



City of Deltona, Florida

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

**For the fiscal year ended
September 30, 2018**

City of Deltona, Florida

Deltona: A City on the Move



Comprehensive Annual Financial Report

For the year ended
September 30, 2018

Prepared By:
Finance Department

Submitted By:
Jane K. Shang
City Manager

CITY OF DELTONA, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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City of Deltona

March 26, 2019

To the Honorable Mayor and
Members of the City Commission and
Citizens of the City of Deltona, Florida

Ladies and Gentlemen:

State law and local Charter require that every general-purpose local government publish a set of audited financial statements annually. This report is published to fulfill that requirement for the year ended September 30, 2018. The Comprehensive Annual Financial Report (CAFR) of the City of Deltona, for the fiscal year ended September 30, 2018, is hereby submitted pursuant to the City Charter, Florida Statutes, and Chapter 10.550, Rules of the Auditor General of the State of Florida.

Management assumes full responsibility for the reliability and completeness of the information contained in this report based upon a comprehensive framework of internal controls that have been established for this purpose. The cost of internal control should not exceed anticipated benefits; therefore the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

To the best of our knowledge and belief, the enclosed information is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the City of Deltona, Florida (the "City").

Purvis, Gray & Company, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Deltona's financial statements for the year ended September 30, 2018. The independent auditors' report is located at the front of the Financial Section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

FINANCE DEPARTMENT
2345 Providence Boulevard, Deltona, Florida 32725
(386) 878-8100 • Fax (386) 878-8551
www.deltonafl.gov

City History

The City of Deltona, Florida is located in the southwest corner of Volusia County, in the eastern central part of the Florida Peninsula. The City is situated along the Interstate 4 corridor approximately 25 miles northeast of Orlando and approximately 25 miles southwest of Daytona Beach. It currently occupies 46 square miles and serves a population of 90,746. The City started as a planned community by the Deltona Corporation in 1962 and was incorporated on December 31, 1995. The unhurried lifestyle, combined with its location, has made the City an ideal choice for living the affordable Florida lifestyle. In general, the population of the City is becoming younger and more diversified in ethnicity.

The first inhabitants of southwest Volusia County were Nomadic Timucuan who found fish and fresh water plentiful in the area. After Florida became a state in 1845, steamboats began to make regular trips up the St. Johns River to Lake Monroe.



St. Johns River tourists, about 1890

Visitors and residents poured into Florida and a community grew up on the shores of Lake Monroe at the steamboat landing. Named Enterprise, the little town soon boasted a schoolhouse, built in 1863, and two churches.

About the same time, Baron Frederick DeBary, a New York agent for Mumm's Champagne, arrived in the area. Baron DeBary bought several hundred acres near Enterprise to use as a hunting and fishing preserve. In 1871 Baron DeBary built a winter home where he entertained such notables as Presidents Grant and Cleveland as well as members of Europe's royalty. Baron DeBary died in 1898 at the age of 84.

Southwest Volusia remained quiet from the turn of the century until 1962 when the Mackle Brothers – Elliott, Robert and Frank, Jr. - bought 17,203 acres, filed a planned unit development plan for a community of 35,143 lots and named the area Deltona. The community was based on the idea of a retirement community for Northern workers.



Construction started almost immediately and the first Deltonans took up residence in April of 1963. By the end of 1963, Deltona had a population of 180 people comprised of 78 families. The

initial concept of a retirement community quickly morphed into a bedroom community, housing the workforce of the Metro Orlando Area.

In 1970, the U.S. Census recorded 4,868 inhabitants. By 1980 Deltona's population was 15,710. The growth of the community continued at the amazing rate of about 130 new families per month to reach more than 52,000 people in 1991, culminating in a population of 85,182 as of the U.S. Census in 2010.

After two failed attempts, one in 1987 and one in 1990, the residents of the unincorporated Deltona community voted to incorporate as the City of Deltona in 1995. A seven member Commission was

Letter of Transmittal

elected and the Deltona Fire District was dissolved, replaced by fire protection services provided by the new City.

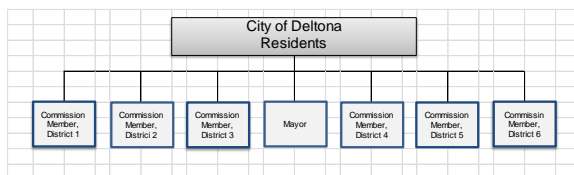
On November 7, 2003, the City realized its long-term goal of owning its own utility. The City purchased the Deltona water and wastewater system from Florida Water Services, acquiring all of its assets and adding many new employees to operate the new utility.

Profile of the Government

The City of Deltona operates under a Commission-Manager form of government consisting of a seven-member Commission. Residents elect, through non-partisan elections, a Mayor who represents the City at large, and six Commissioners who each represent a specific district of the City.

Each member of the City Commission, including the Mayor, serves a four (4)-year term. Neither the Mayor nor any other Commission member may serve more than two consecutive four (4)-year terms in the same position.

The City Charter, as well as State and local laws and regulations, set forth the rights and obligations of the City and its government. The Commission is responsible for the establishment and adoption of City policy and appointing a City Manager and City Attorney. The City Manager serves as the Chief Executive Officer of the City, responsible for the execution of City policies and oversight of the City's day-to-day operations.



The City now employs approximately 330 people who provide a full range of services including fire/rescue protection, solid waste management, stormwater management,

water and sewer service, construction and maintenance of road and street facilities, planning and development services, recreational and cultural activities, and general administrative services. The City contracts with the Volusia County Sheriff's Department via an interlocal agreement for law enforcement services in the City.

The financial statements in this report include the funds of all the activities under the jurisdiction of the City Commission. The financial reporting entity includes all the funds of the primary government (i.e., the City of Deltona, Florida as legally defined). Component units are legally separate entities for which a city is financially accountable. Currently, no entities outside the primary government meet the definition of a component unit of the City and so none are presented in this report.

The annual budget is the foundation for the City's planning and control of its finances. All City departments must submit annual budget requests to the City Manager. These requests are the starting point for developing the proposed budget. The City Manager presents the proposed budget to the City Commission for review in July through September of each year. The City Commission is required by law to hold public hearings on the proposed budget and to adopt a final budget no later than September 30th of each year, the close of the City's fiscal year. The adopted budget is presented by fund and department. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is at the department level, except for major capital projects budgeted in the Capital Projects funds, which are controlled at the project level. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

Local Economy and Economic Development

The City's population is estimated at 90,746 for 2018, an increase of almost 1% from the prior year. Deltona's population has increased every year since 2011; as the number of residents grows, so does commercial interest.

New businesses recently opened in the City include a nationally-franchised restaurant location and a self-storage facility. Additionally, a Veterans' Administration medical facility recently relocated to Deltona.

Even more projects are still in the planning stages or are under construction:

- A full-service hospital and accompanying medical offices that is expected to create significant numbers of jobs;
- A free-standing emergency medical facility;
- A Federally-funded family health care clinic;
- Two nationally-franchised auto parts retail locations;
- Several nationally-franchised restaurant locations, including one that will anchor a new retail shopping center;
- A self-storage facility
- A multi-pump gas station with convenience store at one of Deltona's I-4 Interchanges.
- Development of a retail shopping center at Deltona Village; and
- Several medical offices and pharmacies.

Educational institutions are also responding to the area's population growth and changing demographics by preparing future members of the work force:

- Two Deltona high schools are now able to train students for the Certified Nursing Assistant (CNA) designation; and
- Daytona State College is planning a new educational building to accommodate medical / health care and manufacturing programs.

Streets and Roads

Deltona has always prioritized quality roads, streets, sidewalks, and traffic control. These areas are under continual improvement. The 2017-18 fiscal year included:

- Repaving and maintenance of City roads and sidewalks, as well as beautification of green spaces in City medians and interchanges;
- Replacement and modification of ADA mats at intersections and on sidewalks;
- Modification of road signage throughout the City for improved visibility.
- Continued project planning for the Southwest Deltona Community Redevelopment Agency (CRA), including commercial sewer lines, safety improvements on roads and intersections; ADA improvements; and a park in the CRA area;
- Collaboration with the Volusia County Transportation Planning Organization (TPO) on multiple projects, including the design and construction of paved shoulders on Elkcam Boulevard, and North Normandy to Fort Smith, still in planning; and
- The Florida Department of Transportation is at work on a resurfacing and restriping project on Saxon Boulevard.

Parks and Recreation

Deltona has also placed great importance on maintaining its unique inventory of green spaces and offering quality recreation to its residents. The 2017/2018 fiscal year included the following improvements:

- Renovation of the boardwalk pavilion and gazebo at Campbell Park;
- Installation of new playgrounds at Harris Saxon and Keysville Dog Parks;
- Reconstruction of basketball courts at Dupont Lakes and Keysville Dog Parks;
- Addition of parking at Dwight Hawkins Park;
- Upgrading of lights and scoreboards at Dupont Lakes and Vann Parks;
- Installation of surveillance cameras at numerous parks for enhanced safety; and
- Announcement of plans for three ecotourism-themed parks.

The City is also implementing new Parks and Recreation software to help manage Parks activities and facility rentals.

Public Safety

Efforts to improve quality of services to residents as well as safety and efficiency for first responders included:

- Replacement of a ladder truck;
- Renovations at Fire Station 61, including addition of a bunker gear room as part of the ongoing Cancer Prevention initiative, and addition of a fitness area; and
- Expanded usage of License Plate Reader (LPR) technology Citywide to assist law enforcement.

Utility System

Deltona Water, the City's water and wastewater utility, operates as an entity separate from general City activities. Its principal revenues come from user charges

for water and wastewater services. The following projects are in various stages of progress:

- Work continues on the Lake Monroe reclaimed water system improvements, Phases 4a and 4b;
- Additional reclaimed water system improvements for Dewey Boster, Lake Baton, Coventry, and Live Oak;
- Continuing upgrade of the Utility's Supervisory Control and Data Acquisition (SCADA) system.

The greatest challenge facing the utility, by far, is developing a water supply and source strategy in connection with a capital plan that will enable the City to meet upcoming regulatory requirements. This process is ongoing.

The Center at Deltona

The Center at Deltona (The Center), a ±30,500 SF complex that includes a conference center, a ±7,500 SF multi-functional assembly room, a raised stage, an outdoor event lawn, wedding accommodations, two kitchens, activity rooms, and staff offices, opened to the public on December 30, 2017.

In addition to providing a committed facility for Deltona's seniors through cooperation with the Council on Aging of Volusia County, the facility is available for event rentals. City-sponsored Sunday brunches and Friday night Comedy Clubs held at the Center have been well-received. The Center has also hosted private occasions such as weddings and quinceañeras; special-occasion banquets and business meetings; and large-scale trade shows. The Center actively solicits new clients, and offers a resort-quality facility in a highly accessible location.

Strategic Planning

In late 2015, the City of Deltona created a five-year Strategic Plan. The Plan identified and prioritized various objectives, broken down into 57 action items, to be achieved within that five-year period. As of March 2019, nearly two years ahead of schedule, only two (2) of the original 57 action items are not yet complete. The HERE project to improve Thornby Park is ongoing, and improvements to the City’s original community center should begin in 2019.

In order to comply with the State of Florida’s Community Planning Act, Deltona prepared an Evaluation and Appraisal Report (EAR) for its Strategic Plan. This long-range planning review of the City’s Comprehensive Plan and associated maps are designed to be a 20-year planning horizon assessment. The review included an evaluation of every goal, objective, and policy; community meetings to gather input; and recommendations for improvement. The completed document was submitted to the Florida Department of Economic Opportunity in 2018.

Financial Outlook and Challenges

The City has long taken a conservative approach to budgeting and spending, resulting in many years of modest operating surpluses and a healthy fund balance. It has also maintained specific reserves designed to keep the City prepared for both emergencies and grant funding opportunities. As of September 30, 2018, these were:

- Natural Disaster – \$6 million
- Operating Reserve – \$6.9 million
- Economic Development – \$925,600
- Grants Match – \$687,500

Moody’s Investors Service praised these qualities in its November 2018 Issuer Comment report on the City’s general operations, citing Deltona’s “robust financial position.”

Although Deltona enjoys brisk population growth, promising commercial interest, and increasing property values, it is a challenge to maintain quality service delivery to more people, especially with tight budgets and limited revenue diversity. Property taxes – with statutory caps on both millage and underlying property values – remain the City’s largest revenue source.

The City’s utility, Deltona Water, faces even greater challenges, as new regulations that require substantial capital improvements take effect in the near future. With customer charges comprising nearly all of its revenues, financing both the utility’s upcoming capital needs and its current operations will take extensive planning and diligent evaluation.

The City continually seeks opportunities to diversify revenue and enhance financial stability. Examples include:

- Implementation of non-ad valorem assessments for nuisance abatements on properties that meet certain requirements;
- The Community Development Block Grant (CDBG) and Neighborhood Stabilization Programs (NSP) offered through the U.S. Department of Housing and Urban Development (HUD);
- Assistance from the State of Florida, including the State Housing Initiatives Partnership (SHIP) that provides grant funds for home repair and down payment assistance; and low-interest State Revolving Fund (SRF) loans through the Florida Department of Environmental Protection to finance water projects;
- ECHO grants awarded by Volusia County that fund ecological and recreational projects; and aid for road and street projects via cooperation with the Volusia County Transportation Planning Organization (TPO);

Letter of Transmittal

- Matching grants through the St. Johns River Water Management District (SJRWMD) to help fund major reclaimed water system improvements.

Two other potential changes that may impact City finances are:

- A proposed ordinance to establish a franchise fee for waste haulers, currently subject to public hearings and Commission approval; and
- A proposed countywide half-cent sales tax, scheduled to go to voters in May 2019 via a special mail referendum. If approved, it will take effect in January 2020 for 20 years, with proceeds to go toward infrastructure and water projects.

Awards and acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial reporting to the City of Deltona, Florida, for its Comprehensive Annual Financial Report for the fiscal year ending September 30, 2017. The City has received this prestigious award every year since FY 1999/2000.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently

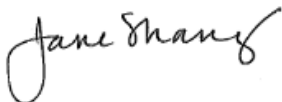
organized Comprehensive Annual Financial Report (CAFR) that satisfies both generally accepted accounting principles and applicable legal requirements. Each Certificate is valid for one year.

Staff believes this year's CAFR continues to meet the Certificate of Achievement Program's requirements and intends to submit it to the GFOA for another Certificate.

The City has submitted the application for the GFOA's Distinguished Budget Presentation Award for its Annual Budget for the fiscal year ending September 30, 2019. In order to qualify for the Distinguished Budget Presentation Award, a budget document must be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the dedicated services of the entire staff of the Finance Department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. The Mayor and Commission should also be commended for their unflinching support of the highest standards of professionalism in the management of the City of Deltona's finances.

Respectfully submitted,



Jane K. Shang
City Manager



Camille Hooper, CPA
Finance Director



Government Finance Officers Association

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

Presented to

**City of Deltona
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

ORGANIZATIONAL CHART



Citizens of Deltona

Elected Officials

John C. Masiarczyk, Sr., Mayor

Heidi Herzberg, District 3, Vice Mayor
 Anita Bradford, District 2
 Victor M. Ramos, District 5

Mitch Honaker, District 1
 Robert D. McFall, District 4
 Chris Nabicht, District 6

Various Appointed Boards & Committees

City Clerk's Office

Joyce Raftery, CMC, City Clerk

Building & Enforcement Services Department

Dale Baker, Director

- Enforcement Services Division
- Solid Waste Division
- Construction Services Division

Finance

Camille Hooper, CPA, Director

- Accounting/Payroll
- Budget & Operational Services
- Fiscal Services
- Purchasing

Human Resources

Richard T. Adams, Director

- Human Resources
- Risk management

City Manager

Jane K. Shang

Deputy City Manager

Dale Baker

Assistant City Manager

Dr. Marc-Antonie Cooper

Information Technology

Robert Cordero, Director

Parks & Recreation

Ryan Reckley, Director

- Facilities Maintenance
- LEC/Amphitheatre Scheduling
- Community/Special Events

Public Works

Dave Denny, Interim Director

- Utilities
- Engineering
- Field Operations
- Fleet Maintenance
- Stormwater
- Traffic Operations
- Water & Wastewater Operations
- Eastern Wastewater Treatment Plant

City Attorney

Fowler, O'Quinn, Feeney & Sneed Law Firm

Fire / Rescue Department

Frank "Bill" Snyder, Fire Chief

- Operations/Combat
- Emergency Management/ Administration
- Fire Loss Management

Law Enforcement

Captain Paul W. Kammerer
 District Commander

Contracted services with
 Volusia County Sheriff's Office

Planning & Development Services

Vacant, Director

- Economic Development
- Short Range Planning
- Long Range Planning
- Community Development

The Center at Deltona

Lucinda M. Gaudio
 Events Manager

- Events Coordination
- Facility Management

**Elected Officials
As of September 30, 2018**



John C. Masiarczyk
Mayor



Mitch Honaker
District 1



Anita Bradford
District 2



Heidi Herzberg
Vice Mayor
District 3



Robert McFall
District 4



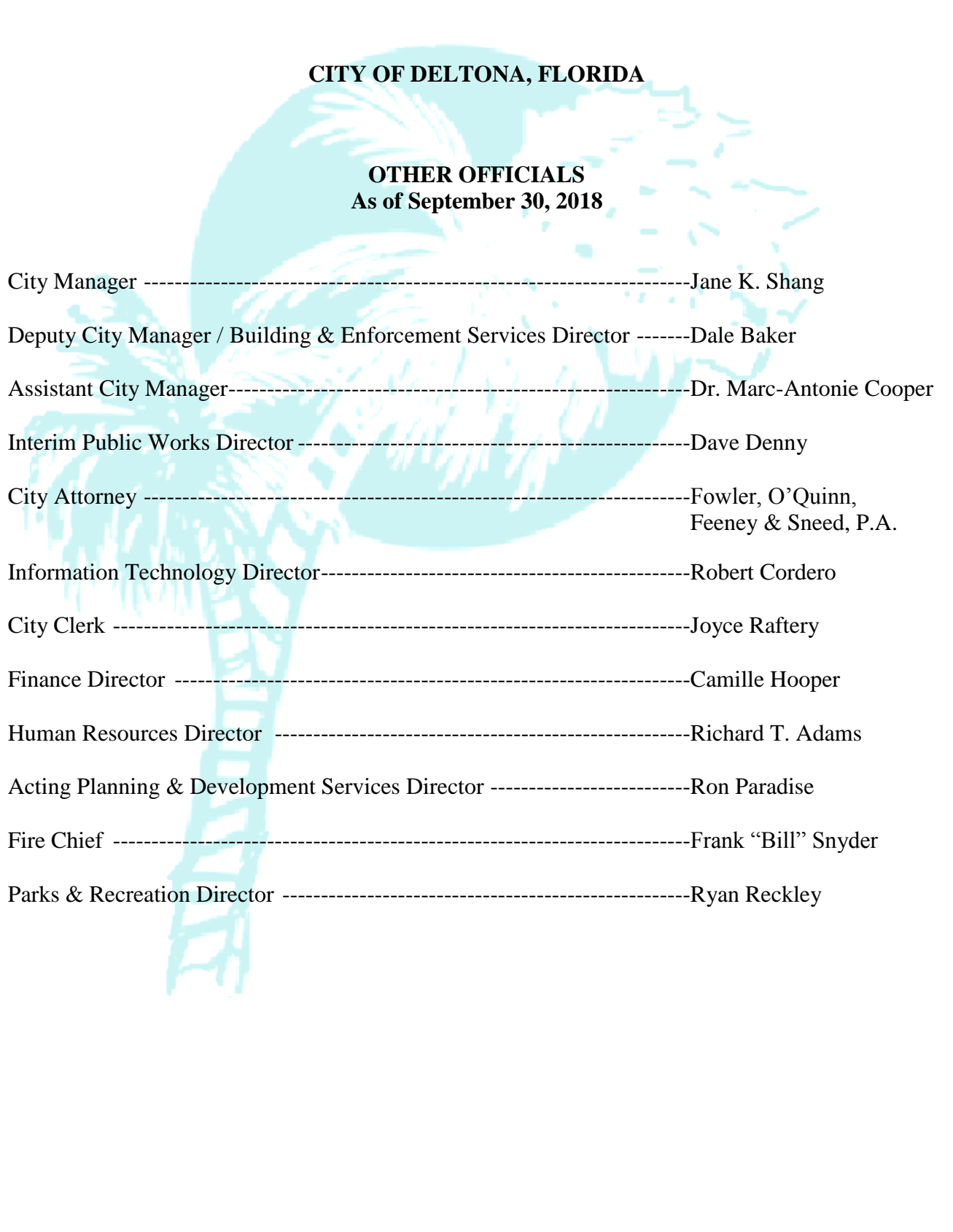
Victor M. Ramos
District 5



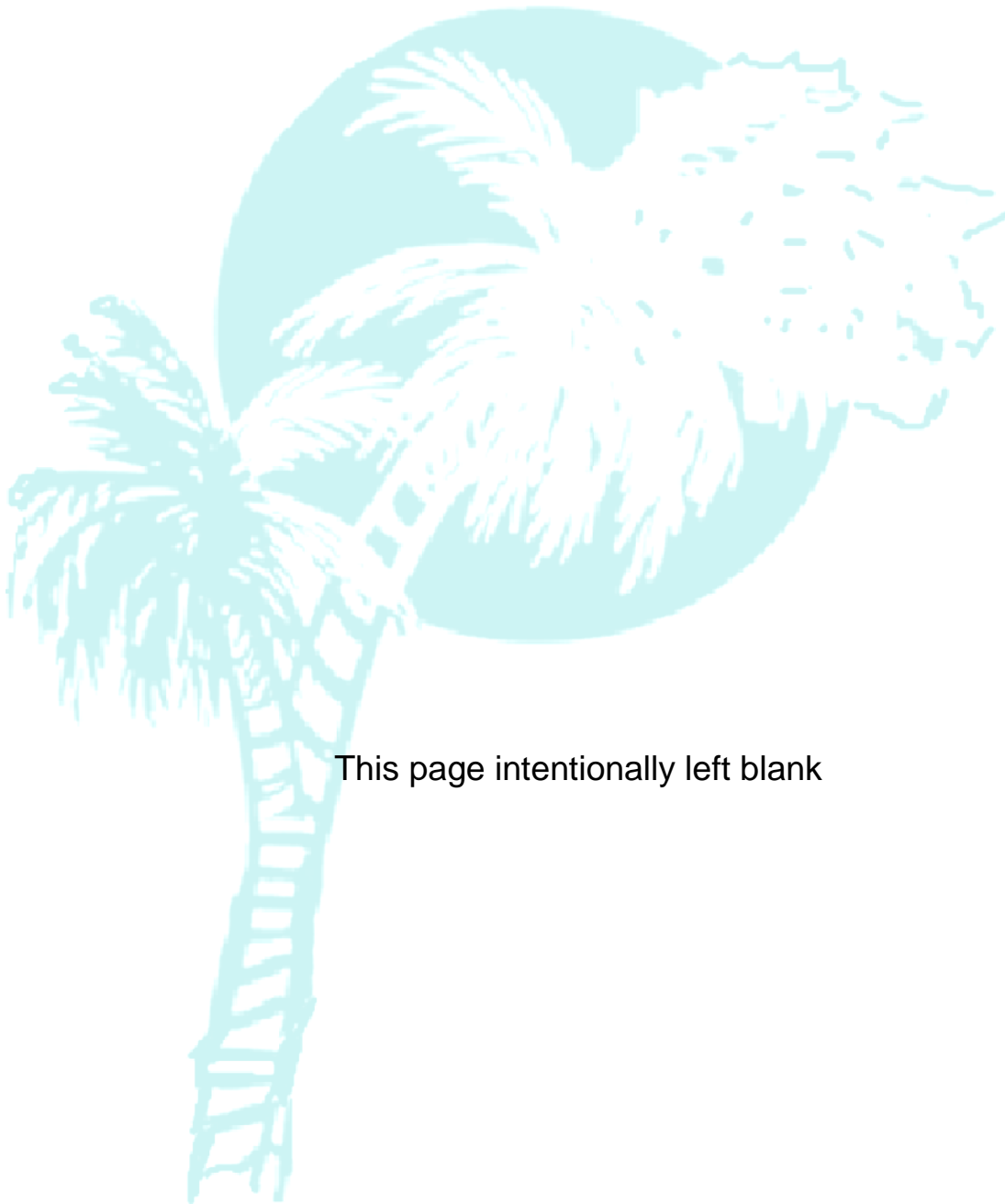
Chris Nabicht
District 6

CITY OF DELTONA, FLORIDA

**OTHER OFFICIALS
As of September 30, 2018**



| | |
|--|--|
| City Manager ----- | Jane K. Shang |
| Deputy City Manager / Building & Enforcement Services Director ----- | Dale Baker |
| Assistant City Manager----- | Dr. Marc-Antonie Cooper |
| Interim Public Works Director ----- | Dave Denny |
| City Attorney ----- | Fowler, O’Quinn, Feeney & Sneed, P.A. |
| Information Technology Director----- | Robert Cordero |
| City Clerk ----- | Joyce Raftery |
| Finance Director ----- | Camille Hooper |
| Human Resources Director ----- | Richard T. Adams |
| Acting Planning & Development Services Director ----- | Ron Paradise |
| Fire Chief ----- | Frank “Bill” Snyder |
| Parks & Recreation Director ----- | Ryan Reckley |



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

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 Deltona, 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 listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Certified Public Accountants

P.O. Box 141270 • 222 N.E 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350
1560 N. Orange Ave., Suite #450 • Winter Park, Florida 32789
MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

INDEPENDENT AUDITORS' REPORT
(Continued)

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 for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note IV-D of the financial statements, in 2018 the City adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. Our opinion is 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, major fund budgetary comparison information, schedule of funding progress and contributions from employer and others, schedule of changes in net position liability and related ratios, schedule of contributions and investments returns, and schedule of proportionate share of net pension liability, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 nonmajor fund financial statements and budgetary schedules, and statistical section, are presented for the purpose of additional analysis, and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General*, and is also not a required part of the financial statements.

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Matters (Concluded)

Other Information (Concluded)

The combining and individual nonmajor fund financial statements, the nonmajor fund budgetary schedules, and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management, and were derived from and relate 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 combining and individual nonmajor fund financial statements, the nonmajor fund budgetary schedules, and the schedule of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 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 the 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.

Purvis, Gray and Company, LLP

March 26, 2019
Ocala, Florida

Management's Discussion and Analysis

As management of the City of Deltona (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018. We encourage readers to consider this analysis in conjunction with additional information that has been provided in the letter of transmittal, which can be found on pages i-vii, and the City's financial statements and accompanying notes on pages 19-112.

Financial Highlights

- The net position of the City, the amount by which its assets exceeded its liabilities at the close of the most recent fiscal year, was \$155 million. Of this amount, \$27.8 million (*unrestricted net assets*) may be used to meet any general obligation of the City. At September 30, 2018, deferred outflows in the governmental activities consist of deferred amounts related to pensions and deferred charges related to the issuance of the Capital Improvement Revenue Refunding Bonds. Deferred outflows in the business-type activities are deferred charges related to the refunding of Utility's Revenue Bonds. In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. All of the City's deferred inflows are related to its pension plans.
- The City's total net position increased by \$2.2 million, or 1.4% over the prior year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$48.7 million, a decrease of approximately \$3.4 million, or 6.5%, over the prior year, due primarily to expenditures for debris removal and damage repair resulting

from Hurricane Irma and completion of construction of The Center at Deltona.

- The City's Unassigned Fund Balance, the portion of its total fund balance available for spending at the government's discretion, was approximately \$9.4 million, or 19%, of the total fund balance. The unassigned fund balance decreased by \$3.1 million over the prior year. It also totaled approximately 23% of General Fund expenditures, down from 34.2% of General Fund expenditures in the prior fiscal year. All of these changes reflect the overall decrease in the General Fund balance, use of Economic Development and Grant Match Reserves, and replenishment of Natural Disaster Reserves following Hurricane Irma.
- The City continued its recovery from Hurricane Irma, which struck in early September 2017. Damage-related expenses attributable to Irma and to Hurricane Matthew, which struck in October 2016, totaled just over \$4 million in the 2017/2018 year, bringing the total for both hurricanes to \$5.1 million to date. The City has filed for reimbursement of eligible expenses through the Federal Emergency Management Agency (FEMA). The City received FEMA reimbursements of \$1.8 million for both Hurricane Matthew and Hurricane Irma in FY 2017/2018, with more expected in FY 2018/2019. Thanks to its Natural Disaster reserve, the City was able to provide emergency protective measures before, and repairs and cleanup after, each storm with no negative impact on its day-to-day operations.
- The City's overall governmental finances received a rating of Aa2 from Moody's Investors Service in November 2018.

Only two grades on Moody's ratings scale are higher than Aa2. The rating report cited the "robust financial position" of its governmental operations as factors that contributed to the rating. The City's water and sewer utility was not included in the Moody's report.

- The Center at Deltona, a newly-constructed events center, opened to the public in December 2017. The Center serves as an activities site for Deltona's seniors, and also earned revenue of nearly \$200,000 from event rentals and City-sponsored events.

Overview of the Financial Statements

The City's basic financial statements are comprised of (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on the City's assets, liabilities, deferred outflows, and deferred inflows with the difference between these items reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* shows how the City's net position changed during the most recent fiscal year. All events that affect net position are reported as they occur, regardless of the timing of related cash flows. As a result, some revenues and expenses reported in this statement will result in cash flows, both positive and negative, in future

fiscal periods (e.g., uncollected taxes, pension obligations, and earned but unused vacation leave).

Both of the government-wide financial statements distinguish City functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from functions that are intended to recover all or most costs through user fees and charges (*business-type activities*). Governmental activities of the City include law enforcement and fire/rescue services, stormwater management, solid waste management, planning and development services, code enforcement, construction and maintenance of road and street facilities, recreational and cultural activities and general administrative services. The City's water and sewer utility comprise the entirety of its Business-type activities.

The City's government-wide financial statements can be found on pages 19-20 of this report.

Fund financial statements

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

Governmental funds

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

of the fiscal year. This type of information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *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 City's near-term financing decisions. The Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances for the governmental funds both provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City presents financial statements for seventeen individual governmental funds. Four of these funds are considered to be major funds. Each major fund is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances. Non-major governmental funds are presented in combining statements in the Supplemental Information section of this report.

The City adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for all Governmental Funds to demonstrate compliance with this budget.

The governmental fund financial statements are presented on pages 21- 24 of this report.

Proprietary funds

The City maintains one proprietary, or enterprise, fund. Enterprise funds are used to report functions presented as business-type activities in the government-wide financial statements. The City uses an

enterprise fund to account for its water and sewer utility.

Enterprise fund financial statements provide the same information as the government-wide financial statements but with more detail. The water / sewer utility fund is the City's sole major enterprise fund. The basic enterprise fund financial statements can be found on pages 25-29 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to the City to support City programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Similarly, GASB does not require the presentation of budgetary comparison statements for fiduciary funds.

The basic fiduciary fund financial statements can be found on pages 30-31 of this report.

Notes to the financial statements

The Notes to the Financial Statements provide additional information intended to help the reader obtain a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 32-78 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report presents certain Required Supplementary Information concerning the City. This required supplementary information presents combining and individual fund statements and schedules and also provides information regarding the City's pension and other post-employment benefit obligations. The

Required Supplementary Information can be found on pages 81- 93 of this report.

This report also includes Supplemental Information on the City's non-major funds. Supplemental Information includes combining statements for certain non-major governmental funds presented immediately following the Required Supplementary Information, on pages 97-112 of this report. While this information is not required, it is intended to provide the reader with a complete picture of the governmental unit in its entirety.

Government-wide Financial Analysis

As noted earlier, the City's net position is one indicator of a government's financial position over time. At the close of the fiscal year, the City of Deltona reported assets in excess of

liabilities by \$155 million. This is an increase of 1.4% over the prior year.

By far, the largest portion of the City's net position, at 73.5%, is its Net Investment in Capital Assets, which represents capital assets (e.g., land, improvements, buildings, equipment and infrastructure), less any related debt, issued to acquire those capital assets, that is still outstanding. The City uses its capital assets to provide services to its citizens, so 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 still be noted that the resources needed to repay this debt must be provided for by other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Management’s Discussion and Analysis

The following table summarizes the components of the City’s Net Position for the current and prior fiscal years:

City of Deltona’s Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2018 (a) | 2017 | 2018 (a) | 2017 | 2018 (a) | 2017 |
| Current and other assets | \$ 54,842,203 | \$ 57,231,764 | \$ 31,236,831 | \$ 29,174,632 | \$ 86,079,034 | \$ 86,406,396 |
| Capital assets, net of depreciation | 126,755,973 | 126,917,611 | 129,416,234 | 123,838,384 | 256,172,207 | 250,755,995 |
| Total assets | 181,598,176 | 184,149,375 | 160,653,065 | 153,013,016 | 342,251,241 | 337,162,391 |
| Deferred charges on refunding | 45,327 | 51,175 | 11,163,499 | 11,911,288 | 11,208,826 | 11,962,463 |
| Deferred amounts related to pension | 5,088,121 | 5,514,286 | 1,029,275 | 994,770 | 6,117,396 | 6,509,056 |
| Deferred amounts related to OPEB | 30,050 | | 7,178 | | 37,228 | - |
| Total deferred outflow of resources | 5,163,498 | 5,565,461 | 12,199,952 | 12,906,058 | 17,363,450 | 18,471,519 |
| Current and other liabilities | 8,337,474 | 7,342,481 | 11,314,868 | 10,394,035 | 19,652,342 | 17,736,516 |
| Long-term liabilities | 55,683,133 | 58,014,657 | 126,426,695 | 126,005,885 | 182,109,828 | 184,020,542 |
| Total liabilities | 64,020,607 | 65,357,138 | 137,741,563 | 136,399,920 | 201,762,170 | 201,757,058 |
| Deferred Amounts related to pension | 2,485,337 | 1,994,610 | 233,319 | 122,882 | 2,718,656 | 2,117,492 |
| Deferred Amounts related to OPEB | 48,822 | | 11,661 | | 60,483 | |
| Total deferred inflow of resources | 2,534,159 | 1,994,610 | 244,980 | 122,882 | 2,779,139 | 2,117,492 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 99,095,304 | 101,069,631 | 14,964,455 | 11,508,363 | 114,059,759 | 112,577,994 |
| Restricted | 9,329,975 | 6,730,311 | 3,833,846 | 3,753,847 | 13,163,821 | 10,484,158 |
| Unrestricted | 11,781,629 | 14,563,146 | 16,068,173 | 14,134,062 | 27,849,802 | 28,697,208 |
| Total net position | \$ 120,206,908 | \$ 122,363,088 | \$ 34,866,474 | \$ 29,396,272 | \$ 155,073,382 | \$ 151,759,360 |

(a) Beginning net position was restated for a change in accounting principle as discussed in Note III to the financial statements.

The City’s total net position includes resources that are restricted in how they may be used; at the end of fiscal year 2017/2018 this portion totaled \$13.2 million, or 8.5%, of total net position. Only \$27.8 million, or 18%, of the City’s total net assets were considered unrestricted and may be spent at the City’s discretion for any legal purpose. The balances of the City’s net position, restricted assets, and unrestricted assets for both governmental and business-type activities were positive as of September 30, 2018.

Government-Wide Activities

Governmental activities resulted in a decrease of net position by \$3.2 million or 2.6%, while business-type activities increased net position by \$5.42 million, or 18.4%. The table below compares changes in the City’s net position for the current and prior fiscal year, and is followed by explanations of the largest year-over-year differences.

City of Deltona's Changes in Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 12,754,777 | \$ 11,700,741 | \$ 20,109,395 | \$ 20,169,805 | \$ 32,864,172 | \$ 31,870,546 |
| Operating grants and contributions | 4,126,128 | 3,029,544 | - | - | 4,126,128 | 3,029,544 |
| Capital grants and contributions | 2,116,024 | 1,967,287 | 3,746,715 | 724,619 | 5,862,739 | 2,691,906 |
| General Revenues: | | | | | | |
| Property taxes | 16,050,125 | 14,770,931 | - | - | 16,050,125 | 14,770,931 |
| Franchise fees | 4,019,845 | 3,735,850 | - | - | 4,019,845 | 3,735,850 |
| Other taxes | 14,871,433 | 14,347,182 | - | - | 14,871,433 | 14,347,182 |
| State Shared Revenues | 3,315,348 | 3,158,126 | - | - | 3,315,348 | 3,158,126 |
| Other | 1,075,682 | 1,258,392 | 57,924 | 44,199 | 1,133,606 | 1,302,591 |
| Total Revenues | 58,329,362 | 53,968,053 | 23,914,034 | 20,938,623 | 82,243,396 | 74,906,676 |
| Expenses: | | | | | | |
| Governmental Activities: | | | | | | |
| General government | 9,925,730 | 9,663,089 | - | - | 9,925,730 | 9,663,089 |
| Public safety | 21,268,214 | 20,860,782 | - | - | 21,268,214 | 20,860,782 |
| Highways and streets | 6,585,923 | 5,286,799 | - | - | 6,585,923 | 5,286,799 |
| Culture & recreation | 5,014,201 | 3,643,807 | - | - | 5,014,201 | 3,643,807 |
| Economic environment | 603,734 | 1,123,193 | - | - | 603,734 | 1,123,193 |
| Physical environment | 14,815,727 | 12,373,464 | - | - | 14,815,727 | 12,373,464 |
| Interest on long-term debt | 1,105,150 | 1,414,625 | - | - | 1,105,150 | 1,414,625 |
| Business-type Activities: | | | | | | |
| Water and sewer | - | - | 20,695,493 | 19,640,453 | 20,695,493 | 19,640,453 |
| Total Expenses | 59,318,679 | 54,365,759 | 20,695,493 | 19,640,453 | 80,014,172 | 74,006,212 |
| Excess (deficiency) of revenues over (under) expenses | (989,317) | (397,706) | 3,218,541 | 1,298,170 | 2,229,224 | 900,464 |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers | (2,200,000) | (35,000) | 2,200,000 | 35,000 | - | - |
| Increase (Decrease) in Net Position | (3,189,317) | (432,706) | 5,418,541 | 1,333,170 | 2,229,224 | 900,464 |
| Net Position-beginning of year | 123,396,225 | 122,795,794 | 29,447,933 | 28,063,102 | 152,844,158 | 150,858,896 |
| Net Position-end of year | \$ 120,206,908 | \$ 122,363,088 | \$ 34,866,474 | \$ 29,396,272 | \$ 155,073,382 | \$ 151,759,360 |

Revenues

Program Revenues

Program Revenues increased in total by approximately \$5.26 million over the prior fiscal year, including an increase of \$2.3 million for governmental activities and \$2.96 million for business-type activities.

- Charges for services in governmental activities increased by \$1 million, or 9%, over the prior year as a result of additional permitting, inspection, and planning fees related to construction activity, and increased motor fuel tax receipts.

Management's Discussion and Analysis

- Operating grants and contributions received by the City for governmental activities increased by \$1.1 million, or 36%, over the prior year. This change resulted primarily from the recognition of grant revenue for completed projects funded by Neighborhood Stabilization Program (NSP), and State Housing Initiative Partnership (SHIP) programs and FEMA reimbursement for Hurricane Matthew.
- Capital grants and contributions related to governmental activities increased by \$148,737 in FY 2017/2018 due to an increase in State and Federal grant funding, and construction-driven increases in impact and permitting fees.

General revenues

The City's General revenues increased approximately \$2.2 million, or 6.2%, in total over the prior year, virtually all of it from governmental activities.

- Almost all major general revenue sources increased over the prior year. Despite a decrease in property tax mills levied for FY 2017/2018, increased property values resulted in higher revenues of \$1.3 million over the prior

year. State Revenue Sharing proceeds also increased by \$182,928 and Franchise Fees increased by \$283,995. Public Service Taxes increased by \$193,714 from FY 2017.

Expenses

Governmental Activities

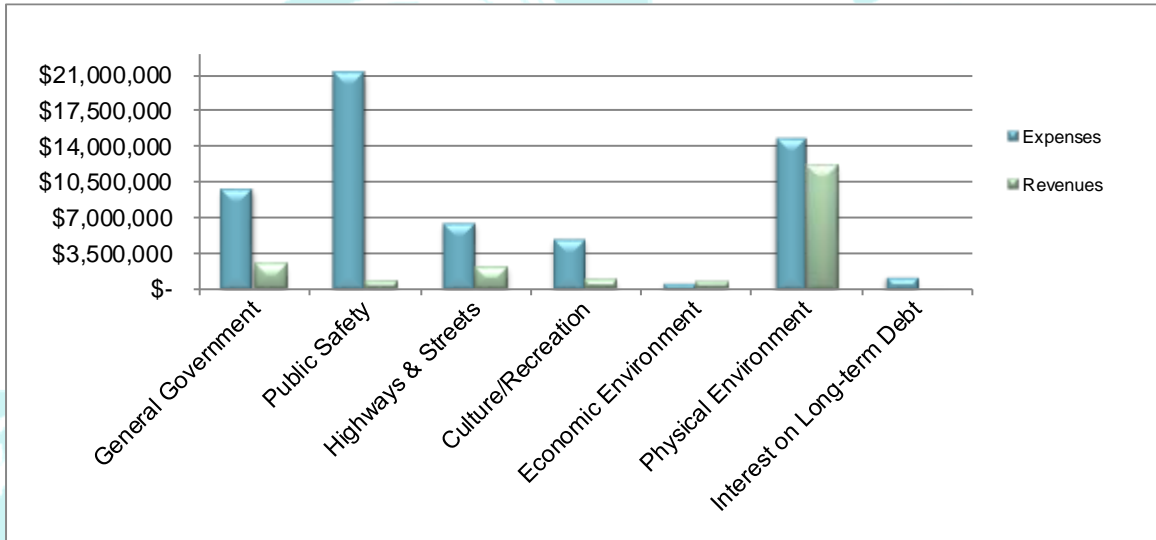
Governmental Activities expenses increased in total by \$4.9 million or 9.1%. The largest changes were:

- Highways and Streets expenses increased by \$1.3 million, or 24.6% due to more spending on road resurfacing and sidewalk capital projects in FY 2017/2018.
- Physical Environment expenses increased by \$2.4 million, or 23%, due to repair and debris removal expenses resulting from Hurricane Irma, and drainage projects.
- Culture and Recreation expenses increased by \$1.4 million, or 37.6%, due to completion of construction on The Center at Deltona, and capital outlays for Parks.

Management’s Discussion and Analysis

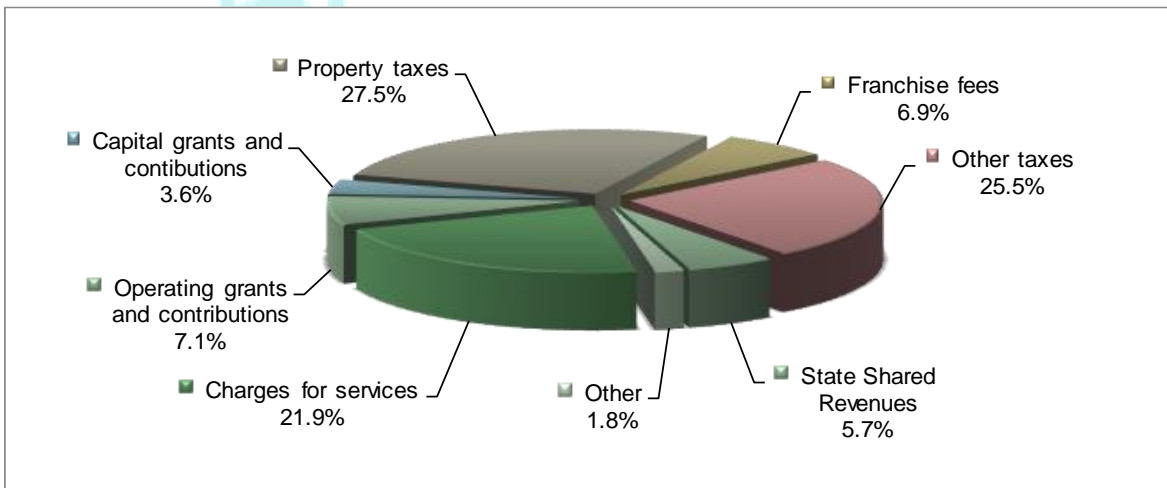
The following graph compares expenses with program revenues for the City’s governmental activities:

Expenses and Program Revenues – Governmental Activities



The following chart shows the composition of revenues for the City’s governmental activities.

