



City of Port Orange, Florida



Comprehensive Annual Financial Report
For Fiscal Year Ended September 30, 2018

COVER PHOTO

The building was built in 1985 and was once used to house the Port Orange Police Department before a larger space was built for the department, now on Clyde Morris Blvd since 2010. On July 2017, by unanimous vote, the City Council made the decision to rename the building, the Dorothy L. Hukill City Center Annex, after a former Port Orange Mayor and former Florida Senator, before her passing in late 2018. After one year of renovations, the 17,000 square feet building now includes office space for the City's Public Works and Utilities Administration, Parks & Recreation Administration, and Records Storage for the City Clerk's office.

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

CITY OF PORT ORANGE, FLORIDA

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Prepared by:
Finance Department
Dr. Scott Neils, Finance Director

Table of Contents

Introductory Section

Table of Contents	i - iii
Principal City Officials	1
Letter of Transmittal.....	2 - 5
Organizational Chart.....	6
Certificate of Achievement for Excellence in Financial Reporting	7

Financial Section

Independent Auditors' Report.....	8 - 10
Management's Discussion and Analysis.....	11 - 24
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	26
Statement of Activities.....	27
Fund Financial Statements	
Balance Sheet—Governmental Funds.....	28
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.....	29
Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds.....	30
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	31
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	32
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Eastport Business Center CRA.....	33
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Town Center CRA.....	34
Statement of Net Position – Proprietary Funds	35
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	36
Statement of Cash Flows – Proprietary Funds	37
Statement of Fiduciary Net Position – Fiduciary Funds	38
Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	39
Notes to Financial Statements	40 - 84
Required Supplementary Information	
Schedule of Changes in Total OPEB Liability and Related Ratios.....	85
Schedule of Changes in Net Pension Liability and Related Ratios – General Employees Plan.....	86
Schedule of Changes in Net Pension Liability and Related Ratios – Police Plan.....	87
Schedule of Changes in Net Pension Liability and Related Ratios – Fire Plan	88
Schedule of Contributions – General Employees Plan.....	89
Schedule of Contributions – Police Plan.....	90
Schedule of Contributions – Fire Plan.....	91
Schedules of Investment Returns	92

Combining Nonmajor Governmental Funds Financial Statements and Other Schedules	
Combining Balance Sheet – Nonmajor Governmental Funds	94 - 95
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	96 - 97
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Business Development	98
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Recreation Facilities	99
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Community Development Building.....	100
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Community Development Block Grant.....	101
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Debt Service Funds.....	102
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Construction.....	103
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Transportation Capital Projects	104
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Fire Impact.....	105
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Transportation Impact	106
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Obligation Capital Projects.....	107
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Capital Replacement.....	108
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Economic Development Capital.....	109
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – 2014 Capital Improvement Bond Projects.....	110
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Recreation Impact.....	111
Combining Statement of Net Position – Internal Service Funds.....	112
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds.....	113
Combining Statement of Cash Flows – Internal Service Funds.....	114

Statistical Section

Table I	Net Position by Component – Last Ten Fiscal Years.....	116
Table II	Changes in Net Position – Last Ten Fiscal Years.....	117
Table III	Fund Balances – Governmental Funds – Last Ten Fiscal Years	118
Table IV	Changes in Fund Balances – Governmental Funds – Last Ten Fiscal Years	119
Table V	Tax Revenues by Source – Governmental Funds – Last Ten Fiscal Years	120
Table VI	Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	121
Table VII	Property Tax Rates and Tax Levies – All Direct and Overlapping Governments - Last Ten Fiscal Years	122
Table VIII	Principal Property Taxpayers – Current and Nine Years Ago.....	123
Table IX	Property Tax Levies and Collections – Last Ten Fiscal Years.....	124
Table X	Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	125
Table XI	Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years.....	126
Table XII	Direct and Overlapping Governmental Activities Debt.....	127
Table XIII	Pledged Revenue Coverage – Last Ten Fiscal Years	128
Table XIV	Demographic and Economic Statistics – Last Ten Fiscal Years	129
Table XV	Principal Employers.....	130
Table XVI	Full-Time Equivalent Government Employees by Function/Program - Last Ten Fiscal Years	131
Table XVII	Operating Indicators by Function/Program – Last Ten Fiscal Years.....	132
Table XVIII	Capital Asset Statistics by Function/Program – Last Ten Fiscal Years.....	133

Single Audit

Schedule of Expenditures of Federal Awards.....	134
Notes to the Schedule of Expenditures of Federal Awards.....	135
Schedule of Findings and Questioned Costs.....	136 - 137
Independent Auditors’ Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance	138 - 139

Other Reports

Independent Auditors’ Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with <i>Government Auditing Standards</i>	140 - 141
Independent Auditors’ Management Letter Required by Chapter 10.550, Rules of the State of Florida Office of the Auditor General	142 - 143
Independent Accountants’ Examination Report.....	144
Auditee’s Response.....	145

City of Port Orange, Florida
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2018



Mayor

Donald Burnette

Council Members

District 1—Jack Wiles

District 2—Chase Tramont

District 3—Drew Bastian

District 4—Scott Stiltner

City Manager

Michael Johansson

City Attorney

Margaret Roberts

Finance Director

Dr. Scott Neils, CPA



CITY OF PORT ORANGE

1000 CITY CENTER CIRCLE
PORT ORANGE, FLORIDA 32129
TELEPHONE 386-506-5500
FAX 386-756-5290
www.Port-Orange.org

April 12, 2019

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Port Orange.

State law requires that all general-purpose local governments publish within nine months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. We hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Port Orange for the fiscal year ended September 30, 2018.

This report consists of management's representations concerning the finances of the City of Port Orange. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Port Orange has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Port Orange's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Port Orange's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

James Moore & Co., P.L., a firm of licensed certified public accountants has audited the City of Port Orange's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Port Orange for the fiscal year ended September 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Port Orange's financial statements for the fiscal year ended September 30, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

"Growing In Beauty and Opportunity"

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

Profile of Government

The City of Port Orange, incorporated in 1925, is located in east central Florida. Central Florida ranks as one of the fastest growing areas in the United States, and the City of Port Orange has followed this pattern steadily, growing from a population of 3,700 people in 1973 to an estimated 61,009 in 2018. The City of Port Orange currently occupies a land area of 28.86 square miles.

The City of Port Orange operates under the council-manager form of government with a City Council consisting of the Mayor and four other members. The Mayor and Council members are non-partisan and elected to serve four-year staggered terms. The Council is the governing board and has legislative responsibilities including setting policy, adopting ordinances and resolutions, adopting an annual millage rate and budget, appointing committees, and appointing both the City Manager and Attorney. The City Manager is responsible for carrying out the policies and ordinances of the governing body, for overseeing the day-to-day operations of the City, and for appointing the heads of various departments.

Port Orange provides a full range of services, including police, fire and rescue, street construction and maintenance, planning and zoning, parks and recreation, cultural events and general administrative services. In addition, water and sewer service, solid waste collection, storm water, and a golf course are provided under an Enterprise Fund concept with user charges established by the City Council to ensure adequate coverage of operating expenses and payments on outstanding debt. Vehicle maintenance, building maintenance, data processing, lease and replacement, self-insurances, and loan pool activities are provided through Internal Service Funds. The City of Port Orange provides water and sewer service outside the city limits, including the City of Daytona Beach Shores, the Town of Ponce Inlet, and certain unincorporated parts of Volusia County. The City of Port Orange contracts with a private enterprise for solid waste collection.

The annual budget serves as the foundation for the City of Port Orange's financial planning and control. All departments of the City of Port Orange are required to submit requests for appropriation to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget that is presented to the City Council. The Council is required to hold two public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City of Port Orange's fiscal year. The appropriated budget is prepared by fund, function, and department. Subject to City Manager approval, department heads may make transfers of appropriations within a department, however transfers of appropriations between departments require approval of the City Council. Budget-to-actual comparisons are provided in this report. The general fund and a major capital project fund comparison are presented as part of the required supplemental information for the City. Other funds are presented in the combining and individual fund statements section.

Factors Affecting Financial Condition

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

Local economy: The City of Port Orange currently enjoys a favorable economic environment and local indicators point to continued stability. Recovering property values led to an increase of 8.27% in taxable value for the year ended September 30, 2018. The City's business district is expected to maintain its current occupancy rate with a variety of stores, specialty shops and commercial businesses. Residential growth is stable. Based upon permitting activity, development and construction of commercial retail space is expected to be steady during the foreseeable future, fueled by local and regional populations.

Financial policies: The City has adopted a fund balance and working capital policy of maintaining an unassigned fund balance of between 30% and 35% of operating expenditures (less transfers) in the General fund. When working capital drops below 30%, the City is required to develop a plan to restore working capital to at least 30% within three years. During the year ended September 30, 2017, the City was struck by two natural disasters: Hurricane Matthew on October 6, 2016 and, eleven months later, Hurricane Irma on September 9, 2017. Clearing debris and repairing damaged infrastructure was primarily funded by the General Fund and strained City resources. The City received FEMA reimbursements in FY2018 to largely replenish its reserves within the required timeframe.

Working capital of between 25% and 30% of operating expenses (less transfers) will be maintained for major enterprise funds, excluding the Golf Course Fund.

The City's investment policy's foremost objective is ensuring the safety of the portfolio's principal. The portfolio is to be managed in a manner to maintain liquidity for reasonable anticipated cash flow requirements and to attain a market rate of return throughout budgetary and economic cycles. Other than pension funds held by the government, the majority of investments, during the fiscal year ended September 30, 2018, are classified low risk as defined by the Governmental Accounting Standards Board.

Risk Management: The Risk Management Program includes coverage for exposure regarding Workers' Compensation, Property Damage, General Liability, Pollution, Errors and Omission, Crime, Boiler and Machinery, Accidental Death and Dismemberment, and Health Maintenance Options. Based on conservative projections, adequate reserves are in place to meet loss expectations.

Pension Trust Fund Operations: The Municipal Firefighter's, Police Officer's and General Employee's Pension Trust Funds are managed by contracted investment firms which are overseen by the respective pension boards. The pension plans' required funding levels are determined by an annual actuarial evaluation. The City funds these plans based on future benefit obligations. Please see Notes to these financial statements for more information.

Awards: The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Port Orange for its Comprehensive Annual Financial Report for the fiscal year ended

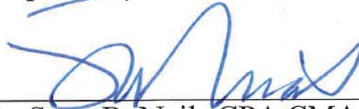
September 30, 2017. This was the thirty-fourth consecutive year that the City of Port Orange achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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


Acknowledgments: The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated and efficient services of the entire staff of the Finance Department. We would like to express our sincere appreciation to each member of the Finance Department team for their contributions to the preparation of this report.

In closing, we wish to express our appreciation to the Mayor and Council for their dedication and leadership.

Respectfully submitted,

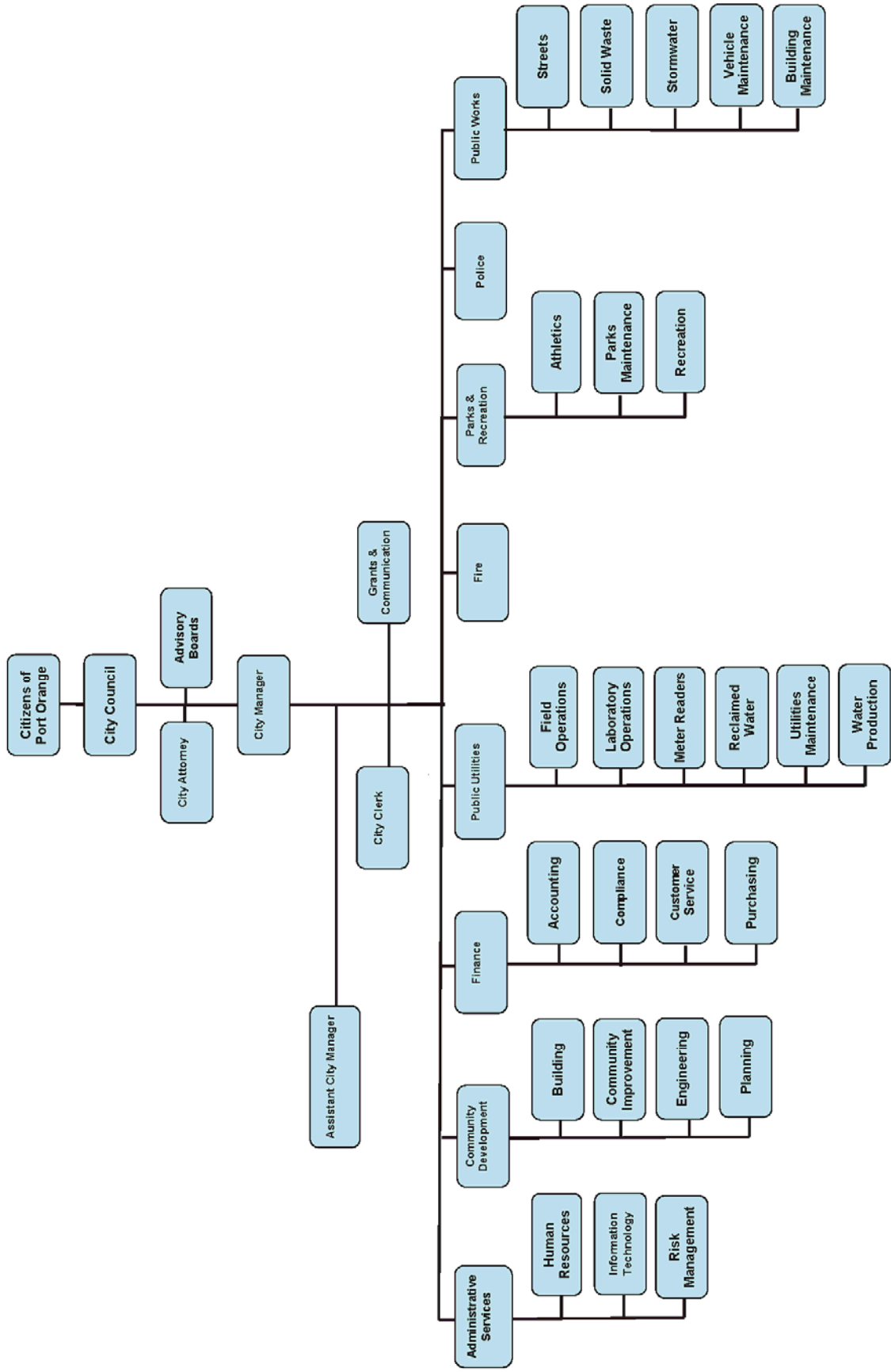


Dr. Scott R. Neils CPA CMA CGFO
CFO and Finance Director



M.H. Johansson
City Manager

Organizational Chart for the City of Port Orange, Florida





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Port Orange
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Council, and City Manager,
City of Port Orange, Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Orange, 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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386-257-4100

133 East Indiana Avenue
DeLand, FL 32724-4329
Telephone: 386-738-3300

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850-386-6184

Opinions

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

Other Matters

Change in Accounting Principle

As discussed in Note (14) to the financial statements, in 2018, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The effects of this standard have also been applied to the financial statements as of the year ended September 30, 2017. See Note (18) for the effect of GASB 75 on beginning net position. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The introductory section, combining and individual nonmajor fund financial statements and other schedules, fiduciary fund schedules, statistical section, and schedule of expenditures of federal awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

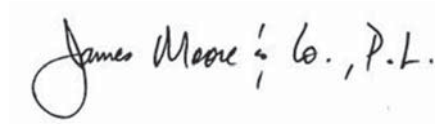
The combining and individual nonmajor fund financial statements and other schedules, fiduciary fund schedules, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 information is 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 April 12, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Daytona Beach, Florida
April 12, 2019

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As financial management of the City of Port Orange, Florida, (hereinafter referred to as the "City"), we offer the readers of these financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2018.

We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 2-5 of this report.

Financial Highlights

- The City's net position at September 30, 2018 was \$350,447,416. Of this amount, \$14,771,475 (unrestricted) may be used to meet the government's ongoing obligations to citizens and creditors. The City Council has adopted a policy that the General Fund balance should be approximately 30-35% of operating expenditures (less transfers). For the enterprise funds, excluding the Golf Course, the City will maintain working capital (defined as current assets minus current liabilities) between 25% and 30%. As of September 30, 2018, the City's reserves exceeded these minimum thresholds.
- During the fiscal year, the City's total net position increased by \$12,956,837. Of this amount, \$707,324 was from governmental sources. Business-type (Enterprise) funds produced the remainder of the increase of \$12,249,513, most of which is attributable to planned capital acquisitions, impact fees, and developer contributions.
- The City's governmental funds reported combined ending fund balances of \$30,050,850, a decrease of \$4,068,721. This compares to a decrease in fund balance of \$239,566 in FY2017. \$9,907,497 (33%) of \$30,050,850, the combined total fund balance, is unassigned, and available for spending at the City's discretion. Non-spendable amounts representing investments in inventory and prepaid expenses totaled \$79,541, while amounts restricted by enabling legislation and for external purposes totaled \$16,446,889.
- The City's proprietary funds reported combined ending net position of \$258,059,172 in FY2018. This is an increase of \$10,882,290, compared to an increase of \$9,799,731 in the prior year. Approximately 15% of the combined ending net position amount, \$37,821,764, is unrestricted. The City continues to maintain a net equity reserve between 25% and 30% of working capital for proprietary funds as defined by City Council policy. Net investment in capital assets totaled \$202,052,069 at year end, compared to \$196,251,203 one year earlier. Other amounts restricted by enabling legislation and external covenants totaled \$18,185,339, compared to \$15,090,116 one year earlier.
- The City's total debt principal decreased by \$8,528,112 due to the repayment of debt.

Overview of the Financial Statements

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

Government-wide financial statements The *government-wide financial statements* are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City’s assets, liabilities, and deferred inflows/outflows of resources, with the difference 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* presents information showing how the City’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include water and sewer, solid waste, stormwater and the golf course. The government-wide financial statements can be found in the “Financial Section”, immediately after this Management Discussion and Analysis.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains seventeen individual governmental funds. Fourteen of these governmental funds are classified as non-major and are summarized under this heading in the governmental fund presentation. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the general fund, other major funds, and non-major governmental funds, all of which are combined into a single, aggregated presentation. Individual fund data for non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 28-34 of this report.

The City legally adopts an annual appropriated budget for its general fund and other governmental funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with this budget.

Proprietary funds The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, solid waste, stormwater, and golf course activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for data processing, vehicle maintenance, risk management, lease and replacement of vehicles and equipment, building maintenance, and loan pool activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information of the water and sewer, solid waste, stormwater, and golf course activities, which are all considered to be major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 35-37 of this report.

Fiduciary funds Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 38 and 39 of this report.

Notes to the financial statements The notes provide additional information essential to acquire 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 40-84 of this report.

Other information In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 85-92 of this report. The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 94-114 of this report.

Government-wide financial analysis As noted earlier, net position may serve over time as a useful indicator of a City's financial position. Assets and deferred outflows of resources exceeded liabilities by \$350,447,416 at the close of the most recent fiscal year. By far, the largest portion of the City's net position (86%) reflects its investment in capital assets (e.g. land, buildings, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; accordingly, these assets are not available for future spending.

Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The table below summarizes the City's net position as of September 30, 2018 and 2017:

Statement of Net Position September 30, xxxx (Amounts in \$000's)						
	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets:						
Current and other assets.....	\$ 41,341	\$ 48,317	\$ 59,636	\$ 51,873	\$ 100,977	\$ 100,190
Capital assets.....	<u>141,303</u>	<u>136,546</u>	<u>231,908</u>	<u>234,107</u>	<u>373,211</u>	<u>370,653</u>
Total assets.....	<u>182,644</u>	<u>184,863</u>	<u>291,544</u>	<u>285,980</u>	<u>474,188</u>	<u>470,843</u>
Deferred outflows of resources	<u>5,652</u>	<u>6,165</u>	<u>1,156</u>	<u>1,306</u>	<u>6,808</u>	<u>7,471</u>
Liabilities:						
Long-term liabilities.....	72,464	72,740	34,704	41,593	107,168	114,333
Other liabilities.....	<u>6,135</u>	<u>6,740</u>	<u>13,596</u>	<u>12,928</u>	<u>19,731</u>	<u>19,668</u>
Total liabilities.....	<u>78,599</u>	<u>79,480</u>	<u>48,300</u>	<u>54,521</u>	<u>126,899</u>	<u>134,001</u>
Deferred inflows of resources	<u>2,504</u>	<u>1,646</u>	<u>1,146</u>	<u>411</u>	<u>3,650</u>	<u>2,057</u>
Net Position:						
Investment in Capital Assets.....	107,214	100,978	194,473	189,582	301,687	290,560
Restricted.....	15,804	14,913	18,185	15,090	33,989	30,003
Unrestricted.....	<u>(15,824)</u>	<u>(5,989)</u>	<u>30,596</u>	<u>27,682</u>	<u>14,772</u>	<u>21,693</u>
Total net position.....	<u>\$ 107,194</u>	<u>\$ 109,902</u>	<u>\$ 243,254</u>	<u>\$ 232,354</u>	<u>\$ 350,448</u>	<u>\$ 342,256</u>

An additional portion of the City's net position (9.7%) represents resources subject to external restrictions on how they may be used. Total restricted net position increased by approximately \$4.0 million, primarily due to capital improvements and other special revenue purposes. The remaining balance of unrestricted net position, \$14,771,475, may be used to meet the government's ongoing obligations and increased due to current year revenues in excess of expenses.

At the end of the current fiscal year, the City is able to report positive balances in restricted categories of net position, both for the government as a whole, as well as for the governmental activities. The business-type activities report positive balances in all reported categories of net position. The same situation held true for the prior fiscal year.

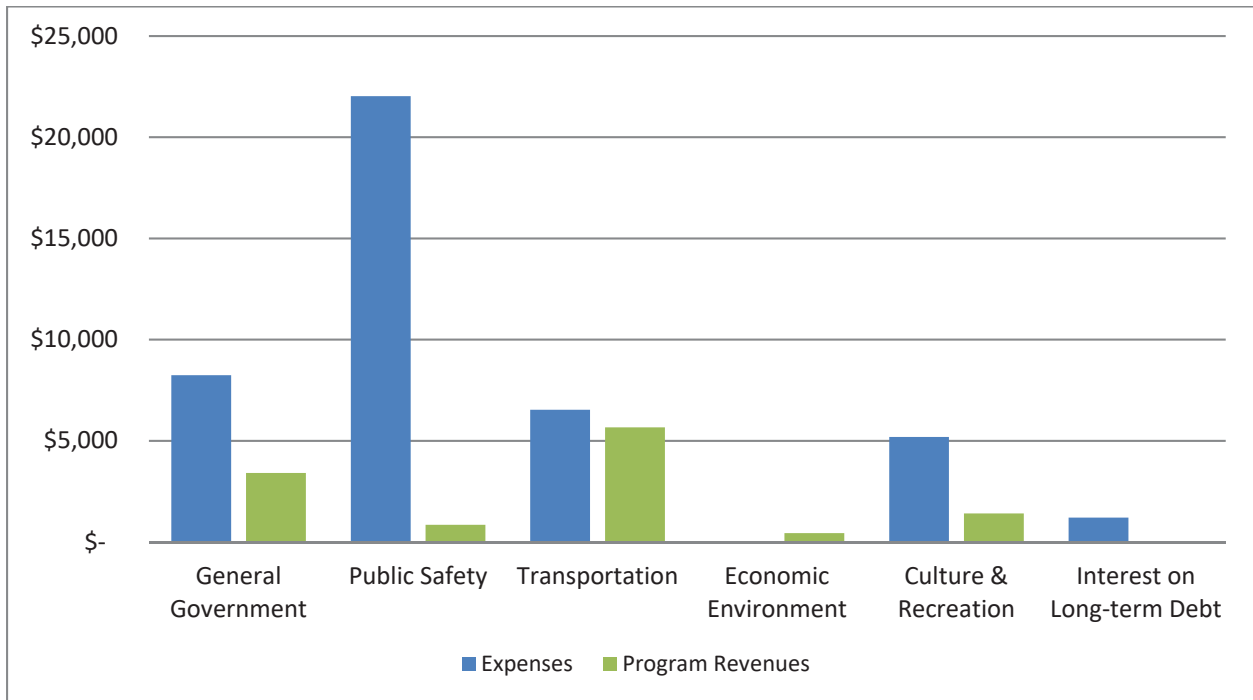
The following table summarizes changes in net position for governmental and business-type activities for the past two fiscal years.

Statement of Change in Net Position						
Year Ended September 30, xxxx						
(Amounts in \$000's)						
	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program Revenues:						
Charges for services.....	\$ 4,739	\$ 4,604	\$ 40,366	\$ 39,773	\$ 45,105	\$ 44,377
Operating grants/contributions....	1,605	7,873	-	156	1,605	8,029
Capital grants/contributions.....	5,415	6,177	3,812	3,628	9,227	9,805
General Revenues:						
Property taxes.....	14,016	12,967	-	-	14,016	12,967
Franchise and utility taxes.....	10,647	10,220	-	-	10,647	10,220
State sales taxes.....	3,450	3,267	-	-	3,450	3,267
Other intergovernmental.....	3,629	3,422	-	-	3,629	3,422
Investment earnings.....	225	240	194	153	419	393
Miscellaneous.....	196	660	191	37	387	697
Total revenues.....	<u>43,922</u>	<u>49,430</u>	<u>44,563</u>	<u>43,747</u>	<u>88,485</u>	<u>93,177</u>
Expenses:						
General government.....	8,241	14,791	-	-	8,241	14,791
Public safety.....	22,030	20,330	-	-	22,030	20,330
Transportation.....	6,535	6,460	-	-	6,535	6,460
Economic environment.....	24	36	-	-	24	36
Culture/recreation.....	5,186	4,478	-	-	5,186	4,478
Interest on long-term debt.....	1,199	1,263	-	-	1,199	1,263
Water and sewer.....	-	-	20,215	20,466	20,215	20,466
Solid waste.....	-	-	7,098	6,965	7,098	6,965
Stormwater.....	-	-	3,455	3,412	3,455	3,412
Golf Course.....	-	-	1,545	1,492	1,545	1,492
Total expenses.....	<u>43,215</u>	<u>47,358</u>	<u>32,313</u>	<u>32,335</u>	<u>75,528</u>	<u>79,693</u>
Change in net position						
before transfers.....	707	2,072	12,250	11,412	12,957	13,484
Transfers.....	-	1,695	-	(1,695)	-	-
Change in net position.....	\$ 707	\$ 3,767	\$ 12,250	\$ 9,717	\$ 12,957	\$ 13,484
Net position-beginning, as restated....	<u>106,486</u>	<u>106,135</u>	<u>231,004</u>	<u>222,637</u>	<u>337,490</u>	<u>328,772</u>
Net position-ending.....	<u>\$ 107,194</u>	<u>\$ 109,902</u>	<u>\$ 243,254</u>	<u>\$ 232,354</u>	<u>\$ 350,447</u>	<u>\$ 342,256</u>

The total net position for the City increased by \$12,956,837 for the period-ending September 30, 2018. The reasons for the overall increase are discussed in the following sections for governmental activities and business-type activities.

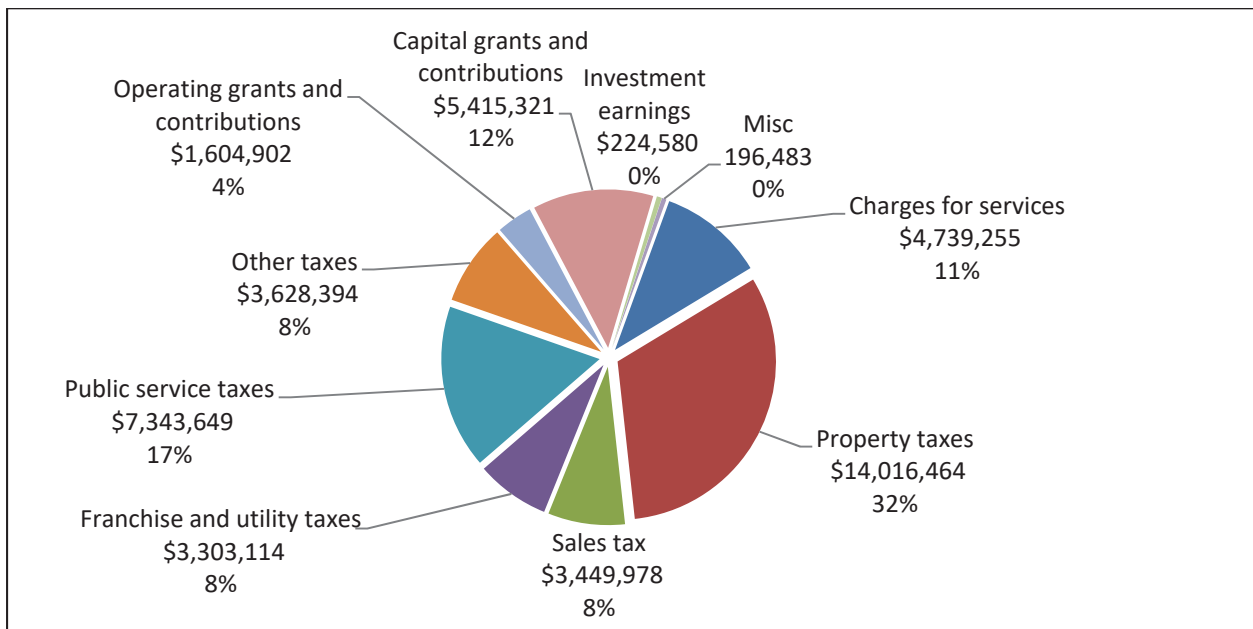
Governmental activities During the current fiscal year, governmental activities increased the City's net position by \$707,324 (5%) as compared to \$3,766,534 (27.9%) in the prior year.

