\$ 2,588,021	\$ 59,118,672	\$ 14,101,743
Accounts receivable (net)	10,903,933	3,418,181	2,068,720	-	16,390,834	-
Accrued Interest receivable	-	-	-	907	907	-
Intergovernmental receivable	4,947	-	-	-	4,947	-
Lease receivables	-	-	-	1,614,126	1,614,126	-
Inventory	896,198	-	-	49,787	945,985	146,304
Prepays	-	-	-	143,899	143,899	433,272
<b>Total current assets</b>	<b>54,336,127</b>	<b>9,631,613</b>	<b>9,854,890</b>	<b>4,396,740</b>	<b>78,219,370</b>	<b>14,681,319</b>
<b>Noncurrent assets:</b>						
Restricted equity in pooled cash, cash equivalents, and investments	59,177,193	284,471	147,184	454,095	60,062,943	-
Deposits	27,000	-	-	-	27,000	-
<b>Capital assets:</b>						
Non-depreciable	45,436,970	25,021	3,619,184	64,575	49,145,750	167,821
Depreciable (net)	125,575,856	29,182	16,763,790	6,915,512	149,284,340	407,226
Right-to-use lease assets (net)	97,508	-	-	132,982	230,490	102,490
Right-to-use subscription assets (net)	466,422	-	-	-	466,422	1,084,573
<b>Total noncurrent assets</b>	<b>230,780,949</b>	<b>338,674</b>	<b>20,530,158</b>	<b>7,567,164</b>	<b>259,216,945</b>	<b>1,762,110</b>
<b>Total assets</b>	<b>285,117,076</b>	<b>9,970,287</b>	<b>30,385,048</b>	<b>11,963,904</b>	<b>337,436,315</b>	<b>16,443,429</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>						
Deferred amount on refunding	591,196	-	6,254	50,966	648,416	-
Deferred amount for other post-employment benefits	99,771	1,729	20,202	1,082	122,784	36,583
Deferred amount for pensions	2,661,373	90,307	746,300	138,446	3,636,426	1,400,541
<b>Total deferred outflows of resources</b>	<b>3,352,340</b>	<b>92,036</b>	<b>772,756</b>	<b>190,494</b>	<b>4,407,626</b>	<b>1,437,124</b>

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

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

**City of Daytona Beach, Florida  
Statement of Net Position  
Proprietary Funds  
September 30, 2023**

	Business-Type Activities - Enterprise Funds					Governmental
	Water and Sewer System	Solid Waste Management	Stormwater Improvement	Nonmajor Enterprise	Totals	Internal Service Funds
<b>LIABILITIES:</b>						
<b>Current liabilities:</b>						
Accounts payable and other liabilities	1,575,887	1,210,441	98,921	226,258	3,111,507	1,541,976
Contracts payable	159,323	-	87,092	-	246,415	-
Intergovernmental payable	14,319	393	3,031	22,483	40,226	6,386
Insurance claims payable	-	-	-	-	-	2,416,000
Unearned revenues	-	-	2,003,346	85,992	2,089,338	-
Compensated absences	577,620	19,384	139,073	22,491	758,568	287,807
Other post-employment benefits	30,781	-	8,306	-	39,087	12,205
Lease liabilities	3,656	-	-	40,475	44,131	38,464
Subscription liabilities	13,004	-	-	-	13,004	510,931
Notes and loans payable	7,583,934	-	40,071	595,000	8,219,005	-
<b>Payable from restricted assets:</b>						
Accounts payable	5,120,297	-	-	-	5,120,297	-
Contracts payable	1,173,248	-	-	-	1,173,248	-
Accrued interest	520,554	-	11,963	57,529	590,046	-
<b>Total current liabilities</b>	<b>16,772,623</b>	<b>1,230,218</b>	<b>2,391,803</b>	<b>1,050,228</b>	<b>21,444,872</b>	<b>4,813,769</b>
<b>Noncurrent liabilities:</b>						
Insurance claims payable	-	-	-	-	-	8,631,000
Deposits	10,456,244	-	-	120,905	10,577,149	-
Compensated absences	741,474	36,694	190,357	102,207	1,070,732	573,936
Other post-employment benefits	569,408	31,023	153,652	3,559	757,642	219,741
Net pension liability	10,840,757	441,333	2,810,674	491,080	14,583,844	5,511,514
Pollution remediation	-	36,810	-	-	36,810	-
Landfill closure and post-closure	-	221,672	-	-	221,672	-
Notes and loans payable	106,803,468	-	1,199,835	3,300,000	111,303,303	-
Lease liabilities	96,913	-	-	96,580	193,493	63,382
Subscription liabilities	456,080	-	-	-	456,080	505,341
<b>Total noncurrent liabilities</b>	<b>129,964,344</b>	<b>767,532</b>	<b>4,354,518</b>	<b>4,114,331</b>	<b>139,200,725</b>	<b>15,504,914</b>
<b>Total liabilities</b>	<b>146,736,967</b>	<b>1,997,750</b>	<b>6,746,321</b>	<b>5,164,559</b>	<b>160,645,597</b>	<b>20,318,683</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Deferred amount on refunding	1,719,881	-	59,245	-	1,779,126	-
Deferred amount on other post-employment benefits	270,290	4,757	58,640	5,166	338,853	98,864
Deferred amount for pensions	332,039	13,838	91,022	21,850	458,749	173,168
Deferred amount for leases	-	-	-	1,568,882	1,568,882	-
<b>Total deferred inflows of resources</b>	<b>2,322,210</b>	<b>18,595</b>	<b>208,907</b>	<b>1,595,898</b>	<b>4,145,610</b>	<b>272,032</b>
<b>NET POSITION:</b>						
Net investment in capital assets	48,698,416	54,203	18,996,095	3,131,980	70,880,694	643,992
<b>Restricted for:</b>						
Debt covenants	7,977,882	-	993,301	396,644	9,367,827	-
Capital projects	56,295,343	604,473	-	-	56,899,816	-
Landfill	-	284,471	-	-	284,471	-
Unrestricted (deficit)	26,438,598	7,102,831	4,213,180	1,865,317	39,619,926	(3,354,154)
<b>Total net position</b>	<b>\$ 139,410,239</b>	<b>\$ 8,045,978</b>	<b>\$ 24,202,576</b>	<b>\$ 5,393,941</b>	<b>\$ 177,052,734</b>	<b>\$ (2,710,162)</b>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time						
<b>Net position of business-type activities</b>					<b>988,110</b>	
						<b>\$ 178,040,844</b>

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

**City of Daytona Beach, Florida  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended September 30, 2023**

	Business-Type Activities - Enterprise Funds					Governmental
	Water and Sewer System	Solid Waste Management	Stormwater Improvement	Nonmajor Enterprise	Totals	Internal Service Funds
<b>OPERATING REVENUES:</b>						
Charges for services	\$ 69,685,776	\$ 24,646,960	\$ 17,160,826	\$ 4,650,964	\$ 116,144,526	\$ 18,902,525
Lease revenue	-	-	-	539,389	539,389	-
Other receipts	265,511	278	800	7,655	274,244	10,921
<b>Total operating revenues</b>	<b>69,951,287</b>	<b>24,647,238</b>	<b>17,161,626</b>	<b>5,198,008</b>	<b>116,958,159</b>	<b>18,913,446</b>
<b>OPERATING EXPENSES:</b>						
Personnel services	15,864,232	447,878	3,378,640	480,272	20,171,022	7,102,693
Contractual services	15,912,368	12,721,457	1,437,127	2,580,437	32,651,389	9,929,711
Materials and supplies	6,283,017	28,686	221,561	879,610	7,412,874	2,203,094
Depreciation and amortization	9,552,584	6,901	1,183,229	526,736	11,269,450	732,315
<b>Total operating expenses</b>	<b>47,612,201</b>	<b>13,204,922</b>	<b>6,220,557</b>	<b>4,467,055</b>	<b>71,504,735</b>	<b>19,967,813</b>
<b>Operating income (loss)</b>	<b>22,339,086</b>	<b>11,442,316</b>	<b>10,941,069</b>	<b>730,953</b>	<b>45,453,424</b>	<b>(1,054,367)</b>
<b>NONOPERATING REVENUE (EXPENSE):</b>						
Income on investments	4,608,089	168,194	256,487	82,461	5,115,231	352,341
Settlement proceeds	-	393,000	-	-	393,000	-
Interest expense	(3,541,508)	-	(101,037)	(150,932)	(3,793,477)	(25,643)
Gain (loss) on disposal of capital assets	(2,402,114)	-	15,344	-	(2,386,770)	16,997
<b>Total nonoperating revenue (expense)</b>	<b>(1,335,533)</b>	<b>561,194</b>	<b>170,794</b>	<b>(68,471)</b>	<b>(672,016)</b>	<b>343,695</b>
Income (loss) before capital grants, contributions and transfers	21,003,553	12,003,510	11,111,863	662,482	44,781,408	(710,672)
Capital grants and contributions	8,938,687	-	-	-	8,938,687	-
<b>Transfers (out)</b>	<b>(10,815,181)</b>	<b>(10,011,651)</b>	<b>(11,695,442)</b>	<b>(134,193)</b>	<b>(32,656,467)</b>	<b>(32,824)</b>
<b>Change in net position</b>	<b>19,127,059</b>	<b>1,991,859</b>	<b>(583,579)</b>	<b>528,289</b>	<b>21,063,628</b>	<b>(743,496)</b>
<b>NET POSITION (DEFICIT):</b>						
Beginning	120,283,180	6,054,119	24,786,155	4,865,652	155,989,106	(1,966,666)
<b>Ending</b>	<b>\$ 139,410,239</b>	<b>\$ 8,045,978</b>	<b>\$ 24,202,576</b>	<b>\$ 5,393,941</b>	<b>\$ 177,052,734</b>	<b>\$ (2,710,162)</b>
Change in net position from above					\$ 21,063,628	
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise fund					(303,182)	
<b>Change in net position of business-type activities</b>					<b>\$ 20,760,446</b>	

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

**City of Daytona Beach, Florida  
Statement of Cash Flows – Proprietary Funds  
For the Year Ended September 30, 2023**

	Business-Type Activities - Enterprise Funds					Governmental
	Solid					Internal
	Water and Sewer System	Waste Management	Stormwater Improvement	Nonmajor Enterprise	Totals	Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers	\$ 68,264,817	\$ 24,231,502	\$ 17,030,100	\$ 5,189,492	\$ 114,715,911	\$ 18,902,525
Other receipts	265,511	278	800.00	7,655	274,244	10,921
Payments to suppliers	(8,265,864)	(9,679,107)	29,908	(3,404,751)	(21,319,814)	(9,412,039)
Payments to employees	(13,801,163)	(379,689)	(2,915,704)	(375,098)	(17,471,654)	(6,049,858)
Payment to other funds for services provided	(8,067,069)	(2,768,235)	(1,807,513)	-	(12,642,817)	-
<b>Net cash provided by operating activities</b>	<b>38,396,232</b>	<b>11,404,749</b>	<b>12,337,591</b>	<b>1,417,298</b>	<b>63,555,870</b>	<b>3,451,549</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Transfers (to) other funds	(10,815,181)	(10,011,651)	(11,695,442)	(134,193)	(32,656,467)	(32,824)
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(10,815,181)</b>	<b>(10,011,651)</b>	<b>(11,695,442)</b>	<b>(134,193)</b>	<b>(32,656,467)</b>	<b>(32,824)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Proceeds from sale of capital assets	-	-	27,500	-	27,500	16,997
Acquisition and construction of capital assets	(30,135,785)	-	(1,238,219)	(82,467)	(31,456,471)	(223,320)
Issuance of debt	34,414,407	-	710,630	-	35,125,037	-
Principal payments on debt, leases and subscriptions	(31,949,101)	-	(905,942)	(614,000)	(33,469,043)	(574,866)
Interest payments on debt, leases and subscriptions	(3,816,945)	-	(73,913)	(149,154)	(4,040,012)	(25,643)
Capital grants and contributions for purchase of capital assets	8,938,687	-	-	-	8,938,687	-
<b>Net cash used for capital and related financing activities</b>	<b>(22,548,737)</b>	<b>-</b>	<b>(1,479,944)</b>	<b>(845,621)</b>	<b>(24,874,302)</b>	<b>(806,832)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Insurance settlement	-	393,000	-	-	393,000	-
Interest received	4,608,089	168,194	256,487	82,658	5,115,428	352,341
<b>Net cash provided by investing activities</b>	<b>4,608,089</b>	<b>561,194</b>	<b>256,487</b>	<b>82,658</b>	<b>5,508,428</b>	<b>352,341</b>
<b>Net increase (decrease) in cash, cash equivalents, and investments</b>	<b>9,640,403</b>	<b>1,954,292</b>	<b>(581,308)</b>	<b>520,142</b>	<b>11,533,529</b>	<b>2,964,234</b>
<b>EQUITY IN POOLED CASH, CASH EQUIVALENTS, AND INVESTMENTS:</b>						
Beginning	92,067,839	4,543,611	8,514,662	2,521,974	107,648,086	11,137,509
Ending	\$ 101,708,242	\$ 6,497,903	\$ 7,933,354	\$ 3,042,116	\$ 119,181,615	\$ 14,101,743
<b>Classified as:</b>						
Unrestricted	\$ 42,531,049	\$ 6,213,432	\$ 7,786,170	\$ 2,588,021	\$ 59,118,672	\$ 14,101,743
Restricted	59,177,193	284,471	147,184	454,095	60,062,943	-
<b>Total</b>	<b>\$ 101,708,242</b>	<b>\$ 6,497,903</b>	<b>\$ 7,933,354</b>	<b>\$ 3,042,116</b>	<b>\$ 119,181,615</b>	<b>\$ 14,101,743</b>

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

**City of Daytona Beach, Florida  
Statement of Cash Flows – Proprietary Funds (Continued)  
For the Year Ended September 30, 2023**

	Business-Type Activities - Enterprise Funds					Governmental
	Solid					Internal
	Water and Sewer System	Waste Management	Stormwater Improvement	Nonmajor Enterprise	Totals	Service Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>						
<b>Operating income (loss)</b>	<b>\$ 22,339,086</b>	<b>\$ 11,442,316</b>	<b>\$ 10,941,069</b>	<b>\$ 730,953</b>	<b>\$ 45,453,424</b>	<b>\$ (1,054,367)</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>						
Depreciation and amortization	9,552,584	6,901	1,183,229	526,736	11,269,450	732,315
(Increase) decrease in:						
Accounts receivable (net)	(1,866,276)	(415,458)	(330,219)	-	(2,611,953)	-
Lease receivable	-	-	-	417,534	417,534	-
Inventory	(33,692)	-	-	(7,193)	(40,885)	(15,197)
Prepays	(4,947)	-	-	(13,175)	(18,122)	2,065,085
Deferred outflow amount for pensions	233,560	6,794	50,350	10,146	300,850	110,175
Deferred outflow amount for OPEB	24,143	419	4,889	262	29,713	8,852
Increase (decrease) in:						
Accounts payable and other liabilities	4,993,023	278,465	(147,722)	63,132	5,186,898	257,044
Contracts payable	909,879	-	28,941	-	938,820	-
Intergovernmental payable	(1,811)	111	(136)	3,990	2,154	834
Insurance claims payable	-	-	-	-	-	413,000
Unearned revenues	-	-	199,493	7,122	206,615	-
Deposits	445,317	-	-	8,542	453,859	-
Pollution remediation obligation	-	(4,399)	-	-	(4,399)	-
Landfill closure and post-closure	-	28,624	-	-	28,624	-
Compensated absences	23,834	8,755	23,635	16,001	72,225	89,037
Other post-employment benefits	(30,924)	(550)	(6,997)	(615)	(39,086)	(12,206)
Net pension liability	1,892,301	55,063	407,932	82,208	2,437,504	892,640
Deferred inflow amount for leases	-	-	-	(425,517)	(425,517)	-
Deferred inflow amount for pensions	(61,742)	(1,797)	(13,310)	(2,683)	(79,532)	(29,124)
Deferred inflow amount for OPEB	(18,103)	(495)	(3,563)	(145)	(22,306)	(6,539)
<b>Total adjustments</b>	<b>16,057,146</b>	<b>(37,567)</b>	<b>1,396,522</b>	<b>686,345</b>	<b>18,102,446</b>	<b>4,505,916</b>
<b>Net cash provided by operating activities</b>	<b>\$ 38,396,232</b>	<b>\$ 11,404,749</b>	<b>\$ 12,337,591</b>	<b>\$ 1,417,298</b>	<b>\$ 63,555,870</b>	<b>\$ 3,451,549</b>
<b>Noncash capital and related financing activities:</b>						
Amortization of deferred amounts on refunding	\$ 65,689	\$ -	\$ -	\$ 10,026	\$ 75,715	\$ -
Prior year construction-in-progress costs abandoned	\$ 2,402,114	\$ -	\$ -	\$ -	\$ 2,402,114	\$ -
Issuance of debt	\$ 490,584	\$ -	\$ -	\$ -	\$ 490,584	\$ 1,022,367
Deferred gain on refunding	\$ 1,719,881	\$ -	\$ 59,245	\$ -	\$ 1,779,126	\$ -

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

**City of Daytona Beach, Florida**  
**Statement of Fiduciary Net Position – Fiduciary Funds**  
**September 30, 2023**

	Police and Fire Pension Trust Fund	Police Asset Custodial Fund
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 2,894,811	\$ 814,826
Investments, at fair value:		
Equities - stocks	148,759,298	-
Fixed income - bonds and notes	48,132,255	-
Receivables:		
Contributions	83,262	-
Accrued interest and dividends	33,206	-
<b>Total assets</b>	<b>199,902,832</b>	<b>814,826</b>
<b>LIABILITIES:</b>		
Accounts payable and other liabilities	513,628	347
<b>Total liabilities</b>	<b>513,628</b>	<b>347</b>
<b>NET POSITION:</b>		
Restricted for pensions	199,389,204	-
Restricted for criminal investigations	-	814,479
<b>Total net position</b>	<b>\$ 199,389,204</b>	<b>\$ 814,479</b>

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

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**City of Daytona Beach, Florida**  
**Statement of Changes in Fiduciary Net Position – Fiduciary Funds**  
**For the Year Ended September 30, 2023**

	Police and Fire Pension Trust Fund	Police Asset Custodial Fund
<b>ADDITIONS:</b>		
Contributions:		
Employer	\$ 8,926,751	\$ -
Employee	2,185,529	-
Employer from state	1,393,607	-
<b>Total contributions</b>	<b>12,505,887</b>	<b>-</b>
Asset seizures	-	322,665
Investment income:		
Net appreciation in fair value of investments plan investments	9,483,845	-
Interest and dividends	4,120,979	-
Class action settlement	19,975	-
<b>Total investment income</b>	<b>13,624,799</b>	<b>-</b>
Less: Investment expense	(907,593)	-
<b>Net investment income</b>	<b>12,717,206</b>	<b>-</b>
<b>Total additions</b>	<b>25,223,093</b>	<b>322,665</b>
<b>DEDUCTIONS:</b>		
Benefit payments	18,847,790	-
Refunds on member contributions	361,338	-
Administrative expenses	288,423	-
Asset forfeitures	-	84,760
Assets released in adjudication	-	86,921
<b>Total deductions</b>	<b>19,497,551</b>	<b>171,681</b>
Change in net position	5,725,542	150,984
<b>NET POSITION - beginning</b>	<b>193,663,662</b>	<b>663,495</b>
<b>NET POSITION - ending</b>	<b>\$ 199,389,204</b>	<b>\$ 814,479</b>

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

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# Notes to the Financial Statements



## Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The City of Daytona Beach, Florida (the “City”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies of the City:

### Reporting Entity

The City is a municipal corporation created pursuant to the laws of Florida, Chapter 67-1274, governed by an elected seven (7) member board composed of a Mayor and six (6) district Commissioners. The accompanying financial statements present The City of Daytona Beach (the primary government) and its component units, entities for which the City is considered to be financially accountable. A blended component unit, is in substance, part of the primary government’s operations, even though it is a legally separate entity. Thus the blended component unit is appropriately presented as a fund of the primary government. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. All component units have a September 30 year-end.

### Blended Component Unit – The Daytona Beach Community Redevelopment Agency (CRA)

The Daytona Beach Community Redevelopment Agency (CRA) 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 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 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. These services provided by the CRA almost 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. The CRA issues separate financial statements. As required by Section 163.387(8), Florida Statutes, additional financial information is included on page 174 in the Combining and Individual Fund Statements and Schedules section of this report.

### Blended Component Unit – City of Daytona Beach Police Officers’ and Firefighters’ Retirement System

The City of Daytona Beach Police Officers’ and Firefighters’ Retirement System (the “Police and Fire Pension”) was established in 1959 under Subpart C and Subpart D of the City’s Code of Ordinances. The City Commission only appoints two of the five members of the governing board, but the City is financially responsible for funding the police officers’ and firefighters’ pension benefits. The Police and Fire Pension Trust Fund only exists to provide benefits to the City police officers and firefighters. It is accounted for in the Police and Fire Pension Trust fund. The Police and Fire Pension Board of Trustees issues separate financial statements on the Fund which may be obtained by writing to the City of Daytona Beach Police and Fire Pension Board, PO Box 2451, Daytona Beach, FL 32115-2451.

City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Reporting Entity (Continued)**

Discretely Presented Component Unit – The Downtown Development Authority (DDA)

The Downtown Development Authority (DDA) (created pursuant to Section 163.01, Florida Statutes) is governed by a five (5) member board appointed by the City Commission. The purpose of the DDA is to finance and promote redevelopment of the City's designated downtown redevelopment area. While the City does appoint the DDA board members and does receive some financial benefit/burden from the DDA, the DDA is discretely presented since the City cannot impose its will on the DDA and the DDA does not provide service entirely to the City. The DDA has established a one mill tax rate cap on property within its downtown district, which is adopted by the DDA Board. The DDA does not and is not anticipated to have any outstanding debt. Additional financial information may be obtained by writing to The City of Daytona Beach, Finance Department, PO Box 2451, Daytona Beach, Florida 32115-2451.

Discretely Presented Component Unit – First Step Shelter, Inc.

The First Step Shelter, Inc. is governed by a board of directors consisting of three (3) to seven (7) voting members. Board members are appointed and removed by the City Commission via resolution. First Step Shelter, Inc. is a not-for-profit Florida corporation and is organized exclusively for charitable purposes as defined by 501(c)(3) of the Internal Revenue Code. The purpose of First Step Shelter, Inc. is to develop, manage, and operate the First Step Shelter Program, a homeless assistance service program located in Volusia County, Florida. The program includes a homeless shelter located within the City of Daytona Beach municipal boundaries, and is located at 3889 West International Speedway Boulevard, which opened on December 16, 2019. The First Step Shelter, Inc. is discretely presented since the First Step Shelter, Inc.'s governing body is not substantively the same as the City's governing body, and does not provide services almost entirely to the City, and its debt, if any, is not expected to be repaid almost entirely with the City's resources. The First Step Shelter, Inc. is considered a discrete component unit of the City since all board members of The First Step Shelter, Inc. are appointed by the City. This condition represents the City's ability to *impose its will* on the organization. Separate financial statements for the First Step Shelter, Inc. may be obtained by writing to First Step Shelter, Inc., Executive Director, 3889 West International Speedway Boulevard, Daytona Beach, FL 32124.

Related Organization – The Daytona Beach Housing Authority

The City Commission is responsible for appointing the members of the board for the Daytona Beach Housing Authority. The City's accountability for this organization does not extend beyond making the appointments. The board members do not serve at the discretion of the City Commission and can only be removed for just cause. The City cannot impose its will on the Daytona Beach Housing Authority and does not derive any financial benefit/burden from the relationship. Financial information related to the Daytona Beach Housing Authority is not included in these financial statements.

City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Description of Government-Wide Financial Statements**

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

**Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As discussed earlier, the City has two discretely presented component units. While they are not considered to be major component units, they are nevertheless shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and indirect cost allocations where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund – the primary operating fund that accounts for all financial resources of the general government except those accounted for in another fund.

Redevelopment Trust Fund – a special revenue fund that accounts for financial resources related to economic development. These funds include proceeds from the City's redevelopment tax increment financing districts which are legally restricted and expended for these specific purposes.

Capital Projects Fund – accounts for acquisition or construction of major capital facilities.

City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Basis of Presentation – Fund Financial Statements (Continued)*

The City reports the following major enterprise funds:

Water and Sewer System Fund – accounts for activities of one (1) water treatment plant and distribution system and two (2) sewage treatment plants, re-use system, sewage pumping stations and collection system.

Solid Waste Management Fund – accounts for activities of solid waste collection and disposal.

Stormwater Improvement Fund – accounts for operations of and capital improvements to the stormwater system.

Additionally, the City reports the following fund types:

Internal Service Funds – account for activities of fleet maintenance, employment services, property maintenance, information technology, and consolidated insurance services provided to other City departments on a cost-reimbursement basis.

Pension Trust Fund – accounts for activities of the Police and Fire Pension, which accumulates financial resources to pay pension benefits to qualified police officers and firefighters. All resources of the fund, including any earnings on invested resources, are used to pay the participants over a stated period of time.

Custodial Fund – accounts for assets seized by law enforcement officials during criminal investigations. These funds are held until adjudication occurs at which time the funds are either returned to the defendant or forfeited to the Law Enforcement Trust Fund.

Component Unit Funds – account for activities of the Downtown Development Authority and First Step Shelter, Inc.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the noncurrent portion of interfund loans). While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Basis of Presentation – Fund Financial Statements (Continued)*

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

*Measurement Focus and Basis of Accounting*

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*, as are the proprietary fund, fiduciary fund and custodial fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues (except entitlements) 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 compensated absences, other post-employment benefits, and 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 financed purchases are reported as other financing sources in governmental funds.

Property taxes, franchise fees, utility taxes, licenses, permits, 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 (grants) 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 120 days of fiscal 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 120 days of the fiscal year end). All other entitlements are considered to be measurable and available only when cash is received by the government.



City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Measurement Focus and Basis of Accounting (Continued)**

Preparation of the basic financial statements in conformity with GAAP requires management to make use of estimates that affect reported amounts in the basic financial statements. Actual results could differ from estimates.

**Budgetary Information**

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds except the Capital Projects Fund, the Grants Special Revenue Fund, the Public Assistance Services Fund and the Emergency Management Grants Fund, which adopt project-length and grant period budgets, respectively. The Police and Fire Pension Trust Fund budget is approved by the Police and Fire Pension Board, and therefore, is not legally adopted by the City Commission. The City does not budget for depreciation expense or amortization of debt related costs.

Prior to October 1, the budget is legally enacted through passage of a resolution. The City Commission, by resolution, may make supplemental appropriations in excess of those estimated for the fiscal year up to the amount of available revenues. The City Manager is authorized to transfer part or all of an unencumbered appropriation balance from one department to another within a fund. Additionally, upon written request by the City Manager, the City Commission may, by resolution, transfer part or all of any unencumbered appropriation balance from one fund to another. The level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the fund level.

Every appropriation, with the exception of capital expenditures and grant commitments, lapses at fiscal year-end even if they have related encumbrances. An appropriation for a capital expenditure shall continue in force until the purpose for which it has been made has been accomplished or abandoned. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at fiscal year-end, with the exception of capital expenditures and grant commitments, valid outstanding encumbrances (those for which performance under the executor contract is expected in the next fiscal year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**Cash, Cash Equivalents, and Investments**

Cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three (3) months or less from the date of acquisition. Investments are reported at fair value, with the exception of external investments which comply with criteria set forth in Section 150: *Investment Pools (External)* of the GASB Codification and have elected to measure their investments at amortized cost. All Police and Fire Pension Trust Fund investments are stated at fair value.

City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**Receivables and Payables**

**A. Interfund Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported in the fund financial statements and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans.) In the government-wide financial statements, any residual balances outstanding between the governmental activities and business-type activities are reported as "internal balances".

**B. Unbilled Service Receivables**

An amount for unbilled revenue is recorded in the General Fund, Water and Sewer System Fund, Solid Waste Management Fund, and Stormwater Improvement Fund for services rendered, but not yet billed as of the end of the fiscal year. The receivable is derived from the cycle billings generated subsequent to fiscal year end and prorated for usage in September.

**C. Allowance for Doubtful Accounts**

Accounts receivable have been reported net of the allowance for doubtful accounts. Accounts receivable in excess of 120 days are subject to being considered as uncollectible.

**D. Unearned Revenue**

Unearned revenue recorded on the governmental fund balance sheet represents amounts received before eligibility requirements are met.

**E. Leases Receivable**

The City has commercial lease agreements for buildings, land and equipment. The City's commercial lease receivables are measured at the present value of lease payments expected to be received during the lease term at discount rates ranging from 0.21% to 2.02%, which is the discount rate stated in the contract or, in the absence of a stated rate, the City's incremental borrowing rate. Subsequently, the lease receivable is reduced by the principal portion of lease payments received over the life of the lease term.

**Inventories and Prepaid Items**

Inventory for the Halifax Harbor Fund and Fleet Maintenance Fund are valued at cost using the first-in/first-out method. The Water and Sewer System Fund, the Municipal Golf Course, Cultural Services and the Florida Tennis Center inventories are valued using the weighted average cost method. The costs of all inventories are recorded as expenditures or expenses when consumed rather than when purchased with the exception of Traffic

**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)***

Engineering inventory, which is recorded as an expenditure in the General Fund at the time of purchase with an annual adjustment to record the inventory balance at year end.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Costs are recorded as expenditures or expenses when consumed rather than when purchased.

***Restricted Assets for Debt Covenants***

Certain debt proceeds, as well as certain resources set aside for their repayments, are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants. Restricted funds are comprised of the following:

*Sinking Funds* – used to segregate resources accumulated for debt service payments.

*Reserve Funds* – used to report debt proceeds designated to pay debt service if pledged revenues are insufficient to satisfy debt service requirements.

*Construction Funds* – used to report proceeds from debt issuances that are restricted for use in construction for which the debt was issued.

*Renewal and Replacement Funds* – used to report resources set aside, per bond covenants, to meet unexpected repairs or fund future asset renewal and replacement.

***Capital Assets***

Capital assets, which include buildings, improvements, equipment, and infrastructure (e.g. roads, drainage improvements, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or greater and an estimated useful life of two (2) years or more. Infrastructure acquired prior to the implementation of GASB Statement No. 34 has been reported at estimated historical cost.

As the City constructs or acquires additional capital assets, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their acquisition value at the date of donation. Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. Buildings, improvements, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives:

**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)***

***Capital Assets (Continued)***

<u>Capital Asset Class</u>	<u>Lives in Years</u>
Buildings.....	10-50
Improvements.....	10-50
Infrastructure.....	15-50
Equipment.....	2-30
Right-of-use lease assets .....	2-20
Right-of-use Subscription assets.....	2-20

***Long-Term Obligations***

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts and prepaid bond insurance costs are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs (excluding prepaid insurance) are reported as an expense in the period incurred.

For refunding of debt reported in the government-wide and proprietary fund financial statements, the difference between the reacquisition price and the net carrying amount of the old debt will be deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. On the statement of net position, the deferred amount is reported as deferred outflows/inflows of resources. Bond issuance costs (excluding prepaid insurance) are reported as an expense in the period.

In the fund financial statements, governmental fund types recognize premiums, discounts and 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. Issuance costs, whether or not withheld from the actual debt issuance received, are reported as debt service expenditures.

***Compensated Absences***

It is the City's policy to grant employees personal leave, based upon the number of years of employment with the City. Personal leave may be accrued up to the maximum of 264 hours annually and used as time off each fiscal year. Any employee retiring or leaving the City is entitled to be paid for accrued unused personal leave benefits to their credit at the rate of one (1) hour's pay for every two (2) hours accrued during the first five (5) years or less of employment and one (1) hour's pay for every one (1) hour accrued after five (5) years of employment at the employee's then current rate of pay up to the maximum carryover of 960 hours. Compensated absences are reported in the government-wide and proprietary fund financial statements. A liability is recorded in governmental funds only if an employee has left City employment and the funds are to be paid in the next fiscal year. The liability for compensated absences includes salary-related benefits, where applicable.

City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)*

*Leases*

Lease contracts that provide the City with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

*Subscription-Based Information Technology Arrangements*

Subscription-Based Information Technology Arrangements provide the City with control of a non-financial software asset for a period of time in excess of twelve months are reported as a right-to-use subscription asset with a related subscription liability. The subscription liability is recorded at the present value of future subscription payments, including fixed payments and variable payments based on an index or fixed rate. The intangible right-to-use subscription asset is recorded for the same amount as the related subscription liability plus any prepayments and initial direct costs to place the asset in service. The right-to-use subscription assets are amortized over the subscription term and the subscription liability is reduced for lease payments made, less the interest portion of the subscription payment.

*Other Post-Employment Benefits (OPEB)*

Pursuant to Section 112.0801, Florida Statutes, the City is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. The rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The City also provides an explicit subsidy for a portion of the premium charged for dependent coverage. These benefits are provided in accordance with the vesting and retirement requirements for its employees. The City is financing the post-employee benefits on a pay-as-you-go basis. As determined by an actuarial valuation, a total OPEB liability related to the implicit and explicit subsidies is recorded in the proprietary fund and government-wide financial statements in accordance with GASB Codification P52: *Other Postemployment Benefits Other than Pensions*.

*Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resources*. Deferred outflows of resources represent a consumption of net assets that applies to future periods. The City has three (3) items that qualify for reporting as deferred outflows of resources; the *deferred amount on refunding*, the *deferred amount for other post-employment benefits* and the *deferred amount for pensions*.

City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)*

*Deferred Outflows/Inflows of Resources (Continued)*

All three are reported in the government-wide and proprietary funds statements of net position. The *deferred amount on refunding* results from debt refinancing, whereby the reacquisition price of the funding debt instruments exceed their net carrying amount. The *deferred amount on refunding* is amortized over the shorter of the life of the refunded or refunding debt. The *deferred outflows on other post-employment benefits* results from classification of certain reporting adjustments per GASB Codification Section P52: *Post-employment Benefits Other than Pensions* and will be amortized for eight years. The *deferred outflows related to pensions* are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The *deferred outflows related to pensions* will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. The deferred outflows related to other post-employment benefits will be recognized as either group health insurance expense or a reduction in the net other post-employment benefits liability in future reporting years.

In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and will *not* be recognized as an inflow of resources (revenue) until that time. The City has five (5) items that qualify for reporting as deferred inflows of resources, which are the *deferred amount for refunding*, *deferred amount for pensions*, the *deferred amount for other post-employment benefits*, the *deferred amount for leases* and the *deferred amount for unavailable revenue*.

The *deferred inflows related to refunding* results from debt refinancing, whereby the reacquisition price of the funding debt instruments exceed their net carrying amount. The *deferred amount on refunding* is amortized over the shorter of the life of the refunded or refunding debt.

The *deferred inflows related to pensions* are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*.

The *deferred inflows related to pensions* will be recognized as a reduction to pension expense in future reporting years. The *deferred inflows on other post-employment benefits* results from classification of certain reporting adjustments per GASB Codification Section P52: *Post-employment Benefits Other than Pensions* and will be recognized as a reduction to benefits expense in future reporting years.

The *deferred amounts related to leases* are associated with amounts owed to the City, as lessor, by entities leasing the City's capital assets as calculated in accordance with GASB Codification L20: *Leases*. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is recognized as revenue on a straight-line basis over the term of the lease.

City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)*

*Deferred Outflows/Inflows of Resources (Continued)*

The *deferred inflows related to unavailable revenues* arises only under modified accrual basis of accounting and is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues when receivables are not collected with the City's period of availability.

*Pensions and Net Pension Liability*

The City participates in both the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy Program (HIS) defined benefit plan administered by Florida Division of Retirement (collectively, FRS/HIS). In the government-wide and proprietary fund statements of net position, a net pension liability has been recorded representing the City's proportionate share of the net pension liability of the cost-sharing pension plans in which it participates. This proportionate amount represents a share of the present value of projected benefit payments to be provided through the cost-sharing pension plan to current and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the cost-sharing pension plan's fiduciary net position.

The City also sponsors a single-employer defined benefit pension plan for police officers and firefighters which is administered by the Police and Fire Pension Board appointed by the City Commission. In the government-wide statement of net position, the net pension liability represents the present value of projected benefit payments to be provided through the pension plan to current and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the net position of each plan and additions to/deductions from each plan's net position have been determined on the same basis as they are reported by each plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Fund Balance Policies*

The City adopted a fund balance policy whereby 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 City itself can establish limitations on the use of resources through either a commitment (*committed fund balance*) or an assignment (*assigned fund balance*).

City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)*

*Fund Balance Policies (Continued)*

The City's adopted fund balance policy is as follows:

*Non-spendable* – fund balance amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term portion of loans and notes receivable as well as property acquired for resale unless the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

*Restricted* – fund balance amounts that can be spent only for the purposes specified by external resource providers (such as grantors, creditors, or contributors), the City Charter, enabling legislation, or laws or regulations of other governmental agencies. Restrictions may be changed or lifted only with the consent of the resource providers.

*Committed* – fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the City Commission. Those committed amounts cannot be used for any other purpose unless the City Commission removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The City has no committed fund balance at September 30, 2023.

*Assigned* – fund balance amounts, other than restricted or committed fund balance, that the City intends to use for a specific purpose. The intent shall be expressed by the City Commission, or the City Manager or Chief Financial Officer if authorized by the City Commission per the City's fund balance policy. Unlike commitments, assignments generally 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* – this is the residual classification for the General Fund and represents amounts that have not been assigned to other funds and have not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

*Minimum Unreserved (Unassigned) Fund Balance* – as per City Code, Section 46-26, the City has established a minimum ten percent (10%) segregated budgetary cash reserve of total current year budgeted operating expenditures in the general fund. Should the segregated budgetary cash reserve fall below this minimum, a financial plan outlining an increase in revenues or a decrease in expenditures will be submitted to the city commission for approval. This plan will require the segregated budgetary cash reserve be fully funded within a two-year period. Use of the segregated budgetary cash reserve below

**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

*Fund Balance Policies (Continued)*

the ten percent (10%) reserve would be permitted only in the case of a legitimate emergency or disaster, or in the case of an unanticipated economic downturn resulting in a "material" loss in revenues.

The City considers restricted fund balances to be spent first when both restricted and unrestricted resources are available for use. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

*Net Position*

The government-wide and proprietary funds financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets into one component of net position; accumulated depreciation and the outstanding balances of debt that are attributed to the acquisition, construction or improvement of these assets reduce the balance in this category. Restricted net position includes all net position with external restrictions imposed by creditors, grantors, or laws and regulations of other governments. Unrestricted net position is the residual amount of net position of the City that is not restricted for any particular purpose.

The calculation for net investment in capital assets for the governmental and business-type net position are as follows:

	Government-wide		Water and Sewer System	Solid Waste Management	Stormwater Improvement	Nonmajor Enterprise	Internal Service Funds
	Governmental Activities	Business-type Activities					
Capital assets, net	\$ 130,234,007	\$ 199,127,002	\$ 171,576,756	\$ 54,203	\$ 20,382,974	\$ 7,113,069	\$ 1,762,110
Capital-related accounts payable	-	(5,466,919)	(5,460,029)	-	(6,890)	-	-
Contracts (retainage) payable	(168,438)	(1,419,663)	(1,332,571)	-	(87,092)	-	-
Capital-related debt outstanding	(34,560,211)	(120,229,016)	(114,957,055)	-	(1,239,906)	(4,032,055)	(1,118,118)
Portion of outstanding debt attributable to insurance costs	-	-	-	-	-	-	-
Deferred amounts on refunding	94,932	(1,130,710)	(1,128,685)	-	(52,991)	50,966	-
Unspent capital-related debt proceeds	2,206,136	-	-	-	-	-	-
<b>Net investment in capital assets</b>	<b>\$ 97,806,426</b>	<b>\$ 70,880,694</b>	<b>\$ 48,698,416</b>	<b>\$ 54,203</b>	<b>\$ 18,996,095</b>	<b>\$ 3,131,980</b>	<b>\$ 643,992</b>

*Net Position Flow Assumption*

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenues and Expenditures/Expenses**

*Property Taxes*

Under Florida law, the assessment of all properties and the collection of all county, municipal and school district property taxes are consolidated in the offices of the Volusia County Property Appraiser and Chief Financial Officer. The laws of the state regulating tax assessment are designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to ten (10) mills. The millage rate assessed by the City for operating purpose was 5.4300 mills and for debt service was 0.2038 mills for a total millage rate of 5.7338 mills for the fiscal year ended September 30, 2023.

The property tax calendar is as follows:

- Valuation date ..... January 1, 2022
- Each taxing authority is notified of their respective valuations based on the assessment roll prepared by the property appraiser and approved by the State ..... July 1, 2022
- City Commission holds two (2) required public hearings, adopts an ad valorem tax millage rate, and adopts the budget for the coming fiscal year ..... September 2022
- All real and tangible personal property taxes are due and payable (levy date) ..... November 1, 2022
- The County mails Notice of Taxes to property owners on the assessment roll ..... November 2022

Taxes are paid from November 2022 through March 2023, with the following applicable discounts:

Month	Percent
<u>Paid</u>	<u>Discount</u>
November .....	4%
December .....	3%
January .....	2%
February .....	1%
March .....	0%

All unpaid taxes on real and tangible personal property become delinquent ..... April 1, 2023

Tax certificates are sold on all parcels with unpaid real property taxes (lien date) ..... May 31, 2023

A court order is obtained by the County authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent personal property taxes ..... August 2023

City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Revenues and Expenditures/Expenses (Continued)*

*Program Revenues*

Amounts reported as *program revenues* include: 1) fees, fines and 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 program revenues.

*Proprietary Funds Operating and Nonoperating Revenues and Expenses*

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and internal service funds are charges to customers for sales and services.

Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*Fair Value Measurement*

The City follows GASB Codification 150: *Investments*, which provides guidance for determining, applying and disclosing fair values measurement for financial reporting purposes for financial and non-financial assets, including real estate, intangible assets, land rights, natural resources and alternative investments. A three level hierarchy of valuation techniques used to measure fair value was established. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices that are observable either directly or indirectly. Level 3 inputs are unobservable inputs. These standards require disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques.

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, 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 28, 2024. See Note 21 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Recently Implemented Accounting Pronouncements*

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). 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. Additional information about the changes to the financial statements related to the implementation of this Statement can be found in Note 2.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. There were no significant impacts of implementing this Statement.

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments. There were no significant impacts of implementing this Statement.

*Recently Issued Accounting Pronouncements*

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

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued

**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Recently Issued Accounting Pronouncements (Continued)**

financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The City is currently evaluating the effects that these statements will have on its financial statements.

**Note 2: ACCOUNTING CHANGES AND ERROR CORRECTION**

**Change in Accounting Principle**

In fiscal year 2023, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. In accordance with generally accepted accounting principles, the implementation of this Statement for the City requires restatement of the September 30, 2022, net position to record the cumulative effect of recording right-to-use subscription assets less accumulated amortization, net of the respective subscription liabilities as of September 30, 2022.

In fiscal year 2023, the City restated opening net position in the Nonmajor Governmental Fund to correct errors in prior year financial statements.

**City of Daytona Beach, Florida  
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**Note 2: ACCOUNTING CHANGES AND ERROR CORRECTION (Continued)**

**Correction of an Error**

Adjustments to opening net position are enumerated below:

	Government-wide Statements	
	Governmental Activities	Total
Net position, September 30, 2022 as previously reported	\$ 106,247,610	\$ 106,247,610
Cumulative effect of restatement of intergovernmental revenue <sup>(1)</sup>	-	-
Implementation of new accounting principle - GASB 96, <i>Subscription-Based Information Technology Arrangements</i> <sup>(2)</sup>		
Right-to-use subscription assets	1,451,221	1,451,221
Subscription liabilities	(1,451,221)	(1,451,221)
<b>Beginning net position, as restated</b>	<b>\$ 106,247,610</b>	<b>\$ 106,247,610</b>

	Nonmajor	
	Governmental Fund	Internal Service Funds
Net position, September 30, 2022 as previously reported	\$ 48,258,848	\$ (1,966,666)
Cumulative effect of restatement of intergovernmental revenue <sup>(1)</sup>	(2,284,694)	
GASB 96, <i>Subscription-Based Information Technology Arrangements</i> <sup>(2)</sup>		
Right-to-use subscription assets	-	583,777
Subscription liabilities	-	(583,777)
<b>Beginning net position, as restated</b>	<b>\$ 45,974,154</b>	<b>\$ (1,966,666)</b>

- (1) In prior years, the City recognized intergovernmental revenue that was earned but had not been collected with the City's period of availability for recognizing revenue in the governmental funds, this overstated prior years intergovernmental revenues in the Nonmajor Governmental Fund.
- (2) The opening balance of the right-of-use subscription assets and the subscription liability and the statement of net position of the governmental activities were updated to provide for the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

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**Note 3: DEFICIT NET POSITION, STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

The following funds had a deficit net position at fiscal year-end September 30, 2023.

Fleet Maintenance Fund – The Fleet Maintenance Fund had a deficit net position of \$80,899 at September 30, 2023. This deficit is primarily due to increased supply costs in excess of charges to the user funds. The deficit will be reduced in the next fiscal year through an adjustment to service charges.

Employment Services Fund – The Employment Services Fund had a deficit net position of \$195,330 at September 30, 2023. This deficit was a result of a restatement to the fund's beginning net position in FY 2014-15, due to the required implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires employers participating in cost-sharing multiple-employer defined benefit pension plans to report the employers' proportionate share of the net pension liabilities of the defined benefit pension plans. The requirements of this Statement were implemented prospectively, with the City reporting its proportionate share of the actuarially determined liabilities at October 1, 2014. On an annual basis the City calculates its internal rate structure and includes the amount required for the current pension funding. The deficit caused by implementing GASB Statement No. 68, is a long-term net pension liability and will be reduced over a significant period of time.

Information Technology Fund - The Information Technology Fund had a deficit net position of \$342,888 at September 30, 2023. The deficit is primarily due to the current year implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which requires the City to capitalize and amortize the net present value of certain software based subscriptions. The deficit will be reduced in the next fiscal year through an adjustment to service charges.

Consolidated Insurance Fund – The Consolidated Insurance Fund had a deficit net position of \$2,123,992 at September 30, 2023. Workers' compensation and general liability claims paid plus the actuarial adjustment exceeded prior fiscal year funding from user funds by approximately \$2 million, a trend which has been taking place since the pandemic. Funding provided by user funds will be evaluated and adjusted to include amortization of this deficit over a reasonable period of time.

Grants Special Revenue Fund – The Grants Special Revenue Fund had a deficit net position of \$126,587 at September 30, 2023. The deficit was primarily due to the restatement of the previously reported fund balance due to an error correction of (\$334,422).

Emergency Management Grants Special Revenue Fund – The Emergency Management Grants Special Revenue Fund had a deficit net position of \$7,025,093 at September 30, 2023. The deficit was primarily due to the restatement of the previously reported fund balance due to an error correction of (\$1,950,272) and due to approximately \$9 million in expenditures related to emergency management relief efforts for two hurricanes that effected the City during fiscal year 2023.

**Note 4: DEPOSITS AND INVESTMENTS**

A common cash and investment pool is maintained for the use of all funds. All cash and investments are managed in accordance with City ordinances except the Police and Fire Pension Trust Fund which is separately managed under the direction of the Police and Fire Pension Board. See Note 17 for further information regarding the Police and Fire Pension. On February 21, 2001, the City Commission formally adopted a comprehensive

City of Daytona Beach, Florida  
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**Note 4: DEPOSITS AND INVESTMENTS (Continued)**

investment policy pursuant to Section 218.415, Florida Statutes, which established permitted investments, asset allocation limits, credit ratings requirements and maturity limits to protect the City's cash and investments. On August 5, 2009 the City Commission approved a revised policy to change the asset allocations due to changes that had occurred in the financial markets.

Custodial Credit Risk – All cash deposits are held by banks that qualify as a public depository under the Florida Security for Public Deposits Act as required by Chapter 280.02, Florida Statutes. Any potential losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral by the bank and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. Therefore, the City has no custodial credit risk associated with deposits. The City's investment policy allows for the following investments: Local Government Surplus Funds Trust Fund, United States Government Securities, United States Government Agencies, Federal Instrumentalities, Interest Bearing Time Deposit or Savings Accounts, Repurchase Agreements, Corporate Notes, Commercial Paper, Corporate Obligations, Bankers' Acceptances, State and/or Local Government Taxable Debt, Registered Investment Companies (Mutual Funds and Money Market Mutual Funds) and Intergovernmental Investment Pools. For all investments authorized by the policy, the City applies the "Prudent Person" standard when developing investment strategies.

Interest Rate Risk – Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The City's investment policy limits investments to those having a maturity, at the time of purchase, of less than ten (10) years. There were no investments that exceeded this maximum maturity at September 30, 2023. The City utilizes "duration" as a measurement of interest rate risk and as of September 30, 2023, the combined cash and investment portfolios had a weighted average duration of 1.80 years.

Credit Risk – Credit risk exists when there is a possibility the issuer or other counter-party to an investment may be unable to fulfill its obligations. The City's investment policy protects its investments by requiring specific credit ratings for each type of investment in the portfolio. All are rated within policy guidelines.

Custodial Credit Risk – The City's investment policy, pursuant to Section 218.415(18), Florida Statutes, requires securities, with the exception of certificates of deposit, to be held with a third-party custodian and all securities purchased by, and all collateral obtained by the City, should be properly designated as an asset of the City. The securities must be held in an account separate and apart from the assets of the financial institution. Security transactions between a broker/dealer and the custodian involving the purchase or sale of securities by transfer of money or securities must be made on a "delivery versus payment" basis, if applicable, to ensure the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. As of September 30, 2023, the City's investment portfolios were held with a third-party custodian as required by the investment policy.

Concentration of Credit Risk – In addition to describing the credit risk of investments in the portfolio, governmental entities need to disclose the concentration of any single investment type or holding per single issuer. The City's investment policy allows investment concentrations in various percentages for different types of investments. The investments held at year end are all within the allowable percentages.



**City of Daytona Beach, Florida  
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**Note 4: DEPOSITS AND INVESTMENTS (Continued)**

**Foreign Currency Risk** – The City’s investment policy does not allow for investments in foreign currency; therefore, the City has no exposure to foreign currency risk.

The table below shows the cash, cash equivalents, and investments including their respective durations (in years), ratings of investments held at year end, and percent allocations of each investment type in the portfolio at September 30, 2023:

Portfolio	Fair Value	Duration (Years)	Weighted	
			Average Rating Moody's/S&P	Percent Distribution
Cash Deposits	\$ 198,658,168	-		79.66%
First American Treasury Money Market Fund	635,831	-	Aaa/AAAm	0.25%
US Treasury Notes	33,311,024	1.73	Aaa/AA+	13.36%
US Instrumentalities:				
Federal Home Loan Bank	3,719,992	1.71	Aaa/AA+	1.49%
Federal Home Loan Mortgage Corporation	5,517,850	1.98	Aaa/AA+	2.21%
Federal National Mortgage Association	1,823,521	1.81	Aaa/AA+	0.73%
Federal Farm Credit Bank	986,876	2.73	Aaa/AA+	0.40%
Municipal Bonds:				
Florida State Board of Education	1,845,345	1.67	Aaa/AAA	0.74%
State of Georgia	1,494,090	3.75	Aaa/AAA	0.60%
State of Wisconsin	1,392,817	1.59	Aa1/AA+	0.56%
<b>Total</b>	<b>\$ 249,385,514</b>			<b>100.00%</b>

The City follows Section 150: *Investments* of the GASB Codification which establishes a framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under Section 150: *Investments* of the GASB Codification are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**City of Daytona Beach, Florida  
Notes to Financial Statements  
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**Note 4: DEPOSITS AND INVESTMENTS (Continued)**

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The City had the following fair value measurements as of September 30, 2023. At the end of the fiscal year, the City did not have investments classified as Level 1 and Level 3 assets in its portfolio.

