

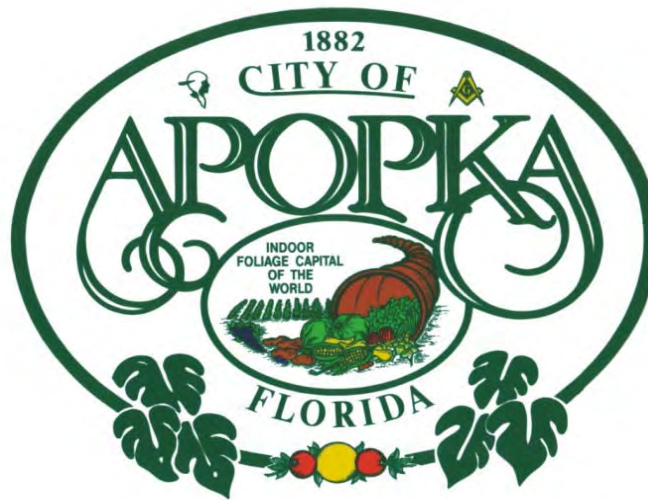


COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2018



COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FOR THE FISCAL YEAR
ENDED SEPTEMBER 30, 2018**

**Prepared by:
Department of Finance**

CAFR cover and design by Cynthia Edwards, Recreation Office Supervisor.

CITY OF APOPKA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
Year Ended September 30, 2018

	<u>Page Number</u>
INTRODUCTORY SECTION	
TRANSMITTAL LETTER OF THE CITY OF APOPKA	i - v
LIST OF PRINCIPAL OFFICIALS	vi
ORGANIZATIONAL CHART	vii
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING	viii
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	1-3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4-17
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet – Governmental Funds	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	24
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Community Redevelopment (CRA)	25
Statement of Net Position – Proprietary Funds	26-27
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	28
Statement of Cash Flows – Proprietary Funds	29-30
Statement of Fiduciary Net Position – Pension Trust Fund.....	31
Statement of Changes in Fiduciary Net Position – Pension Trust Fund.....	32
Notes to the Financial Statements	33-65
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Contributions - General Employees’, Police Officers’ and Firefighters’ Pension Plans	66-68
Schedule of Changes in the Net Position Liability and Related Ratios - General Employees’, Police Officers’ and Firefighters’ Pension Plans - Last 10 Fiscal Years	69-71
Schedule of Investment Returns - General Employees’, Police Officers’ and Firefighters’ Pension Plans - Last 10 Fiscal Years.....	72
Schedule of Changes in Total OPEB Liability and Related Ratios	73

CITY OF APOPKA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
 TABLE OF CONTENTS – Continued
 Year Ended September 30, 2018

	<u>Page Number</u>
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:	
Combining Balance Sheet – Nonmajor Governmental Funds	74
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	75
Budgetary Comparison Schedule - Special Revenue Funds:	
Streets Improvement	76
Law Enforcement Trust.....	77
Transportation Impact Fees	78
Recreation Impact Fees	79
Stormwater	80
Grants	81
Special Assessment	82
Police Discretionary	83
Fire Impact Fees	84
Police Impact Fees	85
STATISTICAL SECTION	
Schedule 1 Net Position by Component, Last Ten Fiscal Years	86
Schedule 2 Changes in Net Position, Last Ten Fiscal Years	87-88
Schedule 3 Fund Balances, Governmental Funds, Last Ten Fiscal Years	89
Schedule 4 Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years	90
Schedule 5 Assessed Value and Actual Value of Taxable Property, Last Ten Fiscal Years	91
Schedule 6 Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years	92
Schedule 7 Principal Property Taxpayers, Current Year and Nine Years Ago	93
Schedule 8 Property Tax Levies and Collections, Last Ten Fiscal Years	94
Schedule 9 Ratios of Outstanding Debt by Type, Last Ten Fiscal Years	95
Schedule 10 Pledged-Revenue Coverage, Last Ten Fiscal Years	96
Schedule 11 Direct and Overlapping Governmental Activities Debt	97
Schedule 12 Demographic and Economic Statistics, Last Ten Calendar Years	98
Schedule 13 Principal Employers, Current Year and Nine Years Ago	99
Schedule 14 Full-time Equivalent City Government Employees by Function/Program, Last Ten Fiscal Years	100
Schedule 15 Operating Indicators by Function/Program, Last Ten Fiscal Years	101
Schedule 16 Capital Asset Statistics by Function/Program, Last Ten Fiscal Years	102
COMPLIANCE SECTION	
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 <i>Government Auditing Standards</i>	103-104
Independent Auditor’s Report on Compliance for Each Major State Project and on Internal Control over Compliance and Report on Schedule of Expenditures of State Financial Assistance in Accordance with Chapter 10.550, <i>Rules of the Auditor General</i>	105-106
Schedule of Expenditures of State Financial Assistance	107
Schedule of Findings and Questioned Costs	108
Schedule of Findings and Recommendations	109-114
Independent Accountant’s Report	115
Independent Auditor’s Management Letter	116-117
Schedule of Observations and Recommendations	118-120
Management’s Response to Findings and Observations	121-125

INTRODUCTORY SECTION

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120 E. Main St. · APOPKA, FLORIDA 32703-5346
PHONE (407) 703-1700

Wednesday, July 31, 2019

Honorable Mayor Bryan Nelson
Members of the City Council
Citizens of the City of Apopka, Florida

The Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Apopka, Florida for the fiscal year ended September 30, 2018. This report is in accordance with the requirements of the City Charter, Florida Statutes, and Rules of the Florida Auditor General. The CAFR is published to provide the City Council, City staff, citizens, bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City.

This report reflects management's representations concerning the finances of the City. Ultimately, management is responsible for the completeness and reliability of the information presented in this report. To provide a reasonable basis for these representations, City management has established a comprehensive internal control framework designed to protect the City's assets from loss, theft, or misuse, and to compile sufficient and reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

The City's financial statements have been audited by Moore Stephens Lovelace, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2018, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts, and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The financial section also includes a narrative introduction, overview, and analysis of the September 30, 2018 financial statements to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to

complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditor.

Profile of the City

The City of Apopka, incorporated in 1882, is located in northwest Orange County within the Orlando Metropolitan Area. The City is the second largest municipality in Orange County and continues to be one of the County's fastest growing municipalities. The City currently occupies a land area of 34.72 square miles and has a population of 51,676. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City operates under the strong-mayor form of government. Policy-making and legislative authority are vested in a City Council consisting of the Mayor and four other members. The City Council is responsible for establishing policy, passing ordinances and resolutions, adopting the budget, appointing committees, plus other duties. The Mayor is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and for appointing the City Administrator (CA). The City Council is elected on a non-partisan basis. City Council members serve four-year staggered terms, with two council members elected every two years. The Mayor is elected to serve a four-year term. The Mayor and City Council members are elected at large.

The City provides a full range of services, including police and fire protection; the construction and maintenance of streets, sidewalks and other infrastructure; engineering; planning and community development; code enforcement; recreational activities and cultural events; and administration and support services. In addition, the City operates enterprise funds for water, wastewater, reclaimed water and sanitation services, as well as the fuel sales at the municipal airport.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Administrator, who then uses these requests as the basis for developing a proposed budget. The Mayor presents the proposed millage rate and budget to the City Council during workshops held during the month of July. The City Council is required to hold two public hearings on the millage rate and budget in September and to adopt a millage rate and final budget by no later than September 30th, the close of the City's fiscal year.

The appropriated budget is prepared by fund, department or division, and function, thus establishing budgetary control at the individual fund level. Transfer of appropriated funds may be made within personnel services, operating expenses, or capital outlay object codes after conferring with the Finance Director. Transfer of funds between personnel services, operating expenses or capital outlay must be authorized by the City Administrator. Transfers between funds or departments require the approval of the Mayor or his/her designee. Budget revisions that alter the total revenues, expenses or reserves of any fund must be approved by the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an annual budget has been adopted. General Fund is presented as part of the basic financial statements. For other governmental funds, this comparison is presented in the combining and individual fund statements and schedules.

Factors Affecting Financial Condition

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

Local economy. The City has been experiencing an economic upturn consistent with other areas of the county. The local economy strongly benefits from its proximity to Orlando and related employment opportunities. The 2018 unemployment rate for the Apopka area was 3.2% compared to 3.0% for the State of Florida and 3.7% nationwide.

The City's standards for services are considered excellent and its tax rates compare favorably to other areas. A stable growth rate for many recurring revenue sources, combined with an abundance of developable land and a stable local building industry, provide continued expansion of the City's revenue base.

Currently, the City has approximately 813 platted lots available for construction. There are numerous builders and developers who are in the process of developing those lots or in the process of developing them in the near future.

It is expected that future residential and commercial construction will continue to have a major impact on the City. Increases in revenue from the associated utility taxes, franchise fees, and intergovernmental revenues can be directly related to increases in population. Revenue from licenses and permits is also expected to remain stable.

Long-term financial planning and major initiatives. The City maintains a five-year Capital Improvement Program (CIP) which serves as its planning document to ensure that its facilities, equipment, and infrastructure are well maintained and operating in peak condition. In addition to the CIP, the City has master plans identifying the present and future capital expansion needs of various facilities and systems with funding levels necessary to meet those capital needs. Currently, the City maintains master plans for water, wastewater, reclaimed water, drainage, recreation, and traffic circulation. These plans are periodically reviewed and updated.

In the 2016-2017 fiscal year, the City undertook steps necessary to ensure that it could continue to meet critical infrastructure needs to accommodate future growth. This has been done through a two phase expansion project of the the Apopka Water Reclamation Facility. Phase I of this project consisted of construction of a new Wastewater Treatment Plant (East) with a total capacity of 5 million-gallons-per-day (MGD). Phase II of this project included the modification of the existing Wastewater Treatment Plant (West) with a total capacity of 3-million-gallons-per-day (MGD). With completion of both phases, the total capacity has almost doubled to 8 million-gallons-per-day (MGD).

The project is scheduled to be fully completed, with both East and West Wastewater Treatment Plants in full operation, by September 2019. The West Plant will be taken offline due to a lack of demand. The total cost of the Apopka Water Reclamation Facility Expansion is anticipated to be \$65 million dollars. This cost includes pre-construction services, Phase I, and II. The new Wastewater Treatment Plant (East) provides full Biological Nutrient Removal (BNR) technology, which enables the City to comply with the State of Florida Department of Environmental Protection's (DEP) stringent requirements to remove Total Nitrogen (NI) from the wastewater and improve the quality of reclaimed water for distribution throughout the City's utility service area within the Wekiva River Basin Protection Area. The City received a \$3 million grant from St. John's River Water Management District for the nutrient removal treatment improvement to the West Plant. Completion of this project will also satisfy the Consent Order Agreement requirements between the City and the State of Florida DEP, and bring the City into full compliance with its DEP Operating Permits.

The City has an agreement with St. John's River Water Management District (the District) to design, permit, and construct a reclaimed water storage and aquifer recharge facility at the Golden Gem property to accommodate future growth. This facility is currently under construction and when fully

completed it will have a reclaimed water storage capacity of 300 million gallons. The excavation of the facility is projected to be completed by July 2020 and fully lined by December 2020.

In partnership with the District, the City was able to exchange properties off of Binion Road in the southwest area of the City. The City attained a 70-acre conservation parcel on Lust Road at the entrance to the Lake Apopka Wildlife Drive. This property will be used as a Birding Park. It will act as an educational facility for conservation activities. Prior to the District owning the site, it was formally operated by the Hickerson family as a nursery. Currently, approximately 250,000 people visit the wildlife drive each year.

As part of the land exchange, the City agreed and completed a deed to the District for a 5-acre site on Binion Road, just south of Harmon Road. The 5-acre site is being designed and planned for the District's new Central Florida regional offices, which is moving from their Maitland office. The new one-story building will be completed by 2022 and relocate 40 professional wage jobs.

Downtown redevelopment is being coordinated through the Community Redevelopment Agency (CRA). The CRA provides programs for façade renovations, building codes, and residential fees. Current projects include the renovation of the 5th Street Parking Lot. They will be adding lighting, bike parking, and landscaping. The Downtown multi-modal trail, located on 6th Street, 5th Street, Michael Gladden Boulevard, Central Avenue, and Hawthorne Avenue, will be getting new landscape and lighting as well. The City Hall/VFW area is being coordinated for a mixed-use project off of Station Street. It will be used for up to 50 residential units, 30,000 square feet retail, event space, and parking. There is also a demolition program that removes dilapidated residential and non-residential structures. This helps with the rebuilding of residential and economic opportunity for the CRA district. There is also a budgeted item for updating wayfinding signage.

The CRA has also funded half of the Billie Dean Community Center at Alonzo Williams Park. The 3,850 square feet building will provide the community with senior and youth support and training facilities. Construction will be completed by the end of September 2019.

The Apopka City Town Center project is a 34.7 acre mixed use development located at the intersection of State Road 436 and US Highway 441. In 2016, the City signed a sale-and-purchase agreement as well as a separate development agreement with Taurus Southern Investments, LLC. Final engineering plans for roadway improvements and reconstruction of SR 436, US 441, and McGee Avenue are under way, with completion expected by the end of 2019. Taurus has completed the purchase of six sites within the development area which preserved the existing Highland Manor in its current location adjacent to Martin Pond. Martin Pond provides all the storm water drainage needs for this project and a large section of the City's downtown.

Construction has begun on the mixed use project beginning with the 110-room Hilton Garden Inn Hotel, with a completion date of April 2020. Other retail businesses projected to begin work in 2020 include a coffee shop, restaurant, and multi-family apartments south of 6th Street. The developer is actively seeking tenants to occupy retail, lodging, and dining facilities within the City Town Center.

This project anchors the east side of the City's downtown and is expected to have a positive impact on the economic future of the City with an anticipated capital investment in excess of \$100 million. The CRA's Downtown Trail will also run west along 6th Street, connecting the City Town Center to the central downtown.

Relevant financial policies. The City has established a comprehensive set of financial policies which it uses to achieve and maintain a long-term stable and positive financial condition. More specifically, it provides guidelines for planning and directing the financial affairs of the City. A part of this policy requires the City to annually review its utility rates to ensure that sufficient revenues are generated to cover operating expenses, meet the legal restrictions of all applicable bond covenants, and provide for an adequate level of working capital.

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 Apopka for its CAFR for the fiscal year ended September 30, 2017. This was the eighteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable program requirements.

A Certificate of Achievement is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report could not have been accomplished without the efficient and dedicated services of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation. Also, appreciation is expressed to all employees throughout the City, particularly those employees who were instrumental in the successful completion of this report.

We would like to especially thank the Mayor and the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Edward D. Bass II, CPA, CGFO
City Administrator



Jamie Roberson, CGFO
Finance Director

CITY OF AOPKA

PRINCIPAL CITY OFFICIALS

FISCAL YEAR ENDED 2018

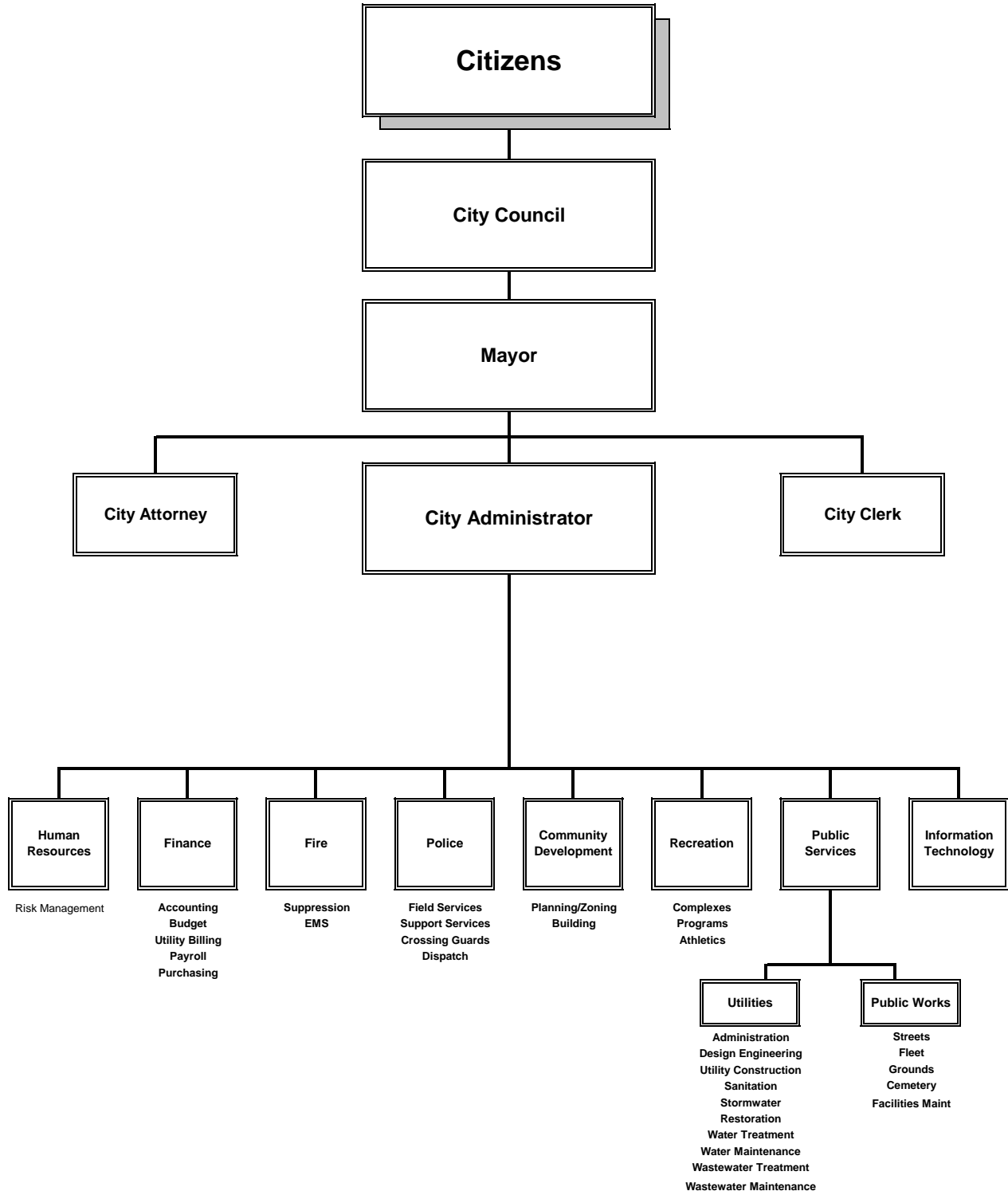
ELECTED OFFICIALS

Mayor	Bryan Nelson
Vice-Mayor	Doug Bankson
Commissioner	Alexander Smith
Commissioner	Alice Nolan
Commissioner	Kyle Becker

ADMINISTRATIVE OFFICIALS

Chief Administrative Officer	Edward Bass, CPA
City Attorney	Clifford B. Sheppard
City Clerk	Linda F. Goff
Finance Director	Jamie Roberson, CGFO
Police Chief	Michael McKinley
Fire Chief	Charles (Chuck) Carnesale
Community Development Director	James K. Hitt
Human Resources Operations Manager	Tangela Whaley
Information Technology Director	Robert E. Hippler
Public Services Director	R. Jay Davoll
Interim Recreation Director	Lorena Potter

**CITY OF APOPKA
ORGANIZATIONAL CHART**





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Apopka
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morvill

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Apopka, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Apopka, Florida (the "City") as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Community Redevelopment Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable Mayor and
Members of the City Council
City of Apopka, Florida

INDEPENDENT AUDITOR'S REPORT
(Continued)

Emphasis-of-Matter – Change in Accounting Principle

As discussed in Note 12 to the financial statements, in the fiscal year ended September 30, 2018, the City adopted the provisions of Government Accounting Standards Board Statement (“GASBS”) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and the other required 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.

Other 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 introductory section, combining and individual fund financial statements and schedules, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

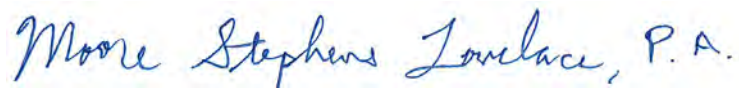
The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

The Honorable Mayor and
Members of the City Council
City of Apopka, Florida

INDEPENDENT AUDITOR'S REPORT
(Concluded)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2019, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Moore Stephens Lovelace, P.A.".

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
July 31, 2019

Management's Discussion and Analysis

As management of the City of Apopka, Florida, (the "City"), we offer the readers a narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2018. This discussion and analysis is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position, (d) identify any material deviations from the financial plan (the approved budget), and (e) to identify individual fund issues and/or concerns.

As with other sections of this financial report, the information contained within the Management's Discussion and Analysis (MD&A) should be considered only a part of a greater whole. The reader of this statement should take time to read and evaluate all sections of this report, including the letter of transmittal, the City's basic financial statements, and the Required Supplementary Information (RSI).

HIGHLIGHTS

Financial Highlights

- The City's net position increased (decreased) during the year as follows:

<u>Fiscal Year 2018</u>			<u>Fiscal Year</u> <u>2017</u>	<u>Increase</u> <u>(Decrease)</u>	<u>%</u> <u>Change</u>
<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>			
\$ 77,806,462	\$ 129,417,014	\$ 207,223,476	\$ 209,061,118	\$ (1,837,642)	-0.88%

- The City's revenues, excluding transfers, increased (decreased) during the year as follows:

<u>Fiscal Year 2018</u>			<u>Fiscal Year</u> <u>2017</u>	<u>Increase</u> <u>(Decrease)</u>	<u>%</u> <u>Change</u>
<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>			
\$ 45,564,820	\$ 30,834,157	\$ 76,398,977	\$ 75,563,872	\$ 835,105	1.11%

- The City's expenses, excluding transfers, increased (decreased) during the year as follows:

<u>Fiscal Year 2018</u>			<u>Fiscal Year</u> <u>2017</u>	<u>Increase</u> <u>(Decrease)</u>	<u>%</u> <u>Change</u>
<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>			
\$ 56,267,102	\$ 21,969,517	\$ 78,236,619	\$ 67,320,435	\$ 10,916,184	16.22%

City Highlights

A description of accomplishments for the current year and projects planned for the coming fiscal year can be found in the letter of transmittal.

USING THIS ANNUAL REPORT

The primary focus of local government's financial statements historically has been to summarize fund type information. The focus, as a result of GASB Statement No. 34, is on both the City as a whole (government-wide) and the major individual funds. Both perspectives (government-wide and major fund) allow the user to have a greater understanding, allow a broader comparison of relevant data, enhance the readability of the financial statements, and enhance the accountability of the City's management.

Management's Discussion and Analysis – (Continued)

Understanding and Overview of the Basic Financial Statements

The City's basic financial statements are comprised of three parts: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to the financial statements. The remainder of the financial statements is comprised of the following parts: 1) the RSI consisting of Pension Trust Fund Schedules, 2) Combining and Individual Fund Statements and Schedules, 3) the Statistical Section consisting of selected financial and demographic information, generally presented on a multi-year basis, and 4) the Single Audit and Other Reports Section consisting of supplemental reports pertaining to federal and state Single Audit requirements.

The MD&A is intended to serve as an introduction to the basic financial statements and RSI. The MD&A represents management's examination and analysis of the City's financial condition and financial performance as a whole. Summary financial statement data, key financial and operational indicators used in the strategic plan, budget, and other management tools were used for this analysis.

The basic financial statements now include two kinds of statements. The first type of statement consists of government-wide financial statements. The government-wide financial statements provide both short- and long-term financial information about the City's overall financial status. The government-wide financial statements are presented by its governmental activities and its business-type activities. The government-wide financial statements report information about the City using full accrual accounting methods and economic resources focus, as utilized by similar business activities in the private sector. Likewise, all revenues and expenses received during the year, regardless of when cash is received or paid, are reported. The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide financial statements. The second type of statements consist of the governmental fund statements which tell how the general government accounts for all current financial resources in servicing the community, what was financed in the short term, as well as what remains for future spending. Proprietary fund statements offer short- and long-term financial information about the activities the government operates like a business, such as the Utility System which includes Water, Wastewater and Reuse, the Sanitation operations, and Airport Fuel. Fiduciary fund statements are used to account for assets held by the government in a trustee capacity. Currently, there are three pension trust funds, which consist of the General Employee's, Police Officer's, and Firefighter's Retirement Trust Funds.

Government-Wide Financial Statements

The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. Both statements represent an overview of the City as a whole, separating its operations between governmental and business-type activities. All information is presented utilizing the economic resources measurement focus and accrual basis of accounting. This method better matches revenues and expenses to the period in which the revenue is earned and the expense is attributed. Fiduciary funds, such as pension trust funds, are excluded from these government-wide financial statements because they represent money and funds legally set aside for use by the employee groups they benefit. Their assets and income do not flow through these statements, nor are the liabilities for which taxpayers may ultimately be responsible for.

The Statement of Net Position presents information on all of the City's assets and liabilities at the end of its fiscal year, with the difference between the two being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position, which indicates an improved financial condition. The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to be similar to a bottom line for the City in its governmental and business-type activities. This statement, for the first time, combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The Statement of Activities presents the results of the City's operations over the course of the fiscal year and information as to how the City's net position is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the 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 (ex., delinquent taxes). The Statement of Activities is focused on both the gross and net cost of various activities (governmental and business-type) which are provided by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of cost of various governmental services and the local taxing effort necessary to sustain each of those activities.

Management's Discussion and Analysis – (Continued)

The governmental activities reflects the City's basic services, including general government, public safety, transportation, environmental, and recreation. Property Taxes, Franchise Fees, Utility Taxes, Licenses and Permits, Intergovernmental Revenues and Fines & Forfeitures finance the majority of these services.

The business-type activities reflect private sector type operations (Water, Wastewater, Reclaimed Water, Sanitation and Airport Fuel operations), where the fee for service typically covers all or most of the cost of operations, including depreciation.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on major funds, rather than fund types. Funds are established for various purposes and the fund financial statements allow the demonstration of sources and uses of funds and/or budgeting compliance.

The governmental funds presentation is presented on a current financial resources basis. This is the manner in which the financial plan (the budget) is typically developed. The City adopts an annual appropriations budget for each of its governmental funds in accordance with State Statutes and the City Charter.

Because the focus of governmental funds are more narrow 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.

The City maintains twelve individual governmental funds. The General fund is considered a major fund and is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. The Community Redevelopment Agency fund is also presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. Data from the other ten governmental funds are combined into a single aggregated presentation. Individual fund data for each of the non-major governmental funds is in the Combining and Individual Fund Statements and Schedules.

Infrastructure Assets

Historically, a government's largest group of assets (infrastructure - roads, sidewalks and bridges, etc.) have not been reported nor depreciated in government financial statements. Governmental capital assets, particularly infrastructure assets, have only been accounted for using the current financial resources method and have not been expensed annually through depreciation or accounted for otherwise.

The governmental-wide Statement of Net Position requires that these assets be valued and reported within the Governmental column. Additionally, the government must elect to either (a) depreciate these assets over their estimated useful lives or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach) which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The City has elected to depreciate these assets over their estimated useful lives.

Proprietary Funds

The City maintains three proprietary funds, all of which are enterprise funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent is that the costs of providing goods or services to the general public on a continuing basis should be financed or recovered through user charges. Currently, the City enterprise funds account for its water, wastewater, reclaimed water, sanitation operations and airport fuel. The water, wastewater and reclaimed water enterprise fund is collectively referred to as the Utility Systems Fund, while the Sanitation Fund and the Airport Fuel Fund are the other enterprise funds.

The City adopts an annual appropriations budget for each of its enterprise funds in accordance with State Statutes and the City Charter.

Management's Discussion and Analysis – (Continued)

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government and are separately reported in the statements of fiduciary net position and changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. Rather, the City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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 present information about the City's significant accounting policies, account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain RSI concerning the City's budgetary compliance and the City's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the RSI.

Government-Wide Financial Analysis of the City as a Whole

Net Position - As noted previously, net position may serve over time as a useful indicator of a government's financial position. This year, the City's assets exceeded liabilities by \$207,223,476 on September 30, 2018.

Approximately 100% of the City's net position reflect its investment in capital assets (land, equipment, buildings, improvements other than buildings, machinery and equipment, and infrastructure), less any related debt still outstanding used to acquire those assets. The City uses these capital assets to provide services to its citizens; so, consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to pay for these liabilities.

Net position of the City's governmental activities decreased by \$3,588,229 and totaled \$77,806,462 at the end of the fiscal year. Of this amount, the majority is either restricted as to the purposes it can be used for or is invested in capital assets (land, buildings and equipment). Consequently, unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraint established by debt covenants, enabling legislation, or other legal requirements, totaled (\$13,022,296) at the end of 2018. This negative balance is a result of the impact of reporting the City's pension and OPEB expense and related liability. See Notes 7 and 8 of the Financial Statements for further details.

Net position of the City's business-type activities increased by \$1,750,587, and totaled \$129,417,014 at the end of the fiscal year. Of this amount, approximately 96.6% is either restricted as to the purposes it can be used for or is invested in capital assets (land, buildings and equipment). Consequently, unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraint established by debt covenants, enabling legislation, or other legal requirements, totaled \$4,345,777 at the end of 2018.

Management's Discussion and Analysis – (Continued)

The following table reflects a summary of Net Position compared to prior year:

STATEMENT OF NET POSITION As of September 30

	Governmental		Business-type		Total	
	activities		activities			
	2018	2017	2018	2017	2018	2017
Current and other assets	\$31,113,499	\$33,178,881	\$15,463,794	\$25,025,392	\$46,577,293	\$58,204,273
Capital assets	102,451,617	103,429,865	170,631,971	138,724,774	273,083,588	242,154,639
Total assets	133,565,116	136,608,746	186,095,765	163,750,166	319,660,881	300,358,912
Total deferred outflows of resources	5,980,204	4,951,121	465,631	461,895	6,445,835	5,413,016
Current and other liabilities	10,974,177	9,865,015	8,675,593	7,322,930	19,649,770	17,187,945
Long-term liabilities outstanding	41,184,605	45,639,517	47,319,409	28,824,845	88,504,014	74,464,362
Total liabilities	52,158,782	55,504,532	55,995,002	36,147,775	108,153,784	91,652,307
Total deferred inflows of resources	9,580,076	4,660,644	1,149,380	397,859	10,729,456	5,058,503
Net position:						
Net investment in capital assets	88,591,298	89,746,404	124,589,796	122,538,179	213,181,094	212,284,583
Restricted	2,237,460	2,398,096	481,441	281,441	2,718,901	2,679,537
Unrestricted	(13,022,296)	(10,749,809)	4,345,777	4,846,807	(8,676,519)	(5,903,002)
Total net position	\$77,806,462	\$81,394,691	\$129,417,014	\$127,666,427	\$207,223,476	\$209,061,118

Changes in Net Position - While the Statement of Net Position shows a snapshot 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. On September 30, 2018, the City's combined net position totaled \$207,223,476 which is a decrease of \$1,837,642 over last year's reported \$209,061,118. During this same period, the City's total revenues increased by \$835,105 to a total of \$76,398,977.