Expenses and Program Revenues – Governmental Activities
(Amounts in \$000's)



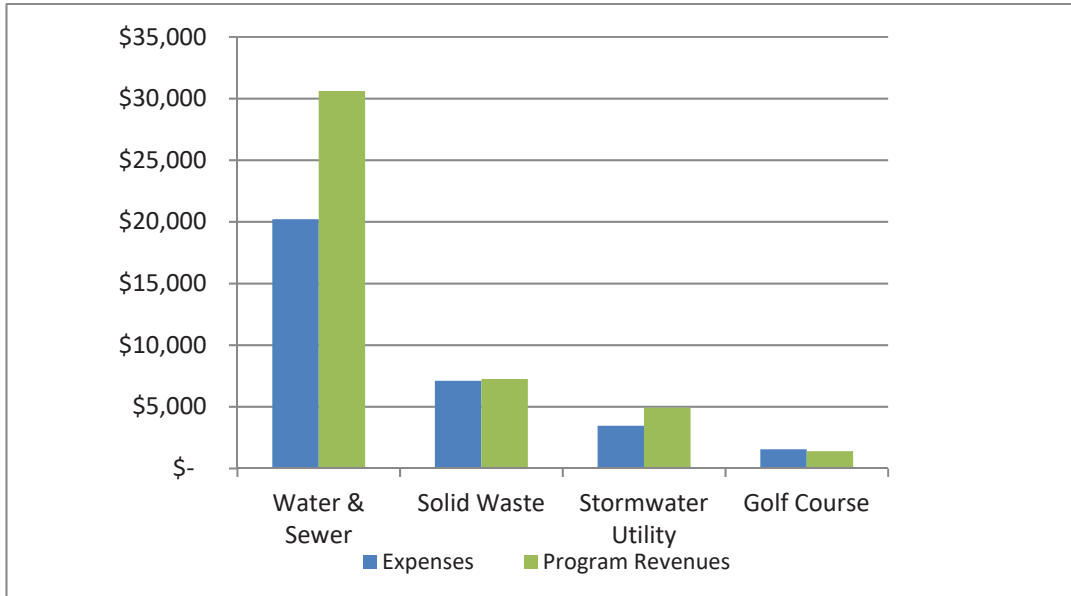
Total revenues from governmental activities decreased by 11.1%, followed by a decrease in total expenditures of 8.7% when compared to FY2017. The City experienced an increase in taxable property values over the previous year and approved a property tax levy millage rate at 7.3% above the rolled-back rate for FY2018, generating an increase in property tax revenue in FY2018.

Revenues by Source – Governmental Activities

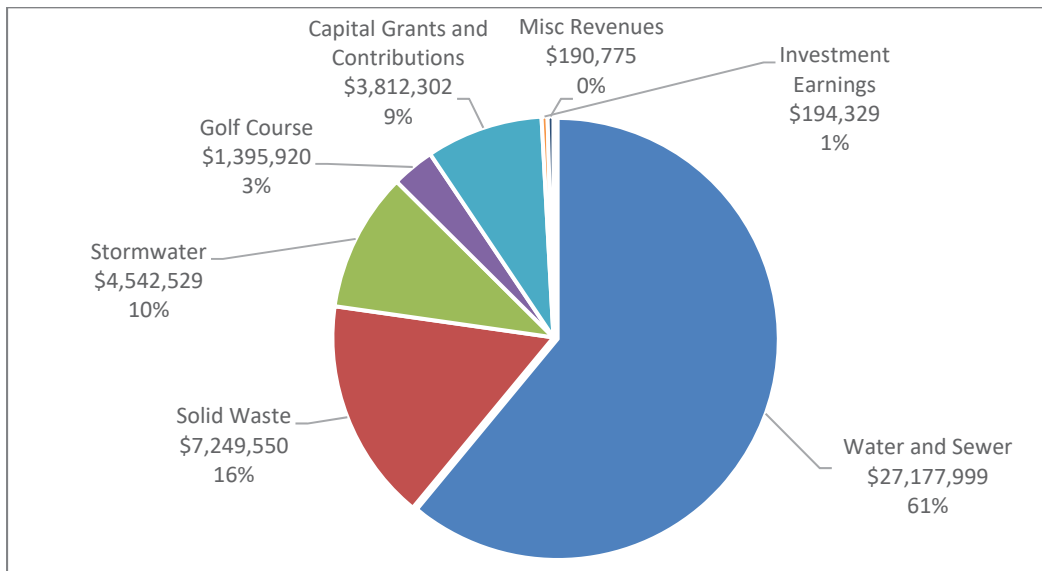


Business-type activities The results for the City’s business-type activities were positive with an ending balance of \$243,253,763, an increase of \$12,249,513.

Expenses and Program Revenues – Business-type Activities
(Amounts in \$000’s)



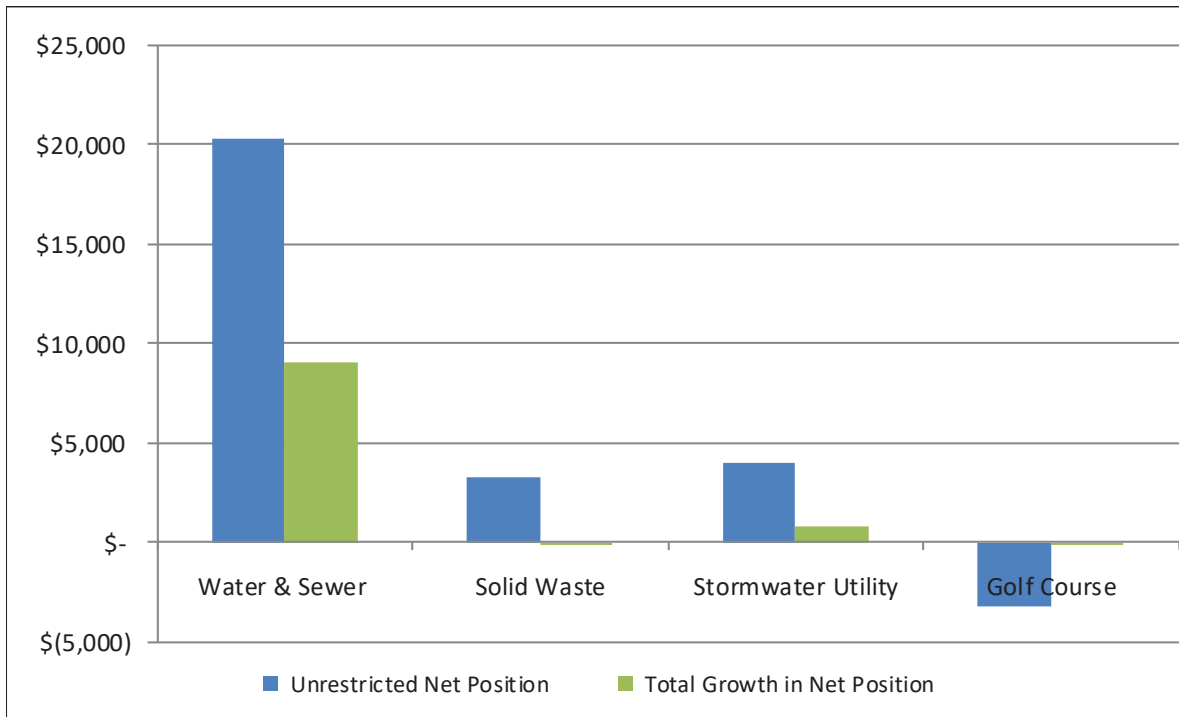
Revenues by Source – Business-type Activities



The following item affected the change in net position from the prior year:

- Charges for services increased \$592,650, or 1.5%. The majority of the increase was related to new accounts and an increase in the stormwater rate in effect during the fiscal year.

Unrestricted and Total Growth in Net Position – Business-type Activities
(Amounts in \$000's)



Financial analysis of the City's funds As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a City's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a delegated authority to assign resources for use for particular purposes by the City Council. As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$30,050,850, a decrease of \$4,068,721 in comparison with the prior year decrease of \$239,566. Approximately 33.0% of the combined ending fund balance, \$9,907,497, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance of \$20,143,353 (67.0%) is not available because it has already been allocated to: 1) non-spendable items such as inventories and prepaid expenditures; 2) restricted by enabling legislation or other legal requirements; 3) committed by formal action of City Council; and/or 4) assigned through the City's intent for specific purposes.

The General Fund is the main operating fund of the City. Total fund balance was \$16,254,621, with an unassigned balance of \$14,079,303.

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 and transfers out. Unassigned fund balance represents approximately 39.1% of total general fund expenditures, while total fund balance represents approximately 45.1% of that same amount.

Total General Fund revenues decreased by 12.2% and total expenditures decreased by 9.56% when compared to FY2017 primarily due to the impact of two storm events in FY2017. The net effect resulted in a decrease in fund balance of \$1,053,528 for the General Fund in FY2018.

The special revenue funds are all non-major, with exceptions for the Eastport Business Center and Town Center Community Redevelopment Agency (CRA) Funds. Both receive their primary funding through tax increments. These districts promote and provide economic incentives, infrastructure improvements, and an environment conducive for business within the district's boundaries.

Financial information for all other special revenue funds may be found in the Combining Statements – Non-major Governmental Funds, Special Revenue Category. Special Revenue funds have a fund balance of \$3,826,447. The funds closed the year with a net increase in fund balance of \$358,808.

Other non-major governmental funds include the Debt Service fund and various Capital Project funds. The Debt Service fund has a balance of \$2,055,591, which is reserved for debt service. The net decrease in fund balance was \$420,090.

The Transportation, General Obligation and Capital Replacement funds, as well as other non-major funds, may be found in the Combining Statements – Non-major Governmental Funds, Capital Project Funds Category. The capital project funds contain total fund balances of \$11,132,125. At fiscal year end, the majority of the fund balances were appropriated for infrastructure and facility improvements.

Individual negative fund balances have continued because of financial resources loaned to the Transportation Capital Projects Fund for construction projects. It is expected that these deficit positions will be eliminated with future earnings.

Non-major governmental funds have a combined fund balance of \$17,014,163. The net increase in fund balance during the current year in these funds was \$1,432,878.

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$27,070,948. The total growth in net position was \$12,249,513, the majority of which is invested in capital assets. Unrestricted net position of the internal service funds at the end of the year amounted to \$10,750,816. Internal service funds closed the year with a decrease in net position of \$1,176,448. Other factors concerning the financial position of these funds are addressed in the discussion of the City's business-type activities.

General fund budgetary highlights

Original budget compared to final budget. During the year, amendments were made to increase either the original estimated revenues or original budget appropriations. The significant variances between the original budget and the final amended budget are as follows:

Amt	Description	Budget Reso #
\$ 1,626,204	Carryover funding for Non-departmental	17-62
7,947	Carryover funding for City Manager	17-62
6,470	Carryover funding for City Clerk	17-62
646	Carryover funding for Finance	17-62
15,000	Carryover funding for Human Resources	17-62
16,308	Carryover funding for Community Development	17-62
69,849	Carryover funding for Fire	17-62
53,242	Carryover funding for Police	17-62
15,798	Carryover funding for Public Works	17-62
212,132	Carryover funding for Parks Maintenance	17-62
14,883	Carryover funding for Recreation	17-62
2,778	Carryover funding for Athletics	17-62
34,290	Carryover funding for City Attorney	17-63
17,000	Adjustment to General Fund consistent with adopted millage	17-68
(284,165)	Council Priorities	17-69
149,522	Transfer to 317 Fund for City Hall Annex Project	17-69
1,300,000	Fund the purchase of 5 parcels of property within the Riverwalk District including surveys, etc	17-69
150,643	City wide collective bargaining agreements	17-69
(11,141)	To revise FY18 Budget for the PO150 Event	17-69
3,912,366	Budget Hurricane Irma expenditures and reduce FY17 accruals	18-01
(4,355)	Asset transfer fr Fire to Bldg Maint-reduces Fire's budget for Fleet Financing-move to contingency	18-01
(12,194)	To budget for Babe Ruth Baseball	18-05
15,194	To budget for Babe Ruth Baseball	18-05
20,000	Appropriate fund balance for additional legal services for new administrative hearing	18-16
5,770	To budget for Tree Mitigation through July 2018	18-26
388,246	Fire Insurance Premium Tax-pass through	18-26
444,090	Police Insurance Premium Tax-pass through	18-26
22,000	Appropriate fund balance for additional legal services for new administrative hearing	18-26
56,184	Appropriate fund balance for advance purchase of 2 police vehicles planned for FY19	18-26
\$ 8,244,707	Total	

With Council authorization, \$6,169,160 was re-appropriated from unreserved equity or other sources during the year ended September 30, 2018. The balance was appropriated for carryover of open encumbrances and existing projects from the prior year and for various operating, debt, and project costs.

Revenues reported an overall positive variance in the General Fund with actual revenues higher than the final FY2018 Budget by \$835,551. The majority of this variance was primarily due to collection of taxes, fees, and other general revenues.

Actual expenditures totaled \$37,005,267, a positive variance of \$6,286,110. This variance is attributed to a continued focus on cost containment efforts, salary attrition due to vacancies across departments, and timing delays for capital outlay projects.

Capital asset and debt administration

Capital assets The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2018, amounts to \$373,211,371 (net of accumulated depreciation). This investment in capital assets includes land, easements, works of art, buildings and improvements other than buildings, infrastructure, equipment, and construction in progress. Additional information about the City’s capital assets can be found in Note 7 on pages 61-62.

Major capital asset events during the current fiscal year included the following:

- Land transactions during FY2018 totaling \$3,471,096 included purchase of 1.05 acres of land in the Town Center CRA with potential as open space, drainage or economic development purposes; acquisition of right of ways for roadway and other public use; and acquisition of land for use in the Virginia/Monroe Drainage Improvement Project.
- Infrastructure improvements totaling \$5,063,171 were completed during the year. The City continues to enhance its roadways in order to increase traffic capacity and improve safety in highly traveled and traffic-congested areas. In addition, various improvements to Water and Sewer and Drainage infrastructure were made as the City continue to address aging infrastructure.
- The Lease and Replacement Fund, an internal service fund that purchases all rolling stock, trucks and vehicles for the City, acquired assets of \$2,594,008 during the year. This fund, through operating rentals collected from user departments, funds acquisitions by assigning a life cycle and matching schedule of payments. This type of planning ensures proper funding of replacement assets of these types.
- Construction in progress at the close of the fiscal year was \$3,416,093. Expansion of the water system, sewer collection and treatment, reclaimed water, and stormwater facilities continues. Construction in progress related to general government facilities includes Public Safety Training Facility, City Building Improvements, and various road, sidewalk, and lighting projects.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land.....	\$ 23,982	\$ 20,511	28,778	28,778	52,760	49,289
Easements.....	8,004	7,042	-	-	8,004	7,042
Works of Art.....	12	12	-	-	12	12
Construction in progress.....	2,495	785	921	485	3,416	1,270
Buildings and improvements other than buildings.....	63,851	61,269	(89,727)	(84,169)	(25,876)	(22,900)
Infrastructure.....	35,483	39,682	291,021	288,161	326,504	327,843
Equipment.....	7,476	7,245	915	853	8,391	8,098
Total capital assets, net	<u>\$ 141,303</u>	<u>\$ 136,546</u>	<u>\$ 231,908</u>	<u>\$ 234,108</u>	<u>\$ 373,211</u>	<u>\$ 370,654</u>

Additional information on the City’s capital assets can be found in the notes to these financial statements on page 61 of this report.

Long-term liabilities At the end of the current fiscal year, the City had outstanding bonds and other debt of \$71,755,487. Of this amount, \$11,870,000 comprises general obligation debt backed by the full faith and credit of the government.

The remainder of the City’s debt represents bonds secured solely by specified revenue sources and other obligations summarized as follows:

Statement of Outstanding Debt						
September 30, xxxx						
(Amounts in \$000's)						
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds and notes.....	11,870	12,355	-	-	11,870	12,355
Revenue bonds and notes.....	20,690	21,535	21,755	26,260	42,445	47,795
Loans from other governments.....	1,662	1,822	15,898	18,590	17,560	20,412
Less deferred amount:						
Original issue premium.....	-	-	-	-	-	-
Original issue discount.....	(74)	(81)	(45)	(48)	(119)	(129)
Total bonds and notes payable.....	34,148	35,631	37,608	44,802	71,756	80,433
Compensated absences.....	2,588	2,503	510	579	3,098	3,082
Total long-term liabilities.....	<u>\$ 36,736</u>	<u>\$ 38,134</u>	<u>\$ 38,118</u>	<u>\$ 45,381</u>	<u>\$ 74,854</u>	<u>\$ 83,515</u>

Excluding original issue discounts and premiums, the City’s total debt principal decreased by \$8,528,112 during the current fiscal year.

A summary of the City’s approved debt types, related security pledges and underlying ratings (without regard to credit support bond insurance) is as follows:

Debt Obligation Type	Pledged Security	Bond Rating as of September 2018
General Obligation Bonds	Ad Valorem Taxes	Moody’s: Aa2 Standard & Poor’s: Not rated Fitch: Not rated
Water and Sewer Bonds	Water & Sewer Revenues	Moody’s: Aa2 Standard & Poor’s: AA- Fitch: AA
Capital Improvement Bonds	Excise Taxes	Moody’s: Aa3 Standard & Poor’s: Not rated Fitch: Not rated
Drainage Bonds	Stormwater Drainage Revenues	Moody’s: Aa3 Standard & Poor’s: Not rated Fitch: Not rated
Florida State Revolving Fund (Intergovernmental)	Water & Sewer Revenues	Not rated
Bank Loans, Capital Leases, Conduit Debt, and Special Assessment Financing	Various, including Ad Valorem Tax; Gas Tax; Excise Tax; and unsecured, subject to Budgetary Appropriations.	Not rated

State Statutes limit the millage rate a governmental entity may levy at 10 mills per dollar of total assessed valuation. For the year ended September 30, 2018, the City’s millage rate was 4.4881 and its voter approved debt millage rate was 0.3174.

Additional information on the City’s long-term debt can be found in the notes to these financial statements on pages 63-67 of this report.

Economic Factors and Next Year’s Budgets and Rates

- The annual average unemployment rate for the City of Port Orange as of September 30, 2018 was 3.1%, a decrease of 0.7% from the prior year. This rate is lower than the statewide average annual unemployment rate of 3.6%. The decrease in unemployment rate indicates the economy continues to be on the rebound.
- An ad valorem tax rate of 4.6288 was adopted for FY2019 to fund operating expenditure obligations. This millage tax rate is 0.1407% more than the previous FY2018 tax rate of 4.4881 and 9.99% above the “rolled-back rate”. The “rolled-back rate” is defined as the tax rate that would result in the same dollar-amount revenue of the previous year.
- In addition to an approved a millage at 9.99% above the rolled back rate, the City experienced a post Value Adjustment Board (VAB) increase in taxable property values of 8.27% from the previous year. This, along with new construction, resulted in an estimated increase of approximately 11.64% in FY2019 Property Tax Revenues compared to FY2018’s actual collections. Growth in real estate values combined with anticipated new construction, should allow associated tax revenues to slightly increase in the near future.
- Consistent with state and national trends, taxable assessed property values continue to increase. Certified final taxable value for 2017 was \$2,988,336,202 increasing to \$3,235,438,328 for 2018.

- The FY19 required millage rate levy to fund debt service on the City's general obligation bonds is 0.2923, a decrease of 7.91% from the prior year millage of 0.3174.
- Public safety pension costs continue at high levels. In an effort to maintain long term stability, the City and Unions agreed to bifurcated plans in FY2013, and introduced a defined contribution plan for new non-union employees. Since then, changing mortality tables and investment performance have muted the attempt to control costs. In an effort to improve the funded status of the plans and control future costs, the City plans to continue the practice of making discretionary contributions at fiscal year-end.
- Consistent with state and national trends, taxable assessed property values continue to increase. Certified final taxable value for 2017 was \$2,988,336,202 increasing to \$3,235,438,328 for 2018, an increase of 8.27%.
- To address the need for funding major stormwater capital projects, Stormwater non-ad valorem rates increased by \$15.00 per equivalent residential unit in FY2018.

All of these factors were considered in preparing the City's budget for the upcoming fiscal year.

For fiscal year ended September 30, 2018, the fund balance in the general fund totaled \$16,254,621 including \$173,039 assigned to purchases on account. This compares to \$17,308,149 including \$1,473,454 assigned to purchases on account for the prior fiscal year. All appropriations lapse at year-end. The City made no appropriations of fund balance in the FY2019 budget as compared to an appropriation of \$1,649,851, or approximately 9.5% of fund balance, in the FY2018 budget.

Water and sewer rates remained constant for FY2018. The City implemented a water/sewer rate consolidation and restructure during FY2015. The original study focused on simplifying the rate structure, improving equity throughout the system and resulted in a small overall revenue increase. A follow up Financial Feasibility Study was performed in FY2016 resulting in no additional rate increase for FY2018.

Solid waste rates remained constant for FY2018. The solid waste rates are anticipated to increase in coming years in relation to the Consumer Price Index (CPI).

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Port Orange, Finance Director, 1000 City Center Circle, Port Orange, FL 32129.

BASIC FINANCIAL STATEMENTS

These basic financial statements contain Government-wide Financial Statements, Fund Financial Statements and Notes to the Financial Statements.

CITY OF PORT ORANGE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Equity in pooled cash and cash equivalents	\$ 30,429,288	\$ 32,308,754	\$ 62,738,042
Receivables, net	1,291,641	3,886,976	5,178,617
Internal balances	(3,524,897)	3,524,897	-
Due from other governments	2,226,697	97,331	2,324,028
Inventories	57,973	1,038,033	1,096,006
Prepays	66,128	49,570	115,698
Restricted assets:			
Equity in pooled cash	9,622,181	18,730,214	28,352,395
Investments	1,171,966	-	1,171,966
Capital assets:			
Capital assets, not being depreciated	34,493,277	29,698,986	64,192,263
Other capital assets, net of depreciation	106,809,924	202,209,184	309,019,108
Total assets	<u>\$ 182,644,178</u>	<u>\$ 291,543,945</u>	<u>\$ 474,188,123</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refunding	\$ 51,564	\$ 172,126	\$ 223,690
Deferred outflows related to pensions	5,256,723	857,484	6,114,207
Deferred outflows related to OPEB	344,069	126,624	470,693
Total deferred outflows	<u>\$ 5,652,356</u>	<u>\$ 1,156,234</u>	<u>\$ 6,808,590</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 3,141,953	\$ 1,754,672	\$ 4,896,625
Customer deposits	462,101	3,766,213	4,228,314
Unearned revenue	256,205	346,812	603,017
Accrued interest payable	635,861	306,591	942,452
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	1,380,000	7,370,206	8,750,206
Compensated absences	258,814	51,046	309,860
Due in more than one year:			
Bonds and notes payable	32,767,770	30,237,511	63,005,281
Compensated absences	2,329,318	459,417	2,788,735
Total OPEB liability	5,397,068	1,986,219	7,383,287
Net pension liability	31,969,981	2,021,323	33,991,304
Total liabilities	<u>\$ 78,599,071</u>	<u>\$ 48,300,010</u>	<u>\$ 126,899,081</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	\$ 2,212,416	\$ 1,039,168	\$ 3,251,584
Deferred inflows related to OPEB	291,394	107,238	398,632
Total deferred inflows of resources	<u>\$ 2,503,810</u>	<u>\$ 1,146,406</u>	<u>\$ 3,650,216</u>
NET POSITION			
Net investment in capital assets	\$ 107,214,198	\$ 194,472,579	\$ 301,686,777
Restricted for:			
Public safety	2,855,277	-	2,855,277
Community redevelopment projects	298,593	-	298,593
Transportation	6,985,492	-	6,985,492
Debt service	1,419,730	5,513,761	6,933,491
Capital improvements	777,738	5,987,444	6,765,182
Other purposes	3,466,995	6,684,134	10,151,129
Unrestricted	(15,824,370)	30,595,845	14,771,475
Total net position	<u>\$ 107,193,653</u>	<u>\$ 243,253,763</u>	<u>\$ 350,447,416</u>

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

CITY OF PORT ORANGE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 8,241,231	\$ 3,237,715	\$ 168,302	\$ -	\$ (4,835,214)	\$ -	\$ (4,835,214)
Public safety	22,029,991	615,905	94,604	135,170	(21,184,312)	-	(21,184,312)
Transportation	6,534,577	1,64,824	1,341,296	4,154,912	(873,545)	-	(873,545)
Economic environment	24,307	2,400	-	436,686	414,779	-	414,779
Culture and recreation	5,186,024	718,411	700	688,553	(3,778,360)	-	(3,778,360)
Interest on long-term debt	1,198,745	-	-	-	(1,198,745)	-	(1,198,745)
Total governmental activities	43,214,875	4,739,255	1,604,902	5,415,321	(31,455,397)	-	(31,455,397)
Business-type activities:							
Water and sewer	20,214,888	27,177,999	-	3,434,403	-	10,397,514	10,397,514
Solid waste	7,098,136	7,249,550	-	-	-	151,414	151,414
Stormwater	3,455,656	4,542,529	-	377,899	-	1,464,772	1,464,772
Golf course	1,545,152	1,395,920	-	-	-	(149,232)	(149,232)
Total business-type activities	32,313,832	40,365,998	-	3,812,302	-	11,864,468	11,864,468
Total primary government	\$ 75,528,707	\$ 45,105,253	\$ 1,604,902	\$ 9,227,623	(31,455,397)	11,864,468	(19,590,929)
General revenues:							
Property taxes					14,016,464	-	14,016,464
Sales taxes					3,449,978	-	3,449,978
Casualty and fire insurance premium taxes					832,336	-	832,336
Public service taxes					7,343,649	-	7,343,649
Other taxes					128,521	-	128,521
Franchise and utility taxes					3,303,114	-	3,303,114
State revenue sharing					2,667,537	-	2,667,537
Investment earnings					224,580	194,329	418,909
Miscellaneous revenues					196,483	190,775	387,258
Transfers					59	(59)	-
Total general revenues and transfers					32,162,721	385,045	32,547,766
Change in net position					707,324	12,249,513	12,956,837
Net position - beginning of year, as restated					106,486,329	231,004,250	337,490,579
Net position - ending of year					\$ 107,193,653	\$ 243,253,763	\$ 350,447,416

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

**CITY OF PORT ORANGE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	General Fund	Eastport Business Center CRA Fund	Town Center CRA Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Equity in pooled cash and cash equivalents	\$ 13,455,958	\$ 298,593	\$ 173,372	\$ 17,716,694	\$ 31,644,617
Investments	-	-	-	1,171,966	1,171,966
Receivables, net	1,258,034	-	-	5,112	1,263,146
Due from other governments	1,442,140	-	-	783,583	2,225,723
Due from other funds	1,758,016	-	-	873,986	2,632,002
Inventories	57,973	-	-	-	57,973
Prepaid items	3,364	5,586	5,669	6,949	21,568
Total assets	<u>\$ 17,975,485</u>	<u>\$ 304,179</u>	<u>\$ 179,041</u>	<u>\$ 20,558,290</u>	<u>\$ 39,016,995</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 1,394,809	\$ -	\$ 1,308	\$ 793,437	\$ 2,189,554
Customer deposits	15,557	-	1,540	445,004	462,101
Unearned revenue	256,205	-	-	-	256,205
Due to other funds	-	-	3,698,306	2,300,574	5,998,880
Total liabilities	<u>1,666,571</u>	<u>-</u>	<u>3,701,154</u>	<u>3,539,015</u>	<u>8,906,740</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	54,293	-	-	5,112	59,405
FUND BALANCES					
Nonspendable:					
Inventories	57,973	-	-	-	57,973
Prepaid items	3,364	5,586	5,669	6,949	21,568
Restricted for:					
Public safety	1,116,602	-	-	1,738,675	2,855,277
Inspections	-	-	-	3,383,547	3,383,547
Recreation	83,448	-	-	-	83,448
Debt service	-	-	-	2,055,591	2,055,591
Capital improvements	-	-	-	784,941	784,941
Community redevelopment	-	298,593	-	-	298,593
Transportation sales tax	-	-	-	4,301,534	4,301,534
Transportation impact	-	-	-	2,683,958	2,683,958
Committed to:					
Recreation facility improvements	-	-	-	309,187	309,187
Assigned to:					
Purchases on account	173,039	-	-	994,550	1,167,589
Capital improvements	-	-	-	1,265,542	1,265,542
Business development	-	-	-	116,793	116,793
Fire program	104,850	-	-	-	104,850
Recreation	128,778	-	-	-	128,778
General government	507,264	-	-	16,920	524,184
Unassigned	14,079,303	-	(3,527,782)	(644,024)	9,907,497
Total fund balances	<u>16,254,621</u>	<u>304,179</u>	<u>(3,522,113)</u>	<u>17,014,163</u>	<u>30,050,850</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,975,485</u>	<u>\$ 304,179</u>	<u>\$ 179,041</u>	<u>\$ 20,558,290</u>	<u>\$ 39,016,995</u>

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

**CITY OF PORT ORANGE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

Fund balances - total governmental funds \$ 30,050,850

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds

Total governmental capital assets	197,680,281	
Less: accumulated depreciation	<u>(63,956,570)</u>	133,723,711

On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.

Net pension liability	(31,969,981)	
Deferred outflows related to pensions	5,256,723	
Deferred inflows related to pensions	<u>(2,212,416)</u>	(28,925,674)

On the governmental fund statements, a total OPEB liability is not recorded unless an amount is due and payable (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the City's total OPEB liability is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to OPEB are also reported.

Total OPEB liability	(5,397,068)	
Deferred outflows related to OPEB	344,069	
Deferred inflows related to OPEB	<u>(291,394)</u>	(5,344,393)

Internal service funds are used by management to charge the costs of data processing, insurance, fleet lease and maintenance, building maintenance, and internal loans to individual funds. These assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Total net position	18,330,306	
Less: amounts attributable to business-type activities	<u>(3,524,897)</u>	14,805,409

Because some property taxes and other revenues will not be collected for several months after the close of the City's fiscal year end, they are not considered as "available" revenues in the governmental funds, and therefore, reported as deferred inflows of unavailable revenues. In the statement of net position, which is presented on an accrual basis, no deferral is reported since the revenue is fully recognized in the statement of activities.