Revenues by Source – Governmental Activities



Business-type Activities

Business-type activities’ net position increased \$5.47 million in the 2017/2018 year. Included in this change were:

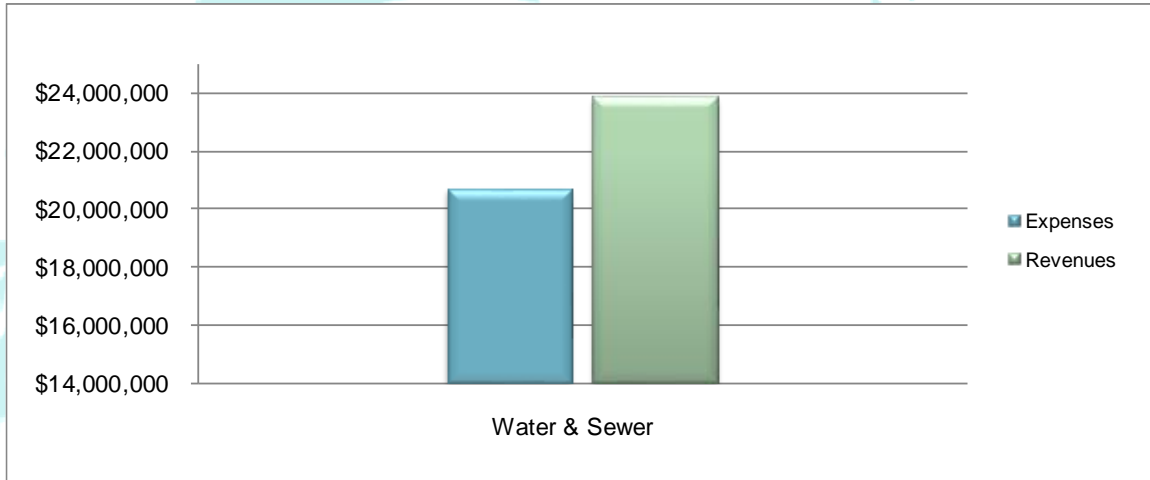
- Charges for Services decreased by \$60,000, or .3%, due primarily to unchanged water/sewer rates.
- Capital Grants and Contributions increased by \$3.0 million, comprised mostly of grant funding from the St. Johns River Water Management District, and increased impact fees collections.

Management’s Discussion and Analysis

- Business-type expenses increased by \$1.0 million, driven by increased personal service costs, depreciation, and interest expense.

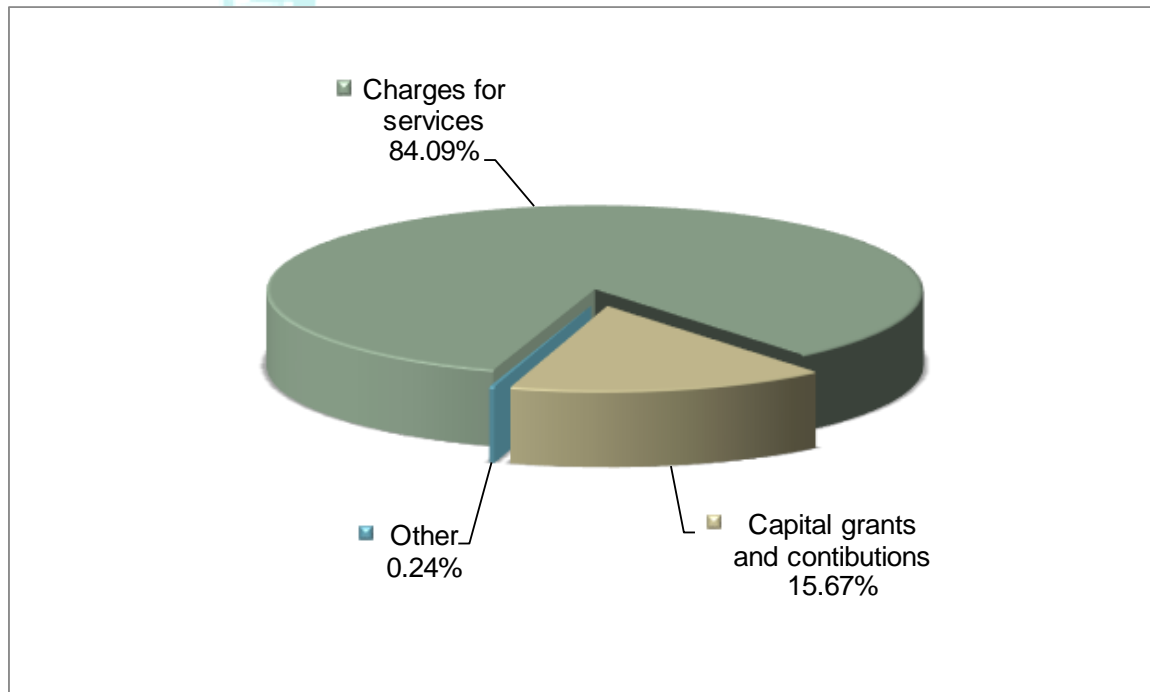
The following chart compares expenses with program revenues for the City’s business-type activities:

Expenses and Program Revenues – Business-type Activities



The following graph shows the composition of revenues for the City’s business-type activities:

Revenues by Source – Business-type Activities



Financial Analysis of the City's Funds

Governmental funds

As noted earlier, the City uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements. In contrast to the government-wide financial statements discussed in the previous paragraphs, the focus of the City's *governmental funds* financial statements is to provide information on near-term inflows, outflows and balances of *spendable* resources. This information is useful in assessing the City's short-term financing capabilities and operational requirements. In particular, *unassigned fund balance* may serve as a useful measure of the City's net resources available for spending on any legal public purpose at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$48,746,889, a decrease of \$3.4 million, or 6.5% from the prior year. Approximately 19% of this amount, or \$9.4 million, constitutes *unassigned fund balance*, which is entirely in the City's General Fund and is available for spending at the City's discretion for any legal purpose. This unassigned portion of the fund balance decreased by \$3.1 million over the prior year, mostly due to hurricane related expenditures.

The City's positive financial position over the last several years has allowed the Commission to be fiscally prudent and establish several fund balance reserves:

- Operating reserve of two (2) months of General Fund annual operating expenditures, totaling \$6,991,000 at September 30, 2018;
- Natural Disaster Reserve, initially established at \$6,000,000 was reduced to \$3,942,422 in the prior year after

expenditures from Hurricane Matthew and Irma. The Commission approved replenishment of the Reserve to its September 30, 2018 balance of \$6 million. During the fiscal year, the Commission also approved an increase of this reserve to \$8 million for FY 2018/2019 and authorized indexed increases for every fiscal year thereafter.

- Economic Development and Infrastructure Incentive reserve with a combined total of \$925,600 as of September 30, 2018; and
- Grants Match reserve of \$687,500 as of September 30, 2018.

The use of any of these funds must be approved by the City Commission and must be consistent with the purposes for which they were established. One-time reserves decrease over time as they are used for their intended purposes.

The components of fund balance for all Governmental funds (not just the General Fund) as reported in accordance with GASB Statement No. 54, are as follows: \$32,436 is *non-spendable*, \$21,864,241 is *restricted*, \$1,054,467 is *committed*, \$16,348,310 is *assigned*, and \$9,447,435 is *unassigned*.

The General Fund is the City's major operating fund. At the end of the current fiscal year, the fund balance of the General Fund was \$25,031,990, of which \$9,447,435 was unassigned. Overall, a larger fund balance, particularly a larger unassigned fund balance, reflects better financial health and stability. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The General Fund's total fund balances represent 61.2% of total General Fund expenditures. The General Fund's unassigned fund balance represents 23.1% of total General Fund expenditures.

Management’s Discussion and Analysis

The total fund balance of the City’s General Fund decreased by approximately \$2.1 million or 7.6%, during the current fiscal year. The key contributing factors were:

- Compared to the prior year General Fund revenues increased by about \$4.8 million, while operating expenditures increased about \$4.1 million, the largest portion of which was hurricane damage repair and debris removal in the Physical Environment category.
- Although revenues exceeded expenditures, \$2.2 million was transferred to Deltona Water for capital projects.
- General Fund capital expenditures increased \$629,512, due mostly to Public Safety expenditures including a new fire truck and license plate readers.

Solid Waste Fund

The City’s Solid Waste fund balance decreased by \$232,258. FY 2017/2018 was the sixth consecutive year of unchanged non-ad valorem assessments for solid waste. The City signed a new solid waste contract beginning October 1, 2018, and increased the assessment from \$179 to \$202 to offset the increased costs of solid waste collection.

Stormwater Utility Fund

The City’s Stormwater fund ending fund balance was \$7,264 less than the prior year. Non-Ad Valorem assessments for stormwater were unchanged for the third consecutive year; slightly higher revenues were mostly the result of population growth.

The fund’s operating expenditures increased 8.9% due to changes in personal service costs. Capital expenditures, however, decreased by \$123,646, as work on

scheduled projects was less than anticipated.

Transportation Fund

The Transportation fund balance declined \$422,326, only 2.4% from the prior year, due to an increase in capital expenditures for road resurfacing and paved shoulders projects.

Proprietary funds

Charges for services declined due to unchanged water/sewer rates, but the utility received an additional \$3 million in grant funding and increased impact fees. Net position of the City’s Water and Sewer Utility Fund was \$34.9 million at September 30, 2018, an increase of \$5.4 million, or 18.4%, which reflected the excess of revenues over expenditures for the year and a transfer of \$2,200,000 from the General Fund. The unrestricted portion of the fund’s net position was \$16 million, while its Net Investment in Capital Assets increased to \$14.9 million, reflecting changes in capital assets activity and scheduled debt service. All of the utility’s pension-related balances increased over the prior year, including Net Pension Liability, up \$34,505, or 3.4%, over the 2016/2017 fiscal year.

General Fund Final Budgetary Highlights

The City adopts an annual budget for all governmental funds, and typically amend those budgets during the fiscal year as needed. A comparison of the General Fund’s budget vs. the actual results of operations appears as part of the Required Supplementary Information in this report. Highlights of that comparison include:

- General Fund actual revenues exceeded budget by \$2.1 million with the largest increase in charges for services, due to growth-driven increases in fee collections.

Management’s Discussion and Analysis

- General Fund operating expenditures ended the fiscal year under budget, as health insurance costs, and hurricane debris removal and repair expenses were less than initial estimates.
- Capital outlay expenditures were under budget by \$440,161 due to fewer equipment purchases than planned.

Capital Asset and Debt Administration

Capital Assets

The City’s total investment in capital assets for its governmental and business-type activities as of September 30, 2018 was \$256.1 million (net of accumulated

depreciation). These assets include land, construction-in-progress, buildings and improvements, machinery and equipment, and infrastructure (roads, right-of-ways, stormwater and water and wastewater utility). The total increase (additions less retirements and depreciation) in the City’s investment in capital assets was \$5.4 million; an increase of less than 2.2%. Most of this was in the City’s business-type activities, which included the Lake Monroe Water Reclamation project. The following table details the City’s capital asset balances by asset class. Further information on capital assets is presented in the Notes to the Financial Statements on pages 48-49 of this report.

City of Deltona’s Capital Assets

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Land | \$ 14,236,935 | \$ 14,236,935 | \$ 3,150,693 | \$ 3,150,693 | \$ 17,387,628 | \$ 17,387,628 |
| Infrastructure Right of Way | 4,372,500 | 4,372,500 | - | - | 4,372,500 | 4,372,500 |
| Construction in Progress | 2,876,598 | 8,364,083 | 12,227,272 | 3,669,837 | 15,103,870 | 12,033,920 |
| Capitalized Intangibles | 79,880 | 79,880 | 953,838 | 926,954 | 1,033,718 | 1,006,834.00 |
| Buildings & Improvements | 86,625,558 | 77,347,000 | 9,970,745 | 9,792,209 | 96,596,303 | 87,139,209 |
| Machinery & Equipment | 26,632,534 | 24,948,687 | 32,363,648 | 31,351,130 | 58,996,182 | 56,299,817 |
| Infrastructure | 114,093,019 | 112,712,266 | 116,178,524 | 115,315,386 | 230,271,543 | 228,027,652 |
| Total | \$248,917,024 | \$242,061,351 | \$174,844,720 | \$164,206,209 | \$423,761,744 | \$406,267,560 |

Debt Administration

Outstanding debt balance is a key factor in a city’s overall financial health. Some stakeholders may perceive *any* amount of debt as negative, but responsible borrowing offers meaningful benefits. Using debt for projects that are too large for pay-as-you-go funding ensures that residents’ needs are met without delay. Additionally, long-term

debt ensures that both current *and* future residents who benefit from financed projects will help pay for them. A government should not issue long-term debt for operating expenses, or to pay for assets whose useful lives will not meet or exceed the debt repayment schedule.

Management’s Discussion and Analysis

The following table presents the total principal amount of the City’s outstanding debt obligations:

City of Deltona Outstanding Debt

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------|-------------------------|--------------|--------------------------|---------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| General Obligation Bonds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Revenue Bonds | 33,570,000 | 34,200,000 | 95,180,000 | 97,525,000 | 128,750,000 | 131,725,000 |
| Total Bonds | 33,570,000 | 34,200,000 | 95,180,000 | 97,525,000 | 128,750,000 | 131,725,000 |
| Bank Loan Payable | 4,398,204 | 4,690,530 | - | - | 4,398,204 | 4,690,530 |
| FDEP State Revolving Loans | - | - | 25,914,715 | 27,041,208 | 25,914,715 | 27,041,208 |
| Total Bonds and Loans | \$37,968,204 | \$38,890,530 | \$121,094,715 | \$124,566,208 | \$159,062,919 | \$163,456,738 |

The City issued no new bonds in FY 2017/2018. The City has no general obligation debt; all of its debt obligations are secured by designated revenue streams. Additionally, the City maintained debt-to-revenue ratios as required by its bond covenants. Detailed information on the City’s debt obligations is presented on pages 51-57 of this report.

Economic Factors, Future Budget, and Outlook

The City’s unemployment rate as of September 30, 2018, dropped for the fourth consecutive year to 3.2%. More recent reports suggest it has increased slightly, but is still lower than one year ago.

The following table presents unemployment rates for the current and two prior fiscal years:

| Region | Unemployment Rates as of September 30, | | |
|---|--|------|------|
| | 2018 | 2017 | 2016 |
| Deltona | 3.8% | 4.6% | 5.0% |
| Deltona-Daytona Beach-Ormond Beach Metro Area | 3.7% | 4.4% | 5.2% |
| Volusia County | 3.7% | 4.3% | 5.1% |
| Florida | 3.6% | 4.2% | 4.7% |
| United States | 3.9% | 4.4% | 4.9% |

For FY 2016/2017 the taxable value of the City’s real property, personal property, and centrally assessed property, based on the 2016 tax roll, increased 7.93% over the previous year. For the following fiscal year FY 2017/2018, based on the 2017 tax roll, taxable values increased. The City’s population is currently estimated at 90,746, an increase of just under 1% from the prior year.

During the FY 2017/2018 budget process, the City Commission reduced the millage rate from 7.95 to 7.85 mills. Despite the millage rate reduction, growth in property values resulted in higher collections than the

prior year, underscoring an important principle of property taxation: millage is only one part of the property tax equation, and a higher (or lower) millage rate does not guarantee a higher (or lower) tax bill.

Numerous indications of economic growth are ongoing from the prior year;

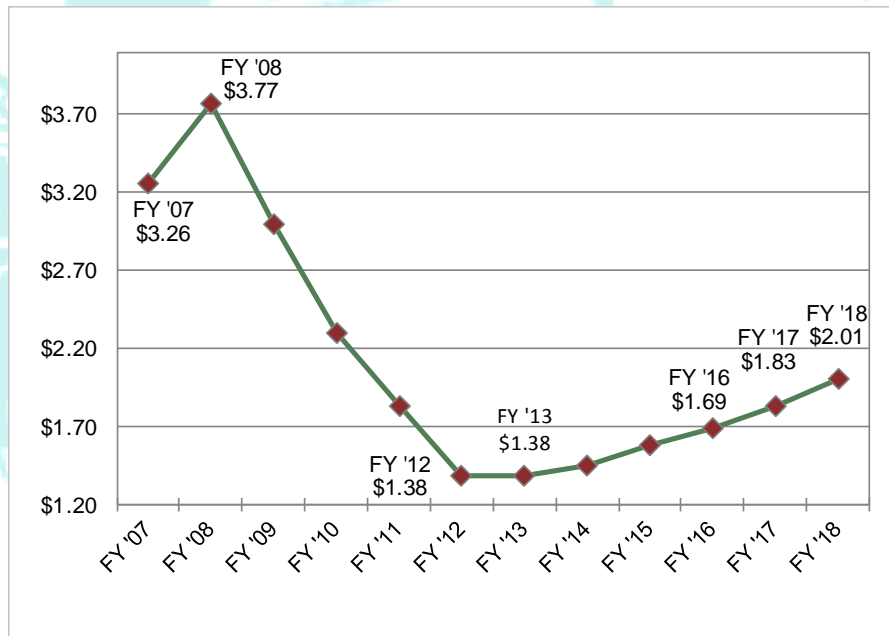
- New commercial development continued, including construction of a new hospital, new stand-alone emergency room, and retail businesses.
- Deltona property values have continued to appreciate.

Management’s Discussion and Analysis

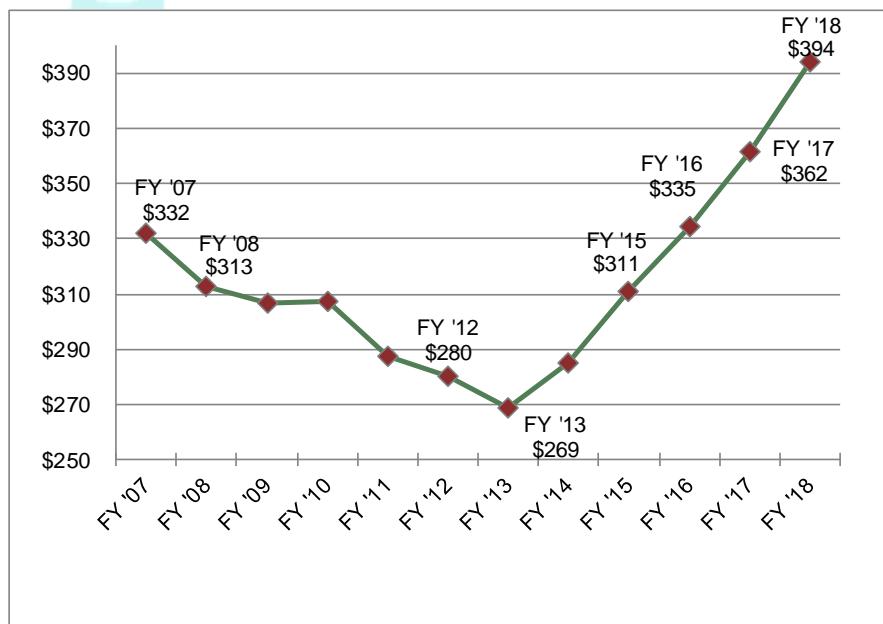
- The City issued 15.3% more certificates of occupancy in 2018 than it had in the prior year.
- Real estate prices have risen over the prior year, with some sources indicating increases of 10%.

While these indicators are cause for optimism, the effects of the 2007/2008 “Great Recession” are still being felt in Deltona. Several years of declines in taxable property values have begun to reverse only recently, as shown in the following charts:

City of Deltona – Total Real Property Taxable Value
(in billions)



City of Deltona – Tax Revenue per Residential Parcel



Management's Discussion and Analysis

It is important to note that these charts are presented in nominal dollars only. Were they adjusted to reflect inflation and changes in purchasing power over time, they would illustrate that the City has not regained all that was lost to the recession.

In its 2018/2019 budget, the Commission adopted a millage rate of 7.85 which was 11.1% more than the rolled back rate of 7.0654 mills, but well below the legal limit of 10.0 mills, and was unchanged from the prior year. City staff once again crafted a budget based on conservative revenue projections and expenditures based on thorough review of trends and departmental needs. As in the past, City staff vigilantly monitor actual results and adjust as needed.

Current and upcoming challenges facing the City include:

- Statutorily imposed caps on property values and millage rates;
- Demand for services driven by population growth;

- Succession planning for the 39% of full-time City employees aged 50 and over, including incumbents in several senior management positions.
- Upward pressure on all expenses, particularly public safety, pensions, insurance, and capital outlays;
- Flat-to-declining trends in some existing revenue sources and limited revenue diversity;
- Substantial capital outlay needed in the near future for the City's utility to comply with regulatory changes.

Requests for Information

This report is designed to provide a general overview of the City of Deltona, Florida's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, City of Deltona, 2345 Providence Boulevard, Deltona, Florida 32725. You can also access the City's website at www.deltonafl.gov.

Statement of Net Position
September 30, 2018

| | Primary Government | | |
|--------------------------------------|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments | \$ 50,846,308 | \$ 28,015,612 | \$ 78,861,920 |
| Cash with fiscal agent | 279,285 | - | 279,285 |
| Receivables (net) | 1,807,395 | 2,299,057 | 4,106,452 |
| Due from other governments | 1,876,779 | 21,400 | 1,898,179 |
| Inventory and prepaids | 32,436 | 900,762 | 933,198 |
| Total current assets | <u>54,842,203</u> | <u>31,236,831</u> | <u>86,079,034</u> |
| Noncurrent assets: | | | |
| Other assets | - | 281,436 | 281,436 |
| Assets not being depreciated | 21,486,035 | 15,377,965 | 36,864,000 |
| Assets being depreciated | 227,430,990 | 159,466,755 | 386,897,745 |
| (Accumulated depreciation) | <u>(122,161,052)</u> | <u>(45,709,922)</u> | <u>(167,870,974)</u> |
| Total noncurrent assets | <u>126,755,973</u> | <u>129,416,234</u> | <u>256,172,207</u> |
| Total assets | <u>181,598,176</u> | <u>160,653,065</u> | <u>342,251,241</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | |
| Deferred charges on refunding | 45,327 | 11,163,499 | 11,208,826 |
| Deferred amounts related to pensions | 5,088,121 | 1,029,275 | 6,117,396 |
| Deferred amounts related to OPEB | 30,050 | 7,178 | 37,228 |
| Total deferred outflow of resources | <u>5,163,498</u> | <u>12,199,952</u> | <u>17,363,450</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 4,091,595 | 2,253,711 | 6,345,306 |
| Accrued liabilities | 1,103,387 | 2,589,176 | 3,692,563 |
| Contracts/retainage payable | 15,490 | 453,971 | 469,461 |
| Deposits | 116,705 | 2,071,922 | 2,188,627 |
| Unearned revenue | 859,899 | - | 859,899 |
| Due within one year | 2,123,048 | 3,959,130 | 6,082,178 |
| Total current liabilities | <u>8,310,124</u> | <u>11,327,910</u> | <u>19,638,034</u> |
| Noncurrent liabilities: | | | |
| Due in more than one year | 55,710,483 | 126,413,653 | 182,124,136 |
| Total noncurrent liabilities | <u>55,710,483</u> | <u>126,413,653</u> | <u>182,124,136</u> |
| Total liabilities | <u>64,020,607</u> | <u>137,741,563</u> | <u>201,762,170</u> |
| DEFERRED INFLOW OF RESOURCES | | | |
| Deferred amounts related to pensions | 2,485,337 | 233,319 | 2,718,656 |
| Deferred amounts related to OPEB | 48,822 | 11,661 | 60,483 |
| Total noncurrent liabilities | <u>2,534,159</u> | <u>244,980</u> | <u>2,779,139</u> |
| NET POSITION | | | |
| Net investment in capital assets | 99,095,304 | 14,523,669 | 113,618,973 |
| Restricted for: | | | |
| Culture and recreation | 258,808 | - | 258,808 |
| Physical environment | 3,720,686 | - | 3,720,686 |
| Public safety | 237,246 | - | 237,246 |
| Renewal and replacement | - | 1,008,000 | 1,008,000 |
| Road and street expenses | 3,866,602 | - | 3,866,602 |
| Debt service | 1,246,633 | 2,832,878 | 4,079,511 |
| Unrestricted | 11,781,629 | 16,501,927 | 28,283,556 |
| Total net position | <u>\$ 120,206,908</u> | <u>\$ 34,866,474</u> | <u>\$ 155,073,382</u> |

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

Statement of Activities
For the Fiscal Year Ended September 30, 2018

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Change in Net Position | | |
|--|----------------------|----------------------|--------------------------|--------------------------|--|--------------------------|------------------------|
| | | Charges for Service | Operating | Capital | Primary Government | | |
| | | | Grants and Contributions | Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 9,925,730 | \$ 2,380,318 | \$ - | \$ 61,217 | \$ (7,484,195) | \$ - | \$ (7,484,195) |
| Public Safety | 21,268,214 | 189,088 | 448,886 | 129,335 | (20,500,905) | - | (20,500,905) |
| Highways and streets | 6,585,923 | - | 1,181,169 | 986,334 | (4,418,420) | - | (4,418,420) |
| Culture and recreation | 5,014,201 | 254,627 | - | 574,947 | (4,184,627) | - | (4,184,627) |
| Economic environment | 603,734 | - | 609,742 | - | 6,008 | - | 6,008 |
| Physical environment | 14,815,727 | 9,930,744 | 1,886,331 | 364,191 | (2,634,461) | - | (2,634,461) |
| Interest on long-term debt | 1,105,150 | - | - | - | (1,105,150) | - | (1,105,150) |
| Total governmental activities | <u>59,318,679</u> | <u>12,754,777</u> | <u>4,126,128</u> | <u>2,116,024</u> | <u>(40,321,750)</u> | <u>-</u> | <u>(40,321,750)</u> |
| Business-type activities: | | | | | | | |
| Water and Sewer Utility Fund | 20,695,493 | 20,109,395 | - | 3,746,715 | - | 3,160,617 | 3,160,617 |
| Total business-type activities | <u>20,695,493</u> | <u>20,109,395</u> | <u>-</u> | <u>3,746,715</u> | <u>-</u> | <u>3,160,617</u> | <u>3,160,617</u> |
| Total primary government | <u>\$ 80,014,172</u> | <u>\$ 32,864,172</u> | <u>\$ 4,126,128</u> | <u>\$ 5,862,739</u> | <u>\$ (40,321,750)</u> | <u>\$ 3,160,617</u> | <u>\$ (37,161,133)</u> |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes | | | | | 16,050,125 | - | 16,050,125 |
| Franchise fees | | | | | 4,019,845 | - | 4,019,845 |
| Public service tax | | | | | 7,321,620 | - | 7,321,620 |
| Sales tax | | | | | 5,177,402 | - | 5,177,402 |
| Local option gas taxes | | | | | 2,372,411 | - | 2,372,411 |
| State shared revenues - non program specific | | | | | 3,315,348 | - | 3,315,348 |
| Investment income: | | | | | | | |
| Interest earnings | | | | | 484,257 | 31,962 | 516,219 |
| Miscellaneous | | | | | 591,425 | 25,962 | 617,387 |
| Transfers | | | | | (2,200,000) | 2,200,000 | - |
| Total general revenues, special items, and transfers | | | | | <u>37,132,433</u> | <u>2,257,924</u> | <u>39,390,357</u> |
| Change in net position | | | | | <u>(3,189,317)</u> | <u>5,418,541</u> | <u>2,229,224</u> |
| Net position - beginning, as restated | | | | | <u>123,396,225</u> | <u>29,447,933</u> | <u>152,844,158</u> |
| Net position - ending | | | | | <u>\$ 120,206,908</u> | <u>\$ 34,866,474</u> | <u>\$ 155,073,382</u> |

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

Balance Sheet
Governmental Funds
September 30, 2018

| | General Fund | Stormwater Utility Fund | Solid Waste Fund | Transportation Fund | Total Nonmajor Funds | Total Governmental Funds |
|--|-----------------|-------------------------------|------------------------|------------------------|----------------------------|--------------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 24,830,409 | \$ 3,850,467 | \$ 602,623 | \$ 17,390,677 | \$ 4,172,131 | \$ 50,846,307 |
| Cash with fiscal agent | 33,709 | - | - | 245,576 | - | 279,285 |
| Receivables (net of allowance for uncollectibles) | 1,803,808 | - | - | - | - | 1,803,808 |
| Due from other funds | 136,682 | - | - | - | - | 136,682 |
| Due from other governments | 1,178,304 | 175,426 | 1,460 | 362,853 | 158,737 | 1,876,780 |
| Inventory and prepaid items | 32,436 | - | - | - | - | 32,436 |
| Total assets | 28,015,348 | 4,025,893 | 604,083 | 17,999,106 | 4,330,868 | 54,975,298 |
| LIABILITIES | | | | | | |
| Accounts payable | 1,926,826 | 106,832 | 502,983 | 937,896 | 617,058 | 4,091,595 |
| Accrued liabilities | 939,827 | 67,693 | 1,857 | 2,247 | - | 1,011,624 |
| Retainage payable | - | - | - | - | 15,490 | 15,490 |
| Due to other funds | - | - | - | - | 133,096 | 133,096 |
| Unearned revenues | - | - | - | - | 859,899 | 859,899 |
| Deposits | 116,705 | - | - | - | - | 116,705 |
| Total liabilities | 2,983,358 | 174,525 | 504,840 | 940,143 | 1,625,543 | 6,228,409 |
| FUND BALANCES | | | | | | |
| Non-spendable: | | | | | | |
| Inventory and prepaid items | 32,436 | - | - | - | - | 32,436 |
| Total non-spendable fund balance | 32,436 | - | - | - | - | 32,436 |
| Restricted: | | | | | | |
| Public safety | - | - | - | - | 237,246 | 237,246 |
| Highways and streets | - | - | - | 17,058,963 | 22,378 | 17,081,341 |
| Culture and recreation | - | - | - | - | 437,516 | 437,516 |
| Physical environment | - | 3,851,368 | 99,243 | - | 77,423 | 4,028,034 |
| Economic environment | - | - | - | - | 80,103 | 80,103 |
| Debt service | - | - | - | - | - | - |
| Total restricted fund balance | - | 3,851,368 | 99,243 | 17,058,963 | 854,666 | 21,864,240 |
| Committed: | | | | | | |
| Culture and recreation | - | - | - | - | 586,072 | 586,072 |
| Physical environment | 41,583 | - | - | - | 426,812 | 468,395 |
| Total committed fund balance | 41,583 | - | - | - | 1,012,884 | 1,054,467 |
| Assigned: | | | | | | |
| Natural disasters | 6,000,000 | - | - | - | - | 6,000,000 |
| Operating reserve | 6,991,000 | - | - | - | - | 6,991,000 |
| Economic development | 925,600 | - | - | - | - | 925,600 |
| Grant match reserve | 687,500 | - | - | - | - | 687,500 |
| Capital outlay/projects | 906,436 | - | - | - | 837,775 | 1,744,211 |
| Total assigned fund balance | 15,510,536 | - | - | - | 837,775 | 16,348,311 |
| Unassigned: | | | | | | |
| Unallocated | 9,447,435 | - | - | - | - | 9,447,435 |
| Total fund balances | 25,031,990 | 3,851,368 | 99,243 | 17,058,963 | 2,705,325 | 48,746,889 |
| Total liabilities and fund balances | \$ 28,015,348 | \$ 4,025,893 | \$ 604,083 | \$ 17,999,106 | \$ 4,330,868 | \$ 54,975,298 |

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

Reconciliation of the Balance Sheet of Governmental Funds

Reconciliation of Balance Sheet
To the Statement of Net Position
September 30, 2018

| | | |
|--|----------------------|-----------------------|
| Fund balances of Governmental Funds | | \$ 48,746,889 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the Governmental Funds: | | |
| Cost of capital assets | 248,917,025 | |
| Accumulated depreciation | <u>(122,161,052)</u> | 126,755,973 |
| The difference between the reacquisition price and the net carrying amount of refunded debt is reported as a deferred outflow of resources in the government-wide statements and amortized over the life of the debt, but is not reported in the Governmental Funds. | | 45,327 |
| Premiums for new debt issues are reported when issued as expenditures and other financing sources in the Governmental Funds, are deferred and amortized over the life of the debt in the Statement of Activities. | | (2,123,088) |
| Deferred inflows and outflows of resources related to pensions and other post-employment benefits are reported in the government-wide statements, but are not reported in the Governmental Funds: | | |
| Deferred outflows related to pensions | 5,088,121 | |
| Deferred inflows related to pensions | (2,485,337) | |
| Deferred outflows related to other post-employment benefits | 30,050 | |
| Deferred inflows related to other post-employment benefits | <u>(48,822)</u> | 2,584,012 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, accordingly, are not reported in the current period and therefore are not reported as liabilities in the Governmental Funds. | | |
| Long-term liabilities at year-end consist of: | | |
| Bonds and loans payable | (37,968,204) | |
| Compensated absences | (2,385,177) | |
| Other post employment benefits | (909,634) | |
| Net pension liability | (14,313,948) | |
| Accrued interest | (91,762) | |
| Unearned revenue - Debt Service Deposit Agreement | <u>(133,480)</u> | (55,802,205) |
| Net position of governmental activities | | <u>\$ 120,206,908</u> |

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

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended September 30, 2018

| | General Fund | Stormwater Utility Fund | Solid Waste Fund | Transportation Fund | Other Nonmajor Funds | Total Governmental Funds |
|---|----------------------|-------------------------|------------------|----------------------|----------------------|--------------------------|
| REVENUES | | | | | | |
| Property taxes | \$ 15,970,155 | \$ - | \$ - | \$ - | \$ 79,970 | \$ 16,050,125 |
| Franchise fees | 4,019,845 | - | - | - | - | 4,019,845 |
| Public service tax | 7,321,620 | - | - | - | - | 7,321,620 |
| State revenue sharing | 4,356,464 | - | - | - | - | 4,356,464 |
| Intergovernmental | 7,538,998 | 174,631 | - | 2,583,224 | 852,865 | 11,149,718 |
| Charges for services | 3,050,632 | 4,172,589 | 5,745,631 | - | 233,578 | 13,202,430 |
| Fines and forfeitures | 153,437 | - | - | - | - | 153,437 |
| Impact fees | - | - | - | - | 1,053,958 | 1,053,958 |
| Interest income | 80,190 | 40,576 | 8,346 | 267,305 | 87,840 | 484,257 |
| Miscellaneous | 193,082 | 4,289 | 12,524 | - | 327,614 | 537,509 |
| Total revenues | <u>42,684,423</u> | <u>4,392,085</u> | <u>5,766,501</u> | <u>2,850,529</u> | <u>2,635,825</u> | <u>58,329,363</u> |
| EXPENDITURES | | | | | | |
| Operating: | | | | | | |
| General government | 8,404,663 | - | - | - | 189,706 | 8,594,369 |
| Public safety | 20,777,602 | - | - | - | - | 20,777,602 |
| Highways and streets | 1,838,647 | - | - | 133,914 | 147,163 | 2,119,724 |
| Culture and recreation | 3,036,194 | - | - | - | - | 3,036,194 |
| Economic environment | - | - | - | - | 429,791 | 429,791 |
| Physical environment | 4,026,687 | 2,482,323 | 5,998,759 | - | 116,350 | 12,624,119 |
| Debt service: | | | | | | |
| Interest | 268,006 | 234,996 | - | 962,912 | - | 1,465,914 |
| Principal retirement | 135,000 | 292,326 | - | 495,000 | - | 922,326 |
| Capital outlay: | | | | | | |
| General government | 557,728 | - | - | - | 495,097 | 1,052,825 |
| Public safety | 1,321,704 | - | - | - | 172,881 | 1,494,585 |
| Highways and streets | 315,031 | - | - | 2,331,550 | 32,135 | 2,678,716 |
| Culture and recreation | 199,476 | - | - | - | 3,459,493 | 3,658,969 |
| Physical environment | - | 574,704 | - | - | 67,574 | 642,278 |
| Total expenditures | <u>40,880,738</u> | <u>3,584,349</u> | <u>5,998,759</u> | <u>3,923,376</u> | <u>5,110,190</u> | <u>59,497,412</u> |
| Excess (deficiency) of revenues over expenditures | <u>1,803,685</u> | <u>807,736</u> | <u>(232,258)</u> | <u>(1,072,847)</u> | <u>(2,474,365)</u> | <u>(1,168,049)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Borrowing/Refinancing: | | | | | | |
| Par value of revenue bonds issued | - | - | - | - | - | - |
| Premium on bonds issued | - | - | - | - | - | - |
| Escrow payments to retire old bonds | - | - | - | - | - | - |
| Transfer(s) in | 146,500 | - | - | 650,521 | 2,300,500 | 3,097,521 |
| Transfer(s) out | (4,020,500) | - | - | - | (1,277,021) | (5,297,521) |
| Total other financing source (uses) | <u>(3,874,000)</u> | <u>-</u> | <u>-</u> | <u>650,521</u> | <u>1,023,479</u> | <u>(2,200,000)</u> |
| Net change in fund balances | (2,070,315) | 807,736 | (232,258) | (422,326) | (1,450,886) | (3,368,049) |
| Fund balances - beginning | 27,102,305 | 3,043,632 | 331,501 | 17,481,289 | 4,156,211 | 52,114,938 |
| Fund balances - ending | <u>\$ 25,031,990</u> | <u>\$ 3,851,368</u> | <u>\$ 99,243</u> | <u>\$ 17,058,963</u> | <u>\$ 2,705,325</u> | <u>\$ 48,746,889</u> |

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

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of the Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended September 30, 2018

| | | |
|--|---|--|
| Net change in fund balances of Governmental Funds | | \$ (3,368,049) |
| <p>Amounts reported for governmental activities in the <u>Statement of Activities</u> are different because:</p> | | |
| <p>Governmental Funds report capital outlays as expenditures. In the Statement of Activities, however, the cost of those assets is depreciated (expensed) over their useful lives. This is the amount by which depreciation exceeded expenditures in the current period.</p> | | |
| <p style="padding-left: 20px;">Capital asset purchases</p> <p style="padding-left: 20px;">Capital asset transfers and disposals</p> <p style="padding-left: 20px;">Less: depreciation expense</p> | <p>7,063,701</p> <p>(18,914)</p> <p style="border-top: 1px solid black; border-bottom: 1px solid black;">(7,206,423)</p> | <p></p> <p></p> <p>(161,636)</p> |
| <p>Payments for the purchase of housing through certain grants are recorded as expenditures the Governmental Funds. In the Statement of Net Position, however, these costs are added to inventory and expensed only when the houses are sold. This is the amount by which inventory of grant-funded houses declined due to the sale of the properties.</p> | | |
| | | (173,943) |
| <p>In the Statement of Activities, revenues are recorded when earned. In Governmental Funds, revenues are recognized when measurable and available. This is the current year's amortization of proceeds received in connection with a debt service forward delivery agreement.</p> | | |
| | | 16,682 |
| <p>Repayment of long-term debt is an expenditure in the Governmental Funds, but reduces long-term liabilities in the Statement of Net Position. This is the current year repayment of long-term debt principal.</p> | | |
| | | 922,326 |
| <p>Certain issuance costs and premiums for new debt issues are reported when issued as expenditures and other financing sources in the Governmental Funds, but are deferred and amortized over the life of the debt in the Statement of Activities:</p> | | |
| <p style="padding-left: 20px;">Amortization of bond premiums</p> <p style="padding-left: 20px;">Amortization of accrued interest</p> <p style="padding-left: 20px;">Amortization of deferred outflow related to bond refunding</p> | <p>75,825</p> <p>6,099</p> <p style="border-top: 1px solid black; border-bottom: 1px solid black;">(5,848)</p> | <p></p> <p></p> <p>76,076</p> |
| <p>Governmental Funds recognize expenditures for the amounts actually paid to employees for compensated absences during the year, while the Statement of Activities reflects only the cost of compensated absences earned. This is the amount by which compensated absences earned exceeded the amount paid in the current year.</p> | | |
| | | (34,788) |
| <p>Contributions to pension and to other post-employment benefit (OPEB) plans are recorded as expenditures in the funds when paid. In the Statement of Activities, however, the amounts reported in connection with these plans are based on actuarial calculations. These are the amounts by which deferred inflows, deferred outflows, and net liabilities related to pension and OPEB plans changed in the current year.</p> | | |
| <p style="padding-left: 20px;">Deferred outflows related to pensions</p> <p style="padding-left: 20px;">Deferred outflows related to other post-employment benefits</p> <p style="padding-left: 20px;">Deferred inflows related to pensions</p> <p style="padding-left: 20px;">Deferred inflows related to other post-employment benefits</p> <p style="padding-left: 20px;">Net pension liability</p> <p style="padding-left: 20px;">Net OPEB liability</p> | <p>(426,165)</p> <p>(3,373)</p> <p>(490,727)</p> <p>(48,822)</p> <p>498,090</p> <p style="border-top: 1px solid black; border-bottom: 1px solid black;">5,012</p> | <p></p> <p></p> <p></p> <p></p> <p></p> <p>(465,985)</p> |
| Change in net position of governmental activities | | <u>\$ (3,189,317)</u> |

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

Statement of Net Position
Proprietary Fund
September 30, 2018

| | Business-Type Activities Water and Sewer Utility Fund |
|---|--|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 19,707,058 |
| Restricted assets available for current liabilities | 6,897,676 |
| Receivables (net of allowance for uncollectibles) | 2,299,057 |
| Due from other governments | 21,400 |
| Inventory | 900,762 |
| Total current assets | <u>29,825,953</u> |
| Noncurrent assets: | |
| Restricted assets | |
| Sinking fund - State Revolving Fund Loan | 532,861 |
| Sinking fund - Revenue bonds payable | 4,695,771 |
| Renewal and replacement account | 1,008,000 |
| Customer deposits | 2,071,922 |
| Less: current portion | (6,897,676) |
| Total restricted assets | <u>1,410,878</u> |
| Capital assets | |
| Capitalized intangible | 953,838 |
| Improvements other than buildings | 116,178,524 |
| Land | 3,150,693 |
| Buildings | 9,970,745 |
| Equipment | 32,363,648 |
| Construction in progress | 12,227,272 |
| (Accumulated depreciation) | (45,709,922) |
| Total capital assets - cost less depreciation | <u>129,134,798</u> |
| Prepaid bond insurance | 281,436 |
| Total noncurrent assets | <u>130,827,112</u> |
| Total assets | <u>160,653,065</u> |
| DEFERRED OUTFLOW OF RESOURCES | |
| Deferred charges on refunding | 11,163,499 |
| Deferred amounts related to pensions | 1,029,275 |
| Deferred amounts related to OPEB | 7,178 |
| Total deferred outflow of resources | <u>12,199,952</u> |
| Total assets and deferred outflow of resources | <u>\$ 172,853,017</u> |

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

Statement of Net Position
 Proprietary Fund
 September 30, 2018
 (Continued)

| | Business-Type Activities Water and Sewer Utility Fund |
|--|--|
| LIABILITIES | |
| Current liabilities payable from current assets: | |
| Accounts and retainages payable | \$ 2,707,681 |
| Accrued expenses | 193,423 |
| FDEP State Revolving Fund loan - current portion | 1,347,000 |
| Long term liabilities - current portion | 182,130 |
| Total current liabilities payable from current assets | <u>4,430,234</u> |
| Current liabilities payable from restricted assets: | |
| Deposits | 2,071,922 |
| Accrued interest payable | 2,395,754 |
| Revenue bonds current portion | 2,430,000 |
| Total current liabilities payable from restricted assets | <u>6,897,676</u> |
| Total current liabilities payable from current and restricted assets | <u>11,327,910</u> |
| Long-term liabilities: | |
| Revenue bonds payable (net of related premium) | 95,199,424 |
| FDEP State Revolving Fund loan | 28,575,218 |
| Compensated absences | 138,251 |
| Other post employment benefits obligation | 204,226 |
| Net pension liability | 2,296,534 |
| Total long-term liabilities | <u>126,413,653</u> |
| Total liabilities | <u>137,741,563</u> |
| DEFERRED INFLOW OF RESOURCES | |
| Deferred amounts related to pension | 233,319 |
| Deferred amounts related to OPEB | 11,661 |
| Total deferred inflows of resources | <u>244,980</u> |
| Total liabilities and deferred inflow of resources | <u>\$ 137,986,543</u> |
| NET POSITION | |
| Net investment in capital assets | 14,523,669 |
| Restricted for: | |
| Debt service | 2,832,878 |
| Renewal and replacement | 1,008,000 |
| Unrestricted | 16,501,927 |
| Total net position | <u>\$ 34,866,474</u> |

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

Statement of Revenues, Expenditures and Changes in Net Position
 Proprietary Fund
 For the Fiscal Year Ended September 30, 2018

| | Business-Type Activities |
|--|---------------------------------|
| | Water and Sewer Utility Fund |
| Operating revenues: | |
| Charges for services - Water | \$ 11,532,682 |
| Charges for services - Waste Water | 7,344,660 |
| Connection fees | 203,035 |
| Other miscellaneous revenues | 1,029,018 |
| Total operating revenues | <u>20,109,395</u> |
| Operating expenses: | |
| Personal services | 4,893,378 |
| Operating expenses | 3,996,248 |
| Professional services | 179,322 |
| Depreciation | 5,160,240 |
| Insurance | 248,284 |
| Total operating expenses | <u>14,477,472</u> |
| Operating income (loss) | <u>5,631,923</u> |
| Nonoperating revenues (expenses) | |
| Investment Income: | |
| Interest earnings | 31,962 |
| Gain (loss) on sale of capital assets | 25,962 |
| Interest expense and issue cost amortization | (6,218,021) |
| Total nonoperating revenue (expenses) | <u>(6,160,097)</u> |
| Income (loss) before contributions | (528,174) |
| Capital grants and contributions | |
| Grant revenue | 3,254,938 |
| Capital contributions - water and wastewater | 491,777 |
| Total capital grants and contributions | <u>3,746,715</u> |
| Transfers in (out) | 2,200,000 |
| Change in net position | 5,418,541 |
| Net position: | |
| Beginning of year, as restated | 29,447,933 |
| End of year | <u>\$ 34,866,474</u> |

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

Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended September 30, 2018

| | Business-Type Activities |
|---|--------------------------------|
| | Water and Sewer System Fund |
| Cash flows from operating activities | |
| Cash received from customers | \$ 19,984,786 |
| Cash payments to suppliers for goods and services | (3,779,946) |
| Cash payments for employee services | (4,678,305) |
| Net cash provided by operating activities | <u>11,526,535</u> |
| Cash flows from capital and related financing activities | |
| Acquisition and construction of capital assets | (10,638,511) |
| Proceeds from sale of capital assets | 29,462 |
| Proceeds from borrowing - State Revolving Fund | 5,069,000 |
| Sinking fund deposit | (40,400) |
| Loan principal payments | (3,710,548) |
| Loan interest payments | (5,617,074) |
| Grants | 3,254,938 |
| Proceeds from capital contributions | 491,777 |
| Transfer from General Fund | 2,200,000 |
| Net cash used in capital and related financing activities | <u>(8,961,356)</u> |
| Cash flows from investing activities | |
| Interest | 31,962 |
| Net cash provided by investing activities | <u>31,962</u> |
| Net increase (decrease) in cash and cash equivalents | 2,597,141 |
| Cash and cash equivalents, beginning of year | 20,722,700 |
| Cash and cash equivalents, end of year | <u>\$ 23,319,841</u> |

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

Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended September 30, 2018
(Continued)

| | Business-Type Activities |
|--|--------------------------------|
| | Water and Sewer System Fund |
| Reconciliation of cash and cash equivalents to the Statement of Net Assets: | |
| Cash and cash equivalents | \$ 19,707,058 |
| Restricted cash and cash equivalents: | |
| Sinking fund - Revenue bonds payable | 532,861 |
| Renewal and replacement account | 1,008,000 |
| Customer deposits | 2,071,922 |
| Cash and cash equivalents, end of year | <u>\$ 23,319,841</u> |
| Reconciliation of operating income to net cash provided by operating activities | |
| Operating income | \$ 5,631,923 |
| Adjustments to reconcile operating income to cash provided by operating activities: | |
| Depreciation | 5,160,240 |
| Provision for uncollectible accounts | 31,548 |
| (Increase) decrease in assets: | |
| Accounts receivable | (208,260) |
| Inventories | (186,569) |
| (Increase) decrease in deferred outflow of resources: | (33,700) |
| (Increase) decrease in liabilities: | |
| Accounts payable | 830,478 |
| Utility deposits | 52,102 |
| Accrued expenses | 23,306 |
| Net pension liability | 75,503 |
| Compensated absences | 29,062 |
| Other post employment benefits obligation | (1,196) |
| (Increase) decrease in deferred inflow of resources: | 122,098 |
| Net cash provided by operating activities | <u>\$ 11,526,535</u> |

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

Statement of Fiduciary Net Position
Pension Trust Funds
September 30, 2018

| | Employee Retirement Funds |
|---|---------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 34,044,478 |
| Receivables (net of allowance for uncollectibles) | 11,316 |
| Due from other funds | 774 |
| Total assets | <u>34,056,568</u> |
| LIABILITIES | |
| Accounts payable | 51,518 |
| Due to other funds | 3,586 |
| Total liabilities | <u>55,104</u> |
| NET POSITION | |
| Net Position Restricted for Pensions | 34,001,464 |
| Total net position | <u>\$ 34,001,464</u> |

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

Statement of Changes in Fiduciary Net Position

Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Fiscal Year Ended September 30, 2018

| | Employee Retirement Funds |
|---|---------------------------------|
| ADDITIONS | |
| Contributions: | |
| Employer | \$ 1,127,574 |
| Contribution from General Fund - insurance premium surcharges received | 432,767 |
| Employee | 346,130 |
| Total contributions | <u>1,906,471</u> |
| Investment earnings: | |
| Interest income | 2,869,371 |
| Other income: | |
| Other income | 149 |
| Total additions | <u>4,775,991</u> |
| DEDUCTIONS | |
| Benefit payments | 1,104,746 |
| Disability payments | 133,596 |
| Beneficiary payments | 15,776 |
| DROP plan payments | 482,857 |
| Share Plan Payments | 28,786 |
| Refunds to employees | 20,978 |
| Administration | 183,370 |
| Insurance premium payments | 4,103 |
| Total deductions | <u>1,974,212</u> |
| Change in net position | 2,801,779 |
| Net position - beginning of the year | 31,199,685 |
| Net position - end of the year | <u>\$ 34,001,464</u> |

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

Notes to the Financial Statements
September 30, 2018

I. Summary of significant accounting policies

A. Reporting entity

The City of Deltona (City) is a municipal corporation, incorporated December 31, 1995, governed by an elected mayor and six-member council. The City provides a full range of services including law enforcement and fire/rescue protection, solid waste management, storm water management, construction and maintenance of sidewalks, road and street facilities, planning and development services, recreational and cultural activities and general administrative services. The City also has a business-type operation that offers water and sewer utility services. The financial reporting entity consists of the primary government and component units, entities for which the government would be considered financially accountable. The determination of financial accountability includes consideration of a number of criteria including: (1) the appointment of a voting majority of an entity's governing authority and the ability of the primary government to impose its will on the entity; (2) the potential for the entity to provide specific financial benefits to, or impose specific financial burdens on, the primary government; and (3) the entity's fiscal dependency on the primary government. As of September 30, 2018, the City had no component units that met the criteria for inclusion within the financial reporting entity of the City.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely almost exclusively on user fees and charges for services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods or services provided by a particular function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as *general revenues*.