Management's Discussion and Analysis – (Continued)

The following schedule compares the revenues and expenses for the current and previous fiscal year:

CHANGES IN NET POSITION

As of September 30

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$8,099,334	\$10,026,575	\$21,280,865	\$21,606,680	\$29,380,199	\$31,633,255
Operating grants and contributions	2,486,138	1,444,573	-	764,302	2,486,138	2,208,875
Capital grants and contributions	1,618,099	3,526,959	8,054,900	5,678,396	9,672,999	9,205,355
General revenues:					-	-
Property taxes	11,012,577	9,880,495	-	-	11,012,577	9,880,495
Fuel taxes	1,683,683	1,623,250	-	-	1,683,683	1,623,250
Communication services taxes	1,482,053	1,488,595	-	-	1,482,053	1,488,595
½ Cent sales tax	8,045,627	7,372,446	-	-	8,045,627	7,372,446
State shared revenues	2,470,793	2,321,583	-	-	2,470,793	2,321,583
Franchise fees and utility taxes	7,893,631	6,795,550	78,548	63,538	7,972,179	6,859,088
Sale of capital assets	-	-	-	-	-	-
Unrestricted investment earnings	387,975	155,322	143,501	113,538	531,476	268,860
Miscellaneous revenues	384,910	1,253,931	1,276,343	1,448,139	1,661,253	2,702,070
Total revenues	<u>45,564,820</u>	<u>45,889,279</u>	<u>30,834,157</u>	<u>29,674,593</u>	<u>76,398,977</u>	<u>75,563,872</u>
Expenses:						
General government	8,064,330	10,450,176	-	-	8,064,330	10,450,176
Public safety	32,665,170	29,189,880	-	-	32,665,170	29,189,880
Physical Environment	2,566,149	335,011	-	-	2,566,149	335,011
Transportation	8,287,064	6,129,087	-	-	8,287,064	6,129,087
Economic Environment	61,391	283,246	-	-	61,391	283,246
Culture and recreation	4,422,038	3,899,524	-	-	4,422,038	3,899,524
Interest on long-term debt	200,960	227,858	-	-	200,960	227,858
Utility system	-	-	17,787,110	13,309,805	17,787,110	13,309,805
Sanitation	-	-	3,876,225	3,165,186	3,876,225	3,165,186
Airport Fuel	-	-	306,182	330,662	306,182	330,662
Total expenses	<u>56,267,102</u>	<u>50,514,782</u>	<u>21,969,517</u>	<u>16,805,653</u>	<u>78,236,619</u>	<u>67,320,435</u>
Increase (decrease) in net position before transfers	(10,702,282)	(4,625,503)	8,864,640	12,868,940	(1,837,642)	8,243,437
Transfers	7,114,053	5,842,946	(7,114,053)	(5,842,946)	-	-
Increase (decrease) in net position	(3,588,229)	1,217,443	1,750,587	7,025,994	(1,837,642)	8,243,437
Net position– beginning	81,394,691	80,177,248	127,666,427	120,640,433	209,061,118	200,817,681
Net position – September 30	<u>\$77,806,462</u>	<u>\$81,394,691</u>	<u>\$129,417,014</u>	<u>\$127,666,427</u>	<u>\$207,223,476</u>	<u>\$209,061,118</u>

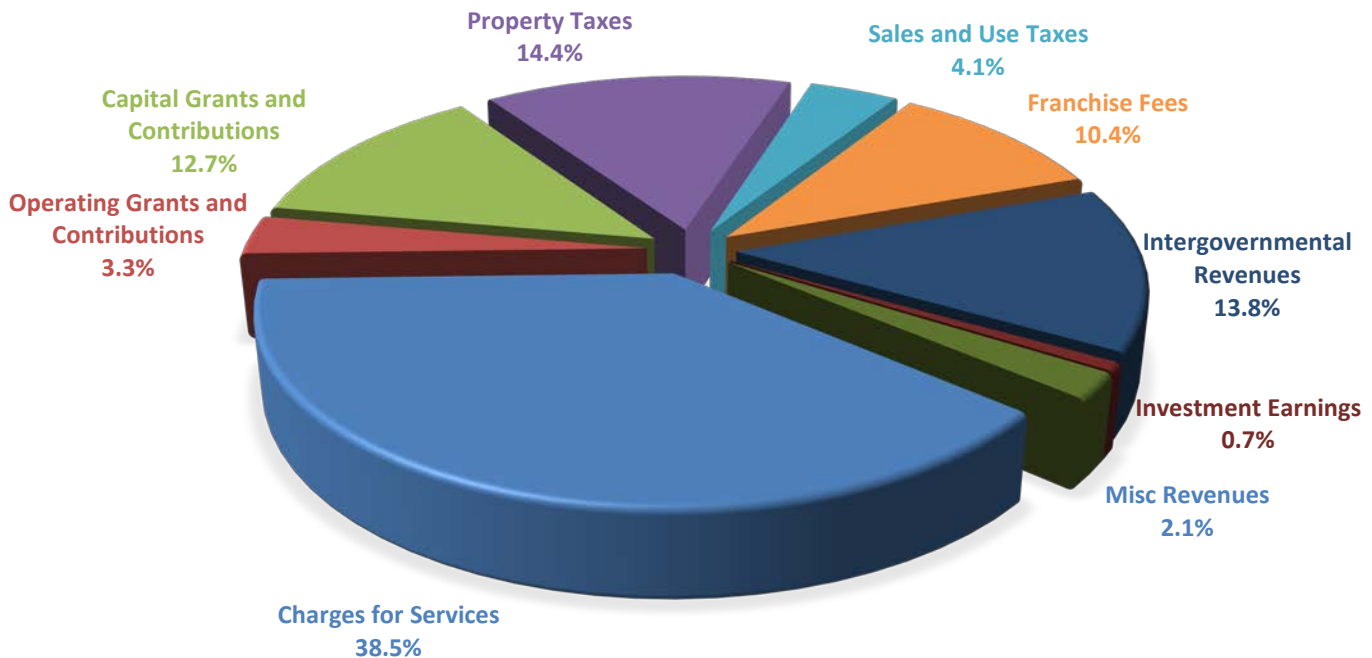
Management’s Discussion and Analysis – (Continued)

The following is a summary of source of revenue for the City:

Citywide Source of Revenue

	FY 18	% Of	FY 17	% Of
	Revenues	Total	Revenues	Total
Charges for Services	\$ 29,380,199	38.5%	\$ 31,633,255	41.9%
Operating Grants and Contributions	2,486,138	3.3%	2,208,875	2.9%
Capital Grants and Contributions	9,672,999	12.7%	9,205,355	12.2%
Property Taxes	11,012,577	14.4%	9,880,495	13.1%
Sales and Use Taxes	3,165,736	4.1%	3,111,845	4.1%
Franchise Fees	7,972,179	10.4%	6,859,088	9.1%
Intergovernmental Revenues	10,516,420	13.8%	9,694,029	12.8%
Investment Earnings	531,476	0.7%	268,860	0.4%
Misc Revenues	1,661,253	2.1%	2,702,070	3.5%
Total Revenues	\$ 76,398,977	100.0%	\$ 75,563,872	100.0%

CITYWIDE SOURCE OF REVENUE



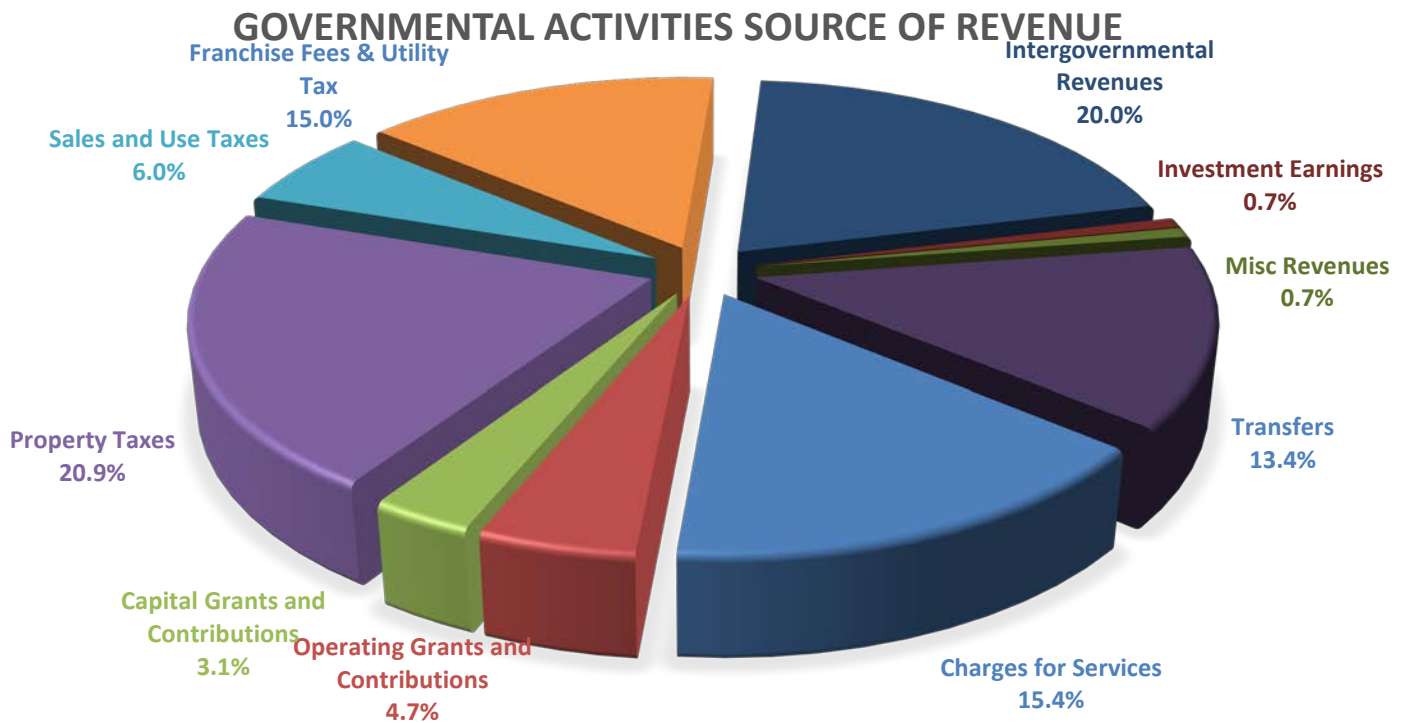
Management's Discussion and Analysis – (Continued)

Governmental Activities - Governmental activities decreased the City's net position by \$3,588,229.

The following is a summary of the City's Revenues by Source – Governmental Activities:

Revenues by Source – Governmental Activities

	FY 18 Revenues	% Of Total	FY 17 Revenues	% Of Total
Charges for Services	\$ 8,099,334	15.4%	\$10,026,575	19.4%
Operating Grants and Contributions	2,486,138	4.7%	1,444,573	2.8%
Capital Grants and Contributions	1,618,099	3.1%	3,526,959	6.8%
Property Taxes	11,012,577	20.9%	9,880,495	19.1%
Sales and Use Taxes	3,165,736	6.0%	3,111,845	6.0%
Franchise Fees & Utility Tax	7,893,631	15.0%	6,795,550	13.1%
Intergovernmental Revenues	10,516,420	20.0%	9,694,029	18.7%
Investment Earnings	387,975	0.7%	155,322	0.3%
Misc Revenues	384,910	0.7%	1,253,931	2.5%
Transfers	7,114,053	13.4%	5,842,946	11.3%
Total Revenues	\$ 52,678,873	100.0%	\$51,732,225	100.0%



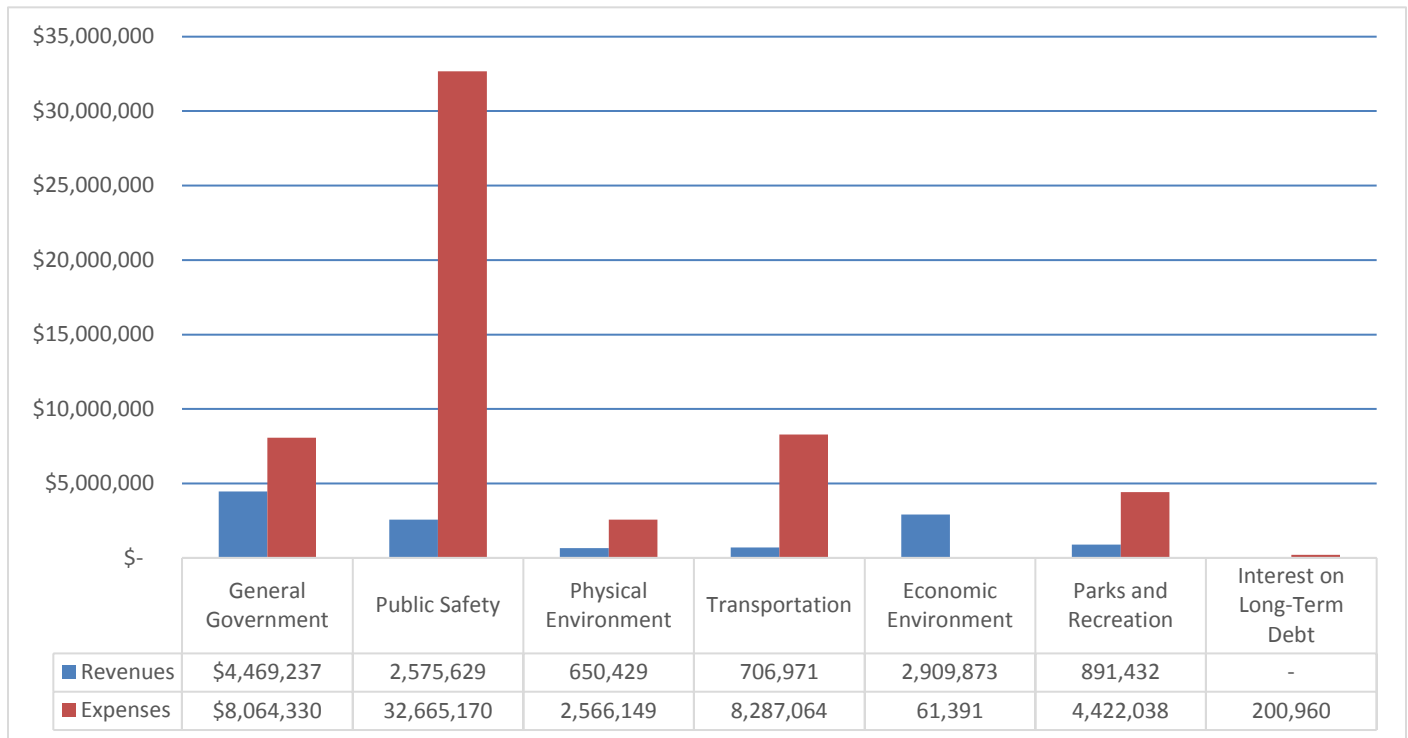
Management’s Discussion and Analysis – (Continued)

The following is a summary of the City’s Program Expenses and Revenues – Governmental Activities:

Program Expenses and Program Revenues - Governmental Activities

	FY 18 Revenues	% of Total	FY 18 Expenses	% of Total
General Government	\$ 4,469,237	36.6%	\$ 8,064,330	14.3%
Public Safety	2,575,629	21.1%	32,665,170	58.1%
Physical Environment	650,429	5.3%	2,566,149	4.6%
Transportation	706,971	5.8%	8,287,064	14.7%
Economic Environment	2,909,873	23.8%	61,391	0.1%
Parks and Recreation	891,432	7.4%	4,422,038	7.9%
Interest on Long-Term Debt	-	0.0%	200,960	0.4%
Totals	\$12,203,571	100.0%	\$ 56,267,102	100.0%

Program Revenues and Program Expenses - Governmental Activities



A comparison of the City’s functional program revenues and costs of providing governmental-type services to its citizens is useful in identifying the capabilities of producing revenues sufficient to operate its programs.

Operating expenses of the governmental-type activities increased in 2018 to \$56,267,102 as compared to \$50,514,782 in 2017. The City has remained constant in its efforts to maintain and control costs.

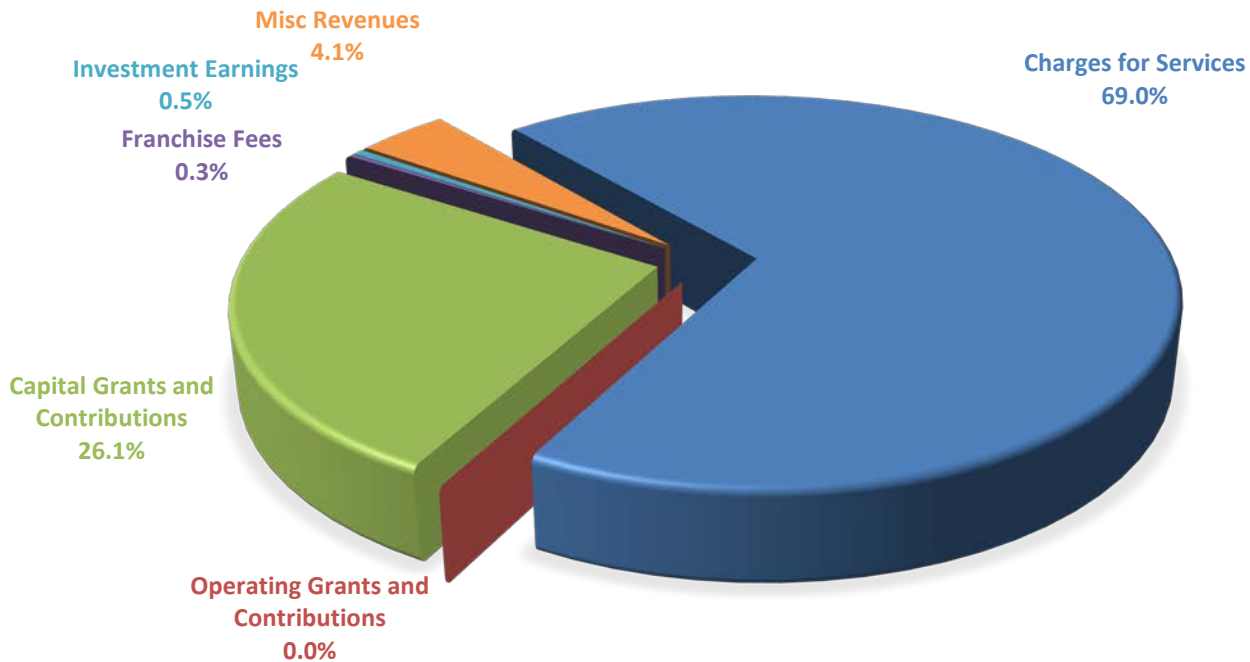
Management's Discussion and Analysis – (Continued)

An individual comparison of the City's functional program revenues and costs of providing program services to its citizens is useful in identifying the programs, and the extent to which each is dependent on taxes and other non-exchange revenues to subsidize their program operations. The following is a summary of the City's Revenues by Source – Business-type Activities:

Revenues by Source - Business-Type Activities

	FY 18 Revenues	% Of Total	FY 17 Revenues	% Of Total
Charges for Services	\$ 21,280,865	69.0%	\$ 21,606,680	72.8%
Operating Grants and Contributions	-	0.0%	764,302	2.6%
Capital Grants and Contributions	8,054,900	26.1%	5,678,396	19.1%
Franchise Fees	78,548	0.3%	63,538	0.2%
Investment Earnings	143,501	0.5%	113,538	0.4%
Misc Revenues	1,276,343	4.1%	1,448,139	4.9%
Total Revenues	\$ 30,834,157	100.0%	\$ 29,674,593	100.0%

BUSINESS-TYPE ACTIVITIES SOURCE OF REVENUE



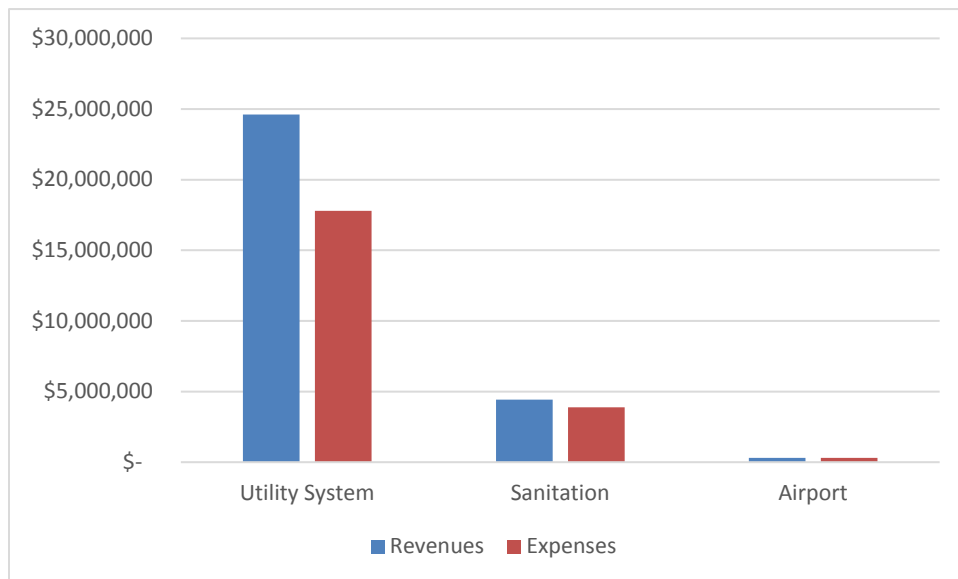
Management’s Discussion and Analysis – (Continued)

The primary sources of revenues for business-type activities are through charges for services, capital grants, and contributions which are useful in identifying how revenues are generated to operate its programs.

The following is a summary of the City’s Expenses and Program Revenues – Business-Type Activities:

Program Expenses and Program Revenues - Business-Type Activities

	<u>FY 18</u> <u>Revenues</u>	<u>% of</u> <u>Total</u>	<u>FY 18</u> <u>Expenses</u>	<u>% of</u> <u>Total</u>
Utility System	\$24,601,070	83.9%	\$ 17,787,110	81.0%
Sanitation	4,438,662	15.1%	3,876,225	17.6%
Airport	296,033	1.0%	306,182	1.4%
Totals	<u>\$29,335,765</u>	<u>100.0%</u>	<u>\$ 21,969,517</u>	<u>100.0%</u>



A comparison of the City’s functional program revenues and costs of providing business-type services to its customers is useful in identifying the capabilities of producing revenues sufficient to operate its programs.

Expenses of the business-type activities, including transfers, increased in 2018 to \$21,969,517 as compared to \$16,805,653 in 2017.

Financial Analysis of the City’s Funds

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

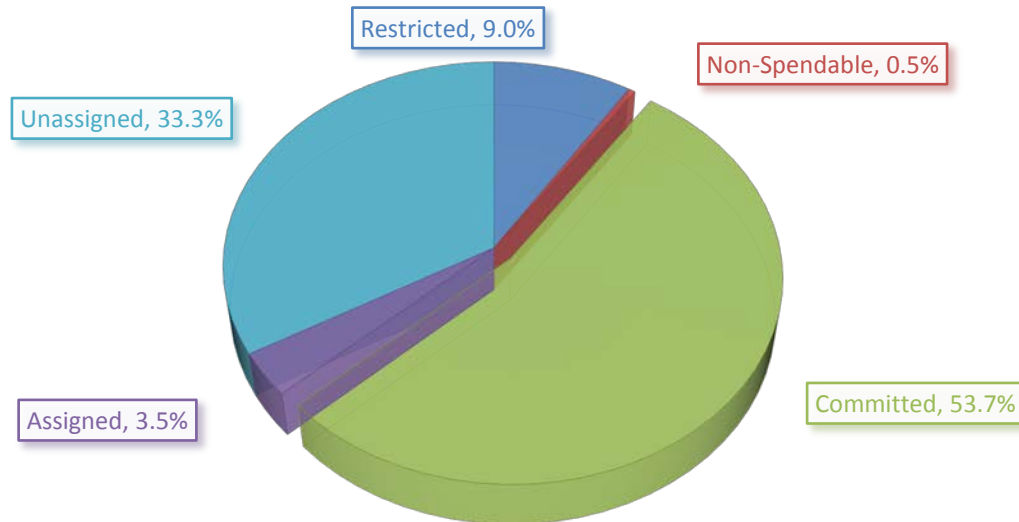
Governmental Funds - The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

Management's Discussion and Analysis – (Continued)

As the City completed the current fiscal year, its governmental funds reported a combined fund balance of \$24,737,810, which was \$1,649,123 less than the \$26,386,933 reported last year. Of the total fund balance, \$2,237,460 or 9.0% is restricted for specific purposes by bond ordinance, action of law, accounting standard requirements, or other factors outside of the City management. In addition, the City Council has at various times committed certain funds for specific purposes. Committed monies differ from restricted monies in that management can easily change the use for the funds whereas for restricted monies, an outside influence requires the restriction and those amounts cannot be easily changed without violating a bond provision, aspect of law, or accounting standard. At the end of Fiscal Year 2018, 53.7% or \$13,289,993 of the fund balance was committed.

Approximately 33.3% or \$8,242,823 of the combined fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion. Another 3.5% or \$855,809 of this amount is assigned to indicate that it is not available for new spending unless management designates it as unassigned.

GOVERNMENTAL FUNDS - FUND BALANCE



The General fund is the chief operating fund of the City. As of September 30, 2018, the unassigned fund balance in the General fund totaled \$10,184,693. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance to total fund expenditures. Unassigned fund balance represents approximately 20.9% of total General fund expenditures of \$48,841,152. Total net position in the General fund increased by \$633,355 during the current fiscal year.

The significant changes in the general fund's fund balance is related to the increased revenues over budget of \$2,118,905 and the savings in budgeted expenses of \$1,789,506. Under new leadership during the last quarter of the fiscal year, new procedures and processes were implemented to better manage and account for spending. The conservative budgeting of revenues was attributable to this the change in fund balance as well

Management believes an operating reserve equal to two months operating expenses in the General fund should be maintained. At September 30, 2018, the operating reserve calculates to \$8,140,192 and the unassigned fund balance exceeds this reserve amount by \$2,044,501.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position in all proprietary funds at the end of the current fiscal year, as shown on the Proprietary Fund statements, amounted to \$4,345,777 compared to \$4,846,807 in the prior year, which is a decrease of \$501,030 over the prior year. The reduction of unrestricted net position is related to our meter replacement program. The City implemented a meter replacement program in the utility fund as a result of zero read meters.

Management's Discussion and Analysis – (Continued)

Management believes an operating reserve equal to two months operating expenses in the proprietary funds should be maintained. On September 30, 2018, the operating reserve calculates to \$3,661,586 and the unrestricted net position available equals \$4,345,777 resulting in a surplus of \$684,191 above the reserve requirements.

Budgetary Highlights

The budget is revised throughout the year to recognize projects carried over from the previous year, grant awards received during the year, and to adjust budgets to reflect actual circumstances. Normally, budget adjustments are typically minor in nature. Overall budgetary control is achieved through continuous review by the Department Directors and the Finance Director.

The Mayor of Apopka is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total revenues, reserves, or expenditures of any fund must be approved by a majority vote on the City Council. During the fiscal year, various budget adjustments were performed and the budgeted amounts shown on the financial statements are as originally adopted and further adjusted.

Variations in General fund Revenues compared to Final Budget

General fund revenues in the current year were \$2,118,905 more than budgeted, with most categories coming over budget. This most significant variance was taxes exceeding budget by \$1,159,659.

Variations in General fund Expenditures compared to Final Budget

General fund expenditures in the current year were \$1,789,506 less than budgeted. This is primarily due to the combined efforts of the City departments to control expenditures in light of minimal increases in property taxes and state-supported revenues. A portion of this excess will be used to cover carryover purchase orders and capital expenditures.

Capital Assets and Debt Administration

Capital Assets - On September 30, 2018, the City's investment in capital assets for its governmental and business-type activities totaled \$273,083,588. This investment in capital assets, net of depreciation, for all activities is reflected on September 30, 2018 as follows:

Capital Assets

	Governmental Activities	Business-Type Activities	Total
Land	\$ 27,785,132	\$ 2,975,818	\$ 30,760,950
Buildings	15,765,519	21,530,530	37,296,049
Improvements	103,566,356	140,576,796	244,143,152
Machinery and Equipment	27,050,916	11,096,930	38,147,846
Automotive Equipment	13,405,413	9,498,990	22,904,403
Construction in Progress	1,057,581	55,816,854	56,874,435
Intangibles	469,838	-	469,838
Total Capital Assets	189,100,755	241,495,918	430,596,673
Less: Accumulated Depreciation	(86,649,138)	(70,863,947)	(157,513,085)
Total Capital Assets - Net	\$ 102,451,617	\$ 170,631,971	\$ 273,083,588

Additional information on the City's capital assets can be found in Note 5 to the financial statements.

Long Term Debt - At year end, the City owed \$25,439,592 in principal for notes and bonds outstanding. The City has one note secured by Recreation Impact Fees and no notes secured by ad-valorem taxes. All of the remaining notes are secured by non-ad-valorem tax revenues. More detailed information about the City's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

Many factors are considered each year by the City Council in its efforts to establish an operating budget, to evaluate its personnel needs, and to develop uniform user fees that are fair, reasonable, and adequately recover costs. Some of the major factors considered in this process are the local economy, labor force, unemployment rates, and inflation rates.

- The more recent estimates available for unemployment data in Apopka, Orange County, and the state of Florida are compiled by the Orange County Economic Development Department. Their estimated unemployment rates are as follows:

	<u>Apopka</u>	<u>Orange County</u>	<u>State of Florida</u>
September 2018	3.2%	2.9%	3.0%
September 2017	3.9%	3.5%	4.4%
Percentage Change	-0.7%	-0.6%	-1.4%

- For 2018, the U.S. Census Bureau estimated the City’s population at 50,000.
- Inflationary trends for Orange County compare favorably to those trends experienced at the state and national levels.
- The economy is showing continued signs of improvement, as revenues appear to be stabilizing and increasing in some areas, and are expected to improve over the long run.
- With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a \$25,000 exemption for tangible personal property.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City’s finances and to demonstrate the City’s accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Finance Director, City of Apopka, Florida, 120 E Main Street, Apopka, FL 32703.

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BASIC FINANCIAL STATEMENTS

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CITY OF AOPKA, FLORIDA
GOVERNMENT-WIDE STATEMENT OF NET POSITION

September 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 25,647,823	\$ 8,872,138	\$ 34,519,961
Restricted Cash and Cash Equivalents	1,550,185	1,564,653	3,114,838
Investments	80,721	-	80,721
Accounts Receivable (Net)	2,981,090	3,843,814	6,824,904
Due from Other Governments	368,554	946,856	1,315,410
Internal Balances	363,401	(363,401)	-
Inventories	86,911	599,734	686,645
Prepays	24,814	-	24,814
Deposits	10,000	-	10,000
Capital Assets, not Being Depreciated	28,842,713	58,792,672	87,635,385
Capital Assets Being Depreciated, Net of Depreciation	73,608,904	111,839,299	185,448,203
Total Assets	133,565,116	186,095,765	319,660,881
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows for Refunding	-	126,591	126,591
Deferred Outflows for Pensions	5,980,204	339,040	6,319,244
Total Deferred Outflows of Resources	5,980,204	465,631	6,445,835
LIABILITIES			
Accounts Payable	2,759,053	5,909,708	8,668,761
Due to Other Governments	613,166	-	613,166
Accrued Liabilities	925,513	244,761	1,170,274
Customer Utility Deposits	-	1,083,212	1,083,212
Unearned Revenue	1,133,810	168,421	1,302,231
Deposits	35,648	-	35,648
Long-term Liabilities:			
Due Within One Year			
Bonds Payable	170,000	800,000	970,000
Notes Payable	2,083,750	249,000	2,332,750
Capital Lease	1,247,917	-	1,247,917
Compensated Absences	2,005,320	368,757	2,374,077
Due in More Than One Year			
Bonds Payable	-	15,060,128	15,060,128
Notes Payable	8,456,842	25,965,220	34,422,062
Capital Lease	1,901,810	-	1,901,810
Compensated Absences	18,410	55,265	73,675
Net Pension Liability	16,835,461	1,791,428	18,626,889
Other Postemployment Benefits	13,972,082	4,299,102	18,271,184
Total Liabilities	52,158,782	55,995,002	108,153,784
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows for OPEB	1,737,648	534,660	2,272,308
Deferred Inflows for Pensions	7,842,428	614,720	8,457,148
Total Deferred Inflows of Resources	9,580,076	1,149,380	10,729,456
NET POSITION			
Net Investment in Capital Assets	88,591,298	124,589,796	213,181,094
Restricted For:			
Capital Improvements	-	281,441	281,441
Renewal, Replacements, and Improvements	-	200,000	200,000
Street Improvements	1,218,603	-	1,218,603
Law Enforcement	331,582	-	331,582
Public Safety	14,509	-	14,509
Culture and Recreation	2,717	-	2,717
Capital Projects	670,049	-	670,049
Unrestricted (Deficit)	(13,022,296)	4,345,777	(8,676,519)
Total Net Position	\$ 77,806,462	\$ 129,417,014	\$ 207,223,476

The notes to the financial statements are an integral part of the financial statements.