59,405

Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:

Bonds and notes payable	(32,560,000)	
Accrued interest payable	(635,861)	
Unamortized bond discounts and premiums	(1,587,770)	
Unamortized deferred loss on bond refunding	51,564	
Compensated absences	<u>(2,443,588)</u>	(37,175,655)

Net position of governmental activities \$ 107,193,653

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

CITY OF PORT ORANGE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>General</u>	<u>Eastport Business Center CRA</u>	<u>Town Center CRA</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 21,183,695	\$ 76,229	\$ 57,551	\$ 2,263,167	\$ 23,580,642
Permits and fees	3,343,301	-	-	3,020,264	6,363,565
Intergovernmental	6,168,459	119,702	183,044	1,301,011	7,772,216
Charges for services	3,417,378	-	2,700	211,836	3,631,914
Fines and forfeitures	432,253	-	-	-	432,253
Investment income	25,332	1,745	1,395	97,800	126,272
Miscellaneous	381,423	7	7	517	381,954
Total revenues	<u>34,951,841</u>	<u>197,683</u>	<u>244,697</u>	<u>6,894,595</u>	<u>42,288,816</u>
Expenditures					
Current:					
General government	8,413,633	-	-	1,372,335	9,785,968
Public safety	22,287,121	-	-	2,702	22,289,823
Transportation	2,439,883	-	-	434,781	2,874,664
Economic environment	-	6,031	7,939	15,546	29,516
Culture and recreation	3,628,332	-	-	8,565	3,636,897
Capital outlay	236,298	-	1,386,799	5,398,008	7,021,105
Debt service:					
Principal retirement	-	-	-	1,330,000	1,330,000
Interest and fiscal charges	-	-	44,486	1,322,458	1,366,944
Other charges	-	-	-	2,275	2,275
Total expenditures	<u>37,005,267</u>	<u>6,031</u>	<u>1,439,224</u>	<u>9,886,670</u>	<u>48,337,192</u>
Excess (deficiency) of revenues over expenditures	<u>(2,053,426)</u>	<u>191,652</u>	<u>(1,194,527)</u>	<u>(2,992,075)</u>	<u>(6,048,376)</u>
Other financing sources (uses)					
Transfers in	2,309,420	-	-	2,189,324	4,498,744
Transfers out	(1,309,522)	(177,066)	(402,374)	(630,127)	(2,519,089)
Total other financing sources (uses)	<u>999,898</u>	<u>(177,066)</u>	<u>(402,374)</u>	<u>1,559,197</u>	<u>1,979,655</u>
Net change in fund balances	<u>(1,053,528)</u>	<u>14,586</u>	<u>(1,596,901)</u>	<u>(1,432,878)</u>	<u>(4,068,721)</u>
Fund balances, beginning of year	17,308,149	289,593	(1,925,212)	18,447,041	34,119,571
Fund balances, end of year	<u>\$ 16,254,621</u>	<u>\$ 304,179</u>	<u>\$ (3,522,113)</u>	<u>\$ 17,014,163</u>	<u>\$ 30,050,850</u>

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

**CITY OF PORT ORANGE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Net change in fund balances - total governmental funds	\$ (4,068,721)
Differences in amounts reported for governmental activities in the statement of activities are:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Capital outlay expenditures	7,021,105
Depreciation expense	(6,409,098)
Contributed capital assets	3,214,057
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, CIP project abandoned) is to decrease net position.	
	20,496
Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:	
Principal repayment of general long-term debt	1,330,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds (reduction in delinquent taxes).	
	11,624
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the statement of activities are amounts required to be amortized in accordance with GASB Statement No. 68.	
Change in net pension liability and deferred inflows/outflows related to pensions	965,225
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:	
Amortization of bond discounts and premiums	148,593
Change in accrued interest on long-term debt	21,881
Change in compensated absences liability	(84,508)
Change in total OPEB liability	(96,107)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The portion of net revenue/expense of internal service funds reported within governmental activities for the year.	
	(1,367,223)
Change in net position of governmental activities	\$ 707,324

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

CITY OF PORT ORANGE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 19,958,990	\$ 20,791,326	\$ 21,183,695	\$ 392,369
Permits and fees	3,182,934	3,188,704	3,343,301	154,597
Intergovernmental	6,039,226	6,051,226	6,168,459	117,233
Charges for services	3,620,105	3,628,964	3,417,378	(211,586)
Fines and forfeitures	145,000	145,000	432,253	287,253
Investment income	77,400	77,400	25,332	(52,068)
Miscellaneous	229,670	233,670	381,423	147,753
Total revenues	<u>33,253,325</u>	<u>34,116,290</u>	<u>34,951,841</u>	<u>835,551</u>
EXPENDITURES				
Current:				
General government:				
Mayor and Council	192,035	186,135	183,540	2,595
City Manager	639,720	606,739	552,845	53,894
Finance and administration	1,988,015	2,039,099	1,856,834	182,265
Legal	636,957	720,051	653,448	66,603
Planning and community development	1,701,437	1,475,648	1,201,004	274,644
Nondepartmental	1,796,046	7,359,447	3,967,257	3,392,190
Total general government	<u>6,954,210</u>	<u>12,387,119</u>	<u>8,414,928</u>	<u>3,972,191</u>
Public safety:				
Law enforcement	13,483,759	14,623,670	13,229,285	1,394,385
Fire safety	8,605,876	9,107,636	8,947,349	160,287
Code enforcement	13,000	203,544	197,512	6,032
Total public safety	<u>22,102,635</u>	<u>23,934,850</u>	<u>22,374,146</u>	<u>1,560,704</u>
Transportation	2,687,244	2,687,682	2,439,883	247,799
Culture and recreation	4,130,700	4,259,226	3,754,107	505,119
Total expenditures	<u>35,874,789</u>	<u>43,291,377</u>	<u>37,005,267</u>	<u>6,286,110</u>
Excess (deficiency) of revenues over expenditures	<u>(2,621,464)</u>	<u>(9,175,087)</u>	<u>(2,053,426)</u>	<u>7,121,661</u>
Other financing sources (uses)				
Transfers in	1,656,413	2,309,420	2,309,420	-
Transfers out	<u>(1,150,000)</u>	<u>(2,528,938)</u>	<u>(1,309,522)</u>	<u>1,219,416</u>
Total other financing sources (uses)	506,413	(219,518)	999,898	1,219,416
Net change in fund balances	<u>(2,115,051)</u>	<u>(9,394,605)</u>	<u>(1,053,528)</u>	<u>8,341,077</u>
Fund balances, beginning of year	17,308,149	17,308,149	17,308,149	-
Fund balances, end of year	<u>\$ 15,193,098</u>	<u>\$ 7,913,544</u>	<u>\$ 16,254,621</u>	<u>\$ 8,341,077</u>

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

CITY OF PORT ORANGE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - EASTPORT BUSINESS CENTER CRA
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>(Negative)</u>
REVENUES				
Taxes	\$ 76,546	\$ 76,546	\$ 76,229	\$ (317)
Intergovernmental	119,576	119,576	119,702	126
Investment income	2,400	2,400	1,745	(655)
Miscellaneous	-	-	7	7
Total revenues	<u>198,522</u>	<u>198,522</u>	<u>197,683</u>	<u>(839)</u>
EXPENDITURES				
Current:				
Economic environment	21,456	21,456	6,031	15,425
Excess (deficiency) of revenues over expenditures	<u>177,066</u>	<u>177,066</u>	<u>191,652</u>	<u>14,586</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	<u>(177,066)</u>	<u>(177,066)</u>	<u>(177,066)</u>	<u>-</u>
Total other financing sources (uses)	<u>(177,066)</u>	<u>(177,066)</u>	<u>(177,066)</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>14,586</u>	<u>14,586</u>
Fund balances, beginning of year	289,593	289,593	289,593	-
Fund balances, end of year	<u>\$ 289,593</u>	<u>\$ 289,593</u>	<u>\$ 304,179</u>	<u>\$ 14,586</u>

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

CITY OF PORT ORANGE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TOWN CENTER CRA
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Taxes	\$ 58,237	\$ 58,237	\$ 57,551	\$ (686)
Intergovernmental	90,974	186,215	183,044	(3,171)
Charges for services	-	-	2,700	2,700
Investment income	1,200	1,200	1,395	195
Miscellaneous	-	-	7	7
Total revenues	<u>150,411</u>	<u>245,652</u>	<u>244,697</u>	<u>(955)</u>
EXPENDITURES				
Current:				
Economic environment	31,549	31,549	7,939	23,610
Capital outlay	-	1,406,413	1,386,799	19,614
Debt service:				
Principal retirement	-	260,000	-	260,000
Interest and fiscal charges	44,488	44,488	44,486	2
Total expenditures	<u>76,037</u>	<u>1,742,450</u>	<u>1,439,224</u>	<u>303,226</u>
Excess (deficiency) of revenues over expenditures	<u>74,374</u>	<u>(1,496,798)</u>	<u>(1,194,527)</u>	<u>302,271</u>
Other financing sources (uses)				
Transfers in	328,000	1,547,416	-	(1,547,416)
Transfers out	<u>(402,374)</u>	<u>(402,374)</u>	<u>(402,374)</u>	<u>-</u>
Total other financing sources (uses)	<u>(74,374)</u>	<u>1,145,042</u>	<u>(402,374)</u>	<u>(1,547,416)</u>
Net change in fund balances	<u>-</u>	<u>(351,756)</u>	<u>(1,596,901)</u>	<u>(1,245,145)</u>
Fund balances, beginning of year	(1,925,212)	(1,925,212)	(1,925,212)	-
Fund balances, end of year	<u>\$ (1,925,212)</u>	<u>\$ (2,276,968)</u>	<u>\$ (3,522,113)</u>	<u>\$ (1,245,145)</u>

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

CITY OF PORT ORANGE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water and Sewer	Solid Waste	Stormwater Utility	Golf Course	Total	
ASSETS						
Equity in pooled cash and cash equivalents	\$ 24,124,018	\$ 3,071,166	\$ 4,862,112	\$ 251,458	\$ 32,308,754	\$ 8,406,852
Accounts receivable, net	2,927,644	820,366	28,372	110,594	3,886,976	28,495
Due from other governments	95,021	1,220	1,090	-	97,331	974
Inventories	1,021,466	-	-	16,567	1,038,033	-
Prepaid items	18,000	-	-	31,570	49,570	44,560
Due from other funds	-	-	-	-	-	3,366,878
Restricted current assets						
Equity in pooled cash	406,942	-	137,933	-	544,875	-
Total current assets	<u>28,593,091</u>	<u>3,892,752</u>	<u>5,029,507</u>	<u>410,189</u>	<u>37,925,539</u>	<u>11,847,759</u>
Noncurrent assets:						
Restricted cash	17,175,769	-	1,009,570	-	18,185,339	-
Capital assets:						
Land	15,449,129	42,800	12,336,656	949,209	28,777,794	-
Building and improvements	27,270,874	159,441	-	5,303,762	32,734,077	526,591
Infrastructure	260,540,051	-	35,448,440	-	295,988,491	-
Machinery and equipment	3,500,737	30,500	571,686	92,796	4,195,719	23,919,247
Construction in progress	237,906	-	683,286	-	921,192	480,571
Accumulated depreciation	(122,552,807)	(153,613)	(5,138,861)	(2,863,822)	(130,709,103)	(17,346,919)
Total capital assets, net	184,445,890	79,128	43,901,207	3,481,945	231,908,170	7,579,490
Advances to other funds	1,559,061	-	-	-	1,559,061	-
Total noncurrent assets	<u>203,180,720</u>	<u>79,128</u>	<u>44,910,777</u>	<u>3,481,945</u>	<u>251,652,570</u>	<u>7,579,490</u>
Total assets	<u>\$231,773,811</u>	<u>\$ 3,971,880</u>	<u>\$ 49,940,284</u>	<u>\$ 3,892,134</u>	<u>\$289,578,109</u>	<u>\$ 19,427,249</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on bond refunding	\$ 172,126	\$ -	\$ -	\$ -	\$ 172,126	\$ -
Deferred outflows related to pensions	730,023	21,597	105,864	-	857,484	-
Deferred outflows related to OPEB	105,644	3,147	17,833	-	126,624	-
Total deferred outflows of resources	<u>\$ 1,007,793</u>	<u>\$ 24,744</u>	<u>\$ 123,697</u>	<u>\$ -</u>	<u>\$ 1,156,234</u>	<u>\$ -</u>
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 829,736	\$ 540,673	\$ 82,407	\$ 63,572	\$ 1,516,388	\$ 556,399
Deposits	3,762,213	-	-	4,000	3,766,213	-
Unearned revenue	91,750	-	-	255,062	346,812	-
Estimated claims payable	-	-	-	-	-	396,000
Compensated absences	44,994	359	5,693	-	51,046	14,455
Payable from restricted assets:						
Accounts payable and accrued liabilities	238,284	-	-	-	238,284	-
Current maturities on long-term debt	6,215,359	-	1,154,847	-	7,370,206	-
Accrued interest payable	168,658	-	137,933	-	306,591	-
Total current liabilities	<u>11,350,994</u>	<u>541,032</u>	<u>1,380,880</u>	<u>322,634</u>	<u>13,595,540</u>	<u>966,854</u>
Noncurrent liabilities:						
Bonds and notes payable, net	21,863,916	-	8,373,595	-	30,237,511	-
Advances from other funds	-	-	-	1,559,061	1,559,061	-
Compensated absences	404,942	3,235	51,240	-	459,417	130,089
Total OPEB liability	1,657,130	49,363	279,726	-	1,986,219	-
Net pension liability	1,720,863	50,910	249,550	-	2,021,323	-
Total noncurrent liabilities	<u>25,646,851</u>	<u>103,508</u>	<u>8,954,111</u>	<u>1,559,061</u>	<u>36,263,531</u>	<u>130,089</u>
Total liabilities	<u>\$ 36,997,845</u>	<u>\$ 644,540</u>	<u>\$ 10,334,991</u>	<u>\$ 1,881,695</u>	<u>\$ 49,859,071</u>	<u>\$ 1,096,943</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	\$ 884,701	\$ 26,173	\$ 128,294	\$ -	\$ 1,039,168	\$ -
Deferred inflows related to OPEB	89,470	2,665	15,103	-	107,238	-
Total deferred inflows of resources	<u>\$ 974,171</u>	<u>\$ 28,838</u>	<u>\$ 143,397</u>	<u>\$ -</u>	<u>\$ 1,146,406</u>	<u>\$ -</u>
NET POSITION						
Net investment in capital assets	\$ 156,538,741	\$ 79,128	\$ 34,372,765	\$ 3,481,945	\$ 194,472,579	\$ 7,579,490
Restricted for debt service	4,504,191	-	1,009,570	-	5,513,761	-
Restricted for Wetland Mitigation Credits	1,182,293	-	-	-	1,182,293	-
Restricted for renewal and replacement	5,501,841	-	-	-	5,501,841	-
Restricted for utility plant expansion	5,987,444	-	-	-	5,987,444	-
Unrestricted	21,095,078	3,244,118	4,203,258	(1,471,506)	27,070,948	10,750,816
Total net position	<u>\$ 194,809,588</u>	<u>\$ 3,323,246</u>	<u>\$ 39,585,593</u>	<u>\$ 2,010,439</u>	<u>239,728,866</u>	<u>\$ 18,330,306</u>
Cumulative adjustment to reflect consolidation of internal service fund activities related to enterprise funds					3,524,897	
Net position, business-type activities					<u>\$243,253,763</u>	

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

CITY OF PORT ORANGE, FLORIDA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Water and Sewer	Solid Waste	Stormwater Utility	Golf Course		
Operating revenues						
Charges for services	\$ 26,857,155	\$ 7,249,542	\$ 4,542,151	\$ 1,395,277	\$ 40,044,125	\$ 8,976,971
Other revenues	320,844	8	378	643	321,873	157,122
Total operating revenues	<u>27,177,999</u>	<u>7,249,550</u>	<u>4,542,529</u>	<u>1,395,920</u>	<u>40,365,998</u>	<u>9,134,093</u>
Operating expenses						
Personal services	5,903,098	177,043	659,702	-	6,739,843	1,896,150
Contractual services	3,027,533	6,890,239	886,231	1,386,499	12,190,502	2,116,925
Utilities	1,295,845	1,108	-	-	1,296,953	539,131
Maintenance and repairs	1,360,020	13,824	131,594	8,735	1,514,173	656,882
Other supplies and expenses	2,168,141	4,798	77,008	-	2,249,947	775,972
Insurance claims and expenses	-	-	-	-	-	546,343
Depreciation	5,689,855	11,124	1,354,352	149,918	7,205,249	2,137,616
Total operating expenses	<u>19,444,492</u>	<u>7,098,136</u>	<u>3,108,887</u>	<u>1,545,152</u>	<u>31,196,667</u>	<u>8,669,019</u>
Operating income (loss)	<u>7,733,507</u>	<u>151,414</u>	<u>1,433,642</u>	<u>(149,232)</u>	<u>9,169,331</u>	<u>465,074</u>
Nonoperating revenues (expenses)						
Interest earnings	148,935	15,137	29,921	336	194,329	91,538
Gain (loss) on disposition of capital assets	-	-	-	-	-	246,536
Interest and amortization expense	(770,396)	-	(346,769)	-	(1,117,165)	-
Total nonoperating revenues (expenses)	<u>(621,461)</u>	<u>15,137</u>	<u>(316,848)</u>	<u>336</u>	<u>(922,836)</u>	<u>338,074</u>
Income (loss) before contributions and transfers	<u>7,112,046</u>	<u>166,551</u>	<u>1,116,794</u>	<u>(148,896)</u>	<u>8,246,495</u>	<u>803,148</u>
Capital contributions	3,434,403	-	-	-	3,434,403	-
Capital grants	-	-	377,899	-	377,899	-
Transfers in	-	-	-	1,739,491	1,739,491	450,000
Transfers out	(1,258,858)	(202,457)	(278,235)	-	(1,739,550)	(2,429,596)
Change in net position	<u>9,287,591</u>	<u>(35,906)</u>	<u>1,216,458</u>	<u>1,590,595</u>	<u>12,058,738</u>	<u>(1,176,448)</u>
Net position, beginning of year, as restated	185,521,997	3,359,152	38,369,135	419,844	227,670,128	19,506,754
Net position, end of year	<u>\$ 194,809,588</u>	<u>\$ 3,323,246</u>	<u>\$ 39,585,593</u>	<u>\$ 2,010,439</u>	<u>\$ 239,728,866</u>	<u>\$ 18,330,306</u>
Change in proprietary funds net position					\$ 12,058,738	
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds					190,775	
Change in net position of business-type activities					<u>\$ 12,249,513</u>	

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

**CITY OF PORT ORANGE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Water and Sewer	Solid Waste	Stormwater Utility	Golf Course		
Cash flows from operating activities						
Cash received from customers	\$ 27,390,307	\$ 7,302,424	\$ 4,656,761	\$ 1,370,896	\$ 40,720,388	\$ 9,181,609
Cash paid to employees	(6,005,378)	(175,005)	(657,637)	-	(6,838,020)	(1,913,686)
Cash paid to suppliers	(7,404,032)	(6,932,419)	(1,235,973)	(1,421,091)	(16,993,515)	(5,151,756)
Net cash provided by (used in) operating activities	<u>13,980,897</u>	<u>195,000</u>	<u>2,763,151</u>	<u>(50,195)</u>	<u>16,888,853</u>	<u>2,116,167</u>
Cash flows from noncapital financing activities						
Transfers from other funds	-	-	-	1,739,491	1,739,491	450,000
Transfers to other funds	(1,258,858)	(202,457)	(278,235)	-	(1,739,550)	(2,429,596)
Interfund loans	-	-	-	(1,729,491)	(1,729,491)	1,467,879
Net cash provided by (used in) noncapital financing activities	<u>(1,258,858)</u>	<u>(202,457)</u>	<u>(278,235)</u>	<u>10,000</u>	<u>(1,729,550)</u>	<u>(511,717)</u>
Cash flows from capital and related financing activities						
Impact fees	1,844,255	-	-	-	1,844,255	-
Acquisition and construction of capital assets	(2,403,597)	-	(1,011,960)	(1,146)	(3,416,703)	(2,801,651)
Capital grants	-	-	377,899	-	377,899	-
Principal payments of long-term debt	(6,075,377)	-	(1,122,735)	-	(7,198,112)	-
Interest paid	(707,193)	-	(350,566)	-	(1,057,759)	-
Net cash provided by (used in) capital and related financing activities	<u>(7,341,912)</u>	<u>-</u>	<u>(2,107,362)</u>	<u>(1,146)</u>	<u>(9,450,420)</u>	<u>(2,801,651)</u>
Cash flows from investing activities						
Interest received	148,935	15,137	29,921	336	194,329	91,538
Net change in cash and cash equivalents	<u>5,529,062</u>	<u>7,680</u>	<u>407,475</u>	<u>(41,005)</u>	<u>5,903,212</u>	<u>(1,105,663)</u>
Cash and cash equivalents, beginning of year	36,177,667	3,063,486	5,602,140	292,463	45,135,756	9,512,515
Cash and cash equivalents, end of year	<u>\$ 41,706,729</u>	<u>\$ 3,071,166</u>	<u>\$ 6,009,615</u>	<u>\$ 251,458</u>	<u>\$ 51,038,968</u>	<u>\$ 8,406,852</u>
Cash and cash equivalents classified as:						
Unrestricted	\$ 24,124,018	\$ 3,071,166	\$ 4,862,112	\$ 251,458	\$ 32,308,754	\$ 8,406,852
Restricted	17,582,711	-	1,147,503	-	18,730,214	-
Total cash and cash equivalents	<u>\$ 41,706,729</u>	<u>\$ 3,071,166</u>	<u>\$ 6,009,615</u>	<u>\$ 251,458</u>	<u>\$ 51,038,968</u>	<u>\$ 8,406,852</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ 7,733,507	\$ 151,414	\$ 1,433,642	\$ (149,232)	\$ 9,169,331	\$ 465,074
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	5,689,855	11,124	1,354,352	149,918	7,205,249	2,137,616
Changes in assets and liabilities:						
Accounts receivable	32,833	48,651	81	(9,151)	72,414	5,479
Due from other governments	49,944	4,223	114,151	-	168,318	42,037
Inventories	(178,882)	-	-	4,815	(174,067)	-
Prepaid items	720	-	-	(7,507)	(6,787)	5,829
Accounts payable and accrued liabilities	625,669	(22,450)	(141,140)	(23,165)	438,914	(522,332)
Deposits	118,627	-	-	4,000	122,627	-
Unearned revenue	10,904	-	-	(19,873)	(8,969)	-
Compensated absences	(76,539)	2,794	5,096	-	(68,649)	464
Claims liability	-	-	-	-	-	(18,000)
Net pension liability	(55,249)	(1,634)	(8,012)	-	(64,895)	-
Total OPEB liability	29,508	878	4,981	-	35,367	-
Net cash provided by (used in) operating activities	<u>\$ 13,980,897</u>	<u>\$ 195,000</u>	<u>\$ 2,763,151</u>	<u>\$ (50,195)</u>	<u>\$ 16,888,853</u>	<u>\$ 2,116,167</u>
Non-cash investing, capital, and financing activities:						
Capital assets contributed from other sources	\$ 1,590,148	\$ -	\$ -	\$ -	\$ 1,590,148	\$ -

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

**CITY OF PORT ORANGE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2018**

	Pension Trust Funds
ASSETS	
Cash and cash equivalents with trustee	\$ 3,143,345
Prepaid benefit payments	407,149
Receivables	
Interest and dividends receivable	555,545
Investments, at fair value	
Government agency obligations	4,276,885
Corporate and municipal debt obligations	9,817,218
Corporate equity securities	26,796,787
Mutual funds	45,550,386
Real estate funds	6,937,027
Partnerships	6,999,404
Total investments	100,377,707
Total assets	\$ 104,483,746
LIABILITIES	
Accounts payable	\$ 76,164
Prepaid employer contributions	381,980
Total liabilities	\$ 458,144
NET POSITION	
Restricted for pensions	\$ 104,025,602

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

**CITY OF PORT ORANGE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Pension Trust Funds
Additions	
Contributions:	
Employer	\$ 6,131,620
Plan members	911,925
State - insurance premium taxes	832,336
Total contributions	7,875,881
Investment earnings	
Net appreciation (depreciation) in fair value of investments	6,455,749
Interest and dividends	2,418,850
Total investment earnings	8,874,599
Less: investment expense	(279,879)
Net investment income (loss)	8,594,720
Total additions	16,470,601
Deductions	
Benefit payments and refunds	7,517,980
Administrative expenses	258,972
Total deductions	7,776,952
Change in net position	8,693,649
Net position restricted for pensions, beginning of year	95,331,953
Net position restricted for pensions, end of year	\$ 104,025,602

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

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

The financial statements of the City of Port Orange, Florida (the City), have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles and the City has adopted the GASB Codification. The following is a summary of the City's significant accounting policies:

(a) **Reporting entity**—The City is a municipal corporation created by the laws of Florida, Chapter 67-1274, located in Volusia County. The legislative branch of the City is comprised of a five member elected Council. The City Council is governed by the City Charter and by state and local laws and regulations. The City Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Council-appointed City Manager.

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. Because of the closeness of their relationship with the primary government (the City), the current component units are blended as though they are part of the primary government.

(b) **Blended component units**—The City has two blended component units, as follows:

The City of Port Orange, Florida, Eastport Business Center Community Redevelopment Agency (the "Eastport Business Center CRA") was created by Ordinance No. 1995-42 to account for the receipt and expenditure of property tax revenues from the tax increment financing district to support City redevelopment in the designated community redevelopment area. Although legally separate, pursuant to Resolution No. 95-23, the City Council declared itself to be the Eastport Business Center CRA and provided for the appointment of two additional members. Since the City is financially accountable for the activities of the Eastport Business Center CRA, its governing board is the same, and its relationship to the City is significant, its financial activities are reported on a blended basis as if it were part of the primary government as a major special revenue fund.

The City of Port Orange, Florida, Town Center Community Redevelopment Agency (the "Town Center CRA") was created by Ordinance No. 1998-79 to account for the receipt and expenditure of property tax revenues from the tax increment financing district to support City redevelopment in the designated community redevelopment area. Although legally separate, pursuant to Resolution No. 98-20, the City Council declared itself to be the Town Center CRA and provided for the appointment of two additional members. Since the City is financially accountable for the activities of the Town Center CRA, its governing board is the same, and its relationship to the City is significant, its financial activities are reported on a blended basis as if it were part of the primary government as a major special revenue fund.

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

(c) **Related organizations**—Organizations for which a primary government is accountable because the City appoints a voting majority of the board, but is not financially accountable, are considered to be related organizations. The City Council temporarily appoints a voting majority of the members of the governing board of The Port Orange Business Park Property Owners' Association, Inc. (the Property Owners' Association). The City is not financially accountable for the organization, nor does the City's accountability for this organization extend significantly beyond making the appointments. Accordingly, financial information for this entity is excluded from the City's financial statements.

The Property Owners' Association was incorporated as a Florida not-for-profit corporation on May 29, 2009, to administer and enforce the Port Orange Business Park (the Business Park) covenants and restrictions affecting certain lands located within the business park. The board of directors of the Property Owners' Association will be elected exclusively by the owners of property within the Business Park. The representation and voting rights assigned to the board members of the Property Owners' Association will be based on each owner's pro-rata share of ownership of all non-Association property within the Business Park. During the year ended September 30, 2018, the City sold its ownership in the Association.

Cypress Head Golf Club (the Golf Course) is an 18-hole championship course, with lighted practice facility, driving range, maintenance barn, cart barn, clubhouse, pro shop, restaurant, banquet room, and other related facilities wholly owned and operated by the City. Golf Club at Cypress Head, Inc. was incorporated on August 31, 2001, under the laws of the State of Florida and is the successor of Cypress Head Golf Course, Inc. which was incorporated on October 10, 1991. Golf Club at Cypress Head, Inc. is engaged primarily in holding the license authorizing the sale of alcoholic beverages at the Golf Course and is wholly owned by the City. The Golf Course is managed by an independent sports management company, which provides separate financial statements and accounting for the revenues and expenses generated from player fees, pro-shop sales, restaurant sales, and other related financial activities of the Golf Course. The accompanying financial statements combine the financial activities of the Golf Course which is managed pursuant to the Agreement for Golf Course Management at Cypress Head and the City's Golf Course Enterprise fund. All real and other personal property associated with golf course operations are combined with the financial reporting of the operational activities of the Golf Course in the City's Golf Course Enterprise Fund.

(d) **Government-wide and fund financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report aggregated information for the overall government for all of the activities of the primary government. These statements do not report fiduciary funds or fiduciary component units such as retirement trust funds. Those activities are reported only in fund financial statements. The effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange revenues, are reported separately from business-type activities, which are financed wholly or partially by fees charged to external parties for goods or services and are reported in enterprise funds.

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

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. Indirect costs are included in the program expense reported for individual functions and activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

Property taxes, franchise taxes, intergovernmental revenues, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

Nonexchange transactions are grouped into four classes, based on their principal characteristics. The accounting treatment for each type of transaction is as follows:

- *Derived Tax Revenues* are defined as assessments imposed on exchange transactions. Examples include: sales taxes, franchise tax, utility taxes, etc. Assets from derived tax revenue are recognized in the period when the exchange transaction on which the tax is imposed or when resources are received, whichever occurs first. Revenues are recognized, net of estimated uncollectible amounts, in the same period that the assets are recognized. Resources received in advance are recorded as deferred revenue until the period of the exchange.

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

- *Imposed Nonexchange Revenues* result from assessments on nongovernmental entities, other than assessments on exchange transactions. Examples include: ad valorem (property) taxes, fines and penalties, and property forfeitures. Assets from imposed nonexchange revenues are recognized in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Property taxes are recognized in the period for which the taxes are levied. All other imposed nonexchange revenues are recognized in the same period that the assets are recognized.
- *Government-mandated Nonexchange Transactions* establish eligibility requirements before a transaction can occur. Examples include federal awards and state financial assistance. Until the requirements are met, the recipient does not have a receivable and recognition of revenue received in advance is deferred. The providers (usually federal, state, and county governments) often offer resources on a reimbursement (“expenditure-driven”) basis at the time the recipient has incurred allowable costs under the applicable program.
- *Voluntary Nonexchange Transactions* result from legislative or contractual agreements other than exchanges, entered into willingly by two or more parties. Examples include certain grants, entitlements, and donations by nongovernmental entities. Principal characteristics of these types of transactions are (1) they are not imposed on the provider or recipient, and (2) fulfillment of eligibility requirements is essential for a transaction to occur. Assets and revenues are recognized when all applicable eligibility requirements, including time requirements, are met. Resources received in advance are reported as deferred revenue.

The City’s accounts are organized on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of the governmental and proprietary fund financial statements is on major funds.

The City reports the following major governmental funds:

General Fund—The General Fund is the principal fund of the City which accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City other than proprietary fund activities are financed through revenues received by the General Fund.

Eastport Business Center Community Redevelopment Area (CRA) Fund—The Eastport CRA Fund accounts for the receipt and expenditure of property tax revenues from the tax increment financing district to support redevelopment in the Eastport Business Center community redevelopment area.

Town Center Community Redevelopment Area (CRA) Fund—The Town Center CRA Fund accounts for the receipt and expenditure of property tax revenues from the tax increment financing district to support redevelopment in the Town Center community redevelopment area.

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

The City reports the following major proprietary funds:

Water and Sewer System Fund—The Water and Sewer System Fund accounts for the costs and recovery of costs in the form of user charges related to the production, treatment and distribution of potable water, along with the collection, treatment and disposal of sewage waste with the City. The maintenance and improvement of utility plant required to provide these goods and services are financed primarily from user charges. Physical plant expansion is financed primarily from revenue bond obligations and other long-term debt borrowings.

Solid Waste Fund—The Solid Waste Fund provides the community with refuse and recycling services provided by third-party contracted vendors, the costs of which are primarily recovered by user charges.

Stormwater Utility Fund—The Stormwater Utility Fund accounts for the collection of drainage fees utilized for the expansion and maintenance of drainage facilities.

Golf Course Fund—The Golf Course Fund accounts for the costs and recovery of costs in the form of user charges related to the use of the 18-hole golf course owned and operated by the City. The maintenance and improvement of the golf course required to provide these goods and services are financed primarily from user charges, existing cash resources, and other City funds.

Additionally, the City reports the following fund types:

Special Revenue Funds—These funds account for financial sources and uses that are legally restricted for specific purposes. The City has four non-major Special Revenue Funds which consist of: the Business Development; Recreation Facilities; Community Development-Building; and Community Development Block Grant funds. These financial activities are reported separately in the Combining and Individual Fund Statements and Schedules section of this report.

Debt Service Funds—These funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs. This fund type is used to provide for the debt service requirements of the City's governmental long-term debt.