Separate financial statements are provided for governmental funds, enterprise funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and the City's enterprise fund are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the enterprise fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor are met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period to pay liabilities in the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and therefore have been recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

The City reports the following major governmental funds:

- **General Fund** - accounts for all fiscal activities of the general government, except those required to be accounted for in other funds, and is the City's primary operating fund.
- **Solid Waste Fund** - accounts for the fiscal activities relating to fees charged and expenditures incurred for garbage and recycled waste pick-up and disposal.
- **Stormwater Fund** - accounts for the fiscal activities relating to fees charged and expenditures incurred for the stormwater utility operation and maintenance, i.e., the collection, storage, treatment and dispersal of rainwater.
- **Transportation Fund** - accounts for the fiscal activities relating to the City's share of the County's six-cent and five-cent local option tax on fuel. Under State law, the six-cent portion can be used only for general road improvements and maintenance; the five-cent portion can be used only to fund capital improvement projects that are necessary to meet the requirements of the City's Comprehensive Plan. Authorized expenditures of bond proceeds are defined by the bond covenants.

The City reports the following non-major fund types:

- **Special Revenue Funds** - account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects).
- **Capital Projects Funds** - account for the acquisition of fixed assets or construction of major capital projects not being financed by enterprise or nonexpendable trust funds.

The City reports the following major enterprise fund:

- **Water and Sewer Utility Fund** - accounts for the acquisition and operation of the City owned water and sewer utility operations.

The City reports the following fiduciary fund type:

- **Pension Trust Funds** - account for the assets of the City employees' pension plans. These funds are accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges incurred for water and sewer

used by other City functions and other charges between the City's enterprise, transportation, solid waste and stormwater functions of the City. Elimination of these charges would distort direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. General revenues include all taxes.

Enterprise funds distinguish *operating* revenues and expenses from *non-operating* revenues and expenses. Operating revenues and expenses generally directly result from providing services and producing and delivering goods in connection with an enterprise fund's principal on-going operations. The principal operating revenues of the Water and Sewer Utility Fund, the City's enterprise fund, are charges to customers for utility sales and services. Operating expenses for the enterprise fund include the cost of the utility providing sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, liabilities, and net position or equity

1. Deposits and investments

In accordance with GASB Statement 72, the City reports its investments at fair value, except for investments that are not reported at fair value in accordance with GASB Statement 79. GASB Statement 79 applies to certain external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. Both of these pronouncements apply to all investments of the City, whether held as City investments or by the City's Firefighters' or General Employees' pension plans.

City Investments

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

The City's investment policy is established by resolution and is governed by Section 218.415, Florida Statutes. Authorized investments include the Local Government Surplus Funds Trust Fund Investment Pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency, savings accounts in State certified qualified public depositories, certificates of deposit in State certified qualified public depositories, and direct obligations of the U.S. Treasury and Federal agencies and instruments.

For the fiscal year ended September 30, 2018, GASB 79 applied to the City's investments in the Florida State Board of Administration's (Florida PRIME) Local Government Investment Pool (LGIP), and certain money market funds. As a result, these investments were not reported at fair value, as indicated in Note III A., below. The issuers of these investments prepare separate financial reports.

All of the City's other investments are reported at fair value in accordance with GASB Statement 72, which establishes a three-level hierarchy based on the valuation inputs used to measure an asset's fair value. 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.

Firefighters' Pension Plan Investments

The investments of the Firefighters' Pension Plan are directed by the Firefighters' Pension Board of Trustees. The Trustees have adopted an Investment Policy for the Firefighters' Pension Plan to provide parameters for investments. The general investment objective is to obtain a reasonable total rate of return commensurate with the Prudent Investor Rule and Florida Statute 218.415.

Authorized investments for the Firefighter's Pension Plan include: 1) time, savings, and money market deposit accounts of an institution insured by the Federal Deposit Insurance Corporation (FDIC) provided the amount deposited does not exceed the insured amount; 2) obligations issued by the United States Governmental guaranteed as to principal and interest by the United States Government or by an agency of the United States Government; 3) stocks, commingled funds administered by national or state banks; mutual funds or bonds or other evidences of indebtedness, issued or guaranteed by a corporation organized under the laws of the U.S., any state or organized territory of the United States, or the District of Columbia; bonds issued by U.S. corporations; structured mortgage products issued by the United States Government; and mortgage related or asset backed securities not issued by the United States Government, and bonds issued by municipal issuers provided that certain criteria are met; 4) commingled stock, bond, timber, real estate or money market funds as may be approved by the Board; 5) foreign equities traded on a national exchange; and 6) real estate up to 10% of the assets of the fund.

General Employees' Pension Investments

As indicated in Note IV E, below, the General Employees' Pension Plan is a defined contribution plan that was closed to new members effective December 1, 2006. The City is the Trustee for the plan, but assets are held in employees' names and investments are directed by the participants.

Descriptions, amounts, and methods used to classify the City's investments are detailed in Note III A, *Deposits and Investments*.

2. *Receivables and payables*

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

All real and tangible personal property taxes are due and payable on November 1st (the levy date) of each year or as soon thereafter as the assessment roll is certified by the Volusia County Property Appraiser. The County mails each property owner on the assessment roll a notice of the taxes due and the County collects the taxes for the City. Taxes may be paid upon receipt of such notice. The following discounts are applied for prompt payment of the levy: 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.

All unpaid taxes on real and tangible property become delinquent on April 1st (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 State law.

3. *Inventories and prepaid items*

All inventories are valued at cost using the first-in/first-out (FIFO) method.

For the enterprise fund, inventory at September 30, 2018 was \$900,762, comprised of material and supplies on hand.

Governmental activities inventory is \$32,436, attributable to fuel on hand in storage tanks located at Fire Station 65 and the Public Works Depot as of September 30, 2018.

Prepaid items, if any, reported in both the government-wide and fund financial statements, represent payments made to vendors for costs applicable to future accounting periods.

4. *Capital Assets*

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost that equals or exceeds \$5,000 and have an estimated useful life in excess of one year. However, there are some exceptions when an asset with an initial cost of less than \$5,000 may be capitalized such as with certain computer equipment. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amount spent for the construction or acquisition of infrastructure assets is capitalized and reported in the government-wide financial statements when the initial costs equal or exceed \$25,000 and they possess estimated useful lives in excess of more than one year.

For the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost of the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure being capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets, including infrastructure assets, those assets are capitalized and reported at historical cost; as assets are upgraded or replaced a corresponding reduction in an existing asset is taken, if applicable. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these assets at acquisition value at the date of donation.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by Governmental Activities and Business-Type Activities during the current fiscal year was \$1,373,156 and \$6,218,020, respectively. The capitalized interest expense associated with the cost of capital assets under construction in connection with the water and sewer utility fund assets was \$490,978 attributable to the loan obtained through the State Revolving Loan Program for the engineering, design and construction of the eastern wastewater treatment plant.

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

| | Useful Lives |
|-----------------------------------|---------------------|
| Buildings | 10 - 40 Years |
| Improvements Other Than Buildings | 15 - 50 Years |
| Equipment | 3 - 40 Years |
| Infrastructure | 15 - 50 Years |

5. *Compensated Absences*

All vested or accumulated vacation, scheduled holiday leave and vested accumulated sick leave is accrued when incurred in the government-wide and enterprise financial statements. Compensated absences, for the government-wide and enterprise funds combined, as of September 30, 2018 and 2017, were \$2,669,233 and \$2,605,385, respectively.

6. *Long-term obligations*

In the government-wide financial statements and enterprise fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or enterprise fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issues are reported as other financing sources while discounts on debt issues are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. *On-Behalf Payments for Fringe Benefits*

The City receives on-behalf payments from the State of Florida to be used for Firefighters' Pension Plan enhancements. On-behalf payments to the City totaled \$432,767 for the fiscal year ended September 30, 2018. Such payments are recorded as intergovernmental revenue and public safety expenditures in the GAAP-basis government-wide and General Fund financial statements. The City records these funds as revenue in the General fund upon receipt, and then records a transfer of the funds to the Firefighters' Pension Plan.

8. *Deferred Outflows / Inflows of Resources*

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. Deferred Outflows represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. At September 30, 2018, deferred outflows in the governmental activities consist of deferred amounts related to pensions and deferred charges related to the issuance of the Capital Improvement Revenue Refunding Bonds, Series 2016. Deferred outflows in the business-type activities are deferred charges related to the refunding of the Utility's 2003 Revenue Bonds. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price.

This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. All of the City's deferred inflows are related to its pension plans.

9. *Fund Equity / Net Position*

The City classifies net position in the government-wide and proprietary fund financial statements as follows:

- Net Investment in Capital Assets includes the City's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, loans or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted Net Position includes assets that have third-party (statutory, bond covenant, or grantor agency) limitations on their use. The City typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use of restricted funds for future projects.
- Unrestricted Net Position typically includes unrestricted liquid assets. The City Commission has the authority to revisit or alter this designation at any time.

Net position flow assumptions

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

In accordance with GASB Statement No. 54, the City classifies fund balance in the governmental fund financial statements as follows:

- Non-spendable fund balance is defined as resources that are in non-spendable form or are legally or contractually required to be maintained intact. This classification includes inventories, pre-paid amounts and non-financial assets held for resale.
- Restricted fund balance is defined as having restrictions (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance is defined as amounts that can only be used for specific purposes pursuant to constraints imposed by City Commission resolution but is not legally restricted. Committed amounts cannot be used for any other purpose unless the Commission removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- Assigned fund balance is defined as amounts that are constrained by the *intent* to be used for specific purposes, but are neither Restricted nor Committed. Intent is expressed by either the City Commission or a body, such as a board or committee, to which the City Commission has delegated the authority to assign amounts. Assigned

amounts are not required to be established by formal action of the City Commission. An appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance.

- Unassigned fund balance represents the City's residual fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund and may be used for any legal general purpose. The City's General Fund is the only fund that reports a positive unassigned fund balance amount.

Fund balance flow assumptions

The City may fund outlays for a particular purpose from a combination of both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be depleted. It is the City's policy, when permissible, to deplete fund balances in the following order: restricted fund balance, committed fund balance, assigned fund balance and, lastly, unassigned fund balance.

The City Commission has adopted a Resolution creating a minimum fund balance policy. This policy established the following reserves: 1) a Natural Disaster reserve of \$6,000,000 for the purpose of providing the means to respond to public emergencies and/or natural disasters and; 2) an operating reserve equal to two (2) months of General Fund annual operating expenditures for the purpose of providing the City with the fiscal means to respond to unexpected operational charges, legislative impacts, or other economic events affecting the City's operations that could not have easily been anticipated at the time the budget was prepared. These reserves are not intended to be contingency funds used to address unfunded expenditures or over-expenditures related to the provision of routine City services. Since inception of the Natural Disaster reserve, the City incurred expenditures totaling \$6,084,265 and received FEMA reimbursements of \$1,789,808 related to Hurricanes Matthew and Irma; the Commission approved replenishment of the reserve and its balance at September 30, 2018 was \$6,000,000. On September 17, 2018, the Commission approved Resolution 2018-63 to increase the natural disaster reserve to \$8,000,000 for the 2018-19 fiscal year, with a provision to increase the reserve annually based on the Consumer Price Index.

The operating reserve was \$6,991,000 as of September 30, 2018.

The City has also adopted a resolution establishing an additional fund balance reserve for economic incentives. This reserve has two components: one reserve for Economic Development equal to \$1,000,000 as well as a City Infrastructure fund balance reserve equal to \$1,000,000. These are both one-time only commitments intended to assist with economic development within the City until such time these reserves are depleted. Since inception of these reserves, the City Commission has authorized the use of \$1,074,400 of the City Infrastructure component, leaving an available combined reserve balance of \$925,600 as of September 30, 2018.

Finally, the City adopted resolutions establishing a Grants Match fund balance reserve of \$500,000 to provide funds that can be used to demonstrate available matching funds if required to qualify for grant funding opportunities. Since its inception, the Commission has approved a budget amendment to increase the reserve amount by \$500,000, and a transfer

from the Economic Development reserve of \$841,400. The Commission also approved the use of \$112,500 for Parks, \$841,400 for Deltona Water and \$200,000 for Municipal Complex from this reserve. As of September 30, 2018, the total Grants Match reserve totaled \$687,500.

10. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after June 30, 2017. As further discussed in Note III, the City adopted GASB Statement No. 75 in the current fiscal year.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, was effective for periods beginning after December 15, 2016; the City has no transactions to which this pronouncement applies.

Certain provisions of GASB Statement No. 82, *Pension Issues*, were effective for employers with a pension liability measurement date on or after June 15, 2017. The City adopted the applicable provisions of GASB Statement No. 82 accordingly.

GASB Statement No. 85, *Omnibus 2017*, contained certain provisions relating to pensions and other postemployment benefit (OPEB) plans. The Statement was effective for periods beginning after June 15, 2017. The City adopted the applicable provisions of GASB Statement No. 85 accordingly.

GASB Statement 86, *Certain Debt Extinguishment Issues*, was effective for periods beginning after June 15, 2017. The City has no transactions to which this pronouncement applies.

The City has not yet implemented the following GASB statements:

GASB Statement No. 83, *Certain Asset Retirement Obligations*, effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 84, *Fiduciary Activities*, effective for reporting periods beginning after December 15, 2018.

GASB Statement 87, *Leases*, effective for reporting periods beginning after December 15, 2019.

GASB Statement 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, effective for reporting periods beginning after June 15, 2018.

GASB Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for reporting periods beginning after December 15, 2019.

II. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end.

On an annual basis the City Manager submits to the City Commission a proposed operating and capital budget for the fiscal year commencing the following October 1st. Public hearings

are held to obtain taxpayer input. Prior to October 1st, the budget is legally adopted through City Commission resolution.

The budget is prepared and adopted by fund, function and department. The legal level of budgetary control is at the department level. The City Manager may make transfers of appropriations within a department throughout the year. Transfers of appropriations between departments require the approval of the City Commission. Budget amendments that actually change the total revenue and/or expenses as legally adopted as part of the budget are brought forth to the City Commission for approval of an amending resolution.

Encumbrance accounting is employed in governmental funds. Operating encumbrances lapse at year end; capital encumbrances are carried forward into the subsequent year’s budget with Commission approval.

B. Accounting Changes

The City implemented Governmental Accounting Standards Board Statement No. 75., *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which requires employers with single-employer defined benefit plans, such as the City, to report the employers’ OPEB Plan liabilities. The requirements of this Statement are being applied retroactively by restating the actuarially determined liabilities of \$1,133,110 as of the October 1, 2017, date of transition and deferred outflow of resources of \$41,406.

C. Adjustment to Beginning Net Position

The beginning net position of the City was increased \$1,084,798 due to the adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement requires the City to recognize a liability and operating statement activities related to changes in the OPEB Plan. As a result of this change, beginning net position has been restated as follows:

| | Governmental Activities | Business-type Activities |
|---|------------------------------------|-------------------------------------|
| Beginning Net Position Prior to Restatement | \$ 122,363,088 | \$ 29,396,272 |
| Net Change in OPEB Plan Liability | (999,714) | (43,678) |
| Deferred Outflow of Resources | 33,423 | 7,983 |
| Net Adjustment to Beginning Net Position | 1,033,137 | 51,661 |
| Beginning Net Position as Restated | <u>\$ 123,396,225</u> | <u>\$ 29,447,933</u> |

III. Detailed Notes on All Activities and Funds

A. Deposits and investments

As of September 30, 2018, the City had the following investments:

| Investment | Maturities | Ratings | Fair Value |
|---|------------------|---------------------|-----------------------------|
| State Board of Administration Local Government Surplus Funds Trust Fund (Florida PRIME) | 1 Day | AAA | \$ 32,601 |
| Florida Surplus Asset Trust Fund (FLSAFE) | 1 Day | AAA | 23,199,707 |
| Certificates of Deposit | Up to 1 year | N/A | 1,075,136 |
| Foreign Corporate Notes | Up to 2.62 | A1/A+/AA- | 976,055 |
| Wells Fargo Government Obligations (Federal Agency Coupon Securities & US Treasury Notes) | Up to 3.75 years | Aaa/AA+ | 14,926,709 |
| Wells Fargo Money Market Funds | 1 Day average | N/A | 50,235 |
| Wells Fargo Corporate Notes | Up to 2.22 years | A1/ A+/A+ A+/AA- | 4,849,305 |
| Wells Fargo Commercial Paper | Up to 1 months | P-1/A-1+ | 495,463 |
| Wells Fargo Supranationals | Up to 1 year | Aaa/AAA/Aaa | 1,085,690 |
| Wells Fargo Money Market Funds | 1 Day | Aaa/AAA | 112,066 |
| Firefighters' Pension Investments: | | | |
| Cash & Short Term Investments | N/A | N/A | 593,856 |
| U.S. Treasury Obligations | Up to 26 years | Aaa | 788,418 |
| Mortgage/Asset Backed Securities | N/A | N/A | 1,283,167 |
| Collateralized Mortgage Obligations | | | 388,153 |
| Corporate Bonds | Up to 20 years | Baa3 - Aa3 | 2,533,781 |
| Mutual Funds-Fixed Income | N/A | N/A | 1,954,110 |
| Common Stock | N/A | N/A | 6,374,447 |
| Foreign Stock | N/A | N/A | 148,262 |
| Mutual Funds-Equity | N/A | N/A | 13,279,433 |
| Unit Investment Trusts | N/A | N/A | 70,180 |
| Real Estate Funds | N/A | N/A | 2,603,028 |
| General Employees' Pension Investments: | | | |
| Stable Value/Money Market Funds | N/A | N/A | 305,571 |
| Bond Funds | Up to 15 years | AAA-BBB | 299,560 |
| Balanced /Asset Allocation Funds | N/A | N/A | 2,272,980 |
| Guaranteed Lifetime Income | N/A | N/A | 108,206 |
| U.S. Stock Funds | N/A | N/A | 783,972 |
| International Stock Funds | N/A | N/A | 183,559 |
| Specialty | N/A | N/A | 27,311 |
| Total Investments | | | <u>80,800,961</u> |
| Accrued interest and dividends | | | 139,185 |
| Cash Deposits | | | <u>30,619,355</u> |
| Total Deposits and Investments | | | <u>\$111,559,501</u> |
| Shown in the accompanying Statements of Net Position as: | | | |
| Primary Government – Deposits and Investments | | | \$ 78,861,919 |
| Fiduciary Funds – Deposits and Investments | | | <u>34,044,478</u> |
| Total | | | <u><u>\$112,906,397</u></u> |

The City's General Employees' Pension Plan was established with the adoption of Resolution No. 97-64. The City is the Trustee for the plan, however assets are held in employees' names and therefore the City is not exposed to any investment risk within the General Employees' Pension Plan.

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 weighted average maturity of the City's investments is displayed in the preceding schedule. The City's Investment Policy states that the City will limit interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements of on-going operations and by investing operating funds primarily in shorter-term securities, money market mutual funds or similar investing pools.

Credit risk

Credit risk is the risk of loss due to the failure of the security issuer. The City's investment policy limits the investments to obligations with the highest credit ratings. Ratings for debt securities are displayed in the preceding schedule. The City's Firefighters' Pension Fund investments are limited, in the case of directly held securities, to securities in one of the three highest classification ratings. For indirect or comingled investments such as mutual funds, the weighted average of all such investments combined must be A/Aa or higher. Investment ratings are from Moody's Investors Service, Inc., and Standard & Poor's Ratings Group.

Concentration of credit risk

The City's investment policy states that securities will be diversified by maturity, issuer and class of security to avoid over-concentration of assets in any one area. The City's Firefighters' Pension Fund investment policy limits the investment in common stock, capital stock or convertible securities to 5% for any issuing company. Common stock, capital stock or convertible securities shall not exceed 65% of Plan assets.

Custodial credit risk – deposits

For deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to the City. As of fiscal year end, the City's cash deposits were entirely covered by Federal depository insurance or by the banking network provided by Chapter 280, Florida Statutes. Florida Statutes provide for collateral pooling by banks and savings and loans and limit local government deposits to "authorized depositories."

Custodial credit risk – investments

For an investment, this 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 the possession of an outside party.

Investments in the City's defined contribution general employee's pension plan are held by a counterparty not in the name of the City which creates custodial risk for all investments of this pension plan. The City has no formal policy relating to custodial credit risk for pension investments.

Investments in the City's Firefighters' Pension Plan have no custodial credit risk.

Foreign currency risk – investments

The City does not invest in foreign markets. However, there are foreign market options available to employees through the General Employees' Pension to which the City has no exposure. All of these pension investments are denominated in U.S. dollars.

Fair Value Measurement

In accordance with GASB Statement No. 72, the City uses the market value approach for fair value measurements of its investments, and categorizes those measurements within the hierarchy based on valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs other than quoted prices; and Level 3 inputs are significant unobservable inputs used only when relevant Level 1 and 2 inputs are unavailable.

GASB 72 applies to all investments except for money market investments, certain types of investment and insurance contracts, and investments in and held by external investment pools that measure investments at amortized cost or at net asset value (NAV) per share.

Notes to the Financial Statements

The City has the following fair value measurements as of September 30, 2018:

| Investment | Value at 09/30/2018 | Not Reported at Fair Value | Level 1 | Level 2 | Level 3 |
|--|------------------------|-------------------------------|----------------------|----------------------|---------------------|
| City Investments | | | | | |
| Certificates of Deposit | \$ 1,075,136 | \$ 1,075,136 | | | |
| Commercial Paper | 495,463 | | | 495,463 | |
| Foreign Corporate Notes | 976,055 | | | 976,055 | |
| Federal Agency Securities | 8,828,938 | | | 8,828,938 | |
| US Treasury Securities | 6,097,771 | | | 6,097,771 | |
| Money Market Funds | 162,301 | 162,301 | | - | |
| Corporate Notes | 4,849,305 | | | 4,849,305 | |
| Supranationals | 1,085,690 | | | 1,085,690 | |
| Intergovernmental Investment Pools | 23,232,308 | 32,601 | | 23,199,707 | |
| Firefighters' Pension Investments | | | | | |
| Cash & Short Term Investments | 593,856 | | 593,856 | | |
| U.S. Treasury Obligations | 788,418 | | 788,418 | | |
| Mortgage/Asset Backed Securities | 1,283,167 | | | 1,283,167 | |
| Collateralized Mortgage Obligations | 388,153 | | | 388,153 | |
| Corporate Bonds | 2,533,781 | | | 2,533,781 | |
| Mutual Funds-Fixed Income | 1,954,110 | | 1,954,110 | | |
| Common & Foreign Stock | 6,522,708 | | 6,522,708 | | |
| Mutual Funds-Equity | 13,279,433 | | 13,279,433 | | |
| Unit Investment Trusts | 70,180 | | 70,180 | | |
| Real Estate Funds | 2,603,028 | | | | 2,603,028 |
| General Employees' Pension Investments | | | | | |
| Stable Value/Money Market Funds | 305,571 | | 305,571 | | |
| Bond Funds | 299,560 | | 299,560 | | |
| Balanced /Asset Allocation Funds | 2,272,980 | | 2,272,980 | | |
| Guaranteed Lifetime Income | 108,206 | | 108,206 | | |
| U.S. Stock Funds | 783,972 | | 783,972 | | |
| International Stock Funds | 183,559 | | 183,559 | | |
| Specialty | 27,311 | | 27,311 | | |
| Totals | \$ 80,800,961 | \$ 1,270,038 | \$ 27,189,865 | \$ 49,738,030 | \$ 2,603,028 |

City investments were categorized by the City's investment manager using an independent pricing service applying the leveling methodology across all securities in the specific sectors they manage. General Employees' Pension Investments were also categorized by the pension administrator using an independent pricing service, also taking into consideration that the underlying investments are actively traded and quoted on a daily basis. Firefighters' Pension investments categorized in levels 1 and 2 were categorized by the pension administrator using criteria based on asset class, pricing source, and frequency. Firefighters' Pension investments categorized in level 3 were based on a Discounted Cash Flow method.

B. Receivables

Receivables as of year-end shown on the Statement of Net Position for the City’s Governmental Activities and Business-Type Activities, including the applicable allowances for uncollectible accounts, consist of:

| | Governmental Activities | Business-type Activities | Total |
|------------------------------------|------------------------------------|-------------------------------------|---------------------|
| Customers: | | | |
| Billed | \$ - | \$ 1,973,040 | \$ 1,973,040 |
| Unbilled | - | 1,284,697 | 1,284,697 |
| Services tax | 1,065,936 | - | 1,065,936 |
| Franchise fees | 575,582 | - | 575,582 |
| Business Tax | 117,468 | - | 117,468 |
| Miscellaneous | 47,208 | 4,862 | 52,070 |
| A/R - NSF check | 1,201 | | 1,201 |
| Gross receivables | <u>1,807,395</u> | <u>3,262,599</u> | <u>5,069,994</u> |
| Less: allowance for uncollectibles | - | (963,542) | (963,542) |
| Net total receivables | <u>\$ 1,807,395</u> | <u>\$ 2,299,057</u> | <u>\$ 4,106,452</u> |

Revenues of the Water and Sewer Utility Fund are reported net of estimated uncollectible amounts. Total estimated uncollectible amounts related to revenues of the current period are as follows:

| | As of 9/30/18 |
|--|----------------------|
| Uncollectible related to water sales | \$ 385,417 |
| Uncollectible related to sewer sales | 578,125 |
| Total uncollectible in the current fiscal year | <u>\$ 963,542</u> |

Receivables due from other governments as of year-end shown on the Statement of Net Position for the City’s Governmental Activities and Business-Type Activities are as follows:

| | Governmental Activities | Business- type Activities | Total |
|--|------------------------------------|--|---------------------|
| State of Florida - 5 & 6 Cent Gas Tax | \$ 362,853 | \$ - | \$ 362,853 |
| State of Florida - 1/2 Cent Sales Tax | 809,360 | - | 809,360 |
| State of Florida - Communications Tax | 337,865 | - | 337,865 |
| Florida Department of Environmental Protection | - | 21,400 | 21,400 |
| U.S. Dept. of Housing and Urban Development | 158,678 | - | 158,678 |
| State of Florida - Stormwater Grant | 175,427 | - | 175,427 |
| Miscellaneous | 32,596 | - | 32,596 |
| Total Due from Other Governments | <u>\$ 1,876,779</u> | <u>\$ 21,400</u> | <u>\$ 1,898,179</u> |

Notes to the Financial Statements

Governmental funds report *unearned revenue* in connection with revenues not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of *unearned revenue* reported in the governmental funds were as follows:

| | As of 9/30/18 |
|---|----------------------|
| SHIP Grant fund advances received from grantor agency prior to meeting all eligibility requirements | \$ 580,146 |
| NSP 1 Program Income received but not earned | 188,405 |
| NSP 3 Program Income received but not earned | 91,348 |
| Total Unearned Revenue | <u>\$ 859,899</u> |

C. Capital assets

Capital asset activity for the year ended September 30, 2018, was:

| | Beginning | | | | Ending |
|---|-----------------------|---------------------|-------------|------------------------|-----------------------|
| | Balance | Increases | Adjustments | Decreases | Balance |
| Governmental activities: | | | | | |
| Capital assets, not being depreciated | | | | | |
| Land | \$ 14,236,936 | \$ - | \$ - | \$ - | \$ 14,236,936 |
| Infrastructure right of way | 4,372,501 | - | - | - | 4,372,501 |
| Construction in progress | 8,364,081 | 7,228,398 | - | (12,715,881) | 2,876,598 |
| Total capital assets, not being depreciated | 26,973,518 | 7,228,398 | - | (12,715,881) | 21,486,035 |
| Capital assets, being depreciated: | | | | | |
| Intangibles | 79,880 | - | - | - | 79,880 |
| Buildings and improvements | 77,347,000 | 9,278,557 | - | - | 86,625,557 |
| Machinery and equipment | 24,948,687 | 1,891,872 | - | (208,025) | 26,632,534 |
| Infrastructure (roads and streets) | 112,712,266 | 1,380,753 | - | - | 114,093,019 |
| Total capital assets, being depreciated | 215,087,833 | 12,551,182 | - | (208,025) | 227,430,990 |
| Less accumulated depreciation for: | | | | | |
| Amortization | (951) | (11,411) | - | - | (12,362) |
| Buildings and improvements | (46,293,228) | (3,031,989) | - | - | (49,325,217) |
| Machinery and equipment | (19,150,511) | (1,429,775) | - | 189,111 | (20,391,175) |
| Infrastructure (roads and streets) | (49,699,050) | (2,733,248) | - | - | (52,432,298) |
| Total accumulated depreciation | (115,143,740) | (7,206,423) | - | 189,111 | (122,161,052) |
| Total capital assets, being depreciated, net | 99,944,093 | 5,344,759 | - | (18,914) | 105,269,939 |
| Governmental activities capital assets, net | \$ 126,917,611 | \$12,573,157 | \$ - | \$ (12,734,795) | \$ 126,755,973 |
| Business-type activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 3,150,693 | \$ - | \$ - | \$ - | 3,150,693 |
| Construction in progress | 3,669,837 | 10,112,947 | - | (1,555,513) | 12,227,272 |
| Total capital assets, not being depreciated | 6,820,530 | 10,112,947 | - | (1,555,513) | 15,377,965 |
| Capital assets, being depreciated: | | | | | |
| Water rights - consumptive use permit | 926,955 | 26,884 | - | - | 953,838 |
| Buildings and improvements | 9,792,208 | 178,537 | - | - | 9,970,745 |
| Improvements other than buildings | 115,315,386 | 863,138 | - | - | 116,178,524 |
| Machinery and equipment | 31,351,129 | 1,128,697 | - | (116,179) | 32,363,648 |
| Total capital assets, being depreciated | 157,385,678 | 2,197,255 | - | (116,179) | 159,466,755 |
| Less accumulated depreciation for: | | | | | |
| Water rights | (94,801) | (56,703) | - | - | (151,504) |
| Buildings and improvements | (1,506,113) | (336,132) | - | - | (1,842,245) |
| Improvements other than buildings | (24,719,347) | (2,931,255) | - | - | (27,650,602) |
| Machinery and equipment | (14,342,101) | (1,836,149) | - | 112,679 | (16,065,571) |
| Total accumulated depreciation | (40,662,362) | (5,160,239) | - | 112,679 | (45,709,922) |
| Total capital assets, being depreciated, net | 116,723,316 | (2,962,984) | - | (3,500) | 113,756,833 |
| Business-type activities capital assets, net | \$ 123,543,846 | \$ 7,149,964 | \$ - | \$ (1,559,012) | \$ 129,134,798 |

Depreciation expense was charged to functions/programs of the City as follows:

| Governmental Activities: | |
|--|---------------------|
| General government and administration | \$ 765,654 |
| Public safety | 652,676 |
| Highways and streets | 2,867,177 |
| Culture and recreation | 1,014,458 |
| Physical environment | 1,906,459 |
| Total depreciation expense - governmental activities | <u>\$ 7,206,423</u> |

| Business-type activities: | |
|--|---------------------|
| Water and sewer utility - total additions to accumulated depreciation - Business-Type activities | <u>\$ 5,160,239</u> |

D. Construction and Other Significant Commitments

The City uses encumbrances to control expenditure commitments throughout the fiscal year and enhance cash management. Encumbrances represent commitments related to contracts, including construction contracts, and purchase orders not yet filled. The City’s active construction projects as of September 30, 2018 include street construction, public safety facilities, housing rehabilitation, and water and wastewater facilities. Balances reported as Contracts/Retainage Payable represent amounts due to vendors for completed work pending final approval and payment by the City. At year end, the City’s construction and other significant commitments were:

| | Encumbrances | Contracts/ Retainage Payable |
|------------------------------|---------------------|---|
| Governmental Funds: | | |
| Major funds: | | |
| General Fund | \$ 14,455 | \$ - |
| Stormwater Utility Fund | 87,652 | |
| Transportation Fund | 769,205 | - |
| Nonmajor Funds | 968,236 | 15,490 |
| Total Governmental Funds | <u>1,839,548</u> | <u>15,490</u> |
| Enterprise Funds: | | |
| Major fund: | | |
| Water and Sewer Utility Fund | 2,698,543 | 453,971 |
| Total | <u>\$ 4,538,091</u> | <u>\$ 469,461</u> |

Stormwater projects are financed from proceeds of the 2009 Stormwater Bank Note; Transportation projects are financed by proceeds of the Capital Improvement Revenue Refunding Bonds, Series 2016, and Local Option Gas Tax revenues. Projects within non-major governmental funds are funded by proceeds of the Capital Improvement Revenue Refunding Bonds, Series 2016, Federal and State grants, and by accumulated resources within each fund.

Notes to the Financial Statements

Enterprise Fund projects are financed from proceeds of Utility System Bonds, Series 2013 and 2014; State Revolving Fund (SRF) loans issued by the State of Florida, and utilities operating revenues.

E. Interfund receivables, payables and transfers

Interfund balances at September 30, 2018 were:

| | Interfund | |
|---|-------------------|-------------------|
| | Receivable | Payable |
| General Fund: | | |
| Community Development Block Grant Fund | \$ 133,096 | \$ - |
| General Employees' Pension Plan Fund | 3,586 | - |
| Community Development Block Grant Fund: | | |
| General Fund | - | 133,096 |
| General Employees' Pension Plan | | |
| General Fund | - | 3,586 |
| Total | \$ 136,682 | \$ 136,682 |

Interfund transfers for the year ended September 30, 2018 were:

| Transfers Out: | Transfers In: | | | | Total |
|-----------------------------|--------------------|---------------------|------------------------------|---------------------|---------------------|
| | Governmental Funds | | | Enterprise Fund | |
| | General Fund | Transportation Fund | Non-Major Governmental Funds | | |
| General Fund | \$ - | \$ - | \$ - | \$ 2,200,000 | \$ 2,200,000 |
| Nonmajor Governmental Funds | 146,500 | 650,521 | 2,300,500 | - | 3,097,521 |
| Total | \$ 146,500 | \$ 650,521 | \$ 2,300,500 | \$ 2,200,000 | \$ 5,297,521 |

Transfers are used to move resources between funds in order to segregate or classify the resources to specific funds in order to comply with legal restrictions, budgetary restrictions, or grant requirements.

F. Leases

Operating Leases

The City leases equipment when a lease is more cost-efficient than purchase. Leases for equipment are payable on a month-to-month basis. The City paid \$20,014 to lease postage equipment and operating equipment during the 2017-18 fiscal year.

G. Long-term debt

Revenue bonds

Capital Improvement Revenue Refunding Bonds, Series 2016

On July 7, 2016, the City issued Capital Improvement Revenue Refunding Bonds, Series 2016, totaling \$35,750,000. The Bonds were issued to refund the outstanding principal of the Transportation Capital Improvement Revenue Bonds, Series 2006; to provide funding for road improvement and expansion projects; and to provide funding for the construction of a community center. The bonds are secured by a pledge of Half-Cent Sales Taxes, Public Service Taxes, and Local Communications Services Taxes.

The bonds bear interest at fixed rates from 2.00% to 5.00% and mature from October 1, 2017, to October 1, 2046. Interest is payable semiannually on April 1, and October 1. Annual principal payments are due on October 1, but will be paid in even monthly installments through a third party under a debt service forward delivery agreement until the maturity date of the original 2006 bonds in 2026. Annual debt service requirements through maturity are presented in the following table:

| Fiscal Years Ended | Transportation Portion | | Community Center Portion | | Total |
|--------------------|------------------------|---------------------|--------------------------|---------------------|----------------------|
| | Principal | Interest | Principal | Interest | |
| 2019 | \$ 515,000 | \$ 938,163 | \$ 145,000 | \$ 261,256 | \$ 1,859,419 |
| 2020 | 545,000 | 912,413 | 150,000 | 254,006 | 1,861,419 |
| 2021 | 570,000 | 885,163 | 160,000 | 246,506 | 1,861,669 |
| 2022 | 600,000 | 856,663 | 165,000 | 238,506 | 1,860,169 |
| 2023 | 630,000 | 826,663 | 175,000 | 230,256 | 1,861,919 |
| 2024-2028 | 3,640,000 | 3,636,463 | 1,010,000 | 1,012,881 | 9,299,344 |
| 2029-2033 | 4,355,000 | 2,885,313 | 1,225,000 | 804,531 | 9,269,844 |
| 2034-2038 | 5,230,000 | 2,047,813 | 1,455,000 | 568,931 | 9,301,744 |
| 2039-2043 | 6,065,000 | 1,213,600 | 1,685,000 | 336,750 | 9,300,350 |
| 2044-2046 | 4,110,000 | 259,375 | 1,140,000 | 71,875 | 5,581,250 |
| Total | <u>\$26,260,000</u> | <u>\$14,461,625</u> | <u>\$ 7,310,000</u> | <u>\$ 4,025,500</u> | <u>\$ 52,057,125</u> |

Debt service forward delivery agreement

The City entered into a Debt Service Forward Delivery Agreement to administer debt service payments and to generate additional cash from the Transportation Capital Improvement Revenue Bonds, Series 2006. Under this agreement, the City makes level monthly payments of approximately \$155,077 to a trustee. The trustee, in turn, makes all debt service payments (principal and interest) as due. The City received a cash payment of \$333,670 for entering into this agreement. The entire amount was recognized as income in the fiscal year ended September 30, 2006 in the governmental funds but is classified as unearned revenue in the entity-wide statements and will be recognized in the Statement of Activities on a straight line basis over the life of the original Series 2006 bond issue.

Bank notes

Stormwater Bank Note, 2009

On April 8, 2009, the City entered into a loan agreement in the amount of \$6,569,345 with Branch Banking and Trust Company (BB&T). The loan was obtained in order to finance certain of the City’s costs of the capital improvements contained in the City’s adopted Stormwater Master Plan. The Note was issued for a period of twenty years and is scheduled to mature on May 1, 2029. The interest rate on the Note is 5.01%. The Note is payable from, and secured solely by, revenues derived by the City from its stormwater utility assessments and the City’s covenant to budget and appropriate legally available non-ad valorem revenues as provided in the agreement. The City collected \$4,172,589 in stormwater utility assessments in the fiscal year ended September 30, 2018.

Annual debt service requirements through maturity are presented in the following schedule:

| Fiscal Years Ended | Principal | Interest | Total |
|---------------------------|---------------------|---------------------|---------------------|
| 2019 | 307,348 | 220,350 | 527,698 |
| 2020 | 323,142 | 204,952 | 528,094 |
| 2021 | 339,747 | 188,762 | 528,509 |
| 2022 | 357,206 | 171,741 | 528,947 |
| 2023 | 375,561 | 153,845 | 529,406 |
| 2024 - 2028 | 2,187,909 | 466,893 | 2,654,802 |
| 2029 | 507,291 | 25,416 | 532,707 |
| Total | \$ 4,398,204 | \$ 1,431,959 | \$ 5,830,163 |

Business-type Activity Liabilities

The following is a summary of long-term liabilities of the proprietary fund at September 30, 2018:

Utility System Refunding Revenue Bonds, Series 2013

On September 10, 2013, the City issued Utility System Refunding Revenue Bonds, Series 2013 in the principal amount of \$79,745,000. The bonds bear interest at fixed rates from 4.00% to 5.25% and mature from October 1, 2017 to October 1, 2039. The bonds are collateralized by a pledge of the net revenues of the system. Interest is payable semi-annually on April 1 and October 1, with annual principal payments due on October 1 of each year. The purpose of the Series 2013 bonds was to refund the outstanding Series 2003 bonds which were defeased on September 10, 2013 and fully refunded on October 1, 2013, and to partially finance the swaption termination payment. The Series 2013 repayment schedule was structured to ensure that annual debt service would remain virtually unchanged from the 2003 bonds; as a result, the City expects this refinancing to have minimal, if any, impact on future water and wastewater rates.