CITY OF AOPKA, FLORIDA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2018

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 8,064,330	\$ 3,135,861	\$ 1,333,376	\$ -	\$ (3,595,093)	\$ -	\$ (3,595,093)
Public Safety	32,665,170	1,460,059	1,115,570	-	(30,089,541)	-	(30,089,541)
Physical Environment	2,566,149	-	-	650,429	(1,915,720)	-	(1,915,720)
Transportation	8,287,064	-	37,192	669,779	(7,580,093)	-	(7,580,093)
Economic Environment	61,391	2,902,402	-	7,471	2,848,482	-	2,848,482
Culture and Recreation	4,422,038	601,012	-	290,420	(3,530,606)	-	(3,530,606)
Interest on Long-Term Debt	200,959	-	-	-	(200,959)	-	(200,959)
Total Governmental Activities	<u>56,267,102</u>	<u>8,099,334</u>	<u>2,486,138</u>	<u>1,618,099</u>	<u>(44,063,531)</u>	<u>-</u>	<u>(44,063,531)</u>
Business-Type Activities:							
Utility System	17,787,110	16,546,170	-	8,054,900	-	6,813,960	6,813,960
Sanitation	3,876,225	4,438,662	-	-	-	562,437	562,437
Airport Fuel	306,182	296,033	-	-	-	(10,149)	(10,149)
Total Business-Type Activities	<u>21,969,517</u>	<u>21,280,865</u>	<u>-</u>	<u>8,054,900</u>	<u>-</u>	<u>7,366,248</u>	<u>7,366,248</u>
Total Primary Government	<u>\$ 78,236,619</u>	<u>\$ 29,380,199</u>	<u>\$ 2,486,138</u>	<u>\$ 9,672,999</u>	<u>(44,063,531)</u>	<u>7,366,248</u>	<u>(36,697,283)</u>
General Revenues:							
Property Tax					11,012,577	-	11,012,577
Gas Tax					1,683,683	-	1,683,683
Utility Tax					3,938,000	-	3,938,000
Communication Services Tax					1,482,053	-	1,482,053
1/2 Cent Sales Tax					8,045,627	-	8,045,627
State Shared Revenues					2,470,793	-	2,470,793
Franchise Fees					3,955,631	78,548	4,034,179
Investment Earnings					387,975	143,501	531,476
Miscellaneous					384,910	1,276,343	1,661,253
Transfers					7,114,053	(7,114,053)	-
Total General Revenues/Transfers					<u>40,475,302</u>	<u>(5,615,661)</u>	<u>34,859,641</u>
Change in Net Position					(3,588,229)	1,750,587	(1,837,642)
Net Position - Beginning					81,394,691	127,666,427	209,061,118
Net Position - Ending					<u>\$ 77,806,462</u>	<u>\$ 129,417,014</u>	<u>\$ 207,223,476</u>

The notes to the financial statements are an integral part of the financial statements.

CITY OF AOPKA, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2018

	<u>General</u>	<u>Community Redevelopment (CRA)</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 12,241,723	\$ 2,422,134	\$ 10,983,966	\$ 25,647,823
Restricted Assets:				
Cash and Cash Equivalents	-	-	1,550,185	1,550,185
Investments	80,721	-	-	80,721
Accounts Receivable	2,877,335	-	103,755	2,981,090
Due from Other Governments	237,123	-	131,431	368,554
Due from Other Funds	2,375,558	-	197,567	2,573,125
Inventories	86,911	-	-	86,911
Prepaid Items	24,420	394	-	24,814
Other Assets - Deposit	10,000	-	-	10,000
Total Assets	<u>\$ 17,933,791</u>	<u>\$ 2,422,528</u>	<u>\$ 12,966,904</u>	<u>\$ 33,323,223</u>
LIABILITIES, DEFERRED INFLOWS AND FUND				
BALANCES				
Liabilities:				
Accounts Payable	\$ 1,138,735	\$ -	\$ 1,620,318	\$ 2,759,053
Due to Other Governments	613,166	-	-	613,166
Accrued Liabilities	890,686	-	34,827	925,513
Due to Other Funds	313,490	-	1,896,234	2,209,724
Deposits	31,858	-	3,790	35,648
Unearned Revenues	1,133,810	-	-	1,133,810
Total Liabilities	<u>4,121,745</u>	<u>-</u>	<u>3,555,169</u>	<u>7,676,914</u>
Deferred Inflows of Resources				
Unavailable Revenues	898,000	-	10,499	908,499
Total Deferred Inflows of Resources	<u>898,000</u>	<u>-</u>	<u>10,499</u>	<u>908,499</u>
FUND BALANCES				
Nonspendable:				
Prepays	24,420	394	-	24,814
Inventory	86,911	-	-	86,911
Restricted:				
Street Improvements	-	-	1,218,603	1,218,603
Law Enforcement	-	-	331,582	331,582
Pension Beneficiaries	-	-	-	-
Fire	14,509	-	-	14,509
Culture and Recreation	2,717	-	-	2,717
Capital Projects	670,049	-	-	670,049
Committed:				
Transportation Improvements	-	-	6,084,558	6,084,558
Recreation Improvements	-	-	307,928	307,928
Stormwater Improvements	-	-	2,272,233	2,272,233
Community Redevelopment	-	2,422,134	-	2,422,134
Law Enforcement	-	-	360,420	360,420
Impact Fees	-	-	767,782	767,782
Storage Retention	296,509	-	-	296,509
Tree Bank	778,429	-	-	778,429
Assigned:				
Culture and Recreation	555,809	-	-	555,809
Insurance	300,000	-	-	300,000
Unassigned	10,184,693	-	(1,941,870)	8,242,823
Total Fund Balances	<u>12,914,046</u>	<u>2,422,528</u>	<u>9,401,236</u>	<u>24,737,810</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 17,933,791</u>	<u>\$ 2,422,528</u>	<u>\$ 12,966,904</u>	<u>\$ 33,323,223</u>

The notes to the financial statements are an integral part of the financial statements.

CITY OF APOPKA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2018

Total fund balances of governmental funds		\$ 24,737,810
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		102,451,617
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in governmental funds.		
Deferred outflows of resources for pensions	\$ 5,980,204	
Deferred inflows of resources for pensions	<u>(7,842,428)</u>	(1,862,224)
Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in governmental funds.		
Deferred inflows of resources for pensions		(1,737,648)
Long-term liabilities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term are reported in the statement of net position. Long-term liabilities at year-end consist of:		
Bonds payable	(170,000)	
Notes payable	(10,540,592)	
Capital lease	(3,149,727)	
Other postemployment benefits	(13,972,082)	
Net pension liability	(16,835,461)	
Compensated absences	<u>(2,023,730)</u>	(46,691,592)
Deferred inflows from federal and state grants recognized as revenue of the current period.		<u>908,499</u>
Total net position of governmental activities		<u>\$ 77,806,462</u>

The notes to the financial statements are an integral part of the financial statements.

CITY OF AOPKA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended September 30, 2018

	General	Community Redevelopment (CRA)	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 16,930,123	\$ 166,782	\$ 1,683,683	\$ 18,780,588
Licenses, Fees and Permits	5,716,168	-	-	5,716,168
Special Assessments	-	-	65,190	65,190
Impact Fees	-	-	1,489,938	1,489,938
Intergovernmental Revenues	10,979,297	195,284	251,992	11,426,573
Charges for Services	2,388,157	-	1,390,768	3,778,925
Fines and Forfeitures	1,976,150	-	180,590	2,156,740
Investment Earnings	202,892	30,329	154,754	387,975
Miscellaneous Revenues	1,756,942	-	128,477	1,885,419
Total Revenues	<u>39,949,729</u>	<u>392,395</u>	<u>5,345,392</u>	<u>45,687,516</u>
EXPENDITURES				
Current:				
General Government	7,573,085	-	7,494	7,580,579
Public Safety	29,043,014	-	508,600	29,551,614
Physical Environment	136,898	-	2,374,849	2,511,747
Transportation	1,053,957	-	3,712,193	4,766,150
Economic Environment	-	61,391	-	61,391
Culture and Recreation	3,265,265	-	-	3,265,265
Debt Service:				
Principal Payments	3,094,685	-	-	3,094,685
Interest and Fiscal Charges	292,552	-	-	292,552
Capital Outlay	4,381,696	-	2,214,742	6,596,438
Total Expenditures	<u>48,841,152</u>	<u>61,391</u>	<u>8,817,878</u>	<u>57,720,421</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,891,423)</u>	<u>331,004</u>	<u>(3,472,486)</u>	<u>(12,032,905)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	7,333,831	-	1,488,702	8,822,533
Transfers (Out)	(1,078,782)	-	(629,698)	(1,708,480)
Issuance of Capital Lease	464,729	-	-	464,729
Issuance of Note	2,805,000	-	-	2,805,000
Total Other Financing Sources (Uses)	<u>9,524,778</u>	<u>-</u>	<u>859,004</u>	<u>10,383,782</u>
Net Change in Fund Balances	633,355	331,004	(2,613,482)	(1,649,123)
Fund Balances - Beginning	<u>12,280,691</u>	<u>2,091,524</u>	<u>12,014,718</u>	<u>26,386,933</u>
Fund Balances - Ending	<u>\$ 12,914,046</u>	<u>\$ 2,422,528</u>	<u>\$ 9,401,236</u>	<u>\$ 24,737,810</u>

The notes to the financial statements are an integral part of the financial statements.

CITY OF AOPKA, 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, 2018

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

Net change in fund balances - total governmental funds	\$	(1,649,123)
<p>Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. This reconciling item is the amount by which capital purchases, less net book value of disposals, exceeds depreciation expense.</p>		
Expenditures for capital assets	\$	6,596,438
Net book value of disposals		(2,570,402)
Depreciation Expense		<u>(5,092,684)</u>
		(1,066,648)
<p>The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net position</p>		
		88,400
<p>The issuance of notes and similar long-term debt provides current financial resources to governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This reconciling item is the amount by which issuances of debt exceeds principal repayments:</p>		
Issuance of debt:		
Issuance of notes payable		(2,805,000)
Issuance of capital lease		(464,729)
Principal repayments:		<u>3,083,110</u>
		(186,619)
<p>Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:</p>		
Compensated absences		(61,170)
Other postemployment benefits		(1,020,470)
Accrued interest on long-term debt		<u>81,832</u>
		(999,808)
<p>Governmental funds report City pension contributions as expenditures. In the statement of activities, the cost of pension benefits earned, net of contributions, is reported as pension expense.</p>		
Difference between pension contributions and net pension expense		338,504
<p>Governmental funds report the effect of premiums, discounts, 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.</p>		
		9,761
<p>Under the modified accrual basis of accounting, revenues are recognized when both the measurable and available criteria have been met. Under full accrual accounting, the revenues would be recognized when earned.</p>		
		<u>(122,696)</u>
Change in net position of governmental activities	\$	<u>(3,588,229)</u>

The notes to the financial statements are an integral part of the financial statements.

CITY OF APOPKA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes	\$ 15,770,464	\$ 15,770,464	\$ 16,930,123	\$ 1,159,659
Licenses, Fees and Permits	5,637,800	5,637,800	5,716,168	78,368
Intergovernmental Revenues	10,505,865	10,505,865	10,979,297	473,432
Charges for Services	2,345,285	2,345,285	2,388,157	42,872
Fines and Forfeitures	2,218,400	2,218,400	1,976,150	(242,250)
Investment Earnings	57,500	31,350	202,892	171,542
Miscellaneous Revenues	837,000	1,321,660	1,756,942	435,282
Total Revenues	<u>37,372,314</u>	<u>37,830,824</u>	<u>39,949,729</u>	<u>2,118,905</u>
EXPENDITURES				
Current:				
General Government	5,858,113	7,928,780	7,573,085	355,695
Public Safety	27,072,282	27,822,842	29,043,014	(1,220,172)
Physical Environment	2,104,343	179,810	136,898	42,912
Transportation	2,608,801	1,090,659	1,053,957	-
Culture and Recreation	3,274,359	4,066,279	3,265,265	801,014
Debt Service:				
Principal Payments	3,212,905	3,237,905	3,094,685	143,220
Interest and Fiscal Charges	191,798	191,798	292,552	(100,754)
Capital Outlay	3,031,798	6,149,287	4,381,696	1,767,591
Total Expenditures	<u>47,354,399</u>	<u>50,667,360</u>	<u>48,841,152</u>	<u>1,789,506</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,982,085)</u>	<u>(12,836,536)</u>	<u>(8,891,423)</u>	<u>3,908,411</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	6,357,867	7,333,831	7,333,831	-
Transfers (Out)	(628,360)	(1,078,782)	(1,078,782)	-
Other Financing Sources	2,060,495	2,805,000	3,269,729	464,729
Total Other Financing Sources (Uses)	<u>7,790,002</u>	<u>9,060,049</u>	<u>9,524,778</u>	<u>464,729</u>
Net Change in Fund Balances	(2,192,083)	(3,776,487)	633,355	4,373,140
Fund Balances - Beginning	<u>12,280,691</u>	<u>12,280,691</u>	<u>12,280,691</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 10,088,608</u>	<u>\$ 8,504,204</u>	<u>\$ 12,914,046</u>	<u>\$ 4,373,140</u>

The notes to the financial statements are an integral part of the financial statements.

CITY OF APOPKA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY REDEVELOPMENT (CRA)
For the Year Ended September 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes	\$ 90,000	\$ 90,000	\$ 166,782	\$ 76,782
Intergovernmental	140,000	140,000	195,284	55,284
Investment Earnings	<u>5,000</u>	<u>5,000</u>	<u>30,329</u>	<u>25,329</u>
Total Revenues	<u>235,000</u>	<u>235,000</u>	<u>392,395</u>	<u>157,395</u>
EXPENDITURES				
Current:				
Economic Environment	276,775	277,967	61,391	216,576
Capital Outlay	<u>1,650,000</u>	<u>1,650,000</u>	<u>-</u>	<u>1,650,000</u>
Total Expenditures	<u>1,926,775</u>	<u>1,927,967</u>	<u>61,391</u>	<u>1,866,576</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,691,775)</u>	<u>(1,692,967)</u>	<u>331,004</u>	<u>2,023,971</u>
Net Change in Fund Balances	(1,691,775)	(1,692,967)	331,004	2,023,971
Fund Balances - Beginning	<u>2,091,524</u>	<u>2,091,524</u>	<u>2,091,524</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 399,749</u>	<u>\$ 398,557</u>	<u>\$ 2,422,528</u>	<u>\$ 2,023,971</u>

The notes to the financial statements are an integral part of the financial statements.

CITY OF APOPKA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2018

	Business-Type Activities - Enterprise Funds			
	Major		Nonmajor	Totals
	Utility System	Sanitation	Airport Fuel	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 8,796,923	\$ -	\$ 75,215	\$ 8,872,138
Restricted Cash and Cash Equivalents:				
Customer Utility Deposits	1,083,212	-	-	1,083,212
Renewal, Replacements, and Improvements	200,000	-	-	200,000
Capital Improvements	281,441	-	-	281,441
Accounts Receivable, Net	3,150,086	689,582	4,146	3,843,814
Due from Other Governments	946,856	-	-	946,856
Due from Other Funds	115,923	-	-	115,923
Inventories	565,710	-	34,024	599,734
Total Current Assets	<u>15,140,151</u>	<u>689,582</u>	<u>113,385</u>	<u>15,943,118</u>
Noncurrent Assets:				
Capital Assets:				
Land	2,975,818	-	-	2,975,818
Buildings	21,530,530	-	-	21,530,530
Infrastructure	140,576,796	-	-	140,576,796
Equipment and Machinery	9,889,477	1,207,453	-	11,096,930
Vehicles	3,373,024	6,125,966	-	9,498,990
Construction in Progress	55,816,854	-	-	55,816,854
Less: Accumulated Depreciation	<u>(66,486,086)</u>	<u>(4,377,861)</u>	<u>-</u>	<u>(70,863,947)</u>
Total Capital Assets (Net)	<u>167,676,413</u>	<u>2,955,558</u>	<u>-</u>	<u>170,631,971</u>
Total Noncurrent Assets	<u>167,676,413</u>	<u>2,955,558</u>	<u>-</u>	<u>170,631,971</u>
Total Assets	<u>182,816,564</u>	<u>3,645,140</u>	<u>113,385</u>	<u>186,575,089</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refunding	126,591	-	-	126,591
Deferred Outflows for Pensions	<u>280,360</u>	<u>58,680</u>	<u>-</u>	<u>339,040</u>
Total Deferred Outflows of Resources	<u>406,951</u>	<u>58,680</u>	<u>-</u>	<u>465,631</u>

Continued

CITY OF APOPKA, FLORIDA
STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS
September 30, 2018

	Business-Type Activities - Enterprise Funds			
	Major		Nonmajor	Totals
	Utility System	Sanitation	Airport Fuel	
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 5,784,817	\$ 124,819	\$ 72	\$ 5,909,708
Accrued Liabilities	226,163	18,598	-	244,761
Due to Other Funds	-	479,324	-	479,324
Compensated Absences	313,150	55,607	-	368,757
Customer Utility Deposits	1,083,212	-	-	1,083,212
Current Portion of Bonds Payable	800,000	-	-	800,000
Current Portion of Notes Payable	-	249,000	-	249,000
Unearned Revenue	168,421	-	-	168,421
Total Current Liabilities	<u>8,375,763</u>	<u>927,348</u>	<u>72</u>	<u>9,303,183</u>
Noncurrent Liabilities:				
Compensated Absences	46,931	8,334	-	55,265
Bonds Payable	15,060,128	-	-	15,060,128
Notes Payable	25,965,220	-	-	25,965,220
Other Postemployment Benefits Liability	3,555,027	744,075	-	4,299,102
Net Pension Liability	1,481,373	310,055	-	1,791,428
Total Noncurrent Liabilities	<u>46,108,679</u>	<u>1,062,464</u>	<u>-</u>	<u>47,171,143</u>
Total Liabilities	<u>54,484,442</u>	<u>1,989,812</u>	<u>72</u>	<u>56,474,326</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows for OPEB	442,123	92,537	-	534,660
Deferred Inflows for Pensions	508,326	106,394	-	614,720
Total Deferred Inflows of Resources	<u>950,449</u>	<u>198,931</u>	<u>-</u>	<u>1,149,380</u>
NET POSITION				
Net Investment in Capital Assets	121,883,238	2,706,558	-	124,589,796
Restricted:				
Capital Improvements	281,441	-	-	281,441
Renewal, Replacements, and Improvements	200,000	-	-	200,000
Unrestricted (Deficit)	5,423,945	(1,191,481)	113,313	4,345,777
Total Net Position	<u>\$ 127,788,624</u>	<u>\$ 1,515,077</u>	<u>\$ 113,313</u>	<u>\$ 129,417,014</u>

The notes to the financial statements are an integral part of the financial statements.

CITY OF AOPKA, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

For the Year Ended September 30, 2018

	Business-Type Activities - Enterprise Funds			Totals
	Major		Nonmajor	
	Utility System	Sanitation	Airport Fuel	
Operating Revenues:				
Water Sales	\$ 6,571,038	\$ -	\$ -	\$ 6,571,038
Sewer Charges	6,803,852	-	-	6,803,852
Reclaimed Water Sales	3,171,280	-	-	3,171,280
Sanitation Fees	-	4,438,662	-	4,438,662
Fuel Sales	-	-	296,033	296,033
Miscellaneous Revenues	1,012,915	224,459	38,969	1,276,343
Total Operating Revenues	<u>17,559,085</u>	<u>4,663,121</u>	<u>335,002</u>	<u>22,557,208</u>
Operating Expenses:				
Utility Administration	991,765	-	-	991,765
Water Plant Operations	1,136,389	-	-	1,136,389
Wastewater Treatment Plant Operations	4,044,007	-	-	4,044,007
Utility Construction Operations	817,441	-	-	817,441
Water Maintenance	2,386,573	-	-	2,386,573
Utility Billing	930,677	-	-	930,677
Wastewater Maintenance	844,206	-	-	844,206
Operating Charges	-	3,624,611	-	3,624,611
Fueling Operations	-	-	306,182	306,182
Utility Restoration	273,088	-	-	273,088
Design Engineering	650,623	-	-	650,623
Depreciation	5,145,163	243,299	-	5,388,462
Total Operating Expenses	<u>17,219,932</u>	<u>3,867,910</u>	<u>306,182</u>	<u>21,394,024</u>
Operating Income (Loss)	<u>339,153</u>	<u>795,211</u>	<u>28,820</u>	<u>1,163,184</u>
Nonoperating Revenues (Expenses):				
Interest Income	142,552	-	949	143,501
Interest Expense	(567,178)	(8,315)	-	(575,493)
Franchise Fees	-	78,548	-	78,548
Total Nonoperating Revenues (Expenses)	<u>(424,626)</u>	<u>70,233</u>	<u>949</u>	<u>(353,444)</u>
Income (Loss) Before Contributions and Transfers	(85,473)	865,444	29,769	809,740
Transfers (Out)	(6,219,453)	(894,600)	-	(7,114,053)
Capital Contributions - Impact Fees	6,521,135	-	-	6,521,135
Capital Contributions - Grant	1,533,765	-	-	1,533,765
Change in Net Position	1,749,974	(29,156)	29,769	1,750,587
Total Net Position (Deficit) - Beginning	<u>126,038,650</u>	<u>1,544,233</u>	<u>83,544</u>	<u>127,666,427</u>
Total Net Position - Ending	<u>\$ 127,788,624</u>	<u>\$ 1,515,077</u>	<u>\$ 113,313</u>	<u>\$ 129,417,014</u>

The notes to the financial statements are an integral part of the financial statements.

CITY OF AOPKA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2018

	Business-Type Activities - Enterprise Funds			
	Major		Nonmajor	Totals
	Utility System	Sanitation	Airport Fuel	
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 16,485,047	\$ 4,616,385	\$ 330,856	\$ 21,432,288
Payments to Suppliers	(5,189,430)	(2,344,991)	(313,014)	(7,847,435)
Payments to Employees	(4,707,603)	(1,205,097)	-	(5,912,700)
Net Cash (Used) by Operating Activities	<u>6,588,014</u>	<u>1,066,297</u>	<u>17,842</u>	<u>7,672,153</u>
Cash Flows from Noncapital Financing Activities				
Transfers to Other Funds	(6,335,376)	(415,276)	-	(6,750,652)
Franchise Fees	-	78,548	-	78,548
Net Cash (Used) by Noncapital Financing Activities	<u>(6,335,376)</u>	<u>(336,728)</u>	<u>-</u>	<u>(6,672,104)</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition/Construction of Capital Assets	(35,908,129)	(1,389,424)	-	(37,297,553)
Principal Paid on Capital Debt	-	(247,000)	-	(247,000)
Interest Paid on Capital Debt	(522,342)	(8,315)	-	(530,657)
Proceeds from Note Issued	18,370,947	-	-	18,370,947
Capital Contributions - Impact Fees	6,521,135	-	-	6,521,135
Capital Contributions - Grant	1,533,765	-	-	1,533,765
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(10,004,624)</u>	<u>(1,644,739)</u>	<u>-</u>	<u>(11,649,363)</u>
Cash Flows from Investing Activities				
Interest Income Received	142,552	-	949	143,501
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(9,609,434)</u>	<u>(915,170)</u>	<u>18,791</u>	<u>(10,505,813)</u>
Cash and Cash Equivalents at Beginning of Year	<u>19,971,010</u>	<u>915,170</u>	<u>56,424</u>	<u>20,942,604</u>
Cash and Cash Equivalents at End of Year	<u>\$ 10,361,576</u>	<u>\$ -</u>	<u>\$ 75,215</u>	<u>\$ 10,436,791</u>
Cash and Cash Equivalents Classified As				
Unrestricted Assets	\$ 8,796,923	\$ -	\$ 75,215	\$ 8,872,138
Restricted Assets	<u>1,564,653</u>	<u>-</u>	<u>-</u>	<u>1,564,653</u>
Total Cash and Cash Equivalents	<u>\$ 10,361,576</u>	<u>\$ -</u>	<u>\$ 75,215</u>	<u>\$ 10,436,791</u>

Continued

CITY OF AOPKA, FLORIDA
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
For The Year Ended September 30, 2018

	Business-Type Activities - Enterprise Funds			
	Major		Nonmajor	Totals
	Utility System	Sanitation	Airport Fuel	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 339,153	\$ 795,211	\$ 28,820	\$ 1,163,184
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	5,145,163	243,299	-	5,388,462
(Increase) Decrease In -				
Accounts receivable	(409,181)	(46,736)	(4,146)	(460,063)
Due from other governments	(722,545)	-	-	(722,545)
Inventories	(118,912)	-	(6,096)	(125,008)
Deferred outflows of resources for pensions	(45,219)	(3,353)	-	(48,572)
Increase (Decrease) In -				
Accounts payable	1,204,501	(16,436)	(736)	1,187,329
Accrued liabilities	131,193	(2,693)	-	128,500
Customer utility deposits	41,688	-	-	41,688
Unearned revenue	16,000	-	-	16,000
Compensated absences	(48,423)	4,474	-	(43,949)
OPEB	394,047	315	-	394,362
Net pension liability	32,176	(30,932)	-	1,244
Deferred inflows of resources for OPEB	442,123	92,537	-	534,660
Deferred inflows of resources for pensions	186,250	30,611	-	216,861
Total Adjustments	6,248,861	271,086	(10,978)	6,508,969
Net Cash Provided (Used) by Operating Activities	\$ 6,588,014	\$ 1,066,297	\$ 17,842	\$ 7,672,153

The notes to the financial statements are an integral part of the financial statements.

CITY OF APOPKA, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUND
September 30, 2018

ASSETS

Investments:	
Stable Value	\$ 9,710,092
U.S. Stocks	75,200,716
International Stocks	17,397,093
U.S. Bonds	<u>47,602,363</u>
Total Investments	149,910,264
Contribution Receivable	<u>598,039</u>
Total Assets	<u><u>150,508,303</u></u>

Net Position Restricted for Pensions \$ 150,508,303

The notes to the financial statements are an integral part of the financial statements.

CITY OF AOPKA, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
For the Year Ended September 30, 2018

ADDITIONS

Contributions:	
Employer	\$ 5,143,978
State	711,231
Members	<u>1,879,445</u>
Total Contributions	<u>7,734,654</u>
Other Assets - Deposit	
Interest, Dividends and Other Income	2,186,942
Net Increase (Decrease) in Fair Value of Investments	4,859,946
Gain (Loss) on Sales of Investments	<u>4,701,909</u>
Net Investment Income	<u>11,748,797</u>
Total Additions	<u>19,483,451</u>

DEDUCTIONS

Benefits Paid to Participants	6,049,142
Termination Payments	231,241
Administrative Expense	<u>112,429</u>
Total Deductions	<u>6,392,812</u>

Net Increase in Net Position	13,090,639
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Net Position Restricted for Pensions

Beginning of Year	<u>137,417,664</u>
End of Year	<u>\$ 150,508,303</u>

The notes to the financial statements are an integral part of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Apopka (the “City”) is a political subdivision of the State of Florida located in Orange County. The legislative branch of the City is a four-member, Citywide elected Council and a Citywide elected Mayor. The Mayor and the City Council are governed by the City Charter and by state and local laws and regulations. The Mayor and City Council are responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Mayor.

The financial statements of 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 more significant of the City’s accounting policies follows.

A. The Reporting Entity

The City is a municipal corporation with a five-member Council, including the Mayor, who acts as the presiding officer of the Council. The City provides a full range of municipal services, including: police and fire protection, public works activities, parks and recreation, planning and development, and general administrative services. In addition, the City operates a water, sewer and reuse utility, and also a sanitation enterprise.

The accompanying financial statements present the City’s primary government. The reporting entity for the City includes all functions of government for which the Mayor and City Council are considered to be financially accountable. Based upon the application of the criteria as set forth in GASB Statement Number 61, *The Financial Reporting Entity: Omnibus-an Amendment of GASB Statements No. 14 and No. 34*, there are no potential component units or related organizations of the City.

B. Government-wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. Both sets of statements distinguish between the governmental and business-type activities of the City.

Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements report on the government as a whole, both the primary government and its component units, and provide a consolidated financial picture of the government. As part of the consolidation process, inter-fund activities are eliminated to avoid distorted financial results. Fiduciary funds of the government are also eliminated from this presentation since these resources are not available for general government funding purposes. The Statement of Net Position reports all financial and capital resources of the City’s governmental and business-type activities. It is presented in a net position format (assets plus deferred outflows of resources less liabilities and deferred inflows of resources equal net position) and shown with three components: net investment in capital assets, restricted net position, and unrestricted net position. The Statement of Activities reports functional categories of programs provided by the City and demonstrate how and to what degree those programs are supported by specific revenue.

Program revenues are classified into three categories: charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to direct recovery from customers for services rendered. Grants and contributions refer to revenues restricted for specific programs whose use may be restricted further to operational or capital items. The general revenues section displays revenues collected that help support all functions of our government and contributes to the change in net position for the fiscal year.

The fund financial statements follow additional and detailed information about the City’s operations for the major funds individually and nonmajor funds in the aggregate for government, proprietary and fiduciary funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentations. The preparation of financial statements in conformity with GAAP, as applicable to governmental units, requires management to make use of estimates that affect the reported amounts in the financial statements. Actual results could differ from these estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements, as well as the fund financial statements for the proprietary funds and the fiduciary funds, are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred. Operating revenues shown for proprietary operations generally result from producing or providing goods and services, such as water, sewer, reuse, and sanitation services. Operating expenses for these operations include all costs related to providing the service or product. These costs include salaries, supplies, travel, contract services, depreciation, administrative expenses or other expenses directly related to costs of services. All other revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be 60 days.

Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated sick pay and accumulated vacation pay, which are not recorded as expenditures; (2) prepaid insurance and similar items, which are reported only on the balance sheet and do not affect expenditures; and (3) principal and interest on long-term debt, which are recognized when due. Budgets for governmental funds are also prepared on the modified accrual basis.

Licenses and permits, charges for services, and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash, because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

The following are reported as major governmental funds:

General Fund – The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not required either legally or by GAAP to be accounted for in other funds are accounted for in the General Fund.

Community Redevelopment (CRA) Fund – The CRA Fund is used to account for the restricted incremental ad-valorem tax revenues and expenditures for designated redevelopment areas within the City.

The following are reported as major enterprise funds:

Utility System Fund – The Utility System Fund accounts for the operation of the City’s potable water, reuse, and wastewater services to residents and businesses.