Capital Projects Funds—These funds are used to account for financial resources to be used for equipment replacement or the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The City has the following non-major capital projects funds: General Construction, Transportation Capital Projects, Fire Impact, Transportation Impact, General Obligation Capital Projects, Capital Replacement Funds, Economic Development Capital, 2014 Capital Improvement Bond Projects, and Recreation Impact. These financial activities are reported separately in the Combining and Individual Fund Statements and Schedules section of this report.

Internal Service Funds—The City's Internal Service Funds account for the financial activities of its internal data processing, vehicle maintenance, self-insurance, lease and replacement, building maintenance, and loan pool activities. These type funds provide services to departments of the City on a cost-reimbursement basis.

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

Pension Trust Funds—Accounts for the net position held in trust for defined pension benefits and the related financial activities of the employees' retirement system, which accumulates resources for defined pension benefit payments to the Municipal Police Officers' Retirement Trust Fund, the Municipal Firefighters' Pension Trust Fund, and the General Employee's Pension Trust Fund. Assets accumulated and held in trust in defined contribution pension plans (deferred compensation and money purchase retirement plans) are not included in the financial statements, since such amounts immediately vest with the employees.

As a general rule, the effect of the City's interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. The City recognizes as operating revenue the portion of impact fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(f) **Budgets and budgetary accounting**—Annual budgets for all governmental and proprietary funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental funds' budgets are prepared on the modified accrual basis of accounting. The proprietary funds' budgets are prepared on a full accrual basis of accounting. The City uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

- i. On or before July 1st, the City Manager submits a preliminary budget to the City Council for the ensuing fiscal year.
- ii. Budget workshop sessions are scheduled by the City Council, as needed.
- iii. A general summary of the budget and notice of public hearing is published in a local newspaper.
- iv. Prior to October 1st, the budget is legally enacted through passage of an ordinance.
- v. The City Council, by resolution, may make supplemental appropriations in excess of those estimated for the year up to the amount of available revenue in accordance with Section 3.08 of the City Charter. Prior to the end of the fiscal year, supplemental appropriations are made for unanticipated spending requirements by the Council.

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

- vi. The City Council must approve all inter-departmental budget amendments and/or appropriations transfers. Budgetary control is exercised at the department level.
- vii. Every appropriation lapses at the close of the fiscal year.

The budgets for governmental funds that were either adopted or amended during the year by the City Council were prepared using the modified accrual basis of accounting in accordance with generally accepted accounting principles. The general, special revenue, debt service, and capital project funds have legally adopted budgets.

The individual accounts that comprise the water and sewer fund, consisting of the water and sewer revenue account, water and sewer renewal and replacement account, and water and sewer impact fee account, have legally adopted annual budgets. The solid waste, golf course, and stormwater funds also have legally adopted annual budgets.

(g) **Deposits and investments**—The City’s cash and cash equivalents include cash on hand, demand deposits and short-term investments that are readily convertible to known amounts of cash. Investments with original maturities of three months or less are considered to be cash equivalents.

The City’s investment policies are governed by state statutes and local resolution. These policies authorize the City to invest in bonds, notes, and certificates of indebtedness, treasury bills, or other securities which are guaranteed by the full faith and credit of the United States of America, interest bearing savings accounts, interest bearing certificates of deposit and interest bearing time deposits.

(h) **Receivables and payables**—Activity between funds that are representative of 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 residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management’s analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered quarterly. Unbilled accounts receivable are accrued by the City at September 30th, to recognize the sales revenues earned between the last meter reading dates made in mid-September through the end of the fiscal year.

(i) **Inventories and prepaid items**—The cost of inventory is accounted for on the consumption basis wherein inventories are charged as expenditures when used, rather than when purchased. All inventories are valued at cost, which approximates market, by using the weighted average valuation method. The effect of this method is to flow the costs of the materials and supplies in the order in which they are purchased and to assign a balance sheet inventory valuation more nearly at current replacement value. No required minimum levels of inventory are maintained.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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

(j) **Restricted assets**—Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayments, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Restricted funds are comprised of the following:

Sinking funds – segregated resources generated from operations that are accumulated for making debt service payments over the next twelve months.

Construction funds – segregated resources consisting of net bond proceeds from the issuance of revenue bonds and other long-term debt obligations that are restricted to use in construction.

Renewal and replacement funds – segregated resources that are set aside to meet unexpected repairs or to fund asset renewal and replacement.

Impact fee funds – segregated resources, contributions and development fees paid on new constructions that are restricted for utility system expansion.

(k) **Capital assets**—Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, drainage improvements, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Infrastructure assets are being accounted for using different methods. For governmental activities, the cost or estimated cost of roads and sidewalks are presented. The City has compiled this information and has recorded all roads and sidewalks acquired after June 30, 1980. For business-type activities, infrastructure assets have been capitalized at cost. Water and sewer utility and stormwater utility improvements are being depreciated over their useful lives.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, but charged to operating expense as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings	20 – 50 years
Infrastructure	15 – 30 years
Improvements other than buildings	20 – 50 years
Machinery and equipment	5 – 35 years

The City has historically recorded all easements and rights of way that are determined to have limited useful lives at estimated fair market value on the date received. The City has elected to not retroactively report intangible assets that are determined to have indefinite useful lives. The City does not have any intangible assets previously subjected to amortization that have now been determined to have indefinite useful lives.

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

(l) **Compensated absences**—The City reports compensated absences in the applicable governmental or business-type activity columns in the governmental-wide financial statements. The portion of employee payroll costs paid subsequent to year-end attributable to services performed prior to year-end and accumulated unpaid vacation, sick-leave, and personal leave is recorded and recognized as a current liability. The remainder of the liability for compensated absences payable beyond the current period is recorded as a long-term liability. The City utilizes the General Fund to liquidate the liability for compensated absences from previous years.

It is the City's policy to grant employees vacation leave (annual leave) and sick leave based upon the number of years of employment with the City. Annual leave accrues at a maximum of 22 days per year with a cumulative maximum of 40 days that can be accrued in total as of the beginning of the fiscal year. Upon termination, without cause, all accrued annual leave is paid. Sick leave accrues at 12 days per year.

Employees can receive payment for unused sick time from their fiscal year-end balance, less amount equivalent to 40 hours leave.

(m) **Long-term obligations**—In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Original issue bond premiums and discounts 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. In the fund financial statements, governmental fund types recognize premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

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

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e., when the government assesses, levies, charges, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

Committed – Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the City Council are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance, except for stabilization arrangements. The City Council expressly delegates to the City Manager authority under this policy to assign funds for particular purposes. Such balances must be assigned (encumbered) through a contract or purchase order as provided under Chapter 2, Section 2-294 of the Port Orange Code of Ordinances and Generally Accepted Accounting Principles.

Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents 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.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

The desired net equity reserve maintained by specified funds shall be held at a particular level. This optimal level has been determined to be at least 30-35% of the respective operating expenditures less transfers in the General Fund. The major enterprise funds (excluding the Golf Course Fund) should retain working capital of between 25% and 30% of operating expenses (less transfers).

(o) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items, deferred loss on bond refunding in the proprietary funds and government-wide statement of net position, and deferred outflows related to pensions and OPEB, which qualify for reporting in this category. A deferred charge on 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. Deferred outflows related to pensions are discussed further in Note (15) and deferred outflows related to OPEB are discussed further in Note (14).

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has three items, unavailable property tax revenues in the governmental fund balance sheets, and deferred inflows related to pensions and OPEB in the proprietary funds and government-wide statement of net position, which qualify for reporting in this category. Unavailable property tax revenues are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows related to pensions are discussed further in Note (15) and deferred inflows related to OPEB are discussed further in Note (14).

(p) **Net position flow assumption**—Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the City’s policy to consider restricted net position to have been used before unrestricted net position is applied.

(q) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

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

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

**CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(3) Property Tax Calendar:

Under Florida law, the assessment of all properties and the collection of all county, municipal and school district property taxes are consolidated in the offices of the County Property Appraiser and County Finance Director. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. For the year ended September 30, 2018, the operating and combined debt service millage rates (2018 levy) assessed by the City were 4.48810 and 0.31740 mills, respectively.

The property tax calendar is as follows:

Valuation Date	January 1, 2017																		
Property Appraiser prepares the assessment roll with values as of January 1, 2017, submits this preliminary roll for approval by the State and notifies each taxing authority of their respective valuations.	July 1, 2017																		
City Council holds two required public hearings and adopts a budget and ad valorem tax millage rate for the coming fiscal year.	September 2017																		
Property Appraiser certifies the assessment roll and all real and tangible personal property taxes are due and payable (Levy date).	November 1, 2017																		
A Notice of Taxes is mailed to each property owner on the assessment roll. Taxes may be paid November 2017 through March 2018, with the following applicable discounts:	November 1, 2017																		
<table border="0" style="margin-left: 20px;"> <tr> <td style="padding-right: 20px;"><u>Month Paid</u></td> <td style="padding-right: 20px;"><u>Discount Percent</u></td> <td></td> </tr> <tr> <td>November</td> <td>4 %</td> <td style="text-align: right;">November 1, 2017</td> </tr> <tr> <td>December</td> <td>3</td> <td style="text-align: right;">through</td> </tr> <tr> <td>January</td> <td>2</td> <td style="text-align: right;">March 31, 2018</td> </tr> <tr> <td>February</td> <td>1</td> <td></td> </tr> <tr> <td>March</td> <td>0</td> <td></td> </tr> </table>	<u>Month Paid</u>	<u>Discount Percent</u>		November	4 %	November 1, 2017	December	3	through	January	2	March 31, 2018	February	1		March	0		
<u>Month Paid</u>	<u>Discount Percent</u>																		
November	4 %	November 1, 2017																	
December	3	through																	
January	2	March 31, 2018																	
February	1																		
March	0																		
All unpaid taxes on real and tangible personal property become delinquent.	April 1, 2018																		
A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised.	April and May 2018																		
Tax certificates are sold on all real estate parcels with unpaid real property taxes (Lien date).	June 1, 2018																		
A court order is obtained authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent personal property taxes.	June 1, 2018																		

At September 30, 2018, the City has recorded property taxes receivable of \$59,405.

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(4) Cash Deposits and Investments:

(a) City of Port Orange, Florida:

The City's investment policies are governed by Chapter 280 and 218, Florida Statutes, City Code of Ordinances, and the adopted investment policy. For all investments authorized by statute or policy, the City applies the "Prudent Person" standard when developing investment strategies. The basic allowable investment instruments are as follows:

The Florida PRIME – includes the Florida PRIME and shall be rated "AAAm" by Standard & Poor's or the equivalent by another NRSRO.

United States Government Securities – includes direct negotiable obligations, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government.

United States Government Agencies (full faith and credit of the United States Government) – includes bonds, debentures or notes issued or guaranteed by the United States Government agencies, provided such obligations are back by the full faith and credit of the United States Government.

Federal Instrumentalities (United States Government Sponsored Enterprises ("GSE") which are non-full faith and credit) – includes bonds, debentures or notes issued or guaranteed by the United States Government Sponsored Enterprises which are non-full faith and credit.

Non-Negotiable Interest Bearing Time Certificates of Deposit – includes non-negotiable interest bearing time certificates of deposit or savings accounts in banks organized under the laws of Florida and/or in national banks organized under the laws of the United States and doing business and situated in Florida, provided that any such deposits are secured by the Florida Security for Public Deposits Act, Section 280, Florida Statutes.

Repurchase Agreements – includes repurchase agreements composed of only those investments based on the requirements set by the City's Master Repurchase Agreement.

Commercial Paper – includes commercial paper of any United States company that is rates, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper).

Corporate Notes – includes corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a long term debt rating, at the time of purchase, at a minimum "Aa" by Moody's and a minimum long term debt rating of "AA" by Standard & Poor's.

Bankers' Acceptances – includes bankers' acceptances which are issued by a domestic bank or a federally chartered domestic office of a foreign bank, which is eligible for purchase by the Federal Reserve System, at the time of purchase, the short-term paper is rated, at a minimum, "P-1" by Moody's or "A-1" by Standard & Poor's.

State and/or Local Government Taxable and/or Tax-Exempt Debt – includes state and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at least "Aa" by Moody's and "AA" by Standard & Poor's for long-term debt, or rate at least "MIG-2" by Moody's and "SP-2" by Standard & Poor's for short-term debt.

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(4) Cash Deposits and Investments: (Continued)

Registered Investment Companies (Money Market Mutual Funds) – includes shares in open-end and no-load fixed-income securities mutual funds provided such funds are registered under the Federal Investment Company Act of 1940 and invest in securities permitted by this policy.

Intergovernmental Investment Pool – includes intergovernmental investment pools that are authorized pursuant to the Florida Interlocal Corporation Act, as provided in Section 163.01, Florida Statutes, and provided that said funds contain no derivatives.

Deposits include cash on hand and amounts held in the City’s demand accounts. At September 30, 2018, the carrying amount of the City’s deposits was \$32,635,191. Each demand account is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Any balance in excess of FDIC insurance is covered by collateral held by the City’s custodial bank, which is pledged to a state trust fund that provides security in accordance with Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act (the Act) established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified public depository must pledge at least 50 percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125 percent, may be required, if deemed necessary under the conditions set forth in the Act.

Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer. Under the Act, the pool may assess participating financial institutions on a pro rata basis to fund any shortfall in the event of the failure of a member institution.

The City has funds invested in a money market mutual fund. The fund’s portfolio is structured within the confines of Rule 2a-7 under the Investment Company Act of 1940, as amended. SEC Rule 2a-7 is the rule that permits money market funds to use amortized cost to maintain a constant NAV (net asset value) of \$1.00 per share, provided that such funds meet certain criteria. Therefore, the fair value of the City’s position in the fund is the same as the value of the fund’s shares. The fund invests primarily in short-term, high-quality, fixed-income securities issued by banks, corporations and the U.S. government, rated in the highest short-term category or of comparable quality. As of September 30, 2018, the total invested in the fund was \$11,196,504.

The City measures and records its investments, assets whose use is limited, and restricted assets using fair value measurement guidelines. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices – Values determined based on quoted market prices for similar assets in active or inactive markets; and,
- *Level 3:* Unobservable inputs – Values determined based on the underlying real estate and other holdings within the noted investments.

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(4) Cash Deposits and Investments: (Continued)

As of September 30, 2018, the City's governmental and business-type investment portfolio was composed of the following investments:

Investment Type	Credit Quality Rating (S&P)	Carrying Value	Weighted Average Investment Maturities (in Years)		Fair Value Hierarchy
			Less Than 1	1 – 5	Classification
Cash	NR	\$ 32,635,191	\$ 32,635,191	\$ -	N/A
Money Market – PFM Funds	NR	11,353,831	11,353,831	-	Level 2
Commercial Paper	A-1	3,500,000	2,200,000	1,300,000	Level 2
Municipal Bonds	AA	555,000	-	555,000	Level 2
Corporate Bonds	AAA to AA-	9,565,000	-	9,565,000	Level 2
US Government Treasury Notes	AA+	11,260,000	-	11,260,000	Level 2
Federal Instrumentalities	AA+	3,880,000	-	3,880,000	Level 2
Federal Agency Collat. Mortgage Obligations	AA+	1,639,178	-	1,639,178	Level 2
Asset-Backed Securities	AAA	10,766,922	-	10,766,922	Level 2
Supra-national agency bond	AAA	6,815,000	-	6,815,000	Level 2
Bank note	A+	555,000	-	555,000	Level 2
Certificates of deposit	NR	275,111	275,111	-	N/A
Total Portfolio		<u>\$ 92,800,233</u>	<u>\$ 46,464,133</u>	<u>\$ 446,336,100</u>	

Interest Rate Risk: The City's investment policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements. The investment of current operating funds will have maturities of no longer than twenty-four (24) months. Investments of bond reserves, construction funds, and other non-operating funds ("core funds") shall have a term appropriate to the need for funds and in accordance with debt covenants, but should not exceed ten years. From time to time the above parameters may require modification in order to meet specific construction draw schedules or other predetermined operating, capital needs or to satisfy debt obligations but in no event shall exceed thirty (30) years.

Credit Risk: Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The City's investment policy utilizes portfolio diversification in order to limit investments to the highest rated securities as rated by nationally recognized rating agencies. The ratings of the investments held at year end are shown above. All are rated within the investment policy guidelines at September 30, 2018.

Concentration of Credit Risk: The City's investment policy has established asset allocation and issuer limits on its investments which are designed to reduce concentration of credit risk of the City's investment portfolio. A maximum of 25% of available funds may be invested in the Florida PRIME, 100% of available funds may be invested in the United States Government Securities, 75% of available funds may be invested in United States Government agencies with a 50% limit on individual issuers, 80% of available funds may be invested in Federal Instrumentalities with a 40% limit on individual issuers, 25% of available funds may be invested in non-negotiable interest bearing time certificates of deposit with a 15% limit on individual issuers, 50% of available funds may be invested in repurchase agreements excluding one (1) business day agreements and overnight sweep agreements with a 25% limit on individual issuers, 30% of available funds may be directly invested in prime commercial paper with a 10% limit on individual issuers, 15% of available funds may be directly invested in corporate notes with a 5% limit on individual issuers, 30% of available funds may be directly invested in Bankers' acceptances with a 10% limit on individual issuers, 20% of available funds may be invested in taxable and tax-exempt debts, 50% of available funds may be invested in mutual funds excluding one (1) business day overnight sweep agreements with a 25% limit on individual issuers, 25% of available funds may be invested in intergovernmental investment pools.

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(4) **Cash Deposits and Investments:** (Continued)

Custodial Credit Risk—Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Pursuant to the applicable provisions of Chapter 280, Florida Statutes, *The Florida Security for Public Deposits Act*, the State of Florida, Department of Financial Services, Division of Treasury, Bureau of Collateral Management have established specific requirements relative to the security and collateralization for public deposits. Accordingly, banks qualifying as a public depository in the State of Florida must adopt the necessary procedures outlined in these statutes and meet all of the requirements of this chapter to be designated by the State Chief Financial Officer (CFO) as eligible to receive deposits from municipal depositors. Collateral having a market value equal to 50% of the average daily balance for each month of all public deposits in excess of any applicable depository insurance is required to be pledged or deposited with the State CFO to secure such deposits. Additional collateral, up to a maximum of 125% may be required if deemed necessary under the conditions set forth in the Act. Securities eligible to be pledged as collateral are generally limited to obligations of the United States government and any state thereof and are held in the name of the State CFO's office. Compliance with the provisions of Chapter 280, Florida Statutes, is monitored by a Qualified Public Depository Oversight Board with members appointed by the State CFO.

Custodial Credit Risk—Investments: In the case of investments, 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. As of September 30, 2018, the City's investments in U.S. Treasury obligations and federal instrumentalities/agency obligations are backed by the full faith and credit of the United States, or explicitly guaranteed by the United States. The City's investment in corporate debt obligations are held in the form of corporate bonds through a financial brokerage firm. The corporate debt obligations are uninsured, unregistered and held by the City's brokerage firm which is also the counterparty for these particular securities.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The investment policy does not permit general obligations issued by a foreign government and is, therefore, not exposed to foreign currency risk.

(b) Pensions Plans:

The City's Pension Plans are authorized to invest in the following investments:

Investment products and funds provided through insurance companies, including, but not limited to, annuity and life insurance contracts of life insurance companies in amounts sufficient to provide, in whole or in part, the benefits to which all of the members in the fund shall be entitled under the provisions of this system and pay the initial and subsequent premium thereon.

Time or savings accounts of a national bank, a state bank or a savings/building and loan association insured by the Federal Deposit Insurance Corporation.

Obligations of the United States or obligations guaranteed as to principal and interest by the government of the United States.

Open-end non-commission bank or insurance company real estate funds with ability to liquidate every three (3) months.

Foreign securities.

Bonds, stocks, commingled or mutual funds.

State Board of Administration and the investment vehicles it utilizes.

Any other investment which the pension board deems to be prudent.

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(4) Cash Deposits and Investments: (Continued)

The following chart shows the General Employees' Pension fund cash and investment accounts by investment portfolios and their respective maturities (in years):

	Fair Value	Weighted Average Maturity (years)	Credit Rating Range (S&P)	Fair Value Hierarchy Classification
Money Market Funds	\$ 507,325	N/A	NR	N/A
U.S. Treasury Obligations	681,043	9.9	NR	Level 2
U.S. Government Obligations	1,754,259	19.3	NR	Level 2
Corporate Debt	4,212,446	5.1	BBB to AA-	Level 2
Municipal Debt	134,065	1.1	AA	Level 2
Common Stock	18,343,536	N/A	NR	Level 1
Florida Municipal Trust	3,901,967	N/A	NR	Level 1
Real Estate Pooled Separate Account	5,553,657	N/A	NR	Level 3
Total Portfolio	<u>\$ 35,088,298</u>			

The following chart shows the Fire Pension fund cash and investment accounts by investment portfolios and their respective maturities (in years):

	Fair Value	Weighted Average Maturity (years)	Credit Rating Range (Moody's)	Fair Value Hierarchy Classification
Money Market Funds	\$ 1,861,873	N/A	NR	N/A
U.S. General & Agency Obligations	1,841,583	4.5	AAA	Level 2
Corporate Bonds	5,470,707	9.4	Baa3, Aaa	Level 2
Common Stock	8,453,251	N/A	NR	Level 1
Mutual Funds	10,826,140	N/A	NR	Level 1
Real Estate Partnership	1,383,370	N/A	NR	Level 3
Total Portfolio	<u>\$ 29,836,924</u>			

The following chart shows the Police Pension fund cash and investment accounts by investment portfolios and their respective maturities (in years):

	Fair Value	Weighted Average Maturity (years)	Credit Rating Range (S&P)	Fair Value Hierarchy Classification
Money Market Funds	\$ 774,147	N/A	NR	N/A
Mutual Funds – equity	25,162,597	N/A	NR	Level 1
Mutual Funds – fixed income	9,561,649	N/A	NR	Level 1
Real Estate Partnership	3,097,437	N/A	NR	Level 3
Total Portfolio	<u>\$ 38,595,830</u>			

**CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(4) Cash Deposits and Investments: (Continued)

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The established performance objectives of the Pension Plans require investment maturities to provide sufficient liquidity to pay obligations as they become due. At September 30, 2018, the weighted average maturity in years for each investment type is included in the preceding tale.

Credit Risk: Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The Pension Plans utilize portfolio diversification in order to limit investments to the highest rated securities as rated by nationally recognized rating agencies. The ratings of the investments held at year end are shown above. All are rated within the investment policy guidelines at September 30, 2018.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Fire Pension trust funds policy does not allow more than five (5) percent of its assets in the common stock, capital stock, or convertible securities of any one issuing company, nor shall the aggregate investment in any one issuing company, exceed five (5) percent of the outstanding stock of that company, nor shall the aggregate of its investments at market in common stock, capital stock and convertible securities exceed seventy (70) percent of the fund's total assets. The Police Pension trust funds policy does not allow more than five (5) percent of its assets in the common stock, capital stock, or convertible securities of any one issuing company, nor shall the aggregate investment in any one issuing company, exceed twelve and one-half (12.5) percent of the outstanding stock of that company. The General Employee Pension trust funds policy does not allow more than five (5) percent of its assets in the common stock, capital stock, or convertible securities of any one issuing company, nor shall the aggregate investment in any one issuing company, exceed fifteen (15) percent of the outstanding stock of that company, nor shall the aggregate of its investments at market in common stock, capital stock and convertible securities exceed seventy-five (75) percent of the fund's total assets. At September 30, 2018, the investment portfolios met the single issuer limitations.

Custodial Credit Risk: Custodial credit risk is the risk that the City may not recover cash and investments held by another party in the event of financial failure. Custodial credit risk is limited since investments are held in independent custodial safekeeping accounts or mutual funds.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Pension trust funds policies allow for up to twenty-five (25) percent of its investments in common stock, capital stock and convertible securities at market value in foreign securities. At September 30, 2018, the investment portfolios met the foreign securities limitations.

A reconciliation of cash and investments as shown in the accompanying financial statements follows:

Fair Value/Carrying Value	
Governmental and Business-type Investment Portfolio	\$ 92,262,403
Pension Investment Portfolio	103,521,052
Total	<u>\$195,783,455</u>
Government-Wide Statement of Net Position:	
Equity in pooled cash	\$ 62,738,042
Restricted equity in pooled cash	28,352,395
Restricted investments	1,171,966
Statement of Fiduciary Net Position:	
Cash and cash equivalents with trustee	3,143,345
Investments	100,377,707
Total	<u>\$195,783,455</u>

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(5) Accounts Receivable:

The City's receivables consisted of the following at September 30, 2018:

	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
Governmental Activities:			
General Fund			
Delinquent taxes receivable	\$ 54,293	\$ -	\$ 54,293
Accounts receivable	2,601,999	(1,398,258)	1,203,741
Nonmajor Governmental Funds			
Delinquent taxes receivable	5,112	-	5,112
	2,661,404	(1,398,258)	1,263,146
Internal Service:			
Internal Service Funds			
Accounts receivable	29,889	(1,394)	28,495
Total – Governmental Activities	2,691,293	(1,399,652)	1,291,641
Business-Type Activities:			
Water and Sewer Fund			
Accounts receivable	3,224,190	(296,546)	2,927,644
Solid Waste Fund			
Accounts receivable	867,873	(47,507)	820,366
Stormwater Utility Fund			
Accounts receivable	28,895	(523)	28,372
Golf Course Fund			
Accounts receivable	110,594	-	110,594
Totals – Business-Type Activities	4,231,552	(344,576)	3,886,976
Totals	\$ 6,922,845	\$ (1,744,228)	\$ 5,178,617

(6) Interfund Loans, Advances, Fees, and Transfers:

At September 30, 2018, individual fund advances to and from other funds for the primary government were comprised of the following:

	Advance To	Advance From
Business-Type Activities:		
Water and Sewer Fund:		
Golf Course Fund	\$ 1,559,061	\$ -
Golf Course Fund:		
Water and Sewer Fund	-	1,559,061
Totals – All Funds	\$ 1,559,061	\$ 1,559,061

**CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(6) Interfund Loans, Advances, Fees, and Transfers: (Continued)

The outstanding balances between funds result mainly from the time lag between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system, and when payments between funds are made. At September 30, 2018, individual fund interfund receivables and payables for the primary government were comprised of the following:

	Due From Other Funds	Due to Other Funds
Governmental Activities:		
General Fund:		
Transportation Capital Projects Fund	\$ 200,100	\$ -
Town Center CRA Fund	1,557,916	-
Town Center CRA Fund:		
General Fund	-	1,557,916
Loan Pool Internal Service Fund	-	2,140,390
Transportation Capital Projects Fund:		
General Fund	-	200,100
Capital Replacement Capital Projects Fund	-	423,986
Transportation Impact Capital Projects Fund	-	450,000
Loan Pool Internal Service Fund	-	421,090
Capital Replacement Capital Projects Fund:		
Transportation Capital Projects Fund	423,986	-
Community Dev. Block Grant Special Revenue Fund:		
Loan Pool Internal Service Fund	-	207,238
Transportation Impact Fee Fund:		
Transportation Capital Projects Fund	450,000	-
Recreation Impact Capital Projects Fund:		
Loan Pool Internal Service Fund	-	207,207
	<u>2,632,002</u>	<u>5,998,880</u>
Internal Service:		
Loan Pool Internal Service Fund:		
Recreation Impact Projects Fund	207,207	-
Town Center CRA Fund	2,140,390	-
Community Dev. Block Grant Special Revenue Fund	207,238	-
Transportation Capital Projects Fund	421,090	-
Capital Replacement Capital Projects Fund	390,953	-
	<u>3,366,878</u>	<u>-</u>
Total – All Funds	<u>\$ 5,998,880</u>	<u>\$ 5,998,880</u>

Transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, (2) move restricted amounts from borrowings to the debt service funds to establish and maintain mandatory reserve and sinking fund accounts, (3) move revenues from proprietary fund operations to the general fund for payments in lieu of taxes, and (4) move unrestricted revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for various grant programs.