Portfolio	Fair Value	Quoted Prices in Active Markets for Identical Assets Level
		2
US Treasury Notes	\$ 33,311,024	\$ 33,311,024
US Instrumentalities:		
Federal Home Loan Bank	3,719,992	3,719,992
Federal Home Loan Mortgage Corporation	5,517,850	5,517,850
Federal National Mortgage Association	1,823,521	1,823,521
Federal Farm Credit Bank	986,876	986,876
Municipal Bonds:		
Florida State Board of Education	1,845,345	1,845,345
State of Georgia	1,494,090	1,494,090
State of Wisconsin	1,392,817	1,392,817
<b>Subtotal</b>	<b>50,091,515</b>	<b>50,091,515</b>
First American Treasury Money Market Fund	635,831	N/A
PFM Prime Money Market Fund	-	N/A
Cash Deposits	198,658,168	N/A
<b>Total</b>	<b>\$ 249,385,514</b>	<b>\$ 50,091,515</b>

The City has the following recurring fair value measurements as of September 30, 2023:

- Fixed income funds – valued using price models maximizing the use of observable inputs for similar securities. This includes basing value on yield currently available on comparable securities of issuers with similar credit ratings.
- Common stock – valued at quoted market prices for identical assets in active markets.

The above table summarizes the assets of the City for which fair values are determined on a recurring basis as of September 30, 2023. In accordance with GASB Codification 150: *Investments*, money market funds have not been classified in the fair value hierarchy as they are measured at net asset value (NAV). There are no unfunded commitments for money market funds and they can be redeemed daily with no redemption notice period.

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**City of Daytona Beach, Florida  
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**Note 5: RECEIVABLES**

Below is the detail of receivables, including applicable allowances for uncollectible accounts, at September 30, 2023:

Description	Receivables	(Less)		Receivables (Net)
		Allowance for Uncollectibles		
General Fund	\$ 4,694,437	\$ 318,525		\$ 4,375,912
Redevelopment Trust	118,396	-		118,396
Nonmajor governmental funds	455,591	159,650		295,941
<b>Total - Governmental Funds</b>	<b>5,268,424</b>	<b>478,175</b>		<b>4,790,249</b>
Proprietary Funds:				
Water and Sewer System	13,036,102	2,132,169		10,903,933
Solid Waste Management	4,097,220	679,039		3,418,181
Stormwater Improvement	2,324,173	255,453		2,068,720
Nonmajor Enterprise Funds	907	-		907
<b>Total - Proprietary Funds</b>	<b>19,458,402</b>	<b>3,066,661</b>		<b>16,391,741</b>
Fiduciary Funds:				
Police and Fire Pension Trust	116,468	-		116,468
Component unit - First Step Shelter	127,453	-		127,453
<b>Total</b>	<b>\$ 24,970,747</b>	<b>\$ 3,544,836</b>		<b>\$ 21,425,911</b>

Receivables in the General Fund consist mainly of utility taxes and franchise fees due to the City for taxes and fees billed as of September 30, 2023.

Included in accounts receivable in the General Fund, Nonmajor governmental funds, Water and Sewer System Fund, and Solid Waste Management Fund are liens receivable. Liens receivable in the General and Nonmajor governmental funds consist of expenditures incurred for demolitions and are recorded as unearned revenue. Liens receivable in the Water and Sewer System Fund represent water and sewer charges not paid by the property owner. In the Solid Waste Management Fund, liens receivable represent charges incurred for lot clearances. Each recorded lien has been processed and filed with the Volusia County Clerk of Circuit Court against the specific property affected.

An estimated unbilled revenue amount is recorded within the General Fund of \$209,792, Water and Sewer System Fund of \$6,138,080, Solid Waste Management Fund of \$1,980,616, and Stormwater Improvement Fund of \$1,363,242 and represents services rendered but not yet billed as of the end of the fiscal year.

**Note 6: NOTES RECEIVABLE**

The following is a summary of notes receivable at September 30, 2023:

Redevelopment Trust Fund – 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, 2023 was \$94,396, for which a monthly payment of \$2,000 payment has been made consistently since January 2021.

**Note 7: LEASE RECEIVABLES**

The City is the lessor of various properties, including commercial real estate, land and equipment. The City accounts for leases in accordance with GASB Codification L20: *Leases*. The agreements are made up of various noncancellable agreements which expire between the years 2023 and 2028. Most leases include increases of a minimum percentage or escalate on some other basis.

General Fund - On January 1, 2012, the City entered into an agreement with Big Game Florida, LLC, to lease the City owned Jackie Robinson Ballpark and the City owned building at 110 East Orange Ave. Daytona Beach, Florida, for a term of 10 years. On November 28, 2022, the City extended the lease term one year to expire at December 31, 2023. Lessee pays a fixed rate monthly for the duration of the lease extension. For the fiscal year September 30, 2023, the General Fund recognized \$63,439 of lease revenue and \$326 of lease interest.

Halifax Harbor Fund – The City owns and operates a commercial plaza of approximately 39,500 square feet at the Halifax Harbor Marina through a management contract with an independent management firm. The Halifax Harbor Plaza has a mixture of retail, office, and restaurant space with a number of tenants and for varying lease periods with no period longer than five (5) years, not including lease-renewal options. Lessees pay a base rent amount plus common area maintenance fees. For the fiscal year September 30, 2023, the Halifax Harbor Fund recognized \$237,661 of lease revenue and \$1,330 of lease interest.

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**Note 7: LEASES RECEIVABLE (Continued)**

Daytona Beach Pier Fund – On December 6, 2011, the City entered into a 10-year agreement with Crab Addison, Inc. to lease the City-owned Daytona Beach Pier. The agreement contains four (4) options to extend the term an additional five (5) years each. Effective January 3, 2017, Crab Addison, Inc., a Texas corporation was converted to Joe’s Crab Shack, LLC, a Texas limited liability company as the new Tenant entity under the Lease. For the fiscal year September 30, 2023, the Daytona Beach Pier Fund recognized \$301,728 of lease revenue and \$10,338 of lease interest.

The following is a schedule by years of minimum future revenues from noncancellable agreements:

Year ending September 30,	Governmental Activities		Business-Type Activities		Total Future Minimum Lease Payments	
	Principal	Interest	Principal	Interest		
2024	\$ 15,952	\$ 6	\$ 520,713	\$ 9,396	\$ 546,067	
2025	-	-	431,754	6,304	438,058	
2026	-	-	399,602	3,465	403,067	
2027	-	-	262,057	806	262,863	
<b>Total</b>	<b>\$ 15,952</b>	<b>\$ 6</b>	<b>\$ 1,614,126</b>	<b>\$ 19,971</b>	<b>\$ 1,650,055</b>	

**Note 8: INTERFUND BALANCES AND TRANSFERS**

The following is a summary of interfund receivable and payable balances at September 30, 2023:

Due To/From Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Total Nonmajor Governmental Funds	\$ 7,543,000

\$7,543,000 represent amounts payable from the Community Development Fund, Grants Fund and the Emergency Management Grant Fund, which were needed to cover cash deficits caused by timing of receipts and grant reimbursements.

**Note 8: INTERFUND BALANCES AND TRANSFERS (Continued)**

Interfund Transfers:

Description	Transfers In					
	Total Transfers (Out)	Governmental Funds			Proprietary Funds	
		General Fund	Redevelopment Trust	Capital Projects	Nonmajor Governmental Funds	Water and Sewer System
<b>Governmental Funds:</b>						
General Fund	\$ 12,076,490	\$ -	\$ 3,909,070	\$ 4,845,415	\$ 3,322,005	\$ -
Redevelopment Trust	2,955,626	-	-	-	2,955,626	-
Capital Projects	433,377	433,377	-	-	-	-
Nonmajor governmental	1,203,125	-	-	345,016	858,109	-
<b>Total - governmental funds</b>	<b>16,668,618</b>	<b>433,377</b>	<b>3,909,070</b>	<b>5,190,431</b>	<b>7,135,740</b>	<b>-</b>
<b>Proprietary Funds:</b>						
Water and Sewer System	10,815,181	10,267,978	-	547,203	-	-
Solid Waste Management	10,011,651	9,975,392	-	36,259	-	-
Stormwater Improvement	11,695,442	11,550,025	-	145,417	-	-
Nonmajor Enterprise	134,193	103,660	-	30,533	-	-
<b>Total - proprietary funds</b>	<b>32,656,467</b>	<b>31,897,055</b>	<b>-</b>	<b>759,412</b>	<b>-</b>	<b>-</b>
<b>Internal Service Funds</b>	<b>32,824</b>	<b>-</b>	<b>-</b>	<b>32,824</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>\$ 49,357,909</b>	<b>\$ 32,330,432</b>	<b>\$ 3,909,070</b>	<b>\$ 5,982,667</b>	<b>\$ 7,135,740</b>	<b>\$ -</b>

The transfer from the General Fund to the Redevelopment Trust Fund reflects the City’s tax increment payment based on the difference in taxable values for the five (5) community redevelopment areas from the base year to 2023. Transfers from the General Fund to Nonmajor Governmental Funds were made to cover prior year deficits. Transfers were made from the Redevelopment Trust Fund to nonmajor governmental funds to meet debt service requirements. The transfers from General Fund and Proprietary Funds to Capital Projects Fund were made to cover future improvements at various facilities and roadway projects. Transfers from the Proprietary Funds to the General Fund were primarily for payment in lieu of taxes for governmental services provided. The transfers between the nonmajor governmental funds were to move funds to the debt service funds to provide for current year debt service and to reimburse funds for shared costs.

**City of Daytona Beach, Florida**  
**Notes to Financial Statements**  
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**Note 9: CAPITAL ASSETS**

*Fiscal Year Activity* – Capital asset activity for the fiscal year ended September 30, 2023 was as follows:

Description	Beginning Balance*	Increases	Decreases	Ending Balance
<b>Governmental activities:</b> (Includes internal service funds)				
Capital assets, not being depreciated/amortized:				
Land	\$ 30,542,307	\$ 1,099,913	\$ (1,244,856)	\$ 30,397,364
Construction in progress	3,314,493	13,824,473	(402,859)	16,736,107
<b>Total capital assets, not being depreciated/amortized</b>	<b>33,856,800</b>	<b>14,924,386</b>	<b>(1,647,715)</b>	<b>47,133,471</b>
Capital assets, being depreciated/amortized:				
Buildings	67,665,865	536,689	(528,101)	67,674,453
Equipment	41,136,985	5,122,555	(1,674,722)	44,584,818
Improvements and infrastructure	99,870,720	12,000	(1,199,127)	98,683,593
Right-to-use lease assets				
Land	-	159,281	-	159,281
Equipment	1,051,349	85,325	(71,723)	1,064,951
Right-to-use subscription assets	1,451,221	1,057,655	-	2,508,876
<b>Total capital assets, being depreciated/amortized</b>	<b>211,176,140</b>	<b>6,973,505</b>	<b>(3,473,673)</b>	<b>214,675,972</b>
Less accumulated depreciation/amortization for:				
Buildings	(35,425,874)	(1,666,882)	524,273	(36,568,483)
Equipment	(32,060,935)	(3,111,145)	1,636,127	(33,535,953)
Improvements and infrastructure	(57,769,777)	(3,244,368)	1,050,435	(59,963,710)
Right-to-use lease assets				
Land	-	(61,262)	-	(61,262)
Equipment	(287,457)	(342,651)	23,402	(606,706)
Right-to-use subscription assets	-	(839,322)	-	(839,322)
<b>Total accumulated depreciation/amortization</b>	<b>(125,544,043)</b>	<b>(9,265,630)</b>	<b>3,234,237</b>	<b>(131,575,436)</b>
<b>Total capital assets, being depreciated/amortized, net</b>	<b>85,632,097</b>	<b>(2,292,125)</b>	<b>(239,436)</b>	<b>83,100,536</b>
<b>Governmental activities capital assets, net</b>	<b>\$119,488,897</b>	<b>\$ 12,632,261</b>	<b>\$ (1,887,151)</b>	<b>\$130,234,007</b>

\* September 30, 2022 balance is restated with the implementation of GASB Statement No. 96. See Note 2.

**City of Daytona Beach, Florida**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note 9: CAPITAL ASSETS (Continued)**

Description	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated/amortized:				
Land	\$ 6,428,187	\$ -	\$ -	\$ 6,428,187
Construction in progress	15,974,063	32,018,229	(5,274,729)	42,717,563
<b>Total capital assets, not being depreciated/amortized</b>	<b>22,402,250</b>	<b>32,018,229</b>	<b>(5,274,729)</b>	<b>49,145,750</b>
Capital assets, being depreciated/amortized:				
Buildings	62,676,245	15,623	(1,937,628)	60,754,240
Equipment	153,560,548	6,726,586	(3,674,801)	156,612,333
Improvements and infrastructure	181,577,821	33,413	(60,729)	181,550,505
Right-to-use lease assets				
Land	204,588	-	-	204,588
Infrastructure	107,277	-	-	107,277
Right-to-use subscription assets	-	507,084	-	507,084
<b>Total capital assets, being depreciated/amortized</b>	<b>398,126,479</b>	<b>7,282,706</b>	<b>(5,673,158)</b>	<b>399,736,027</b>
Less accumulated depreciation/amortization for:				
Buildings	(47,874,345)	(1,177,855)	477,879	(48,574,321)
Equipment	(123,932,901)	(3,542,285)	2,567,639	(124,907,547)
Improvements and infrastructure	(69,733,773)	(6,477,827)	60,729	(76,150,871)
Right-to-use lease assets				
Land	(4,884)	(4,884)	-	(9,768)
Infrastructure	(30,688)	(40,918)	-	(71,606)
Right-to-use subscription assets	-	(40,662)	-	(40,662)
<b>Total accumulated depreciation/amortization</b>	<b>(241,576,591)</b>	<b>(11,284,431)</b>	<b>3,106,247</b>	<b>(249,754,775)</b>
<b>Total capital assets, being depreciated/amortized, net</b>	<b>156,549,888</b>	<b>(4,001,725)</b>	<b>(2,566,911)</b>	<b>149,981,252</b>
<b>Business-type activities capital assets, net</b>	<b>\$178,952,138</b>	<b>\$ 28,016,504</b>	<b>\$ (7,841,640)</b>	<b>\$199,127,002</b>

**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**Note 9: CAPITAL ASSETS (Continued)**

Construction in Progress – As of the end of the fiscal year, the City had active construction projects including improvements to utilities, roads and right-of-way, public safety and recreational facilities, and drainage systems. Following is a schedule of construction in progress at September 30, 2023:

Project Description	Project Budget	Cumulative Amount Spent
<b>Governmental activities:</b>		
Halifax River Greenway Trail	\$ 2,292,581	\$ 2,058,421
Streets and Sidewalk Improvement Program	2,362,983	2,217,652
Park Renovations/Improvements	9,707,146	5,434,121
CRA Streetscape Improvements	13,136,367	3,447,445
Boat/House	1,295,735	244,306
ISB Streetscape	4,656,560	44,758
Land Acquisition	5,050,000	18,501
Golf Course Equipment Purchase	737,037	589,018
Golf Course Improvements	49,690	49,690
Grandview Substation	171,021	167,145
Fire Station	1,790,000	160,000
Property & Evidence Expansion	272,047	222,717
IT/Network	171,556	167,821
Generator Purchase	156,150	47,482
Citywide - A/C, Office Renos	1,194,928	239,073
Radios	1,400,000	1,323,193
ADA Improvements	242,600	227,987
Traffic	1,060,000	73,687
Public Works	149,300	3,090
<b>Total construction in progress – governmental activities</b>	<b>\$ 45,895,701</b>	<b>\$ 16,736,107</b>

**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**Note 9: CAPITAL ASSETS (Continued)**

Project Description	Project Budget	Cumulative Amount Spent
<b>Business-type activities:</b>		
Wastewater Treatment Plant Facilities Improvements	\$ 50,556,158	\$ 17,716,242
Brennan WTP Filters	7,789,686	7,286,148
Lift Station & Fore Main Replacement	23,347,257	2,442,129
Beach Street Water and Stormwater Improvements	756,083	695,698
Potable Water Tank and Pump Station	14,329,536	9,777,559
SCADA Eval, Design & Implementation	3,950,000	1,353,698
Bethune WRF Process Upgrades	868,338	287,056
Utility Improvements	2,506,403	1,412,084
Lime Sledge Disposal Process	50,000	36,123
Reg Dewatering Building Improvement	415,000	388,990
ERP System	914,742	6,840
CIPP	999,632	339,750
Cup Renewal	440,936	243,088
Bennett Swamp	83,500	7,689
HHM Improvements	25,475	17,985
Pond Weir Repalcements	324,782	193,850
Pier Improvements	45,194	7,987
Water Metering Improvements	175,955	57,209
Manhole Lining/Rehab	660,425	310,414
Derbyshire Neighborhood Sidewalks	138,000	137,024
<b>Total construction in progress – business-type activities</b>	<b>\$ 108,377,102</b>	<b>\$ 42,717,563</b>

**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**Note 9: CAPITAL ASSETS (Continued)**

Depreciation and Amortization Expense – Depreciation and Amortization expense was charged to individual functions and programs for the fiscal year ended September 30, 2023 as follows:

Function/Program:	Depreciation Expense
<b>Governmental activities:</b>	
General government	\$ 2,954,045
Public safety	3,041,074
Transportation	771,536
Culture and recreation	1,766,660
<b>Subtotal</b>	<b>8,533,315</b>
Capital assets held by internal service funds are charged to the various functions based on their usage of the assets	732,315
Transfers between funds of prior years' accumulated depreciation	-
<b>Total depreciation expense – governmental activities</b>	<b>\$ 9,265,630</b>
<b>Business-type activities:</b>	
Water and sewer system	\$ 9,552,584
Solid waste management	6,901
Stormwater improvement	1,183,229
Halifax Harbor	228,730
Main Street Pier	298,006
Transfers between funds of prior years' accumulated depreciation	14,981
<b>Total depreciation expense – business-type activities</b>	<b>\$ 11,284,431</b>

**Note 10: LONG-TERM DEBT AND LIABILITIES**

Bonds Payable:

The City issues various types of bonds to provide funding for the acquisition and construction of major capital facilities. These bonds include general obligation refunding bonds and utility system refunding revenue bonds.

Following is a description of bonds payable at September 30, 2023:

Description	Original Amount Issued	Principal Outstanding at September 30, 2023	Interest Rate	Final Maturity
<b>Governmental activities:</b>				
<b>General Obligation Refunding Bonds:</b>				
Series 2012	\$ 18,810,000	\$ 7,665,000	2% - 3.375%	2029
<b>Total - governmental activities</b>	<b>\$ 18,810,000</b>	<b>\$ 7,665,000</b>		

**Note 10: LONG-TERM DEBT AND LIABILITIES (Continued)**

Bonds Payable: (Continued)

**General Obligation Refunding Bonds, Series 2012 – (Governmental activities)**

On May 15, 2012, the City issued General Obligation Refunding Bonds, Series 2012 in the amount of \$18,810,000 for the purpose of refunding General Obligation Revenue Bonds, Series 2004 of \$18,560,000. The original bonds were issued to construct a new police complex. The reacquisition price exceeded the net carrying amount of the old debt by \$223,392. 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 the old debt. The City reduced its total debt payments over 18 years by \$2,634,350, which resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,090,135. The City has pledged the full faith and credit of its taxing power for the payment of principal and interest on the bonds. A liability is recorded in the governmental activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2023 was \$7,665,000.

Annual debt service requirements to maturity for bonds payable are as follows:

General Obligation Refunding Bonds, Series 2012				
Governmental activities				
Fiscal Year	Ending	Principal	Interest	Total
2024	\$	1,175,000	\$ 248,063	\$ 1,423,063
2025		1,215,000	212,813	1,427,813
2026		1,255,000	174,844	1,429,844
2027		1,295,000	134,056	1,429,056
2028		1,340,000	91,969	1,431,969
2029-2033		1,385,000	46,744	1,431,744
		7,665,000	908,489	8,573,489
<b>Unamortized</b>				
Premium		96,263	-	96,263
<b>Total</b>	<b>\$</b>	<b>7,761,263</b>	<b>\$ 908,489</b>	<b>\$ 8,669,752</b>

**Utility System Refunding and Improvement Revenue Bonds, Series 2012 – (Business-Type Activities)**

On September 20, 2012, the City issued Utility Refunding and Improvement Revenue Bonds, Series 2012 in the amount of \$54,450,000. A portion of the debt was issued for the purpose of refinancing: (1) Utility System Refunding Revenue Bonds, Series 2002 A, B, and C in the amount of \$20,790,000, (2) Utility System Refunding Revenue Bonds, Series 2002 D in the amount of \$19,315,000, (3) 1997 State Revolving Fund Loan in the amount of \$10,443,543, and (4) 1999 State Revolving Fund Loan in the amount of \$3,077,285. The remaining portion of the debt of \$9,000,000 was issued to finance the cost of an automated meter reading system and software. The original bond proceeds financed the following: water, sewer, re-use and stormwater system improvements, expansion/upgrade of Westside Regional and Bethune Point wastewater treatment plants, replacement of Ridgewood Avenue sewer line, and installation of a reclaimed water main at Lincoln Avenue. The reacquisition price exceeded the net carrying amount of the old debt by \$2,084,796. The bonds were defeased (refunded) in fiscal year 2023 with the Utility System Refunding Revenue Note, Series 2023. The deferred loss on refunding

**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**Note 10: LONG-TERM DEBT AND LIABILITIES (Continued)**

Bonds Payable: (Continued)

**Utility System Refunding and Improvement Revenue Bonds, Series 2012 – (Business-Type Activities) (Continued)**

associated with the Series 2012 bonds is being shown as a deferred outflow of resources and amortized over the term of the new refunding debt issued, which is the same as the remaining term of the Series 2012 bonds at the time of the refunding.

Notes and Loans Payable:

**Capital Improvement Refunding and Revenue Note, Series 2020 – (Governmental Activities)**

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. A liability is recorded in the governmental activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2023 was \$18,395,000.

Annual debt service requirements to maturity for the note payable is as follows:

Capital Improvement Revenue Note, Series 2020			
Governmental activities			
Fiscal Year	Principal	Interest	Total
Ending			
2024	\$ 2,130,000	\$ 381,260	\$ 2,511,260
2025	2,175,000	333,905	2,508,905
2026	2,225,000	285,305	2,510,305
2027	2,270,000	236,060	2,506,060
2028	2,320,000	185,570	2,505,570
2029-2033	7,275,000	242,495	7,517,495
<b>Total</b>	<b>\$ 18,395,000</b>	<b>\$ 1,664,595</b>	<b>\$ 20,059,595</b>

**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**Note 10: LONG-TERM DEBT AND LIABILITIES (Continued)**

Notes and Loans Payable: (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 \$23,655,000 for the purpose of refunding Capital Improvement Revenue Note, Series 2009 of \$23,483,000. The reacquisition price exceeded the net carrying amount of the old debt by \$244,677. 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 \$1,835,832 which resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,635,682. Following are the notes related to this loan.

Governmental Activities – Downtown Redevelopment Trust Fund

The City refinanced the Capital Improvement Revenue Note with a 3.54% fixed rate loan from Branch Banking & Trust Company in the amount of \$1,568,000. 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 governmental activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2023 was \$928,000.

Business-Type Activities – Water and Sewer System Fund

The City refinanced the Capital Improvement Revenue Note with a 3.54% fixed rate loan from Branch Banking & Trust Company in the amount of \$15,504,000. The reacquisition price exceeded the net carrying amount of the old debt by \$156,473. 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 7 years by \$1,003,574 which resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$929,853. The original proceeds were used to finance certain water and sewer system improvements. Principal and interest are payable from water and sewer net operating revenues; additionally, 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, 2024. A liability is recorded in the business-type activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2023 was \$4,695,000.

Business-Type Activities – Halifax Harbor Fund

The City refinanced the Capital Improvement Revenue Note with a 3.54% fixed rate loan from Branch Banking & Trust Company in the amount of \$6,583,000. The reacquisition price exceeded the net carrying amount of the old debt by \$75,936. This amount is being shown as a deferred outflow of resources and amortized over the

City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023

**Note 10: LONG-TERM DEBT AND LIABILITIES (Continued)**

Notes and Loans Payable: (Continued)

**Capital Improvement Revenue Note, Series 2017 (Continued)**

Business-Type Activities – Halifax Harbor Fund (Continued)

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 \$672,873, which resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$570,700. The principal and interest on this loan are payable from marina operating revenues; additionally, 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 business-type activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2023 was \$3,895,000.

**Capital Improvement Revenue Note, Series 2010 – (Governmental Activities)**

On June 10, 2010, the City entered into a loan agreement with SunTrust Bank for \$9,345,000 at a fixed interest rate of 3.38% for the purpose of financing the costs of the Midtown Cultural and Educational Center, street and sidewalk enhancements located within the Midtown Redevelopment area, and street and sidewalk enhancements located outside 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 \$271,148 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 Recreation/Parks/Culture Impact Fee Fund, the Midtown Redevelopment Trust Fund, and the Transportation 5-Cent Gas Tax Fund. The note's final maturity is November 1, 2024. A liability is recorded in the governmental activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2023 was \$1,620,325.

**Community Redevelopment Agency Taxable Revenue Note, Series 2023 – (Governmental Activities)**

On September 27, 2023, the City of Daytona Beach issued the Community Redevelopment Agency Taxable Revenue Note, Series 2023 which was for the total available amount of \$6,500,000 at a fixed rate of 5.48% with the purpose to revitalizing abandoned and dilapidated property within the Midtown Redevelopment area. As of September 30, 2023 the City has drawdown \$50,000 of the total funds available. Principal and interest are payable from the Midtown Redevelopment Trust Fund tax increment revenue. 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 September 1, 2036. A liability is recorded in the government-wide statement of net position. The principal balance at September 30, 2023 was \$50,000.

City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023

**Note 10: LONG-TERM DEBT AND LIABILITIES (Continued)**

Notes and Loans Payable: (Continued)

**Subordinate Utility System Revenue Note, Series 2016 – (Business-Type Activities)**

On April 6, 2016, the City entered into a loan agreement with Ameris Bank and issued Subordinate Utility System Revenue Note, Series 2016 in an amount not to exceed \$6,550,000. Interest accrued on principal amounts drawn down by the City over the initial eighteen months of the loan. Of the amount financed, the City has drawn down \$6,550,000, to be repaid over fifteen years with the first semi-annual payment due November 1, 2017 with a final maturity date of November 1, 2031. The Note has a fixed interest rate of 2.44% per annum. A final draw for \$3,730,000 was received on October 4, 2017. The debt was issued to finance the acquisition of emergency generators and plant process equipment for the City's Water and Wastewater Plants. Debt service payments are payable solely from net revenues of the City's Water and Sewer revenues. The remaining principal balance at September 30, 2023 was \$5,705,000.

**Utility System Refunding Revenue Note, Series 2023 – (Business-Type Activities)**

On January 12, 2023, the City entered into a loan agreement with Truist Commercial Equity, Inc. and issued the Utility System Refunding Revenue Note, Series 2023 in the amount of \$21,330,000, for the purpose to refund the Utility Refunding and Improvement Revenue Bonds, Series 2012. The present value of cash flows of the new debt exceeded the present value of cash flows of the old debt by \$1,221,754. This amount is being shown as a deferred inflow of resources and amortized over the term of the new debt issued, which is the same as the term of old debt. Following are the notes related to this loan.

Business-Type Activities – Water and Sewer System Fund

The City refunded the Utility Refunding and Improvement Revenue Bonds with a 3.46% fixed rate loan from Truist Commercial Equity, Inc. in the amount of \$21,330,000. The present value of cash flows of the new debt exceeded the present value of cash flows of the old debt by \$1,221,754. This amount is being shown as a deferred inflow of resources and amortized over the term of the new debt issued, which is the same as the term of old debt. The original proceeds were used to finance certain water and sewer system improvements. Principal and interest are payable from water and sewer net operating revenues. This portion of the note's final maturity is November 1, 2033. A liability is recorded in the business-type activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2023 was \$20,619,370.

Business-Type Activities – Stormwater System Fund

The City refunded the Utility Refunding and Improvement Revenue Bonds with a 3.46% fixed rate loan from Truist Commercial Equity, Inc. in the amount of \$21,330,000. The present value of cash flows of the new debt exceeded the present value of cash flows of the old debt by \$1,221,754. This amount is being shown as a deferred inflow of resources and amortized over the term of the new debt issued, which is the same as the term of old debt. The original proceeds were used to finance certain water and sewer system improvements. Principal and interest are payable from water and sewer net operating revenues. This portion of the note's final maturity is November 1, 2033. A liability is recorded in the business-type activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2023 was \$710,630.



**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**Note 10: LONG-TERM DEBT AND LIABILITIES (Continued)**

Notes and Loans Payable: (Continued)

**State Revolving Fund Loans – (Business-Type Activities):**

Stormwater Improvement Fund

On October 30, 2000, the City was notified by the State of Florida, Department of Environmental Protection that the City was awarded a State Revolving Fund Clean Water loan of \$8,625,000 to be used for the construction of stormwater retention ponds and South Street storm sewer replacement. The interest rate for the authorized loan is 1.665%. Of the amount awarded, the City has drawn down \$7,167,206, to be paid semi-annually over a 20-year period ending October 15, 2022. Principal and interest are payable from stormwater operating revenues. The City had made the final payment for this loan on October 15, 2022 and as of September 30, 2023, there was no outstanding balance.

On December 18, 2012, the City was notified by the State of Florida, Department of Environmental Protection that the City was awarded a State Revolving Fund Clean Water loan of \$1,352,754 to be used for designing Midtown redevelopment area stormwater remediation. The interest rate for the authorized loan is 1.72%. Of the amount awarded, the City has drawn down \$876,928, to be paid semi-annually over a 20-year period beginning January 15, 2016 and ending July 15, 2035. Principal and interest are payable from stormwater operating revenues. A liability is recorded in the business-type activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2023 was \$529,276, which includes capitalized interest of \$33,578.

Water and Sewer System Fund

On December 18, 2012, the City was notified by the State of Florida, Department of Environmental Protection that the City was awarded a State Revolving Fund Clean Water loan of \$1,307,607 to be used for improvements to Orange Avenue and Lift Station 10 and related force main improvements. The interest rate for the authorized loan is 1.72%. During fiscal year 2013-14 the loan was amended and the City was awarded an additional \$20,555,192 at an interest rate of 2.25% to begin the construction phase. On August 30, 2018 a final amendment reduced the total amount awarded to \$20,058,061 and adjusted the semi-annual debt service payment amount. Of the amount awarded, the City has drawn down \$18,989,740 and accrued \$688,526 of capitalized interest. The loan will be paid semi-annually over a 20 year period beginning July 15, 2017 and ending January 15, 2037. Principal and interest are payable from water and sewer operating revenues. A liability is recorded in the business-type activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2023 was \$14,237,672.

On December 11, 2013, the City was notified by the State of Florida, Department of Environmental Protection that the City was awarded a State Revolving Fund Drinking Water loan of \$2,919,239, to be used for design and construction improvements to Orange Avenue water main infrastructure. The interest rate for the authorized loan is 2.59%. During fiscal year 2013-14 the loan was amended and the City was awarded an additional \$1,621,537 at an interest rate of 2.44%. Of the amount awarded totaling \$4,540,776, the City has drawn down \$3,002,833 and accrued \$90,661 of capitalized interest to be paid beginning July 15, 2017 and semiannually thereafter until all amounts due have been fully paid. Principal and interest are payable from water and sewer

**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**Note 10: LONG-TERM DEBT AND LIABILITIES (Continued)**

Notes and Loans Payable: (Continued)

**State Revolving Fund Loans – (Business-Type Activities) (Continued)**

Water and Sewer System Fund (Continued)

operating revenues. A liability is recorded in the business-type activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2023 was \$2,151,858.

On December 24, 2014, the City was notified by the State of Florida, Department of Environmental Protection that the City was awarded a State Revolving Fund Clean Water loan of \$1,337,266, to be used for Beach Street force main and Regional Wastewater Treatment plant improvements. The interest rate for the authorized loan is 1.99%. During fiscal year 2017 and fiscal year 2018 the loan was amended with additional awards of \$29,782,429 and \$10,173,129, respectively, authorized for disbursement at an interest rate of 0.00%. During fiscal year 2019 the loan was amended with an additional award of \$12,475,190 at an interest rate of 0.00% percent, for a total amount awarded for disbursements totaling \$43,594,885, the City had drawn down \$43,560,925 and accrued \$112,743 in capitalized interest to be paid beginning August 15, 2021 and semiannually thereafter until all amounts due have been fully paid. Principal and interest are payable from water and sewer operating revenues. A liability is recorded in the business-type activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2023 was \$40,115,143.

On March 17, 2017, the City was notified by the State of Florida, Department of Environmental Protection that the City was awarded a State Revolving Fund Clean Water loan of \$4,253,714, to be used for the design and construction of the Halifax River Force Main. The interest rate for the authorized loan is 0.00%. Of the amount awarded totaling \$4,253,714, the City has drawn down \$3,489,307 with the first payment to be paid beginning January 15, 2019 and semiannually thereafter until all amounts due have been fully paid. Principal and interest are payable from water and sewer operating revenues. A liability is recorded in the business-type activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2023 was \$2,669,320.

On November 25, 2019, the City was notified by the State of Florida, Department of Environmental Protection that the City was awarded a State Revolving Fund Clean Water loan of \$7,494,002, to be used for the design and construction of the Beach Street Force Main. The interest rate for the authorized loan is 0.00%. Of the amount awarded totaling \$7,494,002, the City has drawn down \$6,547,651 with the first payment to be paid beginning February 15, 2022 and semiannually thereafter until all amounts due have been fully paid. Principal and interest are payable from water and sewer operating revenues. A liability is recorded in the business-type activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2023 was \$6,590,085.

On December 2019, the City was notified by the State of Florida, Department of Environmental Protection that the City was awarded a State Revolving Fund Clean Water loan of \$3,861,283 for the construction of the Biosolids sludge dewatering project at the Westside Regional Water Reclamation Facility. The interest rate for the authorized loan is 0.00%. During fiscal year 2023 the loan was amended with an additional award of \$228,606, authorized for disbursement at an interest rate of 0.00 %, where \$23,262 was later de-obligated. Of the amount awarded totaling \$4,089,806, the City has drawn down \$4,066,544 with the first payment on

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**Note 10: LONG-TERM DEBT AND LIABILITIES (Continued)**

*Notes and Loans Payable: (Continued)*

**State Revolving Fund Loans – (Business-Type Activities) (Continued)**

**Water and Sewer System Fund (Continued)**

June 15, 2023 and semiannually thereafter until all amounts due have been fully paid. Principal and interest are payable from water and sewer operating revenues. A liability is recorded in the business-type activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2023 was \$4,044,178.

On September 10, 2021 the City was notified by the State of Florida, Department of Environmental Protection that the City was awarded a State Revolving Clean Water Loan of \$7,389,090 for the construction of the Heinman water tank. The interest rate for the authorized loan is 0.00%. During fiscal year 2023 the loan was amended with an additional award of \$4,596,456. Of the amount awarded totaling \$11,985,546, the City has drawn down \$4,996,385 of which they have received principal forgiveness in the amount of \$967,310, with the first payment to be paid November 15, 2024 and semiannually thereafter until all amounts due have been fully paid. Principal and interest are payable from water and sewer operating revenues. A liability is recorded in the business-type activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2023 was \$4,029,075.

On May 29, 2023, the City was notified by the State of Florida, Department of Environmental Protection that the City was awarded a State Revolving Clean Water Loan of \$19,771,394 for the construction of the a new influent pump station and headworks facility at the Westside Regional Water Reclamation Facility. The interest rate for the authorized loan is 0.00%. The City has drawn down \$9,530,701 with the first payment to be paid April 15, 2026 and semiannually thereafter until all amounts due have been fully paid. Principal and interest are payable from water and sewer operating revenues. A liability is recorded in the business-type activities section of the government-wide statement of net position. The remaining principal balance at September 30, 2023 was \$9,530,701.

Annual debt service requirements to maturity for notes (excluding Series 2020 shown in a separate schedule previously) and loans payable through direct borrowings are as follows:

Fiscal Year Ending	Notes and Loans Payable							Total
	Governmental Activities		Business-Type Activities			Total		
	Bank Notes	Bank Notes	Bank Notes	State Revolving Fund Loans				
Principal	Interest	Principal	Interest	Principal	Interest			
2024	\$ 3,068,471	447,245	\$ 4,160,000	\$ 1,110,182	\$ 4,059,005	\$ 400,431	\$ 13,245,334	
2025	3,145,854	371,144	4,256,000	966,353	4,422,694	374,589	13,536,634	
2026	2,427,000	305,435	3,687,000	832,772	4,957,922	348,162	12,558,291	
2027	2,427,000	250,521	3,814,000	708,937	5,753,052	321,138	13,274,648	
2028	2,482,000	194,385	4,643,000	593,511	5,780,685	293,505	13,987,086	
2029-2033	7,443,000	245,469	15,065,000	1,223,390	28,127,223	1,030,663	53,134,745	
2034-2038	-	-	-	-	22,044,470	267,197	22,311,667	
2039-2043	-	-	-	-	8,752,257	9,144	8,761,401	
<b>Total</b>	<b>\$ 20,993,325</b>	<b>\$ 1,814,199</b>	<b>\$ 35,625,000</b>	<b>\$ 5,435,145</b>	<b>\$ 83,897,308</b>	<b>\$ 3,044,829</b>	<b>\$ 150,809,806</b>	

**Note 10: LONG-TERM DEBT AND LIABILITIES (Continued)**

*Pledged Revenues:*

Information on pledged revenues and principal and interest payments are as follows:

Pledged Revenue	Debt Issue	Future		Current		Current Percentage of Revenue
		Principal and Interest	Pledged Revenue	Principal and Interest	Pledged Revenue	
Impact Fees, Tax Increment and 5-cent Gas Tax Tax Increment	Note Series 2010	\$ 1,667,988	\$ 3,007,722	\$ 839,998		28%
	Note Series 2023	50,000	799,904	-		0%
	Note Series 2020	20,059,595	3,036,541	2,511,260		83%
	Note Series 2017	1,029,740	744,366	172,338		23%
		<b>21,139,335</b>	<b>4,580,811</b>	<b>2,683,598</b>		<b>59%</b>
Utility System Operating Revenues	Note Series 2023	25,475,426		1,558,573		
	Note Series 2017	4,861,646		2,459,874		
	Note Series 2016	6,400,706		529,383		
	State Revolving Fund Loans	86,354,097		7,026,906		
		<b>123,091,875</b>	<b>30,838,824</b>	<b>11,574,736</b>		<b>38%</b>
Marina Operating Revenues	Note Series 2017	4,322,367	809,644	722,352		89%
Stormwater Operating Revenues	State Revolving Fund Loans	588,040	11,449,217	49,003		0%
<b>Totals</b>		<b>\$ 150,809,605</b>	<b>\$ 50,686,218</b>	<b>\$ 15,869,687</b>		

*Financed Purchases – Governmental Activities:*

**Fire – Pumper Trucks:** Commencing March 2015, the City entered into a financing agreement with U.S. Bancorp Government Leasing and Finance, Inc. for the purchase of two (2) fire pumper trucks valued at \$755,366. The General Fund is responsible for all payments which are due semi-annually, including interest at 2.041%, for a term of 10 years. The remaining principal balance at September 30, 2023 was \$84,855.

**Fire – Aerial Apparatus:** Commencing December 2015, the City entered into a financing agreement with The Bancorp Bank for one (1) Sutphen SP-70 aerial fire apparatus valued at \$838,116. The General Fund is responsible for all payments which are due in annual installments, including interest at 1.70%, for a term of 10 years. The remaining principal balance at September 30, 2023 was \$266,429.

**Fire – Pumper & Rescue Unit:** Commencing February 2017, the City entered into a financing agreement with Branch Banking and Trust Company (“BB&T”) for one (1) Fire Pumper Truck valued at \$390,536 and one (1) Rescue Vehicle valued at \$145,295. The General Fund is responsible for all payments which are due in annual installments, including interest at 1.96%, for a term of 7 years. The remaining principal balance at September 30, 2023 was \$82,938.

**Fire – E-One Pumper:** Commencing December 2017, the City entered into a financing agreement with Branch Banking and Trust Company (“BB&T”) for one 2017 E-One Pumper valued at \$450,000. The General Fund is responsible for all payments which are due in annual installments, including interest at 2.3% for a term of 10 years. The remaining principal balance at September 30, 2023 was \$237,781.

**I.T. Computer Equipment:** Commencing September 2020, the City entered into a financing agreement with Trust Bank for computer servers, data storage, networking components, installation and post-installation support, software, and five years of hardware and software support for a total value of \$354,030. The General Fund is responsible for all payments which are due in annual installments, including interest at 1.80%, for a term of five (5) years. The remaining principal balance at September 30, 2023 was \$145,412.

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**Note 10: LONG-TERM DEBT AND LIABILITIES (Continued)**

Financed Purchases – Governmental Activities: (Continued)

**Police Vehicles:** Commencing May 2021, the City entered into a financing agreement with Truist Bank for twenty police/patrol vehicles for a total value of \$860,198. The General Fund is responsible for all payments which are due in annual installments, including interest at 1.18%, for a term of three (3) years. The remaining principal balance at September 30, 2023 was \$289,391.

**Public Safety Radios, Vehicles and Equipment:** Commencing April 2022, the City entered into a financing agreement with Truist Bank for radios, vehicles and equipment for the public safety department for a total value of \$1,400,500. The General Fund is responsible for all payments, which are due in annual installments, including interest at 2.62% for a term of five (5) years. The remaining principal balance at September 30, 2023 was \$1,131,651.

**Police Vehicles:** Commencing September 2022, the City entered into a financing agreement with Truist Bank for forty police vehicles for a total of \$1,954,415. The General Fund is responsible for all payments, which are due in annual installments, including interest at 3.47% for a term of four (4) years. The remaining principal balance at September 30, 2023 was \$1,485,581.

Annual debt service requirements to maturity for the City's financed purchases are as follows:

Financed Purchases				
Governmental activities				
Fiscal Year				
Ending	Principal		Interest	Total
2024	\$ 1,418,111	\$	82,865	\$ 1,500,976
2025	983,673		54,068	1,037,741
2026	932,302		30,767	963,069
2027	340,206		8,239	348,445
2028	49,746		1,144	50,890
<b>Total</b>	<b>\$ 3,724,038</b>	<b>\$</b>	<b>177,083</b>	<b>\$ 3,901,121</b>

Lease Liabilities

**Governmental Activities:** The City has entered into lease agreements to obtain the right-to-use vehicles, office equipment and land. The lease agreements have monthly or quarterly payments ranging from \$77 to \$15,313, with agreements expiring in fiscal year 2024 through 2027. As of September 30, 2023, the value of the lease liability was \$558,885.

**Business-type Activities:** The City has entered into lease agreements to obtain the land improvements and equipment. The lease agreements have monthly or annual payments ranging from \$3,267 to \$4,920, with agreements expiring in fiscal year 2027 through 2042. As of September 30, 2023, the value of the lease liability was \$237,624.

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**Note 10: LONG-TERM DEBT AND LIABILITIES (Continued)**

Lease Liabilities (Continued)

The following is a schedule of minimum future lease payments from lease agreements as of September 30:

Fiscal Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2024	\$ 373,539	\$ 3,094	\$ 44,131	\$ 2,569	\$ 423,333
2025	136,905	733	45,716	2,223	185,577
2026	21,431	200	47,349	1,865	70,845
2027	19,121	73	14,870	1,574	35,638
2028	7,889	6	23,091	6,675	37,661
2029-2033	-	-	28,260	4,483	32,743
2034-2038	-	-	34,207	1,812	36,019
<b>Total</b>	<b>\$ 558,885</b>	<b>\$ 4,106</b>	<b>\$ 237,624</b>	<b>\$ 21,201</b>	<b>\$ 821,816</b>

Subscription-Based Information Technology Arrangements

The City has entered into software arrangements that require recognition under GASBC Section 5:80, *Subscription-Based Information Technology Arrangements* (SBITAs). The City now recognizes a subscription liability and an intangible right-to-use subscription asset for the software arrangements.

**Governmental Activities:** The City has entered into nine software arrangements to obtain the right various software. An initial subscription liability was recorded in the amount of \$1,451,221 at the beginning of the fiscal year and the City had additions of \$1,052,856 throughout the year. The software arrangements have monthly and annual payments ranging from \$7,055 to \$305,288 and discount rates ranging from 2.66% to 3.27%, with agreements expiring in fiscal year 2024 to 2027. As of September 30, 2023, the value of the subscription liability was \$1,511,111.

**Business-type Activities:** The City has entered into a ten year agreement to obtain the right-to-use water metering software, beginning on November 16, 2022, with an annual payment of \$40,742. The City has used a 3.41% discount rate for this arrangement. As of September 30, 2023, the value of the subscription liability was \$469,084.

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**Note 10: LONG-TERM DEBT AND LIABILITIES (Continued)**

Subscription-Based Information Technology Arrangements (Continued)

The following is a schedule of minimum future subscription payments from subscription agreements as of September 30:

For the years ending September 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 964,927	\$ 44,104	\$ 1,009,031	\$ 13,004	\$ 15,996	\$ 29,000
2025	432,633	15,642.00	448,275	22,998	15,552	38,550
2026	101,227	3,584.00	104,811	36,682	14,768	51,450
2027	23,913	337.00	24,250	55,483	13,517	69,000
2028	-	-	-	119,228	59,445	178,673
2029-2033	-	-	460,804	281,472	24,777	306,249
<b>Total</b>	<b>\$ 1,522,700</b>	<b>\$ 63,667</b>	<b>\$ 1,093,115</b>	<b>\$ 469,084</b>	<b>\$ 96,235</b>	<b>\$ 565,319</b>

Changes in Long-Term Debt and Liabilities:

Following is a summary of the changes in long-term debt and liabilities for the fiscal year ended September 30, 2023:

Description	Beginning Balance *	Additions	Reductions	Ending Balance	Due in One Year
<b>Governmental activities</b>					
(Includes internal service funds):					
Bonds, loans and notes:					
General obligation bonds	\$ 8,810,000	\$ -	\$ (1,145,000)	\$ 7,665,000	\$ 1,175,000
Premium	110,015	-	(13,752)	96,263	-
Total bonds payable (net)	8,920,015	-	(1,158,752)	7,761,263	1,175,000
Direct borrowings:					
Notes	23,930,322	50,000	(2,986,997)	20,993,325	3,068,471
Financed purchases	5,113,983	-	(1,389,945)	3,724,038	1,418,111
Total bonds, loans and notes	37,964,320	50,000	(5,535,694)	32,478,626	5,661,582
Lease liabilities	764,803	244,607	(450,525)	558,885	373,539
Subscription liabilities	1,451,221	1,052,854	(981,375)	1,522,700	964,927
Net pension liability	115,385,770	7,004,839	-	122,390,609	-
Insurance claims payable	10,634,000	3,757,451	(3,344,451)	11,047,000	2,416,000
Other liabilities:					
Compensated absences	8,076,907	5,102,040	(4,807,214)	8,371,733	2,808,006
Other post-employment benefits	3,411,406	191,185	(327,075)	3,275,516	135,888
Total other liabilities	11,488,313	5,293,225	(5,134,289)	11,647,249	2,943,894
<b>Total - governmental activities</b>	<b>\$177,688,427</b>	<b>\$ 17,402,976</b>	<b>\$ (15,446,334)</b>	<b>\$179,645,069</b>	<b>\$ 12,359,942</b>

\* September 30, 2022 balance is restated with the implementation of GASB Statement No. 96. See Note 2.

**Note 10: LONG-TERM DEBT AND LIABILITIES (Continued)**

Changes in Long-Term Debt and Liabilities (Continued)

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
<b>Business-type activities</b>					
Bonds, loans and notes:					
Revenue bonds payable (net)	\$ 24,335,000	\$ -	\$ (24,335,000)	\$ -	\$ -
Premium	2,061,496	-	(2,061,496)	-	-
Notes	17,324,000	21,330,000	(3,029,000)	35,625,000	4,160,000
State Revolving Fund loans	74,108,566	13,795,037	(4,006,295)	83,897,308	4,059,005
Total bonds, loans and notes	117,829,062	35,125,037	(33,431,791)	119,522,308	8,219,005
Net pension liability	12,146,340	2,437,504	-	14,583,844	-
Lease liabilities	280,217	-	(42,593)	237,624	44,131
Subscription liability	-	490,584	(21,500)	469,084	13,004
Other liabilities:					
Landfill closure and post-closure	193,048	34,595	(5,971)	221,672	-
Pollution remediation	41,209	36,810	(41,209)	36,810	-
Compensated absences	1,757,075	1,307,093	(1,234,868)	1,829,300	758,568
Other post-employment benefits	835,815	54,993	(94,079)	796,729	39,087
Total other liabilities	2,827,147	1,433,491	(1,376,127)	2,884,511	797,655
<b>Total - business type activities</b>	<b>\$133,082,766</b>	<b>\$ 39,486,616</b>	<b>\$ (34,872,011)</b>	<b>\$137,697,371</b>	<b>\$ 9,073,795</b>

At September 30, 2023, the following long-term liabilities for internal service funds are included as part of the above totals for governmental activities: lease liability of \$101,846, subscription liability of \$1,016,272 net pension liability of \$5,511,514, insurance claims payable of \$11,047,000, compensated absences of \$573,936, and other post-employment benefits of \$231,946. For governmental activities, long-term liabilities other than debt related liabilities are liquidated primarily by the General Fund and Internal Service Funds. Landfill closure, post-closure and pollution remediation costs are liquidated by the Solid Waste Fund.