Sanitation Fund – The Sanitation Fund accounts for the operation of the City’s waste and refuse management services to residents and businesses.

The City also reported the following fund types:

Special Revenue Funds (Nonmajor) – Special Revenue Funds account for specific revenue sources that are restricted or committed by law or administrative action to expenditures for specific purposes.

Proprietary Fund (Nonmajor) – The Airport Fuel Fund accounts for the operations of the City’s airport fuel services to residents and businesses.

Pension Trust Funds – The Pension Trust Funds account for the activities of the general employees’, police officers’ and firefighters’ pension plans.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – continued

As a general rule, the effect of inter-fund activities has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu-of-taxes and other charges between the government’s business-type functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Cash, Cash Equivalents, and Investments

1. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased.

2. Deposits

The City’s deposits consist of demand accounts (interest and non-interest bearing). The deposits of the Pension Trust Funds are held separately from those of other City funds.

At year-end, the carrying amount of the City’s governmental and business-type activities cash and cash equivalents deposits was \$37,712,530 and the depository balances were \$39,382,980 of that balance, \$39,382,980 was covered by federal depository insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida with the ability to assess member institutions to provide protection. Accordingly, all of the City’s cash deposits are considered to be fully insured.

3. Investments

	Fair Value	Weighted Average Maturity (Years)
Pension Trust Fund Investments:		
U.S. Bonds	\$ 47,602,363	8.6
Stable Value	9,748,474	5.0
U.S. Stocks	75,200,716	N/A
International Stocks	17,397,094	N/A
Total Investments	<u>\$ 149,948,646</u>	

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 mutual bond funds, at the Florida Municipal Investment Trust, have weighted average maturities of one-and-one-half years (1-3 year bond fund) and less than one-and-one-half years. The City’s investment/portfolio policy applies to all funds of the City except for its Pension Trust Funds. Interest rate risk is managed by limiting maturity terms to one year or less on bank certificates of deposit and to five years or less on U.S. Treasury Bills, Notes, and Bonds. Further, management limits concentrations of types of investments not to exceed from 15% to 25% at any one time.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

D. Cash, Cash Equivalents, and Investments – continued

Credit Ratings for Florida Municipal Investment Trust Investments –

Credit Risk for FMIvT Funds

<u>Fixed Income Funds:</u>	<u>Fitch Rating</u>
1-3 Year High Quality Bond Fund	AAA
Intermediate Year High Quality Bond Fund	AAA

Credit Ratings for Pension Trust Fund Investments –

All of the investments of the Pension Trust Funds are held by the Prudential Retirement Insurance and Annuity Company (“PRIAC”) in a diversified asset portfolio.

PRIAC has received the following independent credit ratings from the major rating agencies:

Moody’s	Aa3
Standard & Poor’s	AA-
A.M. Best	A+
Fitch	AA-

Credit Risk – Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to meet its obligations. The City’s investment policy limits the maximum percentage that may be invested in any one entity or instrument at any one time. In addition, the City limits its investments to those authorized by Florida Statutes, and City Ordinances and Resolutions. The following is a current list of authorized securities for investment. Revisions to the authorized list of securities may change from time to time by City Council action. The City is permitted to invest in pools that, in turn, invest in items the City may not purchase directly.

The City is authorized under Florida Statutes to invest in the following:

- a. State Board of Administration Local Government Surplus Funds Investment Pool, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Chapter 163.01, F.S.
- b. Money Market Funds registered with the Securities Exchange Commission and having the highest credit quality rating from a nationally recognized rating agency placed only with financial institutions qualifying as a public depository, as provided for in Chapter 280, F.S.
- c. Savings accounts in state-certified, qualified public depositories, as defined in Chapter 280.02, F.S.
- d. Insured or fully collateralized Certificates of Deposit of banks
 - The bank must be a registered public funds depository in the state of Florida
 - Maturities must be one year or less
- e. U.S. Treasury Bills, Notes and Bonds
 - Maturity dates must be within five years or less
- f. Full faith or general faith and credit obligations of U.S. Government Agencies
 - Maximum maturity shall be five years or less
 - Maximum portfolio mix shall not exceed 25% for these instruments, inclusive of all types

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

D. Cash, Cash Equivalents, and Investments – continued

The City is further authorized under Ordinance and/or Resolution to invest in the following:

- g. Repurchase agreements collateralized by U.S. Treasury Securities and Market-to-Market
 - Purchased only from authorized dealers, as provided for in this policy
 - Any authorized institution with which the City transacts repurchase agreements must have on file a fully executed copy of the City’s Master Repurchase Agreements
 - Maximum portfolio mix shall not exceed 25% at any one time
- h. Securities of, or other interests in, any open-end or closed-end, management-type investment company or investment trust registered under the Investment Company Act of 1940, U.S.C. ss. 80a-14 et seq., as amended from time to time, provided the portfolio of such investment company or investment trust is limited to U.S. Government obligations and to repurchase agreements fully collateralized by such U.S. Government obligations and provided such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian (i.e., Mutual Funds).
 - Portfolio mix shall not exceed 15% at any one time
- i. The City will invest all checking account balances in accordance with the bank contract then in effect.
- j. The City will not hold or purchase any form of derivatives. A “derivative” is defined as a financial instrument, the value of which depends on, or is derived from the value of one or more underlying assets or index or asset values. The use of reverse repurchase agreements or other forms of leverage is likewise prohibited.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of any outside party. Financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business are prequalified in accordance with the City’s investment policy.

Assets of the General Employees’ Pension Trust Fund, Police Officers’ Pension Trust Fund and Firefighters’ Pension Trust Fund may be invested in accordance with Florida Statutes, as previously described, or held in bonds, stocks, commingled funds administered by National or State Banks, or other evidence of indebtedness issued or guaranteed by a corporation under the laws of the United States, provided the corporation is traded on a nationally recognized exchange and meets certain rating criteria. Investments may also include annuity and life insurance contracts of life insurance companies.

Fair Value of Investments – Investments are stated at fair value with the exception of investments in State Board of Administration’s Local Government Surplus Funds Trust Fund (SBA – an external 2a7-like fund). Such investments are stated at amortized cost, which approximates fair value, and are not rated as to credit quality.

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The level in fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

- U.S Corporate and International Stocks are valued using quoted prices in an active market for identical assets (Level 1 inputs).
- U.S. Government Bonds and Treasury Bills are valued using quoted prices in an active market for identical assets (Level 1 inputs).
- Fixed Income Bonds are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices (Level 2).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

D. Cash, Cash Equivalents, and Investments – continued

4. Deferred Compensation Plan

The City maintains an Employee Deferred Compensation Plan as a benefit to employees. Investments in the Deferred Compensation Plan are held separately from those of other City funds. As prescribed by the plan documents, the plan administrator is authorized to invest plan assets in obligations of the U.S. government and various mutual and money market funds, which are held by the plan administrator and not in the City's name. At September 30, 2018 and during the year, Deferred Compensation Plan assets were invested in various mutual funds under a custodial account. The City has no fiduciary responsibility for these accounts.

E. Budgets and Budgetary Accounting

The following procedures are used to establish the budgetary data reflected in the financial statements:

1. The Mayor submits a proposed operating budget to the City Council for the fiscal year beginning October 1.
2. Public hearings are held to obtain taxpayers' comments.
3. Prior to October 1, the budget is legally enacted through passage of a resolution.
4. Budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for the General Fund and the Special Revenue Funds. The budgets adopted for the Enterprise Funds are to comply with bond covenants. The Pension Trust Fund is not budgeted.
5. Budgets for the governmental fund types are adopted on a basis consistent with GAAP. Budgets for proprietary fund types are adopted on a non-GAAP basis to reflect budget versus actual information related to "operations and maintenance," as defined in bond covenants.
6. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total revenues, reserves, or expenditures of any fund must be approved by a majority vote of the City Council. Budgeted amounts shown in the financial statements are as originally adopted and as further amended.
7. Appropriations are authorized by resolutions generally at the fund level. These are the legal levels of budgetary control. Administrative control is maintained through the establishment of more detailed line-item budgets.
8. Appropriations lapse at the close of the fiscal year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

E. Receivables

Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State of Florida regulating tax assessments are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The City’s current millage rate is 3.7876 mills.

All real and tangible personal property taxes are due and payable on the levy date of November 1 (levy date) of each year or as soon thereafter as the assessment roll is certified by the Orange County Property Appraiser. Orange County mails to each property owner on the assessment roll a notice of the taxes due, and the County also collects the taxes for the City. Taxes may be paid upon receipt of such notice from the County, with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January, and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount, and all unpaid taxes on real and tangible property become delinquent on April 1 (the lien date) of the year following the year in which taxes were assessed. Procedures for collecting delinquent taxes, including applicable tax certificate sales, are provided for by the Laws of Florida.

Accounts Receivable

Utility System Enterprise Fund operating revenues are generally recognized on the basis of cycle billings rendered monthly. Revenues for services delivered during the last month of the fiscal year that have not been read by September 30 are accrued based on meter readings for the applicable consumption taken at the beginning of October and billed in October.

F. Inventories

Inventories of the General Fund are stated at cost (determined on the “weighted average” method), and the Utility System Enterprise Fund inventories are stated at the lower of cost or market (determined on the “weighted average” method). Inventories are accounted for by the consumption method, wherein inventories are charged as expenditures/expenses when used. Inventories of the General Fund consist of fuel and motor vehicle parts and supplies. Inventories of the Utility System Fund primarily consist of meters, meter boxes, pipes and maintenance supplies held for use in maintaining and expanding the system. Obsolete and unusable items have been reduced to estimated salvage values.

G. Prepaid Items

Prepays represent payments made to vendors for services that will benefit beyond September 30, 2018. These payments are recorded as expenditures or expenses when consumed, rather than when purchased.

H. Restricted Assets

The uses of certain assets in both governmental and business-type activities are restricted by specific provisions of bond resolutions and/or other agreements. Assets so designated are identified as restricted assets on the balance sheet.

I. Capital Assets

Capital assets, which include property, plant, equipment, intangible assets and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Additions to capital assets are recorded at cost at the time of purchase. Gifts or contributions are recorded at acquisition value at the time received. The City’s thresholds for capitalization for individual capital assets is \$1,000, and for capital projects is \$10,000.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

I. Capital Assets – continued

Depreciation has been provided using the straight-line method. The estimated useful lives of the various classes of depreciable capital assets are as follows:

<u>Assets</u>	<u>Years</u>
Water and Sewer Systems	20-50
Buildings and Improvements	5-50
Machinery and Equipment	3-25
Automotive Equipment	2-20
Public Domain Infrastructure	5-50
Intangibles	5-7

J. Impact Fees – Proprietary Funds (Business-Type Activities)

The City’s water, sewer, and reuse capital facility fee ordinance requires restriction of all monies collected as impact fees. These fees represent a capacity charge for the proportionate share of the cost of expanding, oversizing, separating or constructing new additions to the Water, Wastewater and Reuse Systems. The City is obligated to expend these funds only to provide expanded capacity to the system and is permitted to pay applicable debt service on one or more series of bonds for the purposes, as described in Note 6. Impact Fees are recorded as capital contributions upon receipt.

K. Amortization of Premiums and Discounts

Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Amortization of premiums is computed by the outstanding principal method over the life of the debt and is recorded as either a reduction of the debt or as income. Amortization of discounts on debt is determined by the outstanding principal method and is recorded as interest expense each year over the life of the debt.

L. Compensated Absences

The City grants hours of paid time off to all of its full-time employees, which they are eligible to use after six months of continuous employment. The City has set annual maximum hours of accrual per year and maximum hours payable based on the employee’s length of service with the City. The annual maximum accruals and payables have set increases at each five-year anniversary of the employee’s qualifying hire date. The annual maximum accruals and payables are increased for those employees who work on the basis of a 24-hour shift.

As of January 1, 2011, the City “froze” all employee sick leave balances that were based on the City’s prior sick leave ordinance. Those frozen balances are payable to the employee only upon their termination of employment with the City with the maximum amount set at \$6,000. The City’s sick leave ordinance requires that an employee must have 10 or more years of service to receive any payout of their accumulated sick leave upon termination of employment. The maximum payout under the current ordinance is \$6,000. Employees who work on the basis of a 24-hour shift may accumulate their hours of sick pay at an increased rate.

A more detailed narrative of the City’s policy on Paid Time Off (“PTO”) can be found in the City’s Personnel Rules and Regulations.

The City records compensated absences in its Governmental Fund Types as an expenditure when the amount is for reimbursable unused PTO (vacation or sick leave) payable to employees who have terminated their employment as of the end of the fiscal year. Compensated absences are accrued when incurred in the government-wide and proprietary funds financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

M. Net Pension Liability

In the government-wide and proprietary statements, net pension liability represents the present value of projected benefit payments to be provided through the single-employer, defined-benefit pension plans to current active 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 pension plans, pension expense, information about the fiduciary net position, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plans. 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. The City allocated the net pension liability, deferred outflows for pensions, deferred inflows for pensions, and pension expense to funds and functions/activities based on their respective contributions made to the pension plans during the measurement year.

N. Deferred Outflows of Resources / Deferred Inflows of Resources

In addition to assets and liabilities, the City reports the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure or expense) until that applicable time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that applicable time.

The City reports two items that qualify as deferred outflows of resources on its government-wide and proprietary statements of net position. The deferred amount on refunding resulted from a debt refinancing whereby the reacquisition price of the refunding debt instruments exceeded their net carrying amount. This deferred amount on refunding will be systematically charged to interest expense over the life of the refunding debt. The deferred outflows for pensions are an aggregate of items related to pensions, as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred outflows for pensions will be recognized as pension expense or a reduction of the net pension liability in future reporting years.

The City reports two items that qualify as deferred inflows of resources on its government-wide and proprietary statements of net position. The deferred inflows for pension are an aggregate of items related to pensions as calculated under the same principles as deferred outflows for pensions, and will be recognized as a reduction to pension expense in future reporting years. The deferred inflows for Other Postemployment Benefits ("OPEB") are an aggregate of items as calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for OPEB*. The deferred inflows related to OPEB will be recognized as a reduction to OPEB expense in future reporting years.

The City also reports deferred inflows of resources on applicable governmental fund statements that represent revenues which are measurable but not available in accordance with the modified accrual basis of accounting. These deferred inflows will be recognized as revenue in the fiscal year they are earned and become available. The majority of these deferred inflows of resources represent intergovernmental receipts and reimbursements, and a deferred inflow for a settlement arrangement with Duke Energy earned but not received during the modified accrual availability period.

O. Fund Equity

Fund balance is reported in the following five components:

Nonspendable – includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements. This would include inventories, deposits, prepaid items, and long-term notes receivable.

Spendable Fund Balance

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by third parties (creditors, grantors, contributors) or amounts constrained due to constitutional provisions or enabling legislation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

O. Fund Equity - continued

Committed – includes fund balance amounts that can be used only for specific purposes that are internally imposed by ordinance action by the Mayor and City Council in a formal meeting. Commitments may only be changed by establishing, modifying, or rescinding an ordinance. Contractual obligations are included to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual obligations.

Assigned – includes fund balance amounts that are intended and have been assigned, to be used for specific purposes that are neither considered restricted nor committed. These constraints are imposed internally. These constraints are established by the Mayor and City Council. The Mayor and City Council delegated the authority to assign fund balances to the City’s Chief Administrative Officer. In the General Fund, assigned amounts represent intended uses established by the Mayor and City Council, or the City’s Chief Administrative Officer.

Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for other governmental funds besides the General Fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When both restricted and unrestricted (committed, assigned, and unassigned) fund resources are available for use, it is the City’s policy to generally use restricted resources first, and then unrestricted resources. When unrestricted resources are available for use, it is the City’s policy to use committed resources first, then assigned, and then unassigned as they are needed.

P. Grants

Grants received or used for purposes normally financed through governmental fund types are accounted for within the City’s existing governmental funds. Revenues received or used from grants for governmental fund types are recognized as intergovernmental revenues when they become susceptible to accrual, that is, both measureable and available (modified accrual basis). Unrestricted grants, entitlements or shared revenues received in proprietary funds are reported as non-operating revenues.

NOTE 2 – RECEIVABLES

The following is a detail listing of accounts receivable by type and fund at September 30, 2018:

Description	General	Special Revenue	Enterprise
Receivables:			
Utility Accounts Billed	\$ 30,905	\$ 45,406	\$ 2,752,548
Utility Unbilled Receivables	-	-	1,050,838
Other:			
Settlement - Duke Energy	898,000	-	-
Taxes - Franchise and Utility	16,250	-	-
Miscellaneous	1,932,180	58,349	349,082
Gross Receivables	2,877,335	103,755	4,152,468
Less: Allowance for Uncollectibles	-	-	(308,654)
Net Total Receivables	\$ 2,877,335	\$103,755	\$ 3,843,814

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual fund interfund receivables and payables at September 30, 2018 consist of the following:

	<u>Due From Other</u>	<u>Due To Other Funds</u>
	<u>Funds</u>	
General Fund	\$ -	\$ 2,689,048
Enterprise Funds:		
Utility System	115,923	-
Sanitation	479,324	-
Special Revenue:		
Transportation Impact Fees*	11,062	-
Recreation Impact Fees*	77,380	-
Fire Impact Fees*	53,100	-
Police Impact Fees*	56,025	-
Grants*	1,814,607	-
Special Assessment*	81,627	-
Total Interfund Transfers	<u>\$ 2,689,048</u>	<u>\$ 2,689,048</u>

*Nonmajor governmental funds.

The interfund receivable and payable relates to timing differences at year-end resulting from the correction of waived permitting fees during the conversion to the City’s financial permitting module.

Interfund transfers for the fiscal year ended September 30, 2018 consist of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 7,333,831	\$ 1,078,782
Enterprise Funds:		
Utility System	-	6,219,453
Sanitation Fund	-	894,600
Special Revenue:		
Streets Improvement Fund*	792,280	291,847
Transportation Impact Fees*	-	66,700
Recreation Impact Fees*	-	2,000
Fire Impact Fees*	-	5,000
Police Impact Fees*	-	5,000
Stormwater*	-	233,651
Grants Fund*	696,422	-
Special Assessment Fund*	-	25,500
Total Interfund Transfers	<u>\$ 8,822,533</u>	<u>\$ 8,822,533</u>

*Nonmajor governmental funds.

Transfers are used to (1) move revenues from the Enterprise Funds and the Special Revenue Funds to the General Fund to assist in financing the costs of the general government of the City in accordance with budgetary authorizations, and (2) to move amounts to finance shared projects whose expenditures are budgeted and recorded in another fund.

NOTE 4 – RESTRICTED ASSETS – ENTERPRISE FUND (UTILITY SYSTEM)

The use of certain Utility System Fund assets is restricted by specific provisions of the bond resolution authorizing the issuance of the \$18,065,000 Utility Refunding Revenue Bonds, Series 2012. In addition, the City restricts funds available for repayment of deposits, as well as funds required by ordinance to be placed in special construction accounts (repair and maintenance escrow accounts). Restricted assets at September 30, 2018 are as follows:

Customer utility deposits	\$ 1,083,212
Renewal, replacement and improvement	200,000
Capital improvements	<u>281,441</u>
Total Restricted Assets	<u>\$ 1,564,653</u>

CITY OF AOPKA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS – Continued
September 30, 2018

NOTE 5 – CAPITAL ASSETS

Governmental Activities:	Balance September 30, 2017	Reclassifications and Increases	Reclassifications and Decreases	Balance September 30, 2018
Capital Assets, Not Being Depreciated:				
Land	\$ 27,784,782	\$ 350	\$ -	\$ 27,785,132
Construction In Progress	3,666,963	2,818,834	(5,428,216)	1,057,581
Total Capital Assets, Not Being Depreciated	31,451,745	2,819,184	(5,428,216)	28,842,713
Capital Assets, Being Depreciated:				
Buildings	13,471,860	2,293,659	-	15,765,519
Improvements Other than Buildings	101,447,796	2,118,560	-	103,566,356
Machinery and Equipment	24,739,667	2,311,249	-	27,050,916
Automotive Equipment	14,098,812	-	(693,399)	13,405,413
Intangibles	469,838	20,615	(20,615)	469,838
Total Capital Assets, Being Depreciated	154,227,973	6,744,083	(714,014)	160,258,042
Less Accumulated Depreciation For:				
Buildings	(5,804,651)	(292,983)	-	(6,097,634)
Improvements Other than Buildings	(49,210,383)	(2,799,358)	-	(52,009,741)
Machinery and Equipment	(17,837,288)	(1,094,570)	-	(18,931,858)
Automotive Equipment	(9,359,808)	(876,569)	693,399	(9,542,978)
Intangibles	(37,723)	(29,204)	-	(66,927)
Total Accumulated Depreciation	(82,249,853)	(5,092,684)	693,399	(86,649,138)
Total Capital Assets, Being Depreciated, Net	71,978,120	1,651,399	(20,615)	73,608,904
Governmental Activities Capital Assets, Net	\$ 103,429,865	\$ 4,470,583	\$ (5,448,831)	\$ 102,451,617

Depreciation was charged to the functions of governmental activities as follows:

General Government	\$ 505,432
Public Safety	1,511,155
Transportation	2,324,183
Culture/Recreation	751,914
Total Governmental Activities	\$ 5,092,684

CITY OF AOPKA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS – Continued
September 30, 2018

NOTE 5 – CAPITAL ASSETS – continued

Business-Type Activities	Balance September 30, 2017	Reclassification and Increases	Reclassification and Decreases	Balance September 30, 2018
Capital Assets, Not Being Depreciated:				
Land	\$ 7,924,275	\$ -	\$ (4,948,457)	\$ 2,975,818
Construction In Progress	23,559,235	33,202,746	(945,127)	55,816,854
Total Capital Assets, Not Being Depreciated	31,483,510	33,202,746	(5,893,584)	58,792,672
Capital Assets, Being Depreciated:				
Buildings	21,530,530	-	-	21,530,530
Improvements Other than Buildings	133,777,983	6,802,831	(4,018)	140,576,796
Machinery and Equipment	10,746,084	2,242,556	(1,891,710)	11,096,930
Automotive Equipment	7,607,849	891,141	-	9,498,990
Total Capital Assets Being Depreciated	173,662,446	10,936,528	(1,895,728)	182,703,246
Less Accumulated Depreciation For:				
Buildings	(14,640,293)	(847,995)	148,826	(15,339,462)
Improvements Other than Buildings	(38,399,892)	(3,342,190)	586,567	(41,155,515)
Machinery and Equipment	(8,122,792)	(756,541)	132,776	(8,746,557)
Automotive Equipment	(5,258,203)	(441,737)	77,527	(5,622,413)
Total Accumulated Depreciation	(66,421,180)	(5,388,463)	945,696	(70,863,947)
Total Capital Assets, Being Depreciated, Net	107,241,266	5,548,065	(950,032)	111,839,299
Business-type Activities Capital Assets, Net	\$ 138,724,776	\$ 38,750,811	\$ (6,843,616)	\$ 170,631,971

Depreciation was charged to business-type activities as follows:

Utility System Fund	\$ 5,145,163
Sanitation System Fund	243,299
	<u>\$ 5,388,462</u>

NOTE 6 – LONG-TERM LIABILITIES

The following is a summary of long-term liabilities transactions of the City for the year ended September 30, 2018:

	Balance			Balance		Balance Due
	September 30, 2017	Additions	Deductions	September 30, 2018	Due Within	
					One Year	
Governmental Activities:						
Revenue Notes	\$ 10,148,890	\$ 2,805,000	\$ (2,413,298)	\$ 10,540,592	\$ 2,799,436	
Add unamortized premium	9,761	-	(9,761)	-	-	
Bond Payable	335,000	-	(165,000)	170,000	170,000	
Capital Lease	3,189,810	464,729	(504,812)	3,149,727	532,331	
Other Postemployment Benefits	14,689,260	-	(717,178)	13,972,082	-	
Net Pension Liability	19,326,666	-	(2,491,205)	16,835,461	-	
Compensated Absences	1,962,560	2,024,335	(1,963,165)	2,023,730	2,005,320	
Total	49,661,947	5,294,064	(8,264,419)	46,691,592	5,506,987	
Business-Type Activities:						
Utility Revenue Bonds	14,480,000	-	-	14,480,000	835,000	
Add unamortized premium	1,246,688	133,440	-	1,380,128	79,582	
Sanitation Revenue Note	496,000	-	(247,000)	249,000	249,000	
SRF Loan	7,594,273	24,630,931	(6,259,984)	25,965,220	35,099	
Other Postemployment Benefits	3,904,740	394,362	-	4,299,102	-	
Net Pension Liability	1,790,184	1,244	-	1,791,428	-	
Compensated Absences	467,971	366,963	(410,912)	424,022	368,757	
Total	29,979,856	25,526,940	(6,917,896)	48,588,900	1,567,438	
Total Long-Term Debt	\$ 79,641,803	\$ 30,821,004	\$ (15,182,315)	\$ 95,280,492	\$ 7,074,425	

For the governmental activities, claims and judgments, other postemployment benefits, and compensated absences are generally liquidated by the General Fund. The net pension liability will be liquidated through employer contributions by the funds where the current employees charge payroll costs.

New Debt Issuances

The City issued a note in the amount of \$2,805,000 with Zion Bank, with an interest rate of 2.90%. The proceeds were used to purchase vehicles and associated equipment.

The City also entered into a loan agreement with the Florida Environmental Protection Agency - State Revolving Fund for the City's treatment facilities project. The maximum amount of the loan is \$46,403,959, including capitalized interest. A final repayment schedule will be established upon project completion. Current draws for the loan totaled \$18,602,717 in the fiscal year.

The City's Long-Term Debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

CITY OF APOPKA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS – Continued
September 30, 2018

NOTE 6 – LONG-TERM LIABILITIES – continued

Governmental Activities:	Outstanding Balance
Florida Municipal Loan Council Note, due in annual principal installments ranging from \$135,000 to \$170,000, plus semiannual interest ranging from 2.000% to 5.250% through December 1, 2018. The note is secured by Non-Ad-Valorem Revenues. This debt is serviced by the General Fund.	\$ 170,000
Capital Improvement Revenue Note, Series 1999A. Non-Ad-Valorem Revenues are pledged monies budgeted and appropriated pursuant to the loan agreement. Principal and interest are due in annual installments of \$30,750, plus interest at 4.87% through January 29, 2019. This note is serviced by the General Fund.	30,750
Note payable to Bank of America, N.A., collateralized by pledge of recreational impact fees, due in annual principal installments ranging from \$310,000 to \$610,000, plus interest at 3.90% through March 1, 2022. This debt is serviced by the General Fund.	2,300,000
Note payable to Branch Banking and Trust Company (Special Obligation Improvement Revenue Note, Series 2013A), payable from the Non-Ad-Valorem Revenues of the City. Interest is due semiannually at 1.8%, and principal installments are due annually ranging from \$91,728 to \$120,189 through March 1, 2023. The proceeds of this note were used to purchase two new fire trucks. This note is serviced by the General Fund.	580,067
Note payable to Hancock Bank (Special Obligation Refunding Revenue Note, Series 2015), payable from the Non-Ad-Valorem Revenues of the City. Interest is due semiannually at 1.67% and principal installments are due annually ranging from \$89,000 to \$208,000 through March 1, 2022. This note is serviced by the General Fund.	364,000
Note payable to Hancock Bank (Special Obligation Refunding Revenue Note, Series 2016), payable from the Non-Ad-Valorem Revenues of the City. Interest is due semiannually at 1.34% and principal installments are due annually ranging from \$325,000 to \$383,000 through March 1, 2021. This note is serviced by the General Fund.	1,133,000
Note payable to Iberia Bank (Special Obligation Refunding Revenue Note, Series 2013C), payable from the Non-Ad-Valorem Revenues of the City. Interest is due semiannually at 1.20% and principal installments are due annually ranging from \$575,448 to \$603,775 through December 1, 2019. This note is serviced by the General Fund.	603,775
Note payable to Hancock Bank (Special Obligation Refunding Revenue Note, Series 2014), payable from the Non-Ad-Valorem Revenues of the City. Interest is due semiannually at 1.92% and principal installments are due annually ranging from \$57,000 to \$137,000 through March 1, 2024. This note is serviced by the General Fund.	783,000
Note payable to Zion Bank (Special Obligation Refunding Revenue Note, Series 2017), payable from the Non-Ad-Valorem Revenues of the City. Interest is due semiannually at 1.87% and principal installments are due annually ranging from \$229,000 to \$250,000 through August 1, 2022. This note is serviced by the General Fund.	1,941,000
Note payable to Zion Bank (Special Obligation Refunding Revenue Note, Series 2018), payable from the Non-Ad-Valorem Revenues of the City. Interest is due semiannually at 2.90% and principal installments are due annually ranging from \$128,000 to \$277,000 through June 1, 2025. This note is serviced by the General Fund.	<u>2,805,000</u>
Total Governmental Activities Debt	<u>\$ 10,710,592</u>

NOTE 6 – LONG-TERM LIABILITIES – continued

Governmental Activities:	Outstanding Balance
<p>Utility System Refunding Revenue Bonds, Series 2012, due in annual installments ranging from \$630,000 to \$1,300,000, plus interest ranging from 2.00% to 5.00%, on various maturities. The Series 2012 Bonds are secured by a pledge and are payable solely from the Pledged Revenues consisting of (i) the Net Revenues of the System, (ii) the Sewer System Development Charges, (iii) the Water System Development Charges, (iv) the Reuse System Development Charges, and (v) the monies on deposit in various funds and accounts created pursuant to the Series 2012 Bond Resolution, with the exception of the Rebate Fund. Pledged revenues of the water, reuse, and wastewater system for 2018 amounted to \$6,860,288. This debt is serviced by the Utility System Fund.</p>	\$ 14,480,000
<p>Note payable to Hancock Bank (Sanitation System Improvement Revenue Note, Series 2014), payable from the Gross Revenues of the Sanitation Fund of the City. Interest is due semiannually at 1.07% and principal installments are due annually ranging from \$118,000 to \$249,000 through March 1, 2019. This note is serviced by the Sanitation Fund.</p>	249,000
<p>Loan payable to Florida Water Pollution Control Financing Corporation, payable from the Gross Revenues derived yearly from the operation of the Water and Sewer Systems after payment of the Operation and Maintenance Expense and satisfaction of all yearly payments of the Utility System Refunding Revenue Bonds, Series 2012. Interest is due semiannually at 0.685% and principal installments are due semiannually beginning October 15, 2017. This note is serviced by the Utility System Fund.</p>	1,334,289
<p>Loan payable to Florida Water Pollution Control Financing Corporation, payable from the Gross Revenues derived yearly from the operation of the Water and Sewer Systems after payment of the Operation and Maintenance Expense and satisfaction of all yearly payments of the Utility System Refunding Revenue Bonds, Series 2012. Interest is due semiannually at 0.355% and principal installments are due semiannually beginning September 15, 2019. This note is serviced by the Utility System Fund.</p>	<u>24,630,931</u> 40,694,220
<p>Add: Unamortized premium</p>	<u>1,380,128</u>
<p>Total Business-Type Activities Debt</p>	<u>\$ 42,074,348</u>

The debt service required payments to maturity on the City’s outstanding revenue bonds and notes at September 30, 2018 is as follows:

Fiscal Year	Governmental-Type Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 3,041,436	\$ 213,831	\$ 3,255,267	\$ 1,049,000	\$ 519,482	\$ 1,568,482
2020	2,292,926	161,385	2,454,311	835,000	489,625	1,324,625
2021	2,347,977	112,297	2,460,274	860,000	464,200	1,324,200
2022	1,781,064	66,071	1,847,135	885,000	433,600	1,318,600
2023	592,189	27,373	619,562	920,000	402,100	1,322,100
2024-2028	655,000	20,208	675,208	5,210,000	1,759,750	6,969,750
2029-2032	-	-	-	4,970,000	303,900	5,273,900
	\$ 10,710,592	\$ 601,165	\$ 11,311,757	\$ 14,729,000	\$ 4,372,657	\$ 19,101,657

NOTE 6 – LONG-TERM LIABILITIES – continued

Capital Lease Obligations

The City has entered into several leases detailed below that qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. In fiscal year 2018, the City has seven capital lease agreements outstanding. The seven capital leases are related to new financial software, new gurneys for the City’s Public Safety Division and various operating equipment for City operations. The future minimum lease obligations are as follows:

<u>Fiscal Year</u>	<u>Governmental-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 532,232	\$ 49,208	\$ 581,440
2020	417,982	41,888	459,870
2021	405,101	36,985	442,086
2022	355,776	31,990	387,766
2023	277,166	26,602	304,068
2024-2028	1,161,470	54,802	1,216,272
	<u>\$ 3,149,727</u>	<u>\$ 241,775</u>	<u>\$ 3,391,502</u>

Operating Lease Obligations

The City entered into an agreement with Motorola for them to provide services for the upgrade of the City’s emergency radio system. The future minimum lease obligations are as follows:

<u>Fiscal Year</u>	<u>Lease Payment</u>
	2019
2020	261,340
2021	261,340
2022	261,340
2023	261,340
2024-2025	522,680
	<u>\$ 1,829,380</u>

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS

The City maintains a single-employer, defined-benefit pension plan which covers substantially all of the City’s full-time employees (General Employees’ Retirement Plan), a single-employer, defined-benefit plan which covers all of its full-time certified police officers (Municipal Police Officers’ Retirement Plan), and a single-employer, defined-benefit plan which covers all of its full-time certified firefighters (Municipal Firefighters’ Retirement Plan). Each of the retirement plans is administered by its Board of Trustees, subject, however, and, in any event, to the authority and power of the Apopka City Council. Each plan’s assets may be used only for the payment of plan administrative costs and benefits to the members of that plan, in accordance with the terms of the plan. Benefits and refunds of contributions to the members of the applicable plan are recognized at the date they become due and payable specific to the terms of the plan. None of the aforementioned retirement plans issues a stand-alone financial report, nor are they included in the report of a Public Employee Retirement System, or any other entity.