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(6) Interfund Loans, Advances, Fees, and Transfers: (Continued)

For the year ended September 30, 2018, individual fund transfers to and from other funds for the primary government were comprised of the following:

	<u>Transfer From</u>	<u>Transfer To</u>
Governmental Activities:		
General Fund:		
Recreation Facilities Fund	\$ 630,127	\$ -
Capital Replacement Fund	-	849,522
Water and Sewer Fund	1,258,858	-
Solid Waste Fund	202,457	-
Stormwater Utility Fund	195,098	-
Golf Course Fund	-	10,000
Internal Service Funds	22,880	450,000
Eastport Business Center CRA Fund:		
Debt Service Fund	-	177,066
Town Center CRA Fund:		
Debt Service Fund	-	402,374
Nonmajor Governmental Funds:		
Recreation Facilities Fund:		
General Fund	-	630,127
Debt Service Fund:		
Eastport Business Center CRA Fund	177,066	-
Town Center CRA Fund	402,374	-
Stormwater Utility Fund	83,137	-
Internal Service Funds	623,525	-
Capital Replacement Fund:		
General Fund	849,522	-
Internal Service Funds	53,700	-
	4,498,744	2,519,089
Business-type Activities:		
Water and Sewer Fund:		
General Fund	-	1,258,858
Solid Waste Fund:		
General Fund	-	202,457
Stormwater Utility Fund:		
General Fund	-	195,098
Debt Service Fund	-	83,137
Golf Course Fund:		
General Fund	10,000	-
Internal Service Funds	1,729,491	-
	1,739,491	1,739,550
Internal Service Funds:		
General Fund	-	22,880
Debt Service Fund	450,000	623,525
Capital Replacement Fund	-	53,700
	450,000	2,429,596
Totals – All Funds	\$ 6,688,235	\$ 6,688,235

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(7) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2018, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated –				
Land	\$ 20,510,936	\$ 3,471,096	\$ -	\$ 23,982,032
Easements	7,041,968	962,376	-	8,004,344
Works of art	12,000	-	-	12,000
Construction in progress	784,741	4,228,193	(2,518,033)	2,494,901
Total capital assets, not being depreciated	<u>28,349,645</u>	<u>8,661,665</u>	<u>(2,518,033)</u>	<u>34,493,277</u>
Capital assets, being depreciated –				
Buildings and improvements	77,720,092	3,555,254	-	81,275,346
Infrastructure	78,025,473	903,178	-	78,928,651
Equipment	27,765,974	2,728,587	(2,585,145)	27,909,416
Total capital assets, being depreciated	<u>183,511,539</u>	<u>7,187,019</u>	<u>(2,585,145)</u>	<u>188,113,413</u>
Less accumulated depreciation for–				
Buildings, improvements	(16,451,067)	(973,057)	-	(17,424,124)
Infrastructure	(38,343,434)	(5,102,445)	-	(43,445,879)
Equipment	(20,520,613)	(2,471,212)	2,558,339	(20,433,486)
Total accumulated depreciation	<u>(75,315,114)</u>	<u>(8,546,714)</u>	<u>2,558,339</u>	<u>(81,303,489)</u>
Total capital assets, being depreciated, net	<u>108,196,425</u>	<u>(1,359,695)</u>	<u>(26,806)</u>	<u>106,809,924</u>
Governmental activities capital assets, net	<u>\$ 136,546,070</u>	<u>\$ 7,301,970</u>	<u>\$ (2,544,839)</u>	<u>\$ 141,303,201</u>
Business-type activities:				
Capital assets, not being depreciated –				
Land	\$ 28,777,794	\$ -	\$ -	\$ 28,777,794
Construction in progress	484,687	857,385	(420,880)	921,192
Total capital assets, not being depreciated	<u>29,262,481</u>	<u>857,385</u>	<u>(420,880)</u>	<u>29,698,986</u>
Capital assets, being depreciated –				
Buildings and improvements	32,734,077	-	-	32,734,077
Infrastructure	291,828,498	4,159,993	-	295,988,491
Equipment	3,790,107	409,207	(3,595)	4,195,719
Total capital assets, being depreciated	<u>328,352,682</u>	<u>4,569,200</u>	<u>(3,595)</u>	<u>332,918,287</u>
Less accumulated depreciation for –				
Buildings and improvements	(116,902,573)	(5,558,339)	-	(122,460,912)
Infrastructure	(3,667,577)	(1,299,544)	-	(4,967,121)
Equipment	(2,937,299)	(347,366)	3,595	(3,281,070)
Total accumulated depreciation	<u>(123,507,449)</u>	<u>(7,205,249)</u>	<u>3,595</u>	<u>(130,709,103)</u>
Total capital assets, being depreciated, net	<u>204,845,233</u>	<u>(2,636,049)</u>	<u>-</u>	<u>202,209,184</u>
Business-type activities capital assets, net	<u>\$ 234,107,714</u>	<u>\$ (1,778,664)</u>	<u>\$ (420,880)</u>	<u>\$ 231,908,170</u>

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(7) **Capital Assets:** (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General governmental	\$ 2,366,804
Public safety	890,387
Transportation	3,709,146
Culture and recreation	1,580,377
Total depreciation expense - governmental activities	<u>\$ 8,546,714</u>
Business-type activities:	
Water and sewer	\$ 5,689,855
Solid Waste	11,124
Stormwater Utility	1,354,352
Golf Course	149,918
Total depreciation expense - business-type activities	<u>\$ 7,205,249</u>

(8) **Commitments:**

The City had active construction projects as of September 30, 2018. The projects included construction of utility improvements, road and right-of-way improvements, recreational facilities, and drainage improvements. At September 30, 2018, the City's commitments with contractors were as follows:

<u>Project</u>	<u>Total Adjusted Contract Amounts</u>	<u>Remaining Commitment</u>
Water and Sewer Utility Improvements	\$ 2,476,384	\$ 1,997,180
Transportation Infrastructure Improvements	835,384	797,909
Facility Improvements	2,427,340	694,847
Recreational Improvements	78,648	77,150
Drainage Improvements	235,590	31,160
	<u>\$ 6,053,346</u>	<u>\$ 3,598,246</u>

The commitment for utility improvements is being funded from water and sewer equity, State Revolving Loan proceeds, and water and sewer revenue. Construction of transportation infrastructure improvements is being funded from gas tax revenues, and capital project funds. The facility improvements are funded from general fund equity, lease and replacement funds and bond proceeds. Recreational improvements are being funded from Golf Course fund equity. The commitment for drainage improvements is being funded from drainage revenues.

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(9) Operating Leases:

The City has entered into leases with various tenants for the rentals of: real property and buildings contiguous to City Hall which houses the Palmer Chiropractic campus; land and buildings which house the Port Orange branch of Volusia/Flagler YMCA; the restaurant located within the clubhouse at Cypress Head Golf Course; and certain real property used for outdoor activities and billboard placement.

At September 30, 2018, future minimum lease payments to be received under these operating leases are as follows:

<u>Year Ending September 30,</u>	<u>Total</u>
2019	\$ 915,347
2020	795,920
2021	813,090
2022	828,616
2023	842,422
2024-2028	<u>2,369,259</u>
Total	<u>\$ 6,564,654</u>

The following is a summary of the City's investments in property held for lease at September 30, 2018:

Land	\$ 6,730,938
Buildings	291,046
Improvements	7,186,175
Equipment	<u>237,495</u>
	14,445,654
Less: accumulated depreciation	<u>6,317,526</u>
Total	<u>\$ 8,128,128</u>

(10) Long-Term Liabilities:

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds and notes	\$ 12,355,000	\$ -	\$ (485,000)	\$ 11,870,000	\$ 495,000
Revenue bonds and notes	21,535,000	-	(845,000)	20,690,000	885,000
Less deferred amount:					
Original issue premium	1,822,359	-	(160,636)	1,661,723	-
Original issue (discount)	(81,595)	-	7,642	(73,953)	-
Total bonds and notes payable	<u>35,630,764</u>	<u>-</u>	<u>(1,482,994)</u>	<u>34,147,770</u>	<u>1,380,000</u>
Compensated absences	<u>2,503,160</u>	<u>1,795,206</u>	<u>(1,710,234)</u>	<u>2,588,132</u>	<u>258,814</u>
Governmental activities – Total long-term liabilities	<u>\$ 38,133,924</u>	<u>\$ 1,795,206</u>	<u>\$ (3,193,228)</u>	<u>\$36,735,902</u>	<u>\$ 1,638,814</u>

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(10) **Long-Term Liabilities:** (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Bonds payable:					
Revenue bonds and notes	\$ 26,260,000	\$ -	\$ (4,505,000)	\$ 21,755,000	\$ 4,600,000
Loans from other governments	18,590,633	-	(2,693,112)	15,897,521	2,770,206
Less deferred amount:					
Original issue (discount)	(48,249)	-	3,445	(44,804)	-
Total bonds and notes payable	44,802,384	-	(7,194,667)	37,607,717	7,370,206
Compensated absences	579,112	420,900	(489,549)	510,463	51,046
Business-type activities –					
Total long-term liabilities	<u>\$ 45,381,496</u>	<u>\$ 420,900</u>	<u>\$ (7,684,216)</u>	<u>\$ 38,118,180</u>	<u>\$ 7,421,252</u>

Bonds and notes payable in the City’s governmental activities at September 30, 2018, were comprised of the following obligations:

Series 2006 Eastport Community Redevelopment Agency Tax Increment Note, was issued to fund the construction of infrastructure improvements in the Eastport Community Redevelopment Area, due in payments of principal plus interest at 3.922% semi-annually on April 1 and October 1 of each year until final maturity on October 1, 2024. Pledged by Eastport CRA tax increment revenues.	\$ 1,395,000
Series 2007 Town Center Community Redevelopment Agency Tax Increment Note, was issued to fund the construction of infrastructure improvements in the Town Center Community Redevelopment Area, due in payments of principal plus interest ranging from 4.00% to 4.625% semi-annually on April 1 and October 1 of each year until final maturity on April 1, 2036. Pledged by Town Center tax increment revenues.	4,710,000
Series 2014 Capital Improvement Refunding Revenue Bonds were issued in the amount of \$16,350,000 to refund the City’s Capital Improvement Revenue Bonds, Series 2004, and to construct certain capital improvements in the Town Center area of the City. Bond is due in payments of principal plus interest ranging from 2.00% to 5.00% in semi-annual installments due on April 1 and October 1 through October 1, 2035. Secured by a lien upon and pledge of public service taxes imposed on certain purchases of electricity and metered or bottled gas, and communication service taxes originating within the corporate limits of the City.	14,585,000
Total revenue bonds	20,690,000
Series 2016 General Obligation Bonds were issued in the amount of \$12,895,000 to refund the City’s General Obligation Bonds, Series 2006; payments are due serially with interest rates ranging from 2.00% to 4.00%, payable in semi-annual installments due on April 1 and October 1 through April 1, 2036.	11,870,000
Total revenue and general obligation bonds	32,560,000
Net unamortized premiums/(discounts)	1,587,770
Total bonds and notes payable, governmental activities	\$ 34,147,770

**CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(10) **Long-Term Liabilities:** (Continued)

Annual debt service requirements to maturity for the City's governmental activities bonds and notes payable are as follows:

Year Ending September 30,	General Obligation Bonds		Revenue Bonds		Total
	Principal	Interest	Principal	Interest	
2019	\$ 495,000	\$ 406,169	\$ 885,000	\$ 851,701	\$ 2,637,870
2020	505,000	396,269	980,000	814,252	2,695,521
2021	520,000	381,119	1,015,000	773,906	2,690,025
2022	535,000	365,519	1,055,000	732,095	2,690,614
2023	550,000	349,119	1,100,000	688,499	2,687,618
2024-2028	3,050,000	1,554,926	5,435,000	2,722,337	12,662,294
2029-2033	3,670,000	833,550	6,030,000	1,488,935	12,022,485
2034-2036	2,545,000	154,200	4,190,000	389,866	7,279,066
Total	<u>\$ 11,870,000</u>	<u>\$ 4,340,902</u>	<u>\$20,690,000</u>	<u>\$ 8,461,591</u>	<u>\$ 45,362,493</u>

Bonds and notes payable in the City's business-type activities at September 30, 2018, were comprised of the following obligations:

Series 2003B Capital Improvement Note fully and partially advance-refunded (defeased) a certain revenue bond debt obligation. The Series 2003B Note bears interest at 3.646% and is payable on April 1 and October 1 with principal maturing in October 1 of each year. Funds pledged to service interest and principal of this issue is payable from non-ad valorem revenues of the City.	\$ 100,000
Series 2005 Stormwater Utility Revenue Bonds were issued in the amount of \$7,470,000 to provide for the expansion of the City's stormwater drainage system and infrastructure. Due serially with interest rates ranging from 3.00% to 4.30%, payable in semi-annual installments due on April 1 and October 1 through October 1, 2035. Pledged by non-ad valorem stormwater drainage assessments.	4,965,000
Series 2008 Stormwater Utility Refunding Revenue Note was issued in the amount of \$4,610,000 at parity and consistent with other stormwater debt of the system, with proceeds used to partially refund the Stormwater Utility Revenue Bonds, Series 1998. The note bears interest at 3.69%, payable in semi-annual installments due on April 1 and October 1 through October 1, 2018, and is pledged by non-ad valorem stormwater drainage assessments.	565,000
Series 2012 Water and Sewer Refunding Revenue Bonds were issued in the amount of \$26,390,000 in July 2012 to provide for the advance refunding of the Series 2003 Bonds, which were refunded in full on October 1, 2012, and to finance the expansion of the City's water and sewer utility system. Due serially with interest rates ranging from 3.00% to 5.00%, payable in semi-annual installments due on April 1 and October 1 through October 1, 2021. Pledged by water and sewer fund revenues.	16,125,000
Total revenue bonds and notes payable, business-type activities	<u>\$ 21,755,000</u>

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(10) **Long-Term Liabilities:** (Continued)

The following is a summary of the City's State Revolving Fund (SRF) loans granted by the State to fund various water, sewer, and drainage projects:

<u>Project Loan Number</u>	<u>Original Amounts</u>	<u>Interest Rate</u>	<u>Payment Dates</u>	<u>Final Maturity</u>	<u>Balance 9/30/18</u>
Water and Sewer Fund:					
WWW72514S	\$ 7,230,813	1.425%	2/15; 8/15	2026	\$ 3,478,700
CS12072513P	13,727,360	1.525-1.635%	3/15; 9/15	2023	4,222,852
CS120725080	8,996,824	1.495-1.560%	2/15; 8/15	2021	1,469,145
CS120725090	4,272,000	1.535%	2/15; 8/15	2020	423,948
DW6413030	4,365,810	2.580%	3/15; 9/15	2027	2,359,630
Stormwater Utility Fund:					
SW725150	5,116,928	1.195%	1/15; 7/15	2027	3,636,700
SW120725100	1,556,976	1.515%	2/15; 8/15	2021	306,546
Total					<u>\$ 15,897,521</u>

Annual debt service requirements to maturity for the City's business-type activities bonds, notes, and SRF loans payable are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Revenue Bonds & Notes</u>		<u>SRF Loans</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2019	\$ 4,600,000	\$ 479,297	\$ 2,770,206	\$ 417,390	\$ 8,266,893
2020	3,990,000	402,367	2,703,848	338,071	7,434,286
2021	4,065,000	331,483	2,325,896	263,208	6,985,587
2022	4,135,000	259,323	1,971,169	203,131	6,568,623
2023	-	222,935	2,025,813	148,488	2,397,236
2024-2028	245,000	1,109,408	4,100,589	213,042	5,668,039
2029-2033	2,755,000	762,864	-	-	3,517,864
2034-2036	1,965,000	135,339	-	-	2,100,339
Total	<u>\$ 21,755,000</u>	<u>\$ 3,703,016</u>	<u>\$ 15,897,521</u>	<u>\$ 1,583,330</u>	<u>\$ 42,938,867</u>

Conduit Debt Obligation

Pursuant to the provisions of Ordinance No. 2010-31, the City authorized issuance of conduit debt in the total amount not to exceed \$28,300,000 for Palmer Chiropractic University Foundation, an Iowa not-for-profit corporation, doing business as Palmer College of Chiropractic Florida (the Borrower).

On December 1, 2010, the Borrower issued a \$27,750,000 Palmer Chiropractic Florida Project, Series 2010 Tax Exempt Revenue Note. The proceeds of the note were utilized for acquisition, construction and equipping of certain additional improvements to the Borrower's Florida campus and to provide for the early redemption and refunding of \$14,640,000 outstanding principal amount of the Issuer's Variable Rate Demand Revenue Bonds (Palmer College of Chiropractic Florida Project), Series 2002. The Series 2010 Note is secured with a mortgage, assignment of rents and security agreement signed by the borrower granting a first mortgage lien on the mortgaged campus property. Principal payments are due in quarterly installments including interest at the effective rate of 1.58% per annum through 2030. At September 30, 2018, the balance of this conduit debt outstanding is \$18,850,000.

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(10) **Long-Term Liabilities:** (Continued)

Under the financing agreements, the City is not obligated to pay the Series 2010 Note except from the proceeds derived from the repayment of the loan to the Palmer College Foundation, or from the other security pledged thereof by Palmer College Foundation, and neither the faith and credit nor the taxing power of the City, the State or any political subdivision thereof is pledged to the payment of the principal or, premium, if any, or the interest on the obligation.

(11) **Commitments and Contingencies:**

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2018. The outcomes of established claims are included in these financial statements. In the opinion of the City's legal counsel, no legal proceedings are pending or threatened against the City which are not covered by applicable insurance which would inhibit its ability to perform its operations or materially affect its financial condition.

(12) **Risk Management:**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, all of which is satisfactorily insured by limited risk, high deductible commercial general liability insurance. Commercial insurance policies are also obtained for other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The City's risk management program is achieved through the optimal combination of the purchase of commercial insurance, loss control and safety programs. The City transfers catastrophic risks of property and casualty losses through insurance policies with deductibles. The limits of these policies are \$100 million for property and \$2 million combined single limit for general and automobile liability. The City also established a limited risk management program for workers' compensation in 1999. Premiums are paid in the Self-Insurance Internal Service Fund by all other funds and are available to pay claims, claim reserves, and the administrative costs of the program. These interfund premiums are used to reduce the amount of claims expenditures reported in the various funds. As of September 30, 2018, such interfund premiums did not exceed reimbursable expenditures.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR) based upon a valuation performed by an independent actuary. The result of the process to estimate claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other social and economic factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries from salvage or subrogation are another component of the claims liability estimate. Excess coverage insurance policies cover individual claims in excess of \$-0- for general liability, and \$25,000 for workers' compensation and property, respectively. Settlements have not exceeded coverage limits (e.g., there have been no significant insurance proceeds received) for each of the past three years.

**CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(12) **Risk Management:** (Continued)

Changes in the balances of general liability and workers' compensation claims liabilities during the past two years are as follows:

	Year ended 9/30/2018	Year ended 9/30/2017
Unpaid claims, beginning of fiscal year	\$ 414,000	\$ 352,000
Incurred (closed) claims (including IBNRs)	179,987	185,120
Claim payments	<u>(197,987)</u>	<u>(123,120)</u>
Unpaid claims, end of fiscal year	<u>\$ 396,000</u>	<u>\$ 414,000</u>

(13) **Jointly Owned Property:**

County of Volusia, Florida. The City and County of Volusia, Florida, jointly purchased additional wellfield and water recharge property during 1995. This jointly owned land, which is approximately 3,709 acres, is contiguous to the City limits.

In September 2006, the City and County of Volusia, Florida, subsequently purchased additional real property, which is approximately 17 acres of environmentally sensitive, water resource protection, and outdoor recreation lands. Interest in the property has been divided on the pro-rata basis of 75% ownership to the City and 25% ownership to the County.

No joint operating expenses were incurred during fiscal year 2018 on the above properties. These type expenses, if incurred, would have been allocated pro-rata to each joint venture party based on their respective ownership percentages.

(14) **Other Postemployment Benefits (OPEB):**

Plan Description—City of Port Orange, Florida, Post-Retirement Benefits Plan (the Plan) is a single-employer healthcare plan administered by the City. Pursuant to Section 112.0801, Florida Statutes, the City is required to permit participation in the Plan to retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Eligible individuals include all regular employees of the City who retire from active service under one of the pension plans sponsored by the City. Under certain conditions, eligible individuals also include spouses and dependent children. The Plan does not issue a publicly available financial report.

Funding Policy—The contribution requirements of plan members and the City are established by state statutes and may be amended by the state legislature. The required contribution is based on projected pay-as-you-go financing requirements and is subject to constant revision. The City has opted to not fund the total OPEB obligation or the resulting unfunded actuarial accrued liability on an annual basis. The City utilizes the General Fund to liquidate the liability for the OPEB obligation from previous years

Benefits Provided—The Other Post Employment Benefit Plan is a single-employer benefit plan administered by the City. Retirees are charged whatever the insurance company charges for the type of coverage elected, however, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. The older retirees actually have a higher cost which means the City is actually subsidizing the cost of the retiree coverage because it pays all or a significant portion of the premium on behalf of the active employee, known as the “implicit rate subsidy.”

**CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(14) Other Postemployment Benefits (OPEB): (Continued)

Plan Membership—At October 1, 2017, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	393
Inactive Employees	43
	436

Total OPEB Liability—The City’s total OPEB liability of \$7,383,287 was measured as of September 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs—The total OPEB liability in the September 30, 2018, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Inflation	2.60%
Salary increases	4.00%-7.50%
Discount rate	3.50%
Healthcare cost trend rate	Gretzen Model 6.00%
	Ultimate rate reached in 2040 4.40%
Retirees’ share of benefit-related costs	100.00%

The City does not have a dedicated Trust to pay retiree healthcare benefits. The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as of October 26, 2017.

Mortality rates were based on the RP-2000 Combined Mortality Table for males and females with mortality improvement projected to 2021 using Scale AA.

For the fiscal year ended September 30, 2018, changes in the total OPEB liability were as follows:

Balance at September 30, 2017	\$ 7,179,752
Changes for a year:	
Service cost	463,725
Interest	232,930
Changes of assumptions	229,965
Differences between expected and actual experience	(461,907)
Benefit payments – implicit rate subsidy	(261,178)
Net changes	203,535
Balance at September 30, 2018	\$ 7,383,287

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the City calculated using the discount rate of 3.50%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

**CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(14) **Other Postemployment Benefits (OPEB):** (Continued)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 8,293,449	\$ 7,383,287	\$ 6,609,713

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate:

The following presents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.00%-3.40%) or 1% higher (7.00%-5.40%) than the current healthcare cost trend rates (6.00%-4.40%):

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 6,498,194	\$ 7,383,287	\$ 8,459,036

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

For the year ended September 30, 2018; the City recognized OPEB expense of \$550,283. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 398,632
Changes of assumptions	198,463	-
Total	\$ 198,463	\$ 398,632

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

<u>Year ended September 30:</u>	
2019	\$(31,773)
2020	(31,773)
2021	(31,773)
2022	(31,773)
2023	(31,773)
Thereafter	(41,304)

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(15) Employee Retirement Systems and Pension Funds:

A. Defined Contribution Plans

1. The City Council has adopted the International City Management Association Retirement Corporation Deferred Compensation (ICMA-RC457) Plan. This plan is available to the Mayor, City Council members, City Manager, Assistant City Manager, City Attorney, Assistant City Attorney, department heads, assistant department heads, division heads, and supervisors designated by the City Manager and approved by the City Council, who waive participation in the City of Port Orange General Employees Defined Benefit Retirement Plan as amended and restated effective October 1, 2003, hereinafter the "Plan" and other existing city or state retirement plans to which the city makes contributions, and who enroll in the ICMA-RC457 Plan. The ICMA-RC457 Plan shall also be available to general employees who on or before September 30, 2003, waive participation in the City of Port Orange General Employees Defined Benefit Plan as amended and restated effective October 1, 2003, and other existing city or state retirement plans to which the city makes contributions, and who enroll in the ICMA-RC457 Plan. If the city is not making a contribution to another retirement plan on behalf of an individual, then contributions by the city to the ICMA-RC457 plan shall be the same percentage or amount as established for the City of Port Orange General Employees Defined Benefit Retirement Plan as amended and restated effective October 1, 2003, or such higher percentage or amount as authorized by the City Council, which is half of employee contribution up to a maximum of 3%. Contributions by the city shall commence immediately upon the person waiving participation in the plan or other existing retirement plan, if any, and enrolling in the ICMA-RC457 Plan. All city employees shall be eligible to enroll in the ICMA-RC457 Plan for the purpose of making voluntary employee contributions to such plan. For the year ended September 30, 2018, actual employer and employee contributions to this plan totaled \$105,286 and \$589,545, respectively.
2. The City Council has adopted the International City Management Association Retirement Corporation (ICMA-RC) Money Purchase Plan and Trust for management employees. The plan is available to the management employees as follows: City Manager, Assistant City Manager, City Attorney, Assistant City Attorney, and department heads, who waive participation in the City of Port Orange General Employees Defined Benefit Retirement Plan as amended and restated effective October 1, 2003 and other existing city or state retirement plans to which the city makes contributions, and who enroll in the ICMA-RC Money Purchase Plan and Trust. Contributions by the city to the ICMA-RC Money Purchase Plan and Trust for management employees shall be the same percentage or amount as established for the City of Port Orange General Employees Defined Benefit Retirement Plan as amended and restated effective October 1, 2003 or such higher percentage or amount as authorized by the City Council which currently ranges from 10% to 12.5%. Contributions by the city shall commence immediately upon the person waiving participation in the plan or other existing retirement plan and enroll in the ICMA-RC Money Purchase Plan and Trust for management employees. For the year ended September 30, 2018, actual employer and employee contributions to this plan totaled \$88,178 and \$136,210, respectively.
3. The City Council has adopted the International City Management Association Retirement Corporation (ICMA-RC) Money Purchase Plan and Trust effective October 1, 2003, for contract employees. The plan is available to contract employees of the city, including the assistant department heads, division heads, and supervisors designated by the city manager and approved by the City Council, who waive participation in the City of Port Orange General Employees' Defined Benefit Retirement Plan as amended and restated effective October 1, 2003, and other city or state retirement plans to which the city makes contributions, and who enroll in the ICMA-RC Money Purchase Plan and Trust for contract employees. For purposes of this paragraph contract employees shall exclude the mayor, City Council members, city manager, assistant city manager, city attorney, assistant city attorney, and department heads.

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(15) **Employee Retirement Systems and Pension Funds:** (Continued)

City contributions to the ICMARC Money Purchase Plan and Trust for contract employees shall be in such percentages or amounts as are specified in the adoption agreement for such plan, or as otherwise authorized by the City Council which is currently 10%. For the year ended September 30, 2018, actual employer contributions to this plan totaled \$75,478.

4. The City Council has adopted the International City Management Association Retirement Corporation (ICMA-RC) Money Purchase Plan and Trust effective October 1, 2003, for general employees as defined in this article. The plan is available to the general employees of the city who on or before September 30, 2003, waive participation in the City of Port Orange General Employees' Defined Benefit Retirement Plan as amended and restated effective October 1, 2003, and other city or state retirement plans to which the city makes contributions, and who enroll in the ICMA-RC Money Purchase Plan and Trust for general employees. The ICMA-RC Money Purchase Plan for general employees shall also be available to general employees who are not eligible to participate in the City of Port Orange General Employees' Defined Benefit Retirement Plan (effective October 1, 2010) as amended and restated effective October 1, 2003, or any other city or state retirement plans to which the city makes contributions. City contributions to the ICMARC Money Purchase Plan and Trust for general employees shall be in such percentages or amounts as are specified in the adoption agreement for such plan, or as otherwise authorized by the City Council (currently 10%). General employees who are eligible to participate in the City of Port Orange General Employees' Defined Benefit Retirement Plan as amended and restated effective October 1, 2003, and do not waive participation in such plan on or before September 30, 2003, shall not be entitled to waive participation at any time in the future. For the year ended September 30, 2018, actual employer contributions to this plan totaled \$464,275.

Members of the pension plan who have achieved ten years of service with the city shall have the option to continue city contributions on their behalf contributed to the General Employee Retirement System, or waive participation in the General Employee Retirement System and enroll in the ICMA-RC Deferred Compensation Plan and have city contributions made on their behalf contributed to the ICMA-RC Deferred Compensation Plan. Such decisions are irrevocable and employees may not switch back to the General Employee Retirement System if the employee elects to waive participation.

These defined contribution plans were established and authorized by the City however they are monitored and maintained by employees. Benefits are paid directly to employees from ICMA-RC with no contingent liability belonging to the City. As such these assets are not presented in these financial statements.

B. Defined Benefit Plans

Plan Description and Administration

The City maintains three separate single-employer, defined benefit pension plans: The City of Port Orange Fire and Rescue Pension Fund (the Fire Plan) covers all of the City's fire and rescue personnel; the City of Port Orange Police Pension Fund (the Police Plan) covers all of the City's police officers; the City of Port Orange General Employees' Defined Benefit Pension Fund (the General Employees Plan) covers other general employees of the City. These plans contain the assets, liabilities and net position of each respective plan. Each plan is administered by an independent administrator as hired by each of the respective Pension Plan boards.

**CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(15) Employee Retirement Systems and Pension Funds: (Continued)

Stand-alone financial reports exist for the General Employees and Police Officers pension plans. All financial activity is reported within the accompanying financial statements. Investments are reported at fair value and are managed by third party money managers. The City's independent custodian and the individual money managers price each instrument (using various third party pricing sources) and reconcile material differences. Investments that do not have an established market are reported at estimated fair value. Performance reporting, manager fees, and the City's asset valuation are based on the custodian's determination of value.

The City also has a Deferred Retirement Option Program for eligible Police and Fire Plan participants. The DROP Plan allows members who have met the eligibility requirement for normal retirement to have their retirement benefits deposited monthly into a DROP account, earning interest, while simultaneously continuing to work (but not earning additional credit for retirement) for up to sixty months (5 years). Employees who enter the DROP Program have an option of either receiving their earned compensated absences when they enter the program in one lump sum, or to receive the lump sum at the end of their employment with the City. The purpose of this program is to provide a way for retirees to accumulate additional savings while continuing employment.

Costs incurred by each of the plans for administration of the plans, which includes legal and actuarial fees, trustee fees and investment advisory fees, are borne by the respective retirement plans and are included in the actuarial analysis of the required funding amounts.

Benefits Provided and Employees Covered

Each Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. Cost of living adjustments are provided to retirees and beneficiaries in accordance with the respective plan provisions. Each of the Plans has contracted with an actuary to provide an actuarial valuation of each plan as of October 1 of each year. Current membership in the employee retirement plans was composed of the following at October 1, 2018:

	General Employees Plan	Police Plan	Fire Plan
Retirees and beneficiaries currently receiving benefits, including DROP participants	99	58	54
Vested terminated employees	16	4	1
Active participants	100	87	56
Total current membership	215	149	111

General Employees Plan

The General Employees Plan originated as a defined contribution plan on April 1, 1979. However, on October 1, 2003, pursuant to Ordinance No. 2003-27, the defined contribution plan was terminated and converted into a defined benefit plan. On September 28, 2010, continued access to this plan by new employees was limited. Under the provisions of Ordinance No. 2010-29, the General Employee Plan was closed to new members effective September 30, 2010. General employees hired on or after October 1, 2010, may participate in the ICMA-RC Money Purchase Plan and Trust for general employees (401A Defined Contribution Plan). Members participating in a bargaining unit will continue to have access to the General Employee Plan unless this option is removed through future collective bargaining processes.

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(15) Employee Retirement Systems and Pension Funds: (Continued)

All general employees of the City hired prior to October 1, 2010 must participate in the General Employee Plan unless they are included in the following group of exceptions; 1) general employees that previously opted out of the plan prior to October 1, 2003; 2) police officers in the Police Plan; 3) fire and rescue personnel in the Fire Plan; 4) members of City Council; 5) temporary employees; or 6) contract employees who have opted for the defined contribution plans mentioned later in this note. New non-union (civil service) employees hired on or after October 1, 2010, are not eligible for participation in the plan.

Employees have a stepped vesting program that requires a minimum of 5 years of service to earn a 25% vested benefit. Vesting percentages are increased at a rate of 15% per year for each successive year and are not achieved in full (100%) until after ten years of credited service. Upon retirement, participants are entitled to a Normal Retirement Benefit equal to 2.00% (2.12% for years up to 9/30/09) of their average monthly compensation for each year of credited service at their normal retirement date. The normal form of benefit is Life Only. Upon retirement at Normal Retirement date or later, or Early Retirement with 25 years of service, participants will be eligible for a supplemental benefit equal to \$16 per year of service completed prior to September 30, 2009. Early Retirement benefits are available, but are reduced 0.25 of 1% for each month by which their commencement of benefits precedes the normal retirement date. However, participants with 25 or 30 years of service at their early retirement are guaranteed a monthly benefit equal to at least 50% or 60%, respectively, of their final average compensation. The General Employees Plan has no provision for cost-of-living (COLA) adjustments.

Pursuant to Section 54-148, the General Employees Plan also contains a voluntary defined contribution component. Under this plan, employees may contribute up to 10% of their base salary. Accumulated contributions plus related earnings under this plan may be accessed by employees one time per fiscal year, or as needed under certain emergency situations. At September 30, 2018, the total voluntary account balance is \$1,445,670 and is contained in the assets as presented in the General Employees Plan.

Police Plan

For the Police Plan, all sworn full-time law enforcement officers are eligible to participate. Credited Service is computed in completed months from date of employment to actual retirement or termination date. Upon retirement, Police Plan participants are entitled to an annual pension benefit equal to 3.0% of their average final compensation (equivalent to the average of the three highest years of service for participants hired prior to January 31, 2011, and average of the five highest years of service for participants hired after January 31, 2011) for each year of credited service at their Normal Retirement Date. For members hired on or before January 31, 2011, the Normal Retirement Date is the first day of the month coincident with or next following the earlier of (i) age 48 and ten years of Credited Service, or (ii) age 45 and 25 years of Credited Service. For members hired after January 31, 2011, the Normal Retirement Date is the first day of the month coincident with or next following the date the member attains age 48 and ten years of Credited Service. Certain eligible participants are also eligible for supplemental benefits of up to \$600 per month based on years of service and age at retirement. Additional benefit election options are available for early retirement, and disability and death benefits are also provided.