The Bonds have been assigned an “A+” rating from FITCH and an “A” rating from Standard & Poor’s. The bonds are secured by net revenues of the system levied and collected by the Utility, including impact fees and direct pay subsidies paid to the Utility. The bonds do not require a debt service reserve.

Annual debt service requirements to maturity are presented in the following schedule:

| Fiscal Years Ended | Principal | Interest | Total |
|--------------------|---------------|---------------|----------------|
| 2019 | \$ 1,955,000 | \$ 3,617,081 | \$ 5,572,081 |
| 2020 | 2,035,000 | 3,527,106 | 5,562,106 |
| 2021 | 2,135,000 | 3,428,194 | 5,563,194 |
| 2022 | 2,230,000 | 3,324,406 | 5,554,406 |
| 2023 | 2,345,000 | 3,210,031 | 5,555,031 |
| 2024-2028 | 13,500,000 | 14,249,122 | 27,749,122 |
| 2029-2033 | 17,125,000 | 10,495,803 | 27,620,803 |
| 2034-2038 | 21,775,000 | 5,539,050 | 27,314,050 |
| 2039 | 10,325,000 | 535,690 | 10,860,690 |
| Total | \$ 73,425,000 | \$ 47,926,484 | \$ 121,351,484 |

Utility System Revenue Bonds, Series 2014

On December 5, 2014, the City issued Utility System Revenue Bonds, Series 2014, in the principal amount of \$22,215,000. The bonds were issued to finance the costs of certain capital improvements to the City’s water system and sewer system; retire the City’s outstanding utility system Bond Anticipation Note, Series 2014; and to pay the associated costs of issuance. The Bonds are special obligations of the City, payable solely from and secured by a lien upon and a pledge of the Pledged Revenues of the System.

The Bonds have been assigned an “A+” rating from FITCH and an “A” rating from Standard & Poor’s. The bonds are secured by net revenues of the system levied and collected by the Utility, including impact fees and direct pay subsidies paid to the Utility. The bonds do not require a debt service reserve. The bonds bear interest at fixed rates from 3.00% to 5.00%, and mature from October 1, 2017 to October 1, 2044.

Annual debt service requirements to maturity are presented in the following schedule:

| Fiscal Years Ended | Principal | Interest | Total |
|---------------------------|----------------------|----------------------|----------------------|
| 2019 | \$ 475,000 | \$ 868,231 | \$ 1,343,231 |
| 2020 | 485,000 | 851,406 | 1,336,406 |
| 2021 | 505,000 | 831,606 | 1,336,606 |
| 2022 | 525,000 | 811,006 | 1,336,006 |
| 2023 | 550,000 | 789,506 | 1,339,506 |
| 2024 - 2028 | 3,095,000 | 3,590,116 | 6,685,116 |
| 2029 - 2033 | 3,670,000 | 3,011,613 | 6,681,613 |
| 2034 - 2038 | 4,385,000 | 2,257,150 | 6,642,150 |
| 2039 - 2043 | 5,525,000 | 1,100,950 | 6,625,950 |
| 2044 - 2045 | 2,540,000 | 102,600 | 2,642,600 |
| Total | \$ 21,755,000 | \$ 14,214,184 | \$ 35,969,184 |

State Revolving Loans

On March 29, 2011, the City entered into a Clean Water State Revolving Fund loan agreement with Florida Water Pollution Control Financing Corporation, a division of the Florida Department of Environmental Protection. Proceeds of this financing arrangement were used to fund the planning, design and pre-construction activities of the City's planned treatment and reuse facility. The City subsequently executed two amendments to this agreement to revise the total funding allocation to \$29,381,000. The lien on net revenues of the system is on a junior and subordinated lien position to the Utility Revenue Bonds series 2013 and 2014.

The loan balance, including capitalized interest of \$490,978, as of September 30, 2018 was \$25,914,725. Repayment was scheduled over 40 semiannual loan payments, due every June 15th and December 15th, beginning June 15, 2016. Current year payments totaled \$1,826,952 with \$1,365,539 applied to principal.

Annual debt service requirements to maturity are presented in the following schedule:

| Fiscal Years Ended | Principal | Interest | Total |
|---------------------------|----------------------|---------------------|----------------------|
| 2019 | \$ 732,342 | \$ 453,562 | \$ 1,185,904 |
| 2020 | 1,327,749 | 437,701 | 1,765,450 |
| 2021 | 1,351,205 | 414,244 | 1,765,450 |
| 2022 | 1,375,081 | 390,369 | 1,765,450 |
| 2023 | 1,399,381 | 366,068 | 1,765,450 |
| 2024 - 2028 | 7,376,867 | 1,450,382 | 8,827,249 |
| 2029 - 2033 | 8,052,842 | 774,407 | 8,827,249 |
| 2034 - 2036 | 4,299,248 | 114,376 | 4,413,624 |
| Total | \$ 25,914,715 | \$ 4,401,109 | \$ 30,315,824 |

On July 19, 2017, the City entered into a second Clean Water State Revolving fund loan agreement. The purpose of this financing arrangement is to fund, together with a cost-share grant from the St. Johns River Water Management District, improvements to the City's reclaimed water system, including a surface water intake/pump station, a transmission main, covered storage for raw surface water, stormwater treatment, and water storage. The lien on net revenues of the system is on a junior and subordinated lien position to the Utility Revenue Bonds, series 2013 and 2014.

The total loan allocation from the State is \$7,400,966, including \$45,900 of capitalized interest. The loan balance was \$4,007,503 as of September 30, 2018. Repayment over 40 semiannual loan payments of \$201,741, due every June 15th and December 15th, is scheduled to begin December 15, 2019. Because the City has not yet expended the full loan allocation, a detailed repayment schedule is not yet available.

Pledged Revenues

Governmental Activities - General Fund & Transportation Fund

The City has pledged future revenues from Half-Cent Sales Taxes, Public Service Taxes, and Local Communications Services Taxes to repay the Capital Improvement Revenue Refunding Bonds, Series 2016. If, in any given year, these revenues collected are not sufficient to cover the principal and interest debt obligation of the Transportation Bond, the Bond Covenants require the City to appropriate any shortfall from non-Ad Valorem revenue collected in the General Fund. The bonds are payable through October 1, 2046. For the fiscal year ended September 30, 2018 pledged revenues totaled \$12,499,022 and the highest annual debt service (due in 2046) is \$1,800,000. At year end, pledged future revenues totaled \$52,057,127 which is the amount of the remaining principal and interest payments on the bonds as of September 30, 2018. Assuming no significant change in pledged revenues collected over the life of the bonds, total principal and interest payments would comprise approximately 15% of pledged revenues.

Although the City has pledged these revenues to repay the entire Series 2016 Bonds it is the City's intent to use the pledged revenues referenced above only to pay the portion of the Series 2016 Bonds used to fund construction of the community center. The portion of debt service allocated to the Transportation Fund, reflecting the portion of funds used to refund the Series 2006 bonds and fund various additional road and street improvements, will be paid using Gas Tax revenues that are accounted for in the Transportation fund. A Local Option Gas Tax agreement exists between all the cities within Volusia County as well as Volusia County. On June 3, 2013 the Commission approved a five year renewal of the existing contract from September 1, 2013 to August 31, 2018. On June 18, 2018, the Commission approved a one-year extension of the interlocal agreement with Volusia County for the distribution of proceeds of the local option fuel tax to August 31, 2019.

Governmental Activities - Stormwater Utility

The City has pledged future stormwater utility assessments revenue to repay the Stormwater Bank Note secured in 2009. The note is payable through 2029. Principal and interest for the current year was \$527,322. Stormwater utility assessments for the current year totaled \$4,172,589. At year end, pledged future revenues totaled \$5,830,163 which was the amount of the remaining principal and interest on the Note as of September 30, 2018. Assuming no further interest rate changes or significant changes in collections of pledged revenue over the remaining life of the Note, total principal and interest on the Note would require approximately 13% of pledged revenue.

Business-type Activities – Water and Sewer Utility

The City has pledged future water and sewer customer Net Revenues to repay both of the City's Utility Bond issues. The Utility System Refunding Revenue Bonds, Series 2013, are payable through 2039; and the Utility System Revenue Bonds, Series 2014, are payable through 2044. Net Revenues are gross revenues less operating expenses as defined in the bond covenants. Net Revenues totaled \$10,855,674 for the current year. Principal payments in the current year totaled \$2,345,000. Interest expense in the current year was \$6,218,020, including \$576,285 of administrative costs associated with the second State Revolving Fund loan and \$747,789 of amortization of the loss on the refinancing of the 2003 bonds. The percentage of Net Revenues consumed by debt service for both the Series 2013 and Series 2014 bonds was 63.8% and is in compliance with the debt coverage requirements in the bond covenants. This percentage is expected to remain the same in FY 2018/2019 as principal payments for the bonds reach the full annual amount, and decline in subsequent years. At year end, pledged future revenues totaled \$157,320,669, which was the total amount of principal and interest on both bond issues as of September 30, 2018.

The City has also pledged future water and sewer customer Net Revenues to repay its two State Revolving Fund (SRF) Loans from the Florida Department of Environmental Protection. The combined outstanding balance of the SRF loans was \$29,922,218 at September 30, 2018. Principal and Interest payments in the current fiscal year on the Revolving Fund Loans totaled \$1,826,952, or 16.8% of water and sewer customer Net Revenues.

Debt Service Reserve Funds

A reserve fund provision in the City's Clean Water State Revolving Fund loan agreement went into effect on December 15, 2015. As a result, the City is required to make monthly deposits into a reserve account equal to 1/6th of one semi-annual loan payment for the duration of the loan repayment period. As a result, \$532,861 is reported in the noncurrent assets portion of the City's Proprietary Fund as of September 30, 2018.

Funding the debt service reserve does not require the City to actually expend the funds; it does, however, require the reserve funds to be classified as part of the City's restricted fund balance to reflect that the funds cannot be used for any purpose other than to meet debt service requirements. As a result, the amount available to fund infrastructure on a "pay as you go" basis is reduced, potentially resulting in the delay or cancellation of projects, or the use of alternative financing.

The Utility System Refunding Revenue Bonds, Series 2013, and Series 2014; the Stormwater Bank Note; and the Capital Improvement Revenue Refunding Bonds, Series 2016, have no reserve requirement.

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2018, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|-----------------------|---------------------|---------------------|-----------------------|---------------------|
| Governmental activities | | | | | |
| Capital Improvement Refunding | | | | | |
| Revenue Bonds Series 2016 | \$ 34,200,000 | \$ - | \$ 630,000 | \$ 33,570,000 | \$ 660,000 |
| Deferred Revenue, Debt Service Deposit Agreement | 150,162 | - | 16,682 | 133,480 | - |
| Add: Unamortized Premium | 2,198,913 | - | 75,825 | 2,123,088 | - |
| Stormwater Bank Note | 4,690,530 | - | 292,326 | 4,398,204 | 307,348 |
| Net Pension Liability - Chapter 175 | 7,214,741 | - | 723,844 | 6,490,897 | - |
| Net Pension Liability - FRS | 7,597,297 | 225,754 | - | 7,823,051 | 50,634 |
| OPEB Obligation | 914,646 | - | 5,012 | 909,634 | 28,364 |
| Compensated Absences | 2,350,391 | 1,762,780 | 1,727,994 | 2,385,177 | 1,076,702 |
| Total Governmental Activities | \$ 59,316,680 | \$ 1,988,534 | \$ 3,471,683 | \$ 57,833,531 | \$ 2,123,048 |
| Business-type Activities | | | | | |
| Utility System Revenue Bonds | | | | | |
| Series 2013 | \$ 75,310,000 | \$ - | \$ 1,885,000 | \$ 73,425,000 | \$ 1,955,000 |
| Add: Unamortized Premium | 1,622,951 | - | 73,957 | 1,548,994 | - |
| Subtotal - 2013 Bonds | 76,932,951 | - | 1,958,957 | 74,973,994 | 1,955,000 |
| Series 2014 | 22,215,000 | - | 460,000 | 21,755,000 | 475,000 |
| Add: Unamortized Premium | 934,787 | - | 34,356 | 900,431 | - |
| Subtotal - 2014 Bonds | 23,149,787 | - | 494,356 | 22,655,431 | 475,000 |
| Total Utility Bonds | 100,082,738 | - | 2,453,313 | 97,629,425 | 2,430,000 |
| FDEP State Revolving Fund Loan 2011 | 26,524,747 | 755,516 | 1,365,548 | 25,914,715 | 1,347,000 |
| FDEP State Revolving Fund Loan 2017 | 516,461 | 3,491,042 | - | 4,007,503 | - |
| Net Pension Liability - FRS | 2,244,313 | 75,504 | - | 2,319,817 | 23,283 |
| OPEB Obligation | 218,464 | - | 1,196 | 217,268 | 13,042 |
| Compensated Absences | 254,994 | 297,988 | 268,926 | 284,056 | 145,805 |
| Total Business-type Activities | \$ 129,841,717 | \$ 4,620,050 | \$ 4,088,983 | \$ 130,372,784 | \$ 3,959,130 |

For governmental activities, compensated absences, pensions, and OPEB are liquidated from resources of the General Fund. Capital Improvement Refunding Revenue Bonds and the Debt Service Deposit Agreement are liquidated from resources of the Transportation Fund and the General Fund. The Stormwater Bank Note is liquidated from resources of the Stormwater Fund. All long-term liabilities for business-type activities are liquidated from the resources of the Enterprise Fund.

IV. Other Information**A. Risk management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of, assets; errors and omissions; injuries to employees; and natural disasters. To cover itself against these exposures, the City became a member of Preferred Government Insurance Trust (PGIT), a local government liability risk pool. The Pool has over 400 local government agency members. The Pool administers insurance activities relating to property loss (including boilers/machinery) and general, professional, automobile and public officials' liability. Additionally, Workers' Compensation, Employee Crime and petroleum storage tank coverage are provided. The Pool absorbs losses up to a specified amount each pool year and, in addition, purchases excess and other specific coverage from third-party carriers. The Pool assesses each member its pro rata share of the estimated amount required to meet current year projected losses and operating expenses. If total member assessments do not produce sufficient funds to meet its obligations, the Pool can make additional limited assessments. Losses, if any, in excess of the Pool's ability to assess its members, revert back to the member that incurred the loss. The City's insurance costs are allocated among the appropriate City departments and funds.

Fiscal year 2018 was the first year of a two-year premium period that locked in rates so that premium changes, if any, would be driven solely by increases in property and inland marine values and increases in workforce numbers.

The City's total insured property value decreased by 0.06%% in the current fiscal year, resulting in a 4.89% decrease in the City's property insurance premium. The windstorm loss deductible remained unchanged at 3% of total loss.

Workers' Compensation premiums increased by 16.69%, although there was a slight decrease in payroll, the Workers' Compensation Experience Modifier increased from 1.14 to 1.20. In total, the City's annual premium increased 4.83%.

There have been no settlements in excess of insurance coverage in any of the prior five years and as such, no additional assessments were levied against the City for the fiscal year ended September 30, 2018.

B. Commitments

The City has Interlocal Agreements with Volusia County, Florida, for the provision of various municipal services. These services include road and bridge services and mosquito control. The agreements are renewable annually based on the mutual agreement of both parties. Either party can terminate the agreement without cause or further liability with 180 days written notice. The annual contractual commitment is approximately \$30,000 with the applicable portion payable from both the City's General Fund and Stormwater Utility Fund.

The City also has an Interlocal Agreement with Volusia County, Florida, for the provision of law enforcement services within the City. The agreement term is renewable annually each year on October 1. Either party can terminate the agreement without cause or further liability with 180 days written notice. The annual contractual commitment was \$11,350,000 for the fiscal year ended September 30, 2018 payable from the City's General Fund. Total staffing includes 76 sworn officers and 3 administrative personnel.

The City provides weekly residential garbage pick-up and curbside recycling to its residents through a contract with a private company. The Commission entered into a new agreement

with the company in July 2018. Under this current contract, the City pays \$10.63 per household per month to the vendor, plus tipping fees charged by the County for solid waste and yard waste disposal. Solid waste fees are considered pass-through fees and therefore, the City charges an annual assessment of \$202.80 for once-a-week garbage, yard waste, and recycling services on all residential properties. The annual contractual commitment to both the waste hauler and the County was approximately \$5,800,000 for fiscal year ended September 30, 2018, payable from the City's Solid Waste Management Fund.

C. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. 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, if any, to be *de minimis*.

The City is often listed as a co-defendant in foreclosure cases when the City has a second mortgage or code enforcement lien recorded against the property being foreclosed. These types of cases require the City Attorney to file documents with the Court, but rarely result in costs to the City. Some of the liens either have priority over the mortgage in question or survive the foreclosure action and are eventually paid once the property is sold to a new owner.

D. Other postemployment benefits (OPEB) Plans

Plan Description

The City follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for reporting the its OPEB Plan liability.

Plan Description. The Other Postemployment Benefit (OPEB) Plan is a single-employer benefit plan administered by the City. Pursuant to Chapter 112.0801, Florida Statutes, former employees who retire from the City are eligible to participate in the City's health plan for medical and prescription drug coverage. The City subsidizes the premium rates paid by retirees by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan, on average, than those of active employees. The City does not offer any explicit subsidies for retiree coverage. The OPEB Plan does not issue a stand-alone report and is not included in the report of another entity.

Summary of Membership Information. As of October 1, 2018, the City had 301 OPEB members, 297 active and 4 inactive. All inactive members are retired employees.

Changes in the Total OPEB Plan Liability. The following table shows the change in the City's OPEB plan liability:

| Description | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|--------------|
| Service Cost | \$ 47,911 | \$ 11,444 | \$ 59,355 |
| Interest on the Total OPEB Plan Liability | 29,322 | 7,003 | 36,325 |
| Changes of Benefit Terms | - | - | - |
| Difference between expected and actual experience of the total OPEB liability | - | - | - |
| Changes of Assumptions and Other Inputs | (48,822) | (11,661) | (60,483) |
| Benefit Payments | (33,423) | (7,982) | (41,405) |
| Net change in Total OPEB Liability | (5,012) | (1,196) | (6,208) |
| Total OPEB Liability - Beginning | 914,646 | 218,464 | 1,133,110 |
| Total OPEB Liability - Ending | \$ 909,634 | \$ 217,268 | \$ 1,126,902 |

Actuarial Valuation and Measurement Dates. October 1, 2016 was the actuarial valuation date. For purposes of calculating and reporting the OPEB liability, valuation date amounts were rolled forward to the measurement date of September 30, 2017, using standard actuarial techniques.

Funded Status and Funding Progress. As of September 30, 2017, the total OPEB Plan liability was \$1,126,901 and assets held in trust were \$0, resulting in a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$15,550,777, and the ratio of the total OPEB plan liability to the covered payroll was 7.26 percent.

The OPEB plan contribution requirements of the District and OPEB Plan members are established and may be amended through Commission action. The City has not advance-funded or established a funding methodology for the annual OPEB expense or the net OPEB Plan liability, and the OPEB plan is financed on a pay-as-you-go basis.

Actuarial Valuation Methods and Assumptions. Actuarial valuations of an ongoing OPEB plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the OPEB plan are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The OPEB liability calculation was based on the Individual Entry Age Normal Cost Method.

Demographic assumptions employed in the actuarial valuation for General employees were the same as those employed in the July 1, 2016 actuarial valuation of the FRS Benefit Pension Plan. These demographic assumptions were developed by FRS from an Actuarial Experience Study, and therefore are appropriate for use in the OPEB plan actuarial valuation. These include assumed rates of future termination, mortality, disability, and retirement. Retirement rates for firefighters were based on the age and years of service of participants.

Notes to the Financial Statements

Mortality tables used in the July 1, 2016 actuarial valuation of the Florida Retirement System were used in the liability calculation. They are based on the results of a statewide experience study covering the period 2008 through 2013.

The total OPEB plan liability actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| Description | |
|--|---|
| Inflation | 2.50 percent |
| Salary Increases - General Employees in FRS | 3.7 - 7.8 percent, including inflation as used in the July 1, 2016 actuarial valuation of the Florida Retirement System |
| Salary Increases - Firefighters and Employees in General Employees' Pension Plan | 2.50 percent |

Healthcare cost trend rates were based on the Getzen model, with a trend of 8.00% starting in 2018 and gradually trending to an ultimate trend rate of 4.24% plus 0.43% increase for excise tax. The first year trend rate was -19.89% due to an actual decrease in premiums beginning January 1, 2017.

Aging factor expenses were based on the 2013 SOA Study "Health Care Costs – From Birth to Death." Administrative expenses are included in the per capita health costs.

Discount Rate. There are no invested plan assets held in trust to finance the OPEB plan liability. The discount rate used equals the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA rating as of the measurement date. For the purpose of the OPEB plan valuation, the municipal bond rate was 3.5%. The discount rate was 3.1% as of the beginning of the measurement period.

The City's annual OPEB expense totaled \$91,685 for the fiscal year ended September 30, 2018. At September 30, 2018, the City reported deferred outflows and inflows of resources related to the OPEB plan liability from the following sources:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------|-------------------------------|
| Change of assumptions | \$ - | \$ 52,310 |
| Employer contributions subsequent to the Measurement date | 37,228 | - |
| Total | \$ 37,228 | \$ 52,310 |

The deferred outflows of resources related of \$37,228 resulting from City contributions to the Plan subsequent to the measurement date will be recognized as a reduction of the liability in the year ending September 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB are recognized in expense as follows:

| Fiscal Year Ending September 30 | Amortization |
|---------------------------------|--------------|
| 2019 | \$ (8,173) |
| 2020 | (8,173) |
| 2021 | (8,173) |
| 2022 | (8,173) |
| 2023 | (8,173) |
| Thereafter | (11,445) |
| Total | \$ (52,310) |

Sensitivity of the City’s Total OPEB Liability to Changes in the Discount Rate. The following presents the District’s OPEB plan liability calculated using the discount rate of 3.50 percent, as well as what the OPEB plan liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50 percent) or 1 percentage point higher (4.50 percent) than the current rate:

| | 1% Decrease 2.50% | Current Discount Rate | 1% Increase 4.50% |
|---------------------|-------------------|-----------------------|-------------------|
| OPEB Plan Liability | \$ 1,286,099 | \$ 1,126,901 | \$ 992,131 |

Sensitivity of the City’s Total OPEB Liability to the Healthcare Cost Trend Rate Assumption. Regarding the sensitivity of the total OPEB liability, calculated using the assumed trend rates as well as what the OPEB Plan’s total liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

| | 1% Decrease | Current Healthcare Cost Trend Rate Assumption | 1% Increase |
|---------------------|-------------|---|--------------|
| OPEB Plan Liability | \$ 955,456 | \$ 1,126,901 | \$ 1,337,459 |

E. Employee retirement systems and pension plans

Firefighters’ Pension Plan

Plan Description

The *City of Deltona Firefighters’ Pension Plan* (the Firefighters’ Plan) is a single-employer, defined benefit pension plan for firefighters adopted through local ordinance on December 14, 1998, with an effective date of October 1, 1997. The establishment of the Plan, and any amendments thereto, are at the sole discretion of the City Commission.

The Plan was established, and operates within, the parameters of Chapter 175 of the Florida Statutes. This Statute governs fire pension plans in the State of Florida. The Plan's amortization periods are closed. The Plan is administered by a five-member Board of Trustees (the Board). Two members of the Board must be members of the Plan elected by a majority of all members of the Plan; two members must be residents of the City appointed by the City Commission; the fifth member is elected by a majority of the other four Board members.

Funding Policy

The Florida Constitution requires local governments to make actuarially-determined contributions. The Florida Division of Retirement reviews and approves each local government's actuarial report prior to its being used for funding purposes. The funding method and determination of benefits payable are provided for in the Florida Legislature, under which the Plan was created, including subsequent amendments.

Additionally, the State collects a locally authorized insurance premium surcharge on certain real and personal property insurance policies within the corporate limits of Deltona. The funds can be distributed only after the State has ascertained that the City has met its actuarial funding requirement for the most recently completed fiscal year. These funds are recorded in the General Fund, then immediately transferred to the pension fund. The pension fund records these amounts as revenue, while the General Fund records the transfer as an additional pension contribution expense.

Direct costs for Plan administration are paid from Plan assets. However, City staff do perform administrative functions at no cost to the Plan.

Benefits

The Plan provides retirement, termination, disability, and survivor benefits to all full-time certified firefighters. Benefits, as established by the City Commission, are determined by a calculation using length of service and average final compensation. Benefits of the Plan are recognized when due and payable in accordance with the terms of the Plan. Average final compensation (AFC) is the average of the employee's highest 5 years of the previous 10 years of compensation.

Normal Retirement

Normal retirement is the earlier of age 55 with 10 years Credited Service, or 25 years of Credited, regardless of age. Members earn benefits at the rate of 3% for each year of Creditable Service since October 1, 1997. The Plan also allows members a one-time option to obtain service credit for years of employment prior to October 1, 1997. This Past Service credit is at a 2% benefit rate for each year of creditable service. Members with 25 or more years of service receive an increase of their Past Service Credit from 2% to 3% provided that the total benefit percent does not exceed 100%. There is an overall maximum benefit of 100% of the AFC.

Early Retirement

Early retirement is permitted at age 50 with 10 years of Credited Service. The accrued benefit for early retirement is reduced by 3.0% for each year prior to the Normal Retirement date.

Supplemental Benefit

A supplemental benefit of \$10.00 times total years of service at retirement with a maximum of \$250 is provided.

Cost of Living Allowance (COLA)

All Retirees who have completed at least 21 years of service, and those Retirees who retire with an In-Line of Duty disability retirement, shall receive an automatic 2.35% COLA beginning on the later of the attainment of age 52 or three (3) years following benefit commencement. This benefit shall not be payable to terminated vested Members. Additionally, beneficiaries and joint annuitants of deceased Retirees shall receive COLA adjustments, based on the age or years of service of the deceased Retiree.

Disability Benefit

A disability retirement benefit of a minimum of 60% of AFC is provided to any Member injured in-the-line-of-duty. A disability retirement benefit is provided at the accrued normal retirement benefit, but shall not be less than 25% of AFC to Members who are disabled from a non-service connected injury who have more than 10 years of Credited Service.

Pre-Retirement Death Benefit

The pre-retirement death benefit is the benefit accrued to the date of death payable to designated beneficiary for 10 years at the normal or early retirement date, at the option of the beneficiary. In the case of a participant's death prior to vesting, no retirement benefit shall be payable; the beneficiary will be entitled to a refund of the participant's contributions, however.

Vesting

Full vesting occurs with 10 years of Credited Service. Members who do not attain 10 years of Credited Service are refunded their member contributions when separated. Vested Members may choose their accrued benefit payable, or a refund of contributions.

Membership

As of October 1, 2017, there were a total of 104 participants. 66 of these participants are active Plan members; 10 are inactive Plan members entitled to, but not yet receiving, benefits; and 28 are inactive Plan members or beneficiaries currently receiving benefits.

Contributions

The Plan, as approved by the City Commission, requires members to contribute 8% of their annualized compensation. City contributions are equal to the remaining amount necessary for payment of Normal (current year) Cost and amortization of the accrued past service liability over 30 years. The City contribution is offset by estimated insurance premium receipts.

The Plan is operated as a Pension Trust Fund and is included as part of the City's reporting entity; therefore separate financial statements are not required.

Investments

Investments are reported at fair value and are managed by third party money managers. Investments that do not have an established market are reported at estimated fair market value.

The following asset allocation policy was adopted by the Board and was in effect as of the year ended September 30, 2018.

| <u>Asset Class</u> | <u>Target Allocation</u> |
|---------------------------|--------------------------|
| Domestic Broad Cap Equity | 50% |
| International Equity | 10% |
| Broad Market Fixed Income | 25% |
| Global Fixed Income | 5% |
| Real Estate | 10% |
| Total | 100% |

Concentrations

The Plan did not hold investments in any one organization that represent 5% or more of the Plan's Fiduciary Net Position.

Rate of Return

For the year ended September 30, 2018 the annual money-weighted rate of return of Plan investments, net of Plan investment expense, was 8.99%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program (DROP)

The Firefighters' Plan provides a Deferred Retirement Option Program for Members who have satisfied Normal Retirement requirements. The Member must elect to enter DROP within 12 months after reaching Normal Retirement. A Member can remain in DROP until s/he attains age 60 or 35 total years of service, whichever is earlier, up to a maximum participation of 96 months.

While in DROP, a Member may choose to have his/her account credited with interest of 6% per year or an interest rate equal to the net investment return realized by the Plan for that quarter. The Member may change his/her election only once.

For the year ended September 30, 2018 the DROP balance was \$444,384.

Net Pension Liability

The components of the City's Net Pension Liability related to the Firefighters' Plan on September 30, 2018 were:

| | |
|---|---------------------|
| Total Pension Liability | \$ 36,514,787 |
| Plan Fiduciary Net Position | <u>(30,023,890)</u> |
| City's Net Pension Liability | <u>\$ 6,490,897</u> |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 82.22% |

Actuarial Assumptions

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2017 updated to September 30, 2018 using the following actuarial assumptions applied to all measurement periods.

| | |
|---------------------------|-------|
| Inflation | 2.50% |
| Salary Increases | 5.00% |
| Discount Rate | 7.84% |
| Investment Rate of Return | 7.84% |

Mortality rates were based on the RP-2000 table with no projections. Disabled lives were set forward 2 years for females and set back 4 years for males. Rates are based upon other studies of municipal firefighters.

The Long-Term Expected Rate of Return on 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 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

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weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Firefighters' Plan's target asset allocation as of September 30, 2018 are summarized in the following table:

| Asset Class | Long Term Expected Real Rate of Return |
|---------------------------|---|
| Domestic Broad Cap Equity | 7.50% |
| International Equity | 8.50% |
| Broad Market Fixed Income | 2.50% |
| Global Fixed Income | 3.50% |
| Real Estate | 4.50% |

**Changes in Net Firefighter Net Pension Liability
September 30, 2018**

| | Increase (Decrease) | | |
|---|----------------------------|--------------------------------|--------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a) - (b) |
| Reporting Period Ending September 30, 2017 | \$ 34,796,581 | \$ 27,581,840 | 7,214,741 |
| Changes for a Year | | | |
| Service Cost | 764,177 | - | 764,177 |
| Interest | 2,747,916 | - | 2,747,916 |
| Share Plan Allocation | (1,281) | - | (1,281) |
| Differences between Expected and Actual Experience | (465,047) | - | (465,047) |
| Change in assumptions | 355,957 | - | 355,957 |
| Contributions - Employer | - | 960,204 | (960,204) |
| Contributions - State | - | 432,767 | (432,767) |
| Contributions - Employee | - | 299,956 | (299,956) |
| Contributions - Buy Back | 46,174 | 46,174 | - |
| Net Investment Income | - | 2,512,787 | (2,512,787) |
| Benefit Payments, Incl. Refunds of EE Contributions | (1,729,690) | (1,729,690) | - |
| Administrative Expense | - | (80,148) | 80,148 |
| Net Changes | <u>1,718,206</u> | <u>2,442,050</u> | <u>(723,844)</u> |
| Balance - September 30, 2018 | <u>\$ 36,514,787</u> | <u>\$ 30,023,890</u> | <u>\$ 6,490,897</u> |

Discount Rate

The Discount Rate used to measure the total pension liability was 7.84%. The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that City contribution rates will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Firefighters' Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the Long-Term Expected Rate of Return on Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The City's Net Pension Liability based on a 7.84% discount rate is \$6,490,897. The table below presents the effect on the Net Pension Liability if the discount rate were reduced or increased by 1.00%.

| September 30, 2018 | | | |
|---|---------------------|--|--|
| Net Firefighter Pension Liability Based on Discount Rate | | | |
| 1% Decrease in Discount Rate to 6.84% | Discount Rate 7.84% | 1% Increase in Discount Rate to 8.84% | |
| \$ 11,462,336 | \$ 6,490,897 | \$ 2,415,652 | |

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018, the City recognized a Pension Expense of \$1,121,703 related to the Firefighters' Pension Plan. On September 30, 2018 the City reported Deferred Outflows of Resources and Deferred Inflows of Resources related to the Firefighters' Pension from the following sources:

| City of Deltona Firefighters' Pension | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between Expected and Actual Experience | \$ 227,350 | \$ 637,009 |
| Change in assumptions | 1,321,571 | - |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 357,594 | 1,184,991 |
| Total | \$ 1,906,515 | \$ 1,822,000 |

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions will be recognized in Pension Expense as follows:

| Year Ended September 30, | Amount |
|---------------------------------|------------------|
| 2020 | \$ 124,650 |
| 2021 | (232,943) |
| 2022 | (170,175) |
| 2023 | 94,682 |
| 2024 | 218,426 |
| Thereafter | 49,875 |
| Total | \$ 84,515 |

General Employees' Pension Plan

Plan Description

The *City of Deltona General Employees' Pension Plan* (the Employee Plan) is a single-employer, defined contribution pension plan adopted through City resolution on December 17, 1997, with an effective date of October 1, 1997. The Plan is a tax-qualified plan pursuant to section 401(a) of the Internal Revenue Code that covers all full-time employees of the City, excluding certified firefighters, as described in "Membership," below.

Membership

The Employee Plan was closed to new members by the City effective December 1, 2006 when the City opted to enroll in the Florida Retirement System (FRS). As of September 30, 2018, 32 employees were still enrolled in the Plan.

Funding Policy

The Employee Plan is administered by an outside party and requires the City to contribute 10% of each participant's base earnings to a pension trust. Base earnings includes W-2 earnings, plus any contribution made pursuant to a salary reduction agreement not included under section 125 of the Internal Revenue Code, less unscheduled overtime and on call pay. Participants are not required to contribute to the Employee Plan; all contributions are voluntary, unmatched by the City, and made on an after-tax basis. The Plan has a five-year graduated vesting schedule and all participants are fully vested in the Plan. The Plan permits withdrawals for retirement, termination and disability. The Plan does not allow participants to borrow against their accounts.

For the fiscal year ended September 30, 2018, the City's total covered payroll for employees eligible to participate in the Plan was \$1,673,703 compared with a total payroll for the City of \$14,967,065. The required employer contribution and the contribution actually made amounted to \$167,370, or 10% of covered payroll. Investments are reported at fair value. There have been no revisions to the Plan since its adoption.

The City is the Trustee for the plan; assets are held in employees' names, however, and therefore the City is not exposed to custodial risk. Because the plan is a defined-contribution plan, there is no Net Pension Liability, Deferred Outflows, or Deferred Inflows reported in connection with this Plan.

Florida Retirement System Plans (FRS)

General Information

The City participates in the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit public employee retirement system, administered by the State of Florida Department of Management Services, Division of Retirement. As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("FRS Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan").

Effective July 1, 2002, the FRS implemented a defined contribution plan ("Investment Plan") under Section 121.4501, Florida Statutes, as an alternative available to all FRS members in lieu of the FRS Pension Plan and covers the same classes of employees as the FRS Pension Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in

part on the performance of investment funds. Employee and employer contributions are directed to individual member accounts, and members may select various approved investments to which they allocate their contributions and account balances. Benefits in the Investment Plan vest after one year of service.

The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

FRS Pension Plan Description

The FRS Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The FRS Pension Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Florida Statutes Chapter 121, as may be amended from time to time by the State legislature, provides the methodology for determining contribution rates for the various membership classes of the FRS. Benefits are established by Chapter 21, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law may be made only by an act of the Florida State Legislature. Benefits and refunds of the defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan.

The State of Florida annually issues a publicly available financial report that includes financial statements as well as required supplementary information for the FRS. The most recent report is available from:

State of Florida Department of Management Services
Division of Retirement
Post Office Box 9000
Tallahassee, Florida 32315-9000

www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports

Membership

The City passed Resolution #2006-39, which allowed all eligible employees to enroll in FRS with the State of Florida (a defined benefit pension plan) with an effective date of December 1, 2006, or continue to participate in the pre-existing defined contribution pension plan known as the City of Deltona General Employees' Pension Plan. All general employees hired after December 1, 2006 are compulsory members of FRS. General employees who elected to participate in FRS with the State of Florida had the option to purchase past service credit back to October 1, 1997. For each general employee who opted to purchase past service, their General Employees' Pension Plan assets were transferred directly to FRS with the State of Florida. As of September 30, 2018, there were 226 employees enrolled in FRS.

Benefits

Benefits provided under the FRS Pension Plan are calculated on the basis of age, average final compensation, and service credit. For FRS Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service, or 30 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Senior Management Service class members who retire at or after age 62 with at least six years of credited service,

or 30 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service.

For FRS Pension Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65, or 33 years of service regardless of age. The final average compensation for the members hired after July 1, 2011 will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if a member was initially enrolled in the FRS Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment (COLA) is three percent (3.0%) per year. If a member was initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated COLA. The annual COLA is a prorated portion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not receive a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with an FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions/Funding

Effective July 1, 2011, all active members of the FRS Pension Plan, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS Pension Plan based on state-wide contribution rates established by the Florida Legislature.

These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2018, respectively, were as shown below:

| | September 30, | | |
|---------------------------------|---------------|--------|--------|
| | 2016 | 2017 | 2018 |
| Regular Class | 7.52% | 7.92% | 8.26% |
| Senior Management Service Class | 21.77% | 22.71% | 24.06% |
| Reemployed retirees | 4.49% | 4.96% | 5.16% |
| DROP Participants | 12.99% | 13.26% | 14.03% |

The City made all required contributions to the FRS Pension Plan which totaled \$732,583 for fiscal year ended September 30, 2018.

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

As of September 30, 2018, the City reported a liability of \$7,123,024 for its proportionate share of the FRS Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was

Notes to the Financial Statements

determined by an actuarial valuation as of July 1, 2018. The City's proportionate share of the net pension liability was based on the City's contributions for FY 2017/2018 relative to the City's contributions for FY 2016/2017 of all participating members. At June 30, 2018, the City's proportionate share was 0.0236%, which was an increase of 0.0003% percent from its proportionate share measured as of June 30, 2017.

For the fiscal year ended September 30, 2018, the City recognized pension expense of \$1,379,077. In addition the City reported current deferred outflows and inflows of resources related to pensions from the following sources:

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|--|-------------------------------------|------------------------------------|
| Differences between Expected and Actual Experience | \$ 603,427 | \$ (21,902) |
| Change of Assumptions | 2,327,458 | - |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | - | (550,340) |
| Changes in Proportion and Differences between City FRS Pension Plan Contributions and Proportionate Share of Contributions | 368,683 | - |
| City FRS Pension Plan Contributions Subsequent to the Measurement Date | 161,897 | - |
| Total | \$ 3,461,465 | \$ (572,242) |

The deferred outflow of resources of \$161,897 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan will be recognized in pension expense as follows:

| Year Ended September 30, | Amount |
|--------------------------|---------------------|
| 2019 | \$ 1,071,313 |
| 2020 | 781,131 |
| 2021 | 190,411 |
| 2022 | 471,781 |
| 2023 | 310,297 |
| Thereafter | 56,177 |
| Total | \$ 2,881,110 |

Actuarial Assumptions

The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.60 % |
| Salary increases | 3.25%, average, including inflation |
| Investment rate of return | 7.0%, net of pension plan investment expense, including inflation |

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The long-term expected rate of return on FRS Pension Plan investments is not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation (1) | Annual Arithmetic Return | Compound Annual (Geometric) Return | Standard Deviation |
|--------------------------|-----------------------|--------------------------|------------------------------------|--------------------|
| Cash | 1.0% | 2.9% | 2.9% | 1.8% |
| Fixed Income | 18.0% | 4.4% | 4.3% | 4.0% |
| Global equity | 54.0% | 7.6% | 6.3% | 17.0% |
| Real Estate (Property) | 11.0% | 6.6% | 6.0% | 11.3% |
| Private Equity | 10.0% | 10.7% | 7.8% | 26.5% |
| Strategic Investments | 6.0% | 6.0% | 5.7% | 8.6% |
| Total | <u>100.0%</u> | | | |
| Assumed Inflation - Mean | | 2.60% | | 1.90% |

(1) As outlined in the FRS Plan's Investment Policy

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The FRS Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for the calculation of the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

Shown below is the City's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well the City's proportionate share of the net pension liability calculated using a discount rate one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

| 1% Decrease in Discount Rate to 6.0% | Current Discount Rate 7.0% | 1% Increase in Discount Rate to 8.0% |
|--------------------------------------|----------------------------|--------------------------------------|
| \$ 12,999,817 | \$ 7,123,024 | \$ 2,241,999 |

Pension Plan Fiduciary Net Position

Detailed information regarding the FRS Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan

At September 30, 2018, the City reported a payable in the amount of \$75,590 for contributions in-transit to the FRS Pension Plan required for the fiscal year ended September 30, 2018.

FRS Health Insurance Subsidy Plan (HIS Plan)**Plan Description**

The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time.

Benefits

The benefit received by HIS Plan members is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement. Eligibility for this benefit requires a retiree under a State-administered retirement system to provide proof of health insurance coverage which may include Medicare.

For fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a monthly minimum HIS payment of \$30 and a monthly maximum HIS payment of \$150.

Contributions

The HIS Plan is funded by required contributions from participating FRS employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2018, the HIS contribution was 1.66%.

The City contributed 100% of its statutorily required contributions for fiscal year ended September 30, 2018. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City made all required contributions to the HIS Plan which totaled \$157,613 for fiscal year ended September 30, 2018.

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

As of September 30, 2018, the City reported a liability of \$3,019,844 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City's proportionate share of the net pension

Notes to the Financial Statements

liability was based on the City's contributions for FY 2017/2018 relative to the City's contributions for FY 2016/2017 of all participating members. At June 30, 2018, the City's proportionate share was .0285%, which was an increase of .0009 percent from its proportionate share measured as of June 30, 2017.

For the fiscal year ended September 30, 2018, the City recognized pension expense of \$696,544. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|--|-------------------------------------|------------------------------------|
| Differences between Expected and Actual Experience | \$ 46,232 | \$ (5,131) |
| Change of Assumptions | 335,844 | (319,283) |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 1,823 | - |
| Changes in Proportion and Differences between City FRS Pension Plan Contributions and Proportionate Share of Contributions | 329,434 | - |
| City FRS Pension Plan Contributions Subsequent to the Measurement Date | 36,082 | - |
| Total | \$ 749,415 | \$ (324,414) |

The deferred outflow of resources of \$36,082 resulting from City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

| Year Ended September 30, | Amount |
|--------------------------|-------------------|
| 2019 | \$ 118,147 |
| 2020 | 117,993 |
| 2021 | 105,599 |
| 2022 | 75,233 |
| 2023 | 19,199 |
| Thereafter | 10,897 |
| Total | \$ 447,068 |

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

| | |
|---------------------------|-------------------------------------|
| Inflation | 2.60 % |
| Salary increases | 3.25%, average, including inflation |
| Investment rate of return | 3.87% |

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables. The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability was 3.87%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS Plan benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Shown below is the City’s proportionate share of the net pension liability calculated using the discount rate of 3.87%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (4.87%) than the current rate:

| City Net HIS Plan Liability Based on Discount Rate | | |
|---|--|--|
| <u>1% Decrease in Discount Rate to 2.87%</u> | <u>Current Discount Rate 3.87%</u> | <u>1% Increase in Discount Rate to 4.87%</u> |
| \$ 3,439,425 | \$ 3,019,844 | \$ 2,670,098 |

Pension Plan Fiduciary Net Position

Detailed information regarding the HIS Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan

At September 30, 2018, the City reported a payable in the amount of \$11,988 for contributions in-transit to the HIS Pension Plan required for the fiscal year ended September 30, 2018.