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**Note 11: DISCOUNT, PREMIUM, PREPAID BOND INSURANCE COSTS AND DEFERRED AMOUNT ON REFUNDING**

At September 30, 2023, 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
<b>Governmental activities:</b>			
Bond (premium)	\$ (397,534)	\$ 301,271	\$ (96,263)
Deferred amount on refunding	1,237,489	(1,142,557)	94,932
<b>Total governmental activities</b>	<b>\$ 839,955</b>	<b>\$ (841,286)</b>	<b>\$ (1,331)</b>
<b>Business-type activities:</b>			
Bond (premium)	\$ (6,311,785)	\$ 6,311,785	\$ -
Prepaid insurance costs - bonds	209,183	(209,183)	-
Deferred amount on refunding, outflows	2,458,687	(1,810,271)	648,416
Deferred amount on refunding, inflows	(1,914,754)	135,628	(1,779,126)
<b>Total business-type activities</b>	<b>\$ (5,558,669)</b>	<b>\$ 4,427,959</b>	<b>\$ (1,130,710)</b>

**Note 12: RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers compensation and natural disasters.

Self-Insurance Program

The City is self-insured for most liability exposures to reduce insurance costs and provide a means of controlling workers' compensation and liability claims. General, special revenue and proprietary funds are charged premiums by the Consolidated Insurance Fund which is accounted for as an internal service fund. The accrued liability for insurance claims represents an estimate of the probable loss on claims arising prior to fiscal year-end. These losses include an estimate of claims that have been incurred but not reported.

This liability is the City's best estimate based on annual actuarial studies and does not result in an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends, and other economic and social factors. The estimated claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. At September 30, 2023, the amount of these liabilities discounted at 2.5 percent was \$11,047,000; the current portion of this amount was \$2,416,000.

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**Note 12: RISK MANAGEMENT (Continued)**

Self-Insurance Program (Continued)

Changes in the reported claims liability since October 1, 2021, were as follows:

Fiscal Year	Current Year			
	Balance at October 1,	Changes in Claims and Estimates	Claims Paid	Balance at September 30,
2023	\$ 10,634,000	\$ 3,757,451	\$ (3,344,451)	\$ 11,047,000
2022	9,589,000	5,154,533	(4,109,533)	10,634,000
2021	9,697,000	3,032,094	(3,140,094)	9,589,000

At September 30, 2023, the Consolidated Insurance Fund held cash and investments of \$10,413,067 for the purpose of funding future claims liabilities. This balance would fund 100 percent of the short term portion of claims payable and 100 percent of the total claims liability. Settled claims have not exceeded the excess insurance limits or commercial coverage in the past three fiscal years.

The City is self-insured for its workers' compensation and most of its liability exposures. For claims arising after March 1, 1999 through April 15, 2013, the City has purchased excess liability coverage with a \$5,000,000 per occurrence limit and \$10,000,000 policy aggregate limit of liability and statutory limits for workers' compensation coverage. For claims arising after April 15, 2013 to present, the City has purchased excess liability coverage with a \$2,500,000 per occurrence limit and \$5,000,000 policy aggregate limit of liability and statutory limits for workers' compensation coverage. The current coverage is maintained with self-insured retentions of \$1,000,000 per occurrence for workers' compensation claims, \$200,000/\$300,000 per occurrence for liability claims falling under Section 768.28, Florida Statutes, and \$350,000 per occurrence for liability claims not falling under Section 768.28, Florida Statutes.

The City also purchases medical malpractice coverage for the City's EMTs and paramedics with a \$1,000,000 per professional incident/\$1,000,000 aggregate limit of liability and a \$2,500 deductible.

Insurable real and personal properties are covered under three (3) separate insurance policies. The Landmark American Insurance Company policy covers City properties valued at \$214,381,936 for all perils other than named windstorm and earthquake with a \$49,000,000 limit of coverage. The deductible for the covered perils is \$25,000. The Preferred Governmental Insurance Trust (PGIT) policy covers selected City properties valued at \$90,803,184 for all perils including named windstorm, earthquake, and flood. Named windstorm has a 3% total insured value with a minimum \$35,000 deductible (whichever is greater) and flood has a 5% of total insured value of affected properties with a minimum \$25,000 deductible (whichever is greater). All other perils have a \$25,000 deductible. Named windstorm covers the buildings at their reported value, while flood coverage is limited to \$2,000,000 and earthquake has a limit of \$1,000,000. A third policy with Endurance American Insurance Company provides a layer of protection for the buildings insured under the Landmark policy for \$1,000,000 in named storm and additional flood coverage with a 5% deductible at each location subject to a minimum of \$250,000 per occurrence.

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**Note 12: RISK MANAGEMENT (Continued)**

Self-Insurance Program (Continued)

Boiler and machinery coverage is purchased separately and is maintained with a \$100,000,000 limit of liability and a \$7,500 deductible. The City maintains a crime policy in the amount of \$10,000,000 with a \$50,000 deductible for employee theft. Additionally, the City maintains other miscellaneous liability and property policies for certain specialized risks.

Other Insurance

The City carries third-party, commercial insurance for liability exposures not covered by the City's self-insurance program, including health insurance.

**Note 13: SOLID WASTE CLOSURE AND POST-CLOSURE CARE**

The City is required by state and federal laws and regulations to place a final cover on its construction and demolition debris landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The landfill closure and post-closure care noncurrent liability was \$221,672 at September 30, 2023, and represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all post-closure care. The landfill accepted the last load on October 8, 2019 and is now closed. Actual cost of post-closure care may be higher due to inflation, changes in technology, or changes in laws or regulations.

The City is required by state and federal laws and regulations to make annual contributions to an escrow account to finance closure and post-closure care. The City is in compliance with these requirements and at September 30, 2023, investments of \$217,740 (fair value) were held for these purposes. These investments are reported as restricted assets in the Solid Waste Management Fund. Additionally, during the landfill's operational period, the City's solid waste contractor pays the City a host fee of a \$1 per cubic yard received into the landfill or \$60,000 per fiscal year, whichever is greater. Those amounts received are also reported as a restricted asset to be used for landfill closure and post-closure care. Cash restricted for landfill host fee revenue totaled \$66,731 at September 30, 2023.

**Note 14: POLLUTION REMEDIATION**

In accordance with State law, the City is currently responsible for site assessments of four (4) properties to determine if contamination exists. The properties include: 1) the former Clyde Morris landfill site, 2) the City's former police station, 3) Riverfront Park, and 4) a certain portion of Orange Avenue. The estimated cost of these assessments is \$36,810, and a noncurrent liability for pollution remediation has been recorded in the Solid Waste Management Fund. The estimated liability was based on the costs of the contractual services to be performed for remediation and assumes no unexpected change orders. Re-measurement of the liabilities is required when new information indicates changes in estimated outlays.

**City of Daytona Beach, Florida  
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**Note 15: COMMITMENTS AND CONTINGENCIES**

**A. Litigation**

Various suits and claims arising in the ordinary course of the City's operations are pending against the City. The ultimate effect of such litigation cannot be ascertained at this time. Management has estimated these suits and claims to have an immaterial effect on the City's financial statements at September 30, 2023.

**B. Asset Retirement Obligation**

The City has an estimated unrecorded liability of \$19,800 in governmental activities for a 1,000 gallon double-walled fiberglass underground storage tank located at the City's Fire Station #3 facility. The City has an additional estimated liability of \$39,600 in enterprise activities for two 10,000 gallon double-walled fiberglass steel clad underground storage tanks located at the City's Halifax Harbor facility. The estimation and probable costs were provided by the City's external consultant. See Note 20 for details.

**Note 16: TAX ABATEMENTS**

The City enters into property tax abatement agreements with new or expanding businesses under the Economic Development Ad Valorem Tax Exemption Program, authorized by the City of Daytona Beach Resolution 13-313 and Florida Statutes 196.1995. Under this program, the City grants property tax abatements ranging from 100% to 25% for a period from one to ten years to attract or retain businesses, which contribute to the economy of the City with new jobs and improvements to real and personal property.

The program criteria scores applicants on the number of employees, average payroll, capital investment, and additional high economic impact factors, or targeted industries. Benefitting businesses are required to file an annual report detailing their year-end investment and employment levels and verifying their new or expansion status as outlined in the Florida Statutes Section 196.012.

For the fiscal year ending September 30, 2023, the City abated 2022 property taxes to six businesses at three locations totaling \$385,129.

**City of Daytona Beach, Florida  
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**City of Daytona Beach, Florida  
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September 30, 2023**

**Note 17: RETIREMENT PLANS**

**Pension Plans**

The City follows GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided Through Trusts That Meet Specified Criteria* for reporting financial statement amounts related to pensions. The City participates in the following pension plans:

Administered by:	Defined Benefit Pension Plans	Defined Contribution Pension Plans
State of Florida	<ul style="list-style-type: none"> <li>• Florida Retirement System (FRS)</li> <li>• Retiree Health Insurance Subsidy Program (HIS)</li> </ul>	• FRS Investment Plan
Police and Fire Pension Board	<ul style="list-style-type: none"> <li>• Police and Fire Pension Plan</li> </ul>	N/A
MissionSquare Retirement	N/A	<ul style="list-style-type: none"> <li>• MissionSquare Retirement Deferred Compensation Plan</li> </ul>

The City includes on its financial statements a net pension liability related to the employer’s proportionate share of the net pension liabilities for the FRS, HIS and Police and Fire defined benefit pension plans.

**Defined Benefit Pension Plans**

***Florida Retirement System (FRS) Defined Benefit Pension***

The City participates in a defined benefit pension plan that is administered by the State of Florida, Department of Management Services, Division of Retirement. The plan provides retirement, disability or death benefits and annual cost-of-living adjustments to eligible participants. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report is available from the Florida Department of Management Services’ website ([www.dms.myflorida.com](http://www.dms.myflorida.com)) or by mail at PO Box 9000, Tallahassee, Florida 32315-9000.

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership under Section 121.051(2)(b)(1) Florida Statutes allows participation by cities. All general full-time employees hired prior to December 31, 1995 and subsequent to May 1, 2005, participate in the plan.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

**Note 17: RETIREMENT PLANS (Continued)**

**Defined Benefit Pension Plans (Continued)**

***Florida Retirement System (FRS) Defined Benefit Pension (Continued)***

*Benefits Provided*

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years’ earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years’ earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Benefits under the HIS Program are not guaranteed and are subject to annual State legislature approval. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 per month, pursuant to Section 112.363, Florida Statutes.

*Contributions*

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS exclusive of the DROP plan which has 0.00%. Also, there are no employee contributions to the HIS program. The employer’s contribution rates are updated as of July 1 of each year. The employer contribution rates, which include the HIS rate of 1.66% and 2.00%, by job class for the periods from October 1, 2022 through June 30, 2023 and from July 1, 2023 through September 30, 2023, respectively, were as follows: Regular 11.91% and 13.57%; Special Risk 27.83% and 32.67%; Senior Management Service 31.57% and 34.52%; Elected Officials 57.00% and 58.68%; DROP participants 18.60% and 21.13%.

*Pension Liabilities and Pension Expense*

In its financial statements for the year ended September 30, 2023, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2023, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2023. The City’s proportions of the net pension liabilities were based on the City’s share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

**City of Daytona Beach, Florida  
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**Note 17: RETIREMENT PLANS (Continued)**

**Defined Benefit Pension Plans (Continued)**

*Florida Retirement System (FRS) Defined Benefit Pension (Continued)*

	FRS	HIS
Net Pension Liability	\$ 31,484,434	\$ 14,529,789
Proportionate share:		
At current measurement date	0.0790%	0.0915%
At prior measurement date	0.0774%	0.0894%
Pension expense (benefit)	\$ 7,243,015	\$ 5,693,588

*Deferred Outflows/Inflows of Resources Related to Pensions*

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,956,117	\$ -	\$ 212,706	\$ (34,104)
Changes of assumptions	2,052,417	-	381,984	(1,259,055)
Net difference between projected and actual earnings on pension plan investments	1,314,875	-	7,503	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,156,250	(14,590)	790,380	(3,900)
Employer contributions subsequent to the measurement date	1,025,440	-	183,280	-
<b>Total</b>	<b>\$ 9,505,099</b>	<b>\$ (14,590)</b>	<b>\$ 1,575,853</b>	<b>\$ (1,297,059)</b>

**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**Note 17: RETIREMENT PLANS (Continued)**

**Defined Benefit Pension Plans (Continued)**

*Florida Retirement System (FRS) Defined Benefit Pension (Continued)*

*Deferred Outflows/Inflows of Resources Related to Pensions (Continued)*

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the future reporting period ending September 30, 2023. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30	FRS	HIS
2024	\$ 1,100,458	\$ 16,236
2025	(423,253)	10,507
2026	6,941,357	17,193
2027	677,206	33,430
2028	169,301	17,193
Thereafter	-	955
<b>Total</b>	<b>\$ 8,465,069</b>	<b>\$ 95,514</b>

*Actuarial Assumptions*

The total pension liability for both FRS and HIS plans were measured as of June 30, 2023. The FRS liability was determined by an actuarial valuation dated July 1, 2023, and the HIS liability was determined by an actuarial valuation dated July 1, 2022 rolled forward to July 1, 2023. Both valuations use the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.70%	N/A
Discount rate	6.70%	3.65%

Mortality assumptions for both plans were based on the PUB-2010 base tables projected generationally with Scale MP-2018.

For both plans, the actuarial assumptions that determined the total pension liability as of June 30, 2023 were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.



**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**Note 17: RETIREMENT PLANS (Continued)**

**Defined Benefit Pension Plans (Continued)**

**Florida Retirement System (FRS) Defined Benefit Pension (Continued)**

*Actuarial Assumptions (Continued)*

The following changes in key actuarial assumptions occurred in 2023:

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.54 to 3.65%.

HIS: Chapter 2023-193, Laws of Florida (Senate Bill 7024), increased the level of monthly benefits from \$5 times years of service to \$7.50, with an increased minimum of \$45 and maximum of \$225. This change applies to all years of service for both members currently receiving benefits and members not yet receiving benefits.

The long-term expected investment rate of return for the FRS Pension Plan was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption of 3.25%. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	2.9%	2.9%
Fixed income	19.8%	4.5%	4.4%
Global equity	54.0%	8.7%	7.1%
Real estate	10.3%	7.6%	6.6%
Private equity	11.1%	11.9%	8.8%
Strategic investments	3.8%	6.3%	6.1%
	100.0%		

*Discount Rate*

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.70 percent. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**Note 17: RETIREMENT PLANS (Continued)**

**Defined Benefit Pension Plans (Continued)**

**Florida Retirement System (FRS) Defined Benefit Pension (Continued)**

*Health Insurance Subsidy (HIS)*

The HIS Plan is essentially funded on a pay-as-you go basis, the depletion date is considered to be immediate, and a municipal bond rate of 2.16% was used to determine the total pension liability for the program. The Bond Buyer General Obligation 20-Year Municipal Bond Index was used as the applicable municipal bond index.

*Sensitivity Analysis*

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00 percent higher or 1.00 percent lower than the current discount rate.

	FRS			HIS		
	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Employer's proportionate share of the net pension liability	\$ 53,781,824	\$ 31,484,434	\$ 12,829,999	\$ 16,576,222	\$ 14,529,789	\$ 12,833,434

*Pension Plans' Fiduciary Net Position*

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports. (<http://www.myfloridacfo.com/Division/AA/Reports/>).

**Police Officers and Firefighters Defined Benefit Pension Plan**

Plan Description: The Police and Fire Pension Plan (the Plan) is a single-employer defined benefit pension plan for police officers and firefighters and is administered by the Police and Fire Pension Board, appointed by the City Commission. The Police and Fire Pension Trust Fund contains the assets of the combined police and fire defined benefit pension plan. The Plan was established in 1959 under the Code of Ordinances for the City of Daytona Beach, Florida. Subpart C Sections 1-35 and Subpart D Sections 1-28 were amended on August 6, 2014, to change the maximum period of DROP to 60 months under Ordinance No. 14-228 and allow firefighter members not yet in DROP to participate under Ordinance No. 14-227. The Plan is also governed by certain provisions of Chapters 175 and 185, Florida Statutes, Part VII, Chapter 112, Florida Statutes, and the Internal Revenue Service. To qualify for normal retirement benefits, members hired prior to August 6, 2014 must have 20 years of credited service, or at age 55 with 10 years of credited service. Members hired on or after August 6, 2014, must have 25 years of credited service or at age 55 with 10 years of credited service.

**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**Note 17: RETIREMENT PLANS (Continued)**

**Defined Benefit Pension Plans (Continued)**

***Police Officers and Firefighters Defined Benefit Pension Plan (Continued)***

Plan Membership: Membership in the Plan consisted of the following at October 1, 2022, the most recent actuarial valuation date:

	Plan Membership
Actives	296
Service Retirees	326
DROP Retirees	20
Beneficiaries	42
Disability Retirees	59
Terminated Vested	98
<b>Total members</b>	<b>841</b>

Benefits Provided: The funding methods and determination of benefits payable are provided in the various sections of the City Charter and various acts of the Florida State Legislature, which created the funds, including subsequent amendments thereto. Retirement benefits include normal retirement, death, and disability. The Plan does not provide for ad-hoc cost-of-living increases.

Police officer members who are eligible for normal retirement as of September 30, 2011, will receive retirement benefits equal to 3.38% of average final compensation for each year of credited service. Police officer members not eligible for normal retirement as of September 30, 2011, will receive retirement benefits equal to 3.00% of average final compensation for each year of credited service after September 30, 2011 and 3.38% of average final compensation for each year of credited service before September 30, 2011 up to a maximum of 90.00% of average final compensation (but not less than 2.00% of average final compensation for each year of credited service).

Firefighters who are eligible for normal retirement as of September 18, 2012, will receive retirement benefits equal to 3.50% of average final compensation for each year of credited service. Firefighter members not eligible for normal retirement as of September 18, 2012, will receive benefits equal to 3.00% of average final compensation for each year of credited service on or after September 19, 2012 and 3.50% of average final compensation for each year of credited service before September 19, 2012, up to a maximum of 90.00% of average final compensation, (but not less than 2.00% of average final compensation for each year of credited service).

Contributions: The City Charter provides, in general, that funds are to be accumulated from employee contributions, City contributions, state appropriations and income from investments of accumulated funds. Police officers are required to contribute 10.0% of compensation and firefighters are required to contribute 9.7% of compensation. The City is required to contribute amounts necessary, on an actuarial basis, to fund the Plan's expenses. Contribution requirements to the Plan are established during the adoption of the City's annual budget. They are predicated on maintaining a level contribution to the Plan as long as the annual pension cost

**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**Note 17: RETIREMENT PLANS (Continued)**

**Defined Benefit Pension Plans (Continued)**

***Police Officers and Firefighters Defined Benefit Pension Plan (Continued)***

obligation is met or exceeded. Authority to establish and amend contribution requirements rests with the City Commission.

Benefits Provided (Continued)

For the fiscal year ended September 30, 2023, total pension expense was \$16,392,632, and the City recognized as revenue, total contributions to the Plan of \$12,226,304 which consisted of the following:

	Plan Contributions
Employer	\$ 8,647,168
Member	2,109,375
State	1,393,607
Buy-Back	76,154
<b>Total Contributions</b>	<b>\$ 12,226,304</b>

The Police and Fire Pension Trust Fund issues a publicly available financial report, including financial statements and required supplementary information. That report contains the required disclosures of GASB Statement No. 68, "Accounting and Financial Reporting for Pension Plans". The report may be obtained by writing to The City of Daytona Beach, Police and Fire Pension Board, PO Box 2451, Daytona Beach, Florida 32115-2451.

Plan Investment Policies and Allocation of Plan Investments: The Plan's investments are managed under the direction of the Police and Fire Pension Board. All investments are reported at fair value. As of September 30, 2023, the investments of the Plan were allocated as follows:

Investment	Percent of Pension Portfolio
Domestic equities	28.0%
Fixed income	24.0%
Real estate	10.0%
Alternative investments	13.0%
International equities	25.0%
<b>Total investments</b>	<b>100.0%</b>

Money-Weighted Rate of Return: The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended September 30, 2023, the annual money-weighted rate of return on pension plan investments was 6.51%.

**City of Daytona Beach, Florida  
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**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**Note 17: RETIREMENT PLANS (Continued)**

**Defined Benefit Pension Plans (Continued)**

*Police Officers and Firefighters Defined Benefit Pension Plan (Continued)*

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The City's net pension liability for the Plan was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the Plan's net pension liability at September 30, 2023, along with the changes from the prior year were as follows:

	Pension Plan		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at September 30, 2022	\$ 282,930,856	\$ 193,657,634	\$ 89,273,222
Changes for the fiscal year:			
Service cost	3,511,046	-	3,511,046
Interest	20,762,800	-	20,762,800
Difference between expected and actual experience	2,235,633	-	2,235,633
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions - employer	-	8,926,751	(8,926,751)
Contributions - member	-	1,393,607	(1,393,607)
Contributions - State	-	2,109,375	(2,109,375)
Contributions - Buy Back	76,154	76,154	-
Net investment income	-	12,645,684	(12,645,684)
Benefit payments, including refunds of member contributions	(19,209,127)	(19,209,127)	-
Administrative Expenses	-	(252,948)	252,948
Net change	7,376,506	5,689,496	1,687,010
Balance at September 30, 2023	\$ 290,307,362	\$ 199,347,130	\$ 90,960,232

For the fiscal year ended September 30, 2023, the City recognized pension expense of \$16,392,632.

**Note 17: RETIREMENT PLANS (Continued)**

**Defined Benefit Pension Plans (Continued)**

*Police Officers and Firefighters Defined Benefit Pension Plan (Continued)*

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,939,289	\$ -
Changes of Assumptions	496,174	-
Net difference between projected and actual earnings on pension plan investments	22,062,806	-
<b>Total</b>	<b>\$ 26,498,269</b>	<b>\$ -</b>

Amounts reported for the Plan as deferred outflows/(inflows) of resources will be recognized in pension expense for the fiscal year ending September 30, as follows:

Fiscal Year	Deferred Outflow/Deferred (Inflow)
2024	\$ 7,026,850
2025	6,740,145
2026	12,407,718
2027	323,556
<b>Total</b>	<b>\$ 26,498,269</b>

**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**Note 17: RETIREMENT PLANS (Continued)**

**Defined Benefit Pension Plans (Continued)**

***Police Officers and Firefighters Defined Benefit Pension Plan (Continued)***

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)*

The City's total pension liability for the Plan was determined by an actuarial valuation as of the valuation date and calculated based on the discount rate and actuarial assumptions as follows:

Valuation date	October 1, 2022
Measurement date	September 30, 2023
Actuarial cost method	Individual Entry Age Normal
Expected long-term rate of return	7.50%
Discount rate	7.50%
Municipal bond rate	N/A
Inflation	2.75%
Salary Increases	Service based
Ad-hoc cost-of-living increase	N/A
Mortality rates:	
Healthy Active Lives	Female: PubS.H-2010 (Below Median) for Employees, set forward one year. Male: PubS.H-2010 (Below Median) for Employees, set forward one year.
Healthy Retiree Lives	Female: PubS.H-2010 (Above Median) for Healthy Retirees, set forward one year. Male: PubS.H-2010 for Healthy Retirees, set forward one year.
Beneficiary Lives	Female: PubG.H-2010 for Healthy Retirees. Male: PubG.H-2010 (Above Median) for Healthy Retirees, set back one year.
Disabled	80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees
Experience study	July 30, 2020

**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**Note 17: RETIREMENT PLANS (Continued)**

**Defined Benefit Pension Plans (Continued)**

***Police Officers and Firefighters Defined Benefit Pension Plan (Continued)***

*Expected Long-Term Rate of Return:* The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023 are summarized as follows:

Asset Class	Target Allocation	Expected Long-Term Rate of Return
Domestic equities	28.0%	7.83%
Fixed income	24.0%	4.14%
Real estate	10.0%	5.53%
Alternative investments	13.0%	10.09%
International equities	25.0%	7.96%
<b>Total</b>	<b>100.0%</b>	

The long-term expected rate of return is 7.50 percent.

*Discount Rate:* The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the Discount Rate assumed that Plan Member contribution will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate:* The following presents the net pension liability, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Plan net pension liability	\$ 123,064,992	\$ 90,960,232	\$ 64,181,922

**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**Note 17: RETIREMENT PLANS (Continued)**

**Defined Benefit Pension Plans (Continued)**

***Florida Retirement System Defined Contribution Investment Plan***

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Employees are required to contribute 3.00% of their salary. Required employer contributions made to the plan during the year ended September 30, 2023 totaled \$1,387,701. Employee contributions totaled \$48,460 during the same period.

***MissionSquare Deferred Compensation Defined Contribution Investment Plan***

Beginning January 1, 1996 and ending April 30, 2005, the City provided pension benefits to new general employees through a defined contribution plan administered by MissionSquare Retirement. In a defined contribution plan, benefits depend solely on amounts contributed plus investment earnings. The authority for establishing and amending the funding policy by resolution resides with the City Commission. The City's contribution for each employee vests starting in the third year with full vesting after seven (7) years. For the fiscal year ending September 30, 2023, there were a total of 13 employees participating in the plan with a covered payroll of \$1,101,830. Employees do not contribute into this plan. The City contributed 11% effective July 1, 2023 of covered employees' gross wages for general employees. City contributions for the fiscal year ending September 30, 2023 totaled \$126,491.

**Pension Expense Summary**

The total of the City's pension expense for the fiscal year ended September 30, 2023 is as follows:

Plan Description	Pension Expense
<b>Defined Benefit Plans:</b>	
FRS Pension Plan	\$ 7,243,015
Retiree Health Insurance Subsidy Program (HIS)	5,693,588
Police Officers' and Firefighters' Pension Plan	16,392,632
<b>Total defined benefit pension expense</b>	<b>29,329,235</b>
<b>Defined Contribution Plan:</b>	
FRS Investment Plan	1,387,701
ICMA Deferred Compensation Plan	126,491
<b>Total defined contribution pension expense</b>	<b>1,514,192</b>
<b>Total Pension Expense</b>	<b>\$ 30,843,427</b>

**Note 18: OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

The City's other post-employment benefits (OPEB) are presented in accordance with GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended. The provisions of this pronouncement were implemented prospectively.

***Plan Description*** – Pursuant to Section 112.0801, Florida Statutes, the City is required to permit participation in the single-employer benefit health insurance program (the Plan) for retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Optional post-employment benefits are provided to all eligible individuals including lifetime medical, prescription, dental, and certain life insurance coverage. Eligible individuals include all regular employees of the City who retire from active service under a pension plan sponsored by the City. Under certain conditions eligible individuals also include spouses and dependent children. The Plan does not issue a publicly available financial report.

***Funding Policy*** – The City Commission is authorized to establish benefit levels and approve the actuarial assumptions used in the determination of contribution levels. The City Commission establishes the contribution requirements of Plan members and the City. These contributions are neither mandated nor guaranteed. The retiree contributes the premium cost each month. Spouses and other dependents are also eligible for coverage, although the retiree pays the premium cost. Retirees must pay a monthly premium as determined by the insurance carrier, less any explicit subsidies that are provided by the City. The premium varies depending on whether the retiree elects single, single plus spouse, single plus dependents, or family coverage. As of May 1, 2009, the City provides an explicit subsidy for a portion of the premium charged for dependent coverage. The current explicit subsidy is \$70.48 per month for a single dependent or \$134.43 per month for multiple dependents. The ultimate implicit and explicit subsidies which are provided over time are financed directly by general assets of the City, which are invested in short-term fixed income instruments according to the City's investment policy.

The City selected an interest discount rate of 4.75% per annum and is based on the prescribed discount interest rate methodology under GASB No. 75 based on an average of three 20-year bond indices (e.g., Bond Buyer-20 Bond GO, S&P Municipal Bond 20 Year High Grade Rate Index, Fidelity GA AA 20 Years) as of September 30, 2023. There are no separate trust funds or equivalent arrangements into which the City makes contributions to fund the OPEB obligations in advance as it does for its retiree pension plans.

***Plan Membership*** – At October 1, 2021, OPEB membership consisted of the following:

Active Members	854
Retirees (including surviving spouses)	<u>140</u>
<b>Total</b>	<b><u>994</u></b>
Active Members Eligible for Benefits	84

**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**Note 18: OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

Actuarial Assumptions and Other Inputs – The total OPEB liability in the September 30, 2023 actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Assets	Not valued since benefit is unfunded. Assets are zero.
Expected Return on Assets	n/a
Inflation	n/a
Salary Increases	3.50% projected annual salary increase

The actuarial assumptions for fiscal year October 1, 2022 to September 30, 2023 were based on a valuation as of October 1, 2021 and projected to year end September 30, 2023. This valuation was based on census information provided in September 2021, reflected plan costs (rates) and decrement tables (assumptions) for turnover, disability and retirement based on the Florida Retirement System Pension Plan actuarial valuation report with issue date of December 1, 2020. All assumptions are the same except for the discount rate.

The mortality table used for the current valuation was the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables based on Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2021.

Valuation date .....	October 1, 2021
Actuarial cost method .....	Entry Age Normal as a Level Percentage of Payroll
Discount rate .....	4.75%

Assumed healthcare cost trend rates:

	Year	Age	Age
		Pre-65	Post-65
Year 1 Trend	October 1, 2023	7.0%	7.0%
Ultimate Trend	October 1, 2033 & Later	4.5%	4.5%
Grading Per Year	-	0.25%	0.25%

**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**Note 18: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

At September 30, 2023 the City of Daytona Beach reported a Total OPEB liability of \$4,072,246. The GASB 75 information has been provided as of the year ended September 30, 2023.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan	
		Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
<u>Change in Net OPEB Liability</u>			
Balance Recognized as of Beginning of Year (End of Prior Year)	\$ 4,247,221	\$ -	\$ 4,247,221
Changes Recognized for Fiscal Year			
Service Cost	53,069	-	53,069
Interest	193,109	-	193,109
Changes in Assumptions	(57,596)	-	(57,596)
Benefit Payments	(363,557)	(363,557)	-
Contributions from employer	-	363,557	(363,557)
<u>Net Changes</u>	<u>(174,975)</u>	<u>-</u>	<u>(174,975)</u>
<u>Balance Recognized as of End Year</u>	<u>\$ 4,072,246</u>	<u>\$ -</u>	<u>\$ 4,072,246</u>

The liability decrease is due to changes in the discount rate from 4.59% to 4.75% as prescribed under GASB 75, as well as changes in employee demographics (e.g., higher percentage of dependents, increase in number of actives, etc.) since the prior valuation.

**Sensitivity of the Total OPEB Liability** – The following table represents the City's total OPEB liability calculated using the discount rate of 4.75%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower and one percentage point higher than the current rate.

	Current		
	1% Decrease (3.75%)	Discount Rate (4.75%)	1% Increase (5.75%)
Total OPEB Liability	\$ 4,422,173	\$ 4,072,246	\$ 3,770,242

The following table represents the City's total OPEB liability calculated using the health care cost trend rate of 7.00%, as well as what the City's total OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower, 6.00%, or one percentage point higher, 8.00%, than the current rate.

	Trend Rate		
	1% Decrease (6.00%)	(7.00%)	1% Increase (8.00%)
Total OPEB Liability	\$ 3,655,295	\$ 4,072,246	\$ 4,656,965

**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**Note 18: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

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

For the fiscal year ended September 30, 2023, the City of Daytona Beach recognized an OPEB expense of \$221,733. Deferred Inflows/Outflows of Resources reflects amounts resulting from experience gains/losses that have not been recognized in the current OPEB expense calculations, but will be potentially reflected in future years.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 557,551	\$ (1,460,168)
<b>Total</b>	<b>\$ 557,551</b>	<b>\$ (1,460,168)</b>

Amounts reported for OPEB as deferred outflows of resources will be recognized in pension expense for the fiscal year ending September 30, as follows:

Fiscal Year	Deferred Outflow
2024	\$ (24,445)
2025	(24,445)
2026	(24,445)
2027	(48,003)
2028	(117,921)
Thereafter	(663,358)
<b>Total</b>	<b>\$ (902,617)</b>

**Note 19: UNION AGREEMENTS**

On December 5, 1991, the Florida Public Employees Relations Commission certified the International Association of Firefighters Union Local 1162 (IAFF) as the bargaining agent to represent firefighters, driver engineers, fire lieutenants and fire mechanics. On September 21, 2023, the parties ratified a two-year successor collective bargaining agreement that will expire September 30, 2025.

On November 6, 2015, the Florida Public Employees Relations Commission certified the Coastal Florida PBA as the bargaining agent to represent full-time police officers and police sergeants. On September 21, 2023, the parties ratified a two-year successor collective bargaining agreement that will expire September 30, 2025.

On November 23, 2010, the Florida Public Employees Relations Commission certified the Florida State Lodge, Fraternal Order of Police, Inc. as the bargaining agent to represent full-time police lieutenants. On September 21, 2023, the parties ratified a two-year successor collective bargaining agreement that will expire September 30, 2025.

**City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023**

**Note 19: UNION AGREEMENTS (Continued)**

On April 27, 1995, the Florida Public Employees Relations Commission certified the American Federation of State, County and Municipal Employees (AFSCME) Council 79 as the bargaining agent to represent most general employees not represented by the other unions or classified as managerial, confidential, supervisory, professional, or temporary/seasonal. On September 21, 2023, the parties ratified a two-year successor collective bargaining agreement that will expire September 30, 2025.

**Note 20: ASSET RETIREMENT OBLIGATIONS**

Asset retirement obligations generally apply to legal obligations associated with the retirement of a tangible long-lived asset that result from the acquisition, construction, or development and the normal operation of a long-lived asset. The City assesses asset retirement obligations on a periodic basis. If a reasonable estimate of fair value can be made, the fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred or a change in estimate occurs.

The City operates a wastewater treatment plant which is regulated by the Florida Department of Environmental Protection, and requires certain cleanup and remediation activities if use of the wastewater treatment plant is discontinued. The City plans ongoing refurbishment to the plant as needed and has no plans to discontinue use of the plant. As such, the City is not able to readily estimate the fair value of the liability for discontinuing use of the plant, and has not recorded an asset retirement obligation for this asset.

The Florida Department of Environmental Protection regulates underground storage tank (UST) installation, monitoring, and closure procedures. One 1,000 gallon double-walled fiberglass underground storage tank with a spill containment bucket located at the City's Fire Station #3 facility that was installed in August 1992 with an estimated service life of 40 years. Two 10,000 gallon double-walled fiberglass steel clad underground storage tanks with an estimated service life of 40 years at the City's Halifax Harbor facility that was installed in May 2005.

The City has determined the fair value of the liability for disposal of these items is immaterial at September 30, 2023 and, accordingly, has not recorded an asset retirement obligation for this matter.

**Note 21: SUBSEQUENT EVENTS**

***Long-Term Debt – State Revolving Fund Loans – Water and Sewer System Fund***

On December 27, 2023 the City executed a new loan agreement with the Florida Department of Environmental Protection for funding from the State Revolving Fund program for construction costs related to the replacement of Lift Station 34 with an estimated project cost of \$7,366,000 and estimated completion date of February 15, 2026. The first agreement was for \$1,366,000, due to annual maximum funding, at a financing rate of 0.52 percent with a 20-year term. The first semi-annual loan payment of \$36,911 is due on August 15, 2026.

City of Daytona Beach, Florida  
Notes to Financial Statements  
September 30, 2023

**Note 21: SUBSEQUENT EVENTS (Continued)**

***Long-Term Debt – Financed Purchase – General Fund***

On March 1, 2024 the TD Equipment Finance, Inc and the City executed a Master Lease Purchase Agreement and Schedule 1 with a principal sum of \$1,700,000 for the financing of equipment for the Police Department and Golf Club. The first loan payment of \$470,000 is due March 1, 2025.

## Required Supplementary Information





**City of Daytona Beach, Florida**  
**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**Florida Retirement System and Health Insurance Subsidiary Program**  
**Last Ten Fiscal Years (In Thousands)**

Florida Retirement System Pension Plan										
<i>Plan Sponsor Measurement Date June 30,</i>	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.0790%	0.0774%	0.0749%	0.0672%	0.0657%	0.0639%	0.0652%	0.0650%	0.0669%	0.0671%
Proportionate share of the net pension liability	\$ 31,484	\$ 28,790	\$ 5,661	\$ 29,106	\$ 22,617	\$ 19,239	\$ 19,280	\$ 16,413	\$ 8,639	\$ 4,092
* Covered payroll	\$ 30,477	\$ 32,760	\$ 30,905	\$ 29,703	\$ 27,296	\$ 26,370	\$ 24,762	\$ 23,934	\$ 22,672	\$ 22,270
Proportionate share of the net pension liability as a percentage of covered payroll	103%	88%	18%	98%	83%	73%	78%	69%	38%	18%
Plan fiduciary net position as a percentage of the total pension liability	82%	83%	96%	79%	83%	84%	84%	85%	92%	96%

Health Insurance Subsidy Program										
<i>Plan Sponsor Measurement Date June 30,</i>	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.0915%	0.0894%	0.0863%	0.0834%	0.0811%	0.0792%	0.0794%	0.0771%	0.0746%	0.0749%
Proportionate share of the net pension liability	\$ 14,530	\$ 9,469	\$ 10,582	\$ 10,183	\$ 9,075	\$ 8,379	\$ 8,489	\$ 8,989	\$ 7,612	\$ 7,005
* Covered payroll	\$ 30,477	\$ 32,760	\$ 30,905	\$ 29,703	\$ 27,296	\$ 26,370	\$ 24,762	\$ 23,934	\$ 22,672	\$ 22,270
Proportionate share of the net pension liability as a percentage of covered payroll	48%	29%	34%	34%	33%	32%	34%	38%	34%	31%
Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

Note: The City implemented GASB No. 68 for the fiscal year ended September 30, 2015, including a restatement as of September 30, 2014. Information for prior years is not available.  
\* GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*, was implemented during fiscal year 2017. Covered payroll shown includes the payroll for defined benefit plan active members, members in DROP and investment plan members.

**City of Daytona Beach, Florida**  
**Schedule of the City Contributions**  
**Florida Retirement System and Health Insurance Subsidiary Program**  
**Last Ten Fiscal Years (In Thousands)**

Florida Retirement System Pension Plan										
<i>City Year Ended September 30,</i>	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,847	\$ 3,487	\$ 2,953	\$ 2,396	\$ 2,061	\$ 1,820	\$ 1,697	\$ 1,662	\$ 1,609	\$ 1,665
Contributions in relation to the contractually required contribution	(3,847)	(3,487)	(2,953)	(2,396)	(2,061)	(1,820)	(1,697)	(1,662)	(1,609)	(1,665)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
* Covered payroll	\$ 33,132	\$ 31,572	\$ 31,003	\$ 29,868	\$ 27,271	\$ 26,319	\$ 25,673	\$ 24,608	\$ 22,845	\$ 22,264
Contributions as a percentage of covered payroll	11.61%	11.04%	9.52%	8.02%	7.56%	6.92%	6.61%	6.76%	7.04%	7.48%

Health Insurance Subsidy Program										
<i>City Year Ended September 30,</i>	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 630	\$ 567	\$ 511	\$ 491	\$ 452	\$ 429	\$ 420	\$ 405	\$ 310	\$ 264
Contributions in relation to the contractually required contribution	(630)	(567)	(511)	(491)	(452)	(429)	(420)	(405)	(310)	(264)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
* Covered payroll	\$ 33,132	\$ 31,572	\$ 31,003	\$ 29,868	\$ 27,271	\$ 26,319	\$ 25,673	\$ 24,608	\$ 22,845	\$ 22,264
Contributions as a percentage of covered payroll	1.90%	1.80%	1.65%	1.64%	1.66%	1.63%	1.64%	1.65%	1.36%	1.19%

Note: The City implemented GASB No. 68 for the fiscal year ended September 30, 2015, including a restatement as of September 30, 2014. Information for prior years is not available.

\* GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*, was implemented during fiscal year 2017. Covered payroll shown includes the payroll for defined benefit plan actives, members in DROP and investment plan members.

**City of Daytona Beach, Florida**  
**Schedule of Changes in the City's Net Pension Liability and Related Ratios**  
**Police and Fire Pension Trust Fund**  
**Last Ten Fiscal Years (In Thousands)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>										
Service cost	\$ 3,511	\$ 3,636	\$ 3,349	\$ 3,513	\$ 3,381	\$ 3,316	\$ 3,105	\$ 3,060	\$ 3,107	\$ 2,905
Interest	20,763	20,332	19,483	18,768	18,337	18,050	16,816	16,282	15,930	15,353
Changes of benefit terms	-	1,484	-	-	(30)	-	-	-	-	2,647
Differences between expected and actual experience	2,236	453	5,353	3,488	1,292	(1,580)	4,300	2,424	(208)	(83)
Changes of assumptions	-	-	-	2,481	-	-	6,834	-	-	-
Contributions - Buy Back	76	41	31	28	33	39	-	-	-	-
Benefit payments, including refunds of employee contributions	(19,209)	(17,989)	(19,341)	(17,819)	(17,026)	(15,054)	(14,573)	(14,783)	(13,418)	(13,236)
Net change in total pension liability	7,377	7,957	8,875	10,459	5,987	4,771	16,482	6,983	5,411	7,586
Total pension liability-beginning	282,931	274,974	266,099	255,640	249,653	244,882	228,400	221,417	216,006	208,420
<b>Total pension liability-ending (a)</b>	<b>\$ 290,308</b>	<b>\$ 282,931</b>	<b>\$ 274,974</b>	<b>\$ 266,099</b>	<b>\$ 255,640</b>	<b>\$ 249,653</b>	<b>\$ 244,882</b>	<b>\$ 228,400</b>	<b>\$ 221,417</b>	<b>\$ 216,006</b>
<b>Plan fiduciary net position</b>										
Contributions-employer	\$ 8,926	\$ 9,143	\$ 8,661	\$ 8,110	\$ 8,021	\$ 7,794	\$ 6,709	\$ 6,102	\$ 6,524	\$ 6,075
Contributions-member	2,109	1,903	1,913	1,860	1,757	1,677	1,643	1,612	1,601	1,695
Contributions-state	1,394	1,134	1,082	1,059	984	937	813	904	706	845
Contributions - Buy Back	76	41	31	28	33	39	-	-	-	-
Net investment income	12,646	(39,883)	43,882	24,899	7,557	13,601	15,868	11,893	(4,438)	14,975
Benefit payments, including refunds of employee contributions	(19,209)	(17,989)	(19,341)	(17,819)	(17,026)	(15,054)	(14,572)	(14,783)	(13,418)	(13,236)
Administrative expense	(253)	(309)	(282)	(293)	(315)	(382)	(213)	(229)	(224)	(277)
Other	-	-	-	-	-	1,010	(85)	47	(821)	1,074
Net change in plan fiduciary net position	5,689	(45,960)	35,946	17,844	1,011	9,622	10,163	5,546	(10,070)	11,151
Plan fiduciary net position-beginning	193,658	239,618	203,672	185,828	184,817	175,195	165,032	159,486	169,556	158,405
<b>Plan fiduciary net position-ending (b)</b>	<b>\$ 199,347</b>	<b>\$ 193,658</b>	<b>\$ 239,618</b>	<b>\$ 203,672</b>	<b>\$ 185,828</b>	<b>\$ 184,817</b>	<b>\$ 175,195</b>	<b>\$ 165,032</b>	<b>\$ 159,486</b>	<b>\$ 169,556</b>
<b>Net pension liability-ending (a) - (b)</b>	<b>\$ 90,961</b>	<b>\$ 89,273</b>	<b>\$ 35,356</b>	<b>\$ 62,427</b>	<b>\$ 69,812</b>	<b>\$ 64,836</b>	<b>\$ 69,687</b>	<b>\$ 63,368</b>	<b>\$ 61,931</b>	<b>\$ 46,450</b>
Plan fiduciary net position as a percentage of the total pension liability	69%	68%	87%	77%	73%	74%	72%	72%	72%	78%
* Covered payroll	\$ 21,783	\$ 19,655	\$ 19,451	\$ 18,764	\$ 16,843	\$ 16,917	\$ 16,114	\$ 15,578	\$ 15,553	\$ 15,027
City's net pension liability as a percentage of covered payroll	418%	454%	182%	333%	414%	383%	432%	407%	398%	309%

Note: The City implemented GASB No. 68 for the fiscal year ended September 30, 2015, including a restatement as of September 30, 2014. Information for prior years is not available.  
\* GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*, was implemented during fiscal year 2017. Covered payroll shown includes the payroll for defined benefit plan active members, members in DROP and investment plan members.

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**City of Daytona Beach, Florida**  
**Schedule of the City Contributions**  
**Police and Fire Pension Trust Fund**  
**Last Ten Fiscal Years (In Thousands)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 10,041	\$ 10,287	\$ 9,740	\$ 9,322	\$ 8,869	\$ 8,685	\$ 7,522	\$ 7,005	\$ 7,230	\$ 8,115
Contributions in relation to the actuarially determined contribution	10,320	10,278	9,743	9,169	9,005	8,732	7,522	7,005	7,230	8,115
Contribution deficiency (excess)	\$ (279)	\$ 9	\$ (3)	\$ 153	\$ (136)	\$ (47)	\$ -	\$ -	\$ -	\$ -
* Covered payroll	\$ 21,783	\$ 19,655	\$ 19,451	\$ 18,764	\$ 16,843	\$ 16,917	\$ 16,114	\$ 15,578	\$ 15,553	\$ 15,027
Contributions as a percentage of covered payroll	47%	52%	50%	49%	53%	52%	47%	45%	46%	54%

**Notes to Schedule:**

Valuation date:	Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.																				
Methods and assumptions used to determine contribution rates:																					
Actuarial cost method	Entry age normal cost method.																				
Amortization method	New UAAL amortization bases are amortized over 15 years.																				
Remaining amortization period	Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.																				
Asset valuation method	All assets are valued at market value with an adjustment to uniformly spread actuarial investment gains and losses.																				
Inflation	2.75%																				
Investment rate of return	7.50% net of pension plan investment expense, including inflation.																				
Salary increases	Service based.																				
	<table border="1"> <thead> <tr> <th>Service</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>&lt; 5</td> <td>5.00%</td> </tr> <tr> <td>5 - 9</td> <td>4.50%</td> </tr> <tr> <td>10 - 14</td> <td>4.00%</td> </tr> <tr> <td>15 - 19</td> <td>3.50%</td> </tr> <tr> <td>20 +</td> <td>3.00%</td> </tr> </tbody> </table>	Service	Rate	< 5	5.00%	5 - 9	4.50%	10 - 14	4.00%	15 - 19	3.50%	20 +	3.00%								
Service	Rate																				
< 5	5.00%																				
5 - 9	4.50%																				
10 - 14	4.00%																				
15 - 19	3.50%																				
20 +	3.00%																				
Retirement rates	Annual retirement rates are as follows:																				
	<table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">After First Eligibility for Normal Retirement</th> </tr> <tr> <th>Police %</th> <th>Fire %</th> </tr> </thead> <tbody> <tr> <td>0 - 1</td> <td>35</td> <td>20</td> </tr> <tr> <td>2 - 4</td> <td>20</td> <td>30 - 40</td> </tr> <tr> <td>5</td> <td>35</td> <td>50</td> </tr> <tr> <td>6 - 9</td> <td>50</td> <td>50</td> </tr> <tr> <td>10</td> <td>100</td> <td>100</td> </tr> </tbody> </table>		After First Eligibility for Normal Retirement		Police %	Fire %	0 - 1	35	20	2 - 4	20	30 - 40	5	35	50	6 - 9	50	50	10	100	100
	After First Eligibility for Normal Retirement																				
	Police %	Fire %																			
0 - 1	35	20																			
2 - 4	20	30 - 40																			
5	35	50																			
6 - 9	50	50																			
10	100	100																			
	<i>At age 60, retirement rate is 100%</i>																				
Mortality:																					
Healthy	Female-Pubs.H-2010 (Below Median) for employees, set forward one year. Male-Pubs.H-2010 (Below Median) for employees, set forward one year.																				
Disabled	80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees																				

\* GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*, was implemented during fiscal year 2017. Covered payroll shown includes the payroll for defined benefit plan active members, members in DROP and investment plan members.

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**City of Daytona Beach, Florida**  
**Schedule of the Changes in the City's Total Other Post-Employment Benefit**  
**Liability and Related Ratios**  
**Last Six Fiscal Years (In Thousands)**

Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions" (OPEB) require supplementary information to be reported in addition to that provided in the Notes to the Financial Statements. Additional years' information will be included until 10 years of information is displayed.

	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
<b>Total OPEB liability</b>						
Service cost	\$ 53,069	\$ 52,678	\$ 58,333	\$ 56,359	\$ 29,453	\$ 26,485
Interest cost	193,109	266,247	137,178	139,543	174,342	215,674
Changes in assumptions	(57,596)	(1,697,207)	(21,485)	778,161	361,885	-
Benefit payments	(363,557)	(350,154)	(377,386)	(382,717)	(480,122)	(540,288)
<b>Net change in total OPEB liability</b>	<b>(174,975)</b>	<b>(1,728,436)</b>	<b>(203,360)</b>	<b>591,346</b>	<b>85,558</b>	<b>(298,129)</b>
<b>Total OPEB liability - beginning</b>	<b>4,247,221</b>	<b>5,975,657</b>	<b>6,179,017</b>	<b>5,587,671</b>	<b>5,502,113</b>	<b>5,800,242</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 4,072,246</b>	<b>\$ 4,247,221</b>	<b>\$ 5,975,657</b>	<b>\$ 6,179,017</b>	<b>\$ 5,587,671</b>	<b>\$ 5,502,113</b>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 363,557	\$ 350,154	\$ 377,386	\$ 382,717	\$ 480,122	\$ 540,288
Benefit payments	(363,557)	(350,154)	(377,386)	(382,717)	(480,122)	(540,288)
<b>Net change in plan fiduciary net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total OPEB liability - ending (a) - (b)</b>	<b>\$ 4,072,246</b>	<b>\$ 4,247,221</b>	<b>\$ 5,975,657</b>	<b>\$ 6,179,017</b>	<b>\$ 5,587,671</b>	<b>\$ 5,502,113</b>
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Covered employee payroll</b>	<b>\$ 45,492,696</b>	<b>\$ 45,492,696</b>	<b>\$ 46,129,977</b>	<b>\$ 46,129,977</b>	<b>\$ 41,723,453</b>	<b>\$ 41,723,453</b>
<b>Total OPEB liability as a percentage of covered employee payroll</b>	<b>8.95%</b>	<b>9.34%</b>	<b>12.95%</b>	<b>13.39%</b>	<b>13.39%</b>	<b>13.19%</b>

Changes in benefit terms: None

Changes in assumptions: Discount interest rate based on an average of three 20-year bond indices (e.g., Bond Buyer-20 Bond GO, S&P Municipal Bond 20 Year High Grade Rate Index, Fidelity GA AA 20 years) as of September 30, 2023.

The following are the discount rates used in each period:

10/1/2019	3.10%
10/1/2020	2.26%
10/1/2021	2.29%
10/1/2022	4.59%
10/1/2023	4.75%



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# Combining and Individual Fund Statements & Schedules



## City of Daytona Beach, Florida Nonmajor Governmental Funds

### Special Revenue Funds

**Community Development** – This fund both administers and coordinates the development and revitalization of the City by improving housing, expanding the economic base, improving employment opportunities and providing increased recreational opportunities in economically disadvantaged neighborhoods.

**Local Housing Assistance** – This fund was created pursuant to section 420.9075, Florida Statutes, State Housing Initiatives Partnership (SHIP) Program and Local Housing Assistance Program. This fund provides housing assistance to economically disadvantaged families in the community.

**Law Enforcement Trust** – This fund was created pursuant to section 932.704, Florida Statutes, which requires revenues from forfeited or confiscated property to be recorded separately.