Members hired on or before January 31, 2011, are eligible to enter the deferred retirement option program (DROP) upon earning 25 years of Credited Service. The accrued benefit is frozen and no further Employee Contributions are payable at DROP entry. The accrued benefit accumulates with interest at the fund's assumed rate of investment return in the DROP account (credited quarterly) and is payable as a single-lump sum within 60 days following DROP exit. The maximum DROP participation duration is 60 months. DROP participants are not eligible for pre-retirement death or disability benefits. No DROP is available to members hired after January 31, 2011.

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(15) Employee Retirement Systems and Pension Funds: (Continued)

Effective October 1, 2001, Members who retired prior to October 1, 2002 (including disability retirees) are granted a 1% cost-of-living adjustment annually commencing the January 1 following the first anniversary of retirement annuity commencement (1% COLA). For a DROP retiree, the 1% COLA is granted commencing on the January 1 following the first anniversary of actual annuity commencement after the end of the DROP period. The 1% COLA is not payable to any participant eligible to receive the 3% COLA, as described in the following. Effective October 1, 2002, retirees are granted a deferred annual 3% cost-of-living adjustment (3% COLA) as follows: (i) Members who are retired on October 1, 2002, and had earned at least 20 years of Credited Service, (ii) Members who are actively employed on October 1, 2002, and had attained age 50 with ten years of Credited Service at that date, (iii) Members who are actively employed on October 1, 2002, with 20 years of Credited Service at that date, (iv) Members who attain 20 years of Credited Service after October 1, 2002, and who retire or enter the DROP by January 31, 2011, and (v) Members who attain 25 years of Credited Service after January 31, 2011. The deferred 3% COLA is payable annually once eligibility criteria have been met based upon a series of age and years-of-service requirements.

Fire Plan

All firefighters must participate in the Fire Plan immediately upon employment by the City. Fire Plan participants hired before September 25, 2012, are entitled to an annual pension benefit equal to 3.0% of their average final compensation (equivalent to the average of the three highest years of the last ten years of credited service) for each year of credited service at their normal retirement date. Fire Plan participants hired on or after September 25, 2012, are entitled to an annual pension benefit equal to 2.5% of their average final compensation (equivalent to the average of the five highest years of the last ten years of credited service) for each year of credited service at their normal retirement date. Normal retirement date is achieved at the earlier of age 50 and 10 years of credited service or 20 years of credited service for employees hired prior to September 25, 2012. For employees hired on or after September 25, 2012, eligibility for normal retirement occurs at the earlier of age 55 and 10 years of credited services of the completion of 25 years of service (age 52 is also required for employees hired after December 4, 2012). Maximum benefits may not exceed the lesser of 80% (90% for employees hired before December 4, 2012) of average final compensation or \$95,000, unless the benefit calculated based upon 2.0% times credited years of service equates to a greater amount. Early retirement benefits are available, but are actuarially reduced to reflect early payment when the commencement of benefits precedes the normal retirement date. The plan provides supplemental health subsidy benefits that range from \$20 to \$500 per month, based on credited service.

Members hired on or before December 4, 2012, are eligible to enter the deferred retirement option program (DROP) upon meeting the eligibility requirement for normal retirement. The accrued benefit is frozen and no further Employee Contributions are payable at DROP entry. The accrued benefit accumulates with interest at the fund's actual net rate of investment return in the DROP account (credited quarterly). The maximum DROP participation duration is 60 months. DROP participants are not eligible for pre-retirement death or disability benefits. No DROP is available to members hired after December 4, 2012.

Cost-of-living adjustments (COLA's) are provided for with an annual increase of 3.0% commencing upon the 61st month following retirement for members who retired before October 1, 2003. For those who retired after October 1, 2003, with at least 20 years of credited service and who accrued benefits prior to January 1, 2013, the 3.0% annual increase will commence upon the 61st month following retirement. For all other retirees with benefits accrued prior to January 1, 2013, the annual COLA increase is 1.0% and begins on January 1 following one full year of retirement. For members with benefits accrued after January 1, 2013, and at least 25 years of credited service (or 20 years of credited services if first eligible for normal retirement at age 55 and 10 years of service), the annual COLA increase begins at the later of 8 years after retirement or age 59.5 and is equal to the lesser of 3.0% or the amount granted for Social

**CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(15) Employee Retirement Systems and Pension Funds: (Continued)

Security benefits, and will only adjusted in years the Fire Plan meets or exceeds the actuarial assumptions, and only when the Fire Plan's plan fiduciary net position as a percentage of total pension liability exceeds 80.0%. No COLA is available to members hired after December 4, 2012.

Financial Statements

The financial statements of the plans are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. The Police and General Employees' plans also issue stand-alone financial reports.

Contributions

Local Ordinance No. 1999-40, No. 2002-59 and No. 2003-27 for the Municipal Firemen's, Municipal Police Officers' and General Employees' Pension Plans, respectively provide the authority under which the City establishes or amends pension policies, procedures and/or benefits. The participant contribution rates are established by and may be amended by the City Council. Participant contribution rates for the General Employees Plan, Police Plan, and Fire Plan are 7.50%, 8.00% (7.50% for employees hired prior to January 31, 2011), and 8.00% (7.50% for employees hired prior to December 4, 2012), respectively, of covered payroll. The City's annual required contribution for the current year was determined as part of the October 1, 2016, actuarial valuations. The City is required under the Florida Protection of Public Employee Retirement Benefits Act to meet required contribution amounts. The City's contributions (and if applicable, any liquidations of a net pension obligation) to the Police and Fire Plans are funded by the General Fund, while the General Employees' Plan contributions are funded by the General Fund and various enterprise funds.

The State of Florida also makes contributions to the Firefighters' and Police Officers' Retirement Plans in accordance with Chapter 175 and Chapter 185 of the Florida Statutes as amended by the State Legislature. This contribution by the State of Florida is first recognized as revenue in the General Fund before being transferred to the Pension Fund. The City's actual annual contribution for each plan is determined by subtracting estimated employee contributions and actual State of Florida contributions from the total annual required contribution as determined by the actuary.

For the year ended September 30, 2018, contributions to the City's pension plans were as follows:

	General Employees Plan	Police Plan	Fire Plan	Total
Employee contributions	\$ 318,883	\$ 375,306	\$ 217,736	\$ 911,925
City contributions	735,559	2,813,517	2,582,544	6,131,620
State contributions	-	444,090	388,246	832,336
Total contributions	<u>\$ 1,054,442</u>	<u>\$ 3,632,913</u>	<u>\$ 3,188,526</u>	<u>\$ 7,875,881</u>

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(15) **Employee Retirement Systems and Pension Funds:** (Continued)

Investment Policy

See Note (4) for additional discussion of the investment policies for each of the Plans. The following was the asset allocation policy for each of the plans at September 30, 2018:

Asset Class	Target Asset Allocation		
	General Employees Plan	Police Plan	Fire Plan
Domestic equity	50%	50%	35%
International equity	10%	15%	15%
Convertible securities	0%	0%	10%
Domestic bonds	25%	20%	30%
International bonds	0%	5%	0%
Real estate	15%	10%	5%
Hedge funds	0%	0%	5%

Net Pension Liability

The components of the net pension liability of the pension plans at September 30, 2018, were as follows:

	General Employees Plan	Police Plan	Fire Plan	Total
Total pension liability	\$ 38,022,126	\$ 51,784,659	\$ 46,695,815	\$ 136,502,600
Plan fiduciary net position	(33,851,008)	(38,423,960)	(30,236,328)	(102,511,296)
Net pension liability	\$ 4,171,118	\$ 13,360,699	\$ 16,459,487	\$ 33,991,304
Plan fiduciary net position as percentage of total pension liability	89.03%	74.20%	64.75%	75.10%

The total pension liability was determined by an actuarial valuation as of October 1, 2018, and measurement date of September 30, 2018, using the following actuarial assumptions to all measurement periods.

	General Employees Plan	Police Plan	Fire Plan
Inflation	3.00%	2.00%	2.70%
Salary increases	4.00%	7.25%	4.00-7.00%
Investment rate of return	7.00%	7.35%	7.50%
Mortality table	RP-2000, Scale BB	RP-2000, Scale AA	RP-2000, Disabled set forward 5 years

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates.

**CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(15) Employee Retirement Systems and Pension Funds: (Continued)

Best estimates of arithmetic real rates of return for each major class included in the pension 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		
	General Employees Plan	Police Plan	Fire Plan
Domestic equity	4.25%	7.50%	8.10%
International equity	5.00%	8.50%	15.00%
Domestic Bonds	1.50%	2.50%	30.00%
International Bonds	n/a	3.50%	n/a
Convertibles	n/a	n/a	10.00%
Private Real Estate	4.25%	4.50%	5.00%
Hedge Funds	n/a	n/a	5.00%

Note: While the weighted composite average for the General Employee Plan return does not add up to the return used as the discount rate, recent history of the trust in exceeding the assumed rate, along with prevailing practice among similar public pension systems, has lead management to continue to assume the current rate. The long-term expected rates shown above were provided by the Plan's financial advisor using JP Morgan's 2017 capital markets assumptions. They are presented net of expected inflation.

Discount rate:

The discount rate used to measure the total pension liability for each pension plan varied as discussed on the following pages. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in net pension liability:

Changes in each plan's net pension liability were as follows:

	General Employees Plan		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a - b)
Beginning Balance	\$ 37,537,415	\$ 31,581,533	\$ 5,955,882
Changes for year:			
Service cost	495,961	-	495,961
Interest	2,586,918	-	2,586,918
Differences between expected/actual experience	(39,970)	-	(39,970)
Contributions – employer	-	735,559	(735,559)
Contributions – employee	-	318,883	(318,883)
Net investment income	-	3,846,860	(3,846,860)
Benefit payments, including refunds	(2,558,198)	(2,558,198)	-
Administrative expenses	-	(73,629)	73,629
Net changes	484,711	2,269,475	(1,784,764)
Ending Balance	\$ 38,022,126	\$ 33,851,008	\$ 4,171,118

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(15) **Employee Retirement Systems and Pension Funds:** (Continued)

	Police Plan		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a - b)
Beginning Balance	\$ 48,774,256	\$ 34,383,729	\$ 14,390,527
Changes for year:			
Service cost	933,544	-	933,544
Interest	3,603,240	-	3,603,240
Differences between expected/actual experience	413,041	-	413,041
Changes of assumptions	485,735	-	485,735
Contributions – employer	-	2,813,517	(2,813,517)
Contributions – state	-	444,090	(444,090)
Contributions – employee	-	375,306	(375,306)
Net investment income	-	2,948,620	(2,948,620)
Benefit payments, including refunds	(2,425,157)	(2,425,157)	-
Administrative expenses	-	(116,145)	116,145
Net changes	<u>3,010,403</u>	<u>4,040,231</u>	<u>(1,029,828)</u>
Ending Balance	<u>\$ 51,784,659</u>	<u>\$ 38,423,960</u>	<u>\$ 13,360,699</u>

	Fire Plan		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a - b)
Beginning Balance	\$ 44,814,914	\$ 27,921,021	\$ 16,893,893
Changes for year:			
Service cost	506,131	-	506,131
Interest	3,348,084	-	3,348,084
Differences between expected/actual experience	21,178	-	21,178
Changes of assumptions	528,047	-	528,047
Contributions – employer	-	2,582,544	(2,582,544)
Contributions – state	-	388,246	(388,246)
Contributions – employee	-	217,736	(217,736)
Contributions – buy back	12,086	12,086	-
Net investment income	-	1,718,519	(1,718,519)
Benefit payments, including refunds	(2,534,625)	(2,534,625)	-
Administrative expenses	-	(69,199)	69,199
Net changes	<u>1,880,901</u>	<u>2,315,307</u>	<u>(434,406)</u>
Ending Balance	<u>\$ 46,695,815</u>	<u>\$ 30,236,328</u>	<u>\$ 16,459,487</u>

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the City calculated using the selected discount rates, as well as what the City's net pension liability (NPL) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

Plan	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
General Employees	7.00%	\$ 7,848,168	\$ 4,171,118	\$ 321,112
Police	7.35%	20,132,133	13,360,699	7,792,674
Fire	7.50%	22,370,760	16,459,487	11,593,637
Total		<u>\$ 50,351,061</u>	<u>\$ 33,991,304</u>	<u>\$ 19,707,423</u>

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(15) Employee Retirement Systems and Pension Funds: (Continued)

For the year ended September 30, 2018, the annual-money weighted rate of return on each pension plan investments, net of pension plan investment expense was as follows:

	General Employees Plan	Police Plan	Fire Plan
Annual money-weighted rate of return	12.47%	8.45%	6.13%

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

For the year ended September 30, 2018, the City recognized pension expense of \$601,645, \$2,691,959, and \$2,640,233 in the General Employees, Police, and Fire pension plans, respectively, for a total of \$5,933,837.

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

	General Employees Plan		Police Plan		Fire Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (85,366)	\$ 566,584	\$ (316,900)	\$ 236,211	\$ (44,272)
Changes of assumptions	1,769,469	-	969,087	-	1,754,194	-
Net different between projected and actual investment earnings	-	(2,059,020)	623,577	(746,026)	195,085	-
	\$ 1,769,469	\$(2,144,386)	\$ 2,159,248	\$(1,062,926)	\$ 2,185,490	\$ (44,272)

Amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	General Employees Plan	Police Plan	Fire Plan
2019	\$ (80,481)	\$ 839,354	\$ 1,079,232
2020	(324,140)	312,898	687,067
2021	(256,145)	(5,266)	289,688
2022	15,055	(50,664)	85,231
2023	255,274	-	-
Thereafter	15,520	-	-

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(15) **Employee Retirement Systems and Pension Funds:** (Continued)

C. Pension Fund Financial Statements

The City does not issue separate financial statements for the Fire Plan; separate audits and financial statements have been issued for the Police Plan and the General Employee Plan. The basic financial statements of the City include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position that presents a single column presented by fund type for all pension trust funds. Presented below are the financial statements for each pension trust fund as of and for the year ended September 30, 2018:

COMBINING SCHEDULE OF NET POSITION – FIDUCIARY FUNDS

	<u>Fire Plan</u>	<u>Police Plan</u>	<u>General Plan</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents with trustee	\$ 1,861,873	\$ 774,147	\$ 507,325	\$ 3,143,345
Prepaid benefit payments	-	202,670	204,479	407,149
Receivables				
Interest and dividends receivable	466,818	16,190	72,537	555,545
Investments, at fair value				
Government agency obligations	1,841,583	-	2,435,302	4,276,885
Corporate and municipal debt obligations	5,470,707	-	4,346,511	9,817,218
Corporate equity securities	8,453,251	-	18,343,536	26,796,787
Mutual funds	10,826,140	34,724,246	-	45,550,386
Real estate funds	1,383,370	-	5,553,657	6,937,027
Partnerships	-	3,097,437	3,901,967	6,999,404
Total investments	27,975,051	37,821,683	34,580,973	100,377,707
Total assets	<u>\$ 30,303,742</u>	<u>\$ 38,814,690</u>	<u>\$ 35,365,314</u>	<u>\$ 104,483,746</u>
LIABILITIES				
Accounts payable	\$ 67,414	\$ 8,750	\$ -	\$ 76,164
Prepaid employer contributions	-	381,980	-	381,980
Total liabilities	<u>\$ 67,414</u>	<u>\$ 390,730</u>	<u>\$ -</u>	<u>\$ 458,144</u>
NET POSITION				
Restricted for pensions	<u>\$ 30,236,328</u>	<u>\$ 38,423,960</u>	<u>\$ 35,365,314</u>	<u>\$ 104,025,602</u>

**CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(15) **Employee Retirement Systems and Pension Funds:** (Continued)

COMBINING SCHEDULE OF CHANGES IN NET POSITION – FIDUCIARY FUNDS

	<u>Fire Plan</u>	<u>Police Plan</u>	<u>General Plan</u>	<u>Total</u>
Additions				
Contributions:				
Employer	\$ 2,582,544	\$ 2,813,517	\$ 735,559	\$ 6,131,620
Plan members	217,736	375,306	318,883	911,925
State - insurance premium taxes	388,246	444,090	-	832,336
Total contributions	<u>3,188,526</u>	<u>3,632,913</u>	<u>1,054,442</u>	<u>7,875,881</u>
Investment earnings				
Net appreciation (depreciation) in fair value of investments	875,569	2,187,995	3,392,185	6,455,749
Interest and dividends	995,189	820,854	602,807	2,418,850
Total investment earnings	<u>1,870,758</u>	<u>3,008,849</u>	<u>3,994,992</u>	<u>8,874,599</u>
Less: investment expense	<u>(140,153)</u>	<u>(60,229)</u>	<u>(79,497)</u>	<u>(279,879)</u>
Net investment income (loss)	<u>1,730,605</u>	<u>2,948,620</u>	<u>3,915,495</u>	<u>8,594,720</u>
Total additions	<u>4,919,131</u>	<u>6,581,533</u>	<u>4,969,937</u>	<u>16,470,601</u>
Deductions				
Benefit payments and refunds	2,534,625	2,425,157	2,558,198	7,517,980
Administrative expenses	69,199	116,145	73,628	258,972
Total deductions	<u>2,603,824</u>	<u>2,541,302</u>	<u>2,631,826</u>	<u>7,776,952</u>
Change in net position	<u>2,315,307</u>	<u>4,040,231</u>	<u>2,338,111</u>	<u>8,693,649</u>
Net position restricted for pensions, beginning of year	27,921,021	34,383,729	33,027,203	95,331,953
Net position restricted for pensions, end of year	<u>\$ 30,236,328</u>	<u>\$ 38,423,960</u>	<u>\$ 35,365,314</u>	<u>\$ 104,025,602</u>

(16) **Tax Abatements:**

The City entered into an agreement with a local corporation to abate certain ad valorem taxes in exchange for economic incentives. Article VII, Section 3 of the Florida Constitution and Section 16.1995, Florida Statutes, and the electorate of the City, have granted City Council the authority to grant property tax exemptions for new business and expansions of existing businesses. The City Council approved Resolution 17-14, granting the corporation an ad valorem tax rebate over the life of the agreement. During the year ended September 30, 2018, no taxes were abated.

**CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

(17) Deficit Fund Balances:

Major Fund. At September 30, 2018, the Town Center Community Redevelopment Agency Special Revenue Fund reported a fund balance deficit of \$3,522,113. This cumulative deficit was the result of making excess capital expenditures that are expected to be recovered from subsequent periods' tax increment revenues.

Nonmajor Funds. At September 30, 2018, the Transportation Capital Projects Fund reported a fund balance deficit of \$644,024. This continuing deficit was created through the transferring of funds to other governmental activities for projects that were expected to be financed with the proceeds of concurrency agreements with external parties.

(18) Restatement of Net Position:

Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; was issued June 2015 and was implemented for the City, beginning with its year ending September 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. This Statement replaces the requirements of GASB Statement No. 45, *Accounting for Postemployment Benefits Other Than Pensions*, as well as the requirements of GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plan, for OPEB*, as they relate to OPEB liabilities being recorded in the statements of net position.

The City's implementation of this Statement has required the restatement of certain liabilities as deferred outflows or deferred inflows of resources in the Statement of Net Position. Statement No. 75 established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. Recognition of these liabilities requires a restatement to the prior year's net position in both governmental activities and business-type activities.

The impact of the restatement on the governmental activities and business-type activities beginning net position at September 30, 2018, are as follows:

(a) Governmental Activities:

Net position – September 30, 2017, as originally reported	\$ 109,902,020
Adjustment for beginning total OPEB liability under GASB 75	(3,415,691)
Net position – September 30, 2017, as restated	\$ 106,486,329

(b) Business-type Activities:

	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	Business-type Activities
Net position – September 30, 2017, originally reported	\$ 186,647,615	\$ 3,387,519	\$ 38,565,036	\$ 229,020,014
Adjustment for beginning total OPEB liability	(1,125,618)	(28,367)	(195,901)	(1,349,886)
Net position – September 30, 2017, as restated	\$ 185,521,997	\$ 3,359,152	\$ 38,369,135	\$ 227,670,128

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

(19) Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for fiscal years subsequent to September 30, 2018, that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City's financial statements:

- (a) GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, in November 2016. GASB 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs), which are legally enforceable liabilities associated with the retirement of a tangible capital asset. The provisions in GASB 81 are effective for periods beginning after June 15, 2018.
- (b) GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017. GASB 84 improves guidance regarding the identification and reporting of fiduciary activities. The provisions in GASB 84 are effective for periods beginning after December 15, 2018.
- (c) GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 86 are effective for periods beginning after December 15, 2019.
- (d) GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, in April 2018. GASB 88 requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The provisions in GASB 88 are effective for periods beginning after June 15, 2018.
- (e) GASB issued Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*, in August 2018. GASB 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The provisions in GASB 90 are effective for periods beginning after December 15, 2018.

**CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
LAST 10 FISCAL YEARS
(UNAUDITED)**

	2018
Total OPEB Liability	
Service cost	\$ 463,725
Interest	232,930
Difference between expected and actual experience	(461,907)
Changes of assumptions	229,965
Benefit payments - implicit rate subsidy	(261,178)
Net change in total OPEB liability	203,535
Total OPEB liability - beginning of year	7,179,752
Total OPEB liability - end of year	\$ 7,383,287

Notes to Schedule:

Valuation date: 10/1/2017

Changes of assumptions. Changes of assumptions and other changes reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018	3.50%
------	-------

*10 years of data will be presented as it becomes available.

CITY OF PORT ORANGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
GENERAL EMPLOYEES PLAN
SEPTEMBER 30, 2018
(UNAUDITED)

Fiscal Year Ending September 30,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability					
Service cost	\$ 495,961	\$ 573,319	\$ 575,977	\$ 616,351	\$ 632,402
Interest	2,586,918	2,478,603	2,470,374	2,378,040	2,258,110
Difference between actual and expected experience	(39,970)	796,937	(903,297)	(63,305)	(20,332)
Assumption changes	-	(69,325)	2,428,892	544,414	390,940
Benefit payments including refunds of contributions	<u>(2,558,198)</u>	<u>(2,154,821)</u>	<u>(2,043,177)</u>	<u>(1,798,774)</u>	<u>(1,662,044)</u>
Net change in total pension liability	484,711	1,624,713	2,528,769	1,676,726	1,599,076
Total pension liability - beginning	<u>37,537,415</u>	<u>35,912,702</u>	<u>33,383,933</u>	<u>31,707,207</u>	<u>30,108,131</u>
Total pension liability - ending (a)	<u>\$ 38,022,126</u>	<u>\$ 37,537,415</u>	<u>\$ 35,912,702</u>	<u>\$ 33,383,933</u>	<u>\$ 31,707,207</u>
Total Fiduciary Net Position					
Contributions - employer	\$ 735,559	\$ 794,333	\$ 880,209	\$ 673,300	\$ 702,741
Contributions - employee	318,883	360,185	396,597	397,523	405,427
Net investment income	3,846,860	3,368,574	2,811,791	657,572	2,694,117
Benefit payments, including refunds of contributions	(2,558,198)	(2,154,821)	(2,043,177)	(1,798,774)	(1,662,044)
Administrative expense	<u>(73,629)</u>	<u>(75,902)</u>	<u>(86,458)</u>	<u>(73,962)</u>	<u>(78,229)</u>
Net change in plan fiduciary net position	2,269,475	2,292,369	1,958,962	(144,341)	2,062,012
Plan fiduciary net position - beginning	<u>31,581,533</u>	<u>29,289,164</u>	<u>27,330,202</u>	<u>27,474,543</u>	<u>25,412,531</u>
Plan fiduciary net position - ending (b)	<u>\$ 33,851,008</u>	<u>\$ 31,581,533</u>	<u>\$ 29,289,164</u>	<u>\$ 27,330,202</u>	<u>\$ 27,474,543</u>
Net pension liability - ending (a) - (b)	<u>\$ 4,171,118</u>	<u>\$ 5,955,882</u>	<u>\$ 6,623,538</u>	<u>\$ 6,053,731</u>	<u>\$ 4,232,664</u>
Plan fiduciary net position as a percentage of the total pension liability	89.03%	84.13%	81.56%	81.87%	86.65%
Covered payroll	\$ 4,251,780	\$ 4,802,452	\$ 5,287,951	\$ 5,300,301	\$ 5,170,450
Net pension liability as a percentage of covered payroll	98.10%	124.02%	125.26%	114.21%	81.86%
Plan fiduciary net position for financial statement purposes also includes the following amounts for voluntary contributions:	\$ 1,514,307	\$ 1,445,671	\$ 1,341,946	\$ 1,475,816	\$ 1,508,671

*10 years of data will be presented as it becomes available.

CITY OF PORT ORANGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE PLAN
SEPTEMBER 30, 2018
(UNAUDITED)

Fiscal Year Ending September 30,	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 933,544	\$ 820,072	\$ 885,450	\$ 801,785	\$ 753,000
Interest	3,603,240	3,425,372	3,371,771	3,257,812	3,123,215
Changes in benefit terms	-	(7,192)	-	-	-
Difference between actual and expected experience	413,041	397,703	(950,704)	609,774	557,616
Assumption changes	485,735	585,900	771,544	568,624	56,887
Benefit payments including refunds of contributions	(2,425,157)	(2,256,996)	(3,144,461)	(3,415,712)	(2,165,565)
Net change in total pension liability	3,010,403	2,964,859	933,600	1,822,283	2,325,153
Total pension liability - beginning	48,774,256	45,809,397	44,875,797	43,053,514	40,728,361
Total pension liability - ending (a)	<u>\$ 51,784,659</u>	<u>\$ 48,774,256</u>	<u>\$ 45,809,397</u>	<u>\$ 44,875,797</u>	<u>\$ 43,053,514</u>
Total Fiduciary Net Position					
Contributions - employer	\$ 2,813,517	\$ 2,824,801	\$ 2,817,806	\$ 2,731,326	\$ 2,670,260
Contributions - state	444,090	397,680	373,343	345,822	331,402
Contributions - employee	375,306	355,777	336,731	326,566	301,375
Net investment income	2,948,620	3,063,317	1,688,832	(21,228)	1,812,759
Benefit payments, including refunds of contributions	(2,425,157)	(2,256,996)	(3,151,653)	(3,415,712)	(2,165,565)
Administrative expense	(116,145)	(106,538)	(116,769)	(104,276)	(103,311)
Net change in plan fiduciary net position	4,040,231	4,278,041	1,948,290	(137,502)	2,846,920
Plan fiduciary net position - beginning	34,383,729	30,105,688	28,157,398	28,294,900	25,447,980
Plan fiduciary net position - ending (b)	<u>\$ 38,423,960</u>	<u>\$ 34,383,729</u>	<u>\$ 30,105,688</u>	<u>\$ 28,157,398</u>	<u>\$ 28,294,900</u>
Net pension liability - ending (a) - (b)	<u>\$ 13,360,699</u>	<u>\$ 14,390,527</u>	<u>\$ 15,703,709</u>	<u>\$ 16,718,399</u>	<u>\$ 14,758,614</u>
Plan fiduciary net position as a percentage of the total pension liability	74.20%	70.50%	65.72%	62.75%	65.72%
Covered payroll	\$ 4,855,965	\$ 4,622,671	\$ 4,275,349	\$ 4,293,316	\$ 3,944,464
Net pension liability as a percentage of covered payroll	275.14%	311.30%	367.31%	389.41%	374.16%

*10 years of data will be presented as it becomes available.

CITY OF PORT ORANGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIRE PLAN
SEPTEMBER 30, 2018
(UNAUDITED)

Fiscal Year Ending September 30,	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 506,131	\$ 468,739	\$ 424,216	\$ 411,997	\$ 379,866
Interest	3,348,084	3,225,607	3,037,757	2,987,593	2,934,569
Changes in benefit terms	-	-	(1,577)	-	-
Difference between actual and expected experience	21,178	367,210	(100,351)	(20,660)	-
Contributions - buy back	12,086	-	-	-	-
Assumption changes	528,047	549,204	2,361,584	420,007	-
Benefit payments including refunds of contributions	(2,534,625)	(2,436,218)	(3,208,450)	(2,154,771)	(3,195,972)
Net change in total pension liability	1,880,901	2,174,542	2,513,179	1,644,166	118,463
Total pension liability - beginning	44,814,914	42,640,372	40,127,193	38,483,027	38,364,564
Total pension liability - ending (a)	<u>\$ 46,695,815</u>	<u>\$ 44,814,914</u>	<u>\$ 42,640,372</u>	<u>\$ 40,127,193</u>	<u>\$ 38,483,027</u>
Total Fiduciary Net Position					
Contributions - employer	\$ 2,582,544	\$ 2,449,781	\$ 2,459,983	\$ 2,321,223	\$ 2,911,058
Contributions - state	388,246	351,038	367,918	391,117	386,195
Contributions - employee	217,736	209,651	200,780	182,394	176,907
Contributions - buy back	12,086	-	-	-	-
Net investment income	1,718,519	2,516,903	2,064,410	218,115	1,715,914
Benefit payments, including refunds of contributions	(2,534,625)	(2,436,218)	(3,208,450)	(2,154,771)	(3,195,972)
Administrative expense	(69,199)	(57,973)	(72,625)	(77,530)	(53,503)
Net change in plan fiduciary net position	2,315,307	3,033,182	1,812,016	880,548	1,940,599
Plan fiduciary net position - beginning	27,921,021	24,887,839	23,075,823	22,195,275	20,254,676
Plan fiduciary net position - ending (b)	<u>\$ 30,236,328</u>	<u>\$ 27,921,021</u>	<u>\$ 24,887,839</u>	<u>\$ 23,075,823</u>	<u>\$ 22,195,275</u>
Net pension liability - ending (a) - (b)	<u>\$ 16,459,487</u>	<u>\$ 16,893,893</u>	<u>\$ 17,752,533</u>	<u>\$ 17,051,370</u>	<u>\$ 16,287,752</u>
Plan fiduciary net position as a percentage of the total pension liability	64.75%	62.30%	58.37%	57.51%	57.68%
Covered payroll	\$ 2,837,507	\$ 2,735,484	\$ 2,629,023	\$ 2,571,913	\$ 2,247,991
Net pension liability as a percentage of covered payroll	580.07%	617.58%	675.25%	662.98%	724.55%

*10 years of data will be presented as it becomes available.