Summary of Pension Plans Liability / Inflows / Outflows / Expense

The following chart presents a summary of the GASB 68 implementation information for each of the City's pension plans.

| As of September 30, 2018 | Net Pension Liability | Deferred Outflow of Resources | Deferred Inflow of Resources | Pension Expense |
|---------------------------------|------------------------------|--------------------------------------|-------------------------------------|------------------------|
| FRS - Governmental | | | | |
| Pension | \$ (5,585,940) | \$ 2,668,246 | \$ (441,109) | \$ 1,063,052 |
| Health Insurance Subsidy | (2,237,111) | 513,359 | (222,228) | 206,394 |
| FRS - Governmental - Total | <u>(7,823,051)</u> | <u>3,181,605</u> | <u>(663,337)</u> | <u>1,269,446</u> |
| FRS - Deltona Water | | | | |
| Pension | (1,537,084) | 793,219 | (131,133) | 316,025 |
| Health Insurance Subsidy | (782,733) | 236,056 | (102,186) | 94,906 |
| FRS - Deltona Water - Total | <u>(2,319,817)</u> | <u>1,029,275</u> | <u>(233,319)</u> | <u>410,931</u> |
| Total FRS | | | | |
| Pension | (7,123,024) | 3,461,465 | (572,242) | 1,379,077 |
| Health Insurance Subsidy | (3,019,844) | 749,415 | (324,414) | 301,300 |
| FRS - Total | <u>(10,142,868)</u> | <u>4,210,880</u> | <u>(896,656)</u> | <u>1,680,377</u> |
| Firefighters' Pension Plan | (6,490,897) | 1,906,515 | (1,822,000) | 1,121,703 |
| Total | <u>\$ (16,633,765)</u> | <u>\$ 6,117,395</u> | <u>\$ (2,718,656)</u> | <u>\$ 2,802,080</u> |

The following schedule summarizes the general and fire pension plan assets and changes in the net position of the plans:

| Schedule of Pension Plan Net Assets as of September 30, 2018 (1) | | | |
|---|---|--|----------------------|
| | Firefighters' Pension Trust Fund | General Employees' Pension Trust Fund (2) | Total |
| Assets | | | |
| Cash and Investments | \$ 30,063,318 | \$ 3,981,160 | \$ 34,044,478 |
| Prepaid | 11,316 | - | 11,316 |
| Due From Other Funds | 774 | - | 774 |
| Total Assets | <u>30,075,408</u> | <u>3,981,160</u> | <u>34,056,568</u> |
| Liabilities | | | |
| Accounts Payable | 51,518 | - | 51,518 |
| Due to Other Funds | - | 3,586 | 3,586 |
| Total Liabilities | <u>51,518</u> | <u>3,586</u> | <u>55,104</u> |
| Net Position | | | |
| Reserved for Employees' Pension | <u>\$ 30,023,890</u> | <u>\$ 3,977,574</u> | <u>\$ 34,001,464</u> |
| Additions | | | |
| Contributions | | | |
| Employer | \$ 960,204 | \$ 167,370 | \$ 1,127,574 |
| State of Florida | 432,767 | - | 432,767 |
| Employee | 299,956 | - | 299,956 |
| Buyback | 46,174 | - | 46,174 |
| Miscellaneous | 149 | - | 149 |
| Total Contributions | <u>1,739,250</u> | <u>167,370</u> | <u>1,906,620</u> |
| Investment Income (Loss) | <u>2,617,967</u> | <u>251,404</u> | <u>2,869,371</u> |
| Total Additions | <u>4,357,217</u> | <u>418,774</u> | <u>4,775,991</u> |
| Deductions | | | |
| Benefit Payments - Retirement | 1,047,697 | 57,049 | 1,104,746 |
| Benefit Payments - Disability | 133,596 | - | 133,596 |
| Benefit Payments - Beneficiary | 15,776 | - | 15,776 |
| DROP Plan Payments | 482,857 | - | 482,857 |
| Refunds to Employees | 20,978 | - | 20,978 |
| Administration | 181,375 | 1,995 | 183,370 |
| Insurance Premium Payments | 4,103 | - | 4,103 |
| Share Plan Payout | 28,786 | - | 28,786 |
| (Total Deductions) | <u>1,915,168</u> | <u>59,044</u> | <u>1,974,212</u> |
| Net Increase (Decrease) | 2,442,049 | 359,730 | 2,801,779 |
| Net Position Reserved for Employees' Pension Benefits | | | |
| Beginning of Year | <u>27,581,841</u> | <u>3,617,844</u> | <u>31,199,685</u> |
| End of Year | <u>\$ 30,023,890</u> | <u>\$ 3,977,574</u> | <u>\$ 34,001,464</u> |

(1) The above table includes the two single employer plans maintained by the City of Deltona and does not include the defined benefit plans for general employees administered by the Florida Retirement System.

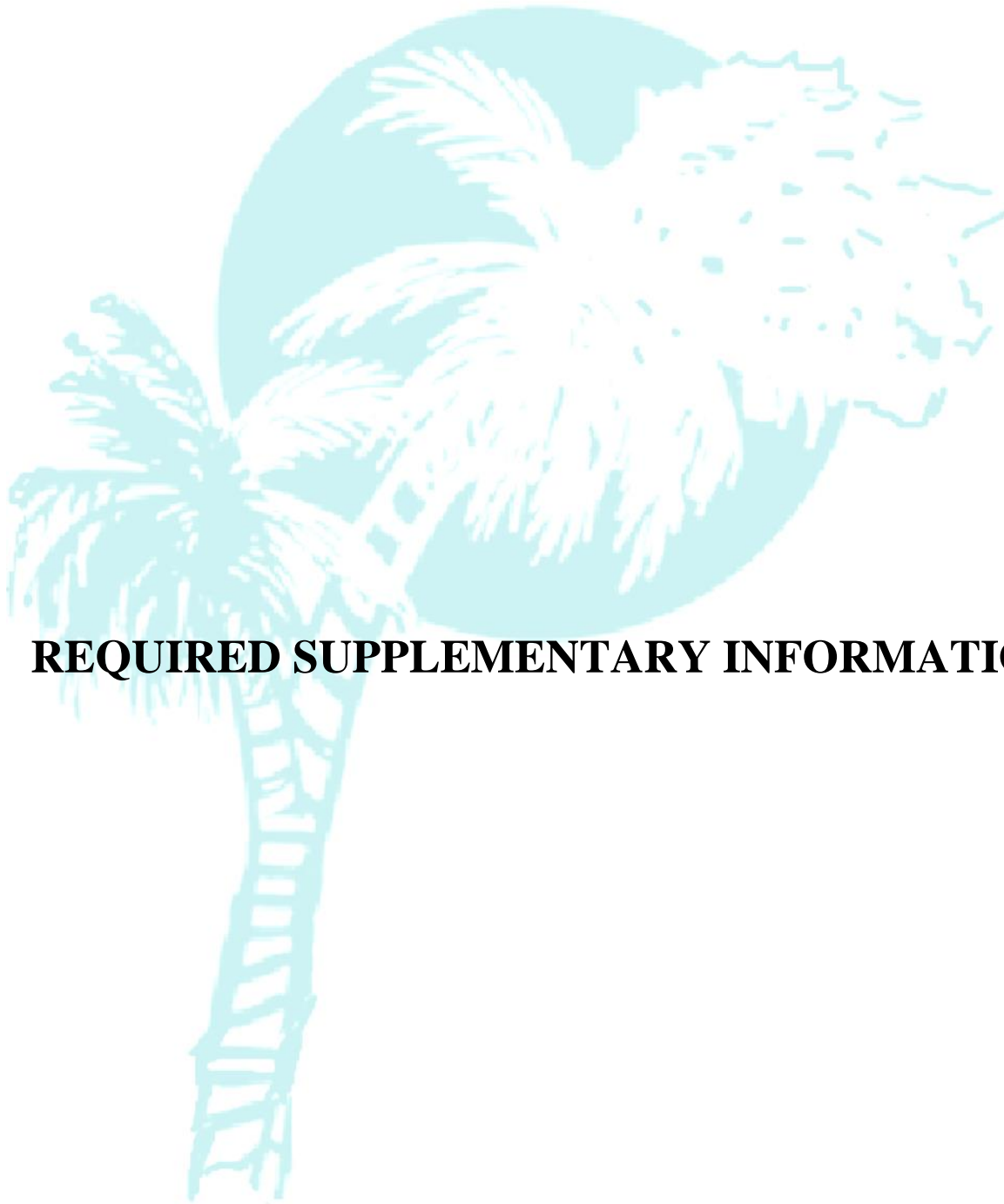
(2) Defined contribution plan.

Other Pension Plan Information

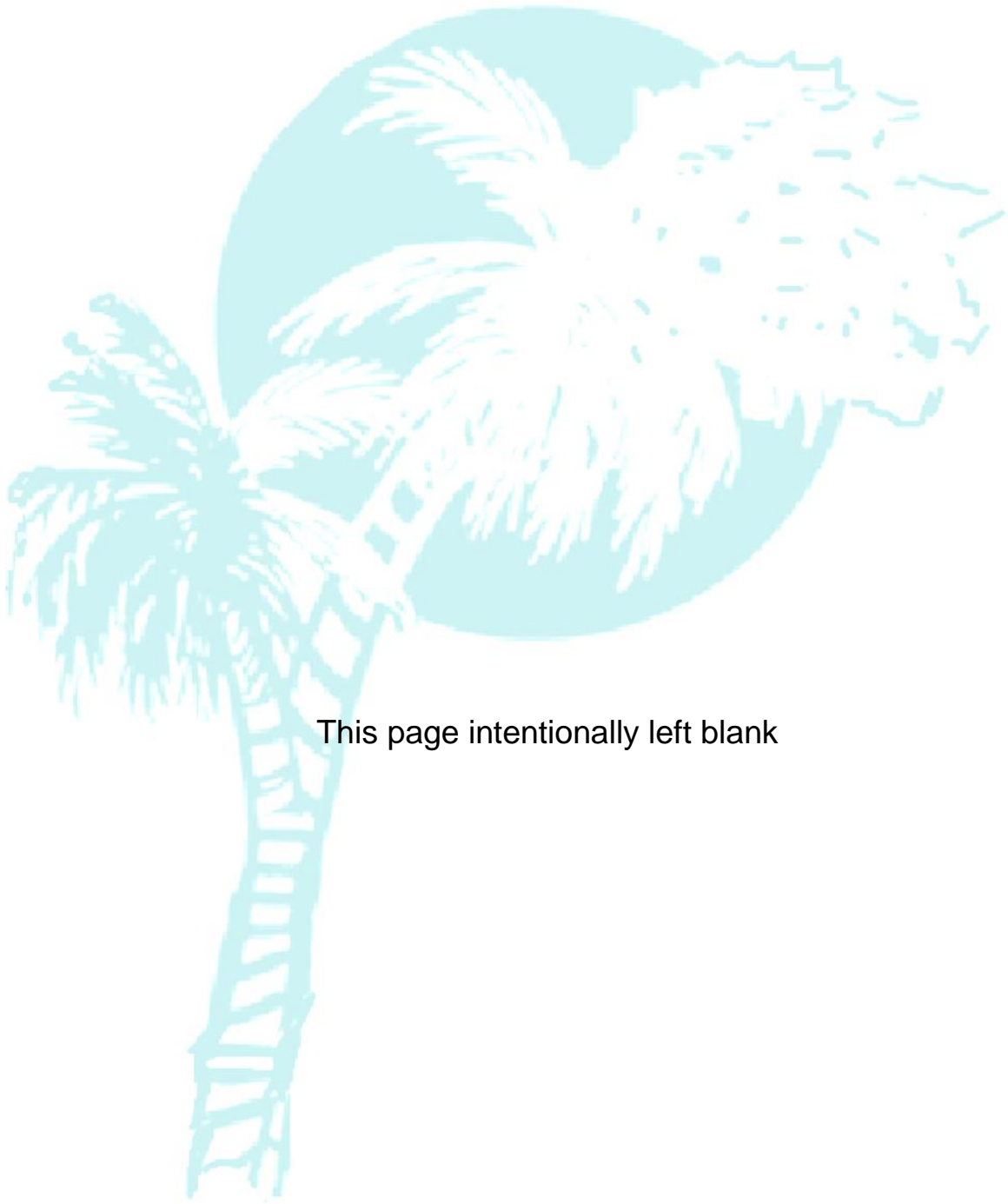
The Required Supplementary Information following the Notes to the Financial Statements presents multi-year trend information regarding the Changes in Net Pension Liability, Contributions and Investment Returns as well as information regarding Methods and Assumptions used to Determine Contribution Rates.

F. Subsequent Events

On January 9, 2019, Fitch Ratings issued affirmed its rating of A+ on the City's Utility System Refunding Revenue Bonds, Series 2013, and Utility System Refunding Bonds, Series 2014, but revised its ratings outlook from Stable to Negative, based on future years' projected debt service coverage and capital improvements required to meet scheduled changes in State regulatory standards. The City is in the process of obtaining an updated utility rate study and reevaluating its capital improvement plan.



REQUIRED SUPPLEMENTARY INFORMATION



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Schedule of Revenues, Expenditures, Changes in Fund Balance

General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2018

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|--|--------------------|--------------------|--------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 15,750,000 | \$ 15,750,000 | \$ 15,970,155 | \$ 220,155 |
| Franchise fees | 3,645,000 | 3,645,000 | 4,019,845 | 374,845 |
| Public service tax | 7,002,000 | 7,002,000 | 7,321,620 | 319,620 |
| State revenue sharing | 4,401,000 | 4,401,000 | 4,356,464 | (44,536) |
| Intergovernmental | 5,410,000 | 7,014,200 | 7,538,998 | 524,798 |
| Charges for services | 2,149,000 | 2,149,000 | 3,050,632 | 901,632 |
| Fines and forfeitures | 220,000 | 220,000 | 153,437 | (66,563) |
| Interest income | 207,400 | 207,400 | 80,190 | (127,210) |
| Miscellaneous | 194,000 | 194,000 | 193,082 | (918) |
| Total revenues | 38,978,400 | 40,582,600 | 42,684,423 | 2,101,823 |
| EXPENDITURES | | | | |
| General Government: | | | | - |
| City Commission | 440,900 | 440,900 | 359,841 | (81,059) |
| City Manager | 1,204,100 | 1,230,500 | 1,086,410 | (144,090) |
| City Clerk | 534,200 | 534,200 | 485,894 | (48,306) |
| Fiscal Services | 1,328,900 | 1,328,900 | 1,270,323 | (58,577) |
| City Attorney | 459,600 | 543,600 | 540,629 | (2,971) |
| Planning and Development Services | 886,500 | 886,500 | 804,796 | (81,704) |
| Construction Services | 884,900 | 884,900 | 837,584 | (47,316) |
| Human Resources | 561,600 | 561,600 | 510,922 | (50,678) |
| General Government | 1,198,000 | 1,178,000 | 879,862 | (298,138) |
| Enforcement Services | 1,817,100 | 1,817,100 | 1,628,402 | (188,698) |
| Total General Government | 9,315,800 | 9,406,200 | 8,404,663 | (1,001,537) |
| Public safety | | | | |
| Law Enforcement | 11,412,100 | 11,432,100 | 11,418,235 | (13,865) |
| Fire Administration | 1,431,300 | 1,431,300 | 1,337,129 | (94,171) |
| Fire Operations | 8,386,900 | 8,386,900 | 8,022,238 | (364,662) |
| Total Public Safety | 21,230,300 | 21,250,300 | 20,777,602 | (472,698) |
| Highways and streets | | | | |
| Public Works - Traffic Division | 645,300 | 655,300 | 612,321 | (42,979) |
| Public Works - Engineering | 245,100 | 220,100 | 101,599 | (118,501) |
| Public Works - Field Operations | 768,000 | 790,000 | 661,438 | (128,562) |
| Public Works - Administration | 261,600 | 261,600 | 219,247 | (42,353) |
| Public Works - Fleet Maintenance | 327,900 | 320,900 | 244,042 | (76,858) |
| Total Highways and Streets | 2,247,900 | 2,247,900 | 1,838,647 | (409,253) |
| Culture and recreation | | | | |
| Parks and Recreation | 2,783,000 | 2,783,000 | 2,537,112 | (245,888) |
| The Center at Deltona | 567,700 | 567,600 | 499,082 | (68,518) |
| Total Culture and Recreation | 3,350,700 | 3,350,600 | 3,036,194 | (314,406) |
| Physical Environment | | | | |
| Public Works - Field Operations | - | 5,055,000 | 4,026,687 | (1,028,313) |
| Total Physical Environment | - | 5,055,000 | 4,026,687 | (1,028,313) |
| Total operating | 36,144,700 | 41,310,000 | 38,083,793 | (3,226,207) |
| Debt service: | | | | |
| Interest | 268,000 | 268,100 | 268,006 | (94) |
| Principal retirement | 135,000 | 135,000 | 135,000 | - |
| Total debt service | 403,000 | 403,100 | 403,006 | (94) |
| Capital outlay: | | | | |
| General government | 613,500 | 613,500 | 557,728 | (55,772) |
| Public safety | 1,419,700 | 1,419,700 | 1,321,704 | (97,996) |
| Highways and streets | 223,400 | 461,500 | 315,031 | (146,469) |
| Culture and recreation | 254,500 | 339,400 | 199,476 | (139,924) |
| Total capital outlay | 2,511,100 | 2,834,100 | 2,393,939 | (440,161) |
| Total expenditures | 39,058,800 | 44,547,200 | 40,880,738 | (3,666,462) |
| Excess (deficiency) of revenues over expenditures | (80,400) | (3,964,600) | 1,803,685 | 5,768,285 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer(s) in | 140,500 | 146,500 | 146,500 | - |
| Transfer(s) out | (3,760,000) | (4,020,500) | (4,020,500) | - |
| Total other financing source (uses) | (3,619,500) | (3,874,000) | (3,874,000) | - |
| Net change in fund balances | (3,699,900) | (7,838,600) | (2,070,315) | (5,768,285) |
| Fund balance, beginning | 27,102,305 | 27,102,305 | 27,102,305 | - |
| Fund balance, ending | \$ 23,402,405 | \$ 19,263,705 | \$ 25,031,990 | \$ (5,768,285) |

Required Supplementary Information

Schedule of Revenues, Expenditures, Changes in Fund Balance

Stormwater Utility Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2018

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ - | \$ 179,147 | \$ 174,631 | \$ (4,516) |
| Charges for services | 4,140,000 | 4,140,000 | 4,172,589 | 32,589 |
| Interest income | 23,000 | 23,000 | 40,576 | 17,576 |
| Miscellaneous | - | - | 4,289 | 4,289 |
| Total revenues | <u>4,163,000</u> | <u>4,342,147</u> | <u>4,392,085</u> | <u>49,938</u> |
| EXPENDITURES | | | | |
| Operating: | | | | |
| Physical environment | <u>2,909,200</u> | <u>2,909,200</u> | <u>2,482,323</u> | <u>426,877</u> |
| Total operating | <u>2,909,200</u> | <u>2,909,200</u> | <u>2,482,323</u> | <u>426,877</u> |
| Debt service: | | | | |
| Interest | <u>235,000</u> | <u>235,000</u> | <u>234,996</u> | <u>4</u> |
| Principal retirement | <u>292,400</u> | <u>292,400</u> | <u>292,326</u> | <u>74</u> |
| Total debt service | <u>527,400</u> | <u>527,400</u> | <u>527,322</u> | <u>78</u> |
| Capital outlay: | | | | |
| Physical environment | <u>672,300</u> | <u>2,073,700</u> | <u>574,704</u> | <u>1,498,996</u> |
| Total capital outlay | <u>672,300</u> | <u>2,073,700</u> | <u>574,704</u> | <u>1,498,996</u> |
| Total expenditures | <u>4,108,900</u> | <u>5,510,300</u> | <u>3,584,349</u> | <u>1,925,951</u> |
| Excess (deficiency) of revenues over expenditures | <u>54,100</u> | <u>(1,168,153)</u> | <u>807,736</u> | <u>1,975,889</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Total other financing source (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 54,100 | (1,168,153) | 807,736 | 1,975,889 |
| Fund balance, beginning | <u>3,043,632</u> | <u>3,043,632</u> | <u>3,043,632</u> | <u>-</u> |
| Fund balance, ending | <u>\$ 3,097,732</u> | <u>\$ 1,875,479</u> | <u>\$ 3,851,368</u> | <u>\$ 1,975,889</u> |

Required Supplementary Information

Schedule of Revenues, Expenditures, Changes in Fund Balance

Solid Waste Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2018

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|---|-------------------|------------------|------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for services | \$ 5,743,000 | \$ 5,743,000 | \$ 5,745,631 | \$ 2,631 |
| Interest income | 2,200 | 2,200 | 8,346 | 6,146 |
| Miscellaneous | 10,000 | 10,000 | 12,524 | 2,524 |
| Total revenues | <u>5,755,200</u> | <u>5,755,200</u> | <u>5,766,501</u> | <u>11,301</u> |
| EXPENDITURES | | | | |
| Operating: | | | | |
| Physical environment | 5,964,600 | 5,999,600 | 5,998,759 | 841 |
| Total operating | <u>5,964,600</u> | <u>5,999,600</u> | <u>5,998,759</u> | <u>841</u> |
| Total expenditures | <u>5,964,600</u> | <u>5,999,600</u> | <u>5,998,759</u> | <u>841</u> |
| Excess (deficiency) of revenues over expenditures | <u>(209,400)</u> | <u>(244,400)</u> | <u>(232,258)</u> | <u>12,142</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Total other financing source (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | (209,400) | (244,400) | (232,258) | 12,142 |
| Fund balance, beginning | 331,501 | 331,501 | 331,501 | - |
| Fund balance, ending | <u>\$ 122,101</u> | <u>\$ 87,101</u> | <u>\$ 99,243</u> | <u>\$ 12,142</u> |

Required Supplementary Information

Schedule of Revenues, Expenditures, Changes in Fund Balance

Transportation Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2018

| | Budgeted Amounts | | Actual | Variance With Final Budget |
|---|----------------------|---------------------|----------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 3,752,000 | \$ 3,752,000 | \$ 2,583,224 | \$ (1,168,776) |
| Interest income | 114,000 | 114,000 | 267,305 | 153,305 |
| Total revenues | <u>3,866,000</u> | <u>3,866,000</u> | <u>2,850,529</u> | <u>(1,015,471)</u> |
| EXPENDITURES | | | | |
| Operating: | | | | |
| Highways and streets | 173,100 | 173,100 | 133,914 | 39,186 |
| Total operating | <u>173,100</u> | <u>173,100</u> | <u>133,914</u> | <u>39,186</u> |
| Debt service: | | | | |
| Interest | 962,913 | 962,913 | 962,912 | 1 |
| Principal retirement | 495,000 | 495,000 | 495,000 | - |
| Total debt service | <u>1,457,913</u> | <u>1,457,913</u> | <u>1,457,912</u> | <u>1</u> |
| Capital outlay: | | | | |
| Highways and streets | 7,363,200 | 11,517,000 | 2,331,550 | 9,185,450 |
| Total capital outlay | <u>7,363,200</u> | <u>11,517,000</u> | <u>2,331,550</u> | <u>9,185,450</u> |
| Total expenditures | <u>8,994,213</u> | <u>13,148,013</u> | <u>3,923,376</u> | <u>9,224,637</u> |
| Excess (deficiency) of revenues over expenditures | <u>(5,128,213)</u> | <u>(9,282,013)</u> | <u>(1,072,847)</u> | <u>8,209,166</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer(s) in | 150,000 | 651,000 | 650,521 | (479) |
| Total other financing source (uses) | <u>150,000</u> | <u>651,000</u> | <u>650,521</u> | <u>(479)</u> |
| Net change in fund balances | (4,978,213) | (8,631,013) | (422,326) | 8,208,687 |
| Fund balance, beginning | 17,481,289 | 17,481,289 | 17,481,289 | - |
| Fund balance, ending | <u>\$ 12,503,076</u> | <u>\$ 8,850,276</u> | <u>\$ 17,058,963</u> | <u>\$ 8,208,687</u> |

Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios

Schedule of Changes in Total Other Post Employment Benefits (OPEB)
Liability and Related Ratios Measurement Year Ended September 2017
Last 10 Fiscal Years*

| | 2017 |
|--|---------------------|
| Total OPEB liability | |
| Service cost | \$ 59,355 |
| Interest on the total OPEB liability | 36,325 |
| Changes of benefit terms | - |
| Difference between expected and actual experience of the total OPEB liability | - |
| Changes of assumptions and other inputs | (60,483) |
| Benefit payments | (41,406) |
| Net change in total OPEB liability | (6,209) |
| Total OPEB liability – beginning | 1,133,110 |
| Total OPEB liability – ending | <u>\$ 1,126,901</u> |
| Covered payroll | 15,530,777 |
| Total OPEB liability as a percentage of covered payroll | 7.26% |

*The amounts presented for each fiscal year were determined as of September 30. The City implemented GASB Statement 75 for fiscal year ended September 30, 2018. As a result, this Schedule will present 10 years information as available.

Required Supplementary Information

Schedule of Changes in Firefighter Net Pension Liability

Schedule of Changes in Firefighter Net Pension Liability and Related Ratios
Last 10 Fiscal Years (1)

| | 9/30/2018 | 9/30/2017 | 9/30/2016 | 9/30/2015 | 9/30/2014 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total pension liability | | | | | |
| Service cost | \$ 764,177 | \$ 736,394 | \$ 763,355 | \$ 859,133 | \$ 885,170 |
| Interest | 2,747,916 | 2,569,262 | 2,296,697 | 2,171,585 | 2,001,624 |
| Change in excess State money | - | - | (291,211) | 10,559 | 280,653 |
| Share plan allocation | (1,281) | - | 145,606 | - | - |
| Changes of benefit terms | - | - | - | - | - |
| Differences between expected and actual experience | (465,047) | 161,964 | 169,396 | (460,180) | - |
| Change of assumptions | 355,957 | 455,206 | 1,069,919 | - | - |
| Contributions - Buy Back | 46,174 | - | - | - | - |
| Benefit payments, incl. refunds of EE contributions | (1,729,690) | (1,011,240) | (1,010,671) | (811,049) | (661,426) |
| Net change in total pension liability | 1,718,206 | 2,911,586 | 3,143,091 | 1,770,048 | 2,506,021 |
| Total pension liability - beginning | 34,796,581 | 31,884,995 | 28,741,904 | 26,971,856 | 24,465,835 |
| Total pension liability - ending (a) | 36,514,787 | 34,796,581 | 31,884,995 | 28,741,904 | 26,971,856 |
| Plan fiduciary net position | | | | | |
| Contributions - employer | 960,204 | 856,758 | 990,000 | 1,099,856 | 747,410 |
| Contributions - State | 432,767 | 418,946 | 437,671 | 432,954 | 435,643 |
| Contributions - employee | 299,956 | 297,214 | 298,328 | 306,677 | 322,286 |
| Contributions - Buy Back | 46,174 | - | - | - | - |
| Net investment income | 2,512,787 | 3,250,594 | 2,031,264 | (125,150) | 1,994,535 |
| Benefit payments, incl. refunds of EE contributions | (1,729,690) | (1,011,240) | (1,010,671) | (811,049) | (661,426) |
| Administrative expense | (80,148) | (56,858) | (60,624) | (67,747) | (53,091) |
| Net change in plan fiduciary net position | 2,442,050 | 3,755,414 | 2,685,968 | 835,541 | 2,785,357 |
| Plan fiduciary net position - beginning | 27,581,840 | 23,826,426 | 21,140,458 | 20,304,917 | 17,519,560 |
| Plan fiduciary net position - ending (b) | 30,023,890 | 27,581,840 | 23,826,426 | 21,140,458 | 20,304,917 |
| Net pension liability - ending (a) - (b) | <u>\$ 6,490,897</u> | <u>\$ 7,214,741</u> | <u>\$ 8,058,569</u> | <u>\$ 7,601,446</u> | <u>\$ 6,666,939</u> |
| Plan fiduciary net position as a % of total pension liability | 82.22% | 79.27% | 74.73% | 73.55% | 75.28% |
| Covered payroll (2), (3) | 3,749,453 | 3,715,168 | 3,729,106 | 5,148,777 | 4,028,572 |
| Net pension liability as a % of covered payroll | 173.12% | 194.20% | 216.10% | 147.64% | 165.49% |

Notes to Schedule:

(1) The City implemented GASB 67 in FYE 9/30/14. Information for prior years is not available.

(2) For the 2016 Reporting Period Ending 2015, the Covered Payroll was based on Pensionable Salary.(3) The covered payroll numbers are shown in compliance with GASB 82, except for the 9/30/2015 measurement period which includes DROP payroll.

Changes of Assumptions:

For measurement date 09/30/2018, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.92% to 7.84%.

For measurement date 09/30/2017, as required by Chapter 2015-157, Laws of Florida, the assumed rates of mortality have been changed from those in the July 1, 2015 FRS valuation report to those used in the July 1, 2016 FRS valuation report. Additionally, the investment rate of return was lowered from 8.00% to 7.92%.

Schedule of Firefighter Pension Contributions and Investment Returns

Schedule of Firefighter Pension Contributions
Last 10 Fiscal Years (1)

| | Year Ended | | | | |
|---|--------------|--------------|--------------|--------------|---------------|
| | 9/30/2018 | 9/30/2017 | 9/30/2016 | 9/30/2015 | 9/30/2014 (1) |
| Actuarially determined contribution | \$ 1,357,302 | \$ 1,255,727 | \$ 1,197,043 | \$ 1,176,873 | \$ 902,400 |
| Contributions from reserve | - | 305 | - | - | - |
| Contributions in relation to the actuarially determined contributions | 1,394,252 | 1,275,704 | 1,427,671 | 1,522,251 | 902,400 |
| Contribution deficiency (excess) | \$ (36,950) | \$ (20,282) | \$ (230,628) | \$ (345,378) | \$ - |
| Covered payroll (2) (3) | \$ 3,749,453 | \$ 3,715,168 | \$ 3,729,106 | \$ 5,148,777 | \$ 4,028,572 |
| Contributions as % of covered payroll | 37.19% | 34.34% | 38.28% | 29.57% | 22.40% |

Schedule of Firefighters' Pension Investment Returns
Last 10 Fiscal Years (1)

| | Year Ended | | | | |
|--------------------------------------|------------|-----------|-----------|-----------|---------------|
| | 9/30/2018 | 9/30/2017 | 9/30/2016 | 9/30/2015 | 9/30/2014 (1) |
| Annual money-weighted rate of return | 8.99% | 13.39% | 9.32% | -0.59% | 11.27% |
| Net of investment expense | | | | | |

(1) The City implemented GASB 67 in FYE 9/30/2014. Information for prior years is not available.

(2) For the 2016 Reporting Period Ending 2015, the Covered Payroll was based on Pensionable Salary. (3) The covered payroll numbers shown are in compliance with GASB 82, except for the 9/30/2015 measurement period which includes DROP payroll.

Required Supplementary Information

Schedule of Florida Retirement System Contributions
Last 10 Years (1)

| | Year Ended | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| | 9/30/2018 | 9/30/2017 | 9/30/2016 | 9/30/2015 | 9/30/2014 |
| Actuarially determined contributions | \$ 732,583 | \$ 663,026 | \$ 590,334 | \$ 559,079 | \$ 507,053 |
| Contributions in relation to the actuarially determined contributions | (732,583) | (663,026) | (590,334) | (559,079) | (507,053) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | \$ 9,494,763 | \$ 8,915,167 | \$ 8,382,916 | \$ 7,525,843 | \$ 7,041,483 |
| Contributions as % of covered payroll | 7.72% | 7.44% | 7.04% | 7.43% | 7.20% |

Schedule of FRS - Health Insurance Subsidy Contributions
Last 10 Years (1)

| | Year Ended | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| | 9/30/2018 | 9/30/2017 | 9/30/2016 | 9/30/2015 | 9/30/2014 |
| Actuarially determined contributions | \$ 157,613 | \$ 140,558 | \$ 137,737 | \$ 102,871 | \$ 86,063 |
| Contributions in relation to the actuarially determined contributions | (157,613) | (140,558) | (137,737) | (102,871) | (86,063) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | \$ 9,494,763 | \$ 8,915,167 | \$ 8,788,560 | \$ 7,525,843 | \$ 7,041,483 |
| Contributions as % of covered payroll | 1.66% | 1.58% | 1.57% | 1.37% | 1.22% |

(1) The City implemented GASB 68 in FYE 9/30/2014; information from prior years is unavailable.

Schedule of Proportionate Share of Net Pension Liability

Schedule of Proportionate Share of Net Pension Liability
Last 10 Years (1)

| Florida Retirement System - Pension: | Year Ended | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| | 6/30/2018 | 6/30/2017 | 6/30/2016 | 6/30/2015 | 6/30/2014 |
| City proportion of net pension liability | 0.0236% | 0.0233% | 0.0227% | 0.0217% | 0.0203% |
| City's proportionate share of the net pension liability | \$ 7,123,024 | \$ 6,897,132 | \$ 5,738,827 | \$ 2,801,727 | \$ 1,239,732 |
| City's covered payroll | 9,494,763 | 8,788,560 | 8,382,916 | 7,381,569 | 7,030,329 |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 75.02% | 78.48% | 68.46% | 37.96% | 17.63% |
| Plan fiduciary net position as a percentage of the total pension liability (2) | 84.26% | 83.89% | 84.88% | 92.00% | 96.09% |

| Florida Retirement System - Health Insurance Subsidy: | Year Ended | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| | 6/30/2018 | 6/30/2017 | 6/30/2016 | 6/30/2015 | 6/30/2014 |
| City proportion of net pension liability | 0.0285% | 0.0275% | 0.0269% | 0.0242% | 0.2335% |
| City's proportionate share of the net pension liability | \$ 3,019,844 | \$ 2,944,478 | \$ 3,138,324 | \$ 2,468,473 | \$ 2,196,677 |
| City's covered payroll | 9,494,763 | 8,788,560 | 8,788,560 | 8,382,916 | 7,381,569 |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 31.81% | 33.50% | 35.71% | 29.45% | 29.76% |
| Plan fiduciary net position as a percentage of the total pension liability (2) | 2.15% | 1.64% | 0.97% | 0.50% | 0.99% |

- (1) The City implemented GASB 68 in FYE 14; information from prior years is unavailable.
- (2) The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 4 of the FRS Comprehensive Annual Financial Report.

Required Supplementary Information

**Notes to the Required Supplementary Information
September 30, 2018****Note 1**

Budgetary Data

Budgetary comparisons for the General Fund and each major Special Revenue Fund are presented as part of the Required Supplemental Information. The basis of budgeting is the same as GAAP, except that financial reports for the General Fund include the balances and activities of the following five funds that are budgeted and presented as separate funds in the City's annual budget:

- The Environmental Improvement Trust Fund;
- The Economic Development Fund;
- The Grants Match Fund;
- The Miscellaneous Grants Fund; and
- The Replacement Equipment Fund.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. Unencumbered annual appropriations lapse at fiscal year-end.

The City Manager submits a proposed budget to the City Commission annually for the fiscal year commencing the following October 1st. Public hearings are held to discuss the budget and to obtain taxpayer input. Prior to October 1st, the budget is legally enacted through City Commission resolution.

The City adopts annual budgets for all governmental funds and the Proprietary Fund. The City reports Budgetary Comparisons for its nonmajor Special Revenue Funds and Capital Projects Funds in the Supplemental Information section of this report. The City is not required to include Budgetary Comparisons for the Proprietary Fund in this report.

The level of budgetary control is the department, except for major capital projects accounted for in certain Capital Projects Funds, which are subject to budgetary control on a project basis. Budgets are prepared and adopted by fund and function, and additionally by department for the General Fund. For Special Revenue Funds, each fund is administered wholly within a single City department, so budgetary comparisons are presented only a fund and function basis. In accordance with the City Charter and Policy, the City Manager may make transfers of appropriations within a department throughout the year. Transfers of appropriations between departments require the approval of the City Commission.

Note 2

Firefighter Pension Insurance Premium

The City received \$432,768 from the State of Florida for the Firefighter Pension Insurance Premium Tax. This is money charged to all homeowners on their homeowners' insurance bill to provide additional pension benefits to firefighters. As required by Generally Accepted Accounting Principles (GAAP), this money was recorded in the General Fund as revenue with an offsetting equal expense in public safety. Once received, this money was immediately transferred to the Firefighters pension fund to fund pension benefits above and beyond what the City provides.

Note 3

Schedule Change in Other Postemployment Benefit (OPEB) Plan Liability and Related Ratios

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

The discount rate was changed from 3.10% as of the beginning of the measurement period to 3.50% as of September 30, 2017. This change is reflected in the Schedule of Changes in Total OPEB Liability.

There were no benefit changes during the year.

Notes to the Required Supplementary Information

Note 4

Methods and Assumptions Used to Determine Contribution Rates

| Firefighters' Pension Plan | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------------------|---|-------|-------|-------|-------|-------|----------|-------|----------|-------|-------|-------|------|------|------|-------|-------|------|------|------|------|------|-------|-------|------|------|------|------|------|-------|-------|------|------|------|------|------|-------|-------|------|------|------|------|------|-----|-------|------|------|------|--|--|
| September 30, 2018 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Funding method: | Entry Age Normal Actuarial Cost Method | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amortization method: | Level Percentage of Pay, Closed | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Remaining amortization period: | 30 Years (as of 10/01/2015) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Inflation: | 2.5% per year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mortality: | RP-2000 Table with no projection - Disabled lives set forward 5 years. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interest rate: | 8.0% per year compounded annually, net of investment related expense. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Retirement age: | <table border="1"> <thead> <tr> <th>Age</th> <th><10</th> <th>10-24</th> <th>25-29</th> <th>30+</th> </tr> </thead> <tbody> <tr> <td>under 52</td> <td>0%</td> <td>0%</td> <td>30%</td> <td>30%</td> </tr> <tr> <td>52-54</td> <td>0%</td> <td>0%</td> <td>60%</td> <td>100%</td> </tr> <tr> <td>55-59</td> <td>0%</td> <td>60%</td> <td>60%</td> <td>100%</td> </tr> <tr> <td>60+</td> <td>0%</td> <td>100%</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table> <p>The assumed rates of retirement were utilized by and carried over from the prior actuary and appear reasonable based on plan provisions.</p> | Age | <10 | 10-24 | 25-29 | 30+ | under 52 | 0% | 0% | 30% | 30% | 52-54 | 0% | 0% | 60% | 100% | 55-59 | 0% | 60% | 60% | 100% | 60+ | 0% | 100% | 100% | 100% | | | | | | | | | | | | | | | | | | | | | | | | |
| Age | <10 | 10-24 | 25-29 | 30+ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| under 52 | 0% | 0% | 30% | 30% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 52-54 | 0% | 0% | 60% | 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 55-59 | 0% | 60% | 60% | 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 60+ | 0% | 100% | 100% | 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Disability rate: | <table border="1"> <thead> <tr> <th>Age</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>25</td> <td>0.09%</td> </tr> <tr> <td>35</td> <td>0.13%</td> </tr> <tr> <td>45</td> <td>0.20%</td> </tr> <tr> <td>55</td> <td>0.62%</td> </tr> </tbody> </table> <p>Assumption: 75% of disablements and active Member deaths are service related.</p> | Age | Rate | 25 | 0.09% | 35 | 0.13% | 45 | 0.20% | 55 | 0.62% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Age | Rate | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 25 | 0.09% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 35 | 0.13% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 45 | 0.20% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 55 | 0.62% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Termination rate: | <table border="1"> <thead> <tr> <th>Age</th> <th>0-1</th> <th>1-2</th> <th>2-3</th> <th>3-4</th> <th>4-5</th> <th>5+</th> </tr> </thead> <tbody> <tr> <td>Under 35</td> <td>10.0%</td> <td>6.0%</td> <td>5.0%</td> <td>4.0%</td> <td>3.0%</td> <td>3.0%</td> </tr> <tr> <td>35-39</td> <td>10.0%</td> <td>6.0%</td> <td>5.0%</td> <td>4.0%</td> <td>3.0%</td> <td>2.5%</td> </tr> <tr> <td>40-44</td> <td>10.0%</td> <td>6.0%</td> <td>5.0%</td> <td>4.0%</td> <td>3.0%</td> <td>1.5%</td> </tr> <tr> <td>45-49</td> <td>10.0%</td> <td>6.0%</td> <td>5.0%</td> <td>4.0%</td> <td>3.0%</td> <td>1.0%</td> </tr> <tr> <td>50-54</td> <td>10.0%</td> <td>6.0%</td> <td>5.0%</td> <td>4.0%</td> <td>3.0%</td> <td>0.0%</td> </tr> <tr> <td>55+</td> <td>10.0%</td> <td>6.0%</td> <td>5.0%</td> <td>4.0%</td> <td></td> <td></td> </tr> </tbody> </table> <p>The assumed rates of termination were utilized by and carried over from the prior actuary.</p> | Age | 0-1 | 1-2 | 2-3 | 3-4 | 4-5 | 5+ | Under 35 | 10.0% | 6.0% | 5.0% | 4.0% | 3.0% | 3.0% | 35-39 | 10.0% | 6.0% | 5.0% | 4.0% | 3.0% | 2.5% | 40-44 | 10.0% | 6.0% | 5.0% | 4.0% | 3.0% | 1.5% | 45-49 | 10.0% | 6.0% | 5.0% | 4.0% | 3.0% | 1.0% | 50-54 | 10.0% | 6.0% | 5.0% | 4.0% | 3.0% | 0.0% | 55+ | 10.0% | 6.0% | 5.0% | 4.0% | | |
| Age | 0-1 | 1-2 | 2-3 | 3-4 | 4-5 | 5+ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Under 35 | 10.0% | 6.0% | 5.0% | 4.0% | 3.0% | 3.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 35-39 | 10.0% | 6.0% | 5.0% | 4.0% | 3.0% | 2.5% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 40-44 | 10.0% | 6.0% | 5.0% | 4.0% | 3.0% | 1.5% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 45-49 | 10.0% | 6.0% | 5.0% | 4.0% | 3.0% | 1.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50-54 | 10.0% | 6.0% | 5.0% | 4.0% | 3.0% | 0.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 55+ | 10.0% | 6.0% | 5.0% | 4.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Salary increases: | <table border="1"> <thead> <tr> <th>Age</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td><25</td> <td>8.0%</td> </tr> <tr> <td>25-31</td> <td>7.0%</td> </tr> <tr> <td>32-37</td> <td>6.0%</td> </tr> <tr> <td>38+</td> <td>5.0%</td> </tr> </tbody> </table> <p>The assumed rates of salary increases were utilized by and carried over from the prior actuary.</p> | Age | Rate | <25 | 8.0% | 25-31 | 7.0% | 32-37 | 6.0% | 38+ | 5.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Age | Rate | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <25 | 8.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 25-31 | 7.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 32-37 | 6.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 38+ | 5.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost-of-Living adjustment (COLA): | 2.35% automatic COLA beginning at the later date of age 52 or three (3) years following benefit commencement, payable to all service retirees who have completed at least 21 years of service, and all line-of-duty disability retirees. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Payroll growth: | 3.0% per year for amortization of UAAL. Except that the base for the 10/01/2013 benefit improvement is amortized as a level dollar amount. This complies with Par VII of Chapter 112, Florida Statutes. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Actuarial asset method: | All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Required Supplementary Information

Notes to the Required Supplementary Information

**Florida Retirement System
June 30, 2018**

| | |
|-----------------------------------|---|
| Amortization method: | Level Percentage of Pay, Closed, Layered |
| Remaining amortization period: | 30 Years (as of 06/30/2017) |
| Recognition Method: | Asymptotic |
| Corridor: | 80% - 120% of fair market value |
| Inflation: | 2.60% per year |
| Mortality: | Generational RP-2000 Table with Projection Scale BB |
| Investment rate of return: | 7.40% - chosen by 2018 FRS Actuarial Assumption Conference and differs from the 7.00% investment return assumption that is used as the discount rate for determining the net pension liability |
| Retirement age: | *Varies by tier, membership class, age, and gender |
| Turnover: | *Varies by membership class, length of service, age, and gender |
| Cost-of-Living adjustment (COLA): | 3% for pre-July 2011 benefit service; 0% thereafter |
| Salary increases: | *Varies by membership class, length of service, and gender |
| Payroll growth: | 3.25% per year |
| Asset Valuation Method: | All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period. |

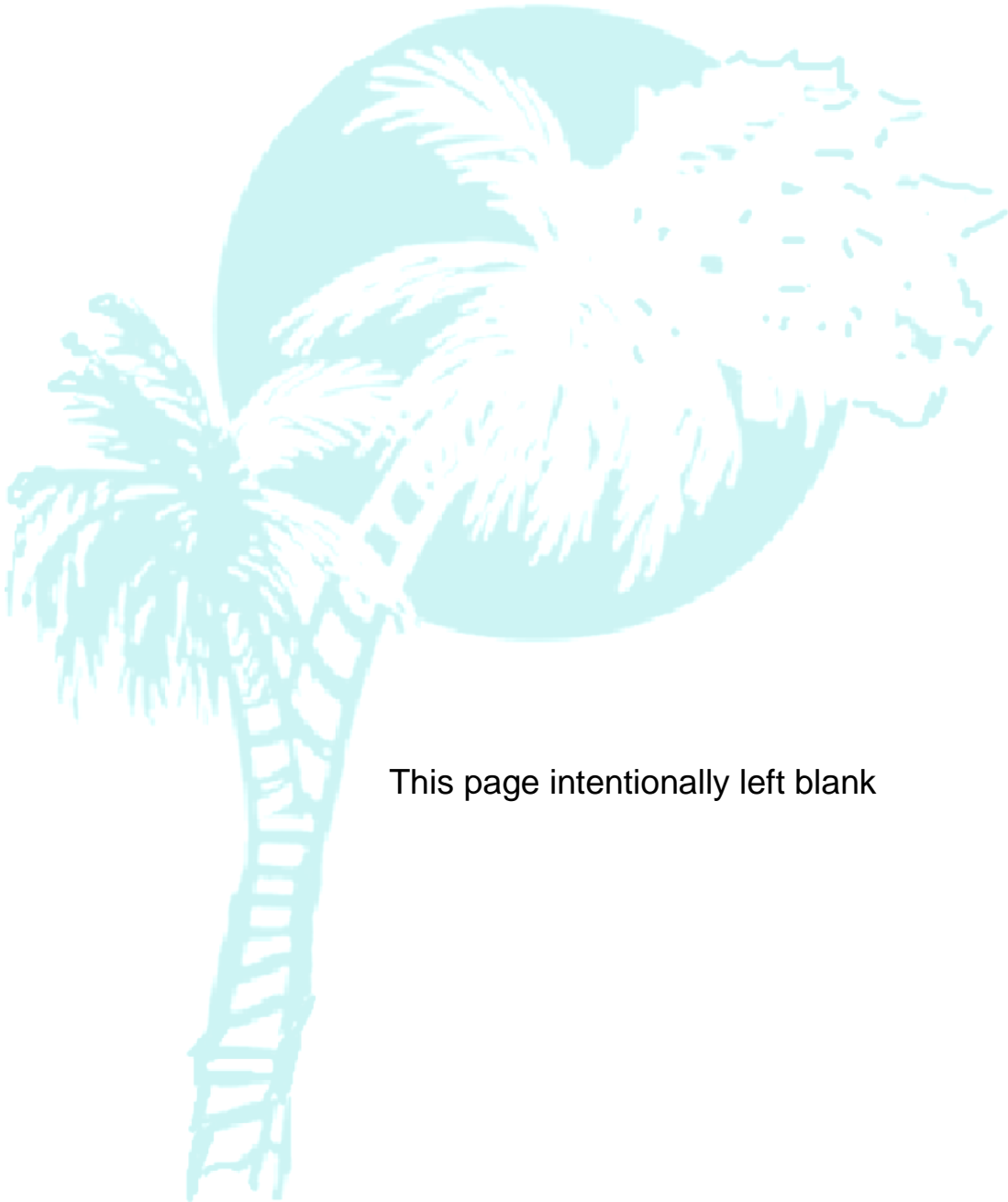
*Refer to FRS Valuation Report for specific information.