**Federal Shared Property Forfeitures** – This fund was established as a result of the Comprehensive Crime Control Act of 1984, which authorized the sharing of federal forfeiture proceeds with cooperating state and local law enforcement agencies.

**Transportation 5-Cent Gas Tax** – This fund accounts for the collection and use of the Volusia County Transportation 5-Cent Gas Tax established January 1, 2000. Funds are restricted for use in transportation/road and streets projects.

**Permit and License** – This fund was established pursuant to section 553.80, Florida Statutes, to administer the Florida Building Code and development regulations to ensure public health and safety. This fund accounts for the issuance of permits for construction, renovations, alterations, and development.

**Road Impact Fees** – This fund was established to ensure that impact-generating development bear a proportionate share of the cost of improvements to the City's roads.

**Recreation/Parks/Culture Impact Fees** – This fund was established to ensure that impact-generating development bear a proportionate share of the cost of improvements to the City's recreation, parks, and culture facilities.

**Fire and Emergency Management System Impact Fees** – This fund was established to ensure that impact-generating development bear a proportionate share of the cost of improvements to the City's fire and emergency management system.

**Police Impact Fees** – This fund was established to ensure that impact-generating development bear a proportionate share of the cost of improvements to the City's law enforcement services.

**General Government Impact Fees** – This fund was established to ensure that impact-generating development bear a proportionate share of the cost of improvements to the City's general government.

**City of Daytona Beach, Florida  
Nonmajor Governmental Funds (Continued)**

**Special Revenue Funds (Continued)**

**Grants** – This fund was established to provide an additional tracking mechanism for grants received. This fund does not include federal and state grants related to storm events.

**Emergency Management Grants** – This fund was established to provide an additional tracking mechanism for grants received from federal and state grants related to storm events.

**Coronavirus Relief Fund** – This fund was established to track funds received from the American Rescue Plan Act (ARPA).

**Debt Service Funds**

**General Obligation Refunding Bonds** – This fund accounts for the debt service activity related to the \$18.8 million General Obligation Refunding Bonds, Series 2012.

**Capital Improvement Revenue Notes** – This fund accounts for the debt service activity related to the Capital Improvement Revenue Note, Series 2017 for the Downtown Redevelopment Trust Fund that was used to pay off the Capital Improvement Revenue Note, Series 2009. It also accounts for the activity related to the Capital Improvement Revenue Note, Series 2010. Additionally, it accounts for the activity related to the Capital Improvement Refunding and Revenue Note, Series 2020 for the Main Street Redevelopment Trust Fund that was used to pay off the Capital Improvement Revenue Bond, Series 2011A.

**Capital Financing** – This fund accounts for the debt service activity related to financed purchase agreements.

**City of Daytona Beach, Florida  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2023**

	Special Revenue Funds				
	Community Development	Local Housing Assistance	Law Enforcement Trust	Federal Shared Property Forfeitures	Transportation 5-Cent Gas Tax
<b>ASSETS:</b>					
Equity in pooled cash, cash equivalents, and investments	\$ 349,320	\$ 1,786,064	\$ 191,020	\$ 272,595	\$ 53,136
Receivables(net):					
Accounts	-	-	-	-	-
Taxes	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-
Intergovernmental receivable	443,931	-	-	-	127,896
Restricted equity in pooled cash, cash equivalents, and investments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 793,251</b>	<b>\$ 1,786,064</b>	<b>\$ 191,020</b>	<b>\$ 272,595</b>	<b>\$ 181,032</b>
<b>LIABILITIES:</b>					
Accounts payable and other liabilities	\$ 13,185	\$ (65)	\$ -	\$ -	\$ -
Contracts payable	-	-	-	-	-
Due to other funds	385,000	-	-	-	-
Intergovernmental payable	412	-	-	-	-
Deposits	993	-	-	-	-
Unearned revenue	-	1,739,147	-	-	-
<b>Total liabilities</b>	<b>399,590</b>	<b>1,739,082</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources:</b>					
Deferred revenues - unavailable revenue	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>					
Non-Spendable:					
Prepays	-	-	-	-	-
Restricted:					
Debt covenants	-	-	-	-	-
General government	-	-	-	-	-
Public safety	-	-	191,020	272,595	-
Transportation	-	-	-	-	181,032
Economic environment	393,661	46,982	-	-	-
Cultural and recreation	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>393,661</b>	<b>46,982</b>	<b>191,020</b>	<b>272,595</b>	<b>181,032</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 793,251</b>	<b>\$ 1,786,064</b>	<b>\$ 191,020</b>	<b>\$ 272,595</b>	<b>\$ 181,032</b>

**City of Daytona Beach, Florida  
Combining Balance Sheet (Continued)  
Nonmajor Governmental Funds  
September 30, 2023**

	Special Revenue Funds				
	Permit and License	Road Impact Fees	Recreation/ Parks/Culture Impact Fees	Fire/EMS Impact Fees	Police Impact Fees
<b>ASSETS:</b>					
Equity in pooled cash, cash equivalents, and investments	\$ 21,055,658	\$ 4,831,463	\$ 11,204,869	\$ 2,379,376	\$ 3,893,351
<b>Receivables(net):</b>					
Accounts	56,409	-	-	-	-
Taxes	-	-	-	-	-
Prepaid Expenses	75	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
Restricted equity in pooled cash, cash equivalents, and investments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 21,112,142</b>	<b>\$ 4,831,463</b>	<b>\$ 11,204,869</b>	<b>\$ 2,379,376</b>	<b>\$ 3,893,351</b>
<b>LIABILITIES:</b>					
Accounts payable and other liabilities	\$ 91,022	\$ 5,035	\$ 159,289	\$ 160,148	\$ 7,667
Contracts payable	-	-	16,653	-	-
Due to other funds	-	-	-	-	-
Intergovernmental payable	3,003	-	-	-	-
Deposits	-	-	-	-	-
Unearned revenue	1,242,055	58,000	290,000	40,600	69,600
<b>Total liabilities</b>	<b>1,336,080</b>	<b>63,035</b>	<b>465,942</b>	<b>200,748</b>	<b>77,267</b>
<b>Deferred inflows of resources:</b>					
Deferred revenues - unavailable revenue	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>					
<b>Non-Spendable:</b>					
Prepays	75	-	-	-	-
<b>Restricted:</b>					
Debt covenants	-	-	-	-	-
General government	-	-	-	-	-
Public safety	19,775,987	-	-	2,178,628	3,816,084
Transportation	-	4,768,428	-	-	-
Economic environment	-	-	-	-	-
Cultural and recreation	-	-	10,738,927	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>19,776,062</b>	<b>4,768,428</b>	<b>10,738,927</b>	<b>2,178,628</b>	<b>3,816,084</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 21,112,142</b>	<b>\$ 4,831,463</b>	<b>\$ 11,204,869</b>	<b>\$ 2,379,376</b>	<b>\$ 3,893,351</b>

**City of Daytona Beach, Florida  
Combining Balance Sheet (Continued)  
Nonmajor Governmental Funds  
September 30, 2023**

	Special Revenue Funds				Total Special Revenue Funds
	General Government Impact Fees	Grants	Emergency Management Grants	COVID Local Fiscal Recovery	
<b>ASSETS:</b>					
Equity in pooled cash, cash equivalents, and investments	\$ 11,850,426	\$ 543,854	\$ 2,506	\$ 66,090	\$ 58,479,728
<b>Receivables(net):</b>					
Accounts	-	230,961	-	-	287,370
Taxes	-	-	-	-	-
Prepaid Expenses	-	-	-	-	75
Intergovernmental receivable	-	798,854	1,950,272	-	3,320,953
Restricted equity in pooled cash, cash equivalents, and investments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 11,850,426</b>	<b>\$ 1,573,669</b>	<b>\$ 1,952,778</b>	<b>\$ 66,090</b>	<b>\$ 62,088,126</b>
<b>LIABILITIES:</b>					
Accounts payable and other liabilities	\$ -	\$ 255,033	\$ 377,599	\$ 66,090	\$ 1,135,003
Contracts payable	-	122,893	-	-	139,546
Due to other funds	-	508,000	6,650,000	-	7,543,000
Intergovernmental payable	-	-	-	-	3,415
Deposits	-	-	-	-	993
Unearned revenue	121,800	333,616	-	-	3,894,818
<b>Total liabilities</b>	<b>121,800</b>	<b>1,219,542</b>	<b>7,027,599</b>	<b>66,090</b>	<b>12,716,775</b>
<b>Deferred inflows of resources:</b>					
Deferred revenues - unavailable revenue	-	480,714	1,950,272	-	2,430,986
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>480,714</b>	<b>1,950,272</b>	<b>-</b>	<b>2,430,986</b>
<b>FUND BALANCES:</b>					
<b>Non-Spendable:</b>					
Prepays	-	-	-	-	75
<b>Restricted:</b>					
Debt covenants	-	-	-	-	-
General government	11,728,626	-	-	-	11,728,626
Public safety	-	-	-	-	26,234,314
Transportation	-	-	-	-	4,949,460
Economic environment	-	-	-	-	440,643
Cultural and recreation	-	-	-	-	10,738,927
Unassigned	-	(126,587)	(7,025,093)	-	(7,151,680)
<b>Total fund balances</b>	<b>11,728,626</b>	<b>(126,587)</b>	<b>(7,025,093)</b>	<b>-</b>	<b>46,940,365</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 11,850,426</b>	<b>\$ 1,573,669</b>	<b>\$ 1,952,778</b>	<b>\$ 66,090</b>	<b>\$ 62,088,126</b>

**City of Daytona Beach, Florida  
Combining Balance Sheet (Continued)  
Nonmajor Governmental Funds  
September 30, 2023**

	Debt Service Funds				Total Debt Service Funds	
	General	Capital				
	Obligation	Improvement	Capital			
	Refunding	Revenue Notes	Financing			
	Bonds					
<b>ASSETS:</b>						
Equity in pooled cash, cash equivalents, and investments	\$	-	\$	-	\$	-
Receivables(net):						
Accounts		-		-		-
Taxes		8,571		-		8,571
Prepaid Expenses		-		-		-
Intergovernmental receivable		-		-		-
Restricted equity in pooled cash, cash equivalents, and investments		586,264		115,447		701,711
<b>Total assets</b>	<b>\$</b>	<b>594,835</b>	<b>\$</b>	<b>115,447</b>	<b>\$</b>	<b>710,282</b>
<b>LIABILITIES:</b>						
Accounts payable and other liabilities	\$	-	\$	-	\$	-
Contracts payable		-		-		-
Due to other funds		-		-		-
Intergovernmental payable		-		-		-
Deposits		-		-		-
Unearned revenue		-		-		-
<b>Total liabilities</b>		<b>-</b>		<b>-</b>		<b>-</b>
<b>Deferred inflows of resources:</b>						
Deferred revenues - unavailable revenue		-		-		-
<b>Total deferred inflows of resources</b>		<b>-</b>		<b>-</b>		<b>-</b>
<b>FUND BALANCES:</b>						
Non-Spendable:						
Prepays		-		-		-
Restricted:						
Debt covenants		594,835		115,447		710,282
General government		-		-		-
Public safety		-		-		-
Transportation		-		-		-
Economic environment		-		-		-
Cultural and recreation		-		-		-
Unassigned		-		-		-
<b>Total fund balances</b>		<b>594,835</b>		<b>115,447</b>		<b>710,282</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$</b>	<b>594,835</b>	<b>\$</b>	<b>115,447</b>	<b>\$</b>	<b>710,282</b>

**City of Daytona Beach, Florida  
Combining Balance Sheet (Continued)  
Nonmajor Governmental Funds  
September 30, 2023**

	Total Nonmajor Governmental Funds
<b>ASSETS:</b>	
Equity in pooled cash, cash equivalents, and investments	\$ 58,479,728
Receivables(net):	
Accounts	287,370
Taxes	8,571
Prepaid Expenses	75
Intergovernmental receivable	3,320,953
Restricted equity in pooled cash, cash equivalents, and investments	701,711
<b>Total assets</b>	<b>\$ 62,798,408</b>
<b>LIABILITIES:</b>	
Accounts payable and other liabilities	\$ 1,135,003
Contracts payable	139,546
Due to other funds	7,543,000
Intergovernmental payable	3,415
Deposits	993
Unearned revenue	3,894,818
<b>Total liabilities</b>	<b>12,716,775</b>
<b>Deferred inflows of resources:</b>	
Deferred revenues - unavailable revenue	2,430,986
<b>Total deferred inflows of resources</b>	<b>2,430,986</b>
<b>FUND BALANCES:</b>	
Non-Spendable:	
Prepays	75
Restricted:	
Debt covenants	710,282
General government	11,728,626
Public safety	26,234,314
Transportation	4,949,460
Economic environment	440,643
Cultural and recreation	10,738,927
Unassigned	(7,151,680)
<b>Total fund balances</b>	<b>47,650,647</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 62,798,408</b>

**City of Daytona Beach, Florida**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended September 30, 2023**

	Special Revenue Funds				
	Community Development	Local Housing Assistance	Law Enforcement Trust	Federal Shared Property Forfeitures	Transportation 5-Cent Gas Tax
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 782,751
Licenses and permits	-	-	-	-	-
Intergovernmental	515,463	136,810	-	113,929	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	113,643	-	-
Special assessments/impact fees	-	-	-	-	-
Income on investments	8,790	39,603	5,136	6,183	11,748
Miscellaneous	29,995	20,700	-	-	-
<b>Total revenues</b>	<b>554,248</b>	<b>197,113</b>	<b>118,779</b>	<b>120,112</b>	<b>794,499</b>
<b>EXPENDITURES:</b>					
Current operating:					
General government	-	-	-	-	-
Public safety	-	-	148,832	17,290	-
Transportation	-	-	-	-	1,314,989
Economic environment	567,519	197,113	-	-	-
Human services	-	-	-	-	-
Cultural and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>567,519</b>	<b>197,113</b>	<b>148,832</b>	<b>17,290</b>	<b>1,314,989</b>
Excess (deficiency) of revenues over (under) expenditures	(13,271)	-	(30,053)	102,822	(520,490)
<b>OTHER FINANCING</b>					
<b>SOURCES (USES):</b>					
Proceeds from insurance	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	(348,037)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(348,037)</b>
Net change in fund balances	(13,271)	-	(30,053)	102,822	(868,527)
<b>FUND BALANCES:</b>					
Beginning, as previously reported	406,932	46,982	221,073	169,773	1,049,559
Prior period adjustment (Note 2)	-	-	-	-	-
Beginning, as restated	406,932	46,982	221,073	169,773	1,049,559
<b>Ending</b>	<b>\$ 393,661</b>	<b>\$ 46,982</b>	<b>\$ 191,020</b>	<b>\$ 272,595</b>	<b>\$ 181,032</b>

**City of Daytona Beach, Florida**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**(Continued)**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended September 30, 2023**

	Special Revenue Funds				
	Permit and License	Road Impact Fees	Recreation/ Parks/Culture Impact Fees	Fire/EMS Impact Fees	Police Impact Fees
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	7,191,027	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	582,230	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Special assessments/impact fees	-	875,918	2,562,523	513,145	871,632
Income on investments	531,504	119,800	279,882	57,577	99,059
Miscellaneous	30,844	-	-	-	-
<b>Total revenues</b>	<b>8,335,605</b>	<b>995,718</b>	<b>2,842,405</b>	<b>570,722</b>	<b>970,691</b>
<b>EXPENDITURES:</b>					
Current operating:					
General government	19,175	-	-	-	-
Public safety	4,198,628	-	-	-	-
Transportation	-	-	-	-	-
Economic environment	-	-	-	-	-
Human services	-	-	-	-	-
Cultural and recreation	-	-	10,350	-	-
Capital outlay	737,862	73,685	912,267	162,214	392,077
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>4,955,665</b>	<b>73,685</b>	<b>922,617</b>	<b>162,214</b>	<b>392,077</b>
Excess (deficiency) of revenues over (under) expenditures	3,379,940	922,033	1,919,788	408,508	578,614
<b>OTHER FINANCING</b>					
<b>SOURCES (USES):</b>					
Proceeds from insurance	-	-	-	-	-
Transfers in	-	-	243,423	-	-
Transfers (out)	-	-	(266,649)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(23,226)</b>	<b>-</b>	<b>-</b>
Net change in fund balances	3,379,940	922,033	1,896,562	408,508	578,614
<b>FUND BALANCES:</b>					
Beginning, as previously reported	16,396,122	3,846,395	8,842,365	1,770,120	3,237,470
Prior period adjustment (Note 2)	-	-	-	-	-
Beginning, as restated	16,396,122	3,846,395	8,842,365	1,770,120	3,237,470
<b>Ending</b>	<b>\$ 19,776,062</b>	<b>\$ 4,768,428</b>	<b>\$ 10,738,927</b>	<b>\$ 2,178,628</b>	<b>\$ 3,816,084</b>



**City of Daytona Beach, Florida**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**(Continued)**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended September 30, 2023**

	Special Revenue Funds				Total Special Revenue Funds
	General Government	Emergency Management		COVID Local Fiscal	
	Impact Fees	Grants	Grants	Recovery	
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 782,751
Licenses and permits	-	-	-	-	7,191,027
Intergovernmental	-	2,338,868	589	709,552	3,815,211
Charges for services	-	-	-	-	582,230
Fines and forfeitures	-	-	-	-	113,643
Special assessments/impact fees	1,599,958	-	-	-	6,423,176
Income on investments	297,603	-	-	-	1,456,885
Miscellaneous	-	898,905	-	-	980,444
<b>Total revenues</b>	<b>1,897,561</b>	<b>3,237,773</b>	<b>589</b>	<b>709,552</b>	<b>21,345,367</b>
<b>EXPENDITURES:</b>					
Current operating:					
General government	-	-	8,980,446	-	8,999,621
Public safety	-	363,666	-	-	4,728,416
Transportation	-	-	-	-	1,314,989
Economic environment	-	-	-	709,552	1,474,184
Human services	-	400,000	-	-	400,000
Cultural and recreation	-	30,850	-	-	41,200
Capital outlay	-	2,001,060	-	-	4,279,165
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>2,795,576</b>	<b>8,980,446</b>	<b>709,552</b>	<b>21,237,575</b>
Excess (deficiency) of revenues over (under) expenditures	1,897,561	442,197	(8,979,857)	-	107,792
<b>OTHER FINANCING</b>					
<b>SOURCES (USES):</b>					
Proceeds from insurance	-	304,718	1,100,000	-	1,404,718
Transfers in	-	-	1,137,500	-	1,380,923
Transfers (out)	-	(588,439)	-	-	(1,203,125)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(283,721)</b>	<b>2,237,500</b>	<b>-</b>	<b>1,582,516</b>
<b>Net change in fund balances</b>	<b>1,897,561</b>	<b>158,476</b>	<b>(6,742,357)</b>	<b>-</b>	<b>1,690,308</b>
<b>FUND BALANCES:</b>					
Beginning, as previously reported	9,831,065	49,359	1,667,536	-	47,534,751
Prior period adjustment (Note 2)	-	(334,422)	(1,950,272)	-	(2,284,694)
Beginning, as restated	9,831,065	(285,063)	(282,736)	-	45,250,057
<b>Ending</b>	<b>\$ 11,728,626</b>	<b>\$ (126,587)</b>	<b>\$ (7,025,093)</b>	<b>\$ -</b>	<b>\$ 46,940,365</b>

**City of Daytona Beach, Florida**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**(Continued)**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended September 30, 2023**

	Debt Service Funds			
	General Obligation Refunding Bonds	Capital Improvement Revenue Notes	Capital Financing	Total Debt Service Funds
	<b>REVENUES:</b>			
Taxes	\$ 1,448,695	\$ -	\$ -	\$ 1,448,695
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Special assessments/impact fees	-	-	-	-
Income on investments	34,186	3,078	1,268	38,532
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>1,482,881</b>	<b>3,078</b>	<b>1,268</b>	<b>1,487,227</b>
<b>EXPENDITURES:</b>				
Current operating:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Cultural and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	1,145,000	2,986,997	2,197,784	6,329,781
Interest and fiscal charges	282,803	521,339	121,936	926,078
<b>Total expenditures</b>	<b>1,427,803</b>	<b>3,508,336</b>	<b>2,319,720</b>	<b>7,255,859</b>
Excess (deficiency) of revenues over (under) expenditures	55,078	(3,505,258)	(2,318,452)	(5,768,632)
<b>OTHER FINANCING</b>				
<b>SOURCES (USES):</b>				
Proceeds from insurance	-	-	-	-
Transfers in	-	3,508,336	2,246,481	5,754,817
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>3,508,336</b>	<b>2,246,481</b>	<b>5,754,817</b>
<b>Net change in fund balances</b>	<b>55,078</b>	<b>3,078</b>	<b>(71,971)</b>	<b>(13,815)</b>
<b>FUND BALANCES:</b>				
Beginning, as previously reported	539,757	112,369	71,971	724,097
Prior period adjustment (Note 2)	-	-	-	-
Beginning, as restated	539,757	112,369	71,971	724,097
<b>Ending</b>	<b>\$ 594,835</b>	<b>\$ 115,447</b>	<b>\$ -</b>	<b>\$ 710,282</b>

**City of Daytona Beach, Florida**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**(Continued)**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended September 30, 2023**

	Total Nonmajor Governmental Funds
<b>REVENUES:</b>	
Taxes	\$ 2,231,446
Licenses and permits	7,191,027
Intergovernmental	3,815,211
Charges for services	582,230
Fines and forfeitures	113,643
Special assessments/impact fees	6,423,176
Income on investments	1,495,417
Miscellaneous	980,444
<b>Total revenues</b>	<b>22,832,594</b>
<b>EXPENDITURES:</b>	
Current operating:	
General government	8,999,621
Public safety	4,728,416
Transportation	1,314,989
Economic environment	1,474,184
Human services	400,000
Cultural and recreation	41,200
Capital outlay	4,279,165
Debt service:	
Principal	6,329,781
Interest and fiscal charges	926,078
<b>Total expenditures</b>	<b>28,493,434</b>
Excess (deficiency) of revenues over (under) expenditures	(5,660,840)
<b>OTHER FINANCING SOURCES (USES):</b>	
Proceeds from insurance	1,404,718
Transfers in	7,135,740
Transfers (out)	(1,203,125)
<b>Total other financing sources (uses)</b>	<b>7,337,333</b>
Net change in fund balances	1,676,493
<b>FUND BALANCES:</b>	
Beginning, as previously reported	48,258,848
Prior period adjustment (Note 2)	(2,284,694)
Beginning, as restated	45,974,154
<b>Ending</b>	<b>\$ 47,650,647</b>

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**City of Daytona Beach, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and**  
**Actual**  
**Community Development Special Revenue Fund**  
**For the Fiscal Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 1,039,319	\$ 4,466,619	\$ 515,463	\$ (3,951,156)
Income on investments	-	3,478	8,790	5,312
Miscellaneous	-	29,995	29,995	-
<b>Total revenues</b>	<b>1,039,319</b>	<b>4,500,092</b>	<b>554,248</b>	<b>(3,945,844)</b>
<b>EXPENDITURES:</b>				
Current operating:				
Economic environment	1,039,319	4,736,748	567,519	4,169,229
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>1,039,319</b>	<b>4,736,748</b>	<b>567,519</b>	<b>4,169,229</b>
Excess (deficiency) of revenues over (under) expenditures	-	(236,656)	(13,271)	223,385
<b>OTHER FINANCING SOURCES:</b>				
Budgetary reserves, net	-	236,656	-	(236,656)
<b>Total other financing sources</b>	<b>-</b>	<b>236,656</b>	<b>-</b>	<b>(236,656)</b>
Net change in fund balance	-	-	(13,271)	(13,271)
<b>FUND BALANCE:</b>				
Beginning	406,932	406,932	406,932	-
<b>Ending</b>	<b>\$ 406,932</b>	<b>\$ 406,932</b>	<b>\$ 393,661</b>	<b>\$ (13,271)</b>

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**City of Daytona Beach, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**Local Housing Assistance Special Revenue Fund**  
**For the Fiscal Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 710,454	\$ 1,462,785	\$ 136,810	\$ (1,325,975)
Income on investments	-	39,603	39,603	-
Miscellaneous	-	20,700	20,700	-
<b>Total revenues</b>	<b>710,454</b>	<b>1,523,088</b>	<b>197,113</b>	<b>(1,325,975)</b>
<b>EXPENDITURES:</b>				
Current operating:				
Economic environment	710,454	1,523,100	197,113	1,325,987
<b>Total expenditures</b>	<b>710,454</b>	<b>1,523,100</b>	<b>197,113</b>	<b>1,325,987</b>
Excess (deficiency) of revenues over (under) expenditures	-	(12)	-	12
<b>OTHER FINANCING SOURCES:</b>				
Budgetary reserves, net				
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	(12)	-	12
<b>FUND BALANCE:</b>				
Beginning	46,982	46,982	46,982	-
Ending	\$ 46,982	\$ 46,970	\$ 46,982	\$ 12

**City of Daytona Beach, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**Law Enforcement Trust Special Revenue Fund**  
**For the Fiscal Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>REVENUES:</b>				
Fines and forfeitures	\$ -	\$ 25,086	\$ 113,643	\$ 88,557
Income on investments	-	1,593	5,136	3,543
<b>Total revenues</b>	<b>-</b>	<b>26,679</b>	<b>118,779</b>	<b>92,100</b>
<b>EXPENDITURES:</b>				
Current operating:				
Public safety	-	173,808	148,832	24,976
<b>Total expenditures</b>	<b>-</b>	<b>173,808</b>	<b>148,832</b>	<b>24,976</b>
Excess (deficiency) of revenues over (under) expenditures	-	(147,129)	(30,053)	117,076
<b>OTHER FINANCING SOURCES:</b>				
Budgetary reserves, net				
<b>Total other financing sources</b>	<b>-</b>	<b>147,129</b>	<b>-</b>	<b>(147,129)</b>
Net change in fund balance	-	-	(30,053)	(30,053)
<b>FUND BALANCE:</b>				
Beginning	221,073	221,073	221,073	-
Ending	\$ 221,073	\$ 221,073	\$ 191,020	\$ (30,053)

**City of Daytona Beach, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**Federal Shared Property Forfeitures Special Revenue Fund**  
**For the Fiscal Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ 86,983	\$ 113,929	\$ 26,946
Income on investments	-	1,318	6,183	4,865
<b>Total revenues</b>	<b>-</b>	<b>88,301</b>	<b>120,112</b>	<b>31,811</b>
<b>EXPENDITURES:</b>				
Current operating:				
Public safety	-	17,439	17,290	149
<b>Total expenditures</b>	<b>-</b>	<b>17,439</b>	<b>17,290</b>	<b>149</b>
Excess (deficiency) of revenues over (under) expenditures	-	70,862	102,822	31,960
<b>OTHER FINANCING SOURCES:</b>				
Budgetary reserves, net		(70,862)	-	70,862
<b>Total other financing sources</b>	<b>-</b>	<b>(70,862)</b>	<b>-</b>	<b>70,862</b>
Net change in fund balance	-	-	102,822	102,822
<b>FUND BALANCE:</b>				
Beginning	169,773	169,773	169,773	-
Ending	\$ 169,773	\$ 169,773	\$ 272,595	\$ 102,822

**City of Daytona Beach, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**Transportation 5-Cent Gas Tax Special Revenue Fund**  
**For the Fiscal Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 789,977	\$ 789,977	\$ 782,751	\$ (7,226)
Income on investments	-	-	11,748	11,748
<b>Total revenues</b>	<b>789,977</b>	<b>789,977</b>	<b>794,499</b>	<b>4,522</b>
<b>EXPENDITURES:</b>				
Current operating:				
Transportation	15,000	15,000	1,314,989	(1,299,989)
Capital outlay	1,300,000	1,343,380	-	1,343,380
<b>Total expenditures</b>	<b>1,315,000</b>	<b>1,358,380</b>	<b>1,314,989</b>	<b>43,391</b>
Excess (deficiency) of revenues over (under) expenditures	(525,023)	(568,403)	(520,490)	47,913
<b>OTHER FINANCING SOURCES (USES):</b>				
Budgetary reserves, net	873,061	916,441	-	(916,441)
Transfers (out)	(348,038)	(348,038)	(348,037)	1
<b>Total other financing sources (uses)</b>	<b>525,023</b>	<b>568,403</b>	<b>(348,037)</b>	<b>(916,440)</b>
Net change in fund balance	-	-	(868,527)	(868,527)
<b>FUND BALANCE:</b>				
Beginning	1,049,559	1,049,559	1,049,559	-
Ending	\$ 1,049,559	\$ 1,049,559	\$ 181,032	\$ (868,527)

**City of Daytona Beach, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**Permit and License Special Revenue Fund**  
**For the Fiscal Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ 6,376,070	\$ 6,376,070	\$ 7,191,027	\$ 814,957
Income on investments	22,235	22,235	531,504	509,269
Charges for services	589,301	589,301	582,230	(7,071)
Miscellaneous	-	-	30,844	30,844
<b>Total revenues</b>	<b>6,987,606</b>	<b>6,987,606</b>	<b>8,335,605</b>	<b>1,347,999</b>
<b>EXPENDITURES:</b>				
Current operating:				
General government	87,795	87,795	19,175	68,620
Public safety	4,738,750	5,376,078	4,198,628	1,177,450
Capital outlay	-	10,220,189	737,862	9,482,327
<b>Total expenditures</b>	<b>4,826,545</b>	<b>15,684,062</b>	<b>4,955,665</b>	<b>10,728,397</b>
Excess (deficiency) of revenues over (under) expenditures	2,161,061	(8,696,456)	3,379,940	12,076,396
<b>OTHER FINANCING SOURCES (USES):</b>				
Budgetary reserves, net	(2,161,061)	8,696,456	-	(8,696,456)
<b>Total other financing sources (uses)</b>	<b>(2,161,061)</b>	<b>8,696,456</b>	<b>-</b>	<b>(8,696,456)</b>
Net change in fund balance	-	-	3,379,940	3,379,940
<b>FUND BALANCE:</b>				
Beginning	16,396,122	16,396,122	16,396,122	-
Ending	\$ 16,396,122	\$ 16,396,122	\$ 19,776,062	\$ 3,379,940

**City of Daytona Beach, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**Road Impact Fees Special Revenue Fund**  
**For the Fiscal Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>REVENUES:</b>				
Special assessments/impact fees	\$ -	\$ 631,750	\$ 875,918	\$ 244,168
Income on investments	-	28,260	119,800	91,540
<b>Total revenues</b>	<b>-</b>	<b>660,010</b>	<b>995,718</b>	<b>335,708</b>
<b>EXPENDITURES:</b>				
Current operating:				
Capital outlay	115,000	3,493,122	73,685	3,419,437
<b>Total expenditures</b>	<b>115,000</b>	<b>3,493,122</b>	<b>73,685</b>	<b>3,419,437</b>
Excess (deficiency) of revenues over (under) expenditures	(115,000)	(2,833,112)	922,033	3,755,145
<b>OTHER FINANCING SOURCES (USES):</b>				
Budgetary reserves, net	115,000	2,833,112	-	(2,833,112)
<b>Total other financing sources (uses)</b>	<b>115,000</b>	<b>2,833,112</b>	<b>-</b>	<b>(2,833,112)</b>
Net change in fund balance	-	-	922,033	922,033
<b>FUND BALANCE:</b>				
Beginning	3,846,395	3,846,395	3,846,395	-
Ending	\$ 3,846,395	\$ 3,846,395	\$ 4,768,428	\$ 922,033

**City of Daytona Beach, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**Recreation/Parks/Culture Impact Fees Special Revenue Fund**  
**For the Fiscal Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>REVENUES:</b>				
Special assessments/impact fees	\$ -	\$ 2,285,807	\$ 2,562,523	\$ 276,716
Income on investments	-	65,197	279,882	214,685
<b>Total revenues</b>	<b>-</b>	<b>2,351,004</b>	<b>2,842,405</b>	<b>491,401</b>
<b>EXPENDITURES:</b>				
Current operating:				
Capital outlay	-	5,609,833	912,267	4,697,566
<b>Total expenditures</b>	<b>-</b>	<b>5,609,833</b>	<b>922,617</b>	<b>4,687,216</b>
Excess (deficiency) of revenues over (under) expenditures	-	(3,258,829)	1,919,788	5,178,617
<b>OTHER FINANCING SOURCES (USES):</b>				
Budgetary reserves, net	266,650	3,525,479	-	(3,525,479)
Transfers in	-	-	243,423	243,423
Transfers (out)	(266,650)	(266,650)	(266,649)	1
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>3,258,829</b>	<b>(23,226)</b>	<b>(3,282,055)</b>
Net change in fund balance	-	-	1,896,562	1,896,562
<b>FUND BALANCE:</b>				
Beginning	8,842,365	8,842,365	8,842,365	-
Ending	\$ 8,842,365	\$ 8,842,365	\$ 10,738,927	\$ 1,896,562

**City of Daytona Beach, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**Fire/EMS Impact Fees Special Revenue Fund**  
**For the Fiscal Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>REVENUES:</b>				
Special assessments/impact fees	\$ -	\$ 395,533	\$ 513,145	\$ 117,612
Income on investments	-	13,229	57,577	44,348
<b>Total revenues</b>	<b>-</b>	<b>408,762</b>	<b>570,722</b>	<b>161,960</b>
<b>EXPENDITURES:</b>				
Current operating:				
Capital outlay	-	2,178,882	162,214	2,016,668
<b>Total expenditures</b>	<b>-</b>	<b>2,178,882</b>	<b>162,214</b>	<b>2,016,668</b>
Excess (deficiency) of revenues over (under) expenditures	-	(1,770,120)	408,508	2,178,628
<b>OTHER FINANCING SOURCES:</b>				
Budgetary reserves, net	-	1,770,120	-	(1,770,120)
<b>Total other financing sources</b>	<b>-</b>	<b>1,770,120</b>	<b>-</b>	<b>(1,770,120)</b>
Net change in fund balance	-	-	408,508	408,508
<b>FUND BALANCE:</b>				
Beginning	1,770,120	1,770,120	1,770,120	-
Ending	\$ 1,770,120	\$ 1,770,120	\$ 2,178,628	\$ 408,508

**City of Daytona Beach, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**Police Impact Fees Special Revenue Fund**  
**For the Fiscal Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>REVENUES:</b>				
Special assessments/impact fees	\$ -	\$ 671,982	\$ 871,632	\$ 199,650
Income on investments	-	24,003	99,059	75,056
<b>Total revenues</b>	<b>-</b>	<b>695,985</b>	<b>970,691</b>	<b>274,706</b>
<b>EXPENDITURES:</b>				
Current operating:				
Capital outlay	333,262	3,933,455	392,077	3,541,378
<b>Total expenditures</b>	<b>333,262</b>	<b>3,933,455</b>	<b>392,077</b>	<b>3,541,378</b>
Excess (deficiency) of revenues over (under) expenditures	(333,262)	(3,237,470)	578,614	3,816,084
<b>OTHER FINANCING SOURCES:</b>				
Budgetary reserves, net	333,262	3,237,470	-	(3,237,470)
<b>Total other financing sources</b>	<b>333,262</b>	<b>3,237,470</b>	<b>-</b>	<b>(3,237,470)</b>
Net change in fund balance	-	-	578,614	578,614
<b>FUND BALANCE:</b>				
Beginning	3,237,470	3,237,470	3,237,470	-
Ending	\$ 3,237,470	\$ 3,237,470	\$ 3,816,084	\$ 578,614

**City of Daytona Beach, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**General Government Impact Fees Special Revenue Fund**  
**For the Fiscal Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>REVENUES:</b>				
Special assessments/impact fees	\$ -	\$ 1,229,388	\$ 1,599,958	\$ 370,570
Income on investments	-	71,321	297,603	226,282
<b>Total revenues</b>	<b>-</b>	<b>1,300,709</b>	<b>1,897,561</b>	<b>596,852</b>
<b>EXPENDITURES:</b>				
Current operating:				
Capital outlay	610,244	11,131,773	-	11,131,773
<b>Total expenditures</b>	<b>610,244</b>	<b>11,131,773</b>	<b>-</b>	<b>11,131,773</b>
Excess (deficiency) of revenues over (under) expenditures	(610,244)	(9,831,064)	1,897,561	11,728,625
<b>OTHER FINANCING SOURCES (USES):</b>				
Budgetary reserves, net	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	(610,244)	(9,831,064)	1,897,561	11,728,625
<b>FUND BALANCE:</b>				
Beginning	9,831,065	9,831,065	9,831,065	-
Ending	\$ 9,220,821	\$ 1	\$ 11,728,626	\$ 11,728,625

**City of Daytona Beach, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**Grants Special Revenue Fund**  
**For the Fiscal Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ 3,491,536	\$ 2,338,868	\$ (1,152,668)
Miscellaneous	-	1,851,254	898,905	(952,349)
<b>Total revenues</b>	<b>-</b>	<b>5,342,790</b>	<b>3,237,773</b>	<b>(2,105,017)</b>
<b>EXPENDITURES:</b>				
Current operating:				
Public safety	-	591,190	363,666	227,524
Transportation	-	-	-	-
Human services	-	-	400,000	(400,000)
Cultural and recreation	-	-	30,850	(30,850)
Capital outlay	-	4,258,680	2,001,060	2,257,620
<b>Total expenditures</b>	<b>-</b>	<b>4,849,870</b>	<b>2,795,576</b>	<b>2,054,294</b>
Excess (deficiency) of revenues over (under) expenditures	-	492,920	442,197	(50,723)
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from insurance	-	95,519	304,718	209,199
Transfers (out)	-	(588,439)	(588,439)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(492,920)</b>	<b>(283,721)</b>	<b>209,199</b>
Net change in fund balance	-	-	158,476	158,476
<b>FUND BALANCE:</b>				
Beginning, as previously reported	49,359	49,359	49,359	-
Prior period adjustment (Note 2)	(334,422)	(334,422)	(334,422)	-
Beginning, as restated	(285,063)	(285,063)	(285,063)	-
<b>Ending</b>	<b>\$ (285,063)</b>	<b>\$ (285,063)</b>	<b>\$ (126,587)</b>	<b>\$ 158,476</b>

**City of Daytona Beach, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**Emergency Management Grants Special Revenue Fund**  
**For the Fiscal Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ 9,271,628	\$ 589	\$ (9,271,039)
<b>Total revenues</b>	<b>-</b>	<b>9,271,628</b>	<b>589</b>	<b>(9,271,039)</b>
<b>EXPENDITURES:</b>				
Current operating:				
General Government	-	10,378,479	8,980,446	1,398,033
Capital outlay	-	1,309,128	-	1,309,128
<b>Total expenditures</b>	<b>-</b>	<b>11,687,607</b>	<b>8,980,446</b>	<b>2,707,161</b>
Excess (deficiency) of revenues over (under) expenditures	-	(2,415,979)	(8,979,857)	(6,563,878)
<b>OTHER FINANCING SOURCES (USES):</b>				
Budgetary reserves, net	-	-	-	-
Proceeds from insurance	-	1,100,000	1,100,000	-
Transfers in	-	1,137,500	1,137,500	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>2,237,500</b>	<b>2,237,500</b>	<b>-</b>
Net change in fund balance	-	(178,479)	(6,742,357)	(6,563,878)
<b>FUND BALANCE:</b>				
Beginning, as previously reported	1,667,536	1,667,536	1,667,536	-
Prior period adjustment (Note 2)	(1,950,272)	(1,950,272)	(1,950,272)	-
Beginning, as restated	(282,736)	(282,736)	(282,736)	-
<b>Ending</b>	<b>\$ (282,736)</b>	<b>\$ (461,215)</b>	<b>\$ (7,025,093)</b>	<b>\$ (6,563,878)</b>



**City of Daytona Beach, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**COVID Local Fiscal Recovery Special Revenue Fund**  
**For the Fiscal Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 709,552	\$ 709,552
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>709,552</b>	<b>709,552</b>
<b>EXPENDITURES:</b>				
Current operating:				
Economic environment	-	709,552	709,552	-
<b>Total expenditures</b>	<b>-</b>	<b>709,552</b>	<b>709,552</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	-	(709,552)	-	709,552
<b>OTHER FINANCING SOURCES (USES):</b>				
Budgetary reserves, net	-	709,552	-	(709,552)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>709,552</b>	<b>-</b>	<b>(709,552)</b>
Net change in fund balance	-	-	-	-
<b>FUND BALANCE:</b>				
Beginning	-	-	-	-
<b>Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**City of Daytona Beach, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**General Obligation Refunding Bonds Debt Service Fund**  
**For the Fiscal Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 1,423,872	\$ 1,423,872	\$ 1,448,695	\$ 24,823
Income on investments	-	-	34,186	34,186
<b>Total revenues</b>	<b>1,423,872</b>	<b>1,423,872</b>	<b>1,482,881</b>	<b>59,009</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	1,145,000	1,145,000	1,145,000	-
Interest and fiscal charges	282,813	282,813	282,803	10
<b>Total expenditures</b>	<b>1,427,813</b>	<b>1,427,813</b>	<b>1,427,803</b>	<b>10</b>
Excess of revenues over expenditures	(3,941)	(3,941)	55,078	59,019
<b>OTHER FINANCING SOURCES (USES):</b>				
Budgetary reserves, net	3,941	3,941	-	(3,941)
<b>Total other financing sources (uses)</b>	<b>3,941</b>	<b>3,941</b>	<b>-</b>	<b>(3,941)</b>
Net change in fund balance	-	-	55,078	55,078
<b>FUND BALANCE:</b>				
Beginning	539,757	539,757	539,757	-
<b>Ending</b>	<b>\$ 539,757</b>	<b>\$ 539,757</b>	<b>\$ 594,835</b>	<b>\$ 55,078</b>

**City of Daytona Beach, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**Capital Improvement Revenue Notes Debt Service Fund**  
**For the Fiscal Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>REVENUES:</b>				
Income on investments	\$ -	\$ -	\$ 3,078	\$ 3,078
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>3,078</b>	<b>3,078</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	2,986,997	2,986,997	2,986,997	-
Interest and fiscal charges	521,341	521,341	521,339	2
<b>Total expenditures</b>	<b>3,508,338</b>	<b>3,508,338</b>	<b>3,508,336</b>	<b>2</b>
Excess (deficiency) of revenues over (under) expenditures	(3,508,338)	(3,508,338)	(3,505,258)	3,080
<b>OTHER FINANCING SOURCES (USES):</b>				
Budgetary reserves, net	(2)	(2)	-	(2)
Transfers in	3,508,340	3,508,340	3,508,336	(4)
<b>Total other financing sources (uses)</b>	<b>3,508,338</b>	<b>3,508,338</b>	<b>3,508,336</b>	<b>(2)</b>
Net change in fund balance	-	-	3,078	3,078
<b>FUND BALANCE:</b>				
Beginning	112,369	112,369	112,369	-
Ending	\$ 112,369	\$ 112,369	\$ 115,447	\$ 3,078

**City of Daytona Beach, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**Capital Financing Debt Service Fund**  
**For the Fiscal Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>REVENUES:</b>				
Income on investments	\$ -	\$ -	\$ 1,268	\$ 1,268
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>1,268</b>	<b>1,268</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	365,539	1,389,949	2,197,784	(807,835)
Interest and fiscal charges	23,021	111,031	121,936	(10,905)
<b>Total expenditures</b>	<b>388,560</b>	<b>1,500,980</b>	<b>2,319,720</b>	<b>(818,740)</b>
Excess (deficiency) of revenues over (under) expenditures	(388,560)	(1,500,980)	(2,318,452)	(817,472)
<b>OTHER FINANCING SOURCES (USES):</b>				
Budgetary reserves, net	(1)	(1)	-	1
Transfers in	388,561	1,500,981	2,246,481	745,500
<b>Total other financing sources (uses)</b>	<b>388,560</b>	<b>1,500,980</b>	<b>2,246,481</b>	<b>745,501</b>
Net change in fund balance	-	-	(71,971)	(71,971)
<b>FUND BALANCE:</b>				
Beginning	71,971	71,971	71,971	-
Ending	\$ 71,971	\$ 71,971	\$ -	\$ (71,971)

**City of Daytona Beach, Florida  
Nonmajor Enterprise Funds**



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**Halifax Harbor** – This fund accounts for the operations of a 550-slip municipal marina and a 39,791 square foot commercial plaza complex.

**Daytona Beach Pier** – This fund accounts for the pier, which is a historical structure that extends approximately 700 feet into the Atlantic Ocean and provides accessibility to fishing and other outdoor activities. Amenities include public parking lots as well as a Splash Park. A portion of the structure is currently occupied by a national chain restaurant, Joe’s Crab Shack.

**City of Daytona Beach, Florida  
Combining Statement of Net Position  
Nonmajor Enterprise Funds  
September 30, 2023**

	Halifax Harbor	Daytona Beach Pier	Total Nonmajor Enterprise Funds
<b>ASSETS:</b>			
<b>Current assets:</b>			
Equity in pooled cash, cash equivalents, and investments	\$ 2,024,202	\$ 563,819	\$ 2,588,021
Accrued Interest Receivable	136	771	907
Lease Receivable	462,986	1,151,140	1,614,126
Inventory	49,787	-	49,787
Prepays	17,774	126,125	143,899
<b>Total current assets</b>	<b>2,554,885</b>	<b>1,841,855</b>	<b>4,396,740</b>
<b>Noncurrent assets:</b>			
Restricted equity in pooled cash, cash equivalents, and investments	454,095	-	454,095
<b>Capital assets:</b>			
Non-depreciable	56,588	7,987	64,575
Depreciable (net)	3,444,898	3,470,614	6,915,512
Right-to-use leased assets (net)	-	132,982	132,982
<b>Total noncurrent assets</b>	<b>3,955,581</b>	<b>3,611,583</b>	<b>7,567,164</b>
<b>Total assets</b>	<b>6,510,466</b>	<b>5,453,438</b>	<b>11,963,904</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred amount on refunding	50,966	-	50,966
Deferred amount on other post-employment benefits	700	382	1,082
Deferred amount for pensions	132,662	5,784	138,446
<b>Total deferred outflows of resources</b>	<b>184,328</b>	<b>6,166</b>	<b>190,494</b>
<b>LIABILITIES:</b>			
<b>Current liabilities:</b>			
Accounts payable and other liabilities	217,178	9,080	226,258
Intergovernmental payable	18,609	3,874	22,483
Unearned revenues	85,992	-	85,992
Compensated absences	11,574	10,917	22,491
Other post-employment benefits	-	-	-
Lease liability	-	40,475	40,475
Notes payable	595,000	-	595,000
<b>Payable from restricted assets:</b>			
Accrued interest	57,451	78	57,529
<b>Total current liabilities</b>	<b>985,804</b>	<b>64,424</b>	<b>1,050,228</b>
<b>Noncurrent liabilities:</b>			
Deposits	120,905	-	120,905
Compensated absences	70,123	32,084	102,207
Other post-employment benefits	3,928	(369)	3,559
Net pension liability	409,623	81,457	491,080
Lease liability	-	96,580	96,580
Notes payable	3,300,000	-	3,300,000
<b>Total noncurrent liabilities</b>	<b>3,904,579</b>	<b>209,752</b>	<b>4,114,331</b>
<b>Total liabilities</b>	<b>4,890,383</b>	<b>274,176</b>	<b>5,164,559</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred amount on other post-employment benefits	2,112	3,054	5,166
Deferred amount for pensions	19,398	2,452	21,850
Deferred amounts for leases	437,401	1,131,481	1,568,882
<b>Total deferred inflows of resources</b>	<b>458,911</b>	<b>1,136,987</b>	<b>1,595,898</b>
<b>NET POSITION (DEFICIT):</b>			
Net investment in capital assets (deficit)	(342,548)	3,474,528	3,131,980
<b>Restricted:</b>			
Debt covenants	396,644	-	396,644
Unrestricted	1,291,404	573,913	1,865,317
<b>Total net position (deficit)</b>	<b>\$ 1,345,500</b>	<b>\$ 4,048,441</b>	<b>\$ 5,393,941</b>

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**City of Daytona Beach, Florida  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
Nonmajor Enterprise Funds  
For the Fiscal Year Ended September 30, 2023**

	Halifax Harbor	Daytona Beach Pier	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 3,928,614	\$ 722,350	\$ 4,650,964
Lease revenue	237,661	301,728	539,389
Other receipts	7,010	645	7,655
<b>Total operating revenues</b>	<b>4,173,285</b>	<b>1,024,723</b>	<b>5,198,008</b>
<b>OPERATING EXPENSES:</b>			
Personnel services	259,035	221,237	480,272
Contractual services	2,108,919	471,518	2,580,437
Materials and supplies	848,925	30,685	879,610
Depreciation	228,730	257,088	485,818
Amortization	-	40,918	40,918
<b>Total operating expenses</b>	<b>3,445,609</b>	<b>1,021,446</b>	<b>4,467,055</b>
<b>Operating income (loss)</b>	<b>727,676</b>	<b>3,277</b>	<b>730,953</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Income on investments	59,393	23,068	82,461
Interest expense	(149,869)	(1,063)	(150,932)
<b>Total nonoperating revenues (expenses)</b>	<b>(90,476)</b>	<b>22,005</b>	<b>(68,471)</b>
<b>Income (loss) before transfers</b>	<b>637,200</b>	<b>25,282</b>	<b>662,482</b>
<b>Transfers (out)</b>	<b>(21,062)</b>	<b>(113,131)</b>	<b>(134,193)</b>
<b>Change in net position</b>	<b>616,138</b>	<b>(87,849)</b>	<b>528,289</b>
<b>NET POSITION (DEFICIT):</b>			
<b>Beginning</b>	<b>729,362</b>	<b>4,136,290</b>	<b>4,865,652</b>
<b>Ending</b>	<b>\$ 1,345,500</b>	<b>\$ 4,048,441</b>	<b>\$ 5,393,941</b>

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**City of Daytona Beach, Florida  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Fiscal Year Ended September 30, 2023**

	Halifax Harbor	Daytona Beach Pier	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 4,173,147	\$ 1,016,345	\$ 5,189,492
Other receipts	7,010	645	7,655
Payments to suppliers	(2,897,562)	(507,189)	(3,404,751)
Payments to employees	(191,440)	(183,658)	(375,098)
Net cash provided by (used for) operating activities	1,091,155	326,143	1,417,298
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfer from other funds	-	-	-
Transfer (to) other funds	(21,062)	(113,131)	(134,193)
Net cash provided by (used for) noncapital financing activities	(21,062)	(113,131)	(134,193)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Principal payments on bonds, loans and notes	(575,000)	-	(575,000)
Principal payments on lease liability	-	(39,000)	(39,000)
Interest payments on bonds, loans, notes and leases	(148,068)	(1,086)	(149,154)
Acquisition and construction of capital assets	(74,480)	(7,987)	(82,467)
Net cash (used for) capital and related financing activities	(797,548)	(48,073)	(845,621)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	59,393	23,265	82,658
Net cash provided by investing activities	59,393	23,265	82,658
Net increase (decrease) in cash and cash equivalents	331,938	188,204	520,142
<b>EQUITY IN POOLED CASH, CASH EQUIVALENTS, AND INVESTMENTS:</b>			
Beginning	2,146,359	375,615	2,521,974
Ending	\$ 2,478,297	\$ 563,819	\$ 3,042,116
<b>Classified as:</b>			
Unrestricted	\$ 2,024,202	\$ 563,819	\$ 2,588,021
Restricted	454,095	-	454,095
Total	\$ 2,478,297	\$ 563,819	\$ 3,042,116

**City of Daytona Beach, Florida  
Combining Statement of Cash Flows (Continued)  
Nonmajor Enterprise Funds  
For the Fiscal Year Ended September 30, 2023**

	Halifax Harbor	Daytona Beach Pier	Total Nonmajor Enterprise Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 727,676	\$ 3,277	\$ 730,953
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>			
Depreciation and amortization	228,730	298,006	526,736
(Increase) decrease in:			
Lease receivable	123,538	293,996	417,534
Inventories	(7,193)	-	(7,193)
Prepays	(1,178)	(11,997)	(13,175)
Deferred outflow amount for pensions	6,796	3,350	10,146
Deferred outflow amount for OPEB	169	93	262
Increase (decrease) in:			
Accounts payable and other liabilities	57,898	5,234	63,132
Intergovernmental payable	2,213	1,777	3,990
Unearned revenues	7,122	-	7,122
Deposits	8,542	-	8,542
Compensated absences	7,731	8,270	16,001
Other post-employment benefits	(246)	(369)	(615)
Net pension liability	55,064	27,144	82,208
Deferred inflow amount for leases	(123,788)	(301,729)	(425,517)
Deferred inflow amount for OPEB	(122)	(23)	(145)
Deferred inflow amount for pensions	(1,797)	(886)	(2,683)
Total adjustments	363,479	322,866	686,345
Net cash provided by (used for) operating activities	\$ 1,091,155	\$ 326,143	\$ 1,417,298
<b>Noncash capital and related financing activities:</b>			
Amortization of deferred amount on refunding	\$ 10,026	\$ -	\$ 10,026

**City of Daytona Beach, Florida  
Internal Service Funds**



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**Fleet Maintenance** – This fund provides service to City vehicles and related equipment through a maintenance and repair program that maximizes the number of vehicles available for the user departments with a minimum amount of downtime.