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS – continued

A. Plan Description and Membership

1. General Employees' Retirement Plan

The General Employees' Retirement Plan ("Plan") was established on October 16, 1976 for all regular, full-time employees not covered by the Municipal Police Officers' Retirement Plan or the Municipal Firefighters' Retirement Plan.

All full-time employees who have attained the age of 57 and 5 years of credited service are entitled to annual benefits of 2.75% of the average of the 5 final years of salary, times years of credited service, subject to a maximum of 100% of average final compensation in the form of a life annuity, ceasing upon death. Early retirement is available for employees attaining the age of 47 with 10 years of service. The early retirement benefit is in the form of a life annuity (options available). A delayed retirement may be elected where the employee remains actively employed and benefits continue to accrue after the normal retirement date. In the event of pre-retirement death and the employee is eligible for normal or early retirement, a beneficiary is eligible to receive a benefit as if the member retired on the date of death. If the employee is not eligible for the normal or early retirement at the time of pre-retirement death, the Plan provides for a refund of any employee contributions. Participation in the Deferred Retirement Option Plan ("DROP") may not exceed 96 months. Each participant in the DROP has an account credited with benefits not received and investment earnings. The DROP balance as of September 30, 2018 is \$975,314.

Vesting in the Plan is as follows:

- with less than 10 years of service, a refund of accumulated contributions.
- with 10 years or more of continuous service, an accrued pension payable at either early or normal retirement age, or a refund of employee contributions.

2. Municipal Police Officers' Retirement Plan

The Municipal Police Officers' Retirement Plan ("Plan") was established to conform to provisions of the State Statutes of the State of Florida for all full-time sworn police officers.

Employees attaining the age of 45 who have completed 10 or more years of credited service, or 20 years of credited service regardless of age, are entitled to monthly benefits of 3.6% of their average final compensation times years of credited service for the first 10 years of credited service and 4% for each year in excess of 10 years. Average final compensation is the average salary for the best 3 of the 5 last years immediately preceding retirement or termination. The Plan permits early retirement at the completion of 10 years of contributed service and attaining the age of 40 years. Participation in DROP may not exceed 96 months. Each participant in the DROP has an account credited with benefits not received and investment earnings. The DROP balance as of September 30, 2018 is \$318,816.

Active employees who retire disabled with a disability that occurred in the line of duty shall receive the greater of 42% of average final compensation or 3.6% per month of average final compensation multiplied by years of credited service. For a non-service incurred disability, a member with 10 years of credited service shall be eligible.

Disability benefits are paid for 10 years certain or life or until recovery from disability. If an active police officer dies before retirement eligibility, their beneficiary receives a refund of the police officer's contributions to the Plan. If the officer dies prior to retirement but has at least 10 years of credited service, their beneficiary is entitled to either early or normal retirement benefits. Minimum disability benefits resulting from an intentional act of violence assumes 20 years of credited service.

Retirees on or after March 1, 1998 receive a lump-sum payment of \$500 following 5 years of benefit payments and an additional \$500 payment on each 5-year anniversary.

If an employee terminates their employment with the police department and is not eligible for the other benefits under the Plan, the employee is entitled to the following:

- with less than 10 years of continuous service, a refund of accumulated contributions.
- with 10 or more years of continuous service, the pension accrued to the date of termination, payable commencing at their 45th birthday.

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS – continued

A. Plan Description and Membership – continued

3. The Municipal Firefighters’ Retirement Plan

The Municipal Firefighters’ Retirement Plan (“Plan”) was established to conform to provisions of the State of Florida for all sworn full-time firefighters. All of the City’s full-time firefighters participate in the Plan.

Employees attaining the age of 55 who have completed 10 or more credited years of service or with 22 years of credited service are entitled to annual benefits of 3.0% of their average final compensation for the best 5 of the last 10 years times years of credited service. The Plan permits early retirement at the completion of 10 years of credited service and attaining the age of 50 years. Participation in DROP may not exceed 96 months. Each participant in the DROP has an account credited with benefits not received and investment earnings. The DROP balance as of September 30, 2018 is \$2,013,331.

Active employees who retired disabled with disability that occurred in the line of duty shall receive the greater of monthly benefits of 3.6% of their average final compensation times years of credited service but not less than 42% of average final compensation. For non-service incurred disability, a member with 10 years of credited service shall receive the greater of 2.5% of average final compensation or the accrued benefit actuarially reduced but not less than 25% of average final compensation. Disability benefits are paid for 10 years certain or life or until recovery from disability that can be provided by the single-sum value of the deferred monthly retirement income beginning a normal retirement date, which has accrued to their date of disability.

If an active firefighter dies before retirement eligibility, their beneficiary receives a refund of the firefighter’s contributions to the Plan. If a firefighter dies prior to retirement but has at least 10 years of credited service, their beneficiary is entitled to early or normal retirement benefits for 10 years.

If an employee terminates their employment with the fire department and is not eligible for any other benefits under the Plan, the employee is entitled to the following:

- with less than 10 years of continuous service, a refund of accumulated member contributions.
- with 10 or more years of continuous service, the pension accrued to the date of termination, payable commencing at their 55th birthday.

Plan membership for all three City retirement plans as of September 30, 2018 was as follows:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	129	52	17
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	72	6	41
Active Plan Members	<u>229</u>	<u>102</u>	<u>97</u>
	<u>430</u>	<u>160</u>	<u>155</u>

B. Pension Plan Investments

The Plans’ investment policy is described in Note 1. The following table presents the adopted asset allocation policy as of September 30, 2018 for all plans:

<u>Asset Class</u>	<u>Target Allocation</u>
Large Cap Equity	32%
Small Cap Equity	9%
Mid Cap Equity	7%
International Equity	12%
Fixed Income	32%
Stable Value	8%
Total	<u>100%</u>

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS – continued

B. Pension Plan Investments – continued

For the year ended September 30, 2018, the annual money-weighted rate of return on the Plans’ investments, net of pension investment expense, was 8.5% for the General Employee plan and 8.4% for the Police and Fighter plans. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The total pension liability was determined by an actuarial valuation as of October 1, 2017 using the following actuarial assumptions applied to all measurement periods:

	General Employees	Police Officers	Firefighters
Inflation	2.25%	2.25%	2.25%
Salary Increases	5.50%	5.50%	5.50%
Investment Rate of Return	7.25%	7.25%	7.25%

Mortality rates were based on the RP-2000 Generational projected with Scale BB. Disabled lives are set back four years for males and forward two years for females.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expended 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 all of the plans’ target asset allocations as of September 30, 2018 are summarized as follows:

Asset Class	Long-Term Expected Real Rate of Return
Large Cap Equity	7.75%
Small Cap Equity	8.50%
Mid Cap Equity	8.25%
International Equity	7.25%
Fixed Income	4.40%
Real Estate	6.85%
Stable Value	4.45%

The discount rate used to measure the total pension liability was 7.25%. This single rate of return has been determined by projecting all future benefit payments of the covered group on a closed-group basis and discounting them at the long-term expected rate of return on plan assets if the pension plans’ fiduciary net position is projected to be greater than or equal to the benefit payments that are projected to be made in that period. For any future period where the pension plans’ fiduciary net position is projected to be less than the benefit payments that are projected to be made in that period, those future benefit payments are discounted at an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher.

The following tables present the sensitivity of the net pension liability to changes in the discount rate:

General Employees		
1% Decrease to 6.25%	Current Discount Rate of 7.25%	1% Increase to 8.25%
\$15,105,504	\$7,613,570	\$1,414,540
Police Officers		
1% Decrease to 6.25%	Current Discount Rate of 7.25%	1% Increase to 8.25%
\$12,296,512	\$4,850,738	(\$1,301,062)
Firefighters		
1% Decrease to 6.25%	Current Discount Rate of 7.25%	1% Increase to 8.25%
\$12,450,329	\$6,162,581	\$997,541

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS – continued

C. Contribution Requirements

The Board of Trustees of each plan establishes and may amend the contribution requirements of plan members and the City.

1. General Employees' Retirement Plan

Contributions are established by local ordinance. Employees are required to contribute 4.9% of their annual salary to the plan. The City is required to contribute the amount necessary to meet normal (current year's) costs and to fund the actuarial accrued (past service) liability, if any, over 30 years, adjusted for interest according to the timing of the contributions. The City/State contributed \$2,141,587 for the year ended September 30, 2018.

2. Municipal Police Officers' Retirement Plan

Contributions are established by local ordinance and include a 2% premium tax on all casualty insurance policies issued in the City limits. Employees are required to contribute 9% of their annual salary to the plan. The City is required to contribute an actuarially determined rate that includes the state contribution; the current rate is 27% of annual covered payroll, subject to a minimum of 4%. Any unfunded accrued liability is amortized over no more than 30 years. The City/State contributed \$2,232,206 for the year ended September 30, 2018.

3. Municipal Firefighters' Retirement Plan

Contributions are established by local ordinance and include a 1.85% excise tax from policyholders on all premiums collected on property fire insurance covering property within the City limits. Employees are required to contribute 9.3% of their salary to the plan. The City is required to contribute an actuarially determined rate that includes the state contribution; the current rate is 19.30% of annual covered payroll, subject to a minimum of 4%. The City/State contributed \$1,481,416 for the year ended September 30, 2018.

Municipalities that have established pension plans complying with the provisions of Chapters 175 and 185, Florida Statutes, and that have enacted appropriate tax legislation are eligible to receive revenues generated from excise taxes on gross receipts of certain insurance premiums from policyholders covering property within the City limits. These are the Firefighters' Pension Fund Excise Tax imposed on the gross receipts of property insurance policy premiums and the Police Officers' Pension Fund Excise Tax imposed on the gross receipts of casualty insurance policy premiums. These revenues, received in the City's General Fund and expended as Public Safety activity, are \$284,001 and \$427,230, respectively, for the year ended September 30, 2018.

Insurance premium excise tax revenues collected in the 1997 calendar year represent an initial "frozen" state contribution. Until plan benefits are improved for the police officers' and firefighters' retirement plans, the City's (the sponsor) contributions are determined based upon the lesser of: (1) the actual state contributions received in the plan year, or (2) the "frozen" state contribution amounts. State contributions received in any plan year in excess of the applicable "frozen" state contribution amounts are segregated from plan assets to be used exclusively to fund benefit improvements. These excess state contributions are accumulated in reserve balances titled "Excess State Monies Reserve." There were no applicable "frozen" amounts for the City's plans for the year ended September 30, 2018.

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS – continued

D. Actuarial Methods and Significant Assumptions

	General Employees	Police Officers	Firefighters
Contribution rates:			
Employer	18.40%	32.77%	22.95%
Employee	4.90%	9.00%	9.30%
Actuarial valuation date	10/1/2017	10/1/2017	10/1/2017
Actuarial cost method	Entry Age Normal Changes of assumptions and differences between assumptions and actual experience are recognized over the average of the remaining service lives of all employees that are provided with benefits through the pension plan. Differences between expected earnings on plan investments and actual investment earnings are recognized over a five-year period. Changes in benefit terms are recognized immediately.	Entry Age Normal Changes of assumptions and differences between assumptions and actual experience are recognized over the average of the remaining service lives of all employees that are provided with benefits through the pension plan. Differences between expected earnings on plan investments and actual investment earnings are recognized over a five-year period. Changes in benefit terms are recognized immediately.	Entry Age Normal Changes of assumptions and differences between assumptions and actual experience are recognized over the average of the remaining service lives of all employees that are provided with benefits through the pension plan. Differences between expected earnings on plan investments and actual investment earnings are recognized over a five-year period. Changes in benefit terms are recognized immediately.
Amortization method	Contract Value with a market value adjustment factor for Guaranteed Deposit Account Assets, and at Market Value for Separate Accounts	Contract Value with a market value adjustment factor for Guaranteed Deposit Account Assets, and at Market Value for Separate Accounts	Contract Value with a market value adjustment factor for Guaranteed Deposit Account Assets, and at Market Value for Separate Accounts
Asset valuation method			
Actuarial assumptions:			
Investment rate of return	7.25%	7.25%	7.25%
Projected salary increase (includes inflation at)	5.5%	5.5%	5.5%
	2.25%	2.25%	2.25%

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS – continued

E. Net Pension Liability and Pension Expense

The following table presents the change in the Net Pension Liability of the City’s three pension plans as of the measurement date at September 30, 2018:

	<u>General Employees</u>	<u>Police Officers'</u>	<u>Firefighters'</u>
Total Pension Liability			
Service Cost	\$ 2,055,827	\$ 2,717,587	\$ 1,729,741
Interest	4,084,632	4,022,868	3,162,573
Change in Excess State Money	-	-	-
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual			
Experience and Changes in Assumptions	(127,556)	(1,487,919)	723,304
Benefit Payments, Including Refunds of Contrib.	<u>(2,969,739)</u>	<u>(2,203,819)</u>	<u>(1,106,825)</u>
Net Change in Total Pension Liability	3,043,164	3,048,717	4,508,793
Total Pension Liability - Beginning	<u>57,798,628</u>	<u>56,570,474</u>	<u>44,165,416</u>
Total Pension Liability - Ending (a)	<u><u>60,841,792</u></u>	<u><u>59,619,191</u></u>	<u><u>48,674,209</u></u>
Plan Fiduciary Net Position			
Contributions - City	2,141,587	2,232,206	1,481,416
Contributions - State	-	-	-
Contributions - Employees	620,925	705,904	631,691
Net Investment Income	4,198,683	4,217,439	3,253,596
Benefit Payments, Including Refunds of Contrib.	(2,969,739)	(2,203,819)	(1,106,825)
Administrative Expense	<u>(37,175)</u>	<u>(38,944)</u>	<u>(36,310)</u>
Net Change in Plan Fiduciary Net Position	3,954,281	4,912,786	4,223,568
Plan Fiduciary Net Position - Beginning	<u>49,273,941</u>	<u>49,855,667</u>	<u>38,288,060</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>53,228,222</u></u>	<u><u>54,768,453</u></u>	<u><u>42,511,628</u></u>
City's Net Pension Liability - ending (a) - (b)	\$ 7,613,570	\$ 4,850,738	\$ 6,162,581
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 87.49%	 91.86%	 87.34%

As of September 30, 2018, the City’s total net pension liability amounted to \$18,626,889 for all three defined-benefit pension plans. For the year ended September 30, 2018, the City recognized pension expense of \$(420,390) related to the General Employees’ Retirement Plan, \$165,435 related to the Police Officers’ Retirement Plan, and \$(83,548) related to the Firefighters’ Retirement Plan.

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS – continued

F. Deferred Outflows and Deferred Inflows of Resources

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>General Employees</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Net difference between projected and actual earnings on plan investments	\$ -	\$ (1,530,549)
Difference between expected and actual experience	57,730	(1,082,009)
Difference for changes in assumptions	<u>1,383,188</u>	<u>-</u>
Total	<u>1,440,918</u>	<u>(2,612,558)</u>
	<u>Police Officers</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Net difference between projected and actual earnings on plan investments	-	(1,456,767)
Difference between expected and actual experience	942,711	(851,432)
Difference for changes in assumptions	<u>1,410,652</u>	<u>(1,909,216)</u>
Total	<u>2,353,363</u>	<u>(4,217,415)</u>
	<u>Firefighters</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Net difference between projected and actual earnings on plan investments	-	(1,121,755)
Difference between expected and actual experience	1,107,790	(505,420)
Difference for changes in assumptions	<u>1,417,173</u>	<u>-</u>
Total	<u>2,524,963</u>	<u>(1,627,175)</u>
Total All City Plans	<u>\$ 6,319,244</u>	<u>\$ (8,457,148)</u>

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS – continued

F. Deferred Outflows and Deferred Inflows of Resources - continued

The remaining amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense, as follows:

<u>Year Ending</u>	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Net Amount</u>
2019	\$ 20,365	\$ 123,687	\$ 265,113	\$ 409,165
2020	49,074	(13,851)	381,891	417,114
2021	(629,919)	(781,040)	(60,940)	(1,471,899)
2022	(611,160)	(838,228)	(118,916)	(1,568,304)
2023	-	(303,094)	270,128	(32,966)
After	-	(51,526)	160,511	108,985
	<u>\$ (1,171,640)</u>	<u>\$ (1,864,052)</u>	<u>\$ 897,787</u>	<u>\$ (2,137,905)</u>

G. Combining Fiduciary Statements

The Combining Statement of Fiduciary Net Position at September 30, 2018 is stated as follows:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 2,978,983	\$ 3,529,225	\$ 3,201,884	\$ 9,710,092
Investments at fair value	50,033,237	51,069,169	39,097,766	140,200,172
Contributions receivable	<u>216,002</u>	<u>170,059</u>	<u>211,978</u>	<u>598,039</u>
Total Assets	<u>53,228,222</u>	<u>54,768,453</u>	<u>42,511,628</u>	<u>150,508,303</u>
Total Net Position	<u>\$ 53,228,222</u>	<u>\$ 54,768,453</u>	<u>\$ 42,511,628</u>	<u>\$ 150,508,303</u>

CITY OF AOPKA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS – Continued
September 30, 2018

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS – continued

G. Combining Fiduciary Statements - continued

The Combining Statement of Changes in Fiduciary Net Position at September 30, 2018 is stated as follows:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Total</u>
ADDITIONS				
Contributions:				
Employer Contributions	\$ 2,141,586	\$ 1,804,978	\$ 1,197,415	\$ 5,143,979
State Contributions	-	427,230	284,001	711,231
Member Contributions	620,925	626,828	631,691	1,879,444
Total Contributions	<u>2,762,511</u>	<u>2,859,036</u>	<u>2,113,107</u>	<u>7,734,654</u>
Investment Income (Loss):				
Interest, dividends and other income	746,513	841,464	598,965	2,186,942
Net appreciation (depreciation) in fair value of investments	1,622,548	1,765,065	1,472,333	4,859,946
Gains (losses) on sales of investments	<u>1,829,623</u>	<u>1,689,987</u>	<u>1,182,299</u>	<u>4,701,909</u>
Net Investment Income (Loss)	<u>4,198,684</u>	<u>4,296,516</u>	<u>3,253,597</u>	<u>11,748,797</u>
Total Additions	<u>6,961,195</u>	<u>7,155,552</u>	<u>5,366,704</u>	<u>19,483,451</u>
DEDUCTIONS				
Benefit payments	2,832,782	2,109,535	1,106,825	6,049,142
Termination payments	136,957	94,284	-	231,241
Administrative expense	<u>37,175</u>	<u>38,944</u>	<u>36,310</u>	<u>112,429</u>
Total Deductions	<u>3,006,914</u>	<u>2,242,763</u>	<u>1,143,135</u>	<u>6,392,812</u>
CHANGE IN NET POSITION	3,954,281	4,912,789	4,223,569	13,090,639
NET POSITION RESTRICTED FOR PENSIONS				
Beginning of year	<u>49,273,941</u>	<u>49,855,664</u>	<u>38,288,059</u>	<u>137,417,664</u>
End of year	<u>\$ 53,228,222</u>	<u>\$ 54,768,453</u>	<u>\$ 42,511,628</u>	<u>\$ 150,508,303</u>

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (“OPEB”)

The City’s defined benefit OPEB plan provides OPEB for all general and public safety employees of the City. The plan is a single-employer defined benefit OPEB plan administered by the City. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS Statement 75.

Eligibility

A participant is eligible to receive certain other postemployment benefits upon retirement under one of the three City-sponsored pension plans. To be eligible for retiree benefits, the participant does not need to be covered under the City’s medical plan immediately prior to retirement. Participants under the following City-sponsored pension plans are eligible to retire under the following criteria:

City of Apopka Municipal Firefighters’ Retirement:

Normal Retirement: Age 55 with 10 years of service or 22 years of service at any age

Early Retirement: Age 50 and the completion of 10 years of service

City of Apopka Municipal General Employees’ Retirement:

Normal Retirement: Age 57 with 5 years of service

Early Retirement: Age 47 and the completion of 10 years of service

City of Apopka Municipal Police Officers’ Retirement:

Normal Retirement: Age 45 with 10 years of service or 20 years of service at any age

Early Retirement: Age 40 and the completion of 10 years of service

Participants in all three pension plans have the option of entering the DROP program for up to 8 years, after meeting Normal Retirement Criteria.

Life insurance is available to retirees in the amount of \$30,000. Coverage amounts are reduced to \$19,500 at age 65, \$15,000 at age 70, and \$7,500 at age 75.

OPEB Coverage

OPEB Coverage is available for the lifetime of the retiree (except for the Health Insurance Premium Subsidy, as outlined below), so long as the required premiums are paid. OPEB Coverage is also available to spouses of retirees who are currently receiving benefits, but at a higher rate. OPEB Coverage is not available to surviving spouses of deceased retirees.

Health Insurance Subsidy/Reduced Retiree Contribution

Employees of the City retiring with more than 25 years of service are eligible to have the premiums for Medical coverage paid for by the City until Medicare eligibility. Time spent in the DROP option of the retirement plan is counted towards the 25-year goal. Premiums for dependent coverage are not eligible to be paid for by the City.

Effective January 1, 2011, newly hired employees are not eligible for the health insurance program subsidy.

Currently, the City’s OPEB benefits are unfunded. That is, there is no separate trust fund or equivalent arrangement into which the City would make contributions to advance-fund the obligation. Therefore, the ultimate subsidies which are provided over time are financed directly by general assets of the City. The City had an actuarial valuation for the OPEB to measure the current year’s subsidies, project these subsidies for decades into the future, and make an allocation of that cost to different years.

Membership of each plan consists of the following:

Date of Actuarial Valuation:	<u>9/30/2018</u>
Retirees and Beneficiaries Receiving Benefits	52
Active Plan Members	<u>419</u>
Total	<u>471</u>

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) – continued

Actuarial Methods and Assumptions

The following table summarizes the actuarial methods and assumptions as of the latest actuarial valuation date:

Valuation Date	September 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Experience/Assumptions gains and losses starting on 10/1/16
Remaining Amortization Period	12 years closed
Actuarial Assumptions:	
Discount Rate	3.06%
Projected Salary Increases	3.50%
Inflation Rate	2.50%

Demographic assumptions for various defined-benefit pension plans under which employees of the City are covered are listed below:

In the descriptions below:

“Fire” refers to City of Apopka Municipal Firefighters’ Retirement Plan

“General” refers to City of Apopka Municipal General Employees’ Retirement Plan

“Police” refers to the City of Apopka Municipal Police Officers’ Retirement Plan

In the most current valuation (dated 9/30/18), the actuarial assumptions used for the calculation of cost and liabilities are as follows:

1. Mortality Rates: RP-2014 generational table projected using scale MP-17
2. Withdrawal Rates: Sample rates of withdrawal for employees:

Age	General	Police & Fire
20	38.6%	6.0%
30	19.4%	5.0%
40	7.3%	2.6%
50	2.7%	0.8%
60	1.2%	0.2%

3. Disability Rates: Sample rates of disability for employees:

Age	General	Police & Fire
20	0.07%	0.09%
30	0.11%	0.12%
40	0.19%	0.21%
50	0.51%	0.54%
60	1.70%	2.70%

4. Plan Participation: The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 60% of all pre-65 employees and 6% of all post-65 employees, and their dependents, who are eligible for early retiree benefits will participate in the retiree medical plan. 100% of pre-65 employees who are eligible for the subsidy are assumed to participate in the medical plan. This assumes that a one-time irrevocable election to participate is made at retirement.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) – continued

5. Health Care Cost Trend Rate:

The health care cost trend assumptions are used to project the cost of health care in future years. The following annual trends are based on the current HCA Consulting trend study, and are applied on a select and ultimate basis. Select trends are reduced 0.5% each year until reaching the ultimate trend rate.

Expense Type	Select	Ultimate
Medical and Rx Benefits	7.0%	4.5%
Stop Loss Fees	7.0%	4.5%
Administrative Fees	4.5%	4.5%

Total OPEB Liability

The City’s total OPEB liability of \$18,271,182 was measured as of September 30, 2017 and was determined by an actuarial valuation as of September 30, 2017. The beginning OPEB liability for the year ended September 30, 2018 was adjusted due to the implementation of GASBS 75. No prior period restatement was deemed necessary due to the immaterial nature of the adjustment.

Changes in Total OPEB Liability

	Valuation as of September 30, 2018
Service Cost	\$ 1,394,359
Interest on the Total OPEB Liability	831,016
Changes of benefit terms	(489,765)
Changes in assumptions and inputs	(1,280,796)
Benefit payments	(777,330)
Net change in Total OPEB Liability	(322,518)
Total OPEB Liability at Beginning of Year	18,593,700
Total OPEB Liability at End of Year	<u>\$ 18,271,184</u>

Changes in assumptions reflect a change in the discount rate from 3.63% for the fiscal year ended September 30, 2017 to 4.24% for the fiscal year ended September 30, 2018.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate of 4.24%.

Sensitivity Analysis		
1% Decrease 3.24%	Current Discount Rate 4.24%	1% Increase 5.24%
\$15,306,000	\$18,271,000	\$21,112,000

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) – continued

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using health care cost trend rates that are 1% lower or 1% higher than the current health care cost trend rates.

Trend Analysis		
1% Decrease	Current Discount Rate	1% Increase
5.5%	6.5%	7.5%
\$15,510,000	\$18,271,000	\$20,776,000

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

OPEB expense for the fiscal year ended September 30, 2018 was \$1,519,000. On September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Changes in assumptions	\$ -	\$ 2,272,308
Total	<u>\$ -</u>	<u>\$ 2,272,308</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending	General Employees
2019	\$ (216,302)
2020	(216,302)
2021	(216,302)
2022	(216,302)
2023	(216,302)
After	(1,190,798)
	<u>\$ (2,272,308)</u>

NOTE 9 – RISK MANAGEMENT

The City is exposed to risk of loss related: to torts, theft of, damage to or destruction of assets; errors and omissions, injuries to employees, and natural disasters. The City purchases commercial insurance for all types of claims with nominal deductible amounts. The following is a summary of the City’s significant insurance coverage and limitations:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Limitations</u>
Property	\$96,293,205	Buildings and Personal Property
	\$50,000,000	Flood, per occurrence
	Included	Radio equipment
	Not Included	Valuable papers
	\$50,000,000	Boiler and Machinery
Automobile	\$700,000	Business income with extra expense
	\$2,000,000	Liability combined single limit, per occurrence
	Statutory	Personal Injury protection
	Excluded	Uninsured/Underinsured motorists bodily injury liability
	Included	Hired and Non-Owned Physical damage
Crime	Included	Hired and Non-Owned Auto Liability
	\$500,000	Employee Dishonesty
	\$500,000	Money & Securities inside and outside
	\$500,000	Forgery or Alteration
General Liability	\$2,000,000	Combined single limits, per occurrence Includes premises and products & completed construction
Sexual Harassment	\$2,000,000	Per Occurrence
	\$6,000,000	Aggregate
Public Entity Employment Practices Liability	\$2,000,000	Per occurrence
Cyber Liability	\$1,000,000	Per claim
	\$5,000,000	Per pool aggregate
Public Employee Position Bond Treasurer	\$100,000	Bond limit
Public Officials Errors and Omissions Liability	\$2,000,000	Each occurrence
	\$2,000,000	Sexual harassment
	\$6,000,000	Aggregate
Law Enforcement Officers Liability	\$2,000,000	Each occurrence
Statutory Death Benefit (Police, Fire, General)	\$60,000	Per covered person
Fiduciary Responsibility	\$1,000,000	For all claims
Pollution Liability	\$1,000,000	Each occurrence and aggregate

NOTE 9 – RISK MANAGEMENT - continued

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Limitations</u>
Underground Storage Tank Pollution Liability	\$1,000,000	Each incident and policy aggregate
Employee Benefits Liability	\$2,000,000	Each occurrence
Umbrella Liability	\$3,000,000	Each occurrence excess \$2,000,000 underlying CGL, Law Enforcement, Auto, E&O, Employee Benefits Liability
Workers' Compensation	Statutory	
Employers' Liability	\$3,000,000	Each accident, disease, aggregate by disease
Business Travel Accident	Varies	Varies

There have been no significant reductions in insurance coverage during fiscal year 2017-2018. Settled claims have not exceeded the commercial excess coverage in any of the past three years.

NOTE 10 – DEFICIT ENDING FUND BALANCE / NET POSITION

Deficits in Ending Fund Balance in individual funds are as follows at September 30, 2018:

The Grants Fund had a deficit ending fund balance at September 30, 2018. This deficit will be remedied in future periods from receipts from Hurricane Irma.

The Special Assessment Fund had a deficit ending fund balance at September 30, 2018. This deficit will be remedied in future periods from special assessment receipts and additional transfers from the General Fund for project overruns.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Intergovernmental Grants

Amounts received or receivable from grantors are subject to audit and adjustment by grantor agencies, principally, federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts to be immaterial.