**FRS Health Insurance Subsidy
June 30, 2018**

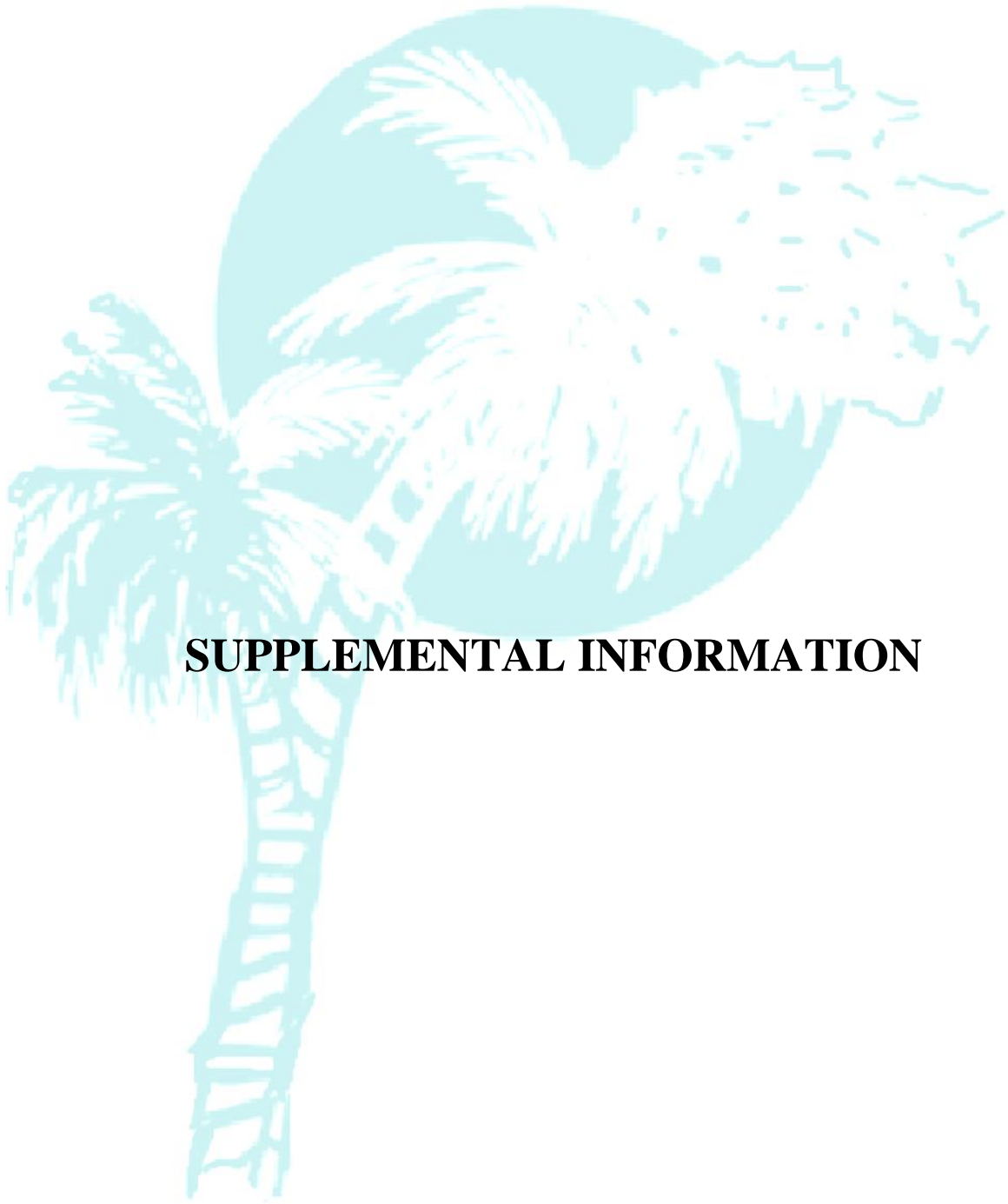
| | |
|---------------------------------------|---|
| Amortization method: | Level Percentage of Pay, Closed, Layered |
| Remaining amortization period: | 30 Years (as of 06/30/2017) |
| Recognition Method: | Asymptotic |
| Corridor: | 80% - 120% of fair market value |
| Inflation: | 2.60% per year |
| Mortality: | Generational RP-2000 Table with Projection Scale BB |
| Interest rate: | 3.87% per year |
| Retirement age: | *Varies by tier, membership class, age, and gender |
| Turnover: | *Varies by membership class, length of service, age, and gender |
| Cost-of-Living adjustment (COLA): | 3% for pre-July 2011 benefit service; 0% thereafter |
| Termination rate: | *Varies by tier and membership class |
| Salary increases including inflation: | 3.25% per year |
| Payroll growth: | 3.25% per year |
| Asset Valuation Method: | All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period. |

*Refer to FRS Valuation Report for specific information.

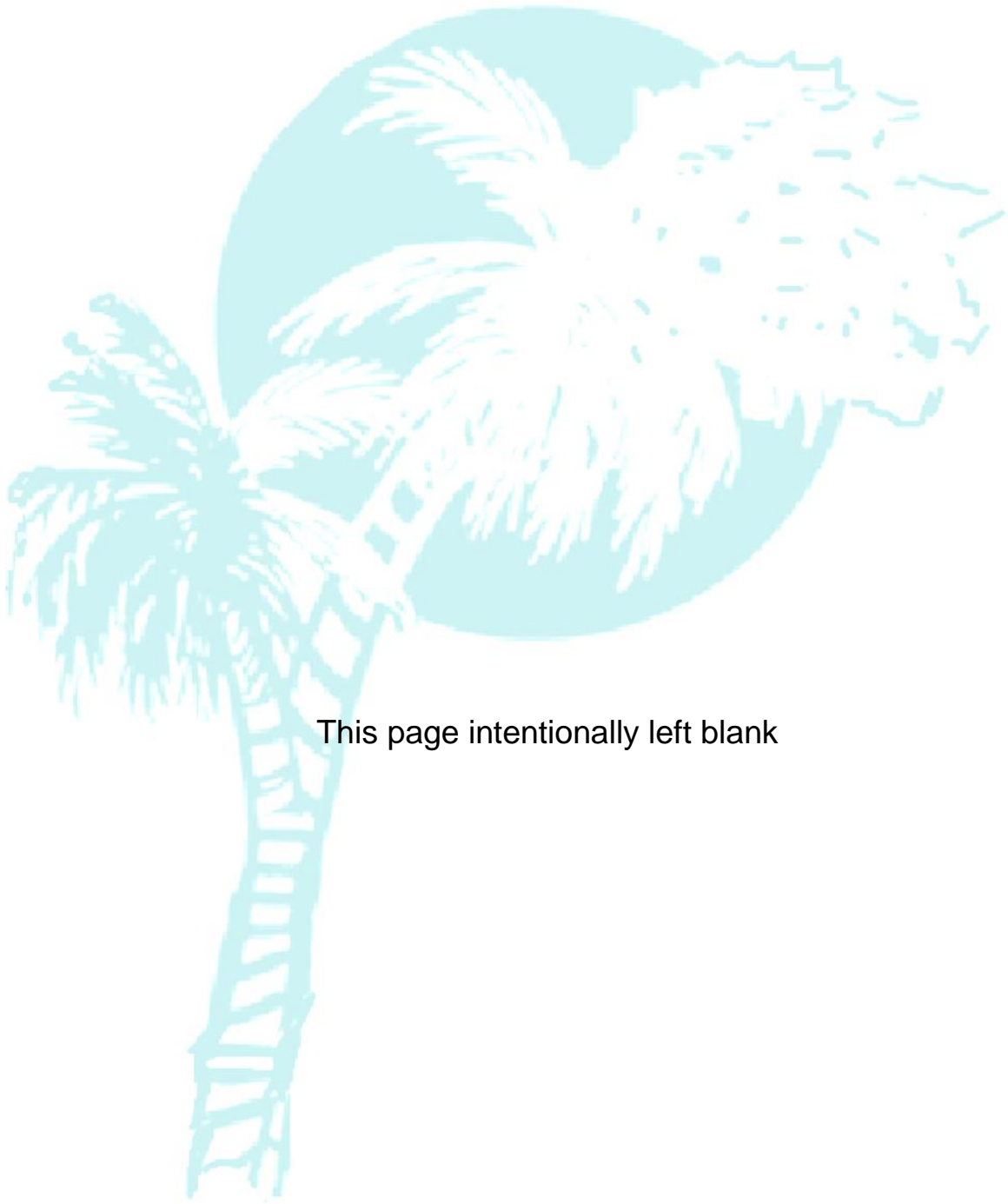
Required Supplementary Information



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SUPPLEMENTAL INFORMATION



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Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2018

| | Special Revenue Funds | | | | | | | | | | | Capital Projects Funds | | Total Nonmajor Governmental |
|-------------------------------------|--------------------------------------|--|--------------------------|---|-----------------------|----------------------------|----------------------------------|--|---------------------------------|---------------------|------------------------------|----------------------------|--------------------|-----------------------------|
| | Fire/Rescue Service Impact Fees Fund | State Housing Initiatives Partnership Fund | Housing Block Grant Fund | Community Development Streetlighting Districts Fund | Park Impact Fees Fund | Tree Replacement Fees Fund | Law Enforcement Impact Fees Fund | Neighborhood Stabilization Grant Funds | Transportation Impact Fees Fund | Lake Districts Fund | Community Redevelopment Area | Municipal Complex(es) Fund | Park Projects Fund | |
| ASSETS | | | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 110,086 | \$ 651,848 | \$ - | \$ 33,451 | \$ 437,516 | \$ 439,261 | \$ 127,160 | \$ 274,177 | \$ - | \$ 78,275 | \$ 80,103 | \$ 1,044,592 | \$ 895,662 | \$ 4,172,131 |
| Due from other governments | - | - | 152,302 | 59 | - | - | - | 6,376 | - | - | - | - | - | 158,737 |
| Total assets | 110,086 | 651,848 | 152,302 | 33,510 | 437,516 | 439,261 | 127,160 | 280,553 | - | 78,275 | 80,103 | 1,044,592 | 895,662 | 4,330,868 |
| LIABILITIES | | | | | | | | | | | | | | |
| Accounts payable | - | 71,702 | 19,206 | 11,132 | - | 12,449 | - | 800 | - | 852 | - | 191,327 | 309,590 | 617,058 |
| Retainage payable | - | - | - | - | - | - | - | - | - | - | - | 15,490 | - | 15,490 |
| Due to other funds | - | - | 133,096 | - | - | - | - | - | - | - | - | - | - | 133,096 |
| Unearned revenues | - | 580,146 | - | - | - | - | - | 279,753 | - | - | - | - | - | 859,899 |
| Total liabilities | - | 651,848 | 152,302 | 11,132 | - | 12,449 | - | 280,553 | - | 852 | - | 206,817 | 309,590 | 1,625,543 |
| FUND BALANCES (DEFICITS) | | | | | | | | | | | | | | |
| Restricted: | | | | | | | | | | | | | | |
| Public safety | 110,086 | - | - | - | - | - | 127,160 | - | - | - | - | - | - | 237,246 |
| Highways and streets | - | - | - | 22,378 | - | - | - | - | - | - | - | - | - | 22,378 |
| Culture and recreation | - | - | - | - | 437,516 | - | - | - | - | - | - | - | - | 437,516 |
| Physical environment | - | - | - | - | - | - | - | - | - | 77,423 | - | - | - | 77,423 |
| Economic environment | - | - | - | - | - | - | - | - | - | - | 80,103 | - | - | 80,103 |
| Total restricted fund balances | 110,086 | - | - | 22,378 | 437,516 | - | 127,160 | - | - | 77,423 | 80,103 | - | - | 854,666 |
| Committed: | | | | | | | | | | | | | | |
| Culture and recreation | - | - | - | - | - | - | - | - | - | - | - | - | 586,072 | 586,072 |
| Physical environment | - | - | - | - | - | 426,812 | - | - | - | - | - | - | - | 426,812 |
| Total committed fund balances | - | - | - | - | - | 426,812 | - | - | - | - | - | - | 586,072 | 1,012,884 |
| Assigned: | | | | | | | | | | | | | | |
| Capital outlay/projects | - | - | - | - | - | - | - | - | - | - | - | 837,775 | - | 837,775 |
| Total assigned fund balances | - | - | - | - | - | - | - | - | - | - | - | 837,775 | - | 837,775 |
| Total fund balances (deficits) | 110,086 | - | - | 22,378 | 437,516 | 426,812 | 127,160 | - | - | 77,423 | 80,103 | 837,775 | 586,072 | 2,705,325 |
| Total liabilities and fund balances | \$ 110,086 | \$ 651,848 | \$ 152,302 | \$ 33,510 | \$ 437,516 | \$ 439,261 | \$ 127,160 | \$ 280,553 | \$ - | \$ 78,275 | \$ 80,103 | \$ 1,044,592 | \$ 895,662 | \$ 4,330,868 |

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Fiscal Year Ended September 30, 2018

| | Special Revenue Funds | | | | | | | | | | | Capital Projects Funds | | Total Nonmajor Governmental Funds |
|---|---------------------------------|---------------------------------------|-----------------------------------|--------------------------|------------------|-----------------------|-----------------------------|--|----------------------------|---------------------|------------------------------|----------------------------|--------------------|-----------------------------------|
| | Fire/Rescue Service Impact Fees | State Housing Initiatives Partnership | Community Development Block Grant | Streetlighting Districts | Park Impact Fees | Tree Replacement Fund | Law Enforcement Impact Fees | Neighborhood Stabilization Grant Funds | Transportation Impact Fees | Lake Districts Fund | Community Redevelopment Area | Municipal Complex(es) Fund | Park Projects Fund | |
| REVENUES | | | | | | | | | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 79,970 | \$ - | \$ - | \$ 79,970 |
| Intergovernmental | - | 348,316 | 504,549 | - | - | - | - | - | - | - | - | - | - | 852,865 |
| Charges for services | - | - | - | 156,172 | - | - | - | - | - | 77,406 | - | - | - | 233,578 |
| Impact fees | 85,351 | - | - | - | 274,102 | - | 43,984 | - | 650,521 | - | - | - | - | 1,053,958 |
| Interest income | 527 | 3,445 | - | 377 | 2,459 | 1,356 | 684 | 1,509 | - | 404 | 133 | 72,859 | 4,087 | 87,840 |
| Miscellaneous | - | - | - | - | - | 19,116 | - | 138,498 | - | - | - | 170,000 | - | 327,614 |
| Total revenues | 85,878 | 351,761 | 504,549 | 156,549 | 276,561 | 20,472 | 44,668 | 140,007 | 650,521 | 77,810 | 80,103 | 242,859 | 4,087 | 2,635,825 |
| EXPENDITURES | | | | | | | | | | | | | | |
| Operating: | | | | | | | | | | | | | | |
| General government | - | 47,353 | 52,429 | - | - | - | - | 89,924 | - | - | - | - | - | 189,706 |
| Highways and streets | - | - | - | 147,163 | - | - | - | - | - | - | - | - | - | 147,163 |
| Culture and recreation | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Economic environment | - | 304,408 | 75,300 | - | - | - | - | 50,083 | - | - | - | - | - | 429,791 |
| Physical environment | - | - | 9,246 | - | - | 96,138 | - | - | - | 10,966 | - | - | - | 116,350 |
| Debt service: | | | | | | | | | | | | | | |
| Capital Outlay: | | | | | | | | | | | | | | |
| General government | - | - | - | - | - | - | - | - | - | - | - | 495,097 | - | 495,097 |
| Public safety | - | - | - | - | - | - | - | - | - | - | - | 172,881 | - | 172,881 |
| Highways and streets | - | - | - | - | - | - | - | - | - | - | - | 32,135 | - | 32,135 |
| Culture and recreation | - | - | - | - | - | - | - | - | - | - | - | 1,772,981 | 1,686,512 | 3,459,493 |
| Physical environment | - | - | 67,574 | - | - | - | - | - | - | - | - | - | - | 67,574 |
| Total expenditures | - | 351,761 | 204,549 | 147,163 | - | 96,138 | - | 140,007 | - | 10,966 | - | 2,473,094 | 1,686,512 | 5,110,190 |
| Excess (deficiency) of revenues over expenditures | 85,878 | - | 300,000 | 9,386 | 276,561 | (75,666) | 44,668 | - | 650,521 | 66,844 | 80,103 | (2,230,235) | (1,682,425) | (2,474,365) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | | | | |
| Transfer(s) in | - | - | - | - | - | - | - | - | - | - | - | 560,000 | 1,740,500 | 2,300,500 |
| Transfer(s) out | (125,000) | - | (300,000) | - | (180,000) | - | (6,000) | - | (650,521) | (15,500) | - | - | - | (1,277,021) |
| Total other financing sources (uses) | (125,000) | - | (300,000) | - | (180,000) | - | (6,000) | - | (650,521) | (15,500) | - | 560,000 | 1,740,500 | 1,023,479 |
| Net change in fund balances | (39,122) | - | - | 9,386 | 96,561 | (75,666) | 38,668 | - | - | 51,344 | 80,103 | (1,670,235) | 58,075 | (1,450,886) |
| Fund balances - beginning | 149,208 | - | - | 12,992 | 340,955 | 502,478 | 88,492 | - | - | 26,080 | - | 2,508,010 | 527,996 | 4,156,211 |
| Fund balances - ending | \$ 110,086 | \$ - | \$ - | \$ 22,378 | \$ 437,516 | \$ 426,812 | \$ 127,160 | \$ - | \$ - | \$ 77,424 | \$ 80,103 | \$ 837,775 | \$ 586,071 | \$ 2,705,325 |

Schedule of Revenues and Expenditures - Budget and Actual

Fire/Rescue Service Impact Fees Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2018

| | Actual | Budgeted Amounts Final | Variance With Final Budget |
|---|-------------------|------------------------------|-------------------------------|
| REVENUES | | | |
| Impact fees | \$ 85,351 | \$ 15,000 | \$ 70,351 |
| Interest income | 527 | 500 | 27 |
| Total revenues | <u>85,878</u> | <u>15,500</u> | <u>70,378</u> |
| EXPENDITURES | | | |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>85,878</u> | <u>15,500</u> | <u>70,378</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer(s) out | <u>(125,000)</u> | <u>(125,000)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(125,000)</u> | <u>(125,000)</u> | <u>-</u> |
| Net change in fund balances | (39,122) | (109,500) | 70,378 |
| Fund balances - beginning | 149,208 | 149,208 | - |
| Fund balances - ending | <u>\$ 110,086</u> | <u>\$ 39,708</u> | <u>\$ 70,378</u> |

Supplemental Information

Schedule of Revenues and Expenditures - Budget and Actual

State Housing Initiative Partnership
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2018

| | Actual | Budgeted | Variance With Final Budget |
|---|----------------|------------------|-------------------------------|
| | | Amounts Final | |
| REVENUES | | | |
| Intergovernmental | \$ 348,316 | \$ 837,246 | \$ (488,930) |
| Interest income | 3,445 | 2,000 | 1,445 |
| Total revenues | <u>351,761</u> | <u>839,246</u> | <u>(487,485)</u> |
| EXPENDITURES | | | |
| Operating: | | | |
| General government | 47,353 | 50,000 | 2,647 |
| Economic environment | 304,408 | 789,246 | 484,838 |
| Total operating | <u>351,761</u> | <u>839,246</u> | <u>487,485</u> |
| Total expenditures | <u>351,761</u> | <u>839,246</u> | <u>487,485</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | - | - | - |
| Fund balances - beginning | - | - | - |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Supplemental Information

Schedule of Revenues and Expenditures - Budget and Actual

Community Development Block Grant Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2018

| | Actual | Budgeted Amounts Final | Variance With Final Budget |
|---|------------------|------------------------------|-------------------------------|
| REVENUES | | | |
| Intergovernmental | \$ 504,549 | \$ 670,668 | \$ (166,119) |
| Total revenues | <u>504,549</u> | <u>670,668</u> | <u>(166,119)</u> |
| EXPENDITURES | | | |
| Operating: | | | |
| General government | 52,429 | 101,500 | 49,071 |
| Economic environment | 75,300 | 76,100 | 800 |
| Physical Environment | 9,246 | 98,768 | 89,522 |
| Total operating | <u>136,975</u> | <u>276,368</u> | <u>139,393</u> |
| Capital outlay: | | | |
| Physical Environment | 67,574 | 94,300 | 26,726 |
| Total capital outlay | <u>67,574</u> | <u>94,300</u> | <u>26,726</u> |
| Total expenditures | <u>204,549</u> | <u>370,668</u> | <u>166,119</u> |
| Excess (deficiency) of revenues over expenditures | <u>300,000</u> | <u>300,000</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer(s) out | (300,000) | (300,000) | - |
| Total other financing sources (uses) | <u>(300,000)</u> | <u>(300,000)</u> | <u>-</u> |
| Net change in fund balances | - | - | - |
| Fund balances - beginning | - | - | - |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Supplemental Information

Schedule of Revenues and Expenditures - Budget and Actual

Streetlighting Districts Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2018

| | Actual | Budgeted | Variance With Final Budget |
|---|------------------|------------------|-------------------------------|
| | | Amounts Final | |
| REVENUES | | | |
| Charges for services | \$ 156,172 | \$ 155,000 | \$ 1,172 |
| Interest income | 377 | 300 | 77 |
| Total revenues | <u>156,549</u> | <u>155,300</u> | <u>1,249</u> |
| EXPENDITURES | | | |
| Operating: | | | |
| Highways and streets | <u>147,163</u> | <u>152,500</u> | <u>5,337</u> |
| Total operating | <u>147,163</u> | <u>152,500</u> | <u>5,337</u> |
| Total expenditures | <u>147,163</u> | <u>152,500</u> | <u>5,337</u> |
| Excess (deficiency) of revenues over expenditures | <u>9,386</u> | <u>2,800</u> | <u>6,586</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 9,386 | 2,800 | 6,586 |
| Fund balances - beginning | 12,992 | 12,992 | - |
| Fund balances - ending | <u>\$ 22,378</u> | <u>\$ 15,792</u> | <u>\$ 6,586</u> |

Supplemental Information

Schedule of Revenues and Expenditures - Budget and Actual

Park Impact Fees Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2018

| | Actual | Budgeted Amounts Final | Variance With Final Budget |
|---|-------------------|------------------------------|-------------------------------|
| REVENUES | | | |
| Impact fees | \$ 274,102 | \$ 62,000 | \$ 212,102 |
| Interest income | 2,459 | 700 | 1,759 |
| Total revenues | <u>276,561</u> | <u>62,700</u> | <u>213,861</u> |
| EXPENDITURES | | | |
| Operating: | | | |
| Culture and recreation | - | - | - |
| Total operating | - | - | - |
| Total expenditures | - | - | - |
| Excess (deficiency) of revenues over expenditures | <u>276,561</u> | <u>62,700</u> | <u>213,861</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer(s) out | (180,000) | (180,000) | - |
| Total other financing sources (uses) | <u>(180,000)</u> | <u>(180,000)</u> | <u>-</u> |
| Net change in fund balances | 96,561 | (117,300) | 213,861 |
| Fund balances - beginning | 340,955 | 340,955 | - |
| Fund balances - ending | <u>\$ 437,516</u> | <u>\$ 223,655</u> | <u>\$ 213,861</u> |

Supplemental Information

Schedule of Revenues and Expenditures - Budget and Actual

Tree Replacement Fees Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2018

| | Actual | Budgeted Amounts Final | Variance With Final Budget |
|---|-------------------|------------------------------|-------------------------------|
| REVENUES | | | |
| Interest income | \$ 1,356 | \$ 2,900 | \$ (1,544) |
| Miscellaneous | 19,116 | 5,000 | 14,116 |
| Total revenues | <u>20,472</u> | <u>7,900</u> | <u>12,572</u> |
| EXPENDITURES | | | |
| Operating: | | | |
| Physical environment | 96,138 | 205,000 | 108,862 |
| Total operating | <u>96,138</u> | <u>205,000</u> | <u>108,862</u> |
| Total expenditures | <u>96,138</u> | <u>205,000</u> | <u>108,862</u> |
| Excess (deficiency) of revenues over expenditures | <u>(75,666)</u> | <u>(197,100)</u> | <u>121,434</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | (75,666) | (197,100) | 121,434 |
| Fund balances - beginning | 502,478 | 502,478 | - |
| Fund balances - ending | <u>\$ 426,812</u> | <u>\$ 305,378</u> | <u>\$ 121,434</u> |

Supplemental Information

Schedule of Revenues and Expenditures - Budget and Actual

Law Enforcement Impact Fees Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2018

| | Actual | Budgeted | Variance With Final Budget |
|---|-------------------|------------------|-------------------------------|
| | | Amounts Final | |
| REVENUES | | | |
| Impact fees | \$ 43,984 | \$ 7,000 | \$ 36,984 |
| Interest income | 684 | 600 | 84 |
| Total revenues | <u>44,668</u> | <u>7,600</u> | <u>37,068</u> |
| EXPENDITURES | | | |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>44,668</u> | <u>7,600</u> | <u>37,068</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer(s) out | <u>(6,000)</u> | <u>(6,000)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(6,000)</u> | <u>(6,000)</u> | <u>-</u> |
| Net change in fund balances | 38,668 | 1,600 | 37,068 |
| Fund balances - beginning | 88,492 | 88,492 | - |
| Fund balances - ending | <u>\$ 127,160</u> | <u>\$ 90,092</u> | <u>\$ 37,068</u> |

Supplemental Information

Schedule of Revenues, Expenditures, Changes in Fund Balance

Neighborhood Stabilization Grant Funds
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2018

| | Actual | Budgeted Amounts Final | Variance With Final Budget |
|---|----------------|------------------------------|-------------------------------|
| REVENUES | | | |
| Intergovernmental | \$ - | \$ 674,285 | \$ (674,285) |
| Interest income | 1,509 | - | 1,509 |
| Miscellaneous | 138,498 | 119,318 | 19,180 |
| Total revenues | <u>140,007</u> | <u>793,603</u> | <u>(653,596)</u> |
| EXPENDITURES | | | |
| Operating: | | | |
| General government | 89,924 | 295,132 | 205,208 |
| Economic environment | 50,083 | 498,471 | 448,388 |
| Total operating | <u>140,007</u> | <u>793,603</u> | <u>653,596</u> |
| Total expenditures | <u>140,007</u> | <u>793,603</u> | <u>653,596</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Total other financing source (uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | - | - | - |
| Fund balance, beginning | - | - | - |
| Fund balance, ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Schedule of Revenues and Expenditures - Budget and Actual

Transportation Impact Fees Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2018

| | Actual | Budgeted Amounts Final | Variance With Final Budget |
|---|------------------|------------------------------|-------------------------------|
| REVENUES | | | |
| Impact fees | \$ 650,521 | \$ 651,000 | \$ (479) |
| Total revenues | <u>650,521</u> | <u>651,000</u> | <u>(479)</u> |
| EXPENDITURES | | | |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>650,521</u> | <u>651,000</u> | <u>(479)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer(s) out | <u>(650,521)</u> | <u>(651,000)</u> | <u>479</u> |
| Total other financing sources (uses) | <u>(650,521)</u> | <u>(651,000)</u> | <u>479</u> |
| Net change in fund balances | - | - | - |
| Fund balances - beginning | - | - | - |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Supplemental Information

Schedule of Revenues and Expenditures - Budget and Actual

Lake Districts Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2018

| | Actual | Budgeted Amounts Final | Variance With Final Budget |
|---|------------------|------------------------------|-------------------------------|
| REVENUES | | | |
| Charges for Services | \$ 77,406 | \$ 76,800 | \$ 606 |
| Interest income | 404 | 200 | 204 |
| Total revenues | <u>77,810</u> | <u>77,000</u> | <u>810</u> |
| EXPENDITURES | | | |
| Operating: | | | |
| Physical environment | 10,966 | 45,000 | 34,034 |
| Total operating | <u>10,966</u> | <u>45,000</u> | <u>34,034</u> |
| Total expenditures | <u>10,966</u> | <u>45,000</u> | <u>34,034</u> |
| Excess (deficiency) of revenues over expenditures | <u>66,844</u> | <u>32,000</u> | <u>34,844</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer(s) out | <u>(15,500)</u> | <u>(15,500)</u> | - |
| Total other financing sources (uses) | <u>(15,500)</u> | <u>(15,500)</u> | - |
| Net change in fund balances | 51,344 | 16,500 | 34,844 |
| Fund balances - beginning | 26,080 | 26,080 | - |
| Fund balances - ending | <u>\$ 77,424</u> | <u>\$ 42,580</u> | <u>\$ 34,844</u> |

Supplemental Information

Schedule of Revenues and Expenditures - Budget and Actual

Community Redevelopment Area (CRA)
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2018

| | Actual | Budgeted Amounts Final | Variance With Final Budget |
|---|------------------|------------------------------|-------------------------------|
| REVENUES | | | |
| Property taxes | \$ 79,970 | \$ 80,500 | \$ (530) |
| Interest income | 133 | - | 133 |
| Total revenues | <u>80,103</u> | <u>80,500</u> | <u>(397)</u> |
| EXPENDITURES | | | |
| Operating: | | | |
| Economic environment | - | - | - |
| Total operating | <u>-</u> | <u>-</u> | <u>-</u> |
| Capital outlay: | | | |
| Economic environment | - | - | - |
| Total capital outlay | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>80,103</u> | <u>80,500</u> | <u>(397)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer(s) in | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 80,103 | 80,500 | (397) |
| Fund balances - beginning | - | - | - |
| Fund balances - ending | <u>\$ 80,103</u> | <u>\$ 80,500</u> | <u>\$ (397)</u> |

Supplemental Information

Schedule of Revenues and Expenditures - Budget and Actual

Capital Projects - Municipal Complex(s) Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2018

| | Actual | Budgeted Amounts Final | Variance With Final Budget |
|---|--------------------|------------------------------|-------------------------------|
| REVENUES | | | |
| Interest income | \$ 72,859 | \$ 12,700 | \$ 60,159 |
| Miscellaneous | 170,000 | 180,000 | (10,000) |
| Total revenues | <u>242,859</u> | <u>192,700</u> | <u>50,159</u> |
| EXPENDITURES | | | |
| Capital outlay: | | | |
| General government | 495,097 | 705,000 | 209,903 |
| Public Safety | 172,881 | 250,000 | 77,119 |
| Highways and streets | 32,135 | 32,200 | 65 |
| Culture and recreation | 1,772,981 | 2,142,900 | 369,919 |
| Total capital outlay | <u>2,473,094</u> | <u>3,130,100</u> | <u>657,006</u> |
| Total expenditures | <u>2,473,094</u> | <u>3,130,100</u> | <u>657,006</u> |
| Excess (deficiency) of revenues over expenditures | <u>(2,230,235)</u> | <u>(2,937,400)</u> | <u>707,165</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer(s) in | 560,000 | 560,000 | - |
| Total other financing source (uses) | <u>560,000</u> | <u>560,000</u> | <u>-</u> |
| Net change in fund balances | (1,670,235) | (2,377,400) | 707,165 |
| Fund balance, beginning | 2,508,010 | 2,508,010 | - |
| Fund balance, ending | <u>\$ 837,775</u> | <u>\$ 130,610</u> | <u>\$ 707,165</u> |

Supplemental Information

Schedule of Revenues and Expenditures - Budget and Actual

Capital Projects - Park Projects Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2018

| | Actual | Budgeted Amounts Final | Variance With Final Budget |
|---|--------------------|------------------------------|-------------------------------|
| REVENUES | | | |
| Interest income | \$ 4,087 | \$ 1,100 | \$ 2,987 |
| Total revenues | <u>4,087</u> | <u>1,100</u> | <u>2,987</u> |
| EXPENDITURES | | | |
| Capital outlay: | | | |
| Culture and recreation | 1,686,512 | 2,110,800 | 424,288 |
| Total capital outlay | <u>1,686,512</u> | <u>2,110,800</u> | <u>424,288</u> |
| Total expenditures | <u>1,686,512</u> | <u>2,110,800</u> | <u>424,288</u> |
| Excess (deficiency) of revenues over expenditures | <u>(1,682,425)</u> | <u>(2,109,700)</u> | <u>427,275</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer(s) in | 1,740,500 | 1,740,500 | - |
| Total other financing sources (uses) | <u>1,740,500</u> | <u>1,740,500</u> | <u>-</u> |
| Net change in fund balances | 58,075 | (369,200) | 427,275 |
| Fund balances - beginning | 527,996 | 527,996 | - |
| Fund balances - ending | <u>\$ 586,071</u> | <u>\$ 158,796</u> | <u>\$ 427,275</u> |

Supplemental Information

**Notes to the Supplemental Information
September 30, 2018****Note 1****Budgetary Data**

The City adopts an annual budget for each of its governmental funds and for its Proprietary Fund. Budgetary comparisons of the City's General and major Special Revenue Funds are presented as part of the Required Supplementary Information section of this report. The City is not required to present budgetary comparisons for the Proprietary fund. Budgetary comparisons for the nonmajor Special Revenue and Capital Projects Funds are presented as part of the Supplemental Information section. The basis of budgeting for these funds the same as GAAP.

The process for adopting the annual budget for each fund is described in Note 1 to the Required Supplementary Information. The legal level of control is the department, except for major capital projects accounted for in certain Capital Projects Funds, which are subject to budgetary control at the project level. The activities of each nonmajor Special Revenue fund are contained wholly within a single City department, so budgetary comparisons are presented at fund and function level only.

This part of the City of Deltona’s comprehensive annual financial report presents unaudited 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.

Financial Trends Page

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

| | |
|--|-----|
| Net Position by Component | 116 |
| Changes in Net Position | 118 |
| Fund Balances of Governmental Funds | 122 |
| Changes in Fund Balances of Governmental Funds | 124 |
| Tax Revenues by Source, Governmental Funds..... | 126 |

Revenue Capacity

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

| | |
|---|-----|
| Assessed Value and Estimated Actual Value of Taxable Property | 127 |
| Direct and Overlapping Property Tax Rates..... | 128 |
| Principal Taxpayers | 129 |
| Property Tax Levies and Collections..... | 130 |

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.

| | |
|--|-----|
| Ratios of Outstanding Debt by Type | 131 |
| Direct and Overlapping Governmental Activities Debt..... | 132 |
| Pledged-Revenues Coverage | 133 |

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.

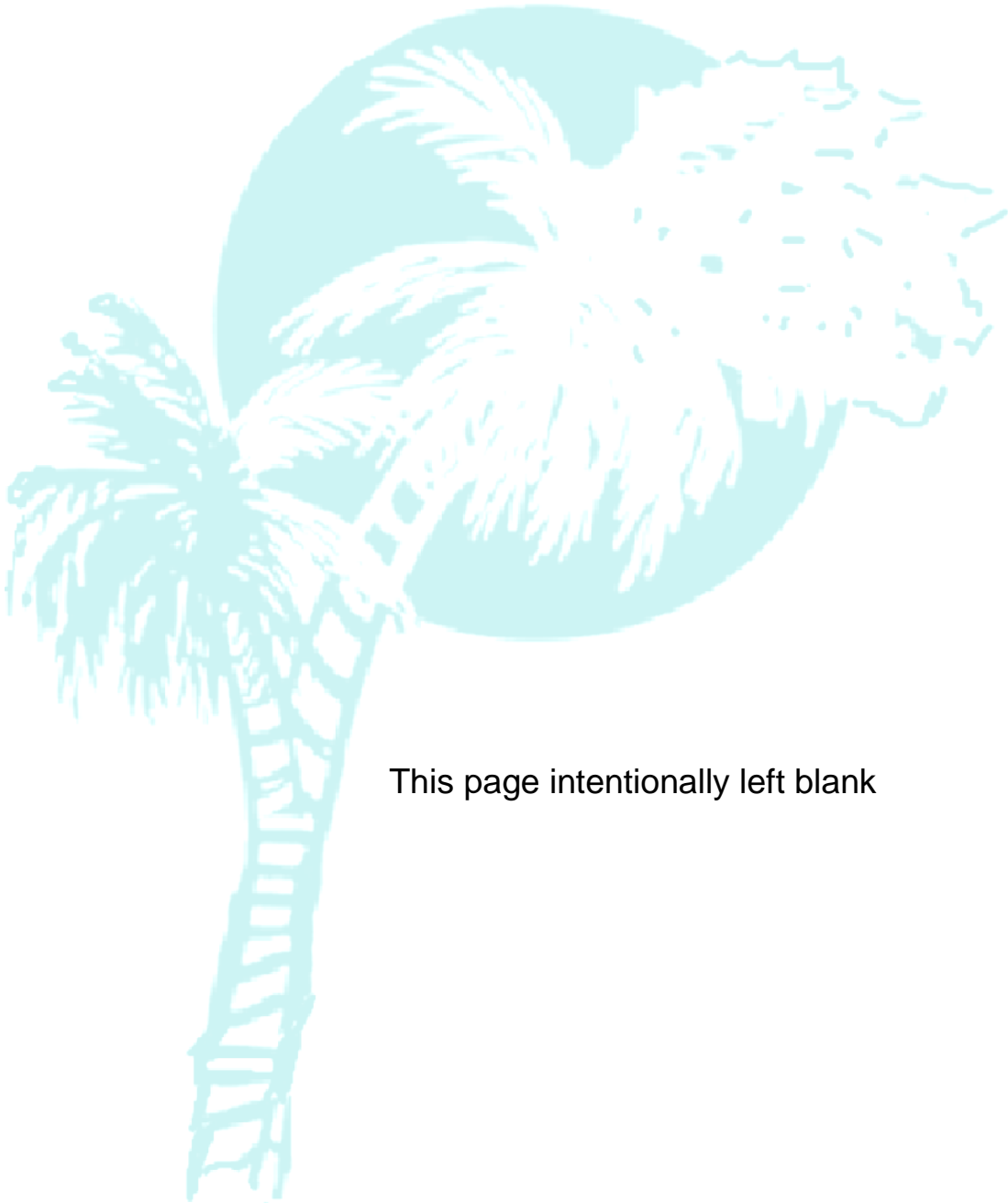
| | |
|--|-----|
| Demographic and Economic Statistics..... | 135 |
|--|-----|

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.

| | |
|--|-----|
| Full-time Equivalent City Government Employees by Function/Program | 138 |
| Various Indicators by Function/Program | 140 |
| Water Sold by Type of Customer | 141 |
| Wastewater Sold by Type of Customer..... | 142 |
| Principal Employers | 143 |

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 the fiscal year ending in 2003; schedules presenting government-wide information include information beginning in that year.



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**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (1)**

| | Fiscal Year Ending | | | |
|---|--------------------|----------------|----------------|----------------|
| | 9/30/2009 | 9/30/2010 | 9/30/2011 | 9/30/2012 |
| Governmental activities | | | | |
| Net investment in capital assets | \$ 112,872,553 | \$ 116,238,698 | \$ 117,988,044 | \$ 116,190,035 |
| Restricted | 7,985,972 | 5,178,367 | 2,079,749 | 2,064,877 |
| Unrestricted | 16,604,347 | 21,116,209 | 20,736,737 | 20,590,277 |
| Total governmental activities net position | 137,462,872 | 142,533,274 | 140,804,530 | 138,845,189 |
| Business-type activities | | | | |
| Net investment in capital assets | (4,539,555) | (2,093,842) | (813,553) | 5,519,770 |
| Restricted | 7,389,375 | 6,551,855 | 7,860,401 | 8,487,663 |
| Unrestricted | 6,053,916 | 6,161,665 | 6,505,664 | 5,150,512 |
| Total business-type activities net position | 8,903,736 | 10,619,678 | 13,552,512 | 19,157,945 |
| Primary government | | | | |
| Net investment in capital assets | 108,332,998 | 114,144,856 | 117,174,491 | 121,709,805 |
| Restricted | 15,375,347 | 11,730,222 | 9,940,150 | 10,552,540 |
| Unrestricted | 22,658,263 | 27,277,874 | 27,242,401 | 25,740,789 |
| Total primary government net position | \$ 146,366,608 | \$ 153,152,952 | \$ 154,357,042 | \$ 158,003,134 |

(1) The City implemented GASB 65, *Items Previously Reported as Assets and Liabilities*, during fiscal year 2014, resulting in a retroactive restatement of net position. Years shown prior to 2014 do not reflect this restatement.