**Employment Services** – This fund provides service to all departments through administration of the provisions of City policy as it pertains to personnel recruiting, testing, certification, records, compensation, classification, and evaluation.

**Property Maintenance** – This fund provides service to all departments through maintenance and repair of City property, buildings, and related equipment.

**Information Technology** – This fund provides all communication, network and information technology systems services for all departments.

**Consolidated Insurance** – This fund provides a means to control financial loss to the City arising from insurance catastrophes by either purchasing insurance, transferring the risk of loss to others, self-insuring or any combination thereof.

**City of Daytona Beach, Florida  
Combining Statement of Net Position  
Internal Service Funds  
September 30, 2023**

	Fleet Maintenance	Employment Services	Property Maintenance	Information Technology
<b>ASSETS:</b>				
<b>Current assets:</b>				
Equity in pooled cash, cash equivalents, and investments	\$ 258,528	\$ 1,115,811	\$ 969,826	\$ 1,344,511
Inventory	146,304	-	-	-
Prepays	-	-	-	2,500
<b>Total current assets</b>	<b>404,832</b>	<b>1,115,811</b>	<b>969,826</b>	<b>1,347,011</b>
<b>Noncurrent assets:</b>				
<b>Capital assets:</b>				
Non-depreciable	-	-	-	167,821
Depreciable (net)	-	-	105,224	288,636
Right to use Lease asset (net)	-	-	-	102,490
Right to use subscription asset (net)	-	-	-	1,084,573
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>105,224</b>	<b>1,643,520</b>
<b>Total assets</b>	<b>404,832</b>	<b>1,115,811</b>	<b>1,075,050</b>	<b>2,990,531</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred amount for other post-employment benefits	2,405	4,992	10,604	13,112
Deferred amount for pensions	91,901	376,496	283,228	420,358
<b>Total deferred outflows of resources</b>	<b>94,306</b>	<b>381,488</b>	<b>293,832</b>	<b>433,470</b>
<b>LIABILITIES:</b>				
<b>Current liabilities:</b>				
Accounts payable and other liabilities	104,771	24,773	69,136	318,479
Intergovernmental payable	412	884	1,381	2,625
Insurance claims payable	-	-	-	-
Lease liability	-	-	-	38,464
Subscription liability	-	-	-	510,931
Compensated absences	18,679	41,136	58,312	128,141
Other post-employment benefits	2,250	1,708	2,997	2,852
<b>Total current liabilities</b>	<b>126,112</b>	<b>68,501</b>	<b>131,826</b>	<b>1,001,492</b>
<b>Noncurrent liabilities:</b>				
Insurance claims payable	-	-	-	-
Compensated absences	60,564	141,600	74,372	240,024
Lease liability	-	-	-	63,382
Subscription liability	-	-	-	505,341
Other post-employment benefits	40,514	30,753	53,957	51,347
Net pension liability	333,995	1,378,178	1,023,364	1,830,230
<b>Total noncurrent liabilities</b>	<b>435,073</b>	<b>1,550,531</b>	<b>1,151,693</b>	<b>2,690,324</b>
<b>Total liabilities</b>	<b>561,185</b>	<b>1,619,032</b>	<b>1,283,519</b>	<b>3,691,816</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred amount for other post-employment benefits	6,466	11,109	25,773	41,739
Deferred amount for pensions	12,386	62,488	26,643	33,334
<b>Total deferred inflows of resources</b>	<b>18,852</b>	<b>73,597</b>	<b>52,416</b>	<b>75,073</b>
<b>NET POSITION (DEFICIT):</b>				
Net investment in capital assets	-	-	105,224	525,402
Unrestricted	(80,899)	(195,330)	(72,277)	(868,290)
<b>Total net position (deficit)</b>	<b>\$ (80,899)</b>	<b>\$ (195,330)</b>	<b>\$ 32,947</b>	<b>\$ (342,888)</b>

**City of Daytona Beach, Florida  
Combining Statement of Net Position (Continued)  
Internal Service Funds  
September 30, 2023**

	Consolidated Insurance	Totals
<b>ASSETS:</b>		
<b>Current assets:</b>		
Equity in pooled cash, cash equivalents, and investments	\$ 10,413,067	\$ 14,101,743
Inventory	-	146,304
Prepays	430,772	433,272
<b>Total current assets</b>	<b>10,843,839</b>	<b>14,681,319</b>
<b>Noncurrent assets:</b>		
<b>Capital assets:</b>		
Non-depreciable	-	167,821
Depreciable (net)	13,366	407,226
Right to use Lease asset (net)	-	102,490
Right to use subscription asset (net)	-	1,084,573
<b>Total noncurrent assets</b>	<b>13,366</b>	<b>1,762,110</b>
<b>Total assets</b>	<b>10,857,205</b>	<b>16,443,429</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred amount for other post-employment benefits	5,470	36,583
Deferred amount for pensions	228,558	1,400,541
<b>Total deferred outflows of resources</b>	<b>234,028</b>	<b>1,437,124</b>
<b>LIABILITIES:</b>		
<b>Current liabilities:</b>		
Accounts payable and other liabilities	1,024,817	1,541,976
Intergovernmental payable	1,084	6,386
Insurance claims payable	2,416,000	2,416,000
Lease liability	-	38,464
Subscription liability	-	510,931
Compensated absences	41,539	287,807
Other post-employment benefits	2,398	12,205
<b>Total current liabilities</b>	<b>3,485,838</b>	<b>4,813,769</b>
<b>Noncurrent liabilities:</b>		
Insurance claims payable	8,631,000	8,631,000
Compensated absences	57,376	573,936
Lease liability	-	63,382
Subscription liability	-	505,341
Other post-employment benefits	43,170	219,741
Net pension liability	945,747	5,511,514
<b>Total noncurrent liabilities</b>	<b>9,677,293</b>	<b>15,504,914</b>
<b>Total liabilities</b>	<b>13,163,131</b>	<b>20,318,683</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred amount for other post-employment benefits	13,777	98,864
Deferred amount for pensions	38,317	173,168
<b>Total deferred inflows of resources</b>	<b>52,094</b>	<b>272,032</b>
<b>NET POSITION:</b>		
Net investment in capital assets	13,366	643,992
Unrestricted	(2,137,358)	(3,354,154)
<b>Total net position</b>	<b>\$ (2,123,992)</b>	<b>\$ (2,710,162)</b>

**City of Daytona Beach, Florida**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Fiscal Year Ended September 30, 2023**

	Fleet Maintenance	Employment Services	Property Maintenance	Information Technology
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 2,985,264	\$ 926,325	\$ 2,051,561	\$ 5,684,166
Other receipts	340	-	7,306	150
<b>Total operating revenues</b>	<b>2,985,604</b>	<b>926,325</b>	<b>2,058,867</b>	<b>5,684,316</b>
<b>OPERATING EXPENSES:</b>				
Personnel services	435,842	938,950	1,579,180	2,954,651
Contractual services	956,831	168,269	572,827	2,096,921
Materials and supplies	1,643,734	13,211	52,901	392,873
Depreciation	-	-	66,290	157,068
Amortization	-	-	-	506,574
<b>Total operating expenses</b>	<b>3,036,407</b>	<b>1,120,430</b>	<b>2,271,198</b>	<b>6,108,087</b>
<b>Operating income (loss)</b>	<b>(50,803)</b>	<b>(194,105)</b>	<b>(212,331)</b>	<b>(423,771)</b>
<b>NONOPERATING REVENUE:</b>				
Income on investments	5,786	26,793	27,249	40,427
Interest expense	-	-	-	(25,643)
Gain (loss) on disposal of capital assets	1,749	-	15,248	-
<b>Total other financing sources</b>	<b>7,535</b>	<b>26,793</b>	<b>42,497</b>	<b>14,784</b>
<b>Income (loss) before capital grants, contributions and transfers</b>	<b>(43,268)</b>	<b>(167,312)</b>	<b>(169,834)</b>	<b>(408,987)</b>
<b>Transfers (out)</b>	<b>(32,644)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>(75,912)</b>	<b>(167,312)</b>	<b>(169,834)</b>	<b>(408,987)</b>
<b>NET POSITION (DEFICIT):</b>				
Beginning	(4,987)	(28,018)	202,781	66,099
Ending	\$ (80,899)	\$ (195,330)	\$ 32,947	\$ (342,888)

**City of Daytona Beach, Florida**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Fiscal Year Ended September 30, 2023**

	Consolidated Insurance	Totals
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 7,255,209	\$ 18,902,525
Other receipts	3,125	10,921
<b>Total operating revenues</b>	<b>7,258,334</b>	<b>18,913,446</b>
<b>OPERATING EXPENSES:</b>		
Personnel services	1,194,070	7,102,693
Contractual services	6,134,863	9,929,711
Materials and supplies	100,375	2,203,094
Depreciation	2,383	225,741
Amortization	-	506,574
<b>Total operating expenses</b>	<b>7,431,691</b>	<b>19,967,813</b>
<b>Operating income (loss)</b>	<b>(173,357)</b>	<b>(1,054,367)</b>
<b>NONOPERATING REVENUE:</b>		
Income on investments	252,086	352,341
Interest expense	-	(25,643)
Gain (loss) on disposal of capital assets	-	16,997
<b>Total other financing sources</b>	<b>252,086</b>	<b>343,695</b>
<b>Income (loss) before capital grants, contributions and transfers</b>	<b>78,729</b>	<b>(710,672)</b>
<b>Transfers (out)</b>	<b>(180)</b>	<b>(32,824)</b>
<b>Change in net position</b>	<b>78,549</b>	<b>(743,496)</b>
<b>NET POSITION (DEFICIT):</b>		
Beginning	(2,202,541)	(1,966,666)
Ending	\$ (2,123,992)	\$ (2,710,162)



**City of Daytona Beach, Florida  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Fiscal Year Ended September 30, 2023**

	Fleet Maintenance	Employment Services	Property Maintenance	Information Technology
<b>CASH FLOWS FROM</b>				
<b>OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 2,985,264	\$ 926,325	\$ 2,051,561	\$ 5,684,166
Other receipts	340	-	7,306	150
Payments to suppliers	(2,666,858)	(176,387)	(669,853)	(2,469,700)
Payments to employees	(377,167)	(743,004)	(1,375,078)	(2,517,205)
Net cash provided by (used by) operating activities	(58,421)	6,934	13,936	697,411
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers (to) other funds	(32,644)	-	-	-
Net cash provided by (used for) noncapital financing activities	(32,644)	-	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from sale of capital assets	1,749	-	15,248	-
Acquisition and construction of capital assets	-	-	(38,161)	(185,159)
Interest paid on capital-related debt	-	-	-	(25,643)
Principal payments on lease liability	-	-	-	(70,319)
Principal payments on subscription liability	-	-	-	(504,547)
Net cash provided by (used for) capital and related financing activities	1,749	-	(22,913)	(785,668)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received	5,786	26,793	27,249	40,427
Net cash provided by investing activities	5,786	26,793	27,249	40,427
Net increase (decrease) in equity in pooled cash, cash equivalents, and investments	(83,530)	33,727	18,272	(47,830)
<b>EQUITY IN POOLED CASH, CASH EQUIVALENTS, AND INVESTMENTS:</b>				
Beginning	342,058	1,082,084	951,554	1,392,341
Ending	\$ 258,528	\$ 1,115,811	\$ 969,826	\$ 1,344,511

**City of Daytona Beach, Florida  
Combining Statement of Cash Flows (Continued)  
Internal Service Funds  
For the Fiscal Year Ended September 30, 2023**

	Consolidated Insurance	Totals
<b>CASH FLOWS FROM</b>		
<b>OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 7,255,209	\$ 18,902,525
Other receipts	3,125	10,921
Payments to suppliers	(3,429,241)	(9,412,039)
Payments to employees	(1,037,404)	(6,049,858)
Net cash provided by (used by) operating activities	2,791,689	3,451,549
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers (to) other funds	(180)	(32,824)
Net cash provided by (used for) noncapital financing activities	(180)	(32,824)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from sale of capital assets	-	16,997
Acquisition and construction of capital assets	-	(223,320)
Interest paid on capital-related debt	-	(25,643)
Principal payments on lease liability	-	(70,319)
Principal payments on subscription liability	-	(504,547)
Net cash provided by (used for) capital and related financing activities	-	(806,832)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received	252,086	352,341
Net cash provided by investing activities	252,086	352,341
Net increase (decrease) in equity in pooled cash, cash equivalents, and investments	3,043,595	2,964,234
<b>EQUITY IN POOLED CASH, CASH EQUIVALENTS, AND INVESTMENTS:</b>		
Beginning	7,369,472	11,137,509
Ending	\$ 10,413,067	\$ 14,101,743

**City of Daytona Beach, Florida**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**For the Fiscal Year Ended September 30, 2023**

	Fleet Maintenance	Employment Services	Property Maintenance	Information Technology
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
<b>Operating income (loss)</b>	\$ (50,803)	\$ (194,105)	\$ (212,331)	\$ (423,771)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	-	-	66,290	663,642
(Increase) decrease in:				
Inventory	(15,197)	-	-	-
Prepays	-	-	-	-
Deferred amount for pensions	5,551	20,293	22,015	44,702
Deferred amount for OPEB	582	1,207	2,566	3,173
Increase (decrease) in:				
Accounts payable and other liabilities	(51,225)	4,874	(43,959)	19,575
Intergovernmental payable	129	219	(166)	519
Insurance claims payable	-	-	-	-
Compensated absences	10,343	17,695	12,124	46,486
Other post-employment benefits	(905)	(1,347)	(3,197)	(5,056)
Net pension liability	44,981	164,414	178,373	362,174
Deferred amount for pensions	(1,467)	(5,364)	(5,819)	(11,818)
Deferred amount for OPEB	(410)	(952)	(1,960)	(2,215)
<b>Total adjustments</b>	(7,618)	201,039	226,267	1,121,182
Net cash provided by (used in) operating activities				
	\$ (58,421)	\$ 6,934	\$ 13,936	\$ 697,411
<b>Noncash capital and related financing activities:</b>				
Issuance of debt	\$ -	\$ -	\$ -	\$ 1,022,367

**City of Daytona Beach, Florida**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**For the Fiscal Year Ended September 30, 2023**

	Consolidated Insurance	Totals
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
<b>Operating income (loss)</b>	\$ (173,357)	\$ (1,054,367)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	2,383	732,315
(Increase) decrease in:		
Inventory	-	(15,197)
Prepays	2,065,085	2,065,085
Deferred amount for pensions	17,614	110,175
Deferred amount for OPEB	1,324	8,852
Increase (decrease) in:		
Accounts payable and other liabilities	327,779	257,044
Intergovernmental payable	133	834
Insurance claims payable	413,000	413,000
Compensated absences	2,389	89,037
Other post-employment benefits	(1,701)	(12,206)
Net pension liability	142,698	892,640
Deferred amount for pensions	(4,656)	(29,124)
Deferred amount for OPEB	(1,002)	(6,539)
<b>Total adjustments</b>	2,965,046	4,505,916
Net cash provided by (used by) operating activities		
	\$ 2,791,689	\$ 3,451,549
<b>Noncash capital and related financing activities:</b>		
Issuance of debt	\$ -	\$ 1,022,367

**City of Daytona Beach, Florida  
Discretely Presented Component Units**

**The Downtown Development Authority (DDA)** – This fund accounts for the promotion and the development of the City's designated downtown area and does not provide service entirely to the City.

**First Step Shelter, Inc.** – First Step Shelter, Inc. is a not-for-profit Florida corporation and is organized exclusively for charitable purposes as defined by 501(c)(3) of the Internal Revenue Code. First Step Shelter, Inc. has a purpose to develop, manage, and operate the shelter program, a homeless assistance service program located in Volusia County. The program includes a homeless shelter located within the City of Daytona Beach municipal boundaries and does not provide service entirely to the City.



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**City of Daytona Beach, Florida  
Combining Statement of Net Position  
Discretely Presented Component Units  
September 30, 2023**

	Downtown Development Authority	First Step Shelter, Inc.	Total Component Units
<b>ASSETS:</b>			
Equity in pooled cash, cash equivalents, and investments	\$ 52,902	\$ 1,653,780	\$ 1,706,682
Accounts receivable (net)	-	127,453	127,453
Deposits	-	19,145	19,145
Prepays	-	18,168	18,168
Depreciable assets, net of depreciation	-	116,066	116,066
<b>Total assets</b>	<b>52,902</b>	<b>1,934,612</b>	<b>1,987,514</b>
<b>LIABILITIES:</b>			
Accounts payable and other liabilities	2,194	70,768	72,962
Unearned revenue	-	-	-
Compensated absences	-	20,184	20,184
<b>Total liabilities</b>	<b>2,194</b>	<b>90,952</b>	<b>93,146</b>
<b>NET POSITION:</b>			
Net investment in capital assets	-	116,066	116,066
Restricted:			
Human services	-	1,727,594	1,727,594
Unrestricted	50,708	-	50,708
<b>Total net position</b>	<b>\$ 50,708</b>	<b>\$ 1,843,660</b>	<b>\$ 1,894,368</b>

**City of Daytona Beach, Florida  
Combining Statement of Activities  
Discretely Presented Component Units  
For the Fiscal Year Ended September 30, 2023**

	Downtown Development Authority	First Step Shelter, Inc.	Total Component Units
<b>OPERATING REVENUES:</b>			
Taxes	\$ 208,570	\$ -	\$ 208,570
Operating grants and contributions	117,961	1,876,409	1,994,370
Income on investments	2,562	5,910	8,472
Miscellaneous	2,685	-	2,685
<b>Total operating revenues</b>	<b>331,778</b>	<b>1,882,319</b>	<b>2,214,097</b>
<b>OPERATING EXPENSES:</b>			
Current operating:			
Downtown development	331,321	-	331,321
Human services	-	1,528,306	1,528,306
<b>Total operating expenses</b>	<b>331,321</b>	<b>1,528,306</b>	<b>1,859,627</b>
Change in net position	457	354,013	354,470
<b>NET POSITION:</b>			
Beginning	50,251	1,489,647	1,539,898
<b>Ending</b>	<b>\$ 50,708</b>	<b>\$ 1,843,660</b>	<b>\$ 1,894,368</b>

**City of Daytona Beach, Florida**  
**Combining Schedule of Deposits and Withdrawals**  
**Redevelopment Trust Funds**  
**For the Fiscal Year Ended September 30, 2023**

	Downtown Redevelopment Trust Fund	Main Street Redevelopment Trust Fund	Ballough Road Redevelopment Trust Fund	Midtown Redevelopment Trust Fund	South Atlantic Redevelopment Trust Fund	Total
<b>DEPOSITS:</b>						
Tax increment revenues:						
Daytona Beach	\$ 873,818	\$ 2,383,083	\$ 106,018	\$ 392,690	\$ 153,461	\$ 3,909,070
Volusia County	780,424	2,127,923	94,692	341,508	137,067	3,481,614
Halifax Hospital	138,491	377,695	16,803	62,237	24,322	619,548
East Volusia Mosquito Control	28,659	78,145	3,477	12,574	5,033	127,888
Ponce DeLeon Inlet and Port Authority	12,230	33,345	1,484	5,351	2,148	54,558
Volusia ECHO	32,183	87,754	3,905	14,121	5,652	143,615
Volusia Forever	32,183	87,754	3,905	14,121	5,652	143,615
Downtown Development Authority	117,961	-	-	-	-	117,961
Charges for services	-	209,086	-	2,562	-	211,648
Licenses and permits	2,020	3,258	-	-	-	5,278
Income on investments	42,348	264,626	48,868	59,021	30,529	445,392
Miscellaneous	-	433,098	-	-	-	433,098
Issuance of debt	159,281	-	-	50,000	-	209,281
<b>Total deposits</b>	<b>2,219,598</b>	<b>6,085,767</b>	<b>279,152</b>	<b>954,185</b>	<b>363,864</b>	<b>9,902,566</b>
<b>WITHDRAWALS:</b>						
Current operating:						
Personnel services	114,996	228,874	45,683	63,024	-	452,577
Professional services	1,759	6,022	253	19,753	75	27,862
Contractual services	1,152,408	160,557	48,429	68,537	4,773	1,434,704
Materials and supplies	4,441	6,062	317	2,966	-	13,786
Capital outlay	275,607	4,042,302	-	633,199	-	4,951,108
Debt Service	-	-	-	20,359	-	20,359
Transfers to debt service funds	234,252	2,507,570	-	213,804	-	2,955,626
<b>Total withdrawals</b>	<b>1,783,463</b>	<b>6,951,387</b>	<b>94,682</b>	<b>1,021,642</b>	<b>4,848</b>	<b>9,856,022</b>
Excess (deficiency) of deposits over (under) withdrawals	436,135	(865,620)	184,470	(67,457)	359,016	46,544
<b>FUND BALANCE:</b>						
Beginning	838,074	11,531,225	1,481,491	1,329,528	635,803	15,816,121
Ending	\$ 1,274,209	\$ 10,665,605	\$ 1,665,961	\$ 1,262,071	\$ 994,819	\$ 15,862,665

## Statistical Section



**Statistical Section**

**Summary of Statistical Tables**

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

The City of Daytona Beach, Florida  
Net Position by Component  
Last Ten Fiscal Years

Table 1

	Post GASB Statement No. 68									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Governmental activities:</b>										
Net investment in capital assets.....	\$ 97,806,426	\$ 87,826,793	\$ 80,650,660	\$ 75,684,936	\$ 94,042,068	\$ 91,978,293	\$ 85,932,944	\$ 82,226,618	\$ 80,888,821	\$ 78,165,983
Restricted.....	70,023,679	63,432,616	50,096,156	39,171,020	33,982,717	33,229,359	24,875,002	21,189,958	17,201,027	14,693,531
Unrestricted (deficit).....	(56,432,613)	(45,011,799)	(46,244,595)	(57,037,781)	(76,626,642)	(88,559,437)	(83,228,150)	(76,089,200)	(83,807,193)	(86,478,268)
<b>Total governmental activities net position.....</b>	<b>\$ 111,397,492</b>	<b>\$ 106,247,610</b>	<b>\$ 84,502,221</b>	<b>\$ 57,818,175</b>	<b>\$ 51,398,143</b>	<b>\$ 36,648,215</b>	<b>\$ 27,579,796</b>	<b>\$ 27,327,376</b>	<b>\$ 14,282,655</b>	<b>\$ 6,381,246</b>
<b>Business-type activities:</b>										
Net investment in capital assets.....	\$ 70,880,694	\$ 60,387,438	\$ 52,868,672	\$ 54,938,452	\$ 38,072,559	\$ 40,503,469	\$ 33,859,945	\$ 29,678,041	\$ 29,152,976	\$ 29,434,415
Restricted.....	66,552,114	59,666,199	51,039,643	38,023,320	41,238,440	34,734,738	28,742,079	26,571,106	24,140,340	22,144,897
Unrestricted.....	40,608,036	37,226,761	34,811,571	30,931,308	33,360,202	26,839,369	22,325,643	15,249,976	7,017,927	4,582,770
<b>Total business-type activities net position.....</b>	<b>\$ 178,040,844</b>	<b>\$ 157,280,398</b>	<b>\$ 138,719,886</b>	<b>\$ 123,893,080</b>	<b>\$ 112,671,201</b>	<b>\$ 102,077,576</b>	<b>\$ 84,927,667</b>	<b>\$ 71,499,123</b>	<b>\$ 60,311,243</b>	<b>\$ 56,162,082</b>
<b>Primary government:</b>										
Net investment in capital assets.....	\$ 168,687,120	\$ 148,214,231	\$ 133,519,332	\$ 130,623,388	\$ 132,114,627	\$ 132,481,762	\$ 119,792,889	\$ 111,904,659	\$ 110,041,797	\$ 107,600,398
Restricted.....	136,575,793	123,098,815	101,135,799	77,194,340	75,221,157	67,964,097	53,617,081	47,761,064	41,341,367	36,838,428
Unrestricted (deficit).....	(15,824,577)	(7,785,038)	(11,433,024)	(26,106,473)	(43,266,440)	(61,720,068)	(60,902,507)	(60,839,224)	(76,789,266)	(81,895,498)
<b>Total primary government net position.....</b>	<b>\$ 289,438,336</b>	<b>\$ 263,528,008</b>	<b>\$ 223,222,107</b>	<b>\$ 181,711,255</b>	<b>\$ 164,069,344</b>	<b>\$ 138,725,791</b>	<b>\$ 112,507,463</b>	<b>\$ 98,826,499</b>	<b>\$ 74,593,898</b>	<b>\$ 62,543,328</b>

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The City of Daytona Beach, Florida  
Changes of Net Position  
Last Ten Fiscal Years

Table 2

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Expenses:</b>										
<b>Governmental activities:</b>										
General government.....	\$ 33,295,990	\$ 20,310,253	\$ 18,530,978	\$ 20,700,101	\$ 15,152,044	\$ 14,919,468	\$ 10,013,302	\$ 10,732,698	\$ 10,286,301	\$ 12,051,945
Public safety.....	74,740,759	69,639,548	49,816,836	55,222,208	56,319,605	53,040,030	51,744,571	47,700,225	45,303,249	43,741,690
Physical environment.....	-	-	-	875,087	1,089,956	3,383,357	6,009,372	-	-	-
Transportation.....	13,922,477	12,875,107	8,598,799	13,904,629	13,516,573	11,486,429	12,406,637	9,529,914	8,256,702	8,411,691
Economic environment.....	8,502,462	4,766,191	6,656,054	2,904,699	3,714,034	3,807,287	3,556,658	3,793,466	3,502,219	3,968,188
Human services.....	825,263	807,741	661,205	804,993	2,529	508,592	1,753,902	4,611,464	78,972	37,412
Cultural and recreation.....	17,503,451	15,097,820	12,309,313	13,338,815	5,364,082	4,580,589	4,761,424	4,311,464	5,658,903	4,997,981
Interest on long-term debt.....	884,471	1,053,303	1,708,540	1,610,615	1,725,803	1,827,042	1,911,609	2,040,448	2,125,622	2,200,224
<b>Total governmental activities expenses.....</b>	<b>149,674,873</b>	<b>124,549,963</b>	<b>98,281,725</b>	<b>109,361,147</b>	<b>96,884,626</b>	<b>93,552,794</b>	<b>92,157,475</b>	<b>78,648,353</b>	<b>75,211,968</b>	<b>75,409,131</b>
<b>Business-type activities:</b>										
Water and sewer system.....	53,795,476	50,782,056	44,358,123	43,346,808	41,629,642	38,859,366	36,469,225	35,655,867	37,567,157	32,844,345
Solid waste management.....	13,214,098	12,288,926	10,675,469	10,467,111	9,923,620	9,507,986	9,198,135	8,594,048	9,391,240	9,432,333
Storm water improvement.....	6,454,682	6,253,307	5,604,742	5,333,481	6,272,899	4,348,012	5,284,463	4,948,927	2,818,747	5,198,128
Halifax Harbor.....	3,602,829	3,492,935	3,315,451	2,926,017	3,004,463	2,920,282	2,948,461	2,784,161	4,892,204	3,235,580
Cultural services.....	-	-	-	-	3,543,121	4,517,646	3,471,843	3,592,082	3,554,638	2,788,729
Municipal Golf Course.....	-	-	-	-	1,986,735	1,942,714	1,822,116	1,782,413	2,068,289	2,006,200
Florida Tennis Center.....	-	-	-	-	599,536	596,688	546,838	580,029	585,676	575,717
Municipal Stadium/Jackie Robinson Ballpark.....	-	-	-	-	175,748	350,857	364,654	486,014	380,920	366,545
Daytona Beach Pier.....	1,024,509	1,340,557	975,289	1,948,461	711,578	741,394	666,490	467,409	527,508	425,896
<b>Total business-type activities expenses.....</b>	<b>78,091,594</b>	<b>74,157,781</b>	<b>64,929,074</b>	<b>64,021,878</b>	<b>67,847,342</b>	<b>63,784,945</b>	<b>60,772,225</b>	<b>58,890,950</b>	<b>61,786,379</b>	<b>56,873,473</b>
<b>Total primary government expenses.....</b>	<b>\$ 227,766,467</b>	<b>\$ 198,707,744</b>	<b>\$ 163,210,799</b>	<b>\$ 173,383,025</b>	<b>\$ 164,731,968</b>	<b>\$ 157,337,739</b>	<b>\$ 152,929,700</b>	<b>\$ 137,539,303</b>	<b>\$ 136,998,347</b>	<b>\$ 132,282,604</b>
<b>Program revenues:</b>										
<b>Governmental activities:</b>										
<b>Fees, fines, and charges for services:</b>										
General government.....	\$ 11,982,553	\$ 13,697,582	\$ 10,292,360	\$ 7,591,361	\$ 9,425,057	\$ 7,602,600	\$ 6,871,891	\$ 7,818,031	\$ 5,230,580	\$ 4,669,486
Public safety.....	4,074,650	5,564,100	3,580,885	3,344,059	3,239,244	2,330,228	1,779,440	2,617,272	1,895,590	2,957,560
Transportation.....	952,750	1,518,121	743,205	701,615	783,637	629,049	442,249	820,460	133,564	1,697,748
Economic environment.....	672,765	741,154	492,691	528,952	650,860	1,021,559	777,830	682,020	661,149	677,257
Human services.....	-	-	-	-	-	-	-	-	-	4,496
Cultural and recreation.....	11,597,871	10,413,745	6,630,888	7,470,397	1,946,551	1,458,389	560,834	1,190,826	596,188	983,727
Operating grants and contributions.....	3,937,336	15,316,655	10,530,401	6,385,834	3,023,525	7,318,578	4,670,880	3,331,026	2,706,510	2,258,914
Capital grants and contributions.....	313,484	1,726,787	772,259	1,137,268	1,945,826	4,522,339	1,425,262	2,210,454	4,271,772	3,435,436
<b>Total governmental activities program revenues.....</b>	<b>33,531,409</b>	<b>48,978,144</b>	<b>33,042,689</b>	<b>27,159,486</b>	<b>21,014,700</b>	<b>24,882,742</b>	<b>16,528,386</b>	<b>18,670,089</b>	<b>15,495,353</b>	<b>16,684,624</b>

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The City of Daytona Beach, Florida  
Changes of Net Position  
Last Ten Fiscal Years

Table 2 (Continued)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Business-type activities:										
Fees, fines, and charges for services:										
Water and sewer system.....	\$ 70,771,646	\$ 62,342,598	\$ 58,685,085	\$ 54,472,595	\$ 53,770,654	\$ 51,015,207	\$ 47,971,798	\$ 47,699,578	\$ 43,741,137	\$ 41,833,640
Solid waste management.....	24,646,960	21,920,159	20,350,950	19,327,220	18,407,518	17,153,480	16,098,643	15,408,144	14,223,789	13,676,011
Storm water improvement.....	17,248,912	15,305,246	14,034,155	13,400,621	12,721,833	11,972,680	11,397,638	10,909,801	10,086,045	9,861,549
Halifax Harbor.....	4,166,275	4,075,604	3,685,374	3,403,976	3,566,904	3,610,082	3,481,716	2,791,735	2,763,984	2,951,497
Cultural services.....	-	-	-	-	3,531,723	3,515,051	2,853,193	2,894,245	2,707,998	2,186,758
Municipal Golf Course.....	-	-	-	-	1,519,859	1,468,945	1,368,576	1,626,009	1,834,737	1,754,061
Florida Tennis Center.....	-	-	-	-	454,101	399,868	435,979	479,572	460,547	474,138
Municipal Stadium/Jackie Robinson Ballpark.....	-	-	-	-	283,869	255,439	351,006	423,883	361,498	391,119
Daytona Beach Pier.....	1,024,363	1,022,369	785,005	594,116	979,207	986,184	804,898	969,817	944,424	930,910
Operating grants and contributions.....	-	-	-	-	98,781	65,763	72,854	151,475	435,595	166,378
Capital grants and contributions.....	7,852,817	11,443,782	6,841,468	6,459,983	7,162,086	7,281,354	5,088,138	3,394,010	1,661,727	1,979,030
Total business-type activities program revenues.....	125,710,973	116,109,758	104,382,037	97,658,511	102,496,535	97,724,053	89,924,439	86,748,654	79,221,481	76,205,091
Total primary government program revenue.....	\$ 159,242,382	\$ 165,087,902	\$ 137,424,726	\$ 124,817,997	\$ 123,511,235	\$ 122,606,795	\$ 106,452,825	\$ 105,418,743	\$ 94,716,834	\$ 92,889,715
Net (expense)/revenue:										
Governmental activities.....	\$ (116,143,464)	\$ (75,571,819)	\$ (65,239,036)	\$ (82,201,661)	\$ (75,869,926)	\$ (68,670,052)	\$ (75,629,089)	\$ (59,978,264)	\$ (59,716,615)	\$ (58,724,507)
Business-type activities.....	47,619,379	41,951,977	39,452,963	33,633,633	34,649,193	33,939,108	29,152,214	27,857,704	17,435,102	19,331,618
Total primary government net expense.....	\$ (68,524,085)	\$ (33,619,842)	\$ (25,786,073)	\$ (48,568,028)	\$ (41,220,733)	\$ (34,730,944)	\$ (46,476,875)	\$ (32,120,560)	\$ (42,281,513)	\$ (39,392,889)
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes.....	\$ 39,661,044	\$ 34,999,413	\$ 32,467,888	\$ 31,460,044	\$ 30,359,003	\$ 28,214,204	\$ 26,873,734	\$ 25,642,518	\$ 24,575,317	\$ 24,476,873
Gas taxes.....	1,870,152	1,882,705	1,964,513	1,782,150	1,991,925	1,952,241	1,925,285	1,866,300	1,767,102	1,700,020
Public service taxes.....	14,568,751	12,995,813	12,061,254	11,563,162	11,768,805	11,547,176	10,889,630	10,761,889	10,250,534	10,534,431
Sales taxes.....	5,199,916	4,927,098	4,366,650	3,723,080	3,809,242	3,759,786	3,539,341	3,392,888	3,213,470	2,998,827
Franchise taxes.....	8,496,276	7,708,997	6,486,956	6,049,136	6,470,703	6,301,472	6,112,377	5,992,635	6,108,348	6,020,481
Tax increment taxes.....	4,570,838	4,067,092	3,721,725	3,381,051	3,212,092	3,068,042	2,974,533	2,677,785	-	-
Other taxes.....	1,393,607	1,134,302	1,081,810	1,058,682	991,258	937,925	813,175	903,455	3,489,116	3,281,154
Intergovernmental revenues not restricted to specific programs.....	5,628,782	5,484,349	3,484,479	2,645,381	2,787,678	2,685,849	2,684,011	2,392,717	2,410,302	2,314,438
Investment earnings.....	4,014,122	(2,402,077)	63,560	2,188,981	2,767,495	843,607	404,539	347,629	390,887	175,957
Miscellaneous.....	3,233,391	1,806,949	969,525	1,709,696	1,104,048	1,239,546	2,485,416	1,042,203	95,905	1,350,500
Transfers.....	32,656,467	24,712,567	25,254,722	25,163,049	25,357,605	17,673,153	17,179,468	18,003,566	15,047,043	10,791,136
Total governmental activities.....	121,293,346	97,317,208	91,923,082	90,722,412	90,619,854	78,223,001	75,881,509	73,022,985	67,618,024	63,643,817
Business-type activities:										
Income on investments.....	5,115,231	694,102	500,292	535,839	790,992	620,629	517,045	522,150	557,846	526,721
Miscellaneous.....	682,303	627,000	128,273	111,737	511,045	407,550	938,753	811,592	1,203,256	1,120,843
Transfers.....	(32,656,467)	(24,712,567)	(25,254,722)	(25,163,049)	(25,357,605)	(17,673,153)	(17,179,468)	(18,003,566)	(15,047,043)	(10,791,136)
Total business-type activities.....	(26,858,933)	(23,391,465)	(24,626,157)	(24,515,473)	(24,055,568)	(16,644,974)	(15,723,670)	(16,669,824)	(13,285,941)	(9,143,572)
Total primary government.....	\$ 94,434,413	\$ 73,925,743	\$ 67,296,925	\$ 66,206,939	\$ 66,564,286	\$ 61,578,027	\$ 60,157,839	\$ 56,353,161	\$ 54,332,083	\$ 54,500,245
Changes in net position:										
Governmental activities:										
20,760,446	18,560,512	14,826,806	9,121,160	10,593,625	17,294,134	13,428,544	11,877,880	14,189,566	10,188,046	11,880,046
Total primary government.....	\$ 25,910,328	\$ 40,305,901	\$ 41,510,852	\$ 17,641,911	\$ 25,343,553	\$ 26,847,083	\$ 13,680,964	\$ 24,232,601	\$ 12,050,570	\$ 15,107,356

The City of Daytona Beach, Florida  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years

Table 3

	Post GASB Statement No. 54									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund:										
Non-spendable.....	\$ 704,990	\$ 527,183	\$ 430,033	\$ 419,152	\$ 232,962	\$ 385,002	\$ 370,690	\$ 380,664	\$ 393,251	\$ 376,343
Restricted.....	-	-	-	792,530	267,489	258,549	331,932	333,837	367,343	322,376
Committed.....	-	-	-	-	-	-	-	-	-	-
Assigned.....	22,000,388	31,310,271	18,670,465	8,995,225	10,552,163	5,299,295	6,425,723	3,631,728	785,789	469,733
Unassigned.....	22,179,088	12,291,705	11,140,039	14,922,178	15,947,589	18,264,876	15,882,777	17,163,335	14,555,696	9,637,832
Total General Fund.....	\$ 44,884,466	\$ 44,129,159	\$ 30,240,537	\$ 25,129,085	\$ 27,000,203	\$ 24,207,722	\$ 23,011,122	\$ 21,509,564	\$ 16,102,079	\$ 10,806,284
All other governmental funds:										
Non-spendable.....	\$ 520	\$ 1,560	\$ -	\$ -	\$ -	\$ -	\$ 1,890	\$ -	\$ -	\$ 300,349
Restricted.....	70,023,679	63,432,616	50,096,156	38,615,220	33,715,228	26,145,891	19,273,086	20,856,121	15,530,328	14,371,155
Assigned.....	6,323,871	8,677,535	12,654,058	12,298,998	7,894,628	3,308,374	3,370,578	2,852,396	1,162,500	1,744,121
Unassigned.....	(7,151,680)	-	-	7,050	(1,595,581)	(2,881,458)	-	-	-	-
Total all other governmental funds.....	\$ 69,196,390	\$ 72,111,711	\$ 62,750,214	\$ 50,921,268	\$ 40,014,275	\$ 26,572,807	\$ 22,645,554	\$ 23,708,517	\$ 16,692,828	\$ 16,415,625



The City of Daytona Beach, Florida  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years

Table 4

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Revenues:</b>										
Taxes.....	\$ 58,503,614	\$ 52,090,381	\$ 48,481,076	\$ 46,905,969	\$ 46,253,839	\$ 43,630,484	\$ 41,564,174	\$ 40,260,693	\$ 38,772,381	\$ 38,542,276
Licenses and permits.....	15,713,697	15,152,390	12,106,135	9,237,468	10,969,624	10,291,638	9,708,904	10,012,489	8,479,557	8,193,227
Intergovernmental.....	18,729,076	28,428,468	22,169,029	16,633,410	14,795,706	21,104,002	15,200,810	13,763,263	15,136,183	15,286,105
Charges for services.....	13,509,776	11,269,075	8,089,139	9,352,802	4,828,974	3,700,798	3,362,026	3,427,994	3,408,436	3,281,525
Fines and forfeitures.....	984,389	1,399,741	818,052	467,320	501,464	519,410	566,132	608,225	694,122	2,277,592
Special assessments/impact fees.....	6,470,883	10,546,495	5,986,443	5,424,765	4,727,595	3,589,073	1,845,907	3,927,091	612,918	394,652
Income on investments.....	3,661,877	(2,442,733)	42,537	2,152,329	2,697,121	807,543	392,496	345,865	381,594	164,355
Miscellaneous.....	2,951,256	2,954,349	1,917,268	2,407,868	1,282,767	1,354,897	2,570,959	1,355,568	1,293,809	1,385,971
<b>Total revenues.....</b>	<b>120,524,568</b>	<b>119,398,166</b>	<b>99,609,679</b>	<b>92,581,931</b>	<b>86,057,090</b>	<b>84,997,845</b>	<b>75,211,408</b>	<b>73,701,188</b>	<b>68,779,000</b>	<b>69,525,703</b>
<b>Expenditures:</b>										
General government.....	27,935,388	17,616,579	15,922,113	15,270,898	9,321,023	8,979,888	8,411,216	7,227,613	7,156,406	6,347,796
Public safety.....	64,808,268	59,826,828	57,082,444	51,923,552	49,539,412	48,806,814	45,781,802	43,241,035	42,487,269	42,922,868
Physical Environment.....	-	-	-	875,087	1,089,956	3,383,357	6,009,372	-	-	-
Transportation.....	11,806,177	12,767,516	8,121,329	12,680,815	12,414,769	10,799,849	13,039,409	9,130,762	8,213,904	8,324,963
Economic environment.....	6,568,410	4,481,314	6,718,403	2,723,049	3,472,648	3,690,743	3,414,541	3,750,935	3,558,170	4,014,608
Grants and Aids.....	671,964	-	-	-	-	-	-	-	-	-
Human services.....	825,263	807,741	661,205	804,993	2,529	508,592	502,824	540,138	78,972	37,412
Culture and recreation.....	14,816,526	13,824,400	10,563,500	10,907,483	5,089,870	4,503,719	4,577,417	4,239,352	5,704,829	5,019,453
Capital outlay.....	20,425,404	9,765,067	6,990,973	11,127,350	9,235,728	12,364,652	5,634,660	6,735,494	6,809,773	5,009,091
Debt service:										
Principal.....	6,329,781	4,927,938	6,517,161	3,789,786	3,697,742	3,539,121	3,484,692	3,277,409	3,186,540	2,993,959
Interest and fiscal charges.....	946,437	951,572	1,505,852	1,586,296	1,682,401	1,777,971	1,886,092	1,976,958	2,062,047	2,136,563
<b>Total expenditures.....</b>	<b>155,133,618</b>	<b>124,968,955</b>	<b>114,082,980</b>	<b>111,689,309</b>	<b>95,546,078</b>	<b>98,354,706</b>	<b>92,742,025</b>	<b>80,119,696</b>	<b>79,257,910</b>	<b>76,806,713</b>
Excess (deficiency) of revenue over (under) expenditures.....	(34,609,050)	(5,570,789)	(14,473,301)	(19,107,378)	(9,488,988)	(13,356,861)	(17,530,617)	(6,418,508)	(10,478,910)	(7,281,010)
<b>Other financing sources (uses):</b>										
Capital-related debt issued.....	325,095	3,957,735	25,245,198	354,030	-	2,018,000	789,743	838,116	1,004,865	-
Payments to escrow agent.....	-	-	(19,190,000)	-	-	(1,555,899)	-	-	-	-
Proceeds from insurance recovery.....	1,719,344	150,606	103,779	216,050	149,486	345,460	-	-	-	-
Transfers in.....	49,357,909	49,340,500	40,217,379	44,734,200	49,805,849	25,995,996	28,785,986	26,320,096	23,025,071	19,077,091
Transfers (out).....	(16,668,618)	(24,627,933)	(14,962,657)	(18,611,033)	(24,232,398)	(8,322,843)	(11,606,517)	(8,316,530)	(7,978,028)	(8,249,955)
<b>Total other financing sources (uses).....</b>	<b>34,733,730</b>	<b>28,820,908</b>	<b>31,413,699</b>	<b>26,693,247</b>	<b>25,722,937</b>	<b>18,480,714</b>	<b>17,969,212</b>	<b>18,841,682</b>	<b>16,051,908</b>	<b>10,827,136</b>
<b>Net change in fund balances.....</b>	<b>\$ 124,680</b>	<b>\$ 23,250,119</b>	<b>\$ 16,940,398</b>	<b>\$ 7,585,869</b>	<b>\$ 16,233,949</b>	<b>\$ 5,123,853</b>	<b>\$ 438,595</b>	<b>\$ 12,423,174</b>	<b>\$ 5,572,998</b>	<b>\$ 3,546,126</b>
Debt service expenditures as a percentage of noncapital expenditures.....	5.4%	5.1%	7.5%	5.3%	6.2%	6.2%	6.2%	7.2%	7.2%	7.1%

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The City of Daytona Beach, Florida  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Table 5

Fiscal Year Ended September 30 <sup>2</sup>	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Institutional Property	Governmental Property	Vacant Land and Other	Tangible Personal Property	Total Market Value	Less: Tax-Exempt Property	Total Taxable Value <sup>1</sup>	Total Direct Tax Rate <sup>1</sup>
2023	\$ 5,468,761,504	\$ 2,806,282,167	\$ 319,039,756	\$ 140,891,572	\$ 523,692,289	\$ 1,506,292,014	\$ 432,970,635	\$ 977,593,212	\$ 12,175,523,149	\$ 4,901,433,527	\$ 7,274,089,622	5.63380 %
2022	4,192,275,849	2,303,566,925	289,206,786	75,672,937	464,029,954	1,384,890,921	379,025,370	853,498,854	9,942,167,596	3,695,528,542	6,246,639,054	5.76940
2021	3,814,518,764	2,203,615,411	278,969,977	75,958,933	463,737,829	1,370,353,633	351,974,464	896,072,246	9,455,201,257	3,665,069,243	5,790,132,014	5.78430
2020	3,466,584,985	1,948,000,150	248,702,954	71,448,333	423,486,643	1,273,961,178	390,526,533	861,735,621	8,684,446,397	3,392,015,295	5,292,431,102	6.13580
2019	3,094,397,365	1,726,539,311	208,834,454	89,806,679	410,777,310	1,249,821,245	344,670,088	813,998,023	7,938,844,475	3,171,379,056	4,767,465,419	6.50900
2018	2,847,927,888	1,539,831,183	195,143,658	100,992,354	387,094,766	1,178,695,335	313,652,939	760,774,093	7,324,112,216	2,991,759,480	4,332,352,736	6.67220
2017	2,596,125,201	1,378,479,280	184,421,089	91,432,567	331,803,822	909,117,062	299,990,588	703,732,608	6,495,102,217	2,550,553,384	3,944,548,833	7.00960
2016	2,413,494,445	1,228,060,547	141,460,473	87,098,528	240,766,991	837,643,412	355,694,675	640,478,030	5,944,697,101	2,332,361,988	3,612,335,113	7.33340
2015	2,205,004,032	1,183,636,481	137,619,000	91,816,451	225,150,182	797,265,895	321,853,997	661,241,912	5,623,587,950	2,195,874,518	3,427,713,432	7.35170
2014	2,017,345,022	1,103,205,158	125,503,416	92,086,362	215,076,927	741,062,141	299,204,909	661,283,991	5,254,767,926	1,985,502,392	3,269,265,534	7.68310

Source: Volusia County, Florida, Property Appraiser.

Notes: <sup>1</sup> Property in The City of Daytona Beach is reassessed each year by the Volusia County Property Appraiser. Property is assessed at actual value. Tax rates are per \$1,000 of assessed value.

<sup>2</sup> All property valuations for the specified fiscal year ends are obtained from the previous year's tax roll (i.e. all FY 2022-23 data was obtained from the 2022 calendar year tax roll)

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**The City of Daytona Beach, Florida**  
**Property Tax Rates – Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

**Table 6**

Fiscal Year <sup>1</sup>	City of Daytona Beach			Overlapping Rates										Total Direct and Overlapping Rates				
	Operating	Debt Service	Total City	Volusia County		St. Johns River Water Management District	Florida Inland Navigation District	Hospital District	Volusia County School District			Special Districts						
				Operating	Debt Service				Total County	School District Required	School District Discretionary	School District Debt Service	Total School District		Daytona Beach Development Authority	Ponce DeLeon Inlet and Port Authority	Mosquito Control District	Total Special Districts
2023	5.43000	0.20380	5.63380	5.31340	0.40000	5.71340	0.19740	0.09200	0.86060	4.73400	0.74800	-	5.48200	1.00000	0.07600	0.17810	1.25410	19.17330
2022	5.53000	0.23940	5.76940	5.89860	0.40000	6.29860	0.21890	0.09200	0.95290	5.05400	0.74800	-	5.80200	1.00000	0.08450	0.17810	1.26260	20.33640
2021	5.53000	0.25430	5.78430	5.96740	0.18350	6.15090	0.22870	0.09200	0.98790	5.15900	0.74800	-	5.90700	1.00000	0.08800	0.17810	1.26610	20.35690
2020	5.85870	0.27710	6.13580	6.14200	0.40000	6.54200	0.24140	0.09200	0.35460	5.33300	0.74800	-	6.08100	1.00000	0.09290	0.18800	1.28090	20.66770
2019	6.20000	0.30900	6.50900	6.24640	0.40000	6.64640	0.25620	0.09200	0.35460	5.53300	0.74800	-	6.28100	1.00000	0.09290	0.18800	1.28090	21.36010
2018	6.33330	0.33890	6.67220	6.65200	0.40000	7.05200	0.27240	0.09200	0.37810	5.77200	0.74800	-	6.52000	1.00000	0.09290	0.18800	1.28090	22.20760
2017	6.63670	0.37290	7.00960	6.65200	0.40000	7.05200	0.28850	0.09200	0.75610	6.10000	0.74800	-	6.84800	1.00000	0.09290	0.18800	1.28090	23.26710
2016	6.92200	0.41140	7.33340	6.87090	0.40000	7.27090	0.30230	0.09200	0.95500	6.44900	0.74800	-	7.19700	1.00000	0.09290	0.18800	1.28090	24.37150
2015	6.92200	0.42970	7.35170	6.87090	0.40000	7.27090	0.31640	0.09200	1.00000	6.58800	0.74800	-	7.33600	1.00000	0.09290	0.18800	1.28090	24.59040
2014	7.23570	0.44740	7.68310	6.87090	0.40000	7.27090	0.32830	0.09200	1.00000	6.61000	0.74800	-	7.35800	1.00000	0.09290	0.20800	1.30090	24.97570

Source: Volusia County Property Appraiser's website.