**CITY OF PORT ORANGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
GENERAL EMPLOYEES PLAN
SEPTEMBER 30, 2018
(UNAUDITED)**

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2018	\$ 735,558	\$ 735,559	\$ (1)	\$ 4,855,965	15.15%
2017	744,380	794,333	(49,953)	4,622,671	17.18%
2016	739,845	880,209	(140,364)	4,275,349	20.59%
2015	673,138	673,300	(162)	4,293,316	15.68%
2014	702,741	702,741	-	3,944,464	17.82%

Notes to Schedule:

Valuation Date: 10/1/2018

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Aggregate
Amortization Method:	Based on Funding Method. Amortized over weighted expected future working lifetime of active members.
Asset Valuation Method:	5-year smoothed market
Inflation:	3.00%
Salary Increases:	4.00%, including inflation
Investment Rate of Return:	7.50%, net of pension plan investment expense including inflation
Mortality:	Contributions beginning 2018 based on 7.0% rate phased in over 3 years
Retirement Age:	RP-2000 Combined Mortality Table using Scale BB projected generationally
	Normal retirement date (NRD) or on valuation date if past NRD

*10 years of data will be presented as it becomes available

**CITY OF PORT ORANGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
POLICE PLAN
SEPTEMBER 30, 2018
(UNAUDITED)**

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2018	\$ 3,197,607	\$ 3,257,607	\$ (60,000)	\$ 4,855,965	67.08%
2017	3,214,965	3,222,481	(7,516)	4,622,671	69.71%
2016	3,054,694	3,191,149	(136,455)	4,275,349	74.64%
2015	2,916,745	3,077,148	(160,403)	4,293,316	71.67%
2014	2,826,275	3,001,662	(175,387)	3,944,464	76.10%
2013	2,515,286	2,814,596	(299,310)	3,575,109	78.73%
2012	2,304,028	2,393,122	(89,094)	3,460,703	69.15%
2011	2,071,957	2,841,994	(770,037)	3,212,337	88.47%
2010	2,597,318	2,601,217	(3,899)	4,211,533	61.76%
2009	2,413,516	2,597,319	(183,803)	4,329,474	59.99%

Notes to Schedule:

Valuation Date: 10/1/2018

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Entry Age
Amortization Method:	Level percent of pay, closed
Remaining Amortization Period:	25 years for change in Plan provisions, assumptions, and methods. (2015 and later) 30 years for plan provisions; 15 years for actuarial gains and losses (prior to 2015)
Asset Valuation Method:	5-year smoothed market
Inflation:	2.00%
Salary Increases:	7.5% (7.25% beginning October 1, 2018)
Investment Rate of Return:	7.75%, net of pension plan investment expense including inflation, as of 10/1/14 (7.65% beginning with 2016 contributions; 7.55% with 2017 contributions) (7.45% beginning with 2018 contributions, 7.35% with 2019 contributions)
Mortality:	The mortality table was revised with the October 1, 2017 actuarial valuation to be that used for special risk employees in the valuation of the Florida Retirement System (FRS) as of July 1, 2016 and 2017, as required by state statute. The mortality table was revised with the October 1, 2016 to be that used for special risk employees in the valuation of FRS as of July 1, 2015, as required by state statute. Prior to this change the RP-2000 Combined Mortality Table using Scale AA projected to the valuation year was used.
Retirement Age:	Members hired after January 31, 2011 – 100% at age 48 and 10 years of service Members hired before January 31, 2011 – 100% at age 45 with 25 years of service or at age 48 with 10 years of service

CITY OF PORT ORANGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FIRE PLAN
SEPTEMBER 30, 2018
(UNAUDITED)

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2018	\$ 2,897,095	\$ 2,970,790	\$ (73,695)	\$ 2,837,507	104.70%
2017	2,776,516	2,800,819	(24,303)	2,735,484	102.39%
2016	2,689,491	2,827,901	(138,410)	2,629,023	107.56%
2015	2,691,757	2,712,340	(20,583)	2,571,913	105.46%
2014	2,888,498	3,190,654	(302,156)	2,247,991	141.93%

Notes to Schedule:

Valuation Date: 10/1/2018

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Entry Age Normal
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	28 Years (as of 10/1/2016)
Asset Valuation Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing geometric 4-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value.
Inflation:	3.50% per year
Salary Increases:	4.00% to 7.00% based on years of service
Interest Rate:	7.70% per year, compounded annually, net of investment-related expenses.
Payroll Growth:	5.00% per year (0.27% for 10/1/2016)
Cost-of-Living Adjustment:	
"Frozen Benefit"	At least 20 years at retirement: 3% per year beginning 5 years after retirement. Otherwise, 1% per year beginning 1 year after retirement.
"Future Service Piece"	At least 25 years at retirement: 2.5% per year beginning in 2026 and the later of 8 years after retirement and age 59.5
Retirement Rates:	
"Frozen Benefit"	Old Normal Retirement Date (30%); Old Normal Retirement Date + 1 (15%); Old Normal Retirement Date + 2 (15%); Old Normal Retirement Date +3 (15%); Old Normal Retirement Date + 4 (15%); Old Normal Retirement Date + 5 (100%)
"Future Service Piece"	New Normal Retirement Date (100%)
Termination Rates:	See table below.
Disability Rates:	See table below. 75% of disability occurrences are assumed to be service-connected.
Mortality:	RP-2000 Table with no projection – based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. Disability mortality is set
Termination and Disability Rate Table	

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	9.30%	0.07%
30	7.88%	0.11%
40	4.28%	0.19%
50	1.13%	0.51%

*10 years of data will be presented as it becomes available.

**CITY OF PORT ORANGE, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF INVESTMENT RETURNS
 SEPTEMBER 30, 2018**

For the Year Ending September 30,	General Employees Plan	Police Plan	Fire Plan
2018	12.47%	8.45%	6.13%
2017	11.72%	10.34%	10.11%
2016	11.50%	6.18%	9.01%
2015	2.43%	-0.49%	0.98%
2014	10.87%	7.48%	8.54%

*10 years of data will be presented as it becomes available.

SUPPORTING SCHEDULES

Financial schedules are presented to provide greater detailed information than reported in the preceding financial statements. This information, in many cases, has been spread throughout the report and is brought together here for greater clarity. Financial schedules are not necessary for fair presentation in conformity with generally accepted accounting principles.

**CITY OF PORT ORANGE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	Special Revenue Funds					Total	Debt Service
	Business Development	Recreation Facilities	Community Development Building	Community Development Block Grant			
ASSETS							
Equity in pooled cash and cash equivalents	\$ 116,793	\$ 333,065	\$ 3,431,649	\$ 112,650	\$ 3,994,157	\$ 1,909,756	
Investments	-	-	-	-	-	145,835	
Receivables, net	-	-	-	-	-	5,112	
Due from other governments	-	-	-	111,508	111,508	-	
Due from other funds	-	-	-	-	-	-	
Prepaid items	-	-	-	-	-	-	
Total assets	\$ 116,793	\$ 333,065	\$ 3,431,649	\$ 224,158	\$ 4,105,665	\$ 2,060,703	
LIABILITIES							
Accounts payable and accrued liabilities	\$ -	\$ 23,878	\$ 48,042	\$ -	\$ 71,920	\$ -	
Customer deposits	-	-	60	-	60	-	
Due to other funds	-	-	-	207,238	207,238	-	
Total liabilities	\$ -	\$ 23,878	\$ 48,102	\$ 207,238	\$ 279,218	\$ -	
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,112	
FUND BALANCES							
Nonspendable:							
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Restricted for:							
Public safety	-	-	-	-	-	-	
Inspections	-	-	3,383,547	-	3,383,547	-	
Debt service	-	-	-	-	-	2,055,591	
Capital improvements	-	-	-	-	-	-	
Transportation sales tax	-	-	-	-	-	-	
Transportation impact	-	-	-	-	-	-	
Committed to:							
Recreation facility improvements	-	309,187	-	-	309,187	-	
Assigned to:							
Purchases on account	-	-	-	-	-	-	
Capital improvements	-	-	-	-	-	-	
Business development	116,793	-	-	-	116,793	-	
General government	-	-	-	16,920	16,920	-	
Unassigned	-	-	-	-	-	-	
Total fund balances	\$ 116,793	\$ 309,187	\$ 3,383,547	\$ 16,920	\$ 3,826,447	\$ 2,055,591	
Total liabilities, deferred inflows of resources, and fund balances	\$ 116,793	\$ 333,065	\$ 3,431,649	\$ 224,158	\$ 4,105,665	\$ 2,060,703	

CITY OF PORT ORANGE, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2018

Capital Project Funds											
General Construction	General						2014 Capital Improvement Bond Project		Recreation Impact	Total	Total Nonmajor Governmental Funds
	Transportation Capital Projects	Fire Impact	Transportation Impact	Obligation Capital Projects	Capital Replacement	Economic Development Capital	2014 Capital Improvement Bond Project				
\$ 4,093,153	\$ 1,560,908	\$ 710,240	\$ 1,935,419	\$ 32,096	\$ 2,488,817	\$ 14,299	\$ 7,203	\$ 970,646	\$ 11,812,781	\$ 17,716,694	
-	-	-	-	1,026,131	-	-	-	-	1,026,131	1,171,966	
-	-	-	-	-	-	-	-	-	-	5,112	
241,246	-	-	426,415	-	4,414	-	-	-	672,075	783,583	
-	-	-	450,000	-	423,986	-	-	-	873,986	873,986	
5,062	-	-	1,887	-	-	-	-	-	6,949	6,949	
\$ 4,339,461	\$ 1,560,908	\$ 710,240	\$ 2,813,721	\$ 1,058,227	\$ 2,917,217	\$ 14,299	\$ 7,203	\$ 970,646	\$ 14,391,922	\$ 20,558,290	
\$ 32,865	\$ 264,812	\$ -	\$ 127,876	\$ 29,792	\$ 266,172	\$ -	\$ -	\$ -	\$ 721,517	\$ 793,437	
-	444,944	-	-	-	-	-	-	-	444,944	445,004	
-	1,495,176	-	-	-	390,953	-	-	207,207	2,093,336	2,300,574	
\$ 32,865	\$ 2,204,932	\$ -	\$ 127,876	\$ 29,792	\$ 657,125	\$ -	\$ -	\$ 207,207	\$ 3,259,797	\$ 3,539,015	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,112	
\$ 5,062	\$ -	\$ -	\$ 1,887	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,949	\$ 6,949	
-	-	710,240	-	1,028,435	-	-	-	-	1,738,675	1,738,675	
-	-	-	-	-	-	-	-	-	-	3,383,547	
-	-	-	-	-	-	-	-	-	-	2,055,591	
-	-	-	-	-	-	14,299	7,203	763,439	784,941	784,941	
4,301,534	-	-	-	-	-	-	-	-	4,301,534	4,301,534	
-	-	-	2,683,958	-	-	-	-	-	2,683,958	2,683,958	
-	-	-	-	-	-	-	-	-	-	309,187	
-	-	-	-	-	994,550	-	-	-	994,550	994,550	
-	-	-	-	-	1,265,542	-	-	-	1,265,542	1,265,542	
-	-	-	-	-	-	-	-	-	-	116,793	
-	-	-	-	-	-	-	-	-	-	16,920	
-	(644,024)	-	-	-	-	-	-	-	(644,024)	(644,024)	
\$ 4,306,596	\$ (644,024)	\$ 710,240	\$ 2,685,845	\$ 1,028,435	\$ 2,260,092	\$ 14,299	\$ 7,203	\$ 763,439	\$ 11,132,125	\$ 17,014,163	
\$ 4,339,461	\$ 1,560,908	\$ 710,240	\$ 2,813,721	\$ 1,058,227	\$ 2,917,217	\$ 14,299	\$ 7,203	\$ 970,646	\$ 14,391,922	\$ 20,558,290	

CITY OF PORT ORANGE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue Funds					
	Business Development	Recreation Facilities	Community Development Building	Community Development Block Grant	Total	Debt Service
REVENUES						
Taxes	-	-	-	-	-	\$ 921,871
Permits and fees	-	-	2,144,872	-	2,144,872	-
Intergovernmental	-	-	-	341,825	341,825	-
Charges for services	-	211,836	-	-	211,836	-
Investment income	-	3,087	11,059	892	15,038	6,443
Miscellaneous	-	-	266	-	266	-
Total revenues	-	214,923	2,156,197	342,717	2,713,837	928,314
EXPENDITURES						
Current:						
General government	-	-	1,352,648	-	1,352,648	-
Public safety	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	-	15,546	15,546	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	42,730	-	313,978	356,708	-
Debt service:						
Principal retirement	-	-	-	-	-	1,330,000
Interest and fiscal charges	-	-	-	-	-	1,302,231
Other charges	-	-	-	-	-	2,275
Total expenditures	-	42,730	1,352,648	329,524	1,724,902	2,634,506
Excess (deficiency) of revenues over expenditures	-	172,193	803,549	13,193	988,935	(1,706,192)
Other financing sources (uses)						
Transfers in	-	-	-	-	-	1,286,102
Transfers out	-	(630,127)	-	-	(630,127)	-
Total other financing sources (uses)	-	(630,127)	-	-	(630,127)	1,286,102
Net change in fund balances	-	(457,934)	803,549	13,193	358,808	(420,090)
Fund balances, beginning of year	116,793	767,121	2,579,998	3,727	3,467,639	2,475,681
Fund balances, end of year	\$ 116,793	\$ 309,187	\$ 3,383,547	\$ 16,920	\$ 3,826,447	\$ 2,055,591

**CITY OF PORT ORANGE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Capital Project Funds											
General Construction	Transportation Capital Projects	Fire Impact	Transportation Impact	General			Economic Development Capital	2014 Capital Improvement Bond Project	Recreation Impact	Total	Total Nonmajor Governmental Funds
				Obligation Capital Projects	Capital Replacement	Capital Projects					
\$ 1,341,296	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,341,296	\$ 2,263,167
-	73,615	135,170	238,344	-	-	-	-	-	428,263	875,392	3,020,264
-	-	-	492,809	-	466,377	-	-	-	-	959,186	1,301,011
-	-	-	-	-	-	-	-	-	-	-	211,836
18,119	6,353	2,510	10,692	14,510	20,248	64	34	3,789	-	76,319	97,800
251	-	-	-	-	-	-	-	-	251	-	517
<u>1,359,666</u>	<u>79,968</u>	<u>137,680</u>	<u>741,845</u>	<u>14,510</u>	<u>486,625</u>	<u>64</u>	<u>34</u>	<u>432,052</u>	<u>3,252,444</u>	<u>6,894,595</u>	
-	-	-	-	-	19,687	-	-	-	-	19,687	1,372,335
-	-	2,702	-	-	-	-	-	-	-	2,702	2,702
427,588	-	-	7,193	-	-	-	-	-	-	434,781	434,781
-	-	-	-	-	-	-	-	-	-	-	15,546
-	-	-	-	-	-	-	-	8,565	-	8,565	8,565
834,028	-	-	655,306	42,500	3,509,466	-	-	-	-	5,041,300	5,398,008
-	-	-	-	-	-	-	-	-	-	-	1,330,000
-	-	-	-	-	-	-	-	20,227	-	20,227	1,322,458
-	-	-	-	-	-	-	-	-	-	-	2,275
<u>1,261,616</u>	<u>-</u>	<u>2,702</u>	<u>662,499</u>	<u>42,500</u>	<u>3,529,153</u>	<u>-</u>	<u>-</u>	<u>28,792</u>	<u>5,527,262</u>	<u>9,886,670</u>	
98,050	79,968	134,978	79,346	(27,990)	(3,042,528)	64	34	403,260	(2,274,818)	(2,992,075)	
-	-	-	-	-	903,222	-	-	-	903,222	903,222	2,189,324
-	-	-	-	-	-	-	-	-	-	-	(630,127)
-	-	-	-	-	903,222	-	-	-	903,222	903,222	1,559,197
98,050	79,968	134,978	79,346	(27,990)	(2,139,306)	64	34	403,260	(1,371,596)	(1,432,878)	
4,208,546	(723,992)	575,262	2,606,499	1,056,425	4,399,398	14,235	7,169	360,179	12,503,721	18,447,041	
<u>\$ 4,306,596</u>	<u>\$ (644,024)</u>	<u>\$ 710,240</u>	<u>\$ 2,685,845</u>	<u>\$ 1,028,435</u>	<u>\$ 2,260,092</u>	<u>\$ 14,299</u>	<u>\$ 7,203</u>	<u>\$ 763,439</u>	<u>\$ 11,132,125</u>	<u>\$ 17,014,163</u>	

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUSINESS DEVELOPMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Total expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	116,793	116,793	116,793	-
Fund balances, end of year	<u>\$ 116,793</u>	<u>\$ 116,793</u>	<u>\$ 116,793</u>	<u>\$ -</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - RECREATION FACILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 205,740	\$ 205,740	\$ 211,836	\$ 6,096
Investment income	3,000	3,000	3,087	87
Total revenues	<u>208,740</u>	<u>208,740</u>	<u>214,923</u>	<u>6,183</u>
EXPENDITURES				
Current:				
Culture and recreation	9,500	5,344	-	5,344
Capital outlay	221,000	242,733	42,730	200,003
Total expenditures	<u>230,500</u>	<u>248,077</u>	<u>42,730</u>	<u>205,347</u>
Excess (deficiency) of revenues over expenditures	<u>(21,760)</u>	<u>(39,337)</u>	<u>172,193</u>	<u>211,530</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	(630,127)	(630,127)	-
Total other financing sources (uses)	<u>-</u>	<u>(630,127)</u>	<u>(630,127)</u>	<u>-</u>
Net change in fund balances	<u>(21,760)</u>	<u>(669,464)</u>	<u>(457,934)</u>	<u>211,530</u>
Fund balances, beginning of year	767,121	767,121	767,121	-
Fund balances, end of year	<u>\$ 745,361</u>	<u>\$ 97,657</u>	<u>\$ 309,187</u>	<u>\$ 211,530</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT BUILDING
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Permits and fees	\$ 1,241,500	\$ 1,241,500	\$ 2,144,872	\$ 903,372
Investment income	9,000	9,000	11,059	2,059
Miscellaneous	-	-	266	266
Total revenues	<u>1,250,500</u>	<u>1,250,500</u>	<u>2,156,197</u>	<u>905,697</u>
EXPENDITURES				
Current:				
General government:				
Planning and community development	1,412,570	1,883,368	1,352,648	530,720
Total expenditures	<u>1,412,570</u>	<u>1,883,368</u>	<u>1,352,648</u>	<u>530,720</u>
Net change in fund balances	<u>(162,070)</u>	<u>(632,868)</u>	<u>803,549</u>	<u>1,436,417</u>
Fund balances, beginning of year	2,579,998	2,579,998	2,579,998	-
Fund balances, end of year	<u>\$ 2,417,928</u>	<u>\$ 1,947,130</u>	<u>\$ 3,383,547</u>	<u>\$ 1,436,417</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT BLOCK GRANT
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 266,593	\$ 627,240	\$ 341,825	\$ (285,415)
Investment income	-	-	892	892
Total revenues	<u>266,593</u>	<u>627,240</u>	<u>342,717</u>	<u>(284,523)</u>
EXPENDITURES				
Current:				
Economic environment	266,593	627,240	329,524	297,716
Total expenditures	<u>266,593</u>	<u>627,240</u>	<u>329,524</u>	<u>297,716</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>13,193</u>	<u>13,193</u>
Fund balances, beginning of year	3,727	3,727	3,727	-
Fund balances, end of year	<u>\$ 3,727</u>	<u>\$ 3,727</u>	<u>\$ 16,920</u>	<u>\$ 13,193</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 901,786	\$ 901,786	\$ 921,871	\$ 20,085
Investment income	11,200	11,200	6,443	(4,757)
Total revenues	<u>912,986</u>	<u>912,986</u>	<u>928,314</u>	<u>15,328</u>
EXPENDITURES				
Debt service:				
Principal retirement	1,330,000	1,330,000	1,330,000	-
Interest and fiscal charges	1,317,102	1,317,102	1,304,506	12,596
Total expenditures	<u>2,647,102</u>	<u>2,647,102</u>	<u>2,634,506</u>	<u>12,596</u>
Excess (deficiency) of revenues over expenditures	<u>(1,734,116)</u>	<u>(1,734,116)</u>	<u>(1,706,192)</u>	<u>27,924</u>
Other financing sources (uses)				
Transfers in	1,286,102	1,286,102	1,286,102	-
Net change in fund balances	<u>(448,014)</u>	<u>(448,014)</u>	<u>(420,090)</u>	<u>27,924</u>
Fund balances, beginning of year	2,475,681	2,475,681	2,475,681	-
Fund balances, end of year	<u>\$ 2,027,667</u>	<u>\$ 2,027,667</u>	<u>\$ 2,055,591</u>	<u>\$ 27,924</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL CONSTRUCTION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,108,578	\$ 1,108,578	\$ 1,341,296	\$ 232,718
Intergovernmental	-	559,000	-	(559,000)
Investment income	7,000	7,000	18,119	11,119
Miscellaneous	-	-	251	251
Total revenues	<u>1,115,578</u>	<u>1,674,578</u>	<u>1,359,666</u>	<u>(314,912)</u>
EXPENDITURES				
Current:				
Transportation	1,337,241	4,409,867	1,261,616	3,148,251
Total expenditures	<u>1,337,241</u>	<u>4,409,867</u>	<u>1,261,616</u>	<u>3,148,251</u>
Net change in fund balances	<u>(221,663)</u>	<u>(2,735,289)</u>	<u>98,050</u>	<u>2,833,339</u>
Fund balances, beginning of year	4,208,546	4,208,546	4,208,546	-
Fund balances, end of year	<u>\$ 3,986,883</u>	<u>\$ 1,473,257</u>	<u>\$ 4,306,596</u>	<u>\$ 2,833,339</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TRANSPORTATION CAPITAL PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Permits and fees	\$ -	\$ -	\$ 73,615	\$ 73,615
Investment income	-	-	6,353	6,353
Total revenues	<u>-</u>	<u>-</u>	<u>79,968</u>	<u>79,968</u>
EXPENDITURES				
Current:				
Transportation	-	213,495	-	213,495
Total expenditures	<u>-</u>	<u>213,495</u>	<u>-</u>	<u>213,495</u>
Net change in fund balances	<u>-</u>	<u>(213,495)</u>	<u>79,968</u>	<u>293,463</u>
Fund balances, beginning of year	(723,992)	(723,992)	(723,992)	-
Fund balances, end of year	<u>\$ (723,992)</u>	<u>\$ (937,487)</u>	<u>\$ (644,024)</u>	<u>\$ 293,463</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FIRE IMPACT
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Permits and fees	\$ 50,000	\$ 50,000	\$ 135,170	\$ 85,170
Investment income	500	500	2,510	2,010
Total revenues	<u>50,500</u>	<u>50,500</u>	<u>137,680</u>	<u>87,180</u>
EXPENDITURES				
Current:				
Public safety:				
Fire safety	50,500	50,500	2,702	47,798
Total expenditures	<u>50,500</u>	<u>50,500</u>	<u>2,702</u>	<u>47,798</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>134,978</u>	<u>134,978</u>
Fund balances, beginning of year	575,262	575,262	575,262	-
Fund balances, end of year	<u>\$ 575,262</u>	<u>\$ 575,262</u>	<u>\$ 710,240</u>	<u>\$ 134,978</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TRANSPORTATION IMPACT
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Permits and fees	\$ 140,000	\$ 140,000	\$ 238,344	\$ 98,344
Intergovernmental	-	683,046	492,809	(190,237)
Investment income	5,000	5,000	10,692	5,692
Total revenues	<u>145,000</u>	<u>828,046</u>	<u>741,845</u>	<u>(86,201)</u>
EXPENDITURES				
Current:				
Transportation	145,000	1,219,464	662,499	556,965
Total expenditures	<u>145,000</u>	<u>1,219,464</u>	<u>662,499</u>	<u>556,965</u>
Net change in fund balances	<u>-</u>	<u>(391,418)</u>	<u>79,346</u>	<u>470,764</u>
Fund balances, beginning of year	2,606,499	2,606,499	2,606,499	-
Fund balances, end of year	<u>\$ 2,606,499</u>	<u>\$ 2,215,081</u>	<u>\$ 2,685,845</u>	<u>\$ 470,764</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL OBLIGATION CAPITAL PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment income	\$ -	\$ -	\$ 14,510	\$ 14,510
Total revenues	<u>-</u>	<u>-</u>	<u>14,510</u>	<u>14,510</u>
EXPENDITURES				
Current:				
General government:				
Nondepartmental	-	1,036,604	42,500	994,104
Total expenditures	<u>-</u>	<u>1,036,604</u>	<u>42,500</u>	<u>994,104</u>
Net change in fund balances	<u>-</u>	<u>(1,036,604)</u>	<u>(27,990)</u>	<u>1,008,614</u>
Fund balances, beginning of year	1,056,425	1,056,425	1,056,425	-
Fund balances, end of year	<u>\$ 1,056,425</u>	<u>\$ 19,821</u>	<u>\$ 1,028,435</u>	<u>\$ 1,008,614</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL REPLACEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ 2,510,070	\$ 466,377	\$ (2,043,693)
Investment income	2,500	2,500	20,248	17,748
Total revenues	<u>2,500</u>	<u>2,512,570</u>	<u>486,625</u>	<u>(2,025,945)</u>
EXPENDITURES				
Current:				
General government:				
Nondepartmental	702,500	7,736,406	3,529,153	4,207,253
Total expenditures	<u>702,500</u>	<u>7,736,406</u>	<u>3,529,153</u>	<u>4,207,253</u>
Excess (deficiency) of revenues over expenditures	<u>(700,000)</u>	<u>(5,223,836)</u>	<u>(3,042,528)</u>	<u>2,181,308</u>
Other financing sources (uses)				
Transfers in	700,000	1,294,175	903,222	(390,953)
Net change in fund balances	<u>-</u>	<u>(3,929,661)</u>	<u>(2,139,306)</u>	<u>1,790,355</u>
Fund balances, beginning of year	4,399,398	4,399,398	4,399,398	-
Fund balances, end of year	<u>\$ 4,399,398</u>	<u>\$ 469,737</u>	<u>\$ 2,260,092</u>	<u>\$ 1,790,355</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ECONOMIC DEVELOPMENT CAPITAL
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment income	\$ -	\$ -	\$ 64	\$ 64
Total revenues	<u>-</u>	<u>-</u>	<u>64</u>	<u>64</u>
EXPENDITURES				
Current:				
General government:				
Nondepartmental	-	13,219	-	13,219
Total expenditures	<u>-</u>	<u>13,219</u>	<u>-</u>	<u>13,219</u>
Net change in fund balances	<u>-</u>	<u>(13,219)</u>	<u>64</u>	<u>13,283</u>
Fund balances, beginning of year	14,235	14,235	14,235	-
Fund balances, end of year	<u>\$ 14,235</u>	<u>\$ 1,016</u>	<u>\$ 14,299</u>	<u>\$ 13,283</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - 2014 CAPITAL IMPROVEMENT BOND PROJECT
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment income	\$ -	\$ -	\$ 34	\$ 34
Total revenues	<u>-</u>	<u>-</u>	<u>34</u>	<u>34</u>
EXPENDITURES				
Current:				
General government:				
Nondepartmental	-	7,138	-	7,138
Total expenditures	<u>-</u>	<u>7,138</u>	<u>-</u>	<u>7,138</u>
Net change in fund balances	<u>-</u>	<u>(7,138)</u>	<u>34</u>	<u>7,172</u>
Fund balances, beginning of year	7,169	7,169	7,169	-
Fund balances, end of year	<u>\$ 7,169</u>	<u>\$ 31</u>	<u>\$ 7,203</u>	<u>\$ 7,172</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - RECREATION IMPACT
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Permits and fees	\$ 125,000	\$ 131,065	\$ 428,263	\$ 297,198
Investment income	-	-	3,789	3,789
Total revenues	<u>125,000</u>	<u>131,065</u>	<u>432,052</u>	<u>300,987</u>
EXPENDITURES				
Current:				
Culture and recreation	2,500	58,565	8,565	50,000
Debt service:				
Principal retirement	197,342	197,342	-	197,342
Interest and fiscal charges	20,227	20,227	20,227	-
Total expenditures	<u>220,069</u>	<u>276,134</u>	<u>28,792</u>	<u>247,342</u>
Net change in fund balances	<u>(95,069)</u>	<u>(145,069)</u>	<u>403,260</u>	<u>548,329</u>
Fund balances, beginning of year	360,179	360,179	360,179	-
Fund balances, end of year	<u>\$ 265,110</u>	<u>\$ 215,110</u>	<u>\$ 763,439</u>	<u>\$ 548,329</u>

CITY OF PORT ORANGE, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2018

	Data Processing	Vehicle Maintenance	Self-Insurance	Lease & Replacement	Building Maintenance	Loan Pool	Total
ASSETS							
Equity in pooled cash	\$ 302,867	\$ 36,276	\$ 1,146,799	\$ 3,667,145	\$ 643,869	\$ 2,609,896	\$ 8,406,852
Accounts receivable, net	-	-	28,495	-	-	-	28,495
Due from other governments	-	202	41	-	731	-	974
Prepaid items	-	-	44,560	-	-	-	44,560
Due from other funds	-	-	-	-	-	3,366,878	3,366,878
Total current assets	<u>302,867</u>	<u>36,478</u>	<u>1,219,895</u>	<u>3,667,145</u>	<u>644,600</u>	<u>5,976,774</u>	<u>11,847,759</u>
Noncurrent assets:							
Capital assets:							
Building and improvements	-	234,752	-	-	291,839	-	526,591
Machinery and equipment	830,848	142,026	172,962	22,269,921	503,490	-	23,919,247
Construction in progress	-	-	-	479,271	1,300	-	480,571
Accumulated depreciation	(827,078)	(206,740)	(123,487)	(15,604,817)	(584,797)	-	(17,346,919)
Total capital assets, net	<u>3,770</u>	<u>170,038</u>	<u>49,475</u>	<u>7,144,375</u>	<u>211,832</u>	<u>-</u>	<u>7,579,490</u>
Total noncurrent assets	<u>3,770</u>	<u>170,038</u>	<u>49,475</u>	<u>7,144,375</u>	<u>211,832</u>	<u>-</u>	<u>7,579,490</u>
Total assets	<u>\$ 306,637</u>	<u>\$ 206,516</u>	<u>\$ 1,269,370</u>	<u>\$ 10,811,520</u>	<u>\$ 856,432</u>	<u>\$ 5,976,774</u>	<u>\$ 19,427,249</u>
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 58,332	\$ 23,063	\$ 353,044	\$ 56,660	\$ 65,300	\$ -	\$ 556,399
Estimated claims payable	-	-	396,000	-	-	-	396,000
Compensated absences	9,986	1,714	345	-	2,410	-	14,455
Total current liabilities	<u>68,318</u>	<u>24,777</u>	<u>749,389</u>	<u>56,660</u>	<u>67,710</u>	<u>-</u>	<u>966,854</u>
Noncurrent liabilities:							
Compensated absences	89,870	15,426	3,106	-	21,687	-	130,089
Total liabilities	<u>\$ 158,188</u>	<u>\$ 40,203</u>	<u>\$ 752,495</u>	<u>\$ 56,660</u>	<u>\$ 89,397</u>	<u>\$ -</u>	<u>\$ 1,096,943</u>
NET POSITION							
Net investment in capital assets	\$ 3,770	\$ 170,038	\$ 49,475	\$ 7,144,375	\$ 211,832	\$ -	\$ 7,579,490
Unrestricted	144,679	(3,725)	467,400	3,610,485	555,203	5,976,774	10,750,816
Total net position	<u>\$ 148,449</u>	<u>\$ 166,313</u>	<u>\$ 516,875</u>	<u>\$ 10,754,860</u>	<u>\$ 767,035</u>	<u>\$ 5,976,774</u>	<u>\$ 18,330,306</u>