Construction Commitments

As of September 30, 2018, there were uncompleted construction contracts as follows:

<u>Vendor</u>	<u>Commitment Remaining</u>
Garney Construction	\$ 9,022,705
Total	\$ 9,022,705

NOTE 12 – EFFECT OF IMPLEMENTATION OF GASB 75

GASBS Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,” replaces the requirement of GASBS No. 45 and established new accounting and reporting requirements for OPEB. The standard does not require funding of OPEB expense, but any difference between the amount funded to the plan and the OPEB liability is required to be recorded in the employer’s financial statements as an increase (decrease) in the total OPEB liability. The City has a pay-as-you-go plan; therefore, the full OPEB liability is recorded in the statements. The City determined that the change in the total OPEB liability as of September 30, 2017 due to the implementation of GASBS 75 was not material and, therefore, a restatement was not required. The City elected to expense the change in the total OPEB liability as of September 30, 2017 in fiscal year 2018.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF AOPKA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2018

SCHEDULE OF CONTRIBUTIONS
GENERAL EMPLOYEES' PENSION PLAN

	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Actuarially Determined Contribution	\$ 1,854,869	\$ 1,826,874	\$ 1,674,255	\$ 1,691,531	\$ 1,767,282
Contributions in Relation to the Actuarially Determined Contribution	(2,141,587)	(2,081,290)	(1,777,353)	(1,665,895)	(1,837,620)
Contribution Deficiency (Excess)	\$ (286,718)	\$ (254,416)	\$ (103,098)	\$ 25,636	\$ (70,338)
Covered Payroll	\$ 11,637,290	\$ 11,041,275	\$ 10,237,697	\$ 9,772,660	\$ 9,817,061
Contributions as a Percentage of Covered Payroll	18.40%	18.85%	17.36%	17.05%	18.72%

Valuation Date	10/1/2017	10/1/2016	10/1/2015	10/1/2014	10/1/2012
Funding Method	Entry Age Normal				

Changes in assumptions and differences between assumptions and actual experience are recognized over the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees, including retirees).

Amortization Method Differences between expected earnings on plan investments and actual investment earnings are recognized over a five-year period. Changes in benefit terms are recognized immediately.

Asset Valuation Method Assets are valued at contract value with a market value adjustment factor for the Guaranteed Deposit Account Assets, and at market value for Separate Accounts, which is considered the best representation of Fair Value. The market value of the Guaranteed Deposit Account is an estimate only and not the result of the precise calculation which would be done at contract discontinuance or to measure the impact of excess withdrawals in any calendar year.

Inflation	2.25%	3.00%
Salary Increases	Salary is assumed to increase at the rate of 5.50%	
Interest Rate	7.25% per year	7.50% per year
Retirement Age	Age 57 with 5 years of Credited Service. Also, any member who has reached Normal Retirement is assumed not to retire within the next year. Vested termination participants are assumed to commence benefits on Normal Retirement Date.	

Early Retirement Commencing with attainment of Early Retirement Status (age 47 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year.

Termination Rates	See table below.
Disability Rates	See table below.

Mortality	RP-2000 Male Disabled set back 4 yrs, Female Disabled set forward 2 yrs	RP-2000 projected to 2012 by Projection Scale AA. Disabled lives set forward 5 yrs
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Other Information	Termination and Disability Rate Table	
	% Terminating During the Year	% Becoming Disabled During the Year
<u>Age</u>		
20	38.6%	0.07%
30	19.4%	0.11%
40	7.3%	0.19%
50	2.7%	0.51%
60	1.2%	1.70%

Note to the Schedule:

Plan information is only available for years 2014 through 2018. Subsequent years will be added for a full ten-year trend to be presented.

CITY OF APOPKA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2018

SCHEDULE OF CONTRIBUTIONS
POLICE OFFICERS' PENSION PLAN

	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Actuarially Determined Contribution	\$ 2,133,870	\$ 1,908,003	\$ 1,684,763	\$ 1,714,708	\$ 1,724,146
Contributions in Relation to the Actuarially Determined Contribution	(2,232,206)	(2,191,388)	(1,864,064)	(1,902,126)	(1,856,270)
Contribution Deficiency (Excess)	\$ (98,336)	\$ (283,385)	\$ (179,301)	\$ (187,418)	\$ (132,124)
Covered Payroll	\$ 6,811,815	\$ 6,759,969	\$ 6,232,611	\$ 5,592,025	\$ 5,463,618
Contributions as a Percentage of Covered Payroll	32.77%	32.42%	29.91%	34.01%	33.98%

Valuation Date	10/1/2017	10/1/2016	10/1/2015	10/1/2014	10/1/2012
Funding Method	Entry Age Normal				

Changes in assumptions and differences between assumptions and actual experience are recognized over the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees, including retirees).

Amortization Method Differences between expected earnings on plan investments and actual investment earnings are recognized over a five-year period. Changes in benefit terms are recognized immediately.

Asset Valuation Method Assets are valued at contract value with a market value adjustment factor for the Guaranteed Deposit Account Assets, and at market value for Separate Accounts, which is considered the best representation of Fair Value. The market value of the Guaranteed Deposit Account is an estimate only and not the result of the precise calculation which would be done at contract discontinuance or to measure the impact of excess withdrawals in any calendar year.

Inflation 2.25% 3.00%
Salary is assumed to increase at the rate of 5.50%. Projected salary at retirement is increased 20% to account for non-regular compensation.

Salary Increases Interest Rate 7.25% per year 7.50% per year
Retirement Age Earlier of attainment of age 45 with 10 years of credited service, or 20 years of service regardless of age. Commencing with attainment of Early Retirement Status (age 40 with 10 years of service)

Accrued benefit, reduced by 3% per year before normal retirement date. Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

Early Retirement Termination Rates See table below.
Disability Rates See table below.

Mortality RP-2000 Generational projected with Scale BB RP-2000 projected to 2012 by Projection Scale AA. Disabled lives set forward 5 years.

Other Information Termination and Disability Rate Table

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	6.0%	0.09%
30	5.0%	0.12%
40	2.6%	0.21%
50	0.8%	0.54%
60	0.2%	2.70%

Note to the Schedule:

Plan information is only available for years 2014 through 2018. Subsequent years will be added for a full ten-year trend to be presented.

CITY OF APOPKA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2018

SCHEDULE OF CONTRIBUTIONS
FIREFIGHTERS' PENSION PLAN

	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Actuarially Determined Contribution	\$ 1,225,046	\$ 1,093,683	\$ 761,586	\$ 974,234	\$ 1,072,495
Contributions in Relation to the Actuarially Determined Contribution	(1,481,416)	(1,272,669)	(936,800)	(1,043,401)	(1,097,949)
Contribution Deficiency (Excess)	\$ (256,370)	\$ (178,986)	\$ (175,214)	\$ (69,167)	\$ (25,454)
Covered Payroll	\$ 6,455,324	\$ 6,167,707	\$ 5,333,015	\$ 4,960,180	\$ 4,701,480
Contributions as a Percentage of Covered Payroll	22.95%	20.63%	17.57%	21.04%	23.35%
Valuation Date	10/1/2017	10/1/2016	10/1/2015	10/1/2014	10/1/2012
Funding Method	Entry Age Normal				
	Changes in assumptions and differences between assumptions and actual experience are recognized over the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees, including retirees).				
Amortization Method	Differences between expected earnings on plan investments and actual investment earnings are recognized over a five-year period. Changes in benefit terms are recognized immediately.				
Asset Valuation Method	Assets are valued at contract value with a market value adjustment factor for the Guaranteed Deposit Account Assets, and at market value for Separate Accounts, which is considered the best representation of Fair Value. The market value of the Guaranteed Deposit Account is an estimate only and not the result of the precise calculation which would be done at contract discontinuance or to measure the impact of excess withdrawals in any calendar year.				
Inflation	2.25%			3.00%	
Salary Increases	Salary is assumed to increase at the rate of 5.50%. Projected salary at retirement is increased 20% to account for non-regular compensation.				
Interest Rate	7.25% per year		7.50% per year		
Retirement Age	Earlier of attainment of age 55 with 10 years of credited service, or 22 years of service regardless of age.				
Early Retirement	Commencing with attainment of Early Retirement Status (age 50 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.				
Termination Rates	See table below.				
Disability Rates	See table below.				
Mortality	RP-2000 Generational projected with Scale BB RP-2000 projected to 2012 by Projection Scale AA. Disabled lives set forward 5 years.				
Other Information	Termination and Disability Rate Table				
	<u>Age</u>	<u>% Terminating</u>		<u>% Becoming Disabled</u>	
		<u>During the Year</u>		<u>During the Year</u>	
	20	6.0%		0.09%	
	30	5.0%		0.12%	
	40	2.6%		0.21%	
	50	0.8%		0.54%	
	60	0.2%		2.70%	

Note to the Schedule:

Plan information is only available for years 2014 through 2018. Subsequent years will be added for a full ten-year trend to be presented.

CITY OF AOPKA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2018

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
GENERAL EMPLOYEES' PENSION PLAN

	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total Pension Liability					
Service Cost	\$ 2,055,827	\$ 1,775,984	\$ 1,724,102	\$ 1,629,195	\$ 1,564,998
Interest	4,084,632	3,996,514	3,768,999	3,517,510	3,294,972
Change in Excess State Money	-	-	-	-	-
Changes of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience and Changes in Assumptions	(127,556)	561,919	144,541	458,032	(54,827)
Benefit Payments, Including Refunds of Member Contributions	(2,969,739)	(3,149,175)	(2,461,778)	(2,094,964)	(1,663,848)
Net Change in Total Pension Liability	3,043,164	3,185,242	3,175,864	3,509,773	3,141,295
Total Pension Liability - Beginning	57,798,628	54,613,386	51,437,522	47,927,749	44,786,454
Total Pension Liability - Ending (a)	<u>\$ 60,841,792</u>	<u>\$ 57,798,628</u>	<u>\$ 54,613,386</u>	<u>\$ 51,437,522</u>	<u>\$ 47,927,749</u>
Plan Fiduciary Net Position					
Contributions - City	\$ 2,141,587	\$ 2,081,290	\$ 1,777,353	\$ 1,665,895	\$ 1,837,620
Contributions - State	-	-	-	-	-
Contributions - Employees	620,925	576,071	531,041	512,745	535,334
Net Investment Income	4,198,683	5,610,806	3,337,768	287,819	3,364,185
Benefit Payments, Including Refunds of Member Contributions	(2,969,739)	(3,149,175)	(2,461,778)	(2,094,964)	(1,663,848)
Administrative Expense	(37,175)	(39,716)	(41,665)	(48,635)	(31,939)
Net Change in Plan Fiduciary Net Position	3,954,281	5,079,276	3,142,719	322,860	4,041,352
Plan Fiduciary Net Position - Beginning, as restated	49,273,941	44,194,665	41,051,946	40,729,086	36,687,734
Plan Fiduciary Net Position - Ending (b)	<u>\$ 53,228,222</u>	<u>\$ 49,273,941</u>	<u>\$ 44,194,665</u>	<u>\$ 41,051,946</u>	<u>\$ 40,729,086</u>
City's Net Pension Liability/(Asset) - ending (a) - (b)	<u>\$ 7,613,570</u>	<u>\$ 8,524,687</u>	<u>\$ 10,418,721</u>	<u>\$ 10,385,576</u>	<u>\$ 7,198,663</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.49%	85.25%	80.92%	79.81%	84.98%
Covered Payroll	11,637,290	11,041,275	10,237,967	9,772,660	9,817,067
Net Pension Liability as a Percentage of Covered Payroll	65.42%	77.21%	101.77%	106.27%	73.33%

Note to the Schedule:

Plan information is only available for years 2014 through 2018. Subsequent years will be added for a full ten-year trend to be presented.

CITY OF AOPKA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2018

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
POLICE OFFICERS' PENSION PLAN

	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total Pension Liability					
Service Cost	\$ 2,717,587	\$ 2,422,832	\$ 2,157,662	\$ 1,934,067	\$ 1,885,080
Interest	4,022,868	3,809,955	3,487,029	3,044,711	2,787,119
Change in Excess State Money	-	-	-	80,666	61,888
Changes of Benefit Terms	-	-	-	1,166,703	-
Differences Between Expected and Actual Experience and Changes in Assumptions	(1,487,919)	504,898	1,030,680	1,160,806	146,571
Benefit Payments, Including Refunds of Member Contributions	(2,203,819)	(1,975,939)	(2,183,366)	(1,386,946)	(1,403,290)
Net Change in Total Pension Liability	3,048,717	4,761,746	4,492,005	6,000,007	3,477,368
Total Pension Liability - Beginning	56,570,474	51,808,728	47,316,723	41,316,716	37,839,348
Total Pension Liability - Ending (a)	<u>\$ 59,619,191</u>	<u>\$ 56,570,474</u>	<u>\$ 51,808,728</u>	<u>\$ 47,316,723</u>	<u>\$ 41,316,716</u>
Plan Fiduciary Net Position					
Contributions - City	\$ 2,232,206	\$ 2,191,388	\$ 1,864,064	\$ 1,902,126	\$ 1,856,270
Contributions - State	-	-	-	80,666	61,888
Contributions - Employees	705,904	613,880	640,046	431,461	399,320
Net Investment Income	4,217,439	5,565,273	3,235,121	267,550	3,179,742
Benefit Payments, Including Refunds of Member Contributions	(2,203,819)	(1,975,939)	(2,183,366)	(1,386,946)	(1,403,290)
Administrative Expense	(38,944)	(39,142)	(37,054)	(55,891)	(31,542)
Net Change in Plan Fiduciary Net Position	4,912,786	6,355,460	3,518,811	1,238,966	4,062,388
Plan Fiduciary Net Position - Beginning, as restated	49,855,667	43,500,207	39,981,396	38,742,430	34,680,042
Plan Fiduciary Net Position - Ending (b)	<u>\$ 54,768,453</u>	<u>\$ 49,855,667</u>	<u>\$ 43,500,207</u>	<u>\$ 39,981,396</u>	<u>\$ 38,742,430</u>
City's Net Pension Liability/(Asset) - ending (a) - (b)	<u>\$ 4,850,738</u>	<u>\$ 6,714,807</u>	<u>\$ 8,308,521</u>	<u>\$ 7,335,327</u>	<u>\$ 2,574,286</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.86%	88.13%	83.96%	84.50%	93.77%
Covered Payroll	6,811,815	6,167,707	6,232,611	5,592,025	5,463,618
Net Pension Liability as a Percentage of Covered Payroll	71.21%	108.87%	133.31%	131.17%	47.12%

Note to the Schedule:

Plan information is only available for years 2014 through 2018. Subsequent years will be added for a full ten-year trend to be presented.

CITY OF AOPKA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2018

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS' PENSION PLAN

	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total Pension Liability					
Service Cost	\$ 1,729,741	\$ 1,438,974	\$ 1,269,608	\$ 993,460	\$ 1,107,888
Interest	3,162,573	2,940,396	2,699,641	2,396,529	2,284,005
Change in Excess State Money	-	-	-	102,251	115,677
Changes of Benefit Terms	-	-	-	1,449,756	-
Differences Between Expected and Actual Experience and Changes in Assumptions	723,304	941,126	541,295	670,993	(461,117)
Benefit Payments, Including Refunds of Member Contributions	(1,106,825)	(1,157,613)	(1,225,547)	(1,728,061)	(1,294,371)
Net Change in Total Pension Liability	4,508,793	4,162,883	3,284,997	3,884,928	1,752,082
Total Pension Liability - Beginning	44,165,416	40,002,533	36,717,536	32,832,608	31,080,526
Total Pension Liability - Ending (a)	<u>\$ 48,674,209</u>	<u>\$ 44,165,416</u>	<u>\$ 40,002,533</u>	<u>\$ 36,717,536</u>	<u>\$ 32,832,608</u>
Plan Fiduciary Net Position					
Contributions - City	\$ 1,481,416	\$ 1,272,669	\$ 936,800	\$ 1,043,401	\$ 1,097,949
Contributions - State	-	-	-	102,251	115,677
Contributions - Employees	631,691	650,530	505,327	454,232	527,346
Net Investment Income	3,253,596	4,279,794	2,479,649	212,672	2,517,705
Benefit Payments, Including Refunds of Member Contributions	(1,106,825)	(1,157,613)	(1,225,547)	(1,728,061)	(1,294,371)
Administrative Expense	(36,310)	(36,316)	(35,109)	(60,040)	(28,402)
Net Change in Plan Fiduciary Net Position	4,223,568	5,009,064	2,661,120	24,455	2,935,904
Plan Fiduciary Net Position - Beginning, as restated	38,288,060	33,278,996	30,617,876	30,593,421	27,657,517
Plan Fiduciary Net Position - Ending (b)	<u>\$ 42,511,628</u>	<u>\$ 38,288,060</u>	<u>\$ 33,278,996</u>	<u>\$ 30,617,876</u>	<u>\$ 30,593,421</u>
City's Net Pension Liability/(Asset) - ending (a) - (b)	<u>\$ 6,162,581</u>	<u>\$ 5,877,356</u>	<u>\$ 6,723,537</u>	<u>\$ 6,099,660</u>	<u>\$ 2,239,187</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.34%	86.69%	83.19%	83.39%	93.18%
Covered Payroll	6,455,324	6,759,969	5,333,015	4,960,180	4,701,480
Net Pension Liability as a Percentage of Covered Payroll	95.47%	86.94%	126.07%	122.97%	47.63%

Note to the Schedule:

Plan information is only available for years 2014 through 2018. Subsequent years will be added for a full ten-year trend to be presented.

**CITY OF AOPKA, FLORIDA
SCHEDULE OF INVESTMENT RETURNS
GENERAL EMPLOYEES', POLICE OFFICERS' AND FIREFIGHTERS' PENSION PLANS
LAST 10 FISCAL YEARS**

	2018	2017	2016	2015	2014
General Employees					
Annual Money-Weighted Rate of Return, Net of Investment Expense	8.50%	12.70%	8.20%	0.70%	9.10%
Police Officers					
Annual Money-Weighted Rate of Return, Net of Investment Expense	8.40%	12.70%	8.10%	0.70%	9.10%
Firefighters					
Annual Money-Weighted Rate of Return, Net of Investment Expense	8.40%	12.70%	8.10%	0.70%	9.00%

Note to the Schedule:

Plan information is only available for years 2014 through 2018. Subsequent years will be added for a full ten-year trend to be presented.

CITY OF AOPKA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2018

Schedule of Changes in Total OPEB Liability and Related Ratios

TOTAL OPEB LIABILITY		
Service Cost	\$	1,394,359
Interest		831,014
Change of benefit terms		(489,765)
Differences between Expected and Actual Experience		-
Change in assumptions or other inputs		(1,280,794)
Benefit Payments		(777,330)
Net change in total OPEB Liability		(322,516)
Total OPEB Liability - beginning		18,593,700
Total OPEB Liability - ending		<u>\$ 18,271,184</u>
Covered employee payroll	\$	23,957,000
Total OPEB Liability as a percentage of covered employee payroll		76.3%

Note to the Schedule:

Plan information is only available for year 2018. Subsequent years will be added for a full ten-year trend to be presented.

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF AOPKA, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2018

	SPECIAL REVENUE FUNDS										Total Nonmajor Special Revenue Funds
	Streets Improvement Fund	Law Enforcement Trust	Transportation Impact Fees	Recreation Impact Fees	Stormwater	Grants Fund	Special Assessment Fund	Police Discretionary	Fire Impact Fees	Police Impact Fees	
ASSETS											
Cash and Cash Equivalents	\$ 1,688,895	\$ 335,383	\$ 6,964,178	\$ 253,678	\$ 2,273,044	\$ -	\$ -	\$ 360,316	\$ 325,181	333,476	\$ 12,534,151
Accounts Receivable	101,656	2,099	-	-	-	-	-	-	-	-	103,755
Due from Other Governments	58,000	-	-	-	864	71,093	-	1,474	-	-	131,431
Due from Other Funds	-	-	11,062	77,380	-	-	-	-	53,100	56,025	197,567
Total Assets	\$ 1,848,551	\$ 337,482	\$ 6,975,240	\$ 331,058	\$ 2,273,908	\$ 71,093	\$ -	\$ 361,790	\$ 378,281	\$ 389,501	\$ 12,966,904
LIABILITIES											
Accounts Payable	\$ 619,951	\$ 5,900	\$ 890,682	\$ -	\$ 1,675	\$ 100,740	\$ -	\$ 1,370	\$ -	\$ -	\$ 1,620,318
Accrued Liabilities	6,207	-	-	23,130	-	5,490	-	-	-	-	34,827
Retainage Payable	-	-	-	-	-	-	-	-	-	-	-
Due to Pension Beneficiaries	-	-	-	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	1,814,607	81,627	-	-	-	1,896,234
Deposits	3,790	-	-	-	-	-	-	-	-	-	3,790
Total Liabilities	629,948	5,900	890,682	23,130	1,675	1,920,837	81,627	1,370	-	-	3,555,169
DEFERRED INFLOWS OF RESOURCES											
Unavailable Revenues	-	-	-	-	-	10,499	-	-	-	-	10,499
Total Deferred Inflows of Resources	-	-	-	-	-	10,499	-	-	-	-	10,499
FUND BALANCES											
Restricted	1,218,603	331,582	-	-	-	-	-	-	-	-	1,550,185
Committed	-	-	6,084,558	307,928	2,272,233	-	-	360,420	378,281	389,501	9,792,921
Unassigned (Deficit)	-	-	-	-	-	(1,860,243)	(81,627)	-	-	-	(1,941,870)
Total Fund Balances	1,218,603	331,582	6,084,558	307,928	2,272,233	(1,860,243)	(81,627)	360,420	378,281	389,501	9,401,236
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,848,551	\$ 337,482	\$ 6,975,240	\$ 331,058	\$ 2,273,908	\$ 71,093	\$ -	\$ 361,790	\$ 378,281	\$ 389,501	\$ 12,966,904

CITY OF APOPKA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2018

	SPECIAL REVENUE FUNDS										Total Nonmajor Special Revenue Funds
	Streets Improvement Fund	Law Enforcement Trust	Transportation Impact Fees	Recreation Impact Fees	Stormwater	Grants Fund	Special Assessment Fund	Police Discretionary	Fire Impact Fees	Police Impact Fees	
REVENUES											
Taxes	\$ 1,683,683	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,683,683
Special Assessments	-	-	-	-	-	-	65,190	-	-	-	65,190
Impact Fees	-	-	669,779	290,420	-	-	-	-	262,439	267,300	1,489,938
Intergovernmental Revenues	-	-	-	-	-	251,992	-	-	-	-	251,992
Charges for Services	916,081	-	-	-	434,687	-	-	40,000	-	-	1,390,768
Fines and Forfeitures	-	89,351	-	-	-	-	-	91,239	-	-	180,590
Investment Earnings	21,264	352	88,004	3,342	29,222	-	-	4,503	3,982	4,085	154,754
Miscellaneous Revenues	-	-	-	-	550	101,119	14,110	12,698	-	-	128,477
Total Revenues	2,621,028	89,703	757,783	293,762	464,459	353,111	79,300	148,440	266,421	271,385	5,345,392
EXPENDITURES											
Current:											
General Government	-	-	-	-	-	7,494	-	-	-	-	7,494
Public Safety	-	54,273	-	-	-	375,147	-	79,180	-	-	508,600
Physical Environment	-	-	-	-	24,253	2,343,376	7,220	-	-	-	2,374,849
Transportation	3,204,503	-	507,690	-	-	-	-	-	-	-	3,712,193
Culture and Recreation	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	98,396	40,382	1,198,357	574,672	107,119	183,759	-	12,057	-	-	2,214,742
Total Expenditures	3,302,899	94,655	1,706,047	574,672	131,372	2,909,776	7,220	91,237	-	-	8,817,878
Excess (Deficiency) of Revenues											
Over (Under) Expenditures	(681,871)	(4,952)	(948,264)	(280,910)	333,087	(2,556,665)	72,080	57,203	266,421	271,385	(3,472,486)
OTHER FINANCING SOURCES (USES)											
Transfers In	792,280	-	-	-	-	696,422	-	-	-	-	1,488,702
Transfers (Out)	(291,847)	-	(66,700)	(2,000)	(233,651)	-	(25,500)	-	(5,000)	(5,000)	(629,698)
Debt Proceeds	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	500,433	-	(66,700)	(2,000)	(233,651)	696,422	(25,500)	-	(5,000)	(5,000)	859,004
Net Change in Fund Balances	(181,438)	(4,952)	(1,014,964)	(282,910)	99,436	(1,860,243)	46,580	57,203	261,421	266,385	(2,613,482)
Fund Balances (Deficit) - Beginning	1,400,041	336,534	7,099,522	590,838	2,172,797	-	(128,207)	303,217	116,860	123,116	12,014,718
Fund Balances (Deficit) - Ending	\$ 1,218,603	\$ 331,582	\$ 6,084,558	\$ 307,928	\$ 2,272,233	\$ (1,860,243)	\$ (81,627)	\$ 360,420	\$ 378,281	\$ 389,501	\$ 9,401,236

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
STREETS IMPROVEMENT SPECIAL REVENUE FUND
For the Year Ended September 30, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 1,638,000	\$ 1,683,683	\$ 45,683
Charges for Services	533,500	916,081	382,581
Investment Earnings	3,000	21,264	18,264
Total Revenues	2,174,500	2,621,028	446,528
EXPENDITURES			
Current:			
Transportation	3,643,291	3,204,503	438,788
Capital Outlay	199,550	98,396	101,154
Total Expenditures	3,842,841	3,302,899	539,942
Excess (Deficiency) of Revenues Over Expenditures	(1,668,341)	(681,871)	986,470
OTHER FINANCING SOURCES (USES)			
Transfers In	792,280	792,280	-
Transfers (Out)	(291,847)	(291,847)	-
Debt Proceeds	-	-	-
Total Other Financing Sources (Uses)	500,433	500,433	-
Net Change in Fund Balance	(1,167,908)	(181,438)	986,470
Fund Balance - Beginning	1,400,041	1,400,041	-
Fund Balance - Ending	\$ 232,133	\$ 1,218,603	\$ 986,470

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
LAW ENFORCEMENT TRUST SPECIAL REVENUE FUND
For the Year Ended September 30, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Fines and Forfeitures	\$ 99,700	\$ 89,351	\$ (10,349)
Investment Earnings	300	352	52
Total Revenues	100,000	89,703	(10,297)
EXPENDITURES			
Current:			
Public Safety	58,417	54,273	4,144
Capital Outlay	41,583	40,382	1,201
Total Expenditures	100,000	94,655	5,345
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(4,952)	(4,952)
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	-	(4,952)	(4,952)
Fund Balance - Beginning	336,534	336,534	-
Fund Balance - Ending	\$ 336,534	\$ 331,582	\$ (4,952)

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION IMPACT FEES SPECIAL REVENUE FUND
For the Year Ended September 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Impact Fees	\$ 1,500,000	\$ 669,779	\$ (830,221)
Investment Earnings	22,000	88,004	66,004
Total Revenues	<u>1,522,000</u>	<u>757,783</u>	<u>(764,217)</u>
EXPENDITURES			
Current:			
Transportation	402,612	507,690	(105,078)
Capital Outlay	1,614,979	1,198,357	416,622
Total Expenditures	<u>2,017,591</u>	<u>1,706,047</u>	<u>311,544</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(495,591)</u>	<u>(948,264)</u>	<u>(452,673)</u>
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	(66,700)	(66,700)	-
Total Other Financing Sources (Uses)	<u>(66,700)</u>	<u>(66,700)</u>	<u>-</u>
Net Change in Fund Balance	(562,291)	(1,014,964)	(452,673)
Fund Balance - Beginning	<u>7,099,522</u>	<u>7,099,522</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 6,537,231</u>	<u>\$ 6,084,558</u>	<u>\$ (452,673)</u>

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
RECREATION IMPACT FEES SPECIAL REVENUE FUND
For the Year Ended September 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Impact Fees	\$ 125,000	\$ 290,420	\$ 165,420
Investment Earnings	1,000	3,342	2,342
Total Revenues	<u>126,000</u>	<u>293,762</u>	<u>167,762</u>
EXPENDITURES			
Capital Outlay	648,000	574,672	73,328
Total Expenditures	<u>648,000</u>	<u>574,672</u>	<u>73,328</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(522,000)</u>	<u>(280,910)</u>	<u>241,090</u>
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	(2,000)	(2,000)	-
Total Other Financing Sources (Uses)	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
Net Change in Fund Balance	(524,000)	(282,910)	241,090
Fund Balance - Beginning	<u>590,838</u>	<u>590,838</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 66,838</u>	<u>\$ 307,928</u>	<u>\$ 241,090</u>

CITY OF AOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
STORMWATER SPECIAL REVENUE FUND
For the Year Ended September 30, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	\$ 423,000	\$ 434,687	\$ 11,687
Investment Earnings	-	29,222	29,222
Miscellaneous Revenues	-	550	550
Total Revenues	423,000	464,459	41,459
EXPENDITURES			
Current:			
Physical Environment	74,000	24,253	49,747
Capital Outlay	339,000	107,119	231,881
Total Expenditures	413,000	131,372	281,628
Excess (Deficiency) of Revenues Over Expenditures	10,000	333,087	323,087
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	(233,651)	(233,651)	-
Total Other Financing Sources (Uses)	(233,651)	(233,651)	-
Net Change in Fund Balance	(223,651)	99,436	323,087
Fund Balance - Beginning	2,172,797	2,172,797	-
Fund Balance - Ending	\$ 1,949,146	\$ 2,272,233	\$ 323,087

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GRANTS SPECIAL REVENUE FUND
For the Year Ended September 30, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenues	\$ 4,129,957	\$ 251,992	\$ (3,877,965)
Miscellaneous Revenues	122,696	101,119	21,577
Total Revenues	4,252,653	353,111	(3,856,388)
EXPENDITURES			
Current:			
General Government	8,412	7,494	918
Public Safety	397,700	375,147	22,553
Physical Environment	3,200,000	2,343,376	856,624
Capital Outlay	1,399,165	183,759	1,215,406
Total Expenditures	5,005,277	2,909,776	2,095,501
Excess (Deficiency) of Revenues Over Expenditures	(752,624)	(2,556,665)	(1,760,887)
OTHER FINANCING SOURCES (USES)			
Transfers In	696,422	696,422	-
Total Other Financing Sources (Uses)	696,422	696,422	-
Net Change in Fund Balance	(56,202)	(1,860,243)	(1,760,887)
Fund Balance - Beginning	-	-	-
Fund Balance (Deficit) - Ending	\$ (56,202)	\$ (1,860,243)	\$ (1,760,887)

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
SPECIAL ASSESSMENT SPECIAL REVENUE FUND
For the Year Ended September 30, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Special Assessments	\$ 67,000	\$ 65,190	\$ (1,810)
Investment Earnings	150	-	(150)
Miscellaneous Revenues	-	14,110	14,110
Total Revenues	67,150	79,300	12,150
EXPENDITURES			
Current:			
Physical Environment	48,650	7,220	41,430
Total Expenditures	48,650	7,220	41,430
Excess (Deficiency) of Revenues Over Expenditures	18,500	72,080	53,580
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	(25,500)	(25,500)	-
Total Other Financing Sources (Uses)	(25,500)	(25,500)	-
Net Change in Fund Balance	(7,000)	46,580	53,580
Fund Balance (Deficit) - Beginning	(160,202)	(128,207)	31,995
Fund Balance (Deficit) - Ending	\$ (167,202)	\$ (81,627)	\$ 85,575

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
POLICE DISCRETIONARY SPECIAL REVENUE FUND
For the Year Ended September 30, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	\$ -	\$ 40,000	\$ 40,000
Fines and Forfeitures	-	91,239	91,239
Investment Earnings	-	4,503	4,503
Miscellaneous Revenues	-	12,698	12,698
Total Revenues	-	148,440	148,440
EXPENDITURES			
Current:			
Public Safety	232,111	79,180	152,931
Capital Outlay	59,000	12,057	46,943
Total Expenditures	291,111	91,237	199,874
Excess (Deficiency) of Revenues Over Expenditures	(291,111)	57,203	348,314
Net Change in Fund Balance	(291,111)	57,203	348,314
Fund Balance - Beginning	303,217	303,217	-
Fund Balance - Ending	\$ 12,106	\$ 360,420	\$ 348,314