Notes: Tax millage rates are per \$1,000 of assessed value.

<sup>1</sup>All property valuations for the specified fiscal year ends are obtained from the previous year's tax roll (i.e. all FY 2022-23 data was obtained from the 2022 calendar year tax roll).

**The City of Daytona Beach, Florida**  
**Principal Property Taxpayers**  
**Last Ten Fiscal Years**

**Table 7**

Taxpayer	Type of Business	September 30, 2023			September 30, 2014		
		(2023 Tax Roll)		Percent to Total Assessed	(2014 Tax Roll)		Percent to Total Assessed
		Assessed Taxable Value	Rank		Assessed Taxable Value	Rank	
Florida Power & Light Company	Electric Utility	\$ 178,929,037	1	2.11%	\$ 67,465,175	3	1.3%
International Speedway Corporation	Sports/Entertainment	164,060,568	2	1.93%	101,018,863	1	1.9%
Ocean Walk I & II Condominium Associatio	Condominium	121,462,984	3	1.43%	92,925,349	2	1.8%
Daytona Beach Owner LP	Accommodations	68,386,900	4	0.81%	-	-	-
Protogroup South Tower LLC	Condominium	64,948,027	5	0.76%	-	-	-
Tomoka Town Center Phases, LLC	Regional Shopping Centers	64,596,576	6	0.76%	-	-	-
Brown & Brown Realty Co	Diversified Insurance Agency	53,399,414	7	0.63%	-	-	-
CCC-Daytona Beach LLC	Housing	52,556,507	8	0.62%	-	-	-
Tanger Daytona, LLC	Regional Shopping Centers	51,410,684	9	0.61%	-	-	-
Pierre Datyona LLC	Accommodations	49,966,355	10	0.59%	-	-	-
Volusia Mall, LLC	Regional Shopping Centers	-	-	-	47,657,747	4	0.9%
Grand Seas Resort Partners	Accommodations	-	-	-	18,114,609	9	0.3%
Bellsouth Telecommunication, Inc	Telephone	-	-	-	24,498,132	7	0.5%
MSCI2007 IQ16 Lodging 100 LLC	Accommodations	-	-	-	43,738,168	5	0.8%
M-Elena Holding LLC	Regional Shopping Centers	-	-	-	24,261,504	8	0.5%
DK Gateway Andros LLC	Regional Shopping Centers	-	-	-	24,775,343	6	0.5%
G&I VII Bellair Plaza LLC	Regional Shopping Centers	-	-	-	17,523,420	10	0.3%
<b>Total</b>		<b>\$ 869,717,052</b>		<b>10.24%</b>	<b>\$ 461,978,310</b>		<b>8.80%</b>

Source: Volusia County Property Appraiser.

Table 8

Fiscal Year Ended September 30,	Taxes Levied For Year	Collected to End of Tax Year		Delinquent Collections	Total Collected	
		Amount	Percent of Levy		Amount	Percent of Levy
2023	\$ 39,498,307	\$ 36,920,283	93.47%	\$ 1,301,125	\$ 38,221,408	96.77%
2022	34,543,914	32,536,163	94.19%	1,020,070	33,556,233	97.14%
2021	32,019,430	29,977,209	93.62%	1,079,857	31,057,066	96.99%
2020	31,006,766	28,823,728	92.96%	1,151,217	29,974,945	96.67%
2019	29,558,286	27,781,826	93.99%	769,262	28,551,088	96.59%
2018	27,438,090	25,707,921	93.69%	1,059,840	26,767,761	97.56%
2017	26,178,787	24,496,495	93.57%	934,488	25,430,983	97.14%
2016	25,004,584	23,240,711	92.95%	962,038	24,202,749	96.79%
2015	23,726,632	22,841,109	96.27%	290,801	23,131,909	97.49%
2014	23,655,425	21,817,045	92.23%	1,195,065	23,012,110	97.28%

Source: Volusia County, Florida Tax Collector and the City of Daytona Beach Finance Department.

Note: Tax collections are stated net of early payment discounts ranging from 1% to 4% based on the date of taxpayer payments. Actual tax collections received in each fiscal year are from the prior year's tax levy (i.e. FY 2022-2023 collections are from the 2022 tax levy).

Table 9

Fiscal Year Ended September 30	Gallons of Water Produced	Gallons of Water Billed	Gallons of Water Known Unbilled*	Gallons of Water Unaccounted	Percent of Water Unaccounted	Gallons of Wastewater Treated	Total Direct Rate <sup>(1)</sup>			
							Water		Sewer	
							Base Rate	Usage Rate	Base Rate	Usage Rate
2023	4,755	4,268	323	165	3.47%	4,314	\$ 9.46	\$ 5.39	\$ 9.26	\$ 9.05
2022	4,651	4,220	458	0	0.00%	4,340	9.07	5.17	8.87	8.66
2021	4,664	3,907	501	256	5.49%	4,337	12.07	5.91	4.73	10.18
2020	4,600	3,810	484	306	6.65%	3,923	11.73	5.75	4.60	9.90
2019	4,498	3,817	191	490	10.89%	4,106	11.36	5.57	4.46	9.59
2018	4,354	3,724	108	522	11.99%	4,751	10.98	5.39	4.31	9.27
2017	4,461	3,818	304	339	7.60%	4,037	10.63	5.22	4.18	8.98
2016	4,317	3,846	89	382	8.85%	3,869	10.23	5.02	4.02	8.64
2015	4,577	3,760	357	460	10.05%	4,042	9.78	4.80	3.84	8.26
2014	4,687	4,102	490	95	2.03%	4,013	9.47	4.65	3.72	8.00

Source: The City of Daytona Beach Finance and Utilities Departments  
\* Situations that are known as unbilled include hydrant flushing and water main breaks.

Note: Gallons are presented in millions

<sup>(1)</sup> Assumes typical single family residence located within City limits

The City of Daytona Beach, Florida  
Water and Sewer Rates  
Last Ten Fiscal Years

Table 10

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Water Service</b>										
<b>Single Family Resident Accounts (All Zones):</b>										
Base Fee (All Meter Sizes)	\$ 9.46	\$ 9.07								
<u>Water Consumption: per 1,000 Gallons</u>										
0 - 7,000 Gallons	\$ 5.39	\$ 5.17								
7,000 - 14,000 Gallons	\$ 6.75	\$ 6.47								
14,001 Gallons and Above	\$ 8.41	\$ 8.06								
<b>Multi Family Resident Accounts (All Zones):</b>										
Base Fee (per Dwelling Unit)	\$ 7.57	\$ 7.26								
<u>Water Consumption: per 1,000 per Dwelling Unit</u>										
0 - 6,000 Gallons	\$ 5.39	\$ 5.17								
6,000 - 12,000 Gallons	\$ 6.75	\$ 6.47								
12,001 Gallons and Above	\$ 8.41	\$ 8.06								
<b>Commercial / Non-Residential:</b>										
Base Fee (Per Potable Service Line Size)										
<u>By Meter Size</u>										
3/4"	\$ 9.46	\$ 9.07								
1"	\$ 15.81	\$ 15.15								
1.5"	\$ 31.56	\$ 30.23								
2"	\$ 50.50	\$ 48.38								
3"	\$ 94.76	\$ 90.77								
4"	\$ 157.97	\$ 151.32								
6"	\$ 315.86	\$ 302.55								
8"	\$ 505.41	\$ 484.11								
10"	\$ 726.59	\$ 695.97								
<u>Water Consumption (per 1,000 Gallons)</u>										
0 Gallons and Above	\$ 5.84	\$ 5.60								
<b>Wastewater Service</b>										
<b>Single Family Resident Accounts (All Zones):</b>										
Base Fee (All Meter Sizes)	\$ 9.26	\$ 8.87								
<u>Wastewater Usage: per 1,000 Gallons</u>										
0 Gallons and Above	\$ 9.05	\$ 8.67								
<b>Multi Family Resident Accounts (All Zones):</b>										
Base Fee (per Dwelling Unit)	\$ 7.40	\$ 7.09								
<u>Wastewater Usage: per 1,000 per Dwelling Unit</u>										
0 Gallons and Above	\$ 9.05	\$ 8.67								
<b>Commercial / Non-Residential:</b>										
Base Fee (Per Potable Service Line Size)										
<u>By Meter Size</u>										
3/4"	\$ 9.26	\$ 8.87								
1"	\$ 15.45	\$ 14.80								
1.5"	\$ 30.82	\$ 29.53								
2"	\$ 49.34	\$ 47.27								
3"	\$ 92.58	\$ 88.68								
4"	\$ 154.31	\$ 147.81								
6"	\$ 308.54	\$ 295.54								
8"	\$ 493.69	\$ 472.89								
10"	\$ 709.75	\$ 679.84								
<u>Wastewater Consumption (per 1,000 Gallons)</u>										
0 Gallons and Above	\$ 9.93	\$ 9.52								
<b>Water Rates prior to 10/1/2021:</b>										
Base Rate (meter size):										
3/4" to 2".....	-	-	\$ 12.07	\$ 11.73	\$ 11.36	\$ 10.98	\$ 10.63	\$ 10.23	\$ 9.78	\$ 9.47
3"-10".....	-	-	\$ 16.12	\$ 15.67	\$ 15.17	\$ 14.66	\$ 14.20	\$ 13.66	\$ 13.05	\$ 12.63
Usage rate (per 1,000 gallons).....	-	-	\$ 5.91	\$ 5.75	\$ 5.57	\$ 5.39	\$ 5.22	\$ 5.02	\$ 4.80	\$ 4.65
<b>Sewer Rates prior to 10/1/2021:</b>										
Base rate.....										
Usage rate (per 1,000 gallons).....	-	-	\$ 4.73	\$ 4.60	\$ 4.46	\$ 4.31	\$ 4.18	\$ 4.02	\$ 3.84	\$ 3.72
Usage rate (per 1,000 gallons).....	-	-	\$ 10.18	\$ 9.90	\$ 9.59	\$ 9.27	\$ 8.98	\$ 8.64	\$ 8.26	\$ 8.00

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Source: City of Daytona Beach Finance Department

Notes: Increases in water and sewer rates must be approved by the City Commission. City Code provides for an annual automatic rate increase based on the change in the Consumer Price Index from July 1 of the preceding calendar year through June 30 of the present calendar year times the existing rates.

<sup>1</sup> A new rate structure took effect on 10/1/2021. It created three classes of customers (Single family, Multi family and Commercial), eliminated the 1,000 gallon minimum usage bill, and eliminated the three billing zones. Prior to the change to the new rate structure, the three billing zones were as follows. ZONE 0 = Inside City limits = Billed at 100% of rates shown in above table. ZONE 1 = Outside City limits mainland = Billed at 125% of rates shown in above table. ZONE 2 = Outside City limits South Peninsula = Billed at 133% of rates shown in above table.

The City of Daytona Beach, Florida  
 Ten Largest Water and Sewer Customers  
 Last Ten Fiscal Years

Table 11

Customer	Customer Type	September 30, 2023			September 30, 2014		
		Amount	Percent of Total Revenue	Rank	Amount	Percent of Total Revenue	Rank
City of South Daytona.....	Bulk	\$ 2,726,448	3.91%	1	\$ 2,023,217	4.84%	1
Florida Department of Corrections.....	Government	1,066,471	1.53%	4	1,426,402	3.41%	3
Halifax Medical Center.....	Hospital	1,444,953	2.07%	2	1,759,980	4.21%	2
City of Daytona Beach.....	Government	1,301,938	1.87%	5	991,203	2.37%	4
Embry-Riddle Aeronautical University.....	Educational Institution	1,130,986	1.62%	3	751,547	1.80%	10
Daytona International Speedway.....	Sports/Entertainment	1,112,057	1.60%	6	821,294	1.96%	8
Hilton/Daytona Beach Owner OP CO, LLC.....	Timeshare Investments	1,053,122	1.51%	7	954,414	2.28%	5
County of Volusia.....	Government				953,863	2.28%	6
B Braun Medical, Inc. ....	Industrial	864,439	1.24%	8			
Florida Hospital Memorial Medical Center.....	Hospital	765,082	1.10%	9	808,801	1.93%	9
Bray & Gillespie, LLC.....	Timeshare Investments						
Ocean Walk Condominium Association.....	Timeshare Investments	699,140	1.00%	10	825,385	1.97%	7
<b>Total</b>		<b>\$ 12,164,636</b>	<b>17.46%</b>		<b>\$ 11,316,106</b>	<b>27.05%</b>	

Source: The City of Daytona Beach Utility Billing and Finance Departments.

The City of Daytona Beach, Florida  
 Ratios of Outstanding Debt by Type  
 Last Ten Fiscal Years

Table 12

Fiscal Year Ended September 30,	Governmental Activities						Business-Type						Percent of Outstanding Debt					
	General Obligation Bonds	Capital Bonds	Notes and Financed Purchases	Lease Liabilities	Subscription Liabilities*	Total	Capital Revenue Bonds	Water, Sewer & Stormwater Bonds	Notes and Financed Purchases	State Revolving Fund Loans	Lease Liabilities	Subscription Liabilities*	Total	Outstanding Debt	Personal Income	Per Capita	Personal Income	Population
2023	\$ 7,761,263	\$ -	\$ 24,717,363	\$ 558,885	\$ 1,522,700	\$ 34,560,211	\$ -	\$ -	\$ 35,625,000	\$ 83,897,308	\$ 237,624	\$ 469,084	\$ 120,229,016	\$154,789,227	3.54 %	1,912	\$4,768	80,940
2022	8,920,015	-	29,044,305	764,803	-	38,729,123	-	26,396,496	17,324,000	74,108,566	280,217	-	118,109,279	156,838,402	3.41 %	2,020	\$3,559	77,633
2021	10,030,182	-	28,140,955	-	-	38,171,137	-	29,588,456	20,292,000	74,619,910	-	-	124,500,366	162,671,503	2.90 %	2,195	\$4,762	70,235
2020	11,118,766	21,591,273	6,804,818	-	-	39,514,857	-	32,652,409	23,196,000	60,639,367	-	-	116,487,776	156,002,633	2.87 %	2,221	\$4,028	67,351
2019	12,182,518	23,108,876	7,944,609	-	-	43,236,003	90,630	35,583,983	25,931,000	46,038,508	-	-	107,644,121	150,880,124	2.85 %	2,240	\$4,132	66,267
2018	13,226,270	24,629,459	9,099,758	-	-	46,955,487	139,024	38,481,196	28,512,000	26,468,773	-	-	93,600,993	140,556,480	2.93 %	2,121	\$3,986	65,569
2017	14,245,023	26,112,827	9,696,686	-	-	50,054,536	190,163	43,168,111	25,185,681	26,426,079	-	-	94,970,034	145,024,570	2.70 %	2,212	\$3,819	63,186
2016	15,243,775	27,650,619	9,877,341	-	-	52,771,735	322,294	47,712,571	23,033,263	24,055,524	-	-	95,123,652	147,895,387	2.58 %	2,291	\$3,619	62,784
2015	16,222,524	29,152,460	9,859,654	-	-	55,234,638	457,970	52,122,493	23,713,467	21,005,710	-	-	97,299,640	152,534,278	2.37 %	2,414	\$3,169	61,186
2014	17,181,279	30,619,129	9,641,681	-	-	57,442,089	597,925	56,431,365	24,655,378	5,466,976	-	-	87,151,644	144,593,733	2.41 %	2,303	\$3,900	62,784

Sources: The City of Daytona Beach Finance Department.  
 Per Capita Income - Bureau of Economic Analysis (BEA).  
 Population - Bureau of Economic and Business Research, University of Florida, for 2018-2023. All other periods estimated by Volusia County.

Note: Details concerning the City's outstanding debt can be found in the notes to the financial statements.  
 Principal amounts are stated net of unamortized premiums, discounts, and deferred amounts on refunding.  
 Personal income and population data can be found in TABLE 17.

\* GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was implemented in fiscal year 2023 and applied prospectively.

**The City of Daytona Beach, Florida**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

**Table 13**

Fiscal Year Ended September 30,	Governmental Activities			Percentage of		Population	Taxable Value
	General Obligation Bonds <sup>1</sup>	Less: Amount Available in Debt Service Fund <sup>2</sup>	Total	Net Assessed Taxable Property Value <sup>3</sup>	Debt Per Capita		
2023	\$ 7,761,263	\$ 594,835	\$ 7,166,428	0.10%	\$ 89	80,940	\$ 7,274,089,622
2022	8,920,015	539,757	8,380,258	0.13%	108	77,633	6,246,639,054
2021	10,030,182	502,512	9,527,670	0.16%	129	74,113	5,790,132,014
2020	11,118,466	476,043	10,642,423	0.20%	152	70,235	5,292,431,102
2019	12,182,518	449,163	11,733,355	0.25%	174	67,351	4,767,465,419
2018	13,226,270	405,124	12,821,146	0.30%	193	66,267	4,332,352,736
2017	14,245,023	370,408	13,874,615	0.35%	212	65,569	3,944,548,833
2016	15,243,775	341,255	14,902,520	0.41%	231	64,569	3,612,335,113
2015	16,222,524	315,260	15,907,264	0.46%	252	63,186	3,427,713,432
2014	17,181,279	267,745	16,913,534	0.52%	269	62,784	3,269,265,534

Sources: The City of Daytona Beach Finance Department.

Notes: Details concerning the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> Net of original issuance premium and discount.

<sup>2</sup> Amount restricted for debt service payments.

<sup>3</sup> See TABLE 5 for property value data.

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**The City of Daytona Beach, Florida**  
**Governmental Activities Debt – Direct and Overlapping**  
**Last Ten Fiscal Years**

**Table 14**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable <sup>1</sup>	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
County of Volusia, Florida:			
General obligation bonds.....	\$ -	14.9184%	\$ -
Other debt:			
District School Board of Volusia County, Florida:			
State school bonds.....	-	14.9184	-
Sales tax revenue bonds.....	23,260	14.9184	3,470
Certificates of participation.....	240,640,000	14.9184	35,899,638
County of Volusia, Florida:			
Revenue bonds.....	46,540	14.9184	6,943
Notes payable.....	17,943,611	14.9184	2,676,900
Total overlapping debt.....			38,586,951
City direct debt.....			34,560,211
Total direct and overlapping debt.....			\$ 73,147,162

Sources: Assessed valuation data used to estimate applicable percentages provided by Volusia County, Florida, Property Appraiser. Debt outstanding data provided by each governmental unit.

Notes: <sup>1</sup> The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the City of Daytona Beach's boundaries and dividing it by the County's total taxable assessed value.

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Table 15

The Constitution of the State of Florida, Section 200.181, Florida Statutes, and The City of Daytona Beach, Florida have set no legal debt limit.

Table 16

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Capital revenue bonds:</b>										
Tax increment revenues.....	\$ 5,175,699	\$ 4,362,776	\$ 4,428,757	\$ 4,353,673	\$ 4,328,539	\$ 4,140,778	\$ 4,109,486	\$ 3,687,123	\$ 3,544,072	\$ 3,514,379
Less: operating expenses.....	4,443,817	782,656	407,517	304,869	391,517	662,523	695,998	870,030	754,600	683,815
<b>Net revenue available for debt service</b>	<b>\$ 731,882</b>	<b>\$ 3,580,120</b>	<b>\$ 4,021,240</b>	<b>\$ 4,048,804</b>	<b>\$ 3,937,022</b>	<b>\$ 3,478,255</b>	<b>\$ 3,413,488</b>	<b>\$ 2,817,093</b>	<b>\$ 2,789,472</b>	<b>\$ 2,830,564</b>
<b>Debt service payments:</b>										
Principal.....	\$ 2,080,000	\$ 2,035,000	\$ 1,875,000	\$ 1,510,000	\$ 1,465,000	\$ 1,425,000	\$ 1,380,000	\$ 1,340,000	\$ 1,300,000	\$ 1,255,000
Interest.....	427,570	472,835	377,257	1,001,428	1,047,931	1,091,281	1,133,356	1,174,156	1,213,756	1,258,356
<b>Total debt service payments.....</b>	<b>\$ 2,507,570</b>	<b>\$ 2,507,835</b>	<b>\$ 2,252,257</b>	<b>\$ 2,511,428</b>	<b>\$ 2,512,931</b>	<b>\$ 2,516,281</b>	<b>\$ 2,513,356</b>	<b>\$ 2,514,156</b>	<b>\$ 2,513,756</b>	<b>\$ 2,513,356</b>
<b>Coverage (times).....</b>	<b>0.29</b>	<b>1.43</b>	<b>1.79</b>	<b>1.61</b>	<b>1.57</b>	<b>1.38</b>	<b>1.36</b>	<b>1.12</b>	<b>1.11</b>	<b>1.13</b>
<b>Water and sewer bonds:</b>										
Charges for services and other.....	\$ 69,685,776	\$ 62,770,397	\$ 58,787,889	\$ 54,616,311	\$ 53,996,763	\$ 51,257,183	\$ 48,164,299	\$ 47,946,679	\$ 43,900,931	\$ 42,060,900
Less: operating expenses.....	38,059,617	37,936,581	31,839,588	32,701,637	30,619,760	28,465,197	26,057,153	25,345,604	28,035,695	23,427,916
<b>Net revenue available for debt service.....</b>	<b>\$ 31,626,159</b>	<b>\$ 24,833,816</b>	<b>\$ 26,948,301</b>	<b>\$ 21,914,674</b>	<b>\$ 23,377,003</b>	<b>\$ 22,791,986</b>	<b>\$ 22,107,146</b>	<b>\$ 22,601,075</b>	<b>\$ 15,865,236</b>	<b>\$ 18,632,984</b>
<b>Debt service payments:</b>										
Principal.....	\$ 3,055,000	\$ 2,865,000	\$ 2,695,000	\$ 2,525,000	\$ 2,460,000	\$ 4,240,000	\$ 4,075,000	\$ 3,920,000	\$ 3,805,000	\$ 3,530,000
Interest.....	1,077,275	1,225,275	1,364,275	1,494,775	1,607,100	1,741,100	1,907,400	2,067,300	2,202,775	2,268,675
<b>Total debt service payments.....</b>	<b>\$ 4,132,275</b>	<b>\$ 4,090,275</b>	<b>\$ 4,059,275</b>	<b>\$ 4,019,775</b>	<b>\$ 4,067,100</b>	<b>\$ 5,981,100</b>	<b>\$ 5,982,400</b>	<b>\$ 5,987,300</b>	<b>\$ 6,007,775</b>	<b>\$ 5,798,675</b>
<b>Coverage (times).....</b>	<b>7.65</b>	<b>6.07</b>	<b>6.64</b>	<b>5.45</b>	<b>5.75</b>	<b>3.81</b>	<b>3.70</b>	<b>3.77</b>	<b>2.64</b>	<b>3.21</b>

Source: The City of Daytona Beach Finance Department.

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

Table 17

Fiscal Year Ended	Population <sup>1</sup>	Personal Income <sup>2</sup>	Per Capita Personal Income <sup>3</sup>	Median Household Income <sup>4</sup>	Median HUD Rate <sup>5</sup>	Area Unemployment Rate <sup>6</sup>
September 30, 2023	82,485	\$4,517,538,480	\$ 54,768	\$ 47,608	\$ 78,700	3.4 %
2022	77,633	4,157,945,847	53,559	42,392	73,300	2.8
2021	74,113	3,497,688,922	47,194	38,686	65,400	4.0
2020	70,235	3,143,859,070	44,762	35,893	64,900	6.3
2019	67,351	2,897,978,828	43,028	33,128	59,100	3.2
2018	66,267	2,725,694,244	41,132	32,932	55,100	3.5
2017	65,569	2,562,829,934	39,086	30,137	54,300	4.1
2016	64,569	2,466,342,093	38,197	29,587	51,400	5.2
2015	63,186	2,285,374,434	36,169	27,901	51,800	5.5
2014	62,784	2,191,161,600	34,900	28,164	51,500	6.7

Sources: <sup>1</sup> Bureau of Economic and Business Research, University of Florida, for 2018- 2023.

All other periods estimated by Volusia County.

<sup>2</sup> Amount computed from population and per capita personal income statistics.

<sup>3</sup> US Bureau of Economic Analysis. Amounts indicated are for Deltona-Daytona Beach-Ormond Beach MSA, Florida.

<sup>4</sup> FL Research & Economic Info Database (FREIDA) for 2014-2019. United States Census Bureau used for 2020-2023. Amounts indicated are for Deltona-Daytona Beach-Ormond Beach, FL Metro Area.

<sup>5</sup> US Department of Housing and Urban Development, HUD User data set.

<sup>6</sup> US Bureau of Labor Statistics Data. Amounts indicated are for Deltona-Daytona Beach - Ormond Beach MSA, Florida.

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Table 18

Employer <sup>(1)</sup>	September 30, 2023			September 30, 2014		
	Total Employees	Rank	Percent to Total City Employment	Total Employees	Rank	Percent to Total City Employment
<sup>(1)</sup> Volusia County School District.....	7,750	1	66.04 %	7,503	1	24.16 %
Advent Health Daytona Beach.....	7,794	2	66.41			
<sup>(1)</sup> Halifax Health.....	4,312	3	36.74	4,709	2	15.17
Publix Supermarkets Incorporated.....	4,069	4	34.67			
Walmart Associates.....	3,586	5	30.56	701	10	2.26
State of Florida.....	2,628	6	22.39			
<sup>(1)</sup> Volusia County, Florida.....	2,464	7	21.00	3,341	3	10.76
Embry-Riddle Aeronautical University.....	1,973	8	16.81	1,423	5	4.58
Stetson University.....	1,590	9	13.55	1,568	4	5.05
Daytona State College.....	1,424	10	12.13			
The City of Daytona Beach, Florida.....				835	9	2.69
Nascar Inc.....				1,300	6	4.19
Tredway's Inc.....				1,000	7	3.22
International Speedway Corporation.....				840	8	2.72
Total.....	<u>37,590</u>		<u>320.30 %</u>	<u>23,220</u>		<u>74.79 %</u>
<sup>(2)</sup> Estimated civilian labor force.....	<u>11,736</u>			<u>31,050</u>		

Sources: Volusia County Schools Demographics & Statistics  
Volusia County Department of Economic Development.  
Volusia County 2023 Annual Report  
The City of Daytona Beach Human Resources Department.

Notes: <sup>(1)</sup> Employee numbers reported represent total employees in Volusia County. Individual employee counts by city are not compiled or reported by the employers, and include employees who reside in other government jurisdictions within the Volusia County area.

<sup>(2)</sup> Source for 2023 estimate: US Bureau of Labor Statistics.  
Source for 2014 estimate: 2014 CAFR

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**The City of Daytona Beach, Florida**  
**Full Time Equivalent City Government Employees by Function/Program**  
**Last Ten Fiscal Years**

**Table 19**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>General government:</b>										
Legislative.....	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Management/government relations.....	15.7	15.7	16.8	16.8	16.8	15.0	13.0	14.5	13.5	13.0
Legal.....	10.0	10.0	10.0	10.0	10.0	10.0	10.0	9.0	8.0	8.0
Human resources.....	8.0	8.0	8.0	8.0	8.0	7.0	7.0	7.0	7.0	7.0
Risk management.....	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Development services.....	45.9	42.9	43.0	43.0	41.0	36.0	33.0	34.0	32.0	33.0
Redevelopment services.....	30.1	4.1	-	-	-	-	-	-	-	-
City clerk.....	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Information technology.....	23.3	20.8	19.8	19.8	19.3	18.3	18.3	17.3	16.8	15.5
Finance.....	32.8	32.3	37.3	37.3	37.8	36.8	36.8	35.8	34.8	35.0
<b>Police:</b>										
Chief of Police.....	8.0	9.0	13.0	13.0	15.0	12.0	11.0	11.0	10.0	10.0
Operations.....	197.0	206.0	207.0	207.0	207.0	185.0	186.0	187.0	188.0	190.5
Support bureau.....	87.0	100.0	97.0	97.0	94.0	89.0	88.0	89.0	85.5	81.0
COPS Grant.....	1.0	-	-	-	-	10.0	10.0	10.0	10.0	-
<b>Fire:</b>										
Administration.....	15.0	15.0	12.0	12.0	12.0	10.0	9.0	9.0	9.0	9.0
Operations.....	106.0	99.0	101.0	101.0	101.0	99.0	100.0	100.0	97.0	97.0
<b>Public works:</b>										
Administration.....	1.2	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0
Engineering.....	27.5	25.5	26.5	26.5	26.5	24.5	23.5	19.8	16.8	18.0
Maintenance and other.....	89.3	81.0	88.5	88.5	90.5	91.5	89.0	89.5	89.5	84.0
<b>Culture and recreation:</b>										
Municipal Golf Course.....	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.2
Florida Tennis Center.....	5.1	5.1	3.6	3.6	3.6	3.5	3.5	3.5	3.5	3.5
Halifax Harbor.....	1.2	1.2	1.1	1.1	1.0	1.0	1.8	1.0	1.0	-
Cultural & Community Events.....	3.0	3.0	3.0	3.0	5.0	5.0	13.0	13.0	12.0	-
Peabody Auditorium - Operations.....	7.0	7.0	7.0	7.0	7.0	7.0	10.0	10.0	8.0	-
Recreation.....	54.0	48.0	30.5	30.5	29.5	33.0	28.5	28.5	25.5	49.3
Solid waste services.....	3.3	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	3.0
Water and wastewater services.....	184.7	183.0	168.0	168.0	168.0	162.0	152.3	153.6	151.7	151.5
<b>Total.....</b>	<b>980.1</b>	<b>944.0</b>	<b>920.5</b>	<b>920.5</b>	<b>920.5</b>	<b>884.1</b>	<b>872.0</b>	<b>871.0</b>	<b>848.1</b>	<b>835.5</b>

Source: The City of Daytona Beach Human Resources Department.  
 Note: Part-time and seasonal employees for all departments are assumed to be 0.5 full time equivalents for all reporting categories.  
 Reorganization in FY 2014-15 required reclassification of Halifax Marina, Cultural and Community Events and Peabody which were previously reported as part of Recreation.

**The City of Daytona Beach, Florida**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

**Table 20**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Police:</b>										
Physical arrests.....	5,589	6,320	7,214	7,697	9,183	8,762	8,475	7,924	8,087	8,472
Parking violations.....	372	336	181	422	539	792	636	541	510	718
Traffic violations.....	1,494	2,120	5,203	7,197	9,315	11,613	11,515	16,058	12,655	12,741
<b>Fire:</b>										
Emergency responses.....	20,522	20,689	20,789	18,081	18,410	21,838	22,055	21,443	21,042	19,459
Non-fire/EMS.....	15,613	14,161	16,085	15,686	15,100	17,388	18,406	16,446	16,083	15,696
*Inspections by engine companies.....	-	406	123	82	685	932	1,680	2,016	1,848	2,302
*Inspections by fire inspectors.....	322	528	603	660	1,015	993	987	1,012	982	803
<b>Solid waste:</b>										
Refuse collected (tons per day).....	216	217	207	208	211	209	223	201	171	162
Yard trash (tons per day).....	20	20	17	19	23	22	23	23	26	24
Recyclables collected (tons per day).....	5	5	5	5	5	6	5	5	5	5
<b>Public works:</b>										
Street construction (miles).....	-	1.5	-	0.5	-	1.2	-	0.9	-	0.7
**Street resurfacing (miles).....	19.0	25.0	4.3	-	1.5	2.2	5.2	3.2	1.5	0.5
Potholes repaired.....	60	100	158	1,722	1,248	1,017	830	931	788	871
<b>Building development:</b>										
Residential/single family permits issued.....	3,313	1,340	1,361	830	519	454	408	412	400	507
Commercial/multi-family permits issued.....	458	277	297	325	262	250	336	404	271	255
Miscellaneous permits issued.....	4,943	7,217	6,525	5,957	6,577	4,881	5,774	3,644	3,037	2,853
<b>Water:</b>										
New connections.....	1,033	1,001	1,069	692	419	402	180	188	186	167
Water main breaks.....	213	65	94	404	90	291	595	264	432	285
Average daily consumption (MGD).....	13.0	12.8	12.8	12.9	12.4	11.9	12.5	11.8	12.2	12.8
Peak daily consumption (MGD).....	13.9	13.5	13.8	16.8	16.3	12.6	15.2	13.7	14.2	14.2
<b>Sewer:</b>										
Average daily treatment (MGD).....	8.1	12.2	12.3	11.3	11.3	13.0	11.1	11.2	11.1	11.0
<b>Utilities system:</b>										
Number of customers.....	31,292	30,002	29,107	28,818	27,643	27,157	26,825	24,584	24,409	24,249

Source: Various City of Daytona Beach Departments.  
 Prior to fiscal year 2015, data for physical arrests was based on calendar year.  
 \*Due to COVID the Inspection Program was temporarily suspended for a majority of FY 20. For FY 21 Inspection Operations by both engine companies and Fire Inspectors were impacted by the on-going effects of the COVID-19 pandemic.  
 \*\*No Budget for Street Resurfacing allocated in FY 20.

Table 21

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>General government:</b>										
Area (square miles).....	68	68	68	68	68	68	68	68	68	68
<b>Police:</b>										
Stations.....	7	3	3	3	1	1	1	1	1	1
Patrol units (marked cars).....	211	182	305	186	166	166	170	163	153	149
<b>Fire:</b>										
Fire stations.....	7	7	7	7	7	7	7	7	7	7
<b>Solid waste:</b>										
Collection trucks.....	24	24	17	19	18	18	12	12	12	12
<b>Public works:</b>										
Paved streets (miles).....	242.2	242.2	305.0	305.5	305.0	305.0	302.9	302.9	302.9	302.9
Unpaved streets (miles).....	0.9	0.9	0.9	0.9	0.9	0.9	0.2	0.2	0.2	0.2
Streetlights.....	6,200	6,200	8,373	8,373	8,373	8,367	8,324	8,324	8,303	8,282
Traffic signals.....	149	148	140	145	136	136	136	136	136	135
<b>Parks and recreation:</b>										
Area (acres).....	858	858	858	858	858	858	858	858	858	858
Swimming pools.....	3	3	2	2	2	2	2	2	2	2
Tennis courts.....	10	16	38	38	38	38	36	36	36	36
Playgrounds.....	14	14	24	24	24	24	23	24	24	24
Recreation (community) centers.....	6	6	19	19	19	19	19	19	19	19
Shuffleboard/lawn bowling courts.....	0	0	4	4	4	4	5	5	5	5
Auditorium/Bandshell.....	1	1	4	4	4	4	4	4	4	4
Soccer/football fields.....	3	3	7	7	7	7	7	7	7	7
Baseball/softball diamonds.....	7	7	13	13	13	13	13	13	13	13
Basketball courts.....	21	21	26	26	26	26	26	26	26	26
18 hole golf courses.....	1	1	2	2	2	2	2	2	2	2
Marina boat slips.....	550	550	550	550	550	550	550	550	550	550
Boat ramps.....	8	8	18	18	18	18	18	18	18	18
Parks and picnic areas.....	32	32	38	38	38	38	38	38	38	38
<b>Water:</b>										
Water mains (miles).....	518	510	504	496	498	587	700	700	700	700
Fire hydrants.....	3344	3309	3,232	2,666	2,529	3,018	2,897	2,884	2,866	2,840
Production capacity (MGD).....	24	24	24	24	24	24	24	24	24	24
<b>Sewer:</b>										
Sanitary sewers (miles).....	304	429	297	294	402	396	615	615	615	615
Storm sewers (miles).....	129	130	127	125	124	113	203	203	203	203
Treatment capacity (MGD).....	28	28	28	28	28	28	28	28	28	28

Source: Various City of Daytona Beach Departments.

Notes: The Utilities Department has spent the last year refining the GIS mapping of our utility lines. The totals in the table above reflect City maintained water, sewer and stormwater mains located within the public right-of-way and/or easements. These numbers do not include service lines and laterals to private property up to the City's water meter and clean-out; however, the City is responsible for maintenance of these lines. In previous years an approximation of the service lines and laterals were included in the total miles of pipeline which is why the 2018 totals have decreased.

**The City of Daytona Beach, Florida  
Other Post-Employment Benefits (OPEB)  
Schedule of Statistical Information  
September 30, 2023**

**Table 22**

	Number of Participants Included
Current retirees:	
Under age 65.....	61
Over age 65.....	79
Total current retirees.....	<u>140</u>
Active employees:	
Active employees not yet fully eligible for benefits.....	770
Active employees fully eligible for benefits.....	84
Total active employees.....	<u>854</u>
Total number of participants.....	<u>994</u>
Average age of active employees.....	44.5



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Age	Age and service distribution for active employees:								Total Number of Active Employees
	Years of Service								
	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35+	
Under 25	36	-	-	-	-	-	-	-	36
25-29	73	20	-	-	-	-	-	-	93
30-34	60	30	8	1	-	-	-	-	99
35-39	37	23	22	11	-	-	-	-	93
40-44	35	18	17	24	13	-	-	-	107
45-49	32	16	11	17	15	-	-	-	91
50-54	53	13	9	16	10	9	1	-	111
55-59	38	19	6	15	10	11	9	-	108
60-64	20	19	8	10	12	6	5	3	83
65+	9	8	4	5	4	1	2	-	33
Total	<u>393</u>	<u>166</u>	<u>85</u>	<u>99</u>	<u>64</u>	<u>27</u>	<u>17</u>	<u>3</u>	<u>854</u>

Based on November 9, 2022 OPEB actuarial valuation report.

# Compliance Section



## The City of Daytona Beach, Florida Schedule of Expenditures of Federal Awards For the Fiscal Year Ended September 30, 2023

Federal Agency Pass-through Entity Federal Program/State Project	Assistance Listing No.	Grant Number/ Pass Through Entity Identifying Number	Expenditures	Transfers to Subrecipients
<b>FEDERAL AWARDS:</b>				
<b>US Department of Housing and Urban Development</b>				
Direct Programs:				
<b>CDBG - Entitlement Grants Cluster</b>				
Community Development Block Grants	14.218	B-18-MC-12-0004	\$ 350	\$ -
Community Development Block Grants	14.218	B-20-MC-12-0004	29,647	-
Community Development Block Grants	14.218	B-21-MC-12-0004	13,697	13,697
Community Development Block Grants	14.218	B-22-MC-12-0004	378,677	11,303
<b>Total CDBG - Entitlement Grants Cluster</b>			<b>422,371</b>	<b>25,000</b>
HOME Investment Partnerships Program	14.239	M-18-MC-12-0203	60,000	-
HOME Investment Partnerships Program	14.239	M-21-MC-12-0203	11,535	-
HOME Investment Partnerships Program	14.239	M-22-MC-12-0203	21,561	-
<b>Total HOME Investment Partnerships Program</b>			<b>93,096</b>	<b>-</b>
Total US Department of Housing and Urban Development			<b>515,467</b>	<b>25,000</b>
<b>US Department of Justice</b>				
Direct Programs:				
Bulletproof Vest Partnership Program	16.607	BV 2020-2022	17,290	-
Edward Byrne Memorial Justice Assistance Grant Program:				
Justice Assistance Grant Program	16.738	2020-DJ-BX-0159	2,300	-
Justice Assistance Grant Program	16.738	15PBJA-21-GG-01371-JAGX	5,794	-
Total Edward Byrne Memorial Justice Assistance Grant Program			<b>8,094</b>	<b>-</b>
COVID-19 Coronavirus Emergency Supplemental Fund	16.034	2020-VD-BX-0429	93,888	-
Equitable Sharing Program	16.922	n/a	17,290	-
Indirect Programs:				
<i>Passed Through Florida Office of the Attorney General:</i>				
Crime Victim Assistance Programs:				
Victims of Crime Act - Victims Assistance Program	16.575	VOCA-2022-782	97,536	-
Total US Department of Justice			<b>234,098</b>	<b>-</b>
<b>US Department of Transportation</b>				
Indirect Programs:				
<b>Highway Planning and Construction</b>				
<i>Passed through Florida Department of Transportation:</i>				
Highway Planning and Construction - Fremont Ave	20.205	439971-2-58/68-01	215,457	-
Highway Planning and Construction - Beville Road Trail	20.205	439037-1-58/68-01	514,253	-
Highway Planning and Construction - Safe Routes to Schools	20.205	443394-1-38-01	65,486	-
<b>Total Highway Planning and Construction</b>			<b>795,196</b>	<b>-</b>
Total US Department of Transportation			<b>795,196</b>	<b>-</b>

**The City of Daytona Beach, Florida**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Fiscal Year Ended September 30, 2023**

**The City of Daytona Beach, Florida**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**September 30, 2023**

Federal Agency Pass-through Entity Federal Program/State Project	Assistance Listing No.	Grant Number/ Pass Through Entity Identifying Number	Expenditures	Transfers to Subrecipients
<b>US Department of the Treasury</b>				
Direct Programs:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	111-2020	709,552	-
Indirect Programs:				
<i>Passed Through Florida Department of State:</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds African American Historical Cultural Grant - Daisy Stocking Park	21.027	23.s.aa.900.046	305,299	-
Total US Department of the Treasury			<u>1,014,851</u>	-
<b>US Department of Homeland Security - Federal Emergency Management Agency</b>				
Indirect Programs:				
<i>Passed through Florida Division of Emergency Management:</i>				
Disaster Grants - Public Assistance (Hurricane Irma)	97.036	17-PA-00-06-74-01-110	(11,427)	-
Total US Department of Homeland Security			<u>(11,427)</u>	-
<b>US Environmental Protection Agency</b>				
Indirect Programs:				
<b>Clean Water State Revolving Funds Cluster</b>				
<i>Passed through Florida Department of Environmental Protection:</i>				
Capitalization Grants for Clean Water State Revolving Funds: Influent Pump and Headworks	66.458	WW6409A0/4C-02D38022-0	15,163,647	-
			<u>15,163,647</u>	-
<b>Drinking Water State Revolving Funds Cluster</b>				
<i>Passed through Florida Department of Environmental Protection:</i>				
Capitalization Grants for Drinking Water State Revolving Funds: Heineman Water Tank	66.468	DW640990/FS98452220-0	9,194,146	-
<b>Total Drinking Water State Revolving Funds Cluster</b>			<u>9,194,146</u>	-
Total US Environmental Protection Agency			<u>24,357,793</u>	-
<b>Total Expenditures of Federal Awards</b>			<u>\$ 26,905,978</u>	<u>\$ 25,000</u>

**A. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Daytona Beach, Florida, under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Daytona Beach, Florida, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Daytona Beach, Florida.

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable, or are limited as to reimbursement.

**C. SUB RECIPIENTS**

The City of Daytona Beach, Florida provided federal awards to sub recipients in the amount of \$25,000 for the fiscal year ended September 30, 2023.

**D. INDIRECT COST RATE**

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

**E. NONCASH AWARDS**

The City of Daytona Beach, Florida received no noncash awards in the fiscal year ended September 30, 2023.



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Carr, Riggs & Ingram, LLC  
215 Baytree Drive  
Melbourne, Florida 32940  
  
321.255.0088  
386.336.4189 (fax)  
CRlcpa.com

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

Honorable Mayor and Members of the City Commission  
City of Daytona Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Daytona Beach, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise City of Daytona Beach, Florida's basic financial statements, and have issued our report thereon dated June 28, 2024. Our report includes a reference to other auditors who audited the financial statements of the Police and Fire Pension Trust Fund and of First Step Shelter, Inc. (a discretely presented component unit), as described in our report on the City of Daytona Beach, Florida's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Daytona Beach, Florida'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 our opinions on the effectiveness of the City of Daytona Beach, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Daytona Beach, Florida's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a material weaknesses

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-004 to be a significant deficiency.

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

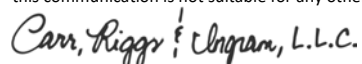
*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Daytona Beach, Florida's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. City of Daytona Beach, Florida's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### Report on Compliance and Other Matters

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

### Purpose of this Report

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



Melbourne, Florida  
June 28, 2024



Carr, Riggs & Ingram, LLC  
215 Baytree Drive  
Melbourne, Florida 32940  
  
321.255.0088  
386.336.4189 (fax)  
CRlcpa.com

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and Members of the City Commission  
City of Daytona Beach, Florida

### Report on Compliance for Each Major Federal Program

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

We have audited the City of Daytona Beach, Florida's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Daytona Beach, Florida's major federal programs for the year ended September 30, 2023. The City of Daytona Beach, Florida's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Daytona Beach, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

#### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Daytona Beach, Florida and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Daytona Beach, Florida's compliance with the compliance requirements referred to above.

#### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirement referred to above and for the design, implementation, and maintenance of effective internal control or grant agreements applicable to the City of Daytona Beach, Florida's federal programs.

### **Auditor's Responsibility for the Audit Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Daytona Beach, Florida's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Daytona Beach, Florida's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Daytona Beach, Florida's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Daytona Beach, Florida's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Daytona Beach, Florida's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable

possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on City of Daytona Beach, Florida's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. City of Daytona Beach, Florida's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Melbourne, Florida  
June 28, 2024



**The City of Daytona Beach, Florida  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended September 30, 2023**

**Section I—Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified?	Yes
Noncompliance material to the financial statements noted?	No

**Federal Awards**

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes
Type of auditor’s report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a) of OMB Compliance Supplement?	Yes

Identification of major federal programs:

<u>Federal ALN</u>	<u>Federal Program or Cluster</u>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
66.458	Clean Water State Revolving Funds Cluster
66.468	Drinking Water State Revolving Funds Cluster

Dollar threshold used to distinguish between type A and B programs was \$807,179.

Auditee qualified as low-risk auditee under 2 CFR 200.520?	Yes
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**The City of Daytona Beach, Florida  
Schedule of Findings and Questioned Costs (Continued)  
Fiscal Year Ended September 30, 2023**

**Section II—Financial Statement Findings**

**A. Internal Control Over Financial Reporting**

**2023-003 REVENUE RECOGNITION**

**Criteria:** GASB Codification (GASBC) 1600, *Basis of Accounting* requires governmental funds use the modified accrual basis of accounting when recognizing revenue and enterprise funds to use the full accrual basis of accounting.

**Condition:** The City did not recognize revenue and receivables consistent with GAAP and the City’s revenue recognition criteria and did not correctly estimate the accrual for unbilled receivables for water and sewer charges.

**Cause of condition:** The City did not have proper cutoff and valuation regarding revenue and receivables and revenue recognition pursuant to GASBC 1600. The City did not report all the revenue that was earned by the City, did not correctly estimate the accrual for unbilled receivables and recognized revenue for intergovernmental funds that were collected outside of the City’s revenue recognition period for governmental funds.

**Potential effect of condition:** By not recognizing revenues and receivables pursuant to GAAP and the City’s revenue recognition criteria, receivables and revenue may not be accounted for in the correct accounting period, resulting in a misstatement of those account balances.

Entries were made to the General Fund (\$42,616), the Water and Sewer System Fund (\$1,379,614), the Solid Waste Fund (\$210,934) and the Stormwater Fund (\$112,523) to correct receivables and revenue recognition for fiscal year 2023. A prior period adjustment of \$2,284,694 is included in the current year’s financial report to account for revenues previously recognized that were not collected within the period of availability.

**Recommendation:** The City should evaluate their current controls over receivables to ensure appropriate consideration of whether the revenue was earned, or susceptible to accrual, in addition to the determination of the accuracy of the receivable and revenue recorded.

**Management’s Response:** *Management acknowledges the comment. The City will review the current process for evaluating accruals of receivables – including unbilled receivables – and revise procedures, as necessary, to ensure revenue and receivables are accounted for in the proper accounting period. This review will include an evaluation of the City’s current process for monitoring of the collection of receivables in governmental funds within the period of availability.*

**The City of Daytona Beach, Florida**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Fiscal Year Ended September 30, 2023**

**The City of Daytona Beach, Florida**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Fiscal Year Ended September 30, 2023**

**2023-004 CAPITALIZATION OF EXPENDITURES**

**Criteria:** The City's capital asset policy states "to be classified as a capital asset, the item must possess attributes with (1) a useful life of at least 2 years from date of acquisition; and (2) a capitalization threshold that meets or exceed the amounts listed below for that particular asset class or the individual items as shown." The City's capitalization threshold for all classes of capital assets is \$5,000 other than land, where all land purchases are to be capitalized.

**Condition:** The City did not capitalize expenditures consistent with the City's capitalization policies.

**Cause of condition:** The City was not consistent in the application of the City's capitalization policy resulting in the expenditure/expensing of costs that should have been capitalized pursuant to the City's policies. As a result, entries to reclassify capital expenditures/expenses of approximately \$5 million across multiple funds were needed to properly account for capital expenditures that met the City's criteria to be included as a capital asset.

**Potential effect of condition:** The City is not in compliance with their capitalization policies. As a result, capital assets could be understated and current year expenditures/expenses overstated.

**Perspective:** The City provided adjustments in the current year to align the accounting for capital items with the City's capitalization policies. Additionally, approximately \$1.3 million of the adjustment made by the City was for assets whose individual cost was less than the City's capitalization threshold; however, the City noted that the purchases were funded by debt and cited GASB guidance that identified situations in which it may be appropriate to capitalize significant purchases of individually smaller assets.

**Recommendation:** The City should evaluate their current procedures and implement changes, as necessary, to ensure all expenditures/expenses that meet their capitalization policy are capitalized. Additionally, the City should consider updating their policies to include situations that would require capitalization of certain assets whose individual acquisition costs are less than the capitalization threshold for an individual asset.

**Management's Response:** *Management acknowledges the comment. The City will review the current process for accounting for capital projects versus maintenance projects to improve the consistency of applying the City's capitalization policies. Updates to the City's policies and procedures will be made, if needed. The City will review GASB guidance and consider the inclusion of policies that identify situations in which below-threshold asset purchases would be capitalized. Also, Finance personnel involved with the process of accounting for capital assets will be provided with additional training.*

**B. Compliance and Other Matters**

No matters were reported.

**Section III—Federal Award Findings and Questioned Costs**

**A. Compliance**

No matters were reported.

**B. Internal Control Over Compliance**

**2023-001 GRANT REPORTING**

U.S. Department of Treasury  
ALN 21.027 – Coronavirus State and Local Fiscal Recovery Funds  
Contract No. 23.saa.900.46 (2023)  
Passed through the Florida Department of State

**Criteria:** 2 CFR 200.303 requires non-federal entities to establish and maintain effective internal controls. Reports and reimbursement requests should be subject to independent review to verify completeness, validity and timeliness of submission.

**Condition:** Review of quarterly reports was not documented by City officials before submittal by their third party consultant.