(2) The City implemented GASB 68, *Accounting and Financial Reporting for Pensions* during fiscal year 2015 resulting in a restatement of beginning net position. Information shown for fiscal year ended 09/30/2014 does not reflect this restatement.

| 9/30/2013 | 9/30/2014 (2) | 9/30/2015 | 9/30/2016 | 9/30/2017 | 9/30/2018 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 114,171,165 | \$ 110,706,931 | \$ 108,401,939 | \$ 105,221,673 | \$ 101,069,631 | \$ 99,095,304 |
| 2,216,898 | 6,189,970 | 5,663,458 | 1,887,349 | 6,730,311 | 9,329,975 |
| 22,592,653 | 20,686,833 | 10,926,168 | 15,686,772 | 14,563,146 | 11,781,629 |
| <u>138,980,716</u> | <u>137,583,734</u> | <u>124,991,565</u> | <u>122,795,794</u> | <u>122,363,088</u> | <u>120,206,908</u> |
| 15,641,068 | 20,279,612 | 8,971,176 | 9,179,533 | 11,508,363 | 14,523,669 |
| 849,581 | 2,135,000 | 2,440,000 | 2,562,000 | 3,753,847 | 3,840,878 |
| 4,235,603 | 215,715 | 14,789,152 | 16,321,569 | 14,134,062 | 16,501,927 |
| <u>20,726,252</u> | <u>22,630,327</u> | <u>26,200,328</u> | <u>28,063,102</u> | <u>29,396,272</u> | <u>34,866,474</u> |
| 129,812,233 | 130,986,543 | 117,373,115 | 114,401,206 | 112,577,994 | 113,618,973 |
| 3,066,479 | 8,324,970 | 8,103,458 | 4,449,349 | 10,484,158 | 13,170,853 |
| 26,828,256 | 20,902,548 | 25,715,320 | 32,008,341 | 28,697,208 | 28,283,556 |
| <u>\$ 159,706,968</u> | <u>\$ 160,214,061</u> | <u>\$ 151,191,893</u> | <u>\$ 150,858,896</u> | <u>\$ 151,759,360</u> | <u>\$ 155,073,382</u> |

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

| | Fiscal Years Ending | | | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 9/30/2009 | 9/30/2010 | 9/30/2011 | 9/30/2012 |
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$ 8,403,728 | \$ 8,608,657 | \$ 7,970,347 | \$ 8,618,729 |
| Public safety | 18,356,301 | 18,442,646 | 18,946,170 | 18,000,160 |
| Highways and Streets | 6,927,195 | 5,333,601 | 5,544,071 | 5,209,626 |
| Culture and recreation | 2,713,803 | 2,626,028 | 2,577,658 | 2,726,161 |
| Economic environment | 593,424 | 1,069,663 | 4,341,857 | 2,491,265 |
| Physical environment | 6,804,695 | 6,982,097 | 6,920,661 | 7,560,685 |
| Interest on long-term debt | 973,351 | 1,115,716 | 1,074,661 | 1,031,328 |
| Total governmental activities | <u>44,772,497</u> | <u>44,178,408</u> | <u>47,375,425</u> | <u>45,637,954</u> |
| Business-type activities: | | | | |
| Personal services | 3,046,606 | 3,011,767 | 3,413,640 | 3,564,796 |
| Operating expenses | 3,818,513 | 3,692,854 | 4,015,494 | 3,805,695 |
| Professional services | 146,095 | 84,869 | 55,909 | 41,722 |
| Depreciation | 3,166,475 | 3,399,136 | 2,854,935 | 2,980,008 |
| Insurance | 163,405 | 175,458 | 133,395 | 114,552 |
| Bad debts | 118,032 | 57,812 | 60,690 | 97,790 |
| Total business-type activities | <u>10,459,126</u> | <u>10,421,896</u> | <u>10,534,063</u> | <u>10,604,563</u> |
| Total primary government expenses | <u>55,231,623</u> | <u>54,600,304</u> | <u>57,909,488</u> | <u>56,242,517</u> |
| Program revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | 1,708,691 | 1,492,531 | 1,434,657 | 1,386,206 |
| Public safety | 101,073 | 104,092 | 123,265 | 46,263 |
| Transportation | 145,595 | 139,905 | - | - |
| Culture and recreation | 141,669 | 129,885 | 112,156 | 96,620 |
| Physical environment | 7,212,206 | 7,230,865 | 7,225,345 | 7,212,472 |
| Operating grants and contributions | 1,105,105 | 2,055,276 | 1,923,505 | 2,736,446 |
| Capital grants and contributions | 3,631,902 | 4,950,675 | 4,013,670 | 1,482,553 |
| Total governmental activities program revenues | <u>14,046,241</u> | <u>16,103,229</u> | <u>14,832,598</u> | <u>12,960,560</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water | 9,108,281 | 8,921,006 | 10,021,881 | 10,548,127 |
| Wastewater | 4,648,838 | 5,185,602 | 5,992,664 | 7,028,123 |
| Connection fees | 208,335 | 261,670 | 242,000 | 245,670 |
| Operating grants and contributions | 102,179 | - | - | - |
| Capital grants and contributions | 229,554 | 22,839 | 157,152 | 43,178 |
| Total business-type activities program revenues | <u>14,297,187</u> | <u>14,391,117</u> | <u>16,413,697</u> | <u>17,865,098</u> |
| Total primary government program revenues | <u>28,343,428</u> | <u>30,494,346</u> | <u>31,246,295</u> | <u>30,825,658</u> |
| Net (expenses) revenues | | | | |
| Governmental activities | (30,726,256) | (28,075,179) | (32,542,827) | (32,677,394) |
| Business-type activities | 3,838,061 | 3,969,221 | 5,879,634 | 7,260,535 |
| Total primary government net (expenses) revenues | <u>\$ (26,888,195)</u> | <u>\$ (24,105,958)</u> | <u>\$ (26,663,193)</u> | <u>\$ (25,416,859)</u> |

| 9/30/2013 | 9/30/2014 | 9/30/2015 | 9/30/2016 | 9/30/2017 | 9/30/2018 |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| \$ 8,246,984 | \$ 8,861,121 | \$ 8,803,880 | \$ 9,871,687 | \$ 9,663,089 | \$ 9,925,730 |
| 18,605,589 | 18,739,948 | 19,275,384 | 20,172,859 | 20,860,782 | 21,268,214 |
| 5,358,992 | 5,854,936 | 5,250,591 | 6,998,228 | 5,286,799 | 6,585,923 |
| 2,616,214 | 2,460,610 | 3,187,936 | 3,461,263 | 3,643,807 | 5,014,201 |
| 1,525,531 | 1,287,852 | 779,135 | 1,211,567 | 1,123,193 | 603,734 |
| 8,989,720 | 9,371,600 | 9,886,113 | 10,028,308 | 12,373,464 | 14,815,727 |
| 984,252 | 918,193 | 871,801 | 1,063,855 | 1,414,625 | 1,105,150 |
| <u>46,327,282</u> | <u>47,494,260</u> | <u>48,054,840</u> | <u>52,807,767</u> | <u>54,365,759</u> | <u>59,318,679</u> |
| 3,770,221 | 3,912,583 | 4,082,115 | 4,739,631 | 4,539,029 | 4,893,378 |
| 3,796,756 | 3,553,520 | 3,385,042 | 3,683,026 | 3,494,403 | 3,964,286 |
| 61,931 | 70,400 | 117,347 | 89,925 | 176,818 | 179,322 |
| 3,069,245 | 2,902,120 | 3,090,310 | 3,415,578 | 5,360,478 | 5,160,240 |
| 112,871 | 102,534 | 136,383 | 210,048 | 246,082 | 248,284 |
| 152,195 | 63,145 | 48,262 | 46,413 | 69,262 | 31,962 |
| <u>10,963,219</u> | <u>10,604,302</u> | <u>10,859,459</u> | <u>12,184,621</u> | <u>13,886,072</u> | <u>14,477,472</u> |
| <u>57,290,501</u> | <u>58,098,562</u> | <u>58,914,299</u> | <u>64,992,388</u> | <u>68,251,831</u> | <u>73,796,151</u> |
| 1,590,260 | 1,416,182 | 1,361,612 | 1,472,403 | 1,592,496 | 2,380,318 |
| 59,113 | 63,588 | 73,901 | 86,010 | 110,117 | 189,088 |
| - | - | - | - | - | - |
| 83,075 | 81,534 | 82,056 | 87,335 | 83,266 | 254,627 |
| 8,642,155 | 8,641,978 | 8,631,239 | 9,884,780 | 9,914,862 | 9,930,744 |
| 3,887,399 | 2,957,233 | 1,864,952 | 2,387,961 | 3,029,544 | 4,126,128 |
| 1,334,533 | 660,950 | 722,705 | 802,528 | 1,967,287 | 2,116,024 |
| <u>15,596,535</u> | <u>13,821,465</u> | <u>12,736,465</u> | <u>14,721,017</u> | <u>16,697,572</u> | <u>18,996,929</u> |
| 9,843,484 | 9,947,411 | 10,583,825 | 11,236,728 | 12,039,375 | 11,532,682 |
| 5,832,025 | 5,772,488 | 6,149,503 | 6,627,115 | 7,021,658 | 7,344,660 |
| 264,560 | 266,720 | 278,040 | 237,845 | 210,595 | 203,035 |
| - | - | - | - | - | - |
| 125,704 | 1,335,167 | 2,673,012 | 629,774 | 724,619 | 3,746,715 |
| <u>16,065,773</u> | <u>17,321,786</u> | <u>19,684,380</u> | <u>18,731,462</u> | <u>19,996,247</u> | <u>22,827,092</u> |
| <u>31,662,308</u> | <u>31,143,251</u> | <u>32,420,845</u> | <u>33,452,479</u> | <u>36,693,819</u> | <u>41,824,021</u> |
| (30,730,747) | (33,672,795) | (35,318,375) | (38,086,750) | (37,668,187) | (40,321,750) |
| 5,102,554 | 6,717,484 | 8,824,921 | 6,546,841 | 6,110,175 | 8,349,620 |
| <u>\$ (25,628,193)</u> | <u>\$ (26,955,311)</u> | <u>\$ (26,493,454)</u> | <u>\$ (31,539,909)</u> | <u>\$ (31,558,012)</u> | <u>\$ (31,972,130)</u> |

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Continued)**

| | Fiscal Year Ending | | | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 9/30/2009 | 9/30/2010 | 9/30/2011 | 9/30/2012 |
| General revenues & other changes in net assets | | | | |
| Governmental activities: | | | | |
| Taxes: | | | | |
| Property taxes | \$ 12,346,188 | \$ 12,568,945 | \$ 11,673,440 | \$ 11,856,683 |
| Franchise fees | 4,040,268 | 4,106,081 | 3,924,731 | 3,474,383 |
| Public service tax | 7,823,723 | 8,059,245 | 7,556,782 | 7,111,064 |
| Sales tax | 3,562,838 | 3,462,212 | 3,491,307 | 3,728,339 |
| Local option gas taxes | 2,113,741 | 2,089,575 | 2,064,317 | 2,087,788 |
| State revenue sharing | 2,019,205 | 2,006,079 | 1,512,497 | 1,668,923 |
| Investment earnings | 459,819 | 270,540 | 92,463 | 137,133 |
| Miscellaneous income | 554,772 | 582,904 | 498,546 | 653,740 |
| Transfers out | - | - | - | - |
| Total governmental activities | <u>32,920,554</u> | <u>33,145,581</u> | <u>30,814,083</u> | <u>30,718,053</u> |
| Business-type activities: | | | | |
| Investment earnings | 192,620 | 135,643 | 30,493 | 94,272 |
| Gain on sale of capital assets | (758) | (106,296) | (3,764) | 68,754 |
| Changes in FV of Derivative Instruments | (1,031,911) | 813,169 | (7,852) | 1,004,679 |
| Grant reimbursements | - | - | - | - |
| Interest expense and issue costs | (3,827,369) | (3,829,885) | (3,784,384) | (3,721,731) |
| Miscellaneous income | 831,501 | 734,090 | 818,707 | 898,924 |
| Transfers in | - | - | - | - |
| Total business-type activities | <u>(3,835,917)</u> | <u>(2,253,279)</u> | <u>(2,946,800)</u> | <u>(1,655,102)</u> |
| Total primary government | <u>29,084,637</u> | <u>30,892,302</u> | <u>27,867,283</u> | <u>29,062,951</u> |
| Change in net position | | | | |
| Governmental activities | 2,194,298 | 5,070,402 | (1,728,744) | (1,959,341) |
| Business-type activities | 2,144 | 1,715,942 | 2,932,834 | 5,605,433 |
| Total primary government | <u>\$ 2,196,442</u> | <u>\$ 6,786,344</u> | <u>\$ 1,204,090</u> | <u>\$ 3,646,092</u> |

| 9/30/2013 | 9/30/2014 | 9/30/2015 | 9/30/2016 | 9/30/2017 | 9/30/2018 |
|---------------------|---------------------|---------------------|---------------------|--------------------|---------------------|
| \$ 11,405,246 | \$ 11,968,962 | \$ 12,897,291 | \$ 13,771,773 | \$ 14,770,931 | \$ 16,050,125 |
| 3,436,887 | 3,794,039 | 3,773,535 | 3,605,362 | 3,735,850 | 4,019,845 |
| 7,315,776 | 7,374,907 | 7,313,495 | 7,499,797 | 7,127,906 | 7,321,620 |
| 3,921,434 | 4,137,246 | 4,430,466 | 4,678,595 | 4,876,557 | 5,177,402 |
| 2,069,784 | 2,079,370 | 2,161,422 | 2,274,920 | 2,342,719 | 2,372,411 |
| 2,141,004 | 2,428,680 | 2,743,728 | 2,887,043 | 3,158,126 | 3,315,348 |
| 148,554 | 189,946 | 178,098 | 332,012 | 370,353 | 484,257 |
| 427,589 | 522,845 | 1,023,867 | 841,477 | 888,039 | 591,425 |
| - | - | (118,000) | - | (35,000) | (2,200,000) |
| <u>30,866,274</u> | <u>32,495,995</u> | <u>34,403,902</u> | <u>35,890,979</u> | <u>37,235,481</u> | <u>37,132,433</u> |
| 102,890 | 38,539 | 73,986 | 140,317 | 44,199 | 31,962 |
| 35,313 | (400,322) | 13,144 | 9,467 | (2,841) | 25,962 |
| (778,085) | - | - | - | - | - |
| - | - | - | - | - | - |
| (3,743,715) | (4,686,741) | (5,322,939) | (5,728,589) | (5,751,540) | (6,218,021) |
| 849,350 | 863,034 | 910,635 | 894,738 | 898,177 | 1,029,018 |
| - | - | 118,000 | - | 35,000 | 2,200,000 |
| <u>(3,534,247)</u> | <u>(4,185,490)</u> | <u>(4,207,174)</u> | <u>(4,684,067)</u> | <u>(4,777,005)</u> | <u>(2,931,079)</u> |
| <u>27,332,027</u> | <u>28,310,505</u> | <u>30,196,728</u> | <u>31,206,912</u> | <u>32,458,476</u> | <u>34,201,354</u> |
| 135,527 | (1,176,800) | (914,473) | (2,195,771) | (432,706) | (3,189,317) |
| 1,568,307 | 2,531,994 | 4,617,747 | 1,862,774 | 1,333,170 | 5,418,541 |
| <u>\$ 1,703,834</u> | <u>\$ 1,355,194</u> | <u>\$ 3,703,274</u> | <u>\$ (332,997)</u> | <u>\$ 900,464</u> | <u>\$ 2,229,224</u> |

**FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

| | Fiscal Years Ending September 30 | | | |
|-------------------------------------|----------------------------------|----------------------|----------------------|----------------------|
| | 2009 | 2010 | 2011 (1) | 2012 |
| General fund | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - |
| Non-spendable / prepaid items | - | - | - | - |
| Restricted | - | - | - | - |
| Committed | - | - | 10,948,884 | 12,931,713 |
| Assigned | - | - | 2,584,986 | 2,827,899 |
| Unassigned | 16,615,905 | 17,738,795 | 4,434,397 | 3,748,032 |
| Total general fund | <u>16,615,905</u> | <u>17,738,795</u> | <u>17,968,267</u> | <u>19,507,644</u> |
| All other governmental funds | | | | |
| Reserved | 26,435,446 | 19,737,565 | - | - |
| Non-spendable / prepaid items | | | | |
| Special revenue funds | - | - | - | - |
| Capital projects funds | - | - | - | - |
| Restricted | | | | |
| Special revenue funds | - | - | 15,321,931 | 10,711,371 |
| Capital projects funds | - | - | - | - |
| Committed | | | | |
| Special revenue funds | - | - | 502,754 | 478,532 |
| Capital projects funds | - | - | 269,531 | 76,507 |
| Assigned | | | | |
| Special revenue funds | - | - | - | - |
| Capital projects funds | - | - | 1,919,495 | 1,945,122 |
| Unassigned reported in: | | | | |
| Special revenue funds | 2,027,508 | 1,645,254 | - | - |
| Capital projects funds | - | - | - | - |
| Total all other governmental funds | <u>\$ 28,462,954</u> | <u>\$ 21,382,819</u> | <u>\$ 18,013,711</u> | <u>\$ 13,211,532</u> |

(1) The City adopted GASB Statement No. 54 effective 09/30/11.

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 468,556 | 22,362 | 14,992 | 14,851 | 18,745 | 32,436 |
| - | - | - | - | - | - |
| 40,518 | 40,812 | 40,936 | 41,147 | 41,312 | 41,583 |
| 15,802,496 | 16,020,014 | 16,136,340 | 16,589,108 | 14,474,475 | 15,510,536 |
| 5,139,574 | 7,674,812 | 8,981,736 | 9,635,529 | 12,567,773 | 9,447,435 |
| <u>21,451,144</u> | <u>23,758,000</u> | <u>25,174,004</u> | <u>26,280,635</u> | <u>27,102,305</u> | <u>25,031,990</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 8,516,463 | 6,304,396 | 5,757,646 | 21,011,880 | 21,474,149 | 21,864,240 |
| - | - | - | 7,561,453 | - | - |
| 468,477 | 477,628 | 455,702 | 526,313 | 502,478 | 426,812 |
| 64,200 | 10,118 | 483,295 | 233,166 | 527,996 | 586,072 |
| - | - | - | - | - | - |
| 1,762,425 | 1,758,236 | 1,678,660 | 1,235,001 | 2,508,010 | 837,775 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 10,811,565</u> | <u>\$ 8,550,378</u> | <u>\$ 8,375,303</u> | <u>\$ 30,567,813</u> | <u>\$ 25,012,633</u> | <u>\$ 23,714,899</u> |

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

| | Fiscal Years Ending September 30 | | | |
|--|----------------------------------|-----------------------|-----------------------|-----------------------|
| | 2009 | 2010 | 2011 | 2012 |
| Revenues: | | | | |
| Property taxes | \$ 12,346,188 | \$ 12,568,945 | \$ 11,673,440 | \$ 11,856,683 |
| Franchise fees | 4,040,268 | 4,106,081 | 3,924,731 | 3,474,383 |
| Public service tax | 7,823,723 | 8,059,245 | 7,556,782 | 7,111,064 |
| State revenue sharing | 2,001,350 | 2,006,079 | 2,145,303 | 2,330,382 |
| Intergovernmental | 10,777,651 | 12,154,051 | 9,903,521 | 8,746,907 |
| Charges for services | 9,309,234 | 9,097,278 | 9,019,674 | 8,859,307 |
| Fines and forfeitures | 299,570 | 235,849 | 286,221 | 148,511 |
| Impact fees | 264,741 | 412,079 | 76,160 | 170,831 |
| Interest income | 459,819 | 270,539 | 92,462 | 137,136 |
| Miscellaneous | 280,790 | 338,663 | 968,387 | 843,409 |
| Total revenues | <u>47,603,334</u> | <u>49,248,809</u> | <u>45,646,681</u> | <u>43,678,613</u> |
| Expenditures: | | | | |
| General government | 7,291,358 | 7,287,498 | 6,884,007 | 7,336,540 |
| Public safety | 17,520,030 | 17,605,770 | 18,234,722 | 17,343,256 |
| Highways and Streets | 4,574,797 | 2,921,960 | 2,222,222 | 1,974,706 |
| Culture/Recreation | 2,031,772 | 2,008,762 | 1,942,278 | 2,041,728 |
| Economic environment | 592,309 | 4,326,670 | 3,166,069 | 1,265,821 |
| Physical environment | 6,092,548 | 6,106,061 | 6,141,542 | 6,176,954 |
| Capital outlay | 13,211,803 | 12,944,077 | 8,211,947 | 8,821,414 |
| Debt service | | | | |
| Interest | 825,451 | 855,779 | 895,839 | 1,044,579 |
| Principal | 630,000 | 1,149,477 | 1,087,691 | 936,417 |
| Total expenditures | <u>52,770,068</u> | <u>55,206,054</u> | <u>48,786,317</u> | <u>46,941,415</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(5,166,734)</u> | <u>(5,957,245)</u> | <u>(3,139,636)</u> | <u>(3,262,802)</u> |
| Other financing sources (uses): | | | | |
| Proceeds from issuance of debt | 6,569,345 | - | - | - |
| Premium on revenue bonds | - | - | - | - |
| Escrow payments to retire old bonds | - | - | - | - |
| Revenue bonds proceeds from debt service agreement | - | - | - | - |
| Transfers from other funds | 1,765,396 | 2,992,756 | 1,817,385 | 509,577 |
| Transfers to other funds | (1,765,396) | (2,992,756) | (1,817,385) | (509,577) |
| Total other financing sources (uses) | <u>6,569,345</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>\$ 1,402,611</u> | <u>\$ (5,957,245)</u> | <u>\$ (3,139,636)</u> | <u>\$ (3,262,802)</u> |
| * Debt service as a percentage of noncapital expenditures | <u>3.7%</u> | <u>4.7%</u> | <u>4.9%</u> | <u>5.2%</u> |

* Note: Calculation excludes non-capitalized capital.

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------|-------------------|---------------------|----------------------|-----------------------|-----------------------|
| \$ 11,405,246 | \$ 11,968,962 | \$ 12,897,291 | \$ 13,771,773 | \$ 14,770,931 | \$ 16,050,125 |
| 3,436,887 | 3,794,039 | 3,773,535 | 3,605,362 | 3,735,850 | 4,019,845 |
| 7,315,776 | 7,374,907 | 7,313,495 | 7,499,797 | 7,127,906 | 7,321,620 |
| 2,929,631 | 3,282,682 | 3,658,848 | 3,812,168 | 4,173,536 | 4,356,464 |
| 8,502,417 | 8,183,246 | 7,528,163 | 8,042,853 | 10,063,162 | 11,149,718 |
| 10,461,589 | 10,331,558 | 10,780,552 | 11,994,146 | 12,086,231 | 13,202,430 |
| 225,204 | 278,252 | 276,842 | 228,067 | 234,579 | 153,437 |
| 219,094 | 207,732 | 398,924 | 483,530 | 503,993 | 1,053,958 |
| 148,556 | 189,945 | 178,098 | 332,011 | 370,353 | 484,257 |
| 1,711,954 | 706,138 | 452,618 | 842,290 | 901,512 | 537,509 |
| <u>46,356,354</u> | <u>46,317,461</u> | <u>47,258,366</u> | <u>50,611,997</u> | <u>53,968,053</u> | <u>58,329,363</u> |
| 7,582,046 | 7,654,652 | 8,023,934 | 8,241,710 | 8,224,597 | 8,594,368 |
| 17,353,913 | 17,980,929 | 18,880,368 | 19,786,845 | 20,179,572 | 20,777,602 |
| 1,966,205 | 2,492,186 | 2,497,473 | 2,083,596 | 2,066,471 | 2,119,725 |
| 1,917,002 | 2,114,798 | 2,314,768 | 2,451,590 | 2,524,211 | 3,036,194 |
| 2,096,336 | 1,235,584 | 186,860 | 552,472 | 1,165,616 | 429,791 |
| 7,581,645 | 7,750,348 | 8,072,636 | 8,101,164 | 10,245,545 | 12,624,119 |
| 6,330,400 | 5,060,728 | 3,939,674 | 9,154,776 | 11,872,669 | 9,527,373 |
| 997,736 | 948,336 | 902,201 | 860,435 | 1,509,843 | 1,465,914 |
| 987,538 | 1,034,231 | 1,081,524 | 1,214,449 | 878,038 | 922,326 |
| <u>46,812,821</u> | <u>46,271,792</u> | <u>45,899,438</u> | <u>52,447,037</u> | <u>58,666,562</u> | <u>59,497,412</u> |
| <u>(456,467)</u> | <u>45,669</u> | <u>1,358,928</u> | <u>(1,835,040)</u> | <u>(4,698,509)</u> | <u>(1,168,049)</u> |
| - | - | - | 35,277,003 | - | - |
| - | - | - | 2,293,694 | - | - |
| - | - | - | (12,436,515) | - | - |
| - | - | - | - | - | - |
| 165,699 | 147,995 | 1,530,838 | 1,545,580 | 1,061,389 | 3,097,521 |
| <u>(165,699)</u> | <u>(147,995)</u> | <u>(1,648,838)</u> | <u>(1,545,580)</u> | <u>(1,096,389)</u> | <u>(5,297,521)</u> |
| - | - | (118,000) | 25,134,182 | (35,000) | (2,200,000) |
| <u>\$ (456,467)</u> | <u>\$ 45,669</u> | <u>\$ 1,240,928</u> | <u>\$ 23,299,142</u> | <u>\$ (4,733,509)</u> | <u>\$ (3,368,049)</u> |
| <u>4.9%</u> | <u>4.8%</u> | <u>4.7%</u> | <u>4.8%</u> | <u>5.1%</u> | <u>4.8%</u> |

**TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)**

| Fiscal Year | Ad Valorem Tax | Franchise Fees | | Public Service Tax | | | Total |
|---------------------|----------------|----------------|-------|--------------------|------------------------|-------|--------|
| | | Electric | Other | Electric | Telecom- munication | Gas | |
| 2009 | 12,346 | 3,967 | 73 | 4,071 | 3,647 | 105 | 24,209 |
| 2010 | 12,569 | 4,052 | 54 | 4,556 | 3,382 | 121 | 24,734 |
| 2011 | 11,635 | 3,893 | 32 | 4,324 | 3,122 | 111 | 23,117 |
| 2012 | 11,817 | 3,412 | 62 | 4,033 | 2,976 | 102 | 22,402 |
| 2013 | 11,336 | 3,405 | 32 | 4,303 | 2,913 | 99 | 22,088 |
| 2014 | 11,947 | 3,742 | 52 | 4,617 | 2,642 | 116 | 23,116 |
| 2015 | 12,866 | 3,723 | 51 | 4,707 | 2,486 | 120 | 23,953 |
| 2016 | 13,772 | 3,560 | 46 | 5,125 | 2,257 | 118 | 24,878 |
| 2017 | 14,767 | 3,677 | 59 | 4,913 | 2,087 | 128 | 25,631 |
| 2018 | 15,946 | 3,950 | 70 | 5,099 | 2,089 | 133 | 27,287 |
| Change 2009-2018 | 29.2% | -0.4% | -4.1% | 25.3% | -42.7% | 26.7% | 12.7% |

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)**

| Fiscal Year Beginning | Real Property | Personal Property | Total Assessed Valuation | Total Direct Rate | Total Estimated Actual Value | Assessed Value as a Percentage of Actual Value |
|----------------------------------|--------------------------|------------------------------|---|----------------------------------|---|---|
| 2009 | 3,715,742 | 131,743 | 3,847,485 | 5.43755 | 4,083,032 | 94.2% |
| 2010 | 3,153,624 | 129,655 | 3,283,279 | 6.3776 | 3,305,013 | 99.3% |
| 2011 | 2,514,783 | 136,842 | 2,651,625 | 8.2995 | 2,655,628 | 99.8% |
| 2012 | 2,478,869 | 134,375 | 2,613,244 | 7.9900 | 2,635,068 | 99.2% |
| 2013 | 2,568,002 | 119,558 | 2,687,560 | 7.9900 | 2,779,525 | 96.7% |
| 2014 | 2,740,782 | 113,795 | 2,854,577 | 7.9900 | 3,130,217 | 91.2% |
| 2015 | 2,893,546 | 113,527 | 3,007,073 | 7.9900 | 3,441,163 | 87.4% |
| 2016 | 3,098,720 | 115,403 | 3,214,123 | 7.9500 | 3,833,028 | 83.9% |
| 2017 | 3,428,497 | 120,726 | 3,549,223 | 7.8500 | 4,449,555 | 79.8% |
| 2018 | 3,834,440 | 121,495 | 3,955,935 | 7.8500 | 5,201,004 | 76.1% |

Source: County of Volusia Property Appraiser.

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Per One Thousand Dollars of Taxable Value)**

| Fiscal Year Beginning | * Direct Rate | | ** Overlapping Rates | | | | Total |
|--------------------------|--------------------|----------------------|--------------------------------------|--|---|--|----------|
| | City of Deltona | County of Volusia | Volusia County School Board | St. Johns River Water Management District | Florida Inland Navigation District | West Volusia Hospital Authority | |
| 2009 | 5.43755 | 6.37434 | 7.80500 | 0.41580 | 0.03450 | 1.74500 | 21.81219 |
| 2010 | 6.37760 | 6.30250 | 8.23700 | 0.41580 | 0.03450 | 2.08180 | 23.44920 |
| 2011 | 8.29950 | 6.77910 | 8.06300 | 0.33130 | 0.03450 | 2.38490 | 25.89230 |
| 2012 | 7.99000 | 6.88090 | 7.88800 | 0.33130 | 0.03450 | 2.46660 | 25.59130 |
| 2013 | 7.99000 | 7.27090 | 7.35800 | 0.32830 | 0.03450 | 2.37590 | 25.35760 |
| 2014 | 7.99000 | 7.27090 | 7.33600 | 0.31640 | 0.03450 | 1.92370 | 24.87150 |
| 2015 | 7.99000 | 7.27090 | 7.19700 | 0.30230 | 0.03200 | 1.66790 | 24.46010 |
| 2016 | 7.95000 | 7.05200 | 6.84800 | 0.28850 | 0.03200 | 1.59000 | 23.76050 |
| 2017 | 7.85000 | 7.05200 | 6.52000 | 0.27240 | 0.03200 | 2.36600 | 24.09240 |
| 2018 | 7.85000 | 6.64640 | 6.28100 | 0.25620 | 0.03200 | 2.17510 | 23.24070 |

* The City of Deltona has no General Obligation debt, therefore the direct rate has no components.

** The overlapping rate represents agencies which have taxing authority within the area. These rates plus the City direct rate is the total mileage rate attributable to property within the City.

**PRINCIPAL TAXPAYERS
CURRENT AND TEN YEARS AGO
FISCAL YEARS ENDING**

| Taxpayer | September 30, 2008 | | | September 30, 2018 | | |
|--|--------------------------------|------|--|---------------------------------|------|--|
| | Assessed Valuation (in 1000's) | Rank | Percentage of Total Taxable Assessed Value | Assessed Valuation (in 1,000's) | Rank | Percentage of Total Taxable Assessed Value |
| Duke Energy Florida, Inc. (formerly Progress Energy) | \$ 8,689 | 4 | 0.3% | \$ 29,863 | 1 | 1.3% |
| Florida Power & Light Company | 16,304 | 1 | 0.5% | 27,721 | 2 | 1.2% |
| 2017-1 IH Borrower L.P. | | | 0.0% | 18,516 | 3 | 0.8% |
| Wal-Mart Stores East LP | 15,767 | 2 | 0.5% | 15,418 | 4 | 0.7% |
| Preferred Trust Co. | | | 0.0% | 10,289 | 5 | 0.4% |
| Lowe's Home Centers, Inc. | | | 0.0% | 8,858 | 6 | 0.4% |
| 2015-3 IH2 Borrower L.P. | | | 0.0% | 8,458 | 7 | 0.4% |
| Racetrac Petroleum, Inc. | | | 0.0% | 8,241 | 8 | 0.4% |
| Publix Super Markets, Inc. | | | 0.0% | 8,214 | 9 | 0.3% |
| Charter Communications | | | 0.0% | 8,100 | 10 | 0.3% |
| D O T Properties N V | 10,591 | 3 | 0.3% | | | 0.0% |
| Florida, Inc.) | 8,195 | 5 | 0.3% | | | 0.0% |
| Bellsouth Telecommunication, Inc. | 8,002 | 6 | 0.3% | | | 0.0% |
| Bright House Networks, LLC | 7,755 | 7 | 0.3% | | | 0.0% |
| Trafalgar Holdings, LLC | 7,742 | 8 | 0.3% | | | 0.0% |
| Deutsche Bank National Trust Co. | 7,012 | 9 | 0.2% | | | 0.0% |
| Deltona Associates, LTD | 6,017 | 10 | 0.2% | | | 0.0% |
| All Other | 2,980,982 | | 96.9% | 2,209,730 | | 93.9% |
| | <u>\$ 3,077,056</u> | | <u>100.0%</u> | <u>\$ 2,353,408</u> | | <u>100.0%</u> |

Source: County of Volusia Property Appraiser.

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

| Fiscal Year Ended | Total Tax Levy | Current Levy Collections | Percent of Levy Collected | Delinquent Tax Collections | Total Tax Collections | Percent Total Collections To Levy |
|--------------------------|-----------------------|---------------------------------|----------------------------------|-----------------------------------|------------------------------|--|
| 2009 | 12,779,905 | 12,320,999 | 96.4% | 25,189 | 12,346,188 | 96.6% |
| 2010 | 12,990,671 | 12,513,417 | 96.3% | 55,528 | 12,568,945 | 96.8% |
| 2011 | 12,171,912 | 11,635,431 | 95.6% | 38,010 | 11,673,441 | 95.9% |
| 2012 | 12,242,985 | 11,816,523 | 96.5% | 40,161 | 11,856,684 | 96.8% |
| 2013 | 11,743,907 | 11,336,295 | 96.5% | 68,951 | 11,405,246 | 97.1% |
| 2014 | 12,320,107 | 11,947,445 | 97.0% | 21,517 | 11,968,962 | 97.1% |
| 2015 | 13,320,346 | 12,866,342 | 96.6% | 48,008 | 12,914,350 | 97.0% |
| 2016 | 14,250,718 | 13,771,773 | 96.6% | 29,458 | 13,801,231 | 96.8% |
| 2017 | 15,207,700 | 14,767,290 | 97.1% | 3,641 | 14,770,931 | 97.1% |
| 2018 | 16,560,083 | 15,946,213 | 96.3% | 23,942 | 15,970,155 | 96.4% |

Florida Statute 197.012 allows a discount for early payment of taxes of 4% in November, 3% in December, 2% in January and 1% in February. Taxes become delinquent on April 1 of each year.

The County Tax Collector is responsible for collecting and remitting all property taxes. They do not keep track of amounts which are past due on a regular basis. Once a year they consolidate all past due amounts and have a tax certificate sale. The money obtained from this sale is then distributed to the proper taxing authority.

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

| Year Ended | Governmental Activities | | | BusinessType Activities | | | Total Primary Government Debt | Per Capita Debt | Debt as a Percentage of Personal Income (1) |
|------------|-----------------------------|----------------------------------|----------------------|---|---------------------------------------|---------------------------|-------------------------------|-----------------|---|
| | Transportation Bond (2) (3) | Capital Improvement Bond (2) (3) | Stormwater Bank Note | 2013 Utility System Refunding Bonds (2) | 2014 Utility System Revenue Bonds (2) | State Revolving Fund Loan | | | |
| 2009 | 16,867,510 | - | 6,569,345 | 79,111,169 | - | - | 102,548,024 | 1,217 | 4.29% |
| 2010 | 16,192,068 | - | 6,373,566 | 77,965,912 | - | - | 100,531,546 | 1,191 | 4.02% |
| 2011 | 15,486,626 | - | 6,167,727 | 76,520,655 | - | - | 98,175,008 | 1,153 | 3.79% |
| 2012 | 14,751,184 | - | 5,951,310 | 74,768,230 | - | - | 95,470,724 | 1,119 | 3.49% |
| 2013 | 13,975,742 | - | 5,723,772 | 81,663,779 | - | - | 101,363,293 | 1,186 | 3.70% |
| 2014 | 13,165,300 | - | 5,484,541 | 81,589,822 | - | - | 100,239,663 | 1,161 | 3.60% |
| 2015 | 12,319,858 | - | 5,233,017 | 80,225,865 | 23,218,501 | 25,066,944 | 146,064,185 | 1,669 | 5.16% |
| 2016 | - | 37,074,738 | 4,968,568 | 78,611,908 | 23,184,143 | 27,871,882 | 171,711,239 | 1,931 | 5.61% |
| 2017 | - | 36,398,913 | 4,690,530 | 76,932,950 | 22,689,787 | 27,041,208 | 167,753,388 | 1,864 | 5.40% |
| 2018 | - | 35,693,088 | 4,398,204 | 74,973,993 | 22,180,431 | 29,922,218 | 167,167,934 | 1,837 | 5.10% |

(1) Source for Per Capita Income - US Dept. of Commerce, Bureau of Economic Analysis (Florida Research Economic Database)

(2) Figures include relevant premiums.

(3) Capital Improvement Revenue Refunding Bonds, Series 2016, refunded Transportation Bonds, Series 2006

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2017**

| Taxing Authority | Debt Outstanding | Percentage Applicable to Deltona | Amount Applicable to Deltona |
|--|-------------------------|---|-------------------------------------|
| City of Deltona (1) | \$ 40,091,292 | 100% | \$ 40,091,292 |
| County of Volusia (2) | 9,480,000 | 6.77% | 641,796 |
| Volusia County School Board (3) | - | 0% | - |
| Total Direct and Overlapping Debt | \$ 49,571,292 | | \$ 40,733,088 |

(1) Governmental debt only; excludes business-type activities debt.

(2) Source: County of Volusia Finance Department; percentage based on Deltona's total taxable property value compared to Volusia County's total taxable property value.

(3) Source: Volusia County School Board.

**PLEGGED-REVENUE COVERAGE
LAST THREE FISCAL YEARS**

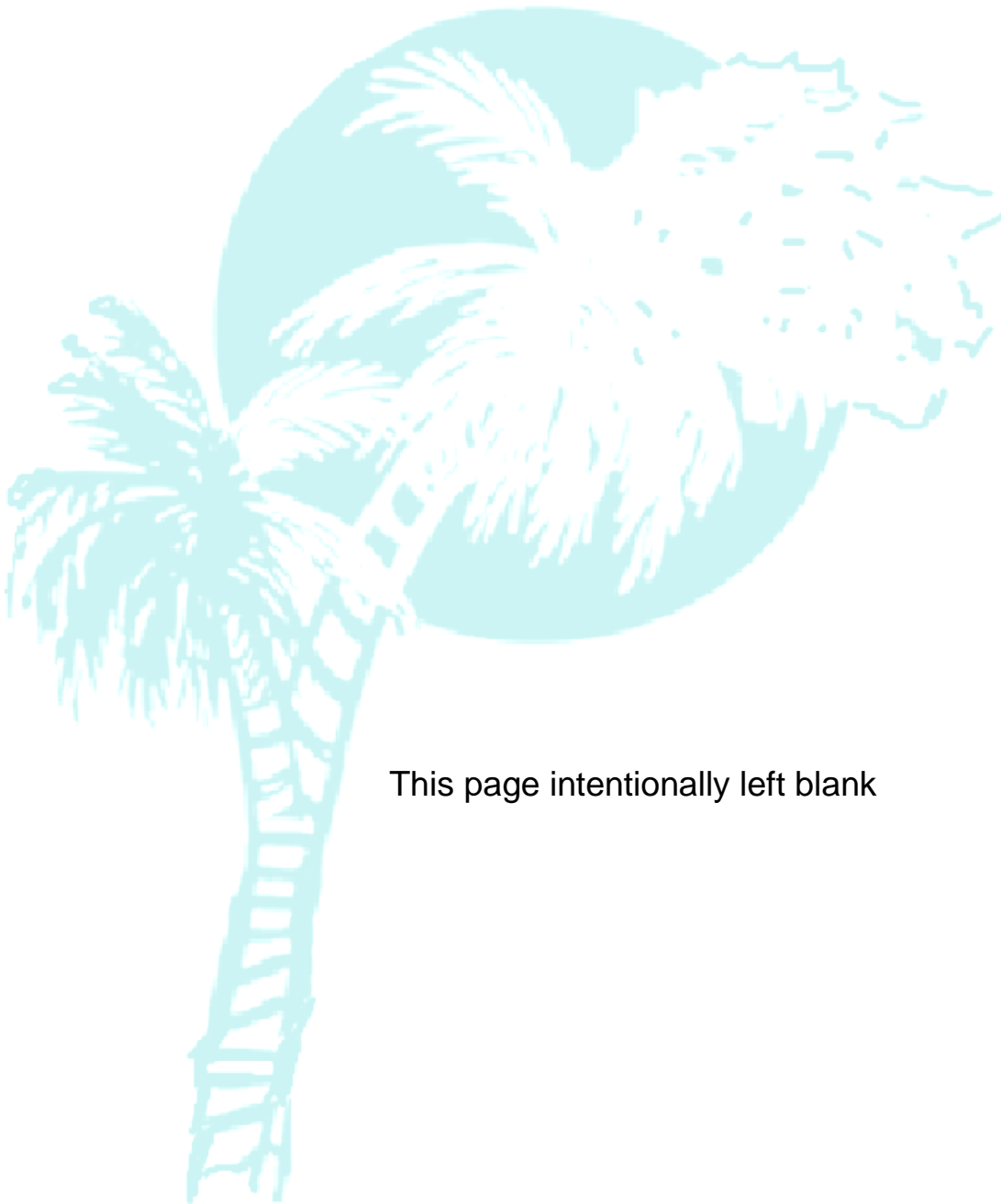
| Water and Sewer Revenue Bonds | | | | | | |
|--------------------------------------|-------------------------|--------------------------------|--------------------------|------------------|-----------------|-----------------|
| Fiscal Year Ended | (1) | (2) | Net | Principal | Interest | Coverage |
| | Utility Revenues | Less Operating Expenses | Available Revenue | | | |
| 2016 | 18,996,426 | 8,582,313 | 10,414,113 | 1,540,000 | 4,731,787 | 1.66 |
| 2017 | 20,169,805 | 8,412,132 | 11,757,673 | 1,605,000 | 4,660,862 | 1.88 |
| 2018 | 20,109,395 | 3,621,798 | 16,487,597 | 2,345,000 | 4,569,237 | 2.38 |

| Water and Sewer - State Revolving Fund (3) | | | | | | |
|---|-------------------------|------------------------------------|------------------------------|------------------|-----------------|-----------------|
| Fiscal Year Ended | Utility Revenues | Less Operating Expenses (3) | Net Available Revenue | Principal | Interest | Coverage |
| | 2016 | \$ 18,996,426 | \$ 14,854,100 | | | |
| 2017 | \$ 20,169,805 | \$ 14,677,994 | 5,491,811 | 1,347,135 | 478,229 | 3.01 |
| 2018 | \$ 20,109,395 | \$ 10,536,035 | 9,573,360 | 1,365,539 | 479,676 | 5.19 |

| Capital Improvement Revenue Refunding Bonds Series 2016 (4) | | | | | | |
|--|---------------------------|----------------------|----------------|------------------|-----------------|-----------------|
| | Pledged Revenues | | Total | Principal | Interest | Coverage |
| | 1/2 Cent Sales Tax | Service Taxes | Revenue | | | |
| 2016 | 4,678,595 | 7,499,797 | 12,178,392 | 950,000 | 305,297 | 9.70 |
| 2017 | 4,876,557 | 7,127,906 | 12,004,463 | 600,000 | 1,260,919 | 6.45 |
| 2018 | 5,177,402 | 7,321,620 | 12,499,022 | 630,000 | 1,230,919 | 6.72 |

| Stormwater Bank Note | | | | | | |
|-----------------------------|-------------------------------|-------------------|----------------|------------------|-----------------|-----------------|
| | Stormwater Assessments | | Total | Principal | Interest | Coverage |
| | Improved | Unimproved | Revenue | | | |
| 2016 | 3,828,637 | 330,166 | 4,158,803 | 264,449 | 262,200 | 7.90 |
| 2017 | 3,829,793 | 338,014 | 4,167,807 | 278,038 | 248,925 | 7.91 |
| 2018 | 3,837,058 | 335,531 | 4,172,589 | 292,326 | 234,996 | 7.91 |

- (1) For purposes of debt coverage all water and sewer revenues are included and water and sewer impact fees are excluded. Interest income is included.
- (2) Operating expenses do not include depreciation.
- (3) Repayment of the State Revolving Fund (SRF) loan, which is subordinate to the 2013 and 2014 revenue bonds, began in FY 2015/2016. The Net Available Revenue presented in this table is comprised of pledged revenues less operating expenses, which include debt service on the 2013 and 2014 bonds to reflect the SRF Loan's subordinate status.
- (4) The City issued Capital Improvement Revenue Refunding Bonds, Series 2016, in FY2015/2016. The 2016 bond issued funded projects secured by pledged revenue from the General Fund.