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
FIRE IMPACT FEES SPECIAL REVENUE FUND
For the Year Ended September 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Impact Fees	\$ 200,000	\$ 262,439	\$ 62,439
Investment Earnings	50	3,982	3,932
Total Revenues	<u>200,050</u>	<u>266,421</u>	<u>66,371</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>200,050</u>	 <u>266,421</u>	 <u>66,371</u>
 OTHER FINANCING SOURCES (USES)			
Transfers (Out)	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Total Other Financing Sources and (Uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
 Net Change in Fund Balance	 195,050	 261,421	 66,371
 Fund Balance - Beginning	 <u>116,860</u>	 <u>116,860</u>	 <u>-</u>
 Fund Balance - Ending	 <u>\$ 311,910</u>	 <u>\$ 378,281</u>	 <u>\$ 66,371</u>

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
POLICE IMPACT FEES SPECIAL REVENUE FUND
For the Year Ended September 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Impact Fees	\$ 200,000	\$ 267,300	\$ 67,300
Investment Earnings	50	4,085	4,035
Total Revenues	<u>200,050</u>	<u>271,385</u>	<u>71,335</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>200,050</u>	<u>271,385</u>	<u>71,335</u>
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Total Other Financing Sources and (Uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Net Change in Fund Balance	195,050	266,385	71,335
Fund Balance - Beginning	<u>-</u>	<u>123,116</u>	<u>123,116</u>
Fund Balance - Ending	<u>\$ 195,050</u>	<u>\$ 389,501</u>	<u>\$ 194,451</u>

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STATISTICAL SECTION

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Statistical Section

This section of the City of Apopka's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Page

Financial Trends

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

86-90

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

91-94

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

95-97

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

98-99

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

100-102

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

Schedule 1
City of Apopka
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

Net Position	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 84,640,436	\$ 89,506,866	\$ 89,626,466	\$ 87,869,626	\$ 86,764,954	\$ 89,327,168	\$ 88,573,433	\$ 87,116,986	\$ 89,746,404	\$ 88,591,298
Restricted	-	-	2,173,455	2,032,131	2,174,523	2,156,922	1,907,822	2,482,323	2,398,096	2,237,460
Unrestricted	17,563,034	15,338,837	11,595,902	12,831,110	11,647,104	8,864,250	(214,724)	(9,422,061)	(10,749,809)	(13,022,296)
Total governmental activities net assets	\$ 102,203,470	\$ 104,845,703	\$ 103,395,823	\$ 102,732,867	\$ 100,586,581	\$ 100,348,340	\$ 90,266,531	\$ 80,177,248	\$ 81,394,691	\$ 77,806,462
Business-type activities										
Net investment in capital assets	\$ 85,287,785	\$ 85,405,361	\$ 87,624,978	\$ 86,015,227	\$ 85,141,627	\$ 84,626,587	\$ 100,656,361	\$ 103,140,729	\$ 122,538,179	\$ 124,589,796
Restricted	12,571,761	12,347,388	9,301,564	9,842,130	10,337,621	10,762,602	745,661	481,441	281,441	481,441
Unrestricted	12,589,992	13,569,652	15,640,402	17,283,878	18,362,898	19,309,266	17,057,907	17,018,263	4,846,807	4,345,777
Total business-type activities net assets	\$ 110,449,538	\$ 111,322,401	\$ 112,566,944	\$ 113,141,235	\$ 113,842,146	\$ 114,698,455	\$ 118,459,929	\$ 120,640,433	\$ 127,666,427	\$ 129,417,014
Total Net Assets										
Primary government	\$ 169,928,221	\$ 174,912,227	\$ 177,251,444	\$ 173,884,853	\$ 171,906,581	\$ 173,953,755	\$ 189,229,794	\$ 190,257,715	\$ 212,284,583	\$ 213,181,094
Net investment in capital assets	12,571,761	12,347,388	11,475,019	11,874,261	12,512,144	12,919,524	2,653,483	2,963,764	2,679,537	2,718,901
Restricted	30,153,026	28,908,489	27,236,304	30,114,988	30,010,002	28,173,516	16,843,183	7,596,202	(5,903,002)	(8,676,519)
Unrestricted	212,653,008	216,168,104	215,962,767	215,874,102	214,428,727	215,046,795	208,726,460	200,817,681	209,061,118	207,223,476
Total primary government net assets										

Schedule 2
City of Apopka
Changes in Net Position
Last Ten Fiscal Years
(accural basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 5,489,298	\$ 7,066,267	\$ 6,042,003	\$ 6,995,371	\$ 6,148,920	\$ 6,377,891	\$ 6,511,974	\$ 10,551,924	\$ 10,450,176	\$ 8,064,330
Public safety	20,734,113	20,687,224	22,686,115	23,502,477	26,038,039	25,985,190	27,864,802	33,942,557	29,189,880	32,665,170
Physical environment	-	-	-	-	-	-	305,767	152,252	335,011	2,566,149
Transportation	4,963,392	5,309,419	5,016,376	5,440,391	5,781,288	8,093,858	5,595,625	5,661,534	6,129,087	8,287,064
Economic environment	181,210	189,307	479,130	203,250	236,843	251,577	228,422	241,467	283,246	61,391
Culture and recreation	2,987,478	2,744,468	3,197,661	2,699,130	3,802,962	3,985,137	3,971,409	3,973,536	3,899,524	4,422,038
Interest on long-term debt	611,994	609,818	557,059	501,906	440,843	341,785	279,351	260,543	227,858	200,959
Total governmental activities expenses	34,967,485	36,606,503	37,978,344	39,342,525	42,448,895	45,035,438	44,757,350	54,783,813	50,514,782	56,267,102
Business-type activities:										
Utility system	13,471,277	13,483,200	13,633,236	13,793,770	15,066,790	15,019,098	16,036,573	15,312,542	13,309,805	17,787,110
Sanitation	3,043,158	3,087,328	3,260,503	3,397,041	3,397,745	3,453,253	3,642,605	3,884,273	3,165,186	3,876,225
Airport fuel	-	-	-	-	-	-	538,306	323,139	330,662	306,182
Total business-type activities expenses	16,514,435	16,570,528	16,893,739	17,190,811	18,464,535	18,472,351	20,217,484	19,519,954	16,805,653	21,969,517
Total primary government expenses	\$ 51,481,920	\$ 53,177,031	\$ 54,872,083	\$ 56,533,336	\$ 60,913,430	\$ 63,507,789	\$ 64,974,834	\$ 74,303,767	\$ 67,320,435	\$ 78,236,619
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,098,254	\$ 1,257,853	\$ 1,308,182	\$ 1,835,687	\$ 1,935,229	\$ 3,922,155	\$ 3,539,928	\$ 4,312,503	\$ 5,035,980	\$ 3,135,861
Public safety	2,398,293	3,330,192	3,647,620	4,664,249	4,989,182	1,937,810	1,775,398	1,249,905	1,309,862	1,460,059
Transportation	457,683	579,970	475,389	576,498	959,100	2,117,946	-	-	-	-
Economic environment	393,675	398,607	400,948	409,741	401,239	2,019,389	2,377,976	2,950,407	3,003,569	2,902,402
Culture and recreation	491,736	501,540	516,993	731,740	891,315	813,576	696,455	814,376	677,164	601,012
Operating grants and contributions	6,767,072	6,777,070	7,616,070	7,658,910	8,468,829	1,283,718	993,788	1,510,310	1,444,573	2,486,138
Capital grants and contributions	2,258,090	4,364,266	1,570,734	2,474,554	1,904,213	1,855,694	2,345,941	2,026,202	3,526,959	1,618,099
Total governmental activities program revenues	13,864,803	17,209,498	15,535,936	18,351,379	19,549,107	13,950,288	11,729,486	12,863,703	14,998,107	12,203,571
Business-type activities:										
Charges for services:										
Utility system:										
Water sales	4,478,286	4,766,796	5,371,826	5,765,969	5,548,701	5,541,172	5,749,002	5,991,860	8,762,951	6,571,038
Sewer sales	4,773,408	4,926,149	5,167,002	5,479,371	5,537,939	5,691,201	5,984,903	6,116,096	6,648,905	6,803,852
Reclaimed water sales	2,295,690	2,329,372	2,836,583	2,821,403	2,491,136	2,661,176	2,705,534	3,124,269	1,435,435	3,171,280
Sanitation:										
Sanitation fees	3,555,180	3,571,548	3,603,016	3,624,241	3,707,525	3,827,349	3,983,825	4,153,099	4,422,879	4,438,662
Fines	-	-	151	-	-	-	-	-	-	-

Schedule 2
City of Apopka
Changes in Net Position
Last Ten Fiscal Years
(accural basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Airport Fuel										
Fuel Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 507,464	\$ 337,697	\$ 336,510	\$ 296,033
Operating grants and contributions										
Capital grants and contributions	2,329,512	3,549,287	3,282,439	2,313,259	4,059,847	4,088,784	4,693,320	1,020,976	764,302	-
Total business-type activities program revenues	17,432,076	19,143,152	20,261,017	20,004,243	21,345,148	21,809,682	29,455,410	26,139,040	28,049,378	29,335,765
Total primary government program revenues	\$ 31,296,879	\$ 36,352,650	\$ 35,796,953	\$ 38,355,622	\$ 40,894,255	\$ 35,759,970	\$ 41,184,896	\$ 39,002,743	\$ 43,047,485	\$ 41,539,336
Net (Expense)/Revenue										
Governmental activities	\$ (21,102,682)	\$ (19,397,005)	\$ (22,442,408)	\$ (20,991,146)	\$ (22,899,788)	\$ (31,085,150)	\$ (33,027,864)	\$ (41,920,110)	\$ (35,516,675)	\$ (44,063,531)
Business-type activities	917,641	2,572,624	3,367,278	2,813,432	2,880,613	3,337,331	9,237,926	6,619,086	11,243,725	7,366,248
Total primary government net expense	\$ (20,185,041)	\$ (16,824,381)	\$ (19,075,130)	\$ (18,177,714)	\$ (20,019,175)	\$ (27,747,819)	\$ (23,789,938)	\$ (35,301,024)	\$ (24,272,950)	\$ (36,697,283)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 9,045,565	\$ 8,032,965	\$ 6,967,591	\$ 6,708,582	\$ 6,473,486	\$ 6,789,004	\$ 6,994,987	\$ 7,874,031	\$ 9,880,495	\$ 11,012,577
Franchise taxes, utility taxes and communication services tax	8,266,402	8,910,570	8,731,059	8,328,612	8,450,604	16,713,171	17,645,762	16,147,299	17,978,174	19,892,104
Gasoline taxes	1,308,117	1,325,623	1,319,668	1,308,220	1,412,722	1,433,900	1,497,364	1,448,906	1,623,250	1,683,683
Sale of capital assets	24,024	33,154	70,046	(100,645)	81,374	11,444	5,845	-	-	-
Miscellaneous revenues	604,493	509,462	503,969	490,664	561,578	235,911	208,132	246,351	1,253,931	384,910
Investment earnings	189,145	129,714	120,395	122,567	95,308	98,712	102,482	129,577	155,322	387,975
Transfers	2,904,000	3,097,750	3,279,800	3,470,190	3,678,430	3,899,130	4,133,060	5,984,663	5,842,946	7,114,053
Total governmental activities	22,341,746	22,039,238	20,992,528	20,328,190	20,753,502	29,181,272	30,587,632	31,830,827	36,734,118	40,475,302
Business-type activities:										
Sale of capital assets	3,800	27,453	12,099	41,647	16,238	12,287	-	-	-	-
Investment earnings	164,358	111,290	108,952	93,332	84,191	104,448	99,269	112,761	113,538	143,501
Franchise taxes	-	36,999	31,839	34,695	42,346	36,636	37,729	47,338	63,538	78,548
Miscellaneous revenue	1,089,892	1,222,247	1,004,172	1,061,375	1,355,953	1,264,737	1,297,947	1,385,982	1,448,139	1,276,343
Transfers	(2,904,000)	(3,097,750)	(3,279,800)	(3,470,190)	(3,678,430)	(3,899,130)	(4,133,060)	(5,984,663)	(5,842,946)	(7,114,053)
Total business-type activities	(1,645,950)	(1,699,761)	(2,122,738)	(2,239,141)	(2,179,702)	(2,481,022)	(2,698,115)	(4,438,582)	(4,217,731)	(5,615,661)
Total primary government	\$ 20,695,796	\$ 20,339,477	\$ 18,869,790	\$ 18,089,049	\$ 18,573,800	\$ 26,700,250	\$ 27,889,517	\$ 27,392,245	\$ 32,516,387	\$ 34,859,641
Change in Net Position										
Governmental activities	\$ 1,239,064	\$ 2,642,233	\$ (1,449,880)	\$ (662,956)	\$ (2,146,286)	\$ (1,903,878)	\$ (2,440,232)	\$ (10,089,283)	\$ 1,217,443	\$ (3,588,229)
Business-type activities	(728,309)	872,863	1,244,543	574,291	700,911	856,309	6,539,811	2,180,504	7,025,994	1,750,587
Total primary government	\$ 510,755	\$ 3,515,096	\$ (205,337)	\$ (88,665)	\$ (1,445,375)	\$ (1,047,569)	\$ 4,099,579	\$ (7,908,779)	\$ 8,243,437	\$ (1,837,642)

Schedule 3
City of Apopka
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund	\$ 244,048	\$ 426,277	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved	7,244,322	8,496,573	-	-	-	-	-	-	-	-
Unreserved	-	-	1,303,054	204,074	215,035	225,526	89,421	91,118	99,328	111,331
Nonspendable	-	-	913,180	974,665	964,801	1,017,749	956,252	759,251	661,521	687,275
Restricted	-	-	861,940	940,180	703,445	512,591	979,146	784,439	750,930	1,074,938
Committed	-	-	844,546	852,908	854,823	854,541	855,809	855,809	855,809	855,809
Assigned	-	-	5,505,322	8,812,311	8,788,248	8,228,167	8,993,373	8,076,023	9,913,103	10,184,693
Unassigned	-	-	9,428,042	11,784,138	11,526,352	10,838,574	11,874,001	10,566,640	12,280,691	12,914,046
Total general fund	\$ 7,488,370	\$ 8,922,850	\$ 9,428,042	\$ 11,784,138	\$ 11,526,352	\$ 10,838,574	\$ 11,874,001	\$ 10,566,640	\$ 12,280,691	\$ 12,914,046
All Other Governmental Funds										
Unreserved, reported in:										
Special revenue funds	\$ 12,144,203	\$ 10,521,223	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects funds	384,063	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	394
Restricted	-	-	1,260,275	1,057,476	1,209,722	1,139,173	951,570	1,723,072	1,736,575	1,550,185
Committed	-	-	9,864,959	10,808,015	11,174,083	9,560,679	10,472,918	12,502,585	12,497,874	12,215,055
Unassigned	-	-	-	-	-	-	(199,710)	(160,202)	(128,207)	(1,941,870)
Total all other governmental funds	\$ 12,528,266	\$ 10,521,223	\$ 11,125,234	\$ 11,865,491	\$ 12,383,805	\$ 10,699,852	\$ 11,224,778	\$ 14,065,455	\$ 14,106,242	\$ 11,823,764

(a) The City implemented GASB 54 beginning with fiscal year 2011 and has elected to display this change prospectively. Additional information can be found in the Notes to the Financial Statements.

Schedule 4
City of Apopka
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 16,237,692	\$ 15,199,281	\$ 14,322,374	\$ 13,548,609	\$ 13,656,428	\$ 13,821,953	\$ 14,265,977	\$ 14,720,245	\$ 17,499,600	\$ 18,780,588
Licenses, fees and permits	4,390,989	4,885,499	4,917,670	5,622,483	5,346,169	5,689,506	5,925,542	5,505,925	6,855,004	5,716,168
Special assessments	-	-	-	-	-	-	65,148	65,070	65,094	65,190
Impact fees	686,402	620,555	830,036	2,083,405	1,425,055	2,252,481	1,201,311	1,550,869	2,287,390	1,489,938
Intergovernmental revenues	6,159,652	6,753,008	7,025,456	7,125,242	7,908,753	8,432,322	9,050,848	9,313,030	3,331,797	11,426,573
Charges for services	2,350,133	3,075,549	3,133,490	3,592,856	4,295,677	4,645,228	3,840,745	3,679,022	10,507,000	3,778,925
Fines and forfeitures	1,086,028	1,492,899	1,670,414	2,288,933	2,588,781	1,597,545	1,957,258	2,386,499	3,434,861	2,156,740
Investment earnings	189,144	128,497	120,394	122,566	95,309	98,712	102,482	129,577	155,322	387,975
Miscellaneous revenues	1,148,004	1,120,841	870,854	841,424	1,070,763	892,989	690,711	933,413	1,751,079	1,885,419
Total revenues	32,248,044	33,276,129	32,890,688	35,225,518	36,386,935	37,430,736	37,100,022	38,283,650	45,887,147	45,687,516
Expenditures										
General government	4,797,013	5,337,598	5,345,545	6,003,034	5,008,060	7,702,765	5,829,309	7,921,687	8,391,320	7,580,579
Public safety	18,330,239	18,344,956	19,187,180	20,184,386	23,071,274	24,219,905	24,791,883	27,370,853	32,563,882	29,551,614
Physical environment	-	-	-	-	-	-	509,614	195,367	354,847	2,511,747
Transportation	2,919,198	3,037,602	3,015,783	3,293,003	3,669,943	3,969,041	4,097,371	3,377,495	7,264,173	4,766,150
Economic Environment	142,369	141,063	153,360	159,094	199,791	208,436	228,422	241,467	283,246	61,391
Culture and recreation	2,590,285	2,342,587	2,469,829	2,161,492	3,057,061	3,314,348	3,272,959	3,639,456	3,713,298	3,265,265
Nondepartmental	-	-	-	-	-	-	-	-	-	-
Capital outlay	9,542,830	5,654,441	2,941,263	1,850,400	4,011,144	4,166,380	-	-	-	6,596,438
Debt service:										
Principal payments	1,208,584	1,450,853	1,357,814	1,411,275	2,506,019	4,431,604	1,661,862	2,047,926	2,520,917	3,094,685
Interest and fiscal charges	460,974	637,342	590,511	536,680	499,535	431,184	299,374	276,541	251,560	292,552
Insurance costs	-	-	-	-	42,500	-	-	-	-	-
Total expenditures	39,991,492	36,946,442	35,061,285	35,599,364	42,065,327	48,443,663	40,690,794	45,070,792	55,343,243	57,720,421
Excess of revenues over (under) expenditures	(7,743,448)	(3,670,313)	(2,170,597)	(373,846)	(5,678,392)	(11,012,927)	(3,590,772)	(6,787,142)	(9,456,096)	(12,032,905)
Other Financing Sources (Uses)										
Note proceeds	-	-	-	-	2,260,500	4,147,929	960,000	1,825,000	2,400,000	2,805,000
Transfers in	4,074,407	4,990,969	4,328,103	5,630,730	5,013,804	4,863,012	5,065,882	7,378,888	6,924,332	8,822,533
Transfers (out)	(1,170,407)	(1,893,219)	(1,048,303)	(2,160,541)	(1,335,374)	(963,882)	(932,822)	(1,394,225)	(1,081,386)	(1,708,480)
Sale of capital assets	24,024	-	-	-	-	-	58,065	-	-	-
Capital leases proceeds	5,316,963	-	-	-	-	-	-	510,795	2,967,988	464,729
Total other financing sources (uses)	8,244,987	3,097,750	3,279,800	3,470,189	5,938,930	8,047,059	5,151,125	8,320,458	11,210,934	10,383,782
Net change in fund balances	\$ 501,539	\$ (572,563)	\$ 1,109,203	\$ 3,096,343	\$ 260,538	\$ (2,965,868)	\$ 1,560,353	\$ 1,533,316	\$ 1,754,838	\$ (1,649,123)
Debt service as a percentage of non-capital expenditures	5.5%	6.7%	6.1%	5.8%	7.9%	11.0%	4.8%	5.2%	5.0%	6.6%

Schedule 5
City of Apopka
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended Sept. 30,	Residential Property	Commercial Property	Industrial Property	Total Assessed Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2009	\$ 1,865,789	\$ 575,106	\$ 102,077	\$ 2,542,972	\$ 385,550	\$ 2,157,422	3.1738
2010	2,307,557	673,468	118,556	3,099,581	425,626	2,673,955	3.5168
2011	2,406,309	794,122	124,550	3,324,981	737,387	2,587,594	3.5168
2012	2,125,229	768,370	132,755	3,026,354	757,036	2,269,318	3.5166
2013	1,872,903	708,303	116,618	2,697,824	757,328	1,940,496	3.5164
2014	1,803,977	762,590	166,731	2,733,298	801,139	1,932,159	3.5161
2015	2,005,159	776,287	215,802	2,997,248	825,329	2,171,919	3.4727
2016	2,113,495	893,438	248,369	3,255,302	821,722	2,433,580	3.2876
2017	2,333,224	923,495	241,368	3,498,087	842,021	2,656,066	3.2876
2018	2,554,539	1,011,089	264,258	3,829,886	876,406	2,953,480	3.7876

Note: Property in the City is reassessed each year. Totals shown are per \$1,000.

Schedule 6
City of Apopka
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Fiscal Year	City Direct Rates		Overlapping Rates			
	Basic Rate	Total Direct	Orange County	Orange County School Board	St. John's Water Management District	Library
2009	3.5168	3.5168	4.4347	7.1210	0.4158	0.3748
2010	3.5168	3.5168	4.4347	7.6730	0.4158	0.3748
2011	3.5166	3.5166	4.4347	7.8940	0.4158	0.3748
2012	3.5164	3.5164	4.4347	7.8940	0.4158	0.3748
2013	3.5161	3.5161	4.4347	8.4780	0.3313	0.3748
2014	3.4727	3.4727	4.4347	8.3620	0.3283	0.3748
2015	3.2876	3.2876	4.4347	8.4740	0.3164	0.3748
2016	3.2876	3.2876	4.4347	8.2180	0.3023	0.3748
2017	3.7876	3.7876	4.4347	7.8110	0.2724	0.3748
2018	3.7876	3.7876	4.4347	7.4700	0.2724	0.3748

Source: Orange County Property Appraiser's Office – Roger Ross 407.836.5074

Schedule 7
City of Apopka
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Qorvo (Triquint)	\$ 97,268,156	1	4.00%			0.00%
Coca Cola	73,608,045	2	3.02%			0.00%
Duke Energy	51,789,133	3	2.13%			0.00%
MRAD Phase 1 LLC	42,154,663	4	1.73%			0.00%
Oakmont Apopka Road LLC	35,835,291	5	1.47%	13,109,841	2	0.78%
Embarq (Sprint United Mgmt Co.)	35,367,962	6	1.45%			0.00%
Woolbright Wekiva LLC	22,017,696	7	0.90%	21,489,177	1	1.28%
Palm Key II Limited Partnership	13,983,779	8	0.57%			0.00%
Icon Hotels LLC	13,120,242	9	0.54%			0.00%
Wal-Mart Stores East LP	12,598,512	10	0.52%	10,852,558	3	0.65%
Total	\$ 397,743,479		16.33%	\$ 45,451,576		2.71%

Source: Orange County Property Appraiser's Office Annual Report.
Contact: Roger Ross 407.836.5074

**Schedule 8
City of Apopka
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended Sept. 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	9,944,988	9,527,653	95.80%	5,119	9,532,772	95.86%
2010	8,785,190	8,429,895	95.96%	15,192	8,445,087	96.13%
2011	7,557,782	7,254,684	95.99%	23,115	7,277,799	96.30%
2012	7,175,940	6,881,747	95.90%	73,339	6,955,086	96.92%
2013	6,800,777	6,648,428	97.76%	29,207	6,677,635	98.19%
2014	6,949,031	6,754,188	97.20%	34,816	6,789,003	97.70%
2015	7,129,637	6,754,188	94.73%	34,816	6,789,003	95.22%
2016	8,003,262	7,833,130	97.87%	40,901	7,874,031	98.39%
2017	10,070,026	9,873,451	98.05%	7,044	9,880,495	98.12%
2018	11,191,541	10,998,668	98.28%	13,910	11,012,578	98.40%

Source: Orange County Tax Collector's Office

* Years 2007 through 2011 Collections restated for presentation purposes

* Includes CRA Ad Valorem Taxes

Schedule 9
City of Apopka
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	Bonds Payable	Notes Payable	Capital Leases	Utility Revenue Bonds	Notes Payable	Capital Leases	Capital Leases	Government			
	2009	307,500	10,015,000	5,667,257	22,040,000	-	662,994	38,203,028			
2010	276,750	9,150,000	5,112,154	21,475,000	-	405,569	35,971,178	3.35%	866		
2011	246,000	8,390,000	4,545,090	20,260,000	-	137,849	33,172,311	2.96%	788		
2012	215,250	7,600,000	3,954,566	19,615,000	-	19,547	31,046,526	2.65%	725		
2013	184,500	7,900,500	3,439,297	17,435,000	-	-	30,315,123	2.43%	687		
2014	153,750	11,086,872	-	16,725,000	1,100,000	-	30,398,618	2.19%	666		
2015	656,185	10,460,622	-	17,660,334	982,000	-	31,284,141	2.15%	672		
2016	502,973	9,926,372	410,256	16,703,511	740,000	-	28,283,112	2.19%	591		
2017	335,000	10,148,890	3,189,810	14,480,000	7,843,273	-	35,996,973	2.73%	724		
2018	170,000	10,540,592	3,149,726	15,860,128	26,214,220	-	55,934,666	3.80%	1,082		

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

^a See Schedule 14 for personal income and population data.

Schedule 10
City of Apopka
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Utility Revenue Bonds						Coverage	
	Utility Service Charges (1)	Less: Operating Expenses (2)	Net Available Revenue		Debt Service			
			Principal	Interest	Principal	Interest		
2009	14,183,525	9,416,675	4,766,850	\$	565,000	\$	1,018,893	3.01
2010	14,059,783	9,022,371	5,037,412		595,000		980,080	3.20
2011	15,107,926	9,121,388	5,986,538		620,000		952,743	3.81
2012	16,492,461	9,273,523	7,218,938		645,000		938,793	4.56
2013	17,195,808	10,285,915	6,909,893		630,000		761,099	4.97
2014	17,130,614	10,421,678	6,708,936		710,000		623,400	5.03
2015	19,542,432	10,900,642	8,641,790		725,000		609,200	6.48
2016	20,627,268	10,988,999	9,638,269		750,000		576,200	7.27
2017	23,830,106	12,582,754	11,247,352		770,000		564,950	8.43
2018	24,080,220	17,219,932	6,860,288		-		267,075	25.69

Note: (1) Gross Pledged Revenues include operating revenues, connection fees (Fund 401), and impact fees (Fund 403) Contributions from grants and disposal of fixed assets are not included.

(2) Direct operating expenses include all personnel expenses and operating expenses (less depreciation) as per the Statement of Revenue and Expenditures (Fund 401).

Source: City of Apopka Finance Department

Schedule 11
City of Apopka
Direct and Overlapping Governmental Activities Debt

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Orange County School District**	\$ 1,209,219,119	2.47%	\$ 29,912,265
City Direct Debt (Governmental Activities)		100%	<u>10,710,592</u>
Total Direct and Overlapping Debt			<u><u>\$ 40,622,857</u></u>

Source:

Assessed value data used to estimate applicable percentage provided by the Orange County Property Appraiser (Form DR-403V). Debt outstanding provided by each governmental unit.

Notes:

Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Apopka. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, is responsible for repaying the debt, of each overlapping government.

* For debt repaid with property taxes, the percentage of overlapping debt was determined by taking the City's assessed taxable value and dividing it by Orange County's assessed taxable value.

** Debt outstanding as of June 30, 2018

Schedule 12
City of Apopka
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Unemployment Rate
2009	40,406	1,012,919	25,069	38.7	10.6%
2010	41,542	1,072,638	25,821	38.7	11.6%
2011	42,089	1,119,365	26,595	38.7	10.4%
2012	42,805	1,172,559	27,393	35.4	8.0%
2013	44,129	1,245,100	28,215	35.4	5.6%
2014	45,669	1,385,049	30,328	34.1	5.1%
2015	46,571	1,454,785	31,238	34.1	4.2%
2016	47,826	1,291,828	27,011	36.6	4.0%
2017	49,750	1,320,826	25,895	36.6	3.9%
2018	51,676	1,473,851	28,521	37.3	3.2%

Sources: U.S. Census Bureau and www.bebr.ufl.edu

**Schedule 13
City of Apopka
Principal Employers
Current Year and Nine Years Ago**

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Century Link (formerly Embarq & Sprint)	2,192	1	4.58%	2,000	1	19.84%
Northrop Grumman	819	2	1.71%			0.00%
Wal-Mart Supercenter	811	3	1.70%	550	3	5.46%
Florida Hospital - Apopka	671	4	1.40%	250	6	2.48%
Qorvo	590	5	1.23%			
Finfrock Construction Inc.	500	6	1.05%			0.00%
Publix	452	7	0.95%	150	7	
City of Apopka	438	8	0.92%	397	4	
Randall Mechanical	419	9	0.88%			0.00%
Orange County Schools	416	10	0.87%	1,000	2	
Triquint (formerly SawTek)				345	5	3.42%
Energy Air Inc (relocated)						0.00%
Florida Living Nursing Center						0.00%
Apopka High School						0.00%
Total	7,308		15.29%	4,692		31.20%
			47,826			10,081

Source: City of Apopka Finance Department survey of local businesses

Schedule 14
City of Apopka
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General government										
Administration	14	13	14	13	11	10	11	11	10	7
Finance & Utility Billing	9	9	9	8	9	8	9	11	11	15
Human resources	3	3	3	3	3	3	3	4	4	5
Planning	8	8	7	7	8	8	7	8	11	10
Building	7	7	7	6	6	6	6	7	7	9
IT	5	6	6	7	7	7	5	6	7	7
Police										
Officers	85	91	91	88	90	90	90	97	107	108
Civilians	8	32	32	35	35	31	32	37	37	43
Fire										
Firefighters and officers	81	80	80	80	75	78	77	81	100	108
Civilians	18	2	2	3	6	2	3	2	2	2
Sanitation	17	17	17	16	16	18	17	18	18	18
Other public works										
Administration	7	7	7	7	9	9	8	9	9	9
Engineering	4	4	4	3	6	7	7	8	7	8
Purchasing	-	-	-	-	-	-	-	-	-	-
Construction	8	7	6	6	7	7	7	13	9	9
Water	22	21	21	22	22	21	19	17	18	23
Wastewater	22	23	22	21	20	21	19	20	23	24
Plant maintenance										11
Facilities maintenance	-	-	-	-	-	-	-	-	2	2
Restoration	-	-	-	-	-	-	-	-	4	4
Fleet	8	10	10	11	11	11	9	13	13	13
Streets	8	8	9	8	9	7	8	16	18	18
Cemetery	2	2	2	1	2	2	2	2	2	2
Parks and recreation	28	28	28	27	28	25	28	20	19	20
Total	<u>364</u>	<u>376</u>	<u>377</u>	<u>372</u>	<u>380</u>	<u>371</u>	<u>367</u>	<u>400</u>	<u>438</u>	<u>475</u>

Source: City Finance Department

Schedule 15
City of Apopka
Operating Indicators by Function/Program

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Physical arrests	2,374	2,147	1,523	1,414	1,011	1,505	1,426	1,311	1,232	1,236
Parking violations	11	117	32	157	424	152	177	235	51	77
Traffic violations	4,481	3,521	2,283	1,764	3,636	3,459	3,522	2,058	2,786	2,568
Red Light Violations	9,735	13,870	16,754	22,422	27,630	22,283	23,204	31,773	26,602	34,282
Fire										
Emergency responses	5,859	5,433	5,093	5,418	4,973	5,298	5,563	6,523	7,532	8,484
Fires extinguished	135	163	158	143	103	110	107	138	137	136
Inspections	5,451	2,324	2,614	2,444	2,120	2,740	2,738	2,706	2,680	2,750
Refuse collection										
Refuse collected (tons per day)	74.5	73.5	74.7	73.9	60.3	86.6	91.2	96	100	102
Recyclables collected (tons per day)	5.9	5.7	5.6	5.7	5.8	5.8	5.2	4	6	6
Other public works										
Street resurfacing (miles)	2.4	4.0	-	-	-	2.4	-	2	4	5
Parks and recreation										
Athletic leagues		8	9	10	10	7	7	7	7	7
Athletic leagues participants	436,622	4,062	3,201	2,175	2,375	2,415	2,395	2,453	3,552	2,572
Senior and Adult programs	281	9	14	10	10	13	11	13	18	19
Children's programs	-	4	4	5	5	6	6	7	7	9
Facility rental permits	2,048	2,861	666	3,269	3,327	3,423	3,368	3,393		1,687
Water										
New connections	246	270	239	333	405	427	356	670	198	434
Average daily consumption (millions of gallons)	7.57	7.54	7.35	7.01	6.79	6.82	7.16	8	8	8
Peak daily consumption (millions of gallons)	14.68	12.44	12.35	9.90	11.02	9.69	10.88	11	11	15
Wastewater										
Average daily sewage treatment (millions of gallons)	2.64	2.66	2.59	2.62	2.76	2.89	3.07	3	3	3
Reclaimed Water										
New connections	202	219	183	207	261	409	300	402	136	306
Average daily consumption (millions of gallons)	5.63	5.51	6.03	6.06	5.49	5.64	6.10	7	7	7
Peak daily consumption (millions of gallons)	9.31	9.61	10.61	9.85	9.39	9.62	11.00	11	14	17

Sources: Various City departments.
Note: Indicators are not available for the general government function.