**Cause of condition:** The City does not have a process in place to document their review of progress reports submitted to the Florida Department of State by their third party consultant.

**Potential effect of condition:** Reports submitted to the Florida Department of State may be incomplete, include errors, or be submitted late.

**Perspective:** The City utilized a third party consultant to assist in the management of this specific grant contract under this federal program. CRI noted the City did have documentation of review of grant reports prepared by the City for the other grant contract awarded to the City under this federal program.

**Questioned costs:** None.

**Recommendation:** The City should review and revise, as needed, its current control structure over grant reporting to ensure that all required reports are independently reviewed prior to being submitted to the grantor. This should include review of reports prepared by any third party consultants.

**Management's Response:** *The City will update its control process to incorporate procedures to ensure that reviews of reports prepared by third party consultants are subject to independent review by City personnel prior to the reports being remitted to the grantor and that such reviews will be documented.*

**The City of Daytona Beach, Florida**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Fiscal Year Ended September 30, 2023**

**2023-002    SUSPENSION AND DEBARMENT**

U.S. Department of Treasury

ALN 21.027 – Coronavirus State and Local Fiscal Recovery Funds  
Contract No. 23.saa.900.46 (2023)  
Passed through the Florida Department of State

U.S. Department of Environmental Protection

ALN 66.458 – Clean Water State Revolving Funds Cluster  
Contract No. WW6409A0/4C-02D38022-0 (2022)  
Passed through the Florida Department of Environmental Protection

U.S. Department of Environmental Protection

ALN 66.468 – Drinking Water State Revolving Funds Cluster  
Contract No. DW640990/FS98452220-0 (2021)  
Passed through the Florida Department of Environmental Protection

**Criteria:** 2 CFR 180.300 requires the City to ensure vendors and contractors are not disqualified, excluded, or debarred prior to entering into a covered transaction. Further, 2 CFR 200.303 requires non-federal entities to establish and maintain effective internal controls. The City should have a process to ensure compliance with 2 CFR 180.300.

**Condition:** The City did not document their initial verification (SAM check) that a vendor was not suspended or debarred before entering into a covered transaction for all vendors and contractors participating on Federally-funded projects, and follow-up verifications were not consistently performed.

**Cause of condition:** Procedures for documentation of verification that vendors or contractors were eligible to participate on federally-funded projects checks were not consistently applied to all vendors.

**Potential effect of condition:** Without initial verification of a vendor's status to participate on federally-funded projects and timely follow-up SAM checks, the City may inadvertently enter into covered transactions with federally suspended or debarred vendors.

**Perspective:** The City properly performed SAM checks for some, but not all, of the vendors and contractors used in covered transactions. None of the vendors tested during our audit were disqualified, excluded, or debarred per verification performed by the auditors. Additionally, the Florida Department of Environmental Protection and the Florida Department of State provide for ongoing oversight and review, which mitigates the risk of non-compliance.

**Questioned costs:** None.

**Recommendation:** The City should evaluate its current procedures for ensuring that vendors are eligible to participate in federally-funded projects prior to signing contracts or issuing purchase orders to those vendors. Changes to procedures should be implemented, as necessary, to improve controls over compliance. Additionally, a process for periodic follow-up verification should be performed no less than annually.

**The City of Daytona Beach, Florida**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Fiscal Year Ended September 30, 2023**

**Management's Response:** *The City will set up the following controls to monitor and ensure compliance with Sam.gov requirements on an ongoing basis.*

- *The City's procurement process for federally funded projects will include an item on the Vendor Questionnaire where vendors can upload their Sam.gov proof at the time of their bid submission.*
- *The City's Purchasing staff will review all bid submissions against Sam.gov and provide screenshots of when the information was checked. These screenshots will be saved in the bid file. Any vendor that does not show an active Sam.gov status will be rejected as non-responsive.*
- *Any new vendor that is intended for use on a federally funded project will also be checked at the time of vendor entry into the City's financial software by Finance. A copy of this Sam.gov check will be included with the vendor file.*
- *Current vendors will be checked for Sam.gov compliance on an annual basis. The annual checks will be screenshot and uploaded into the vendor files. Vendor files will be updated accordingly with the date of the Sam.gov check by Finance. The annual compliance check will become part of the end-of-fiscal year closeout process.*
- *Current vendors working on federally funded projects will also be checked for Sam.gov compliance at the time of any change order, amendment, or contract adjustment that is requested.*

**Section IV- Prior Findings and Questioned Costs for Federal Awards**

No prior year findings were reported.



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Carr, Riggs & Ingram, LLC  
 215 Baytree Drive  
 Melbourne, Florida 32940  
 321.255.0088  
 386.336.4189 (fax)  
 CRlcpa.com

**Independent Auditor’s Management Letter**

Honorable Mayor and Members of the City Commission  
 The City of Daytona Beach, Florida

**Report on the Financial Statements**

We have audited the financial statements of the City of Daytona Beach, Florida (the “City”) as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 28, 2024.

**Auditor’s Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, Rules of the Florida Auditor General.

**Other Reporting Requirements**

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant’s 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 Florida Auditor General. Disclosures in those reports and schedule, which are dated June 28, 2024, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

Finding No.	Description	Status	2023 No.
2019-002	Unexpended Balance – Building Permits	Repeated	2023-005

**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 City of Daytona Beach, Florida and its component unit are disclosed in the footnotes.

**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 City of Daytona Beach, Florida 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 City of Daytona Beach, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

**2023-005 Unexpended Balance – Building Permits**

**Criteria:** Section 553.80(7)(a) of Florida Statutes has been updated to limit the amount of unexpended building permit funds carried forward to future fiscal years to no more than the City’s average operating budget for enforcing the Florida Building Code for the previous four (4) fiscal years. A local government must use any funds in excess of this limitation to rebate or reduce fees.

**Condition:** The City’s unexpended building permit funds at September 30, 2023 exceeded the City’s average operating budget for enforcing the Florida Building Code for the previous four (4) fiscal years by \$11,478,318.

**Cause of condition:** Prior to July 1, 2019, there was no provision in the Florida Statutes limiting the amount of carryforward of unexpended building permit funds. In prior fiscal years, the annual revenue derived from building permit fees exceeded anticipated amounts.

**Potential effect of condition:** The City has excess unexpended balances at September 30, 2023.

**Recommendation:** We recommend the City complete the action items presented to the Joint Legislative Audit Committee to reduce the unexpended building code balances in order to comply with Section 553.80(7) of the Florida Statutes.

**Management’s Response:** *Management acknowledges the comment. Projects are underway as stated on the April 5, 2023 Spending Plan, as updated in March 2024. The City continues to monitor the Spending Plan and consult with the City’s legal counsel on action items to bring the City’s carryforward balance into compliance with Florida Statutes.*

**Special District Component Unit**

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 that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

**Special District Component Unit**

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 that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

**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 Downtown Development Authority reported the schedule 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.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Downtown Development Authority reported:

a. The total number of District employees compensated in the last pay period of the District’s fiscal year as	<b>None</b>
b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District’s fiscal year as	<b>3</b>
c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency	<b>\$0</b>
d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency	<b>\$60,468</b>
e. Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin after October 1 of the fiscal year being reported, together with the total expenditures for such projects.	<b>None</b>

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:

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>OPERATING REVENUES:</b>				
Taxes	\$ 173,662	\$ 173,662	\$ 208,570	\$ 34,908
Operating grants and contributions	101,059	101,295	117,961	16,666
Income on investments	16	16	2,562	2,546
Miscellaneous	35,000	35,000	2,685	(32,315)
Appropriation	-	53,121	-	(53,121)
<b>Total operating revenues</b>	<b>309,737</b>	<b>363,094</b>	<b>331,778</b>	<b>(31,316)</b>
<b>OPERATING EXPENSES:</b>				
Current operating:				
Downtown development	309,737	363,094	331,321	31,773
<b>Total operating expenses</b>	<b>309,737</b>	<b>363,094</b>	<b>331,321</b>	<b>31,773</b>
Change in net position	-	-	457	457
<b>NET POSITION:</b>				
Beginning	50,251	50,251	50,251	-
<b>Ending</b>	<b>\$ 50,251</b>	<b>\$ 50,251</b>	<b>\$ 50,708</b>	<b>\$ 457</b>

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

- a. The millage rate or rates imposed by the District. **1.0 mils**
- b. The total amount of ad valorem taxes collected by or on behalf of the District. **\$208,570**
- c. The total amount of outstanding bonds issued by the District and the terms of such bonds as: **None**

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

- a. The rate or rates of non-ad valorem special assessments imposed by the District as **None**
- b. The total amount of special assessments collected by or on behalf of the District as **None**
- c. The total amount of outstanding bonds issued by the District and the terms of such bonds as **None**

**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 have not noted 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 members of the City Commission 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 28, 2024



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Carr, Riggs & Ingram, LLC  
215 Baytree Drive  
Melbourne, Florida 32940

321.255.0088  
386.336.4189 (fax)  
CRIcpa.com

#### INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

Honorable Mayor and City Commissioners  
City of Daytona Beach, Florida

We have examined the City of Daytona Beach, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2023. Management is responsible for the City of Daytona Beach, Florida's compliance with the specified requirements. Our responsibility is to express an opinion on the City of Daytona Beach, Florida'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 City of Daytona Beach, Florida's complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City of Daytona Beach, Florida's complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including as 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the City of Daytona Beach, Florida's compliance with specified requirements.

In our opinion, the City of Daytona Beach, Florida complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2023.

This report is intended solely for the information and use of 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 28, 2024



The CITY OF DAYTONA BEACH  
"THE WORLD'S MOST FAMOUS BEACH"  
Office of the City Manager

**CORRECTIVE ACTION PLAN**

June 28, 2024

The City of Daytona Beach, Florida respectfully submits the following corrective action plan for the year ended September 30, 2023.

Name and address of independent public accounting firm:

Carr, Riggs & Ingram, LLC  
215 Baytree Drive  
Melbourne, Florida 32940

Audit Period:

Fiscal Year October 1, 2022 – September 30, 2023

The finding from the Schedule of Findings and Questioned Costs is discussed below. The finding number corresponds to the number assigned in the schedule.

**2023-001 GRANT REPORTING**

**Recommendation:** The City should review and revise, as needed, its current control structure over grant reporting to ensure that all required reports are independently reviewed prior to being submitted to the grantor. This should include review of reports prepared by any third party consultants.

**Management's Response:** *The City will update its control process to incorporate procedures to ensure that reviews of reports prepared by third party consultants are subject to independent review by City personnel prior to the reports being remitted to the grantor and that such reviews will be documented.*

*Responsible Parties: Natalia Eckroth, CFO and Christine Aiken, Assistance Finance Director*

*Anticipated Completion Date: December 31, 2024*

**2023-002 SUSPENSION AND DEBARMENT**

**Recommendation:** The City should evaluate its current procedures for ensuring that vendors are eligible to participate in federally-funded projects prior to signing contracts or issuing purchase orders to those vendors. Changes to procedures should be implemented, as necessary, to improve controls over compliance. Additionally, a process for periodic follow-up verification should be performed no less than annually.

**Management's Response:** *The City will set up the following controls to monitor and ensure compliance with Sam.gov requirements on an ongoing basis.*

- The City's procurement process for federally funded projects will include an item on the Vendor Questionnaire where vendors can upload their Sam.gov proof at the time of their bid submission.*
- The City's Purchasing staff will review all bid submissions against Sam.gov and provide screenshots of when the information was checked. These screenshots will be saved in the bid file. Any vendor that does not show an active Sam.gov status will be rejected as non-responsive.*
- Any new vendor that is intended for use on a federally funded project will also be checked at the time of vendor entry into the City's financial software by Finance. A copy of this Sam.gov check will be included with the vendor file.*
- Current vendors will be checked for Sam.gov compliance on an annual basis. The annual checks will be screenshot and uploaded into the vendor files. Vendor files will be updated accordingly with the date of the Sam.gov check by Finance. The annual compliance check will become part of the end-of-fiscal year closeout process.*
- Current vendors working on federally funded projects will also be checked for Sam.gov compliance at the time of any change order, amendment, or contract adjustment that is requested.*

*Responsible Parties: Kristen Turner, Financial Business Analyst and Holly Prevatt, Purchasing Agent*

*Anticipated Completion Date: December 31, 2024*

**2023-003 REVENUE RECOGNITION**

**Recommendation:** The City should evaluate their current controls over receivables to ensure appropriate consideration of whether the revenue was earned, or susceptible to accrual, in addition to the determination of the accuracy of the receivable and revenue recorded.

**Management's Response:** *Management acknowledges the comment. The City will review the current process for evaluating accruals of receivables – including unbilled receivables – and revise procedures, as necessary, to ensure revenue and receivables are accounted for in the proper accounting period. This review will include an evaluation of the City's current process for monitoring of the collection of receivables in governmental funds within the period of availability.*

*Responsible Parties: Natalia Eckroth, CFO and Christine Aiken, Assistance Finance Director*

*Anticipated Completion Date: December 31, 2024*



**2023-004 CAPITALIZATION OF EXPENDITURES**

**Recommendation:** The City should evaluate their current procedures and implement changes, as necessary, to ensure all expenditures/expenses that meet their capitalization policy are capitalized. Additionally, the City should consider updating their policies to include situations that would require capitalization of certain assets whose individual acquisition costs are less than the capitalization threshold for an individual asset.

**Management's Response:** *Management acknowledges the comment. The City will review the current process for accounting for capital projects versus maintenance projects to improve the consistency of applying the City's capitalization policies. Updates to the City's policies and procedures will be made, if needed. The City will review GASB guidance and consider the inclusion of policies that identify situations in which below-threshold asset purchases would be capitalized. Also, Finance personnel involved with the process of accounting for capital assets will be provided with additional training.*

*Responsible Parties: Natalia Eckroth, CFO, Christine Aiken, Assistance Finance Director, and Valerie Bacmeister, Accounting Manager*

*Anticipated Completion Date: December 31, 2024*

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**APPENDIX C**

**Form of Resolution**

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RESOLUTION NO. 2024-215

A RESOLUTION OF THE CITY OF DAYTONA BEACH, FLORIDA AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$53,000,000 CITY OF DAYTONA BEACH, FLORIDA TAXABLE CAPITAL IMPROVEMENT REVENUE, BONDS SERIES 2024A AND CITY OF DAYTONA BEACH, FLORIDA CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2024B FOR THE PURPOSE OF FINANCING AND/OR REIMBURSING DESIGN, INSTALLATION, ACQUISITION, CONSTRUCTION, RECONSTRUCTION AND EQUIPPING OF VARIOUS CAPITAL IMPROVEMENTS RELATING TO THE JACKIE ROBINSON BALLPARK STADIUM AND FIRE STATION NO. 1; AND RELATED FACILITIES AND THE ACQUISITION OF CERTAIN NEW EQUIPMENT INCLUDING A FIRE ENGINE APPARATUS AND AN AERIAL TRUCK; PROVIDING THAT THE 2024 BONDS SHALL BE LIMITED OBLIGATIONS OF THE CITY PAYABLE FROM NON-AD VALOREM REVENUES BUDGETED, APPROPRIATED AND DEPOSITED AS PROVIDED HEREIN; PROVIDING FOR THE RIGHTS, SECURITIES AND REMEDIES FOR THE HOLDER OF THE 2024 BONDS; AUTHORIZING CERTAIN OFFICIALS AND EMPLOYEES OF THE CITY TO TAKE ALL ACTIONS REQUIRED IN CONNECTION WITH THE SALE, ISSUANCE AND DELIVERY OF SUCH BONDS; AUTHORIZING THE OPTION TO INSURE ALL, A PORTION, OR NONE OF THE BONDS, BASED ON THE ADVICE OF THE FINANCIAL ADVISOR; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY AND PROVIDING AN EFFECTIVE DATE.

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**BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF DAYTONA BEACH, FLORIDA:**

**ARTICLE I  
GENERAL**

Section 1.01 Definitions. When used in this Resolution, the following terms shall have the following meanings, unless the context clearly otherwise requires:

"Act" shall mean the Constitution of the State of Florida, Chapter 166, Part II, Florida Statutes, the Charter of the City, Ordinance No. 2024-108 by the City Commission enacted on March 20, 2024 and other applicable provisions of law.

"Amortization Installment" shall mean an amount designated as such by Supplemental Resolution of the Issuer and established with respect to any Term Bonds.

"Annual Debt Service" shall mean, with respect to any Bond Year, the aggregate amount of (1) all interest required to be paid on the Outstanding Bonds during such Bond Year, except to the extent that such interest is to be paid from deposits in the Interest Account made from Bond proceeds, (2) all principal of Outstanding Serial Bonds maturing in such Bond Year, and (3) all Amortization Installments herein designated with respect to such Bond Year.

"Authorized Issuer Officer" shall mean any person authorized by this Resolution or Supplemental Resolution of the Issuer to perform such act or sign such document.

"Bond Amortization Account" shall mean the separate accounts in the Debt Service Fund established pursuant to Section 4.03 hereof.

"Bond Counsel" shall mean any attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"Bond Year" shall mean the period commencing on October 2 and ending twelve months later on October 1, or such other dates as may be determined by the Issuer by Supplemental Resolution of the Issuer adopted prior to the issuance of the Bonds.

"Bondholder" or "Holder" or "holder" or any similar term, when used with reference to a Bond or Bonds, shall mean any person who shall be the registered holder of any Outstanding Bond or Bonds as provided in the registration books of the Issuer.

"Bonds" shall mean the City of Daytona Beach, Florida Taxable Capital Improvement Revenue Bonds, Series 2024A and the City of Daytona Beach, Florida Capital Improvement Revenue Bonds, Series 2024B issued pursuant to this Resolution.

"City" or "Issuer" shall mean City of Daytona Beach, Florida, a municipal corporation, organized and existing under the laws of the State of Florida, including the Act.

"City Attorney" shall mean the City Attorney, or his or her designee.

"Clerk" shall mean the City Clerk of the Issuer, any deputy, interim or acting City Clerk, or his or her designee.

"City Commission" shall mean the City Commission of the Issuer.

"Chief Financial Officer" shall mean the Chief Financial Officer of the Issuer, any Deputy Chief Financial Officer, or his or her designee.

"City Manager" shall mean the City Manager of the Issuer, Deputy City Manager, Assistant City Manager, or his or her designee.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations and rules thereunder in effect or proposed.

"Debt Service Fund" shall mean the City of Daytona Beach, Florida Capital Improvement Revenue Bonds, Series 2024 Debt Service Fund established pursuant to Section 4.02 hereof.

"Federal Securities" shall mean cash, direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged (including, but not limited to State and Local Government Securities), Refcorp interest strips, CATS, TIGRS, STRPS, defeased municipal bonds rated AAA by S&P or Aaa by Moody's (or any combination thereof) or direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank, certificates of beneficial ownership of the Farmers Home Administration, obligations of the Federal Financing Bank, participation certificates of the General Services Administration, Guaranteed Title XI financings of the U.S. Maritime Administration and project notes of the U.S. Department of Housing and Urban Development.

"Fiscal Year" shall mean the period commencing on October 1 of each year and continuing through the next succeeding September 30, or such other period as may be prescribed by law.

"Insurer" shall mean as the issuer of the Municipal Bond Insurance Policy, if any, or any successor corporation that assumes the obligations of the issuer of such Municipal Bond Insurance Policy. All references in this Resolution to the Insurer shall be of no force and effect at such time as there are no Bonds Outstanding with respect to which the Insurer has issued the Municipal Bond Insurance Policy.

"Interest Account" shall mean the separate accounts in the Debt Service Fund established pursuant to Section 4.03 hereof.

"Interest Date" shall be such date or dates for the payment of interest on the Bonds as shall be provided by Supplemental Resolution.

"Mayor" shall mean the Mayor or Vice Mayor of the Issuer, or his or her designee.

"Municipal Bond Insurance Policy" shall mean the municipal bond insurance policy, if any, issued by the Insurer insuring the payment when due of the principal of and interest on the Bonds as provided therein.

"Non-Ad Valorem Revenues" shall mean all revenues of the Issuer not derived from ad valorem taxation, and which are lawfully available to be used to pay debt service on the Bonds.

"Outstanding" when used with reference to Bonds and as of any particular date, shall describe all Bonds theretofore and thereupon being authenticated and delivered except, (1) any Bond in lieu of which another Bond or other Bonds have been issued under an agreement to replace lost, mutilated or destroyed Bonds, (2) any Bond surrendered by the Holder thereof in exchange for another Bond or other Bonds under Section 2.07 hereof, and (3) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity, and (4) Bonds deemed paid in accordance with Section 9.01 hereof.

"Paying Agent" shall mean any paying agent for Bonds appointed by or pursuant to a Supplemental Resolution and its successors or assigns, and any other Person which may at any time be substituted in its place pursuant to this Resolution.

"Permitted Investments" shall mean any legal investment under the laws of the State and the written investment policy of the Issuer.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or governmental entity.

"Pledged Funds" shall mean (1) Non-Ad Valorem Revenues budgeted and appropriated by the Issuer in accordance with Section 4.02 hereof and deposited into the Debt Service Fund, and (2) until applied in accordance with the provisions of this Resolution, all moneys, including the investments thereof, in the funds and accounts established hereunder, with the exception of the Rebate Fund.

"Principal Account" shall mean the separate accounts in the Debt Service Fund established pursuant to Section 4.03 hereof.

"Project" shall mean design, installation, acquisition, construction, reconstruction and equipping of various capital improvements relating to the Jackie Robinson ballpark stadium and fire station no. 1 and related facilities and the acquisition of certain new equipment including a fire engine apparatus and an aerial truck.

"Project Fund" shall mean the City of Daytona Beach, Florida, Taxable Capital Improvement Revenue Bonds, Series 2024A Project Fund and the City of Daytona Beach, Florida, Capital Improvement Revenue Bonds, Series 2024B Project Fund established pursuant to Section 2.03 hereof.

"Rebate Amount" shall mean the excess of the future value, as of a computation date, of all receipts on nonpurpose investments (as defined in Section 1.148-1(b) of the Income Tax Regulations) over the future value, as of that date, of all payments on nonpurpose investments, all as provided by regulations under the Code implementing Section 148 thereof.

"Rebate Fund" shall mean the City of Daytona Beach, Florida Capital Improvement Revenue Bonds, Series 2024B Rebate Fund established pursuant to Section 5.05 hereof.

"Redemption Price" shall mean, with respect to any Bond or portion thereof, the principal amount or portion thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or this Resolution.

"Registrar" shall mean any registrar for the Bonds appointed by or pursuant to a Supplemental Resolution and its successors and assigns, and any other Person which may at any time be substituted in its place pursuant to Supplemental Resolution.

"Resolution" shall mean this Resolution, as the same may from time to time be amended, modified or supplemented by Supplemental Resolution.

"Serial Bonds" shall mean all of the Bonds other than the Term Bonds.

"Series 2010 Bonds" shall mean the City of Daytona Beach, Florida Capital Improvement Revenue Note, Series 2010.

"Series 2017 Bonds" shall mean the City of Daytona Beach, Florida Capital Improvement Revenue Note, Series 2017.

"Series 2024A Bonds" shall mean the City of Daytona Beach, Florida Taxable Capital Improvement Revenue Bonds, Series 2024A Bonds.

"Series 2024B Bonds" shall mean the City of Daytona Beach, Florida Capital Improvement Revenue Bonds, Series 2024B.

"State" shall mean the State of Florida.

"Supplemental Resolution" shall mean any resolution of the Issuer amending or supplementing this Resolution adopted and becoming effective in accordance with the terms of Sections 7.01 and 7.02 hereof.

"Term Bonds" shall mean those Bonds which shall be designated as Term Bonds hereby or by Supplemental Resolution of the Issuer and which are subject to mandatory redemption by Amortization Installments.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms, shall refer to this Resolution; the term heretofore shall mean before the date of adoption of this Resolution; and the term "hereafter" shall mean after the date of adoption of this Resolution.

Words importing the masculine gender include every other gender.

Words importing the singular number include the plural number, and vice versa.

Section 1.02 Authority for Resolution. This Resolution is adopted pursuant to the provisions of the Act.

Section 1.03 Resolution to Constitute Contract. In consideration of the purchase and acceptance of any or all of the Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be a part of the contract of the Issuer with the Holders of the Bonds and shall be deemed to be and shall constitute a contract between the Issuer and the Holders from time to time of the Bonds. The pledge made in this Resolution and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of said Bonds and the Insurer. All of the Bonds, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or pursuant to this Resolution.

Section 1.04 Findings. It is hereby ascertained, determined and declared as follows:

- (1) The Issuer deems it necessary, desirable and in the best interests of the Issuer and its citizens and to serve a public purpose to finance and/or reimburse the costs of the Project.
- (2) For the benefit of its citizens, the Issuer finds, determines and declares that it is necessary for the continued preservation of the safety, welfare and convenience of the Issuer and its citizens to finance and/or reimburse the costs of the Project.
- (3) Subsequent to the issuance of the Bonds, other than the Series 2010 Bonds and Series 2017 Bonds, the Issuer has not otherwise secured any other indebtedness of the Issuer solely with a covenant to budget and appropriate Non-Ad Valorem Revenues.
- (4) The estimated Non-Ad Valorem Revenues, after satisfying funding requirements for obligations having an express lien on or pledge thereof and after satisfying any funding requirements for essential governmental services of the Issuer which are not funded by ad valorem taxation, will be sufficient to pay the principal of and interest on the Bonds, the Series 2010 Bonds and the Series 2017 Bonds, as the same become due, and to make all other payments provided for in this Resolution.



(5) The principal of and interest on the Bonds and all other payments provided for in this Resolution will be paid solely from the Pledged Funds, and the ad valorem taxing power of the Issuer will never be necessary or authorized to pay the principal of and interest on the Bonds and, except as otherwise provided herein, the Bonds shall not constitute a lien upon any property of the Issuer.

(6) The Issuer issued request for proposals and received proposals from various financial institutions to provide for the purchase of the Series 2024 Bonds. In consultation with the Financial Advisor and Bond Counsel, the Issuer appointed Jefferies, LLC, as Senior Manager, Truist Securities, Inc., and Raymond James & Associates, Inc. as Co-Managers as underwriters for the Series 2024 Bonds pursuant to Ordinance 2024-108.

Section 1.05 Authorization of Financing and Project. The Issuer does hereby authorize the financing of the Project and the Project itself.

## ARTICLE II

### AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 2.01 Authorization of Bonds. This Resolution authorizes an issue of Bonds of the Issuer to be designated as "City of Daytona Beach, Florida Taxable Capital Improvement Revenue Bonds, Series 2024A and City of Daytona Beach, Florida Capital Improvement Revenue Bonds, Series 2024B" in a total aggregate principal amount of not to exceed \$53,000,000 for the purpose of (i) financing and/or reimbursing the costs of the Project, and (ii) paying certain costs of issuance incurred with respect thereto, including the premium for a Municipal Bond Insurance Policy, if any. The Issuer may change such Series designation in the event that the Bonds are not issued in calendar year 2024.

The Bonds may, if and when authorized by the Issuer pursuant to this Resolution, be issued with such further appropriate particular designations added to or incorporated in such title for the Bonds as the Issuer may determine.

The Bonds shall bear interest at such rate or rates not exceeding the maximum rate permitted by law; and shall be payable in lawful money of the United States of America on such dates; all as determined hereunder and by Supplemental Resolution of the Issuer.

The Bonds shall be issued in denominations of \$5,000 or integral multiples thereof, in such form, whether coupon or registered; shall be dated such date; shall bear such numbers; shall be payable at such place or places; shall contain such redemption provisions; shall have such Paying Agent and Registrar; and shall mature in such years and amounts; all as determined hereunder and by Supplemental Resolution of the Issuer.

Section 2.02 Description of Bonds. The Bonds shall be issued as fully registered Bonds; shall be numbered consecutively from one upward in order of maturity preceded by the letter "R"; shall bear interest at a rate or rates not exceeding the maximum rate allowed by Florida law, payable in such manner and on such dates; shall consist of such amounts of Serial Bonds and/or

Term Bonds; maturing in such amounts or installments and in such years; shall be payable in such place or places; shall have such Paying Agent and Registrar; and shall contain such redemption provisions; all as the Issuer shall provide hereafter by Supplemental Resolution.

The principal of or Redemption Price, if applicable, on the Bonds are payable upon presentation and surrender of the Bonds at the designated office of the Paying Agent. Interest payable on any such Bond on any Interest Date will be paid by check or draft of the Paying Agent to the Holder in whose name such Bond shall be registered at the close of business on the date which shall be the fifteenth (15<sup>th</sup>) day (whether or not a business day) of the calendar month next preceding such Interest Date, or, unless otherwise provided by Supplemental Resolution, at the option of the Paying Agent, and at the request and expense of such Holder, by bank wire transfer for the account of such Holder. In the event the interest payable on any such Bond is not punctually paid or duly provided for by the Issuer on such Interest Date, such defaulted interest will be paid to the Holder in whose name such Bond shall be registered at the close of business on a special record date for the payment of such defaulted interest as established by notice to such Holder, not less than ten days preceding such special record date. All payments of principal of or Redemption Price, if applicable, and interest on the Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

Section 2.03 Application of Bond Proceeds. Except as otherwise provided by Supplemental Resolution, the proceeds derived from the sale of the Bonds, including accrued interest and premium, if any, together with legally available funds of the Issuer, if any, shall, simultaneously with the delivery of the Bonds to the purchaser or purchasers thereof, be applied by the Issuer as follows:

- (1) Accrued interest, if any, shall be deposited in the Interest Account and shall be used only for the purpose of paying the interest which shall thereafter become due on the Bonds.
- (2) Proceeds shall be deposited in the Project Fund described below.
- (3) The balance of the proceeds of the Bonds shall be used to pay the costs of issuance of the Bonds, including the premium for a Municipal Bond Insurance Policy, if any.

The Issuer covenants and agrees to establish two (2) special funds to be designated "City of Daytona Beach, Florida Taxable Capital Improvement Revenue Bonds, Series 2024A, Project Fund and City of Daytona Beach, Florida Capital Improvement Revenue Bonds, Series 2024B, Project Fund." The designation and establishment of the Project Fund by this Resolution shall not be construed to require the establishment of a completely independent, self-balancing fund as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain assets of the Issuer for certain purposes and to establish certain priorities for application of such assets as herein provided. Amounts on deposit from time to time in the Project Fund, plus any earnings thereon, are pledged to the repayment of the Bonds. Costs of the Project will be paid from the Project Fund.

Section 2.04 Execution of Bonds. The Bonds shall be executed in the name of the Issuer with the manual or facsimile signature of the Mayor and the official seal of the Issuer shall be imprinted thereon, attested with the manual or facsimile signature of the Clerk and approved as to form and correctness by the City Attorney. In case any one or more of the officers who shall have signed or sealed any of the Bonds, or whose facsimile signature shall appear thereon shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such Bond shall hold the proper office of the Issuer, although, at the date of such Bond, such person may not have held such office or may not have been so authorized. The Issuer may adopt and use for such purposes the facsimile signatures of any such persons who shall have held such offices at any time after the date of the adoption of this Resolution, notwithstanding that either or both shall have ceased to hold such office at the time the Bonds shall be actually sold and delivered.

Section 2.05 Authentication. No Bond shall be secured hereunder or be entitled to the benefit hereof or shall be valid or obligatory for any purpose unless there shall be manually endorsed on such Bond a certificate of authentication by the Registrar or such other entity as may be approved by the Issuer for such purpose. Such certificate on any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution. The form of such certificate shall be substantially in the form provided in Section 2.09 hereof.

Section 2.06 Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated, or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver, and the Registrar shall authenticate, a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder furnishing the Issuer and the Registrar proof of such Holder's ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer and the Registrar may incur. All Bonds so surrendered or otherwise substituted shall be canceled by the Registrar. If any of the Bonds shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same or cause the Bond to be paid, upon being indemnified as aforesaid, and if such Bonds be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to this Section 2.06 shall constitute original, additional contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Bond be at any time found by anyone, and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien on the Pledged Funds to the same extent as all other Bonds issued hereunder.

Section 2.07 Transfer. Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder thereof or such Holder's attorney duly authorized in writing, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same maturity of any other authorized denominations.

The Bonds issued under this Resolution shall be and have all the qualities and incidents of negotiable instruments under the commercial laws and the Uniform Commercial Code of the State, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Issuer shall maintain and keep, at the office of the Registrar, books for the registration and transfer of the Bonds.

Each Bond shall be transferable only upon the books of the Issuer, at the office of the Registrar, under such reasonable regulations as the Issuer may prescribe, by the Holder thereof in person or by such Holder's attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or such Holder's duly authorized attorney. Upon the transfer of any such Bond, the Issuer shall issue, and cause to be authenticated, in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and Series and maturity as the surrendered Bond. The Issuer, the Registrar and any Paying Agent or fiduciary of the Issuer may deem and treat the Person in whose name any Outstanding Bond shall be registered upon the books of the Issuer as the absolute holder of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if applicable, and interest on such Bond and for all other purposes, and all such payments so made to any such Holder or upon such Holder's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid and neither the Issuer nor the Registrar nor any Paying Agent or other fiduciary of the Issuer shall be affected by any notice to the contrary.

The Registrar, in any case where it is not also the Paying Agent in respect to the Bonds, forthwith (A) following the fifteenth (15<sup>th</sup>) day prior to an Interest Date; (B) following the fifteenth (15<sup>th</sup>) day next preceding the date of first mailing of notice of redemption of any Bonds; and (C) at any other time as reasonably requested by the Paying Agent, shall certify and furnish to such Paying Agent the names, addresses and holdings of Bondholders and any other relevant information reflected in the registration books. Any Paying Agent of any fully registered Bond shall effect payment of interest on such Bonds by mailing a check or draft to the Holder entitled thereto or may, in lieu thereof, upon the request and at the expense of such Holder, transmit such payment by bank wire transfer for the account of such Holder.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Issuer shall execute and the Registrar shall authenticate and deliver such Bonds in accordance with the provisions of this Resolution. Execution of Bonds in the same manner as is provided in Section 2.04 hereof for purposes of exchanging, replacing or transferring Bonds may occur at the time of the original delivery of the Bonds. All Bonds surrendered in any such exchanges or

transfers shall be held by the Registrar in safekeeping until directed by the Issuer to be canceled by the Registrar. For every such exchange or transfer of Bonds, the Issuer or the Registrar may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or transfer. The Issuer and the Registrar shall not be obligated to make any such exchange or transfer of Bonds during the fifteen days next preceding an Interest Date on the Bonds, or, in the case of any proposed redemption of Bonds, then during the fifteen (15) days next preceding the date of the first mailing of notice of such redemption and continuing until such redemption date.

Section 2.08 Book Entry. A blanket issuer letter of representations (the "Blanket Letter") was entered into by the Issuer with The Depository Trust Company ("DTC"). It is intended that the Bonds be registered so as to participate in a global book-entry system with DTC as set forth herein and in such Blanket Letter. The terms and conditions of such Blanket Letter shall govern the registration of the Bonds. The Bonds shall be initially issued in the form of a single fully registered Bond for each maturity. Upon initial issuance, the ownership of such Bonds shall be registered by the Registrar in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. So long as any Bond is registered in the name of DTC (or its nominee), the Issuer, the Registrar and the Paying Agent may treat DTC (or its nominee) as the sole and exclusive holder of such Bonds registered in its name, and all payments with respect to the principal or redemption price of, if any, and interest on such Bond ("Payments") and all notices with respect to such Bond ("Notices") shall be made or given, as the case may be, to DTC. Transfers of Payments and delivery of Notices to DTC Participants shall be the responsibility of DTC and not of the Issuer, subject to any statutory and regulatory requirements as may be in effect from time to time. Transfers of Payments and delivery of Notices to beneficial holders of the Bonds by DTC Participants shall be the responsibility of such participants, indirect participants and other nominees of such beneficial holders and not of the Issuer, subject to any statutory and regulatory requirements as may be in effect from time to time.

Upon (I) (a) receipt by the Issuer of written notice from DTC (i) to the effect that a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial holders of the Bonds or (ii) to the effect that DTC is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of DTC hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, (b) termination, for any reason, of the agreement among the Issuer, the Registrar and Paying Agent and DTC evidenced by the Blanket Letter, or (c) determination by the Issuer that such book-entry only system should be discontinued by the Issuer, and (II) compliance with the requirements of any agreement between the Issuer and DTC with respect thereto, the Bonds shall no longer be restricted to being registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names Holders shall designate, in accordance with the provisions hereof. In such event, the Issuer shall issue and the Registrar shall authenticate, transfer and exchange Bonds consistent with the terms hereof, in denominations of \$5,000 or any integral multiple thereof to the Holders thereof. The foregoing notwithstanding, until such time as participation in the book-entry only system is discontinued, the provisions set forth in

the Blanket Letter shall apply to the registration and transfer of the Bonds and to Payments and Notices with respect thereto.

Section 2.09 Form of Bonds. The text of the Bonds shall be in substantially the following form with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Mayor prior to the issuance thereof (which necessity and/or desirability and approval shall be presumed by the Issuer's delivery of the Bonds to the purchaser or purchasers thereof):

No. R-\_\_ \$\_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF FLORIDA  
COUNTY OF VOLUSIA  
CITY OF DAYTONA BEACH, FLORIDA  
CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2024

Interest Rate                      Maturity Date                      Date of Original Issue                      CUSIP

\_\_\_\_\_%                      \_\_\_\_\_/\_\_\_\_/\_\_\_\_                      \_\_\_\_\_/\_\_\_\_/\_\_\_\_                      \_\_\_\_\_

Registered Holder: \_\_\_\_\_

Principal Amount: \_\_\_\_\_

The City of Daytona Beach, Florida, a municipality created and existing under the laws of the State of Florida (the "Issuer"), for value received, hereby promises to pay, solely from the Pledged Funds hereinafter described, to the Registered Holder identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and interest on such Principal Amount from the Date of Original Issue identified above or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum identified above on \_\_\_\_\_ 1 and \_\_\_\_\_ 1 of each year commencing \_\_\_\_\_ 1, \_\_\_\_\_ until such Principal Amount shall have been paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto.

The principal of and redemption premium, if applicable, on this Bond is payable upon presentation and surrender of this Bond at the designated office of [\_\_\_\_\_], as Paying Agent. Interest payable on this Bond on any interest date will be paid by check or draft of the Paying Agent to the Registered Holder in whose name this Bond shall be registered at the close of business on the date which shall be the fifteenth (15<sup>th</sup>) day (whether or not a business day) of the calendar month next preceding such interest payment date, or, at the option of the Paying Agent, and at the request and expense of such Registered Holder, by bank wire transfer for the account of such Registered Holder. In the event the interest

payable on this Bond is not punctually paid or duly provided for by the Issuer on such interest payment date, such defaulted interest will be paid to the Registered Holder in whose name this Bond shall be registered at the close of business on a special record date for the payment of such defaulted interest as established by notice to such Registered Holder, not less than ten (10) days preceding such special record date. All payments of principal of and redemption premium, if applicable, and interest on this Bond shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of \$ \_\_\_\_\_ (the "Bonds") of like date, tenor and effect, except as to maturity date, interest rate, denomination and number, issued for the purpose of financing and/or reimbursing the costs of the Project, under the authority of and in full compliance with the Constitution of the State of Florida, Chapter 166, Part II, Florida Statutes, the Charter of the City, Ordinance No. 2024-108 enacted by the City Commission on March 20, 2024 and other applicable provisions of law (the "Act"), and Resolution No. [\_\_\_\_\_] duly adopted by the City Commission of the Issuer on June 5, 2024, as amended and supplemented from time to time (collectively, the "Resolution"), and is subject to the terms and conditions of this Resolution. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Resolution.

The Bonds and the interest thereon are payable solely from and secured by an irrevocable pledge of the Pledged Funds. Pledged Funds consist of Non-Ad Valorem Revenues which are deposited into the Debt Service Fund and certain moneys on deposit in the accounts and funds established under the Resolution. The Issuer has covenanted and has agreed to appropriate in its annual budget for each fiscal year sufficient amount of Non-Ad Valorem Revenues for the payment of principal of and interest on the Bonds in each fiscal year, and to make certain other payments required by this Resolution, subject to the limitations described in this Resolution. Reference is made to this Resolution for more complete description of the security for the Bonds.

IT IS EXPRESSLY AGREED BY THE REGISTERED HOLDER OF THIS BOND THAT THE FULL FAITH AND CREDIT OF THE ISSUER, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION THEREOF, ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL, PREMIUM, IF ANY, AND INTEREST ON THIS BOND AND THAT SUCH HOLDER SHALL NEVER HAVE THE RIGHT TO REQUIRE OR COMPEL THE EXERCISE OF ANY TAXING POWER OF THE ISSUER, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION THEREOF, TO THE PAYMENT OF SUCH PRINCIPAL, PREMIUM, IF ANY, AND INTEREST. THIS BOND AND THE OBLIGATION EVIDENCED HEREBY SHALL NOT CONSTITUTE A LIEN UPON ANY PROPERTY OF THE ISSUER, BUT SHALL CONSTITUTE A LIEN ONLY ON, AND SHALL BE PAYABLE SOLELY FROM, THE PLEDGED FUNDS.

This Bond is transferable in accordance with the terms of this Resolution only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Registrar by the Registered Holder hereof in person or by such Holder's attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer

satisfactory to the Registrar duly executed by the Registered Holder or such Holder's attorney duly authorized in writing, and thereupon a new Bond or Bonds in the same aggregate principal amount shall be issued to the transferee in exchange therefor, and upon the payment of the charges, if any, therein prescribed. The Bonds are issuable in the form of fully registered Bonds in the denominations of \$5,000 and integral multiples thereof, not exceeding the aggregate principal amount of the Bonds maturing on the same date. The Issuer, the Registrar and any Paying Agent may treat the Registered Holder of this Bond as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary. The Issuer and the Registrar shall not be obligated to make any exchange or transfer of the Bonds during the fifteen (15<sup>th</sup>) days next preceding an interest payment date, or in the case of any proposed redemption of the Bonds, then, during the fifteen (15<sup>th</sup>) days next preceding the date of the first mailing of notice of such redemption.

[INSERT REDEMPTION PROVISIONS]

Notice of redemption, unless waived, is to be given by the Registrar by mailing an official redemption notice by registered or certified mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the Registered Holders of the Bonds to be redeemed at such Holders' addresses shown on the registration books maintained by the Registrar or at such other addresses as shall be furnished in writing by such Registered Holders to the Registrar; provided, however, that no defect in any such notice to any Registered Holder of Bonds to be redeemed nor failure to give such notice to any such Registered Holder nor failure of any such Registered Holder to receive such notice shall in any manner defeat the effectiveness of a call for redemption as to all other Registered Holders of Bonds to be redeemed. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price), such Bonds or portions of Bonds shall cease to bear interest.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond, exist, have happened and have been performed, in regular and due form and time as required by the laws and Constitution of the State of Florida applicable thereto, and that the issuance of the Bonds does not violate any constitutional or statutory limitations or provisions.

Neither the members of the City Commission of the Issuer nor any person executing this Bond shall be liable personally hereon or be subject to any personal liability or accountability by reason of the issuance hereof.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Registrar.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, said City of Daytona Beach, Florida, by resolution duly adopted by its City Commission, has caused this Bond to bear the manual signatures of its Mayor and its City Clerk, to be executed by the manual signature of its City Attorney to evidence the City Attorney's approval of this Bond as to form and legal correctness, and its seal or a facsimile thereof to be affixed, impressed, imprinted, lithographed or reproduced hereon, all as of the \_\_\_\_ day of \_\_\_\_\_, 2024.

CITY OF DAYTONA BEACH, FLORIDA

\_\_\_\_\_  
Derick L. Henry, Mayor

APPROVED AS TO FORM AND  
LEGAL CORRECTNESS:

ATTEST:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
City Attorney

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue described in the within-mentioned Resolution.

DATE OF AUTHENTICATION:

\_\_\_\_\_

\_\_\_\_\_  
Registrar

By: \_\_\_\_\_  
Authorized Officer

[STATEMENT OF INSURANCE, IF APPLICABLE]

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

\_\_\_\_\_  
[Insert Name, Address, Social Security or Other Identifying Number of Assignee]

the within bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ as attorneys to register the transfer of the said bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

\_\_\_\_\_  
NOTICE: The signature to this assignment must correspond with the name of the Registered Holder as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or other identifying number of such assignee must be supplied.

The following abbreviations, when used in the inscription on the face of the within bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM--as tenants in common

TEN ENT--as tenants by the entireties

JT TEN--as joint tenants with right of survivorship and not as tenants in common

UNIF TRANS MIN ACT -- \_\_\_\_\_  
(Cust.)

Custodian for \_\_\_\_\_

under Uniform Transfer to Minors Act of \_\_\_\_\_  
(State)

Additional abbreviations may also be used though not in the list above.

[Remainder of page intentionally left blank]

### ARTICLE III REDEMPTION OF BONDS

Section 3.01 Privilege of Redemption. The Bonds may be subject to optional, and/or mandatory redemption at the times and in the amounts provided by the Supplemental Resolution.

Section 3.02 Selection of Bonds to be Redeemed. The Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The Issuer shall, at least forty (40) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Registrar) notify the Registrar of such redemption date and of the principal amount of Bonds to be redeemed. For purposes of any redemption of less than all of the Outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected not more than thirty-five (35) days prior to the redemption date by the Registrar from the Outstanding Bonds of the maturity or maturities designated by the Issuer by such method as the Registrar shall deem fair and appropriate and which may provide for the selection for redemption of Bonds or portions of Bonds in principal amounts of \$5,000 and integral multiples thereof.

If less than all of the Outstanding Bonds of a single maturity are to be redeemed, the Registrar shall promptly notify the Issuer and Paying Agent (if the Registrar is not the Paying Agent for such Bonds) in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Section 3.03 Notice of Redemption. Unless waived by any Holder of Bonds to be redeemed, notice of any redemption made pursuant to this section shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to each Holder of Bonds to be redeemed at the address of such Holder shown on the registration books maintained by the Registrar or at such other address as shall be furnished in writing by such Holder to the Registrar; provided, however, that no defect in any notice given pursuant to this Section to any Holder of Bonds to be redeemed nor failure to give such notice shall in any manner defeat the effectiveness of a call for redemption as to all other Holders of Bonds to be redeemed.

Every official notice of redemption shall be dated and shall state:

- (1) the redemption date,
- (2) the Redemption Price,
- (3) if less than all Outstanding Bonds are to be redeemed, the number (and, in the case of a partial redemption of any Bond, the principal amount) of each Bond to be redeemed,

(4) that, on the redemption date, the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(5) that such Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the Redemption Price at the designated office of the Registrar.

Prior to any redemption date, the Issuer shall deposit with the Registrar an amount of money sufficient to pay the Redemption Price of all the Bonds or portions of Bonds which are to be redeemed on that date.

The Issuer may provide that a notice of redemption may be contingent upon the occurrence of condition(s) and that if such condition(s) do not occur, the notice will be rescinded; provided notice of such rescission shall be mailed in the manner described herein to all Bondholders as soon as practicable after the Issuer has determined to rescind the redemption.

Section 3.04 Redemption of Portions of Bonds. Any Bond which is to be redeemed only in part shall be surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to, the Registrar duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the Issuer shall execute and the Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds, of the same interest rate and maturity, and of any authorized denomination as requested by such Holder, in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bonds so surrendered.

Section 3.05 Payment of Redeemed Bonds. Notice of redemption having been given substantially as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar and/or Paying Agent at the appropriate Redemption Price, plus accrued interest. All Bonds which have been redeemed shall be canceled by the Registrar and shall not be reissued.

**ARTICLE IV  
SECURITY, SPECIAL FUNDS AND  
APPLICATION THEREOF**

Section 4.01 Bonds not to be general obligations of Issuer. THE BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE ISSUER AS "BONDS" WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION, BUT SHALL BE SPECIAL OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE PLEDGED FUNDS. NO HOLDER OF ANY BOND SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER TO PAY SUCH BOND, FOR THE PAYMENT OF ANY

AMOUNTS PAYABLE HEREUNDER, OR IN ORDER TO MAINTAIN ANY SERVICES OR PROGRAMS THAT GENERATE NON-AD VALOREM REVENUES, OR BE ENTITLED TO PAYMENT OF SUCH BOND FROM ANY MONEYS OF THE ISSUER EXCEPT FROM THE PLEDGED FUNDS IN THE MANNER PROVIDED HEREIN.

Section 4.02 Bonds Secured by Covenant to Budget and Appropriate and Pledge of Pledged Funds. Subject to the next paragraph, the Issuer covenants and agrees and has a positive and affirmative duty to appropriate in its annual budget, by amendment, if necessary, from Non-Ad Valorem Revenues, and to deposit into the Debt Service Fund amounts sufficient to pay principal of and interest on the Bonds and all other payments due hereunder not being paid from other amounts as the same shall become due. The Issuer shall make each deposit no later than five (5) business days prior to the date such payment is due. Such covenant and agreement on the part of the Issuer to budget, appropriate and deposit such amounts of Non-Ad Valorem Revenues shall be cumulative to the extent not paid, and shall continue until such Non-Ad Valorem Revenues or other legally available funds in amounts sufficient to make all such required payments shall have been budgeted, appropriated, deposited and actually paid. No lien upon or pledge of such budgeted Non-Ad Valorem Revenues shall be in effect until such monies are budgeted, appropriated and deposited as provided herein. The Issuer further acknowledges and agrees that the obligations of the Issuer to include the amount of such amendments in each of its annual budgets and to pay such amounts from Non-Ad Valorem Revenues may be enforced in a court of competent jurisdiction in accordance with the remedies set forth herein.

Until such monies are budgeted, appropriated and deposited as provided herein, such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Revenues, nor does it preclude the Issuer from pledging in the future its Non-Ad Valorem Revenues, nor does it require the Issuer to levy and collect any particular Non-Ad Valorem Revenues, nor does it give the Holders of the Bonds a prior claim on the Non-Ad Valorem Revenues as opposed to claims of general creditors of the Issuer. Such covenant to budget and appropriate Non-Ad Valorem Revenues is subject in all respects to the prior payment of obligations secured by a pledge of such Non-Ad Valorem Revenues heretofore or hereafter entered into (including the payment of debt service on bonds and other debt instruments). Anything in this Resolution to the contrary notwithstanding, it is understood and agreed that all obligations of the Issuer hereunder shall be payable from the portion of Non-Ad Valorem Revenues budgeted, appropriated and deposited as provided for herein and nothing herein shall be deemed to pledge ad valorem taxing power or ad valorem tax revenues or to permit or constitute a mortgage or lien upon any assets owned by the Issuer and no Holders of the Bonds nor any other Person, may compel the levy of ad valorem taxes on real or personal property within the boundaries of the Issuer or the use or application of ad valorem tax revenues in order to satisfy any payment obligations hereunder. The obligation of the Issuer to budget, appropriate, deposit and make payments hereunder from its Non-Ad Valorem Revenues is subject to the availability of Non-Ad Valorem Revenues after the satisfaction of the funding requirements for obligations having an express lien on or pledge of such revenues and the funding requirements for essential governmental services of the Issuer. Notwithstanding any provisions of this Resolution or the Bonds to the contrary, the Issuer shall never be obligated to maintain or

continue any of the activities of the Issuer which generate user service charges, regulatory fees or any Non-Ad Valorem Revenues. Until such monies are budgeted, appropriated and deposited as provided herein, neither this Resolution nor the obligations of the Issuer hereunder shall be construed as a pledge of or a lien on all or any legally available Non-Ad Valorem Revenues of the Issuer, but shall be payable solely as provided herein and is subject to the payment of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the Issuer and is further subject to the provisions of Section 166.241, Florida Statutes insofar as there are not sufficient Non-Ad Valorem Revenues to comply with such covenant after the satisfaction of the funding requirements for obligations having an express lien on or pledge of such revenues and the funding requirements for essential governmental services of the Issuer.