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**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

| Year | Per Capita Income (1) | | | | | | |
|---------|-----------------------|--------|--------|----------|--------|--------|---------|
| | Florida | Lake | Orange | Seminole | Sumter | Marion | Volusia |
| 2008-09 | 38,417 | 30,460 | 35,303 | 42,223 | 26,481 | 30,322 | 30,374 |
| 2009-10 | 39,064 | 31,520 | 36,639 | 43,439 | 27,504 | 31,225 | 32,098 |
| 2010-11 | 38,965 | 30,785 | 36,400 | 42,340 | 30,259 | 31,097 | 32,255 |
| 2011-12 | 38,345 | 32,554 | 34,916 | 39,596 | 26,699 | 31,475 | 32,339 |
| 2012-13 | 41,012 | 34,442 | 37,013 | 42,191 | 35,032 | 35,570 | 34,445 |
| 2013-14 | 41,497 | 34,782 | 37,844 | 42,986 | 37,206 | 34,437 | 34,530 |
| 2014-15 | 42,737 | 35,786 | 38,007 | 41,806 | 37,558 | 32,571 | 36,052 |
| 2015-16 | 44,429 | 37,698 | 39,591 | 42,851 | 39,012 | 33,800 | 37,802 |
| 2016-17 | 45,953 | 38,266 | 41,515 | 44,703 | 39,534 | 34,765 | 38,807 |
| 2017-18 | 47,684 | 40,541 | 42,541 | 46,231 | 43,464 | 35,864 | 40,658 |

| Year | Median Household Income (2) | | | | | | |
|---------|-----------------------------|--------|--------|----------|--------|--------|---------|
| | Florida | Lake | Orange | Seminole | Sumter | Marion | Volusia |
| 2008-09 | 48,637 | 45,945 | 52,133 | 59,317 | 44,213 | 41,128 | 44,304 |
| 2009-10 | 47,051 | 45,191 | 49,933 | 57,302 | 43,376 | 39,998 | 43,580 |
| 2010-11 | 46,077 | 44,738 | 47,448 | 57,741 | 45,382 | 39,238 | 44,133 |
| 2011-12 | 45,736 | 44,978 | 46,769 | 57,962 | 45,516 | 38,258 | 41,766 |
| 2012-13 | 45,637 | 43,931 | 46,172 | 57,164 | 45,712 | 37,574 | 40,836 |
| 2013-14 | 45,872 | 44,510 | 46,416 | 55,846 | 47,766 | 37,986 | 40,461 |
| 2014-15 | 47,212 | 45,465 | 47,556 | 57,875 | 49,874 | 39,339 | 41,714 |
| 2015-16 | 47,507 | 46,403 | 47,943 | 57,010 | 50,350 | 39,459 | 41,117 |
| 2016-17 | 48,900 | 47,141 | 49,391 | 58,538 | 52,594 | 40,295 | 42,240 |
| 2017-18 | 50,883 | 49,734 | 51,586 | 60,739 | 54,771 | 41,964 | 43,838 |

(1) Source US Department of Commerce, Bureau of Economic Analysis (Florida Research Economic Database)

(2) Source U. S. Census Bureau American FactFinder, American Community Survey

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Continued)

| Year | Cost of Living Index Volusia and Surrounding Counties (1) | | | | | |
|---------|---|-------|--------|----------|--------|--------|
| | Volusia | Lake | Orange | Seminole | Sumter | Marion |
| 2008-09 | 95.23 | 97.64 | 101.13 | 100.07 | 95.46 | 94.79 |
| 2009-10 | 95.39 | 97.51 | 101.00 | 99.81 | 95.34 | 94.71 |
| 2010-11 | 96.13 | 97.49 | 100.98 | 99.64 | 96.39 | 96.28 |
| 2011-12 | 96.19 | 96.95 | 100.42 | 99.35 | 95.49 | 95.83 |
| 2012-13 | 95.78 | 96.43 | 99.88 | 99.33 | 95.65 | 95.51 |
| 2013-14 | 98.25 | 97.02 | 100.49 | 99.17 | 95.45 | 94.97 |
| 2014-15 | 94.75 | 96.33 | 99.78 | 98.72 | 94.19 | 93.43 |
| 2015-16 | 95.33 | 96.99 | 100.46 | 99.03 | 94.83 | 94.41 |
| 2016-17 | 95.57 | 97.23 | 100.71 | 99.28 | 95.07 | 93.29 |
| 2017-18 | 95.72 | 97.38 | 100.87 | 99.44 | 96.03 | 93.88 |

| Year | Unemployment Volusia and Surrounding Counties (2) | | | | |
|---------|---|-------|--------|----------|--------|
| | Volusia | Lake | Orange | Seminole | Marion |
| 2008-09 | 10.80 | 11.10 | 10.50 | 9.80 | 12.90 |
| 2009-10 | 12.30 | 12.00 | 11.40 | 10.70 | 13.80 |
| 2010-11 | 11.20 | 11.20 | 10.30 | 9.70 | 12.30 |
| 2011-12 | 9.50 | 8.80 | 8.20 | 8.10 | 10.20 |
| 2012-13 | 8.20 | 7.40 | 6.80 | 6.70 | 8.50 |
| 2013-14 | 6.80 | 6.40 | 5.80 | 5.70 | 7.30 |
| 2014-15 | 5.80 | 5.50 | 5.00 | 4.90 | 6.40 |
| 2015-16 | 5.10 | 4.90 | 4.40 | 4.30 | 5.80 |
| 2016-17 | 4.30 | 4.10 | 3.70 | 3.60 | 4.90 |
| 2017-18 | 3.70 | 3.40 | 3.10 | 3.10 | 4.20 |

(1) Source University of Florida, Bureau of Economic and Business Research

(2) U. S. Dept. of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
(Concluded)**

| Fiscal Year | Population (1) | | | Unemployment Rate (2) | School (3) | | Personal Income (4) Deltona / Daytona Beach / Ormond Beach (thousands of dollars) | |
|-------------|----------------|---------|-----------|-----------------------|------------|------------|---|------------|
| | Deltona | County | % of City | | Enrollment | Attendance | | |
| 2009 | 84,264 | 510,750 | 16.50% | 11.7% | 14,508 | 94.1% | \$ | 15,895,098 |
| 2010 | 84,385 | 507,105 | 16.64% | 12.9% | 13,535 | 94.1% | \$ | 15,963,663 |
| 2011 | 85,182 | 494,593 | 17.22% | 12.1% | 12,747 | 96.5% | \$ | 15,994,714 |
| 2012 | 85,281 | 497,145 | 17.15% | 10.2% | 12,406 | 95.9% | \$ | 16,544,186 |
| 2013 | 85,442 | 498,978 | 17.12% | 8.6% | 12,262 | 95.7% | \$ | 20,634,149 |
| 2014 | 86,360 | 503,851 | 17.14% | 7.2% | 12,330 | 96.3% | \$ | 20,966,259 |
| 2015 | 87,497 | 510,494 | 17.14% | 6.3% | 12,396 | 96.2% | \$ | 22,594,385 |
| 2016 | 88,922 | 517,411 | 17.19% | 5.2% | 12,351 | 96.6% | \$ | 23,993,947 |
| 2017 | 89,984 | 523,405 | 17.19% | 4.6% | 13,152 | 95.5% | \$ | 24,924,087 |
| 2018 | 91,007 | 531,062 | 17.14% | 3.8% | 12,218 | 96.3% | \$ | 26,703 (5) |

(1) Source: Office of Economic & Demographic Research.

(2) City of Deltona Unemployment Rate. Source: U. S. Dept. of Labor, Bureau of Labor Statistics.

(3) Source: Volusia County School Board.

(4) Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

(5) U.S. Dept. of Commerce, Bureau of Economic Analysis formerly presented personal income data in thousands of dollars (from 2009 through 2017). Starting in 2018, data is denominated in millions of dollars.

**FULL-TIME EQUIVALENT CITY GOVERNMENT
EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

| Function/Program | Full-Time Equivalent Employees | | | | |
|-----------------------------------|--------------------------------|--------------|--------------|--------------|--------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| City Commission | 1.0 | 1.0 | 0.5 | 1.0 | 1.0 |
| City Manager | 4.0 | 4.0 | 6.5 | 6.5 | 6.5 |
| City Clerk | 5.0 | 5.0 | 5.5 | 5.5 | 5.5 |
| Finance | 12.0 | 11.0 | 11.0 | 11.0 | 12.0 |
| Information Technology Services | 5.0 | 5.0 | 5.0 | 5.0 | 5.5 |
| City Attorney | 4.5 | 4.0 | 5.0 | 2.0 | 2.0 |
| Planning & Development Services | 10.0 | 7.0 | 8.0 | 8.0 | 8.0 |
| Building & Zoning Services | 9.0 | 9.0 | 8.0 | 10.5 | 10.5 |
| Human Resources | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 |
| General Government | 1.0 | 1.0 | - | - | - |
| Enforcement Services | 15.0 | 15.0 | 13.0 | 14.0 | 16.0 |
| Parks & Recreation | 30.0 | 30.0 | 26.0 | 25.0 | 25.0 |
| The Center at Deltona | - | - | - | - | - |
| Total general government | 101.0 | 96.5 | 93.0 | 93.0 | 96.5 |
| *Police Officers | 69.0 | 69.0 | 73.0 | 76.0 | 76.0 |
| Fire & Rescue: | | | | | |
| Firefighters | 69.0 | 69.0 | 69.0 | 69.0 | 69.0 |
| Administration & Communication | 26.0 | 25.0 | 24.0 | 9.5 | 8.0 |
| Total Fire & Rescue | 95.0 | 94.0 | 93.0 | 78.5 | 77.0 |
| Total public safety | 164.0 | 163.0 | 166.0 | 154.5 | 153.0 |
| Public Works | 30.5 | 31.0 | 27.0 | 27.0 | 28.0 |
| Storm Water | 26.0 | 26.0 | 26.0 | 26.0 | 26.0 |
| Grant funded positions | 3.0 | 2.0 | 1.5 | 2.5 | 2.5 |
| Total public services | 59.5 | 59.0 | 54.5 | 55.5 | 56.5 |
| Water/Sewer utility | 65.0 | 65.0 | 64.0 | 64.0 | 64.0 |
| Solid Waste | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Total public services | 67.0 | 67.0 | 66.0 | 66.0 | 66.0 |
| Total government employees | 391.5 | 385.5 | 379.5 | 369.0 | 372.0 |

* Law enforcement services contracted with Volusia County Sheriff's Office

Source: City Finance Department

| 2014 | 2015 | 2016 | 2017 | 2018 |
|--------------|--------------|--------------|--------------|--------------|
| 1.0 | 1.0 | 1.0 | 1.0 | 0.5 |
| 7.5 | 7.0 | 8.0 | 7.0 | 9.0 |
| 5.5 | 5.5 | 5.5 | 5.5 | 5.5 |
| 12.0 | 11.0 | 11.0 | 11.0 | 11.0 |
| 6.0 | 6.0 | 7.0 | 8.0 | 8.0 |
| 2.0 | 2.0 | 2.0 | 1.0 | 1.0 |
| 8.0 | 7.0 | 10.0 | 10.0 | 11.0 |
| 10.5 | 10.5 | 7.5 | 7.5 | 12.5 |
| 4.5 | 4.5 | 4.5 | 4.5 | 5.0 |
| - | 0.5 | 1.0 | 1.0 | 1.0 |
| 16.0 | 18.0 | 19.0 | 19.0 | 19.0 |
| 26.0 | 26.5 | 29.0 | 31.0 | 30.0 |
| - | - | - | - | 7.0 |
| 99.0 | 99.5 | 105.5 | 106.5 | 120.5 |
| 76.0 | 76.0 | 76.0 | 76.0 | 76.0 |
| 69.0 | 69.0 | 69.0 | 69.0 | 72.0 |
| 8.0 | 8.0 | 11.0 | 11.0 | 11.0 |
| 77.0 | 77.0 | 80.0 | 80.0 | 83.0 |
| 153.0 | 153.0 | 156.0 | 156.0 | 159.0 |
| 28.0 | 29.0 | 29.0 | 31.0 | 31.0 |
| 26.0 | 28.0 | 28.0 | 30.0 | 33.0 |
| 3.0 | 3.0 | - | - | - |
| 57.0 | 60.0 | 57.0 | 61.0 | 64.0 |
| 67.0 | 76.0 | 78.0 | 82.0 | 82.0 |
| 2.0 | 2.0 | 2.0 | 1.0 | 1.0 |
| 69.0 | 78.0 | 80.0 | 83.0 | 83.0 |
| 378.0 | 390.5 | 398.5 | 406.5 | 426.5 |

**VARIOUS INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

| | Fiscal Year | | | | | | | | | |
|---|--|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| General | | | | | | | | | | |
| Last charter amendment | November 4, 2014 | | | | | | | | | |
| Number of Commissioners | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Form of government | Commissioner: 4 Year Term of Office - Appointed City Manager | | | | | | | | | |
| Municipal boundaries (1) | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 |
| Police | | | | | | | | | | |
| Number of stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of Police officers | 69 | 73 | 76 | 76 | 76 | 76 | 76 | 76 | 76 | 76 |
| Number of patrol vehicles | 69 | 73 | 73 | 76 | 76 | 76 | 76 | 76 | 76 | 76 |
| Number of arrests | 3,229 | 4,091 | 4,131 | 3,947 | 4,108 | 3,986 | 3,453 | 3,142 | 2,963 | 2,506 |
| Fire | | | | | | | | | | |
| Number of stations | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Number of vehicles (engines) | 6 | 8 | 8 | 8 | 8 | 9 | 9 | 9 | 9 | 9 |
| Number of calls | 7,872 | 8,134 | 8,311 | 8,844 | 9,101 | 9,074 | 9,608 | 9,987 | 10,876 | 10,618 |
| Building | | | | | | | | | | |
| Building permits issued | 3,216 | 3,551 | 3,143 | 3,022 | 3,174 | 3,877 | 3,722 | 5,072 | 7,130 | 8,557 |
| Average price of single family Residential construction | 222,361 | 217,248 | 295,597 | 281,498 | 355,539 | 321,660 | 380,443 | 329,098 | 266,490 | 265,753 |
| Value of permits issued (\$1,000's of dollars) (3) | 50,534 | 30,894 | 32,549 | 24,893 | 39,892 | 66,653 | 61,229 | 61,401 | 1,470,587 | 2,441,175 |
| Recreation | | | | | | | | | | |
| Number of parks | 16 | 19 | 19 | 19 | 20 | 20 | 20 | 20 | 21 | 21 |
| Acres maintained | 226 | 230 | 244 | 304 | 314 | 314 | 314 | 314 | 317 | 317 |
| Number of buildings | 16 | 17 | 29 | 29 | 30 | 30 | 30 | 30 | 30 | 30 |
| Number of people served | 238,521 | 223,882 | 245,000 | 260,000 | 270,000 | 283,000 | 296,000 | 315,000 | 315,000 | 350,000 |
| Library | | | | | | | | | | |
| Number of libraries | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Works | | | | | | | | | | |
| Miles of streets | 423.54 | 423.54 | 423.54 | 423.54 | 423.54 | 423.54 | 423.54 | 423.54 | 423.54 | 423.54 |
| Number of street lighting districts | 41 | 40 | 40 | 40 | 40 | 40 | 42 | 42 | 44 | 37 |
| Number of city maintained traffic signals | 9 | 12 | 16 | 16 | 16 | 16 | 16 | 18 | 20 | 20 |
| Number of school signals | 38 | 35 | 35 | 35 | 35 | 35 | 35 | 34 | 34 | 34 |
| Number of buildings | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 |
| Water | | | | | | | | | | |
| Number of units served | 31,610 | 31,731 | 31,195 | 31,250 | 31,599 | 33,515 | 33,577 | 33,646 | 33,743 | 33,889 |
| Average daily flow (2) | 10.89 | 9.59 | 9.59 | 8.41 | 8.01 | 9.11 | 9.52 | 9.86 | 9.55 | 8.95 |
| Miles of water main | 500 | 500 | 500 | 500 | 501 | 501 | 501 | 501 | 501 | 454 |
| Number of plants | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| Number of vehicles | 34 | 34 | 34 | 34 | 34 | 34 | 38 | 50 | 51 | 48 |
| Number of buildings | 28 | 28 | 28 | 28 | 28 | 29 | 29 | 29 | 29 | 29 |
| Wastewater | | | | | | | | | | |
| Miles of sanitary sewers | 93 | 93 | 93 | 93 | 93 | 93 | 93 | 93 | 93 | 91 |
| Number of vehicles | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 11 | 10 | 10 |
| Number of buildings | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 7 | 7 | 7 |
| Number of plants | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 |
| Reclaimed Main | | | | | | | | | 33 | 33 |

(1) Square miles.

(2) Millions of gallons.

(3) The amount has decreased due to the City of Deltona stopped collecting the County Impact Fees starting on FY 2017,

Source: Various City Departments

**WATER RELATED INDICATORS - LAST THREE FISCAL YEARS
WATER SOLD BY CUSTOMER TYPE
(In Millions of Gallons)**

| Type of Customer | Fiscal Year | | |
|--------------------------------------|-----------------|-----------------|-----------------|
| | 2016 | 2017 | 2018 |
| Single / Multi Family Residences | 2,103.48 | 2,214.39 | 2,116.55 |
| Commercial / Multi Family Commercial | 135.94 | 112.28 | 96.61 |
| Hydrant | 3.28 | 1.84 | 1.76 |
| Bulk | 42.63 | 47.94 | 48.75 |
| Irrigation | 57.39 | 73.96 | 55.96 |
| Totals | <u>2,342.72</u> | <u>2,450.41</u> | <u>2,319.63</u> |

WATER RATES BY CUSTOMER TYPE

| Type of Customer | 2016 Fiscal Year | |
|--|--------------------|---------------------|
| | Eff. 11/1/15 | |
| <u>Water Rates (Per 1,000 gallons consumed)</u> | Inside City Limits | Outside City Limits |
| Residential | | |
| 0 - 5,000 | 1.57 | 1.95 |
| 5,000 - 10,000 | 3.15 | 3.93 |
| 10,001 - 20,000 | 5.50 | 6.87 |
| over 20,001 | 11.00 | 13.76 |
| Commercial | | |
| Rates apply to all usage - no cap | 3.01 | 3.75 |
| Irrigation Rates (Per 1,000 gallons consumed) | | |
| 0 - 10,000 | 3.15 | 3.93 |
| 10,001 - 20,000 | 5.50 | 6.87 |
| over 20,001 | 11.00 | 13.76 |

| Type of Customer | 2017 Fiscal Year | |
|--|--------------------|---------------------|
| | Eff. 11/1/16 | |
| <u>Water Rates (Per 1,000 gallons consumed)</u> | Inside City Limits | Outside City Limits |
| Residential | | |
| 0 - 5,000 | 1.64 | 2.04 |
| 5,000 - 10,000 | 3.29 | 4.11 |
| 10,001 - 20,000 | 5.75 | 7.18 |
| over 20,001 | 11.50 | 14.38 |
| Commercial | | |
| Rates apply to all usage - no cap | 3.15 | 3.92 |
| Irrigation Rates (Per 1,000 gallons consumed) | | |
| 0 - 10,000 | 3.29 | 4.11 |
| 10,001 - 20,000 | 5.75 | 7.18 |
| over 20,001 | 11.50 | 14.38 |

| Type of Customer | 2018 Fiscal Year | |
|--|--------------------|---------------------|
| | Eff. 11/1/17 | |
| <u>Water Rates (Per 1,000 gallons consumed)</u> | Inside City Limits | Outside City Limits |
| Residential | | |
| 0 - 5,000 | 1.71 | 2.13 |
| 5,000 - 10,000 | 3.44 | 4.29 |
| 10,001 - 20,000 | 6.01 | 7.50 |
| over 20,001 | 12.02 | 15.03 |
| Commercial | | |
| Rates apply to all usage - no cap | 3.29 | 4.10 |
| Irrigation Rates (Per 1,000 gallons consumed) | | |
| 0 - 10,000 | 3.44 | 4.29 |
| 10,001 - 20,000 | 6.01 | 7.50 |
| over 20,001 | 12.02 | 15.03 |

(1) The City had both a rate structure and a rate change effective with bills dated on or after November 1, 2018.

**WASTEWATER RELATED INDICATORS - LAST THREE FISCAL YEARS
WASTEWATER SOLD BY CUSTOMER TYPE
(In Millions of Gallons)**

| Type of Customer | Fiscal Year | | |
|--------------------------------------|---------------|---------------|---------------|
| | 2016 | 2017 | 2018 |
| Single / Multi Family Residences | 251.55 | 254.77 | 244.38 |
| Multi Family Residences | - | - | - |
| Commercial / Multi Family Commercial | 87.18 | 95.55 | 85.72 |
| Bulk | 12.66 | 12.17 | 16.71 |
| Reclaimed - Residential & Commercial | 47.71 | 73.23 | 132.44 |
| Totals | 399.10 | 435.72 | 479.25 |

WASTEWATER RATES BY CUSTOMER TYPE

| Type of Customer | 2016 Fiscal Year | |
|---|--------------------|---------------------|
| | Eff. 11/1/15 | |
| <u>Sewer Rates (Per 1,000 gallons consumed)</u> | Inside City Limits | Outside City Limits |
| Residential | | |
| 0 - 5,000 | 14.04 | 17.56 |
| 5,000 - 10,000 | 18.25 | 22.82 |
| 10,001+ (no charge) | - | - |
| Commercial | | |
| Rates apply to all usage - no cap | 15.15 | 18.95 |
| Reclaimed (Per 1,000 gallons consumed) | | |
| Rates apply to all usage - no cap | 1.42 | 1.78 |

| Type of Customer | 2017 Fiscal Year | |
|---|--------------------|---------------------|
| | Eff. 11/1/16 | |
| <u>Sewer Rates (Per 1,000 gallons consumed)</u> | Inside City Limits | Outside City Limits |
| Residential | | |
| 0 - 5,000 | 14.81 | 18.53 |
| 5,000 - 10,000 | 19.25 | 24.08 |
| 10,001+ (no charge) | - | - |
| Commercial | | |
| Rates apply to all usage - no cap | 15.98 | 19.99 |
| Reclaimed (Per 1,000 gallons consumed) | | |
| Rates apply to all usage - no cap | 1.50 | 1.88 |

| Type of Customer | 2018 Fiscal Year | |
|---|--------------------|---------------------|
| | Eff. 11/1/17 | |
| <u>Sewer Rates (Per 1,000 gallons consumed)</u> | Inside City Limits | Outside City Limits |
| Residential | | |
| 0 - 5,000 | 15.62 | 19.55 |
| 5,000 - 10,000 | 20.31 | 25.40 |
| 10,001+ (no charge) | - | - |
| Commercial | | |
| Rates apply to all usage - no cap | 16.86 | 21.09 |
| Reclaimed (Per 1,000 gallons consumed) | | |
| Rates apply to all usage - no cap | 1.58 | 1.98 |

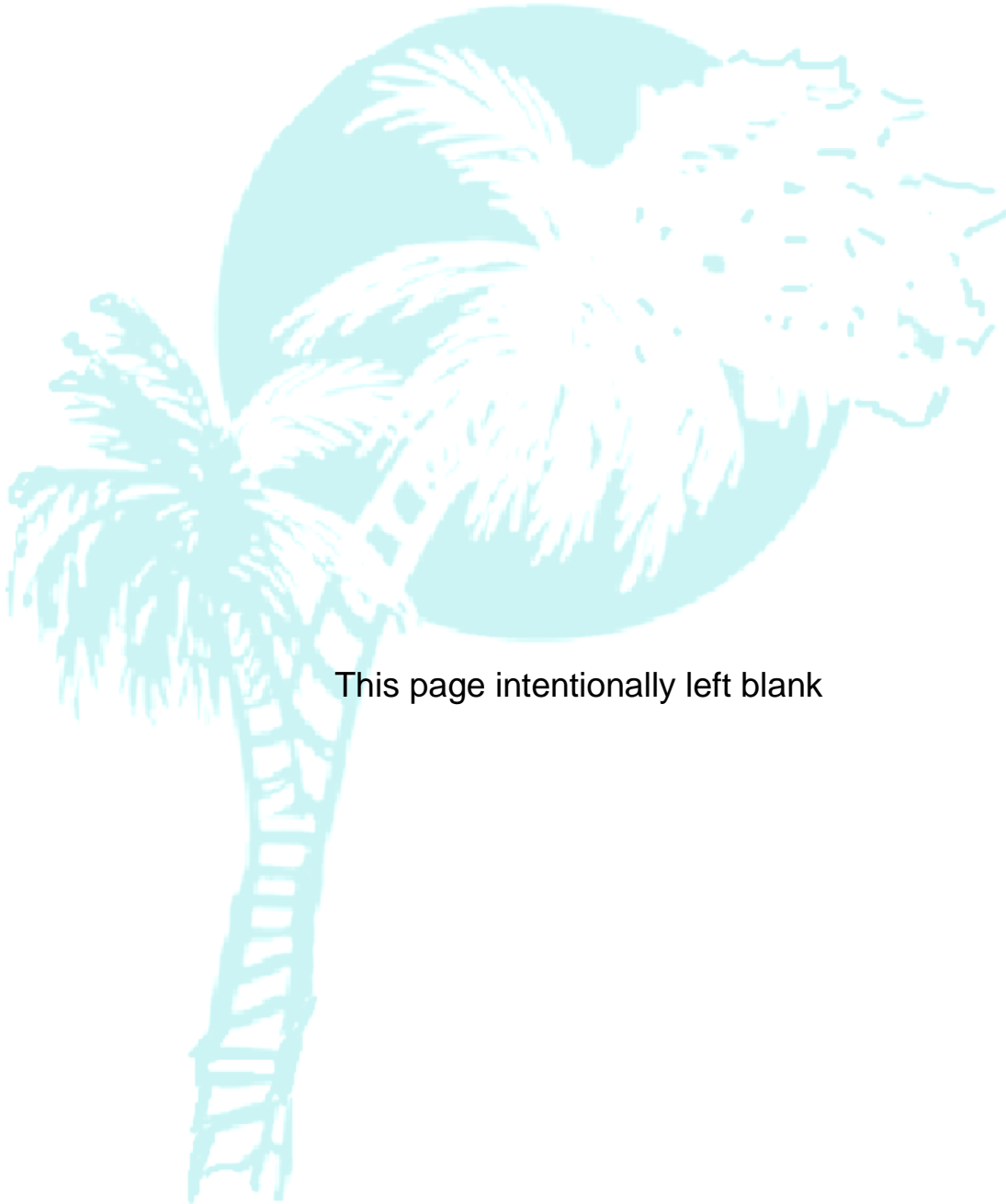
(1) The City had both a rate structure and a rate change effective with bills dated on or after November 1, 2018.

**PRINCIPAL EMPLOYERS
CURRENT AND TEN YEARS AGO**

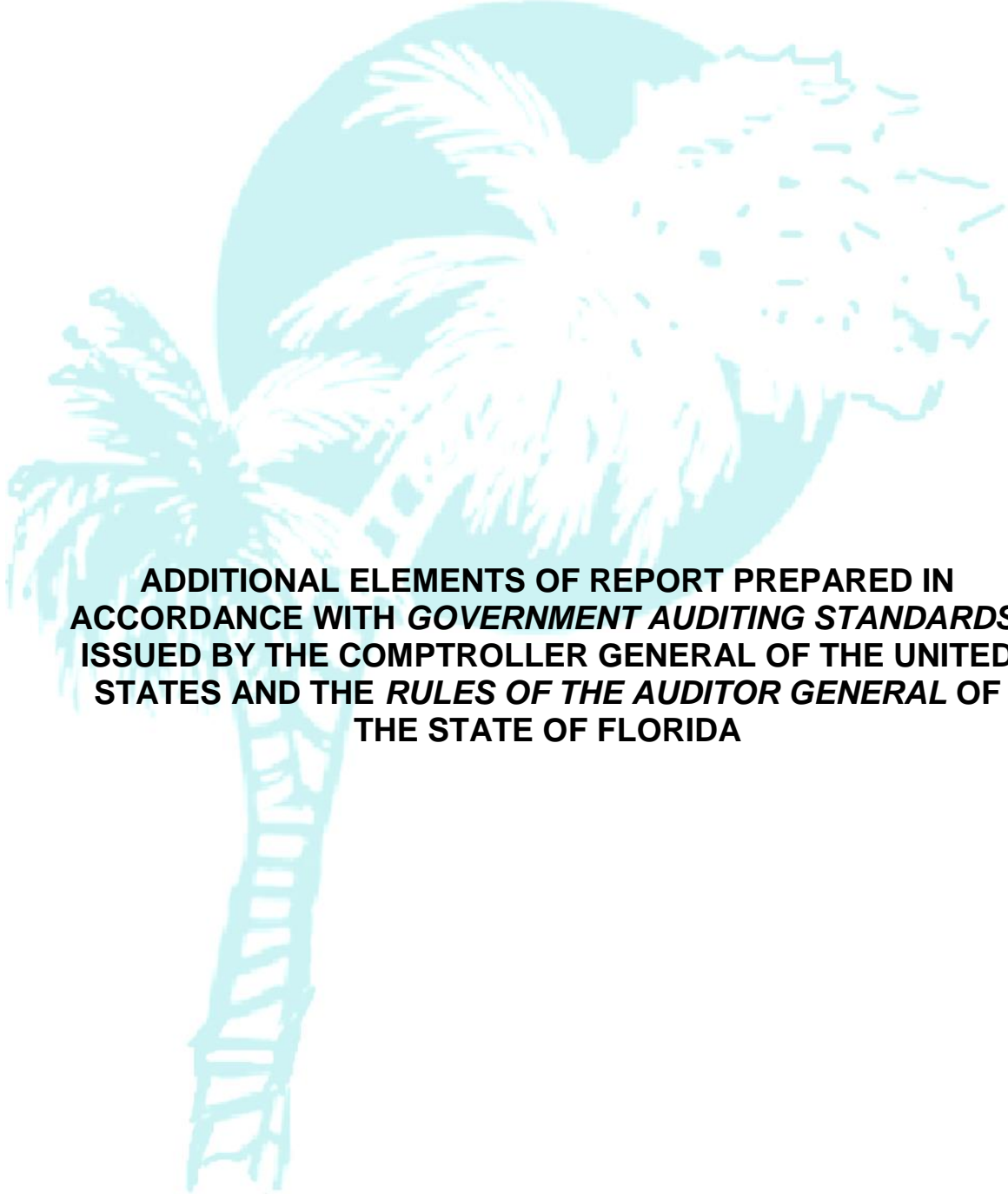
| Employer | 2018 | | | 2008 | | |
|---------------------------|--------------|------|-------------------------------------|--------------|------|-------------------------------------|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Publix Supermarkets | 577 | 1 | 6.64% | 314 | 3 | 2.96% |
| Wal-Mart | 450 | 2 | 5.18% | 220 | 5 | 2.08% |
| City of Deltona | 331 | 3 | 3.81% | 380 | 2 | 3.59% |
| Pine Ridge High School | 250 | 4 | 2.88% | 250 | 4 | 2.36% |
| Methodist Children's Home | 218 | 5 | 2.51% | N/A | | N/A |
| McDonalds | 177 | 6 | 2.04% | N/A | | N/A |
| Winn Dixie Stores | 170 | 7 | 1.96% | 390 | 1 | 3.68% |
| Deltona Health Care | 160 | 8 | 1.84% | N/A | | N/A |
| Galaxy Middle School | 160 | 9 | 1.84% | 160 | 8 | 1.51% |
| Deltona Middle School | 153 | 10 | 1.76% | 200 | 7 | 1.89% |
| Albertson's | | | 0.00% | 200 | 6 | 1.89% |
| Friendship Elementary | | | 0.00% | 150 | 10 | 1.42% |
| Total | 2,646 | | 30.46% | 2,264 | | 21.38% |

Source: InfoGroup Employer Database 2019 ed.1

* NOTE: The City does not have Principal Employer information further back than 2008;
Source - City's Comprehensive Annual Financial Report for FYE 09/30/08



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**ADDITIONAL ELEMENTS OF REPORT PREPARED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,
ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED
STATES AND THE *RULES OF THE AUDITOR GENERAL OF
THE STATE OF FLORIDA***

Schedule of Expenditures of Federal Awards and State Financial Assistance

CITY OF DELTONA, FLORIDA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

| Grantor/Pass-Through Grantor/Program Title | Grant Number | CFDA/ CSFA Number | Program or Award Amount | Expenses | Subrecipient Award Amount |
|--|----------------------|-------------------------|-------------------------------|----------------------|---------------------------------|
| FEDERAL AWARDS | | | | | |
| United States Department of Housing and Urban Development | | | | | |
| Community Development Block Grants | B-14-MC-12-0049 | 14.218 | \$ 440,094 | \$ 9,833 | - |
| Community Development Block Grants | B-15-MC-12-0049 | 14.218 | 449,626 | 109,873 | - |
| Community Development Block Grants | B-16-MC-12-0049 | 14.218 | 465,757 | 43,617 | - |
| Community Development Block Grants | B-17-MC-12-0049 | 14.218 | 507,294 | 341,175 | 75,300 |
| Community Development Block Grants - NSP | B-08-MN-12-0006 | 14.218 | 6,635,909 | 121,885 | - |
| Community Development Block Grants - NSP #3 | B-11-MN-12-0006 | 14.218 | 1,964,066 | 18,136 | - |
| Total United States Department of Housing and Urban Development | | | | <u>644,519</u> | <u>75,300</u> |
| United States Department of Transportation | | | | | |
| <i>Indirect: Through Florida Dept. of Transportation</i> | | | | | |
| Highway Planning and Construction | G0L87 | 20.205 | 236,310 | 210,813 | - |
| Total United States Department of Transportation | | | | <u>210,813</u> | <u>-</u> |
| United States Environmental Protection Agency | | | | | |
| <i>Indirect: Through Florida Dept. of Environmental Protection</i> | | | | | |
| Nonpoint Source Implementation Grants | NF004 | 66.460 | 363,500 | 174,631 | - |
| Total United States Environmental Protection Agency | | | | <u>174,631</u> | <u>-</u> |
| United States Department of Homeland Security | | | | | |
| <i>Passed Through State of Florida, Division of Emergency Management</i> | | | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 17PA-U5-06-74-01-029 | 97.036 | 945,305 | 945,305 | - |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | Z0170 | 97.036 | 14,569 | 14,569 * | - |
| Total United States Department of Homeland Security | | | | <u>959,874</u> | <u>-</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | | <u>\$ 1,989,837</u> | <u>\$ 75,300</u> |
| STATE FINANCIAL ASSISTANCE | | | | | |
| Florida Department of Environmental Protection | | | | | |
| <i>Direct:</i> | | | | | |
| Small Community Wastewater Treatment Grants | SG029 | 37.075 | 21,400 | 21,400 | - |
| Statewide Surface Water Restoration and Wastewater Projects | WW641830 | 37.077 | 7,355,066 | 4,626,367 | - |
| Statewide Surface Water Restoration and Wastewater Projects | WW641800 | 37.077 | 29,370,077 | 575,994 | - |
| <i>Indirect:</i> | | | | | |
| <i>St. Johns River Water Management District:</i> | | | | | |
| Florida Springs Grant Program | 28855 | 37.052 | 1,875,000 | 3,233,538 | - |
| Total Florida Department of Environmental Protection | | | | <u>8,457,299</u> | <u>-</u> |
| Florida Housing Finance Corporation | | | | | |
| State Housing Initiatives Partnership Program | FY16/17 | 40.901 | 554,512 | 331,267 | - |
| State Housing Initiatives Partnership Program | FY17/18 | 40.901 | 382,865 | 20,494 | - |
| Total Florida Housing Finance Corporation | | | | <u>351,761</u> | <u>-</u> |
| TOTAL STATE FINANCIAL ASSISTANCE | | | | <u>\$ 8,809,060</u> | <u>\$ -</u> |
| TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE | | | | <u>\$ 10,798,897</u> | <u>\$ 75,300</u> |

Note to the Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying Schedule of Federal Awards and State Financial Assistance is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and Chapter 10.550, Rules of the Auditor General, Local Governmental Entity Audits.

*Footnote: \$945,305.18 Hurricane Matthew expenditures were incurred in 2016 and \$14,568.72 Hurricane Irma expenditures were incurred in 2017.

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

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Deltona (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 March 26, 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 our opinions on the financial statements, and not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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P.O. Box 141270 • 222 N.E 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350
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Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

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

Compliance and Other Matters

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

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purvis, Gray and Company, LLP

March 26, 2019
Ocala, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

Report on Compliance for Each Major State Project

We have audited the City of Deltona, Florida's (the City) compliance with the types of compliance requirements described in the OMB *Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Project Compliance Supplement*, that could have a direct and material effect on the each of the City's major federal programs and state projects for the year ended September 30, 2018. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. Those standards, the Uniform Guidance, 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 a major federal program or state project 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 federal program and state project. However, our audit does not provide a legal determination on the City's compliance.

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Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL
(Concluded)**

Opinion on Each Major Federal Program and State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects 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 types of compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or 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 federal program or 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or 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 over compliance that might be material weaknesses or significant deficiencies. 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Purvis, Gray and Company, LLP

March 26, 2019
Ocala, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AND STATE AWARD PROGRAMS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
CITY OF DELTONA, FLORIDA**

SUMMARY OF AUDITORS' RESULTS

Financial Statements

| | |
|---|---------------|
| Type of Auditors' Report Issued: | Unmodified |
| Internal Control over Financial Reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None reported |
| Noncompliance material to financial statements noted? | No |

Federal Awards and State Projects

| | |
|--|---------------|
| Internal Control over Major Programs: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None reported |
| Type of Auditors' Report Issued on Compliance for Major Programs: | Unmodified |
| Any Audit Findings Disclosed that are Required to be Reported in Accordance with CFR 200.516(A) or Chapter 10.557 for Local Government Entities? | No |
| Identification of Major Programs: | |

Federal Program or Cluster

| | |
|--|-----------------|
| U.S. Department of Homeland Security: Disaster Grants – Public Assistance (Presidentially Declared Disasters) | CFDA No. 97.036 |
|--|-----------------|

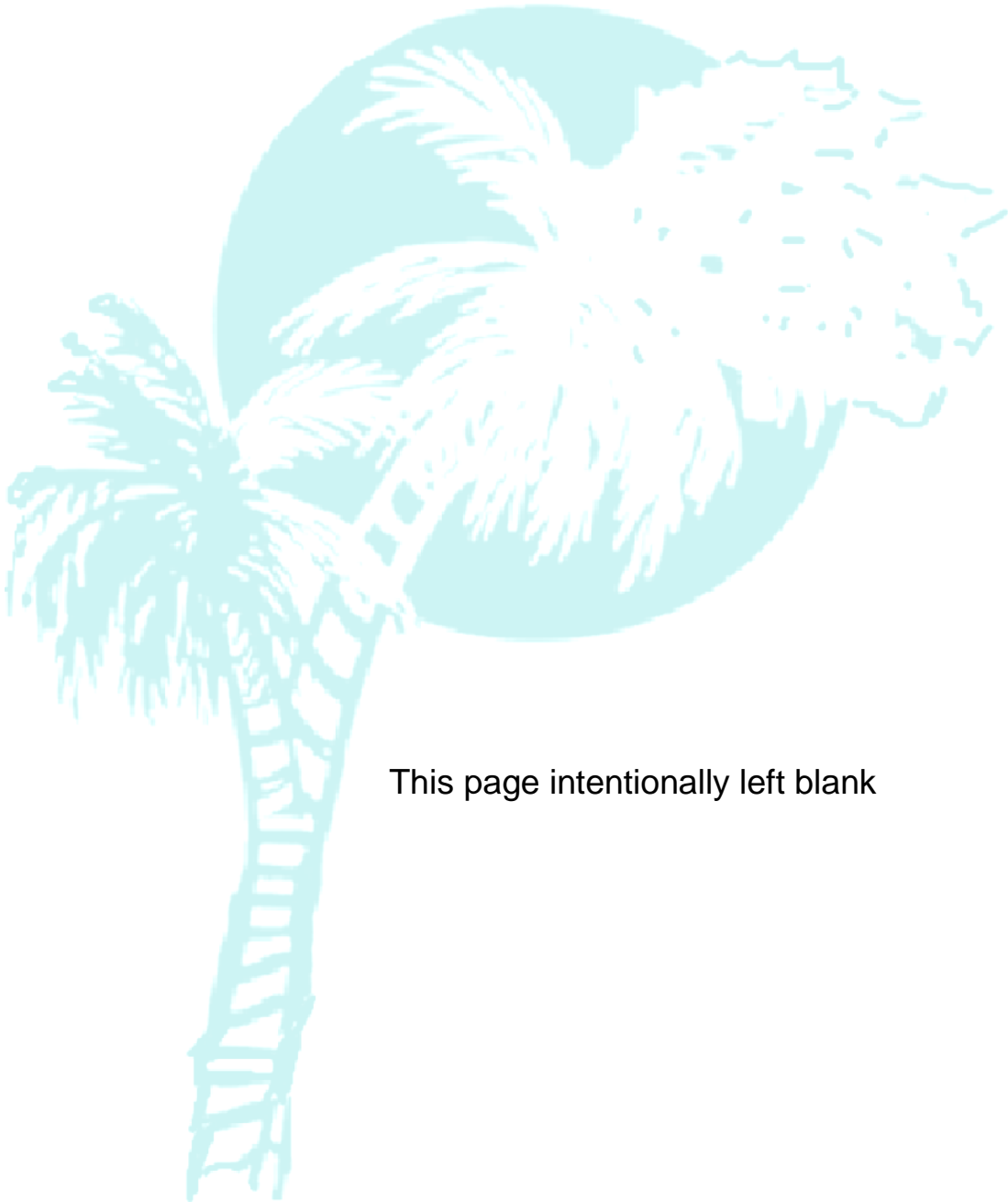
State Projects

| | |
|--|-----------------|
| Florida Department of Environmental Protection: Waste Water Treatment Facility Construction | CSFA No. 37.077 |
| Dollar Threshold Used to Distinguish Between Type A and Type B Programs – Federal Programs | \$750,000 |
| Dollar threshold used to distinguish between Type A and Type B programs – State Projects | \$300,000 |
| Auditee Qualified as Low-Risk Auditee Pursuant to the Uniform Guidance? | No |

Other Issues

The following statement, as applicable to the situation, may be required in the Schedule of Findings and Questioned Costs:

- No summary schedule of prior audit findings is required because there were no prior audit findings related to Federal Programs or State projects.



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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES**

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

We have examined the City of Deltona, Florida's (the City) compliance with requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2018, as required by Section 10.556(10)(a), *Rules of the Auditor General*.

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 and, accordingly, including 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specific requirements.

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

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

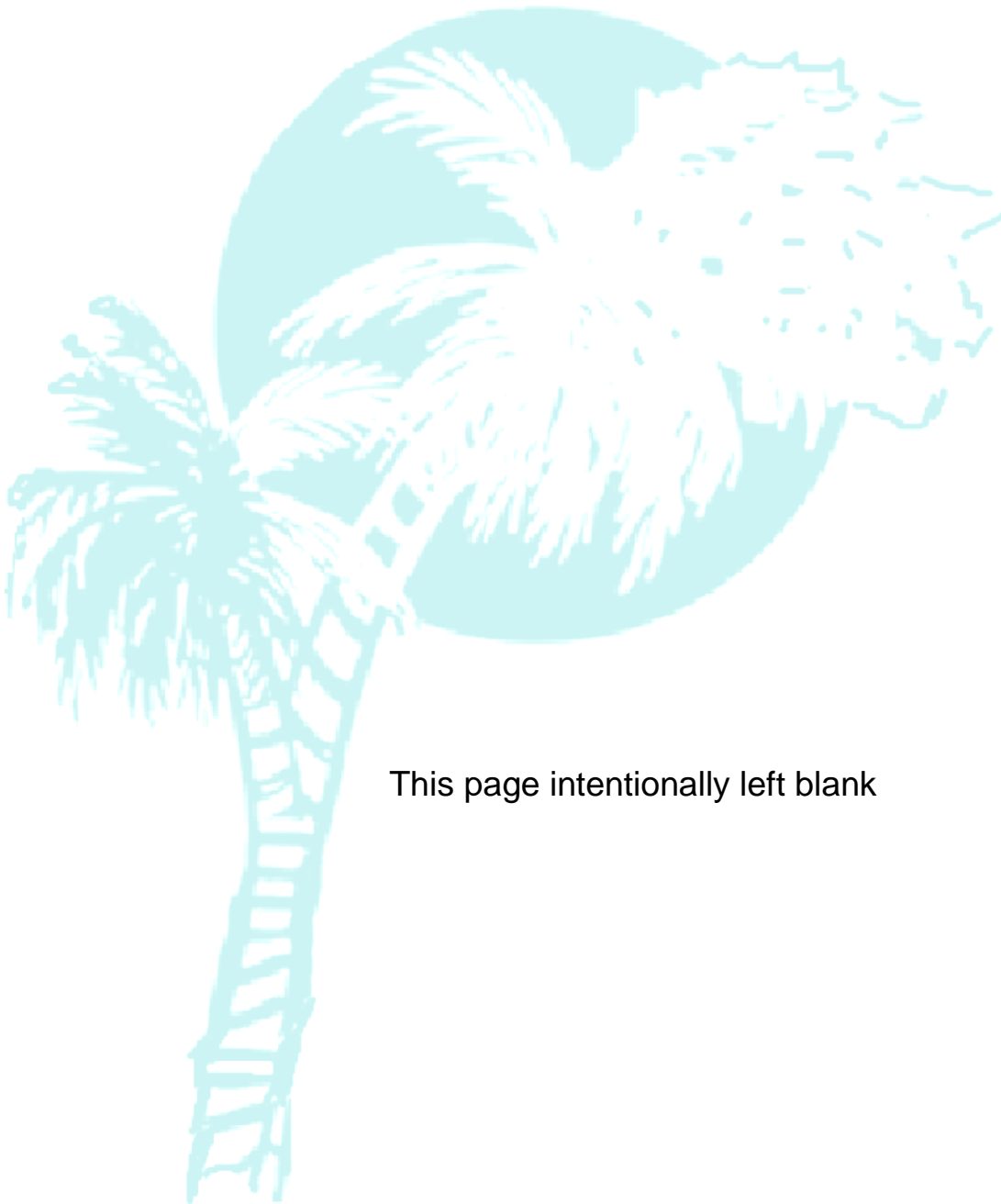
Purvis, Gray and Company, LLP

March 26, 2019
Ocala, Florida

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P.O. Box 141270 • 222 N.E 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461
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MANAGEMENT LETTER

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Deltona, Florida (the City) as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 26, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements For Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for each Major Federal Program and State Project and on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March 26, 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. There were no findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government be disclosed in the management letter, unless disclosed in the notes to the financial statements (see Note 1 of the City's basic financial statements as of and for the year ended September 30, 2018, for this information).

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Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

MANAGEMENT LETTER
(Concluded)

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate 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 to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the City. 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. In connection with our audit, we did not have any such recommendations.

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

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, accompanying reports, or other matters.

Purvis, Gray and Company, LLP

March 26, 2019
Ocala, Florida