Schedule 16
City of Apopka
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	80	44	54	78	105	105	105	108	108	108
Fire stations	4	4	4	4	4	4	4	4	4	4
Refuse collection										
Collection trucks	16	16	16	17	15	19	19	19	19	19
Other public works										
Streets (miles)	195	203	203	203	203	266	300	303	306	378
Streetlights	134	134	134	134	134	134	134	134	134	134
Traffic signals	27	28	32	32	32	33	34	34	34	34
Parks and recreation										
Acreage	265.18	265.18	265.18	265.18	265.18	265.18	265.18	265	265	265
Playgrounds	7	7	7	7	7	7	7	7	7	7
Baseball/softball diamonds	14	14	14	14	14	14	14	14	14	14
Soccer/football fields	15	15	15	15	16	16	16	16	16	16
Community centers	4	4	4	4	4	4	4	4	4	4
Water										
Water mains (miles)	259	266	268	268	270	313	337	341	346	341
Fire hydrants	1381	1403	1414	1429	1435	1691	1781	1,813	1,840	1,847
Total system capacity (millions of gallons)	46.84	46.84	46.84	46.84	46.84	46.84	46.84	46.84	47	47
Wastewater										
Sanitary sewers (miles)	210	217	218	218	219	245	250	254	258	267
Storm sewers (miles)	26	96	96	96	96	125	109	111	114	117
Treatment capacity (millions of gallons)	4.5	4.5	4.5	4.5	4.5	4.5	4.5	5	5	5
Lift stations	108	111	112	112	113	115	116	120	123	137
Reclaimed Water										
Reclaimed water mains (miles)	104	113	117	118	126	130	133	137	141	160
Total system capacity (millions of gallons)	15.55	15.55	15.55	15.55	26.35	26.35	26.35	31	31	31

Sources: Various City departments.

COMPLIANCE SECTION

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**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***

The Honorable Mayor and
Members of the City Council
City of Apopka, 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, each major fund, and the aggregate remaining fund information of the City of Apopka, Florida (the “City”) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated July 31, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 deficiencies 2017-002, 2018-001, 2018-002, 2018-003, and 2018-004, described in the accompanying Schedule of Findings and Questioned Costs, to be material weaknesses. Management’s responses were not audited.

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 deficiency 2018-005, described in the accompanying Schedule of Findings and Questioned Costs, to be a significant deficiency. Management’s responses were not audited.

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

The Honorable Mayor and
Members of the City Council
City of Apopka, Florida

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated July 31, 2019.

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.

A handwritten signature in blue ink that reads "Moore Stephens Lovelace, P.A.".

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
July 31, 2019



Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR STATE PROJECT AND ON INTERNAL
CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES
OF STATE FINANCIAL ASSISTANCE IN ACCORDANCE WITH
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

The Honorable Mayor and
Members of the City Council
City of Apopka, Florida

Report on Compliance for Each Major State Project

We have audited the compliance of the City of Apopka, Florida (the "City") with the types of compliance requirements described in the Department of Financial Services *State Compliance Supplement* that could have a direct and material effect on each of its major state projects for the year ended September 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state project.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major state project based on our audit of the types of compliance requirements referred to above. 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 Chapter 10.550, *Rules of the Auditor General*. Those standards and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major state project identified in the accompanying Schedule of Findings and Questioned Costs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion on Each Major State Project

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state project identified in the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2018.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on the major state project to determine auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

The Honorable Mayor and
Members of the City Council
City of Apopka, Florida

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 state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 state project 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 state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Report on Schedule of Expenditures of State Financial Assistance in Accordance with Chapter 10.550, Rules of the Auditor General

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated July 31, 2019, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of State Financial Assistance is presented for the purposes of additional analysis, as required by Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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 referred to above. Accordingly, this report is not suitable for any other purpose.



MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
July 31, 2019

CITY OF APOPKA, FLORIDA

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

Fiscal Year Ended September 30, 2018

<u>State Agency/Pass-Through Grantor/ Program Title or Cluster Title</u>	<u>State CSFA/ Number</u>	<u>Grant / Identifying Number</u>	<u>Amount Approved</u>	<u>State Expenditures</u>
<i>Florida Department of Environmental Protection</i>				
Florida Recreation Development Assistance Program	37.017	A7057		\$ 37,515
State Revolving Fund Loan	37.077	WW480211		35,620,439
<i>Pass-through Agency</i>				
<i>St. John's Water Management District</i>				
Reclamation Water Main Extension	37.052	28455		42,016
Nutrient Removal Treatment Improvements Project	37.052	28457		1,296,269
Golden Gem Reclamation Water Main Extension	37.052	22848		196,519
			Total	<u>1,534,804</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE				<u>\$ 37,192,758</u>

Note 1 - Basis of Presentation

The schedule of expenditures of state financial assistance (the "schedule") is a summary of the activity of the City's state financial assistance presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The information in the schedule is presented in accordance with the requirements of Chapter 10.550, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - State Revolving Fund Loans

For State Revolving Fund loans listed on the Schedule of Expenditures of State Financial Assistance, the City had the following loan balances outstanding at September 30, 2018:

<u>Program Title</u>	<u>CSFA Number</u>	<u>Total Outstanding</u>
State Revolving Fund	37.077	\$ 25,965,220

CITY OF APOPKA, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2018

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:

Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified? X Yes None reported

Noncompliance material to financial statements noted? Yes X No

State Project(s)

Internal control over major project(s):

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Type of report issued on compliance for major state project(s):

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.557, *Rules of the Auditor General*?

X Yes No

Identification of Major State Project(s):

<u>CSFA Number</u>	<u>Name of State Project</u>
37.077	State Revolving Loan

Dollar threshold used to distinguish between Type A and Type B projects: \$1,115,783

SECTION II - FINANCIAL STATEMENT FINDINGS

See Schedule of Findings and Recommendations.

SECTION III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS SECTION

None reported.

SECTION IV - PRIOR-YEAR AUDIT FINDINGS

See Schedule of Findings and Recommendations for status of Prior Year Findings.

CITY OF APOPKA, FLORIDA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

Fiscal Year Ended September 30, 2018

Prior-Year Findings

Type: Material Weakness

2017-001 ACCOUNTS PAYABLE

Finding:

During our audit, we noted an invoice that should have been expensed in fiscal year 2017, as the service occurred prior to fiscal year-end. The City recorded the transaction in fiscal year 2018.

Criteria:

To ensure that accurate and complete information is being captured, the City should review all account balances at year-end.

Cause:

The City's year-end procedures were not adequately followed.

Effect:

This resulted in a material audit adjustment to the City's Utility System Fund.

Recommendation:

We recommend that the City ensure that all year-end closing procedures are properly performed and that the City reviews all year-end account balances to ensure timely and accurate closing of the City's trial balance.

Current Year Status:

During our current year testing of accounts payable, we did not note any unrecorded liabilities. Therefore, we deem this finding related to accounts payable to be resolved.

Type: Material Weakness

2017-002 FIXED ASSETS

Finding:

During our audit, we noted discrepancies between recorded balances of fixed assets and the recorded amounts in the City's fixed assets subsidiary ledger, as well as in the reconciliation between capital outlay and the fixed asset additions. The amount of the discrepancies were not significant and correcting entries were made.

Criteria:

To ensure that accurate and complete information is being captured, the City should review all account balances at year-end and reconcile to available fixed asset subsidiary ledgers.

Cause:

During the current year, the City implemented a new fixed asset system, which resulted in general ledger balances not being reconciled on a timely basis.

Effect:

Discrepancies in fixed asset balances and fixed asset subsidiary ledgers were noted during the period and audit adjustments were made to the City's general ledger.

CITY OF APOPKA, FLORIDA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS *(Continued)*

Fiscal Year Ended September 30, 2018

Prior-Year Findings *(Continued)*

Recommendation:

We recommend that the City review and reconcile all fixed asset account balances, at least annually, to ensure timely and accurate financial reporting.

Current Year Status:

During the current year, we noted that fixed assets continued to not be reconciled to the general ledger balances. During the current year, due to transition in staff, no assets were recorded in the City's fixed asset subledger. In addition, the prior Finance Director eliminated the City's tagging process and did not completely institute an annual fixed asset inventory count and reconciliation to the general ledger. During the audit, the City reviewed its capital outlay accounts for assets that should have been reported in the subledger. It reported these items by asset category (improvements other than buildings, machinery and equipment, buildings, etc.) and reported the related depreciation. The City intends to implement a plan to record the individual assets and perform a complete asset inventory. Due to the continued nature of this finding and the significance of fixed assets to the City's financial statements, we are changing the reporting of this finding from a significant deficiency to a material weakness.

CITY OF APOPKA, FLORIDA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS *(Continued)*

Fiscal Year Ended September 30, 2018

Current-Year Findings

Type: Material Weakness

2018-001 UTILITY BILLING

Finding:

During our audit, we noted that the Utility Billing subledger activity was not being reconciled to the City's general ledger. The previous Finance staff had not identified any reports or performed any reconciliations. In addition, customer service staff was performing activities without any specific knowledge of the related impact on the City's general ledger accounts.

Criteria:

To ensure that accurate and complete information is being captured, the City should review and reconcile the utility system subledger activities to the City's general ledger.

Cause:

Due to changes in the City's financial software and lack of training by former Finance department leadership, there were no City personnel who understood the reports available from the software and the relationship to the City's general ledger reporting.

Effect:

The City did not identify and reconcile differences between amounts in the utility system subledgers and the City's related general ledger accounts.

Recommendation:

We recommend that the City implement processes which will ensure that utility subledger activity is reviewed and reconciled to the City's related general ledger on at least a monthly basis.

Type: Material Weakness

2018-002 INTERNAL CONTROLS OVER FINANCIAL ACCOUNTING

Finding:

During our testing of controls, we noted the following issues:

- a. Two journal entries did not have proper documentation of approval.
- b. The accounting software system was not properly set up to ensure that journal entries required different users to enter and post to the general ledger.
- c. One invoice related to a disbursement had no documentation of review and approval prior to payment.
- d. Potential that an invoice can be paid more than one time due to software limitations.
- e. Improper segregation of duties between review and posting of purchase orders prior to disbursement.
- f. While there is an overall purchasing policy, there is no policy specific to the use of P-cards.
- g. One P-card transaction had no documentation that the purchase order had been reviewed and authorized.
- h. One P-card transaction where the support/invoice did not agree to the amount paid.
- i. One P-card transaction where the expense was coded to the wrong general ledger account.
- j. Three instances where there was no evidence that employees had properly signed out their P-cards.

CITY OF APOPKA, FLORIDA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS *(Continued)*

Fiscal Year Ended September 30, 2018

Current-Year Findings *(Continued)*

- k. It was noted that the same number sequencing was used for both E-payables and P-cards, making them indistinguishable from each other.
- l. One payroll transaction where an employee's pay-rate in the Human Resources file was lower than the pay-rate per the payroll register.
- m. Two instances where cash receipts for fuel sales were not substantiated with proper documentation.

While we believe that none of the items mentioned above individually would be considered a significant deficiency or material weakness, collectively, they rise to the level of a material weakness.

Criteria:

In order to ensure appropriate financial accounting and reporting, the City should have proper internal controls.

Cause:

Due to changes in the City's financial software and lack of training by former Finance department leadership, there was a breakdown in the implementation of the City's internal control and related policies and procedures.

Effect:

Various instances where the City's internal controls and related policies and procedures were not properly followed.

Recommendation:

We recommend that the City update its internal controls and related policies and procedures for its new accounting software and management. In addition, we recommend that formal personnel training at various levels be implemented to ensure that all City personnel understand the importance of complying the City's internal controls and related policies and procedures.

Type: Material Weakness

2018-003 – Bank Reconciliation

Condition:

During our audit of the City's financial statements, we performed testing of the cash balances. During these procedures, we noted that cash had not been reconciled during the fiscal year. When City staff completed these reconciliations, there was a positive adjustment to the City's cash balance.

Effect:

Monthly bank account reconciliations are important internal control procedures relating to the City's cash accounts. Unreconciled amounts should be investigated and not be allowed to carry over from month-to-month.

Cause:

Turnover in the City's Finance Department created a lack of management oversight for almost six months prior to a permanent Director being hired. This issue was exacerbated by the lack of knowledge and training of personnel related to the City's new accounting software and its reconciliation process.

CITY OF APOPKA, FLORIDA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS *(Continued)*

Fiscal Year Ended September 30, 2018

Current-Year Findings *(Continued)*

Criteria:

To ensure timely financial accounting and reporting, controls over cash should include timely bank reconciliations to ensure that any errors are identified and corrected on a timely basis (no later than 30 days following month-end).

Recommendation:

We recommend that the City evaluate its controls over cash to ensure that the City completes its bank reconciliations in a timely manner.

Type: Material Weakness

2018-004 – Audit Adjustments

Condition:

During our audit of the current-year financial statements, we noted several account balances that required audit adjustments. Below is a listing of areas where adjustments were required as a result of the audit process:

- a. Immaterial adjustment to investments related to interest earned during the audit period.
- b. Immaterial adjustment to unearned revenue that should have been recognized during the audit period.
- c. Various adjustments to long-term debt accounts to reconcile general ledger amounts reported to amounts due to third parties.
- d. Various adjustments to pension and other post-employment benefit general ledger account balances to agree to third-party actuary information.

Effect:

Audit adjustments were identified and required to be made subsequent to the start of the year-end audit.

Cause:

Turnover in the City's Finance Department created a lack of management oversight for almost six months prior to a permanent Director being hired. This issue was exacerbated by the lack of knowledge and training of personnel related to the City's new accounting software and oversight and knowledge of the applicable year-end procedures.

Criteria:

The City's management is responsible for establishing and maintaining accounting and reporting procedures, to ensure the City's financial statements are fairly presented in conformity with U.S. GAAP.

Recommendation:

We recommend that the City's management strengthen internal controls and procedures over year-end closing procedures as well as financial accounting and reporting.

CITY OF APOPKA, FLORIDA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS *(Continued)*

Fiscal Year Ended September 30, 2018

Current-Year Findings *(Continued)*

Type: Significant Deficiency

2018-005 – Inventory

Condition:

During our audit, we noted that inventory had not been properly adjusted to the year-end inventory measurements.

Effect:

Audit adjustments were identified and required to be made to adjust general ledger inventory account balances to the final inventory counts/measurements.

Cause:

Turnover in the City's Finance Department and operational departments created a lack of communication about the values of inventory at year-end.

Criteria:

The City's management is responsible for establishing and maintaining accounting and reporting procedures to ensure that inventory is properly valued at year-end.

Recommendation:

We recommend that the internal controls and procedures be implemented and followed to ensure that inventory is properly account for at year-end and that the related activity during the year is properly reported in the appropriate funds.



INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Mayor and
Members of the City Council
City of Apopka, Florida

We have examined the City of Apopka, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2018. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with those requirements. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2018.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
July 31, 2019

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable Mayor and
Members of the City Council
City of Apopka, Florida

Report on the Financial Statements

We have audited the basic financial statements of the City of Apopka, Florida (the "City") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated July 31, 2019.

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; and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have also issued our 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*, Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control over Compliance and Report on Schedule of State Financial Assistance Required by Chapter 10.550, *Rules of the Auditor General*, Schedule of Findings and Questioned Costs, and our 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 Auditor General*. Disclosures in those reports and schedule, which are dated July 31, 2019, 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 current year status of prior year findings are listed in the attached Schedule of Observations and Recommendations.

Official Title and Legal Authority

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

The Honorable Mayor and
Members of the City Council
City of Apopka, Florida

Financial Condition and Management

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

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

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. These recommendations are listed in the attached Schedule of Observations and Recommendations.

Special District Component Units

Section 10.554(1)(i)5.d., *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.

Additional Matters

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

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 Mayor, City Council, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
July 31, 2019

CITY OF APOPKA, FLORIDA

SCHEDULE OF OBSERVATIONS AND RECOMMENDATIONS

Fiscal Year Ended September 30, 2018

Prior-Year Observations

MLO-2016-001 EMPLOYEE TURNOVER

Observation:

During our current-year audit of the City's financial statements, it was noted that the City had not completed some of its bank reconciliations in a timely manner. Furthermore, some of its journal entries were not reviewed and approved in accordance with the City's existing policies and procedures.

Criteria:

Preparing bank reconciliations and reviewing and approving journal entries are essential in ensuring accurate financial operations and strong internal controls.

Cause:

The City had significant turnover of key Finance personnel in the current year. The City's Accountant II and Accounting Manager positions were vacant during a portion of the year. Bank reconciliations and journal entries are the job duties of these positions.

Effect:

Not reconciling bank accounts and reviewing journal entries on a consistent basis means that errors or other problems might not be recognized and resolved in a timely manner.

Recommendation:

We recommend that the City implement cross-training procedures within the Finance Department. This will ensure that essential accounting functions can be carried out by various employees in the event of key personnel turnover.

Current-Year Status:

Fiscal Year Ended September 30, 2017 - During our control testing in the current year, we found instances of the observation noted above. Therefore, the observation has not been fully resolved in the current year.

Fiscal Year Ended September 30, 2018 - The City experienced significant additional turnover in staff in various departments which resulted in additional audit findings. Therefore, this finding, while not deemed corrected, will not be repeated due to its impact/inclusion in other current-year findings.

MLO-2017-001 UTILITY BILLING

Observation:

During our audit, we noted that the new software system does not produce billing reports that reconcile to the City's revenue general ledger postings. The City's utility billing reports must be run periodically in order to reconcile to the general ledger posting on a particular day. Discrepancies between utility billing reports and the general ledger were small, however, in past audits, these reports were reconciled without exception.

Criteria:

To ensure that accurate and complete information is being captured, the City should review all utility billing reports when they are run and reconcile the reports to the general ledger.

CITY OF APOPKA, FLORIDA

SCHEDULE OF OBSERVATIONS AND RECOMMENDATIONS (*Continued*)

Fiscal Year Ended September 30, 2018

Prior-Year Observations (*Continued*)

Cause:

Due to changes in the City's financial software during the year, balances were not reconciled on a timely basis.

Effect:

Discrepancies in utility billing reports and general ledger postings were noted during the period.

Recommendation:

We recommend that the City review and reconcile its utility billing reports to the general ledger on a periodic basis.

Current Year Status:

During the current-year audit, we noted that the City and the software vendor have identified reports in the utility billing subledger that can be reconciled to the City's related general ledger accounts (revenue, receivables, deposits, etc.). However, due to staffing issues during the year, the City was not reconciling these items, and these reports were not identified until the audit process had begun. Therefore, the finding as described above is not repeated; however, a material weakness is being reported related to the utility billing. See current-year finding 2018-001.

CITY OF APOPKA, FLORIDA

SCHEDULE OF OBSERVATIONS AND RECOMMENDATIONS (*Continued*)

Fiscal Year Ended September 30, 2018

Current-Year Observations

MLO-2018-001 ACCOUNTS PAYABLE DETAIL RECONCILIATION

Observation:

During our audit, we noted that the accounts payable (AP) detail did not reconcile to the City's general ledger AP account.

Criteria:

To ensure that AP is properly reported at year-end, the City should reconcile the detail AP report to the general ledger account balances for AP.

Cause:

Due to changes in the City's financial software and lack of training by former Finance Department leadership, there were no City personnel who understood the reports available from the software and the relationship to the City's general ledger reporting.

Effect:

The City did not identify and reconcile differences between amounts in the AP detail to the City's related general ledger accounts.

Recommendation:

We recommend that the City implement processes which will ensure that the AP detail is reviewed and reconciled to the City's related general ledger on at least a monthly basis.

MLO-2018-002 LONG TERM RECEIVABLE

Observation:

During our audit, we noted that the City had not ensured collection on a long-term receivable.

Criteria:

To ensure that resources of the City are properly received in accordance with contracts.

Cause:

Due to changes in the City's Finance Department, there were no personnel with knowledge of the agreement to ensure timely collection.

Effect:

The City did not identify that timely payment on the long-term receivable was obtained.

Recommendation:

We recommend that the City implement processes which will ensure that all agreements with third parties are properly complied with.

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120 E. Main St. - APOPKA, FLORIDA 32703-5346
PHONE (407) 703-1700

Wednesday, July 31, 2019

Honorable Mayor Bryan Nelson
Members of the City Council
City of Apopka
120 East Main Street
Apopka, FL 32703

The City of Apopka strives to improve its financial performance. Staff continues to review areas of improvement and document policies and procedures to ensure proper controls are in place to reduce inherent risks. Changes in procedures should prevent the likelihood of future findings.

The following is management's response to the independent auditor's management letter schedule of observations and recommendations:

Prior Year Observations

MLO 2016-001 EMPLOYEE TURNOVER

Recommendation:

During our current-year audit of the City's financial statements, it was noted that the City had not completed some of its bank reconciliations in a timely manner. Furthermore, some of its journal entries were not reviewed and approved in accordance with the City's existing policies and procedures. We recommend that the City implement cross-training procedures within the Finance Department. This will ensure that essential accounting functions can be carried out by various employees in the event of key personnel turnover.

Management's Response:

The Finance Department had vacancies in key positions for much of fiscal year 2018. The City was able to fill these vacancies as follows: Accountant II Position on June 22, 2018; Finance Director on June 25, 2018; Accounts Payable Specialist position on August 20, 2018; and the Chief Accountant position on September 17, 2018. The Finance Department has already begun implementing cross-training procedures to ensure that essential accounting functions can be carried out in the event of turnover. The Finance Director is familiar with all functions within the department. The Accountant II serves as back up to payroll and accounts payable functions. The Chief Accountant serves as back up to the Revenue Clerk function. The Accountant II and Chief Accountant serve as back up and support to one another. The current team that is in place is committed to continuing to improve the

fiscal responsibilities within the City.

MLO-2017-001 UTILITY BILLING

Recommendation:

During our audit, we noted that the new software system does not produce billing reports that reconcile to the City's revenue general ledger postings. The City's utility billing reports must be run periodically in order to reconcile to the general ledger posting on a particular day. Discrepancies between utility billing reports and the general ledger were small, however, in past audits, these reports were reconciled without exception. We recommend that the City review and reconcile its utility billing reports to the general ledger on a periodic basis.

Management's Response:

The finance staff has attended training with our financial software provider (Edmunds), and were educated on a monthly reconciliation process between the Utility Billing Subsidiary Ledgers and the Finance General Ledgers. It was identified during this time that this process had not been completed since the system conversion to Edmunds from IMS. In June of 2018, Edmunds provided us with additional onsite training to achieve a better understanding of the reporting in order to accomplish the reconciliation process. There are some areas that will still need to be addressed, such as uncollectable accounts. This process will continue regularly to ensure no discrepancies.

Current Year Observations

MLO-2018-001 ACCOUNTS PAYABLE DETAIL RECONCILIATION

Recommendation:

During our audit, we noted that the accounts payable (AP) detail did not reconcile to the City's general ledger AP account. We recommend that the City implement processes which will ensure that the AP detail is reviewed and reconciled to the City's related general ledger on at least a monthly basis.

Management's Response:

The Finance Department, with the assistance of the Edmunds staff, has identified that this discrepancy is related to the initial conversion of the beginning balances. We have determined what the necessary reports and reconciliation process are to ensure that AP is reconciled more routinely and accurately.

MLO-2018-002 LONG-TERM RECEIVABLE

Recommendation:

During our audit, we noted that the City had not ensured collection on a long term receivable. We recommend that the City implement processes which will ensure that all agreements with third parties are properly complied with.

Management's Response:

The Finance Department will ensure that all agreements with third parties are properly complied with. The City will implement a list of items that need to be billed and their frequencies. This list will be shared with the positions that are cross trained. This long-term receivable was collected and is currently up to date.

Prior Year Material Weakness

2017-002 FIXED ASSETS

Recommendation:

During the current year, we noted that fixed assets continued to not be reconciled to the general ledger balances. During the current year due to transition in staff, no assets were recorded in the City's fixed asset sub-ledger. In addition, the prior Finance Director eliminated the City's tagging process and did not completely institute an annual fixed asset inventory count and reconciliation to the general ledger. During the audit, the client reviewed their capital outlay accounts for assets that should have been reported in the sub-ledger. They reported these items by asset category (improvements other than buildings, machinery and equipment, buildings, etc.) and reported the related depreciation. The City intends to implement a plan to record the individual assets and perform a complete asset inventory. Due to the continued nature of this finding and the significance of fixed assets to the City's financial statements, we are changing the reporting of this finding from a significant deficiency to a material weakness. We recommend that the City review and reconcile all fixed asset account balances, at least annually, to ensure timely and accurate financial reporting.

Management's Response:

The Finance Department will implement a process to ensure that fixed assets and the construction in progress project are reconciled at least annually. During the 2020 budget process, the Finance Department has requested a position to assist with this process as well as the ability to hire a third party vendor to assist with the annual inventory.

Current Year Material Weakness

2018-001 UTILITY BILLING

Recommendation:

During our audit, we noted that the Utility Billing sub-ledger activity was not being reconciled to the City's general ledger. The previous finance staff had not identified any reports or performed any reconciliations. In addition, customer service staff was performing activities without any specific knowledge of the related impact on the City's general ledger accounts. We recommend that the City implement processes which will ensure that utility sub-ledger activity is reviewed and reconciled to the City's related general ledger on at least a monthly basis.

Management's Response:

As previously noted in prior year observation MLO-2017 Utility Billing; the finance staff attended training with our financial software provider (Edmunds) and during this training we were educated on a monthly reconciliation process between the Utility Billing Subsidiary Ledgers and the Finance General Ledgers. During this training, we were able to identify that this process had not been completed since the system conversion to Edmunds from IMS. In June of 2018, Edmunds provided us with additional onsite training to better understand the process and we were able to reconcile and identify the necessary reports needed to accomplish the reconciliation process. Additionally, there are some areas that will still need to be addressed such as uncollectable accounts. This process will continue regularly to ensure no discrepancies.

2018-002 INTERNAL CONTROLS OVER FINANCIAL ACCOUNTING

Recommendation:

During the audit it was noted that there were many deficiencies in the testing of internal controls. While we believe that none of the items mentioned above individually would be considered a

significant deficiency or material weakness, collectively, they rise to the level of a material weakness. We recommend that the City update its internal controls and related policies and procedures for their new accounting software and management. In addition, we recommend that a formal personnel training at various levels be implemented to ensure that all City personnel understand the importance of complying with the City's internal controls and related policies and procedures.

Management's Response:

The Finance Director identified some of these same areas of concern upon hire and the Finance Department has already begun implementing procedural and process changes associated with many of the items listed. One key area is segregation of duties and the implementation of a review process within the Finance Department. For example: the person creating and entering a journal entry can no longer approve and post their own journal entry. This journal entry will go through a review and approval process prior to posting. The Finance Department implemented major changes to the purchasing and procurement process to ensure proper checks and balances. We had city-wide training with all city staff who submit requisitions to purchase goods or services. The Finance Department will continue to make improvements to ensure proper internal controls.

2018-003 – Bank Reconciliation

Recommendation:

During our audit of the City's financial statements, we performed testing of the cash balances. During these procedures, we noted that cash had not been reconciled during the fiscal year. When City staff completed these reconciliations there was a positive adjustment to the City's cash balance. We recommend that the City evaluate its controls over cash to ensure that the City completes its bank reconciliations in a timely manner.

Management's Response:

The Finance Department did not timely complete bank reconciliation due to staff turnover, system limitations, and cash handling procedures. In July 2018, the decision was made to eliminate the use of the virtual vault to make the reconciliation process easier to identify city deposits. Changing the way deposits are entered into the system and how they are entering the bank will allow the staff going forward to be able to better identify and reconcile more timely.

2018-004 – Audit Adjustments

Recommendation:

During our audit of the current-year financial statements, we noted several account balances that required audit adjustments. We recommend that the City's management strengthen internal controls and procedure over year end closing procedures as well as financial accounting and reporting.

Management's Response:

Due to the new finance staff and the loss of intuitional knowledge this closing process for year-end was a bit of a learning curve for the department. In the future, the Finance Department will be better equipped and prepared to properly manage the closing process.

Current Year Significant Deficiency

2018-005 – Inventory

Recommendation:

During our audit, we noted that inventory had not been properly adjusted to the year-end inventory measurements. We recommend that the internal controls and procedures be implemented and followed to ensure that inventory is properly accounted for at year end and that the related activity during the year is properly reported in the appropriate funds.

Management Response:

Due to the turnover in finance staff the communication to properly update the fuel inventory as the purchase price of fuel changed resulted in inventory being overstated and an adjustment being necessary. Finance has now implemented a process that once fuel delivery takes place and invoicing is received in finance, the Accounts Payable Specialist notifies the Fleet Department so that the fuel price can be updated in the Fuel Master system. This notification goes to the Finance Director, Revenue Clerk (who processes the State Fuel Tax Return), the Fleet Manager, and the Fleet Purchasing Supply Specialist to ensure there is not a lapse in the process.

As you can see many of these observations, weaknesses, and deficiencies are due to the lack of stability in the Finance Department as it relates to competent and dedicated staff being guided and providing direction with the proper leadership. The City has made significant improvements and progress within the last year with the finance staff. The department is committed to continually improving the City's financial stability and well-being.

Respectfully submitted,



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