There is hereby created and established the "City of Daytona Beach Capital Improvement Revenue Bonds, Series 2024 Debt Service Fund" (the "Debt Service Fund"), which fund shall be a trust fund held by the Issuer which shall be held solely for the benefit of the Holders as provided herein. The designation and establishment of the Debt Service Fund in and by this Resolution shall not be construed to require the establishment of a completely independent, self-balancing fund as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues and assets of the Issuer for certain purposes and to establish certain priorities for application of such revenues and assets as herein provided.

The Issuer may at any time and from time to time appoint one or more depositories to hold, for the benefit of the Holders of the Bonds, the Debt Service Fund established hereby. Such depository or depositories shall perform at the direction of the Issuer the duties of the Issuer in depositing, transferring and disbursing moneys to and from such Debt Service Fund as herein set forth, and all records of such depository in performing such duties shall be open at all reasonable times to inspection by the Holders of the Bonds. Any such depository shall be a bank or trust company duly authorized to exercise corporate trust powers and subject to examination by federal or state authority, of good standing, and having a combined capital, surplus and undivided profits aggregating not less than fifty million dollars (\$50,000,000).

Until applied in accordance with this Resolution, the Non-Ad Valorem Revenues of the Issuer on deposit in the Debt Service Fund and other amounts on deposit from time to time in the funds and accounts established herein, plus any earnings thereon, shall be pledged to the repayment of the Bonds.

The payment of the debt service of all of the Bonds issued hereunder shall be secured forthwith equally and ratably by a pledge of and a lien upon the Pledged Funds, as now or hereafter constituted. The Issuer does hereby irrevocably pledge such Pledged Funds to the payment of the principal of and interest on the Bonds issued pursuant to this Resolution, and the Issuer does hereby irrevocably agree to the deposit of Non-Ad Valorem Revenues into the Debt Service Fund at the times provided of the sums required to secure to the Holders of the Bonds issued hereunder, and the payment of the principal of and interest thereon when due. The

Pledged Funds shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer.

Section 4.03 Separate Accounts in Debt Service Fund. The Issuer shall maintain in the Debt Service Fund six (6) accounts: the "Series 2024A Interest Account," the "Series 2024B Interest Account," the "Series 2024A Principal Account," the "Series 2024B Principal Account," the "Series 2024A Bond Amortization Account" and the "Series 2024B Bond Amortization Account." Moneys in the aforementioned funds and accounts, until applied in accordance with the provisions hereof, shall be subject to a lien and charge in favor of the Holders and for the further security of the Holders.

Section 4.04 Flow of Funds.

(1) Pursuant to Section 4.02 hereof, Non-Ad Valorem Revenues shall be deposited or credited at least five (5) business days prior to the applicable due date, in the following manner:

(a) Interest Accounts. The Issuer shall deposit into or credit to each Interest Account the sum which, together with the balance in said Accounts, shall be equal to the interest on all Outstanding Bonds accrued and unpaid and to accrue on such Interest Date. Moneys in the Interest Accounts shall be used to pay interest on the Bonds as and when the same become due, whether by redemption or otherwise, and for no other purpose.

(b) Principal Accounts. The Issuer shall deposit into or credit to each Principal Account the sum which, together with the balance in said Accounts, shall equal the portion of the principal on the Outstanding Bonds next due. Moneys in the Principal Accounts shall be used to pay the principal of the Bonds as and when the same shall mature, and for no other purpose.

(c) Bond Amortization Accounts. The Issuer shall deposit into or credit to each Bond Amortization Accounts the sum which, together with the balance in said Accounts, shall equal the portion of the Amortization Installments of all Outstanding Bonds next due. Moneys in the Bond Amortization Accounts shall be used to purchase or redeem Term Bonds in the manner herein provided, and for no other purpose. Payments to the Bond Amortization Accounts shall be on a parity with payments to the Principal Accounts.

(2) On the date established for payment of any principal of or Redemption Price, if applicable, or interest on the Outstanding Bonds, the Issuer shall withdraw from the appropriate account of the Debt Service Fund sufficient moneys to pay such principal or Redemption Price, if applicable, or interest and deposit such moneys with the Paying Agent for the Outstanding Bonds to be paid.

Section 4.05 Investments. The Project Fund and the Debt Service Fund shall be continuously secured in the manner by which the deposit of public funds are authorized to be secured by the laws of the State. Moneys on deposit in the Debt Service Fund and Project Fund may be invested and reinvested in Permitted Investments maturing not later than the date on



which the moneys therein will be needed. Any and all income received by the Issuer from the investment of moneys in the Debt Service Fund and Project Fund shall be retained in such respective Funds or Accounts.

Nothing contained in this Resolution shall prevent any Permitted Investments acquired as investments of or security for funds held under this Resolution from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

The value of Permitted Investments held hereunder shall be determined as follows:

- (a) For the purpose of determining the amount in any Fund or Account hereunder, all Permitted Investments credited to such fund or account shall be valued at fair market value. The Issuer shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include but are not limited to pricing services provided by Financial Times Interactive Data Corporation, Citigroup Global Markets,
- (b) As to certificates of deposit and bankers' acceptances: the face amount thereof, plus accrued interest thereon.
- (c) As to any investment not specified above: the value thereof established by prior agreement between the Issuer and Insurer.

Section 4.06. Separate Accounts. The moneys required to be accounted for in each of the foregoing Funds and Accounts established herein may be deposited in a single account, and funds allocated to the various funds and accounts established herein may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such Funds and Accounts as herein provided.

The designation and establishment of the various Funds and Accounts in and by this Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as herein provided.

#### ARTICLE V OTHER OBLIGATIONS AND COVENANTS OF ISSUER

Section 5.01 Anti-Dilution Test. The Issuer shall not issue any other debt obligations secured by Non-Ad Valorem Revenues or a covenant to budget and appropriate Non-Ad Valorem Revenues, unless the ratio of (i) the average annual Non-Ad Valorem Revenues for the two immediately preceding Fiscal Years of the Issuer for which audited financial statements are available, plus reasonably projected receipts of any new source of Non-Ad Valorem Revenues that have been levied to the extent not fully reflected in such audited financial statements, less

the amount by which General Governmental Services Expenditures exceed Ad Valorem Revenues of the Issuer, to (ii) Maximum Annual Non-Ad Valorem Debt Service, is not less than 1.5:1.

As used herein:

"Ad Valorem Revenues" means the average for the two most recent Fiscal Years for which audited financial statements of the Issuer are available of all total receipts derived from ad valorem taxation.

"General Governmental Services Expenditures" means the average for the two most recent Fiscal Years for which audited financial statements of the Issuer are available of the total of general government and public safety expenditures in the Issuer's general fund, debt service funds, special revenues funds, and capital projects fund.

"Maximum Annual Non-Ad Valorem Debt Service" means the maximum annual debt service on a consolidated basis of all Non-Ad Valorem Revenue Obligations then outstanding for the then current or any subsequent Fiscal Year.

"Non-Ad Valorem Revenue Obligations" means the Bonds and obligations evidencing indebtedness for borrowed money (i) payable from or secured by a pledge of or lien on one or more sources of Non-Ad Valorem Revenues or a covenant to budget and appropriate Non-Ad Valorem Revenues or (ii) payable directly or indirectly from a covenant to budget and appropriate Non-Ad Valorem Revenues, but only if the Issuer reasonably expects to apply Non-Ad Valorem Revenues to the payment of debt service, directly or indirectly, on such obligations and only to the extent that amounts other than Non-Ad Valorem Revenues available and pledged to pay such obligations during the prior Fiscal Year for which audited financial statements are available were less than the maximum annual debt service for such obligations for the then current or any subsequent Fiscal Year. The Bonds, the Series 2010 Note and the Series 2017 constitute Non-Ad Valorem Revenue Obligations.

Notwithstanding anything herein to the contrary, the provisions of this Section 5.01 may be amended, supplemented, or waived from time to time only with the prior written consent of the Bondholders owning a majority of the Bonds then Outstanding; provided, however, if any Bonds the Outstanding are insured by the Insurer, the Insurer may provide consent in lieu of the holders of the Bonds that it insures.

Section 5.02 Books and Records. The Issuer shall keep proper books, records and accounts of the receipt of the Non-Ad Valorem Revenues in accordance with generally accepted accounting principles, and any Holder or Holders of Bonds shall have the right at all reasonable times to inspect such books, records, accounts and data of the Issuer relating thereto. The Issuer shall, by April 30th following the close of the prior Fiscal Year of the Issuer, cause an audit of such books, records and accounts to be made by an independent firm of certified public accountants.

Copies of each such audit report shall be placed on file with the Issuer and be made available at reasonable times for inspection by Holders of the Bonds.

Section 5.03 Annual Audit. The Issuer shall, immediately after the close of each Fiscal Year, cause the financial statements of the Issuer to be properly audited by a recognized independent certified public accountant or recognized independent firm of certified public accountants, and shall require such accountants to complete their report on the annual financial statements in accordance with applicable law. Such annual financial statements shall contain, but not be limited to, a balance sheet, a statement of revenues, expenditures and changes in fund balance, and any other statements as required by law or accounting convention, and a report by such accountants disclosing any material default on the part of the Issuer of any covenant or agreement herein which is disclosed by the audit of the financial statements. The annual financial statements shall be prepared in conformity with generally accepted accounting principles. A copy of the audited financial statements for each Fiscal Year shall be furnished to any Holder of a Bond who shall have furnished such Holder's address to the Chief Financial Officer and/or the City Manager and requested in writing that the same be furnished to such Holder. The Issuer shall be permitted to make a reasonable charge for furnishing such audited financial statements.

Section 5.04 No Impairment. The pledging of the Pledged Funds in the manner provided herein shall not be subject to repeal, modification or impairment by any subsequent ordinance, resolution or other proceedings of the City Commission of the Issuer.

Section 5.05 Tax Covenants.

(A) The Issuer covenants with the Holders of the Series 2024B Bonds that it shall not use the proceeds of such the Series 2024B Bonds in any manner which would cause the interest on such the Series 2024B Bonds to be or become includable in the gross income of the Holder thereof for federal income tax purposes.

(B) The Issuer covenants with the Holders of the Series 2024B Bonds that neither the Issuer nor any Person under its control or direction will make any use of the proceeds of such the Series 2024B Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause such Series 2024B Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and neither the Issuer nor any other Person shall do any act or fail to do any act which would cause the interest on such Series 2024B Bonds to become includable in the gross income of the Holder thereof for federal income tax purposes.

(C) The Issuer hereby covenants with the Holders of the Series 2024B Bonds that it will comply with all provisions of the Code necessary to maintain the exclusion of interest on such Series 2024B Bonds from the gross income of the Holder thereof for federal income tax purposes, including, in particular, the payment of any amount required to be rebated to the U.S. Treasury pursuant to the Code.

(D) There is hereby created and established a fund to be known as the "City of Daytona Beach Capital Improvement Revenue Bonds, Series 2024B Rebate Fund." The Issuer shall deposit

into the appropriate account in the Rebate Fund, from investment earnings on moneys deposited in the other funds and accounts created hereunder, or from any other legally available funds of the Issuer, an amount equal to the Rebate Amount for such Rebate Year. The Issuer shall use such moneys deposited in the appropriate account in the Rebate Fund only for the payment of the Rebate Amount to the United States as required by this Section 5.05. In complying with the foregoing, the Issuer may rely upon any instructions or opinions from Bond Counsel.

If any amount shall remain in the Rebate Fund after payment in full, the Series 2024B Bonds issued hereunder and after payment in full of the Rebate Amount to the United States in accordance with the terms hereof, such amounts shall be available to the Issuer for any lawful purpose.

The Rebate Fund shall be held separate and apart from all other funds and accounts of the Issuer, shall not be impressed with a lien in favor of the Series 2024B Bondholders and the moneys therein shall be available for use only as herein provided.

## ARTICLE VI DEFAULTS AND REMEDIES

Section 6.01 Events of Default. The following events shall each constitute an "Event of Default:"

(1) Default shall be made in the payment of the principal of, Amortization Installment, redemption premium or interest on any Bond when due.

(2) There shall occur the dissolution or liquidation of the Issuer, or the filing by the Issuer of a voluntary petition in bankruptcy, or the commission by the Issuer of any act of bankruptcy, or adjudication of the Issuer as a bankrupt, or assignment by the Issuer for the benefit of its creditors, or appointment of a receiver for the Issuer, or the entry by the Issuer into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Issuer in any proceeding for its reorganization instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted.

(3) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Resolution on the part of the Issuer to be performed, and such default shall continue for a period of thirty (30) days after written notice of such default shall have been received from the Holders of not less than twenty-five percent (25%) of the aggregate principal amount of Bonds Outstanding or the Insurer of such amount of Bonds. Notwithstanding the foregoing, the Issuer shall not be deemed in default hereunder if such default can be cured within a reasonable period of time and if the Issuer in good faith institutes curative action and diligently pursues such action until the default has been corrected.

Section 6.02 Remedies. Any Holder of Bonds issued under the provisions of this Resolution or any trustee or receiver acting for such Bondholders may either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State, or granted and contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution or by any applicable statutes to be performed by the Issuer or by any officer thereof.

The Holder or Holders of Bonds in an aggregate principal amount of not less than twenty-five percent (25%) of the Bonds then Outstanding may by a duly executed certificate in writing appoint a trustee for Holders of Bonds issued pursuant to this Resolution with authority to represent such Bondholders in any legal proceedings for the enforcement and protection of the rights of such Bondholders and such certificate shall be executed by such Bondholders or their duly authorized attorneys or representatives, and shall be filed in the office of the Clerk. Notice of such appointment, together with evidence of the requisite signatures of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding and the trust instrument under which the trustee shall have agreed to serve shall be filed with the Issuer and the trustee and notice of appointment shall be given to all Holders of Bonds in the same manner as notices of redemption are given hereunder. After the appointment of the first trust hereunder, no further trustees may be appointed; however, the Holders of a majority in aggregate principal amount of all the Bonds then Outstanding may remove the trustee initially appointed and appoint a successor and subsequent successors at any time.

Acceleration of principal amount of the Bonds is not a remedy upon the occurrence and continuance of an Event of Default.

Section 6.03 Directions to Trustee as to Remedial Proceedings. The Holders of a majority in principal amount of the Bonds then Outstanding or, if the Bonds are insured, the Insurer, shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the trustee, to direct the method and place of conducting all remedial proceedings to be taken by the trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions hereof, and that the trustee shall have the right to decline to follow any such direction which in the opinion of the trustee would be unjustly prejudicial to Holders of Bonds not parties to such direction.

Section 6.04 Remedies Cumulative. No remedy herein conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 6.05 Waiver of Default. No delay or omission of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by Section 6.02 of this Resolution to the Bondholders may be exercised from time to time, and as often as may be deemed expedient.

Section 6.06 Application of Moneys After Default. If an Event of Default shall happen and shall not have been remedied, the Issuer or a trustee or receiver appointed for the purpose shall apply all Pledged Funds as follows and in the following order:

(1) To the payment of the reasonable and proper charges, expenses and liabilities of the trustee or receiver, Registrar and Paying Agent hereunder; and

(2) To the payment of the interest and principal or Redemption Price, if applicable, then due on the Bonds as follows:

(A) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST: to the payment to the Persons entitled thereto of all installments of interest then due, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or preference;

SECOND: to the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due at maturity or upon mandatory redemption prior to maturity (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of Section 8.01 of this Resolution), in the order of their due dates, with interest upon such Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the Persons entitled thereto without any discrimination or preference; and

THIRD: to the payment of the Redemption Price of any Bonds called for optional redemption pursuant to the provisions of this Resolution.

(B) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with interest thereon as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

**ARTICLE VII**  
**SUPPLEMENTAL RESOLUTIONS**

Section 7.01 Supplemental Resolutions without Bondholders' Consent. The Issuer, from time to time and at any time, may adopt such Supplemental Resolutions without the consent of the Bondholders (which Supplemental Resolutions shall thereafter form a part hereof) for any of the following purposes:

- (1) To cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Resolution or to clarify any matters or questions arising hereunder.
- (2) To grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders.
- (3) To add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of this Resolution other conditions, limitations and restrictions thereafter to be observed.
- (4) To add to the covenants and agreements of the Issuer in this Resolution other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power herein reserved to or conferred upon the Issuer.
- (5) To specify and determine the matters and things referred to in Sections 2.01 or 2.02 hereof, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with this Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Bonds.
- (6) To make any other change that, in the opinion of the Issuer, would not materially adversely affect the security for the Bonds.

If the Insurer of the Bonds is not then in default in the performance of any of its obligations under its Municipal Bond Insurance Policy, it shall receive notice of all Supplemental Resolutions adopted pursuant to this Section 7.01.

Section 7.02 Supplemental Resolutions with Bondholders' Consent. Subject to the terms and provisions contained in this Section 7.02 and Section 7.01 hereof, the Holder or Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve the adoption of such Supplemental Resolution or resolutions hereto as shall be deemed necessary or desirable by the Issuer for the purpose of supplementing, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution. Any Supplemental Resolution which is adopted in accordance with the provisions of this Section 7.02 shall also require the written consent of the Insurer of any Bonds which are Outstanding at the time such Supplemental Resolution shall take effect. No Supplemental Resolution may be approved or adopted which

shall permit or require (A) an extension of the maturity of the principal of or the payment of the interest on any Bond issued hereunder, (B) reduction in the principal amount of any Bond or the Redemption Price or the rate of interest thereon, (C) the creation of a lien upon or a pledge of other than the lien and pledge created by this Resolution which adversely affects any Bondholders, (D) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (E) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Resolution, unless such Supplemental Resolution has the approval of 100% of the Bondholders and any Insurer of the Bonds. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the adoption of any Supplemental Resolution as authorized in Section 7.01 hereof.

If, at any time the Issuer shall determine that it is necessary or desirable to adopt any Supplemental Resolution pursuant to this Section 7.02, the Clerk shall cause the Registrar to give notice of the proposed adoption of such Supplemental Resolution and the form of consent to such adoption to be mailed, postage prepaid, to all Bondholders at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state that copies thereof are on file at the offices of the Clerk and the Registrar for inspection by all Bondholders. The Issuer shall not, however, be subject to any liability to any Bondholder by reason of its failure to cause the notice required by this Section 7.02 to be mailed and any such failure shall not affect the validity of such Supplemental Resolution when consented to and approved as provided in this Section 7.02.

Whenever the Issuer shall deliver to the Clerk an instrument or instruments in writing purporting to be executed by the Holders or Insurers, as the case may be, of not less than a majority in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Issuer may adopt such Supplemental Resolution in substantially such form, without liability or responsibility to any Holder of any Bond, whether or not such Holder shall have consented thereto.

If the Holders of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such Supplemental Resolution shall have consented to and approved the adoption thereof as herein provided, no Holder of any Bond shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Issuer from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Section 7.02, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the Issuer and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Resolution as so modified and amended.

Section 7.03 Supplemental Resolutions with Insurer's Consent in lieu of Bondholders' Consent. Notwithstanding any provisions of Section 7.02 above to the contrary, if the Insurer of the Bonds is not then in default in the performance of any of its obligations under its Municipal Bond Insurance Policy, the approvals, consents and notifications required by Section 7.02 above to be given by or to the Owners of the Bonds, as the case may be, may be given solely by or to the Insurer, as the case may be, and the instrument contemplated by Section 7.02 above shall be executed solely by the Insurer, and the Owners of the Bonds subject to such Municipal Bond Insurance Policy shall have no right to receive such notification or give such approvals and consents or to execute such certificate except that the adoption of Supplemental Resolutions that would have any of the effects described in (A) through (E) in Section 7.02 above shall require the approval and consent of all Owners of Bonds then Outstanding and the Insurer.

**ARTICLE VIII  
OPTIONAL MUNICIPAL BOND INSURANCE**

Section 8.01 Optional Municipal Bond Insurance. The Mayor, the City Manager, the City Attorney and Bond Counsel are hereby authorized to negotiate for a commitment to issue one or more Municipal Bond Insurance Policies for the Bonds, if economically feasible, and to execute and deliver the commitment to issue such policies upon such terms as the Issuer's Financial Advisor and the Mayor or the City Manager deem are in the Issuer's best interest.

**ARTICLE IX  
MISCELLANEOUS**

Section 9.01 Defeasance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid to the Holders of all Bonds, the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then the pledge of the Pledged Funds, and all covenants, agreements and other obligations of the Issuer to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Paying Agents shall pay over or deliver to the Issuer all money or securities held by them pursuant to this Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Any Bonds or interest installments appertaining thereto, whether at or prior to the maturity or redemption date of such Bonds, shall be deemed to have been paid within the meaning of this Section 9.01 if (A) in case any such Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision shall have been made for the giving of such notice, and (B) there shall have been deposited in irrevocable trust with a banking institution or trust company by or on behalf of the Issuer either moneys in an amount which shall be sufficient, or Federal Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with such bank or trust company at the same time shall be sufficient, to pay the principal of or Redemption Price, if

applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be. Except as hereafter provided, neither the Federal Securities nor any moneys so deposited with such bank or trust company nor any moneys received by such bank or trust company on account of principal of or Redemption Price, if applicable, or interest on said Federal Securities shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the principal of or Redemption Price, if applicable, of the Bonds for the payment or redemption of which they were deposited and the interest accruing thereon to the date of maturity or redemption; provided, however, the Issuer may substitute new Federal Securities and moneys for the deposited Federal Securities and moneys if the new Federal Securities and moneys are sufficient to pay the principal of or Redemption Price, if applicable, and interest on the refunded Bonds.

In the event the Bonds for which moneys are to be deposited for the payment thereof in accordance with this Section 9.01 are not by their terms subject to redemption within the next succeeding sixty (60) days, the Issuer shall cause the Registrar to mail a notice to the Holders of such Bonds that the deposit required by this Section 9.01 of moneys or Federal Securities has been made and said Bonds are deemed to be paid in accordance with the provisions of this Section 9.01 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of or Redemption Price, if applicable, and interest on said Bonds.

Nothing herein shall be deemed to require the Issuer to call any of the Outstanding Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the Issuer in determining whether to exercise any such option for early redemption.

Notwithstanding anything herein to the contrary, in the event that the principal and or interest due on the Bonds shall be paid by the Insurer pursuant to the Municipal Bond Insurance Policy, the Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer and the pledge of the Pledged Funds and all covenants, agreements and other obligations of the Issuer to the registered owners, shall continue to exist and shall run to the benefit of the Insurer, and the Insurer shall be subrogated to the rights of such registered owners.

Section 9.02 Sale of Bonds. The Bonds shall be issued and sold at public or private sale at one time or in installments from time to time and at such price or prices as shall be consistent with the provisions of the Act, the requirements of this Resolution and other applicable provisions of law and as shall be approved by Supplemental Resolution of the Issuer.

Section 9.03 General Authority. The members of the City Commission of the Issuer, the City Manager, the City Attorney, the Chief Financial Officer and all other of the Issuer's officers, attorneys and other agents and employees are hereby authorized to perform all acts and things required of them by this Resolution or any Supplemental Resolution or desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms,

covenants and agreements contained in the Bonds, this Resolution, and any Supplemental Resolution, and they are hereby authorized to execute and deliver all documents which shall be required by Bond Counsel or the initial purchasers of the Bonds to effectuate the sale of the Bonds to said initial purchasers.

Section 9.04 Interested Parties. (i) To the extent that this Resolution confers upon or gives or grants to the Insurer any right, remedy or claim under or by reason of this Resolution, the Insurer is explicitly recognized as being a third-party beneficiary under this Resolution and may enforce any such right, remedy or claim conferred, given or granted under this Resolution.

(ii) Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Issuer, the Insurer, the Paying Agent, and the registered owners of the Bonds, any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation thereof, and all covenants, stipulations, promises and agreements in this Resolution contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Insurer, the Paying Agent, and the registered owners of the Bonds.

Section 9.05 No Personal Liability. Neither the members of the City Commission of the Issuer nor any person executing the Bonds shall be personally liable therefor or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 9.06 Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions of this Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements and provisions of this Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Bonds issued hereunder.

Section 9.07 Superseding of Inconsistent Resolutions. This Resolution supersedes all prior actions of the City Commission inconsistent herewith. All prior resolutions or parts thereof in conflict herewith are hereby superseded by this Resolution to the extent of such conflict.

Section 9.08 Effective Date. This Resolution shall take effect immediately upon its adoption.

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ADOPTED by the Commission of the City of Daytona Beach, Florida, this 5th day of June, 2024.

\_\_\_\_\_  
Derrick L. Henry, Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

RESOLUTION NO. 2024-216

**A RESOLUTION OF THE CITY OF DAYTONA BEACH, FLORIDA SUPPLEMENTING A RESOLUTION ADOPTED ON EVEN DATE HEREWITH; AUTHORIZING AND APPROVING THE NEGOTIATED SALE OF NOT TO EXCEED \$53,000,000 CITY OF DAYTONA BEACH, FLORIDA TAXABLE CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2024A AND CITY OF DAYTONA BEACH, FLORIDA CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2024B; AUTHORIZING THE SALE THEREOF TO JEFFERIES, LLC, AS SENIOR MANAGER, TRUIST SECURITIES, INC., AND RAYMOND JAMES & ASSOCIATES, INC. AS CO-MANAGERS SUBJECT TO THE TERMS AND CONDITIONS CONTAINED HEREIN; APPOINTING THE PAYING AGENT AND REGISTRAR; PROVIDING CERTAIN OTHER MATTERS RELATING TO THE BONDS; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.**

WHEREAS, the City Commission (the "City Commission") of the City of Daytona Beach, Florida (the "Issuer") adopted a resolution on even date herewith, as supplemented hereby (collectively, the "Resolution"); and

WHEREAS, all capitalized undefined terms used herein shall have the meanings ascribed thereto in the Resolution; and

WHEREAS, by the Resolution, the Issuer authorized the issuance of not to exceed \$53,000,000 in aggregate principal amount of the City of Daytona Beach Florida Taxable Capital Improvement Revenue Bonds, Series 2024A and the City of Daytona Beach Florida Capital Improvement Revenue Bonds, Series 2024B (the "Bonds") to (i) finance and/or reimburse the costs of the Project, and (ii) pay certain costs of issuance incurred with respect thereto; and

WHEREAS, the Issuer now desires to supplement the Resolution to authorize the sale of the Bonds on a negotiated basis to Jefferies, LLC, as Senior Manager, Truist Securities, Inc., and Raymond James & Associates, Inc. as Co-Managers (collectively, the "Underwriters") based on satisfaction of the terms and conditions contained herein; and

WHEREAS, due to the willingness of the Underwriters to purchase the Bonds at current market interest rates, the complicated nature of transactions of this type, and the critical importance of timing of the sale of the Bonds, it is hereby determined that it is in the best interest of the public and the Issuer to sell the Bonds at a negotiated sale upon meeting the terms and conditions contained herein and in the Purchase Contract attached hereto as Exhibit "A" (the "Bond Purchase Contract"); and

WHEREAS, the Issuer expects to receive an offer from the Underwriters to purchase the Bonds, subject to the terms and conditions contained in the Resolution herein, and set forth in the Bond Purchase Contract; and

WHEREAS, the Issuer desires to sell its Bonds subject to the terms and conditions contained in the Resolution herein, and set forth in the Bond Purchase Contract, and authorize execution and distribution of the Official Statement in connection with the issuance of the Bonds; and

WHEREAS, prior to the execution of the Bond Purchase Contract the Issuer will be provided all applicable disclosure information required by Section 218.385, Florida Statutes, a copy of which will be attached to or otherwise included as part of the Bond Purchase Contract; and

WHEREAS, this Resolution shall constitute a Supplemental Resolution under the terms of the Resolution.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF DAYTONA BEACH, FLORIDA, THAT:**

SECTION 1. Due to the willingness of the Underwriters to purchase not to exceed \$53,000,000 in aggregate principal amount of the Bonds at interest costs favorable to the Issuer, the complicated nature of transactions of this type, and the critical importance of timing of the sale of the Bonds, it is hereby determined that it is in the best interest of the public and the Issuer to sell the Bonds at a negotiated sale (rather than through a competitive bid) and such sale to the Underwriters (pursuant to the terms and conditions contained in the Resolution herein, and in the Bond Purchase Contract) is hereby authorized and approved.

SECTION 2. Subject to the terms and conditions of Section 3 hereof, the Bonds may be sold in a negotiated sale to the Underwriters upon the terms and conditions set forth in the Resolution herein, and in the Bond Purchase Contract, in substantially the form attached hereto as Exhibit "A" (with such changes and filling of blanks as shall be approved by the Chief Financial Officer and/or the City Manager) and incorporated by reference. The form of the Bond Purchase Contract is hereby approved by the Issuer (such approval indicating the recognition of the Issuer that the conditions precedent in the Bond Purchase Contract and Section 3 hereof will be met prior to the delivery of the Bonds). Upon satisfaction of the conditions contained in the Resolution, Section 3 hereof and the Bond Purchase Contract, the Issuer hereby authorizes the Chief Financial Officer and/or the City Manager to execute and deliver the Bond Purchase Contract in the name of and on behalf of the Issuer. All of the provisions of the Bond Purchase Contract, when executed and delivered by the Issuer as authorized herein shall be deemed to be part of this instrument as fully and to the same extent as if incorporated verbatim herein. The execution and delivery of the Bond Purchase Contract shall constitute conclusive evidence of the approval thereof.

SECTION 3. (I) The Issuer hereby delegates to the Chief Financial Officer and/or the City Manager the authority (a) to determine (i) the dated date, (ii) the maturity dates and amounts, (iii) the interest rates and payment dates, (iv) the redemption features, (v) the Amortization Installments for the Term Bonds, if any, (vi) the delivery date, and (vii) all other details of the Bonds; (b) to take such further action as shall be required for carrying out the purposes of the Resolution and this Resolution all with respect to the Bonds; and (c) to execute and deliver, on behalf of the Issuer, the Bond Purchase Contract as provided in Section 2 above; provided, however, that the Chief Financial Officer and/or the City Manager shall not take any action pursuant to this Section 3 unless the Chief Financial Officer and/or the City Manager shall have received from the Underwriters such information as the Chief Financial Officer and/or the City Manager shall deem necessary in order to demonstrate that (i) the par amount of the Bonds is not in excess of \$53,000,000, (ii) the true interest cost rate of the Bonds is not in excess of 6.50%, (iii) the final maturity of the Bonds is not later than September 1, 2054 and (iv) the underwriting discount is not greater than .4% of the original principal amount of the Bonds.

(II) All actions of the Chief Financial Officer and/or the City Manager taken pursuant to the authority contained in Section 3(I) shall be evidenced by the Bond Purchase Contract. The execution of the Bond Purchase Contract shall constitute complete evidence of the actions of the Chief Financial Officer and/or the City Manager in accordance with this Section and shall constitute official action of the Issuer.

SECTION 4. The Bonds shall be issued under and secured by the Resolution and shall be executed and delivered in the manner as set forth in the Resolution, with such additional changes and insertions therein as conform to the provisions of the Bond Purchase Contract, and such execution and delivery shall be conclusive evidence of the approval thereof by such officers.

SECTION 5. The members of the City Commission of the Issuer and the Issuer's officers, attorneys and other agents and employees, including but not limited to the City Manager, the Chief Financial Officer, the Clerk, and the City Attorney, are hereby authorized to perform all acts and things required of them by the Resolution, the Bond Purchase Contract or any other instruments or documents desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Bonds, the Resolution and the Bond Purchase Contract, and they are hereby authorized to execute and deliver all documents which shall be required by Bond Counsel or the initial purchasers of the Bonds to effectuate the sale of the Bonds to said initial purchasers.

SECTION 6. The Bank of New York Mellon Trust Company, N.A., a national banking association is hereby appointed as Paying Agent and Registrar with respect to the Bonds. The Chief Financial Officer and/or the City Manager are hereby authorized to execute an agreement with The Bank of New York Mellon Trust Company, N.A., a national banking association to act as Paying Agent and Registrar, the form of which shall be approved by the City Attorney.

SECTION 7. The Issuer hereby covenants and agrees that, in order to assist the Underwriters in complying with the continuing disclosure requirements of Rule 15c2-12 of the

Securities and Exchange Commission (the "Rule") with respect to the Bonds, it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate to be executed by the Issuer prior to the time the Issuer delivers the Bonds to the Underwriters, as it may be amended from time to time in accordance with the terms thereof. The form of the Continuing Disclosure Certificate, attached hereto as Exhibit "B", is hereby approved and ratified, and the Issuer hereby authorizes the Chief Financial Officer and/or the City Manager to execute and deliver said Continuing Disclosure Certificate in the name of and on behalf of the Issuer. Notwithstanding any other provision of this Resolution, failure of the Issuer to comply with such Continuing Disclosure Certificate shall not be considered an Event of Default under the Resolution. However, the Continuing Disclosure Certificate shall be enforceable by the Bondholders in the event that the Issuer fails to cure a breach thereunder within a reasonable time after written notice from a Bondholder to the Issuer that a breach exists. Any rights of the Bondholders to enforce the provisions of the covenant shall be on behalf of all Bondholders and shall be limited to a right to obtain specific performance of the Issuer's obligations thereunder.

SECTION 8. The Issuer hereby ratifies and approves the form of the Preliminary Official Statement attached hereto as Exhibit "C". The distribution of the final Official Statement relating to the Bonds (as it may be amended and supplemented from time to time, the "Official Statement") is hereby authorized, and the execution of such Official Statement by the City Manager and the Chief Financial Officer is hereby authorized. The Chief Financial Officer and/or the City Manager of the Issuer are hereby authorized to execute and deliver a certificate of the Issuer which deems such Preliminary Official Statement "final" within the contemplation of the Rule.

SECTION 9. This Resolution supersedes all prior actions of the City Commission inconsistent herewith. All prior resolutions or parts thereof in conflict herewith are hereby superseded by this Resolution to the extent of such conflict.

SECTION 10. If any one or more of the covenants, agreements or provisions of this Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements and provisions of this Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Bonds issued hereunder.

SECTION 11. Except as may be expressly described herein or in the Resolution, nothing in the Resolution, this Resolution or in the Bonds, expressed or implied, is intended or shall be construed to confer upon anyone of another entity other than the Issuer and the Bondholders any right, remedy or claim, legal or equitable, under and by reason of the Resolution or any provision thereof, or of the Bonds, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer and the Bondholders from time to time.



SECTION 12. Neither the members of the City Commission nor any person executing the Bonds shall be personally liable therefor or be subject to any personal liability or accountability by reason of the issuance thereof.

**[Exhibits Intentionally Omitted]**

SECTION 13. This Resolution shall take effect immediately upon its adoption.

ADOPTED by the Commission of the City of Daytona Beach, Florida, this 5<sup>th</sup> day of June, 2024.

\_\_\_\_\_  
Derrick L. Henry, Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

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**APPENDIX D**

**Proposed Form of Bond Counsel Opinion**

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**APPENDIX D**

*Upon delivery of the Bonds, in definitive form, Bryant Miller Olive P.A., Orlando, Florida, Bond Counsel, proposes to render its opinion with respect to the Bonds, in substantially the following form:*

[Date of Delivery]

Mayor and City Commission  
City of Daytona Beach, Florida

RE:            \$[\_\_\_\_\_] City of Daytona Beach, Florida Taxable Capital Improvement  
                 Revenue Bonds, Series 2024A  
                 \$[\_\_\_\_\_] City of Daytona Beach, Florida Capital Improvement Revenue  
                 Bonds, Series 2024B

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Daytona Beach, Florida (the "Issuer") in connection with the issuance by the Issuer of its \$[\_\_\_\_\_] Taxable Capital Improvement Revenue Bonds, Series 2024A (the "Series 2024A Bonds") and its \$[\_\_\_\_\_] Capital Improvement Revenue Bonds, Series 2024B (the "Series 2024B Bonds", collectively with the Series 2024A Bonds, the "Bonds") pursuant to and under the authority of the Constitution of the State of Florida, Chapter 166, Part II, Florida Statutes and other applicable provisions of law; the Charter of the Issuer; Ordinance No. 2024-108 enacted by the City Commission of the Issuer (the "Commission") on March 20, 2024 and Resolution No. 2024-215 adopted by the Commission on June 5, 2024, as may be amended and supplemented from time to time, and as particularly supplemented by Resolution No. 2024-216 adopted by the Commission on June 5, 2024 (collectively, the "Bond Resolution"). In such capacity, we have examined such laws and certified proceedings, certifications and other documents as we have deemed necessary to render this opinion. Any capitalized undefined terms used herein shall have the meanings set forth in the Bond Resolution.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Bond Resolution and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation. We have not undertaken an independent audit, examination, investigation or inspection of such matters and have relied solely on the facts, estimates and circumstances described in such proceedings and certifications. We have assumed the genuineness of signatures on all documents and instruments, the authenticity of

documents submitted as originals and the conformity to originals of documents submitted as copies.

In rendering this opinion, we have examined and relied upon the opinion of even date herewith of Benjamin Gross, Esquire, Issuer's Counsel as to the due creation and valid existence of the Issuer, the due adoption of the Bond Resolution, the due execution and delivery of the Bonds and the compliance by the Issuer with all conditions contained in ordinances and resolutions of the Issuer precedent to the issuance of the Bonds.

The Bonds are payable from and secured solely by the Pledged Funds, which consist primarily of Non-Ad Valorem Revenues budgeted and appropriated by the Issuer in accordance with the Bond Resolution and deposited into the Debt Service Fund, and, until applied in accordance with the provisions of the Bond Resolution, all moneys, including the investments thereof, in the funds and accounts established thereunder, with the exception of the Rebate Fund.

Non-Ad Valorem Revenues consist of legally available non-ad valorem revenues of the Issuer that are (a) received by the Issuer from sources other than the levy of ad valorem taxes upon property, and (b) not restricted by law so as to be unable to be applied to pay the debt service on the Bonds and to make the other payments, if any, required under the Bonds and the Bond Resolution, in the manner and to the extent provided in the Bonds and the Bond Resolution. The holders of the Bonds will not have a lien on or a pledge of the Non-Ad Valorem Revenues until such funds are budgeted, appropriated and deposited into the Debt Service Fund created pursuant to the Bond Resolution. The obligation of the Issuer to budget and appropriate Non-Ad Valorem Revenues for the payment of debt service on the Bonds, is subject to certain budgetary processes and to the availability of Non-Ad Valorem Revenues after satisfying funding requirements for obligations having an express lien on or pledge of such revenues and after satisfying funding requirements for essential governmental services of the Issuer.

The Bonds do not constitute a general obligation or indebtedness of the Issuer within the meaning of any constitutional, statutory or other limitation of indebtedness and the holders thereof shall never have the right to compel the exercise of any ad valorem taxing power of the Issuer or taxation in any form on any real or personal property for the payment of debt service on the Bonds or for the payment of any other amounts provided for in the Bond Resolution or to maintain or continue any of the activities of the Issuer which generate user service charges, regulatory fees or any other Non-Ad Valorem Revenues, nor shall the Bonds constitute a charge, lien or encumbrance, either legal or equitable, on any property, assets or funds of the Issuer, except as expressly provided in the Bond Resolution.

The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States of America.

Based on our examination, we are of the opinion that, under existing law:

1. The Bond Resolution constitutes a valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms.

2. The Bonds are valid and binding limited obligations of the Issuer enforceable in accordance with their terms, payable solely from the Pledged Funds in the manner and to the extent provided in the Bond Resolution.

3. The Bond Resolution creates a valid lien upon the Pledged Funds for the security of the Bonds all in the manner and to the extent provided in the Bond Resolution.

4. Interest on the Series 2024B Bonds [(including any original issue discount properly allocable to an owner thereof)] is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, interest on the Series 2024B Bonds may be included in the "adjusted financial statement income" of certain "applicable corporations" that are subject to the 15-percent alternative minimum tax under Section 55 of the Internal Revenue Code of 1986, as amended (the "Code"). The opinion set forth in the preceding sentence is subject to the condition that the Issuer complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2024B Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted in the Bond Resolution to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2024B Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2024B Bonds.

5. Interest on the Series 2024A Bonds is not excludable from gross income for federal income tax purposes under Section 103 of the Code. Except as expressly stated in the preceding sentence, we express no opinion regarding any other federal income tax consequences of acquiring, carrying, owning or disposing of the 2024A Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability thereof may be subject to the exercise of judicial discretion in accordance with general principles of equity, to the valid exercise of the sovereign police powers of the State of Florida and of the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

For purposes of this opinion, we have not been engaged or undertaken to review and, therefore, express no opinion herein regarding the accuracy, completeness or adequacy of the Official Statement or any other offering material relating to the Bonds. This opinion should not be construed as offering material, an offering circular, prospectus or official statement and is not intended in any way to be a disclosure statement used in connection with the sale or delivery of

Mayor and City Commission  
City of Daytona Beach, Florida  
[Date of Delivery]  
Page 4

the Bonds. Furthermore, we are not passing on the accuracy or sufficiency of any CUSIP numbers appearing on the Bonds. In addition, we have not been engaged to and, therefore, express no opinion as to compliance by the Issuer or the underwriter or underwriters with any federal or state statute, regulation or ruling with respect to the sale and distribution of the Bonds or regarding the perfection or priority of the lien on the Pledged Funds created by the Bond Resolution. Further, we express no opinion regarding federal, income or state tax consequences arising with respect to the Bonds other than as expressly set forth herein.

Our opinions expressed herein are predicated upon present law, facts and circumstances, and we assume no affirmative obligation to update the opinions expressed herein if such laws, facts or circumstances change after the date hereof.

Respectfully submitted,

BRYANT MILLER OLIVE P.A.



**APPENDIX E**

**Form of Continuing Disclosure Certificate**

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## APPENDIX E

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Daytona Beach, Florida (the "Issuer") in connection with the issuance of its \$ \_\_\_\_\_ Taxable Capital Improvement Revenue Bonds, Series 2024A (the "Series 2024A Bonds") and its \$ \_\_\_\_\_ Capital Improvement Revenue Bonds, Series 2024B (the "Series 2024B Bonds," collectively with the Series 2024A Bonds, the "Bonds"). The Bonds are being issued pursuant to Resolution No. 2024-215 adopted by the City Commission of the City (the "Commission") on June 5, 2024, as may be amended and supplemented from time to time, and as particularly supplemented by Resolution No. 2024-216 adopted by the Commission on June 5, 2024 (collectively, the "Resolution").

SECTION 1. PURPOSE OF THE DISCLOSURE CERTIFICATE. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and Beneficial Owners (defined below) of the Bonds and in order to assist the Participating Underwriter in complying with the continuing disclosure requirements of the Rule (defined below).

SECTION 2. DEFINITIONS. In addition to the definitions set forth in the Resolution which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Chief Financial Officer" shall mean the Chief Financial Officer of the Issuer, any Deputy Chief Financial Officer, or his or her designee.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access web portal of the MSRB, located at <http://www.emma.msrb.org>.

"Event of Bankruptcy" shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Obligated Person" shall mean any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity or credit facilities).

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each entity authorized and approved by the Securities and Exchange Commission from time to time to act as a repository for purposes of complying with the Rule. As of the date hereof, the Repository recognized by the Securities and Exchange Commission for such purpose is the MSRB, which currently accepts continuing disclosure submissions through EMMA.

"Rule" shall mean the continuing disclosure requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Florida.

### SECTION 3. PROVISION OF ANNUAL REPORTS.

(a) The Chief Financial Officer, on behalf of Issuer, shall, or shall cause the Dissemination Agent to, not later than each May 31<sup>st</sup> (or, if such date falls on a Saturday, Sunday or holiday, then the first business day thereafter), commencing May 31, 2025 with respect to the report for the 2024 fiscal year, provide to any Repository in the electronic format as required and deemed acceptable by such Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date provided, further, in such event unaudited financial statements are required to be delivered as part of the Annual Report in accordance with Section 4(a) below. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) If on the fifteenth (15th) day prior to the annual filing date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Chief Financial Officer by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide

the Annual Report pursuant to Section 3(a). Upon such reminder, the Chief Financial Officer, on behalf of the Issuer, shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Report no later than two (2) business days prior to the annual filing date, or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Certificate, state the date by which the Annual Report for such year will be provided and instruct the Dissemination Agent that a failure to file has occurred and to immediately send a notice to the Repository in substantially the form attached as Exhibit A, accompanied by a cover sheet completed by the Dissemination Agent in the form set forth in Exhibit B.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each Repository;

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing each Repository to which it was provided; and

(iii) if the Dissemination Agent has not received an Annual Report by 6:00 p.m. Eastern time on the annual filing date (or, if such annual filing date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a failure to file shall have occurred and the Issuer irrevocably directs the Dissemination Agent to immediately send a notice to the Repository in substantially the form attached as Exhibit A without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Dissemination Agent in the form set forth in Exhibit B.

SECTION 4. CONTENT OF ANNUAL REPORTS. The Issuer's Annual Report shall contain or include by reference the following:

(a) the audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement dated \_\_\_\_\_, 2024 (the "Official Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; and

(b) updates of the historical financial and operating data set forth in the Official Statement in the tables entitled:

(i) Historical Legally Available Non-Ad Valorem Revenues in the General Fund; and

(ii) Governmental Funds Revenues and Expenses.

The information provided under Section 4(b) may be included by specific reference to documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the Repository's Internet website or filed with the Securities and Exchange Commission.

The Issuer reserves the right to modify from time to time the specific types of information provided in its Annual Report or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

#### SECTION 5. REPORTING OF SIGNIFICANT EVENTS.

(a) Pursuant to the provisions of this Section 5, the Chief Financial Officer, on behalf of the Issuer, shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds. Such notice shall be given in a timely manner not in excess of ten (10) business days after the occurrence of the event, with the exception of the event described in number 17 below, which notice shall be given in a timely manner:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. modifications to rights of the holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds, if material;
11. ratings changes;
12. an Event of Bankruptcy or similar event of an Obligated Person;
13. the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. appointment of a successor or additional trustee, or the change of name of a trustee, if material;
15. incurrence of a Financial Obligation of the Issuer or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or Obligated Person, any of which affect security holders, if material;
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer or Obligated Person, any of which reflect financial difficulties; and
17. notice of any failure on the part of the Issuer to meet the requirements of Section 3 hereof.

(b) The notice required to be given in paragraph 5(a) above shall be filed with any Repository, in electronic format as prescribed by such Repository.

SECTION 6. IDENTIFYING INFORMATION. In accordance with the Rule, all disclosure filings submitted pursuant to this Disclosure Certificate to any Repository must be accompanied by identifying information as prescribed by the Repository. Such information may include, but not be limited to:

- (a) the category of information being provided;
- (b) the period covered by any annual financial information, financial statement or other financial information or operation data;
- (c) the issues or specific securities to which such documents are related (including CUSIPs, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);
- (d) the name of any Obligated Person other than the Issuer;
- (e) the name and date of the document being submitted; and
- (f) contact information for the submitter.

SECTION 7. TERMINATION OF REPORTING OBLIGATION. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, so long as there is no remaining liability of the Issuer, or if the Rule is repealed or no longer in effect. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 8. DISSEMINATION AGENT. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Digital Assurance Certification, L.L.C.

SECTION 9. AMENDMENT; WAIVER. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the holders or Beneficial Owners of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of holders or Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or Beneficial Owners of the Bonds.

Notwithstanding the foregoing, the Issuer shall have the right to adopt amendments to this Disclosure Certificate necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. ADDITIONAL INFORMATION. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. DEFAULT. The continuing disclosure obligations of the Issuer set forth herein constitute a contract with the holders of the Bonds. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate; provided, however, the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply



with the provisions of this Disclosure Certificate shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution.

#### SECTION 12. DUTIES, IMMUNITIES AND LIABILITIES OF DISSEMINATION AGENT.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Dissemination Agent as required by this Disclosure Certificate. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Certificate. The Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

[Remainder of page intentionally left blank]

SECTION 13. BENEFICIARIES. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated as of \_\_\_\_\_, 2024

CITY OF DAYTONA BEACH, FLORIDA

By: \_\_\_\_\_  
Name: Natalia Eckroth  
Title: Chief Financial Officer

ACKNOWLEDGED BY:

DIGITAL ASSURANCE CERTIFICATION L.L.C.,  
as Dissemination Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT**

Issuer: \_\_\_\_\_

Obligated Person: \_\_\_\_\_

Name(s) of Bond Issue(s): \_\_\_\_\_

Date(s) of Issuance: \_\_\_\_\_

Date(s) of Disclosure Agreement: \_\_\_\_\_

CUSIP Number: \_\_\_\_\_

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate between the Issuer and Digital Assurance Certification, L.L.C., as Dissemination Agent. [The Issuer has notified the Dissemination Agent that it anticipates that the Annual Report will be filed by\_\_\_\_\_].

Dated:\_\_\_\_\_

Digital Assurance Certification, L.L.C., as Dissemination Agent, on behalf of the Issuer

\_\_\_\_\_

cc:

**EXHIBIT B**  
**EVENT NOTICE COVER SHEET**

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

\_\_\_\_\_

Issuer's Six-Digit CUSIP Number:

\_\_\_\_\_

\_\_\_\_\_

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

\_\_\_\_\_

Number of pages attached: \_\_\_\_\_

\_\_\_\_ Description of Notice Events (Check One):

1. \_\_\_\_\_ "Principal and interest payment delinquencies;"
2. \_\_\_\_\_ "Non-Payment related defaults, if material;"
3. \_\_\_\_\_ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. \_\_\_\_\_ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. \_\_\_\_\_ "Substitution of credit or liquidity providers, or their failure to perform;"
6. \_\_\_\_\_ "Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;"
7. \_\_\_\_\_ "Modifications to rights of securities holders, if material;"
8. \_\_\_\_\_ "Bond calls, if material, and tender offers;"
9. \_\_\_\_\_ "Defeasances;"
10. \_\_\_\_\_ "Release, substitution, or sale of property securing repayment of the Bonds, if material;"
11. \_\_\_\_\_ "Rating changes;"
12. \_\_\_\_\_ "An Event of Bankruptcy or similar event of an Obligated Person;"
13. \_\_\_\_\_ "The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;"
14. \_\_\_\_\_ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material."
15. \_\_\_\_\_ "Incurrence of a Financial Obligation of the Issuer or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or Obligated Person, any of which affect security holders, if material;" and
16. \_\_\_\_\_ "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the Issuer or Obligated Person, any of which reflect financial difficulties."

\_\_\_\_ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

---

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
315 E. Robinson Street, Suite 300  
Orlando, Florida 32801  
407-515-1100

Date:

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