CITY OF PORT ORANGE, FLORIDA
COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Data Processing	Vehicle Maintenance	Self-Insurance	Lease & Replacement	Building Maintenance	Loan Pool	Total
Operating revenues							
Charges for services	\$ 1,870,890	\$ 1,083,782	\$ 1,424,517	\$ 2,397,851	\$ 2,199,931	\$ -	\$ 8,976,971
Other revenues	-	1,462	155,149	27	484	-	157,122
Total operating revenues	<u>1,870,890</u>	<u>1,085,244</u>	<u>1,579,666</u>	<u>2,397,878</u>	<u>2,200,415</u>	<u>-</u>	<u>9,134,093</u>
Operating expenses							
Personal services	814,719	327,835	278,854	-	474,742	-	1,896,150
Contractual services	635,473	150,799	1,043,060	80,123	207,470	-	2,116,925
Utilities	-	-	953	-	538,178	-	539,131
Maintenance and repairs	279,327	79,064	316	-	298,175	-	656,882
Other supplies and expenses	186,029	451,628	3,930	104,450	29,935	-	775,972
Insurance claims and expenses	-	-	546,343	-	-	-	546,343
Depreciation	1,324	36,699	4,811	2,064,541	30,241	-	2,137,616
Total operating expenses	<u>1,916,872</u>	<u>1,046,025</u>	<u>1,878,267</u>	<u>2,249,114</u>	<u>1,578,741</u>	<u>-</u>	<u>8,669,019</u>
Operating income (loss)	<u>(45,982)</u>	<u>39,219</u>	<u>(298,601)</u>	<u>148,764</u>	<u>621,674</u>	<u>-</u>	<u>465,074</u>
Nonoperating revenues (expenses)							
Interest earnings	855	407	5,477	14,735	3,283	66,781	91,538
Gain (loss) on disposition of capital assets	-	-	-	246,536	-	-	246,536
Total nonoperating revenues (expenses)	<u>855</u>	<u>407</u>	<u>5,477</u>	<u>261,271</u>	<u>3,283</u>	<u>66,781</u>	<u>338,074</u>
Income (loss) before contributions and transfers	<u>(45,127)</u>	<u>39,626</u>	<u>(293,124)</u>	<u>410,035</u>	<u>624,957</u>	<u>66,781</u>	<u>803,148</u>
Transfers in	-	-	-	450,000	-	-	450,000
Transfers out	-	-	-	(22,000)	(678,105)	(1,729,491)	(2,429,596)
Change in net position	<u>(45,127)</u>	<u>39,626</u>	<u>(293,124)</u>	<u>838,035</u>	<u>(53,148)</u>	<u>(1,662,710)</u>	<u>(1,176,448)</u>
Net position, beginning of year	193,576	126,687	809,999	9,916,825	820,183	7,639,484	19,506,754
Net position, end of year	<u>\$ 148,449</u>	<u>\$ 166,313</u>	<u>\$ 516,875</u>	<u>\$ 10,754,860</u>	<u>\$ 767,035</u>	<u>\$ 5,976,774</u>	<u>\$ 18,330,306</u>

CITY OF PORT ORANGE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2018

	Data Processing	Vehicle Maintenance	Self-Insurance	Lease & Replacement	Building Maintenance	Loan Pool	Total
Cash flows from operating activities							
Cash received from customers	\$ 1,873,484	\$ 1,096,533	\$ 1,583,091	\$ 2,397,878	\$ 2,230,623	\$ -	\$ 9,181,609
Cash paid to employees	(801,389)	(341,770)	(296,586)	-	(473,941)	-	(1,913,686)
Cash paid to suppliers	(1,094,453)	(712,420)	(1,624,806)	(675,052)	(1,045,025)	-	(5,151,756)
Net cash provided by (used in) operating activities	(22,358)	42,343	(338,301)	1,722,826	711,657	-	2,116,167
Cash flows from noncapital financing activities							
Transfers from other funds	-	-	-	450,000	-	-	450,000
Transfers to other funds	-	-	-	(22,000)	(678,105)	(1,729,491)	(2,429,596)
Interfund loans	-	(60,000)	-	-	-	1,527,879	1,467,879
Net cash provided by (used in) noncapital financing activities	-	(60,000)	-	428,000	(678,105)	(201,612)	(511,717)
Cash flows from capital and related financing activities							
Acquisition and construction of capital assets	-	(11,290)	(53,478)	(2,594,008)	(142,875)	-	(2,801,651)
Cash flows from investing activities							
Interest received	855	407	5,477	14,735	3,283	66,781	91,538
Net change in cash and cash equivalents	(21,503)	(28,540)	(386,302)	(428,447)	(106,040)	(134,831)	(1,105,663)
Cash and cash equivalents, beginning of year	324,370	64,816	1,533,101	4,095,592	749,909	2,744,727	9,512,515
Cash and cash equivalents, end of year	\$ 302,867	\$ 36,276	\$ 1,146,799	\$ 3,667,145	\$ 643,869	\$ 2,609,896	\$ 8,406,852
Cash and cash equivalents classified as:							
Unrestricted	\$ 302,867	\$ 36,276	\$ 1,146,799	\$ 3,667,145	\$ 643,869	\$ 2,609,896	\$ 8,406,852
Reconciliation of operating income to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ (45,982)	\$ 39,219	\$ (298,601)	\$ 148,764	\$ 621,674	\$ -	\$ 465,074
Adjustments to reconcile net operating income to net cash provided by (used in) operating activities:							
Depreciation	1,324	36,699	4,811	2,064,541	30,241	-	2,137,616
Changes in assets and liabilities:							
Accounts receivable	2,594	-	2,885	-	-	-	5,479
Due from other governments	-	11,289	540	-	30,208	-	42,037
Prepaid items	-	-	5,829	-	-	-	5,829
Accounts payable and accrued liabilities	6,376	(30,929)	(36,033)	(490,479)	28,733	-	(522,332)
Compensated absences	13,330	(13,935)	268	-	801	-	464
Claims liability	-	-	(18,000)	-	-	-	(18,000)
Net cash provided by (used in) operating activities	\$ (22,358)	\$ 42,343	\$ (338,301)	\$ 1,722,826	\$ 711,657	\$ -	\$ 2,116,167

Statistical Section

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

Contents

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

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.

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 and help make comparisons over time and with other governments.

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
September 30, 2018
CITY OF PORT ORANGE, FLORIDA
(Accrual basis of accounting)
(Shown in thousands)

Table I

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities:										
Net investment in capital assets.....	\$ 107,192	\$ 100,978	\$ 99,823	\$ 96,276	\$ 95,288	\$ 90,770	\$ 87,750	\$ 85,065	\$ 85,762	\$ 83,859
Restricted.....	15,804	14,912	11,769	15,597	18,164	17,480	15,730	13,831	13,491	7,014
Unrestricted.....	(15,824)	(5,988)	(5,457)	(8,215)	24,170	24,317	23,972	22,911	19,901	26,943
Total governmental activities net position.....	\$ <u>107,172</u>	\$ <u>109,902</u>	\$ <u>106,135</u>	\$ <u>103,658</u>	\$ <u>137,622</u>	\$ <u>132,567</u>	\$ <u>127,452</u>	\$ <u>121,807</u>	\$ <u>119,154</u>	\$ <u>117,816</u>
Business-type Activities:										
Net investment in capital assets.....	\$ 194,473	\$ 189,582	\$ 191,186	\$ 180,198	\$ 174,390	\$ 167,342	\$ 162,682	\$ 151,064	\$ 139,554	\$ 130,783
Restricted.....	18,185	15,090	8,764	14,299	15,142	14,549	14,541	20,344	22,149	16,521
Unrestricted.....	30,596	27,682	22,687	19,633	19,379	19,082	16,023	16,311	17,213	22,862
Total business-type activities net position.....	\$ <u>243,254</u>	\$ <u>232,354</u>	\$ <u>222,637</u>	\$ <u>214,130</u>	\$ <u>208,911</u>	\$ <u>200,973</u>	\$ <u>193,246</u>	\$ <u>187,719</u>	\$ <u>178,916</u>	\$ <u>170,166</u>
Primary Government:										
Net investment in capital assets.....	\$ 301,665	\$ 290,560	\$ 291,009	\$ 276,474	\$ 269,678	\$ 258,112	\$ 250,432	\$ 236,129	\$ 225,316	\$ 214,642
Restricted.....	33,989	30,002	20,533	29,896	33,306	32,029	30,271	34,175	35,640	23,535
Unrestricted.....	14,772	21,694	17,230	11,418	43,549	43,399	39,995	39,222	37,114	49,805
Total primary government net position.....	\$ <u>350,426</u>	\$ <u>342,256</u>	\$ <u>328,772</u>	\$ <u>317,788</u>	\$ <u>346,533</u>	\$ <u>333,540</u>	\$ <u>320,698</u>	\$ <u>309,526</u>	\$ <u>298,070</u>	\$ <u>287,982</u>

* In 2018, GASB #75 was implemented, resulting in the recording of the total OPEB liability, which ultimately impacted unrestricted net position.
* In 2015, GASB #68 was implemented, resulting in the recording of the net pension liability, which ultimately impacted unrestricted net position.
* In 2013, GASB #65 was implemented, resulting in the write-off of unamortized debt issuance costs.

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
September 30, 2018
CITY OF PORT ORANGE, FLORIDA
(Accrual basis of accounting)
(Shown in thousands)

Table II

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
Governmental Activities:										
General government.....	\$ 8,241	\$ 14,791	\$ 6,418	\$ 5,840	\$ 5,084	\$ 5,509	\$ 5,101	\$ 7,554	\$ 7,803	\$ 10,421
Public safety.....	22,052	20,330	20,010	18,562	19,807	19,193	17,735	18,229	19,344	19,893
Transportation.....	6,535	6,460	5,934	5,491	2,225	2,017	2,957	2,981	663	587
Economic environment.....	24	36	95	36	95	111	234	333	3,738	5,317
Culture/recreation.....	5,186	4,478	4,264	4,094	3,889	3,843	3,721	3,681	3,638	3,687
Interest on long-term debt.....	1,199	1,263	1,659	1,715	2,100	1,937	2,018	2,116	2,155	2,318
Total governmental activities expenses.....	<u>43,237</u>	<u>47,358</u>	<u>38,380</u>	<u>35,738</u>	<u>33,200</u>	<u>32,610</u>	<u>31,766</u>	<u>34,894</u>	<u>37,341</u>	<u>42,223</u>
Business-Type Activities:										
Water.....	20,215	20,465	20,671	20,800	20,870	19,795	19,341	20,875	20,544	22,004
Solid waste.....	7,098	6,965	6,711	6,573	6,456	6,213	6,218	7,764	7,648	7,926
Stormwater.....	3,456	3,412	3,116	3,165	1,966	1,901	1,944	2,521	2,625	1,974
Golf course.....	1,545	1,492	1,507	1,530	1,638	1,552	1,550	1,543	1,708	1,679
Total business-type activities expenses.....	<u>32,314</u>	<u>32,334</u>	<u>32,005</u>	<u>32,068</u>	<u>30,930</u>	<u>29,461</u>	<u>29,053</u>	<u>32,703</u>	<u>32,525</u>	<u>33,583</u>
Total primary government expenses.....	<u>\$ 75,551</u>	<u>\$ 79,692</u>	<u>\$ 70,385</u>	<u>\$ 67,806</u>	<u>\$ 64,130</u>	<u>\$ 62,071</u>	<u>\$ 60,819</u>	<u>\$ 67,597</u>	<u>\$ 69,866</u>	<u>\$ 75,806</u>
Program Revenues:										
Governmental Activities:										
Charges for services:										
General government.....	\$ 3,238	\$ 3,098	\$ 1,934	\$ 2,510	\$ 2,384	\$ 2,402	\$ 2,166	\$ 2,380	\$ 1,736	\$ 3,285
Public safety.....	616	631	1,532	327	444	416	463	1,653	521	537
Transportation.....	165	160	143	208	42	104	297	273	279	82
Economic environment.....	2	7	28	28	30	30	33	-	-	41
Culture/recreation.....	718	708	736	701	687	1,006	1,180	991	801	920
Operating grants and contributions.....	1,605	7,873	1,313	1,213	1,281	1,155	1,138	181	1,305	912
Capital grants and contributions.....	8,348	6,176	4,877	3,768	3,473	3,716	2,674	1,006	2,005	1,823
Total governmental activities program revenues	<u>14,692</u>	<u>18,653</u>	<u>10,563</u>	<u>8,755</u>	<u>8,341</u>	<u>8,829</u>	<u>7,951</u>	<u>6,484</u>	<u>6,647</u>	<u>7,600</u>
Business-Type Activities:										
Charges for services:										
Water and sewer.....	27,178	27,379	26,979	25,925	25,133	23,807	24,858	24,416	24,591	24,837
Solid waste.....	7,250	7,129	7,170	7,052	6,984	6,724	6,792	8,033	7,953	7,847
Stormwater.....	4,543	3,924	3,884	3,861	3,808	3,802	3,716	3,738	3,659	3,510
Golf course.....	1,396	1,342	1,245	1,005	1,493	1,591	1,634	1,619	1,531	1,618
Operating grants and contributions.....	-	156	-	-	-	-	-	-	563	-
Capital grants and contributions.....	3,812	3,628	2,003	2,182	2,824	3,644	1,231	1,660	3,179	4,190
Total business-type activities program revenue..	<u>44,179</u>	<u>43,558</u>	<u>41,281</u>	<u>40,025</u>	<u>40,242</u>	<u>39,568</u>	<u>38,231</u>	<u>39,466</u>	<u>41,476</u>	<u>42,002</u>
Total primary government program revenues.....	<u>\$ 58,871</u>	<u>\$ 62,211</u>	<u>\$ 51,844</u>	<u>\$ 48,780</u>	<u>\$ 48,583</u>	<u>\$ 48,397</u>	<u>\$ 46,182</u>	<u>\$ 45,950</u>	<u>\$ 48,123</u>	<u>\$ 49,602</u>
Net (Expense)/Revenue:										
Governmental activities.....	\$ (28,545)	\$ (28,705)	\$ (27,817)	\$ (26,983)	\$ (24,859)	\$ (23,781)	\$ (23,815)	\$ (28,410)	\$ (30,694)	\$ (34,623)
Business-type activities.....	11,865	11,224	9,276	7,957	9,312	10,107	9,178	6,763	8,951	8,419
Total primary government net expense.....	<u>\$ (16,680)</u>	<u>\$ (17,481)</u>	<u>\$ (18,541)</u>	<u>\$ (19,026)</u>	<u>\$ (15,547)</u>	<u>\$ (13,674)</u>	<u>\$ (14,637)</u>	<u>\$ (21,647)</u>	<u>\$ (21,743)</u>	<u>\$ (26,204)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property taxes.....	\$ 14,016	\$ 12,967	\$ 12,181	\$ 11,643	\$ 11,553	\$ 11,646	\$ 11,985	\$ 12,215	\$ 12,569	\$ 15,056
Sales taxes.....	3,450	3,267	3,117	2,956	2,742	2,592	2,482	2,336	2,309	2,346
Local option gas taxes.....	-	-	-	-	-	-	-	1,099	1,112	1,125
Franchise and utility taxes.....	11,479	10,220	10,251	10,297	10,123	9,590	9,493	9,869	10,008	9,832
Other taxes.....	129	869	889	850	840	824	743	744	691	571
Intergovernmental revenues.....	2,668	2,553	2,380	2,409	2,131	2,001	2,170	1,950	2,101	1,788
Investment earnings.....	225	240	322	335	288	298	535	324	626	1,877
Miscellaneous revenue.....	176	660	144	125	311	500	246	883	839	2,859
Transfers.....	-	1,695	1,011	935	1,740	1,806	1,795	1,643	1,776	1,027
Total governmental activities.....	<u>32,143</u>	<u>32,471</u>	<u>30,295</u>	<u>29,550</u>	<u>29,728</u>	<u>29,257</u>	<u>29,449</u>	<u>31,063</u>	<u>32,031</u>	<u>36,481</u>
Business-Type Activities:										
Investment earnings.....	194	153	233	172	81	83	298	229	1,180	1,326
Miscellaneous revenue.....	191	38	8	325	246	166	846	454	394	51
Transfers.....	-	(1,695)	(1,011)	(935)	(1,740)	(1,806)	(1,795)	(1,643)	(1,776)	(1,027)
Total business-type activities.....	<u>385</u>	<u>(1,504)</u>	<u>(770)</u>	<u>(438)</u>	<u>(1,413)</u>	<u>(1,557)</u>	<u>(651)</u>	<u>(960)</u>	<u>(202)</u>	<u>350</u>
Total primary government.....	<u>\$ 32,528</u>	<u>\$ 30,967</u>	<u>\$ 29,525</u>	<u>\$ 29,112</u>	<u>\$ 28,315</u>	<u>\$ 27,700</u>	<u>\$ 28,798</u>	<u>\$ 30,103</u>	<u>\$ 31,829</u>	<u>\$ 36,831</u>
Changes in Net Position:										
Governmental activities.....	\$ 3,598	\$ 3,766	\$ 2,478	\$ 2,567	\$ 4,869	\$ 5,476	\$ 5,634	\$ 2,653	\$ 1,337	\$ 1,858
Business-type activities.....	12,250	9,720	8,506	7,519	7,899	8,550	8,527	5,803	8,749	8,769
Total primary government.....	<u>\$ 15,848</u>	<u>\$ 13,486</u>	<u>\$ 10,984</u>	<u>\$ 10,086</u>	<u>\$ 12,768</u>	<u>\$ 14,026</u>	<u>\$ 14,161</u>	<u>\$ 8,456</u>	<u>\$ 10,086</u>	<u>\$ 10,627</u>

*Local option gas taxes reported as transportation operating grants beginning in FY2012.

Table III

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

September 30, 2018

CITY OF PORT ORANGE, FLORIDA

(Accrual basis of accounting)

(Shown in thousands)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund:										
Nonspendable.....	\$ 61	\$ 42	\$ 55	\$ 34	\$ 370	\$ 60	\$ 94	\$ 83	\$ -	\$ -
Restricted.....	1,200	1,272	1,087	561	545	689	658	626	-	-
Committed.....	-	-	-	-	-	-	-	-	-	-
Assigned.....	914	3,725	3,392	1,742	1,954	1,845	1,761	1,233	-	-
Unassigned.....	14,079	12,269	14,122	15,465	14,035	13,079	11,813	11,187	-	-
Reserved.....	-	-	-	-	-	-	-	-	528	685
Unreserved.....	-	-	-	-	-	-	-	-	11,587	10,727
Total general fund.....	\$ 16,254	\$ 17,308	\$ 18,656	\$ 17,802	\$ 16,904	\$ 15,673	\$ 14,326	\$ 13,129	\$ 12,115	\$ 11,412
Other Governmental Funds:										
Nonspendable.....	\$ 18	\$ 11	\$ 1,266	\$ 10	\$ 10	\$ 10	\$ 10	\$ -	\$ -	\$ -
Restricted.....	15,247	14,305	13,261	15,847	14,945	14,964	13,519	13,204	-	-
Committed.....	309	-	-	-	-	-	-	178	-	-
Assigned.....	2,394	5,150	3,821	2,575	2,989	3,333	3,594	3,409	-	-
Unassigned.....	(4,172)	(2,655)	(2,644)	(2,929)	(1,884)	(1,647)	(2,232)	(7,235)	-	-
Reserved, reported in:										
Special revenue funds.....	-	-	-	-	-	-	-	-	1,049	1,337
Capital projects funds.....	-	-	-	-	-	-	-	-	6,586	4,233
Debt service funds.....	-	-	-	-	-	-	-	-	4,369	4,169
Unreserved, reported in:										
Special revenue funds.....	-	-	-	-	-	-	-	-	1,617	1,760
Capital projects funds.....	-	-	-	-	-	-	-	-	844	5,775
Total all other governmental funds.....	\$ 13,796	\$ 16,811	\$ 15,704	\$ 15,503	\$ 16,060	\$ 16,660	\$ 14,891	\$ 9,556	\$ 14,465	\$ 17,274

*GASB 54 was implemented in Fiscal Year 2011.

Table IV

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

September 30, 2018

CITY OF PORT ORANGE, FLORIDA

(Accrual basis of accounting)

(Shown in thousands)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenue:										
Taxes.....	\$ 23,581	\$ 22,127	\$ 21,377	\$ 20,675	\$ 20,463	\$ 20,241	\$ 20,457	\$ 20,765	\$ 21,193	\$ 25,658
Permits and fees.....	6,364	6,450	5,169	5,101	6,363	5,517	4,948	4,654	4,578	5,565
Intergovernmental.....	7,772	13,401	6,449	6,066	5,967	4,961	5,412	5,408	5,953	3,360
Charges for services.....	3,632	3,871	3,603	3,423	3,122	3,196	2,986	3,523	2,978	3,454
Fines and forfeitures.....	432	38	917	127	160	182	195	349	236	232
Miscellaneous.....	508	825	536	634	939	852	802	1,209	1,465	12,629
Total revenue.....	42,289	46,712	38,051	36,026	37,014	34,949	34,800	35,908	36,403	50,898
Expenditures:										
Current:										
General government.....	9,786	15,551	7,363	6,921	6,340	6,381	6,501	6,948	7,163	8,836
Public safety.....	22,312	20,489	20,109	19,346	19,508	18,530	17,259	19,038	19,373	20,309
Transportation.....	2,875	3,009	2,543	2,287	2,130	2,010	2,920	3,067	3,782	2,253
Economic environment.....	30	39	96	44	101	111	234	344	1,189	1,244
Culture/recreation.....	3,637	3,402	3,157	2,825	2,644	2,848	2,619	2,574	2,821	3,098
Capital outlay.....	6,999	5,002	3,877	3,303	6,511	1,353	1,480	2,300	3,605	16,976
Debt service:										
Principal retirement.....	1,330	1,360	1,205	770	960	1,000	965	925	850	11,136
Interest and fiscal charges.....	1,369	1,354	1,695	1,535	1,890	1,942	2,010	2,093	2,128	2,667
Payment to refunded bond escrow agent.....	-	-	13,807	-	16,118	-	-	-	-	-
Refunding bond issuance costs.....	-	-	145	-	178	-	-	-	-	-
Total expenditures.....	48,338	50,206	53,997	37,031	56,380	34,175	33,988	37,289	40,911	66,519
Excess (deficiency) of revenue over (under) expenditures.....	(6,049)	(3,494)	(15,946)	(1,005)	(19,366)	774	812	(1,381)	(4,508)	(15,621)
Other Financing Sources (Uses):										
Debt proceeds.....	-	-	13,959	-	17,421	-	-	-	-	-
Proceeds from sale of capital assets.....	-	1,242	1,403	-	-	-	-	-	-	-
Transfers in.....	4,499	5,742	4,958	3,551	6,672	3,007	3,657	4,631	3,841	16,842
Transfers out.....	(2,519)	(3,728)	(3,320)	(1,995)	(4,095)	(575)	(2,819)	(2,365)	(1,440)	(13,986)
Total other financing sources (uses).....	1,980	3,256	17,000	1,556	19,998	2,432	838	2,266	2,401	2,856
Net change in fund balances.....	\$ (4,069)	\$ (238)	\$ 1,054	\$ 551	\$ 632	\$ 3,206	\$ 1,650	\$ 885	\$ (2,107)	\$ (12,765)
Debt service as a percentage of noncapital expenditures.....	6.5%	6.0%	5.8%	6.8%	5.7%	9.0%	9.2%	8.6%	8.0%	27.9%

TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

September 30, 2018

CITY OF PORT ORANGE, FLORIDA

(Accrual basis of accounting)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Ad Valorem Property Tax:										
City operating and debt service.....	\$ 13,801,060	\$ 12,839,236	\$ 12,077,471	\$ 11,534,899	\$ 11,432,100	\$ 11,528,507	\$ 11,871,639	\$ 12,065,637	\$ 12,296,071	\$ 14,189,613
Tax increment districts ⁽¹⁾	341,665	306,246	283,110	267,167	243,250	257,103	334,192	400,899	676,536	833,612
Total property tax.....	<u>\$ 14,142,725</u>	<u>\$ 13,145,482</u>	<u>\$ 12,360,581</u>	<u>\$ 11,802,066</u>	<u>\$ 11,675,350</u>	<u>\$ 11,785,610</u>	<u>\$ 12,205,831</u>	<u>\$ 12,466,536</u>	<u>\$ 12,972,607</u>	<u>\$ 15,023,225</u>
Sales and use tax.....	\$ 2,302,153	\$ 3,266,628	\$ 3,116,961	\$ 2,956,303	\$ 2,741,746	\$ 2,591,545	\$ 2,481,736	\$ 2,335,607	\$ 2,309,484	\$ 2,346,256
Franchise tax ⁽²⁾	3,303,114	3,230,368	3,195,761	3,256,092	3,148,545	2,917,256	2,891,121	3,164,839	3,157,449	3,409,468
Utility service taxes.....	5,602,896	5,332,884	5,270,749	5,153,922	5,002,092	4,599,252	4,302,065	4,387,939	4,404,865	4,000,057
Communications services tax.....	1,740,753	1,656,402	1,784,375	1,886,648	1,972,034	2,075,119	2,299,666	2,316,037	2,446,151	2,423,136

⁽¹⁾ Includes pro-rata share of other government tax increment reported as intergovernmental revenue in the governmental fund financial statements.

⁽²⁾ Effective in 2010, franchise taxes are reported as permits and fees in the governmental fund financial statements.

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

September 30, 2018

CITY OF PORT ORANGE, FLORIDA

(in thousands)

Table VI

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Industrial Property	Other Property	Less: Tax-Exempt Property	Total Just Value	Total Direct Tax Rate	Assessed Taxable Value	Assessed Value as a Percentage of Total Just Value
2009	4,609,670	1,144,669	150,242	832,732	1,863,168	4,874,145	5.021	3,010,977	61.77%
2010	3,470,025	1,036,297	130,846	596,656	1,343,777	3,890,047	5.100	2,546,270	65.46%
2011	3,073,396	850,955	99,580	502,426	1,118,101	3,408,255	5.101	2,290,154	67.19%
2012	2,986,815	839,544	111,851	482,771	1,083,012	3,337,969	5.515	2,254,957	67.55%
2013	2,923,702	838,015	117,418	469,671	1,054,530	3,294,276	5.372	2,239,747	67.99%
2014	3,011,211	867,376	116,791	486,258	1,092,756	3,388,880	5.190	2,296,124	67.75%
2015	3,359,289	967,639	130,292	542,466	1,276,462	3,723,224	4.921	2,446,762	65.72%
2016	3,727,810	1,119,879	132,782	525,124	1,450,442	4,055,152	4.827	2,604,710	64.23%
2017	4,025,371	1,253,143	138,262	555,924	1,593,475	4,379,224	4.794	2,785,749	63.61%
2018	4,388,396	1,356,968	148,033	599,273	1,752,167	4,740,503	4.806	2,988,336	63.04%

Source: Volusia County Property Tax Appraiser

Note: The total direct tax rate is the rate per thousand dollars of assessed taxable value

Table VII

**PROPERTY TAX RATES AND TAX LEVIES-
ALL DIRECT AND OVERLAPPING GOVERNMENTS-
LAST TEN FISCAL YEARS**
September 30, 2018
CITY OF PORT ORANGE, FLORIDA

Fiscal Year	City of Port Orange			Total	Tax Levies									
	Operating	Debt Service			Volusia County	Florida Inland Navigation District	Volusia Hospital District	Hali fax Hospital District	Ponce DeLeon Inlet and Port Authority	St. Johns River Water Management District	Mosquito Control District			
2009	13,850,494	1,268,826	15,119,320	16,271,319	105,384	9,653,192	6,774,698	234,856	1,252,566	620,261				
2010	11,712,841	1,273,644	12,986,485	16,230,790	87,846	9,163,261	5,729,107	238,331	1,058,739	533,851				
2011	11,336,261	1,284,548	12,620,809	14,433,693	79,010	7,442,999	4,580,307	212,755	952,246	476,352				
2012	11,162,036	1,272,923	12,434,959	15,183,469	77,271	7,394,525	3,919,557	208,072	742,028	465,867				
2013	10,762,210	1,269,713	12,031,923	15,411,477	77,271	6,786,434	2,799,684	208,073	742,028	465,867				
2014	10,789,717	1,127,397	11,917,114	16,751,632	79,486	6,771,476	2,303,928	214,034	756,380	479,217				
2015	10,909,866	1,130,404	12,040,270	17,790,162	84,413	6,812,275	2,446,762	227,304	774,155	459,991				
2016	11,439,888	1,133,049	12,572,937	18,938,586	83,351	6,860,806	2,487,498	241,978	787,404	489,685				
2017	12,408,286	947,712	13,355,998	19,645,106	89,144	6,685,799	2,106,305	258,796	803,689	523,721				
2018	13,411,952	948,498	14,360,450	21,073,745	95,627	3,822,082	1,129,890	277,616	814,023	561,807				
<u>Tax Rates per Thousand Dollars of Assessed Valuation</u>														
2009	4.60000	0.42140	5.02140	5.404	0.035	3.206	2.250	0.078	0.416	0.206				
2010	4.60000	0.50020	5.10020	6.374	0.035	3.599	2.250	0.094	0.416	0.210				
2011	4.95000	0.56090	5.51090	6.303	0.035	3.250	2.000	0.093	0.416	0.208				
2012	4.95000	0.56450	5.51450	6.779	0.035	3.302	1.750	0.093	0.331	0.208				
2013	4.80510	0.56690	5.37200	6.881	0.035	3.030	1.250	0.093	0.331	0.208				
2014	4.69910	0.49100	5.19010	7.271	0.035	2.939	1.000	0.093	0.328	0.208				
2015	4.45890	0.46200	4.92090	7.271	0.035	2.784	1.000	0.093	0.316	0.188				
2016	4.39200	0.43500	4.82700	7.271	0.032	2.634	0.955	0.093	0.302	0.188				
2017	4.45420	0.34020	4.79440	7.052	0.032	2.400	0.756	0.093	0.289	0.188				
2018	4.48810	0.31741	4.80550	7.052	0.032	1.279	0.378	0.093	0.272	0.188				

Source: Volusia County Property Tax Appraiser
FY2014 Levied Taxes Revised per Final Schedule on County Tax Appraiser Website

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO**
September 30, 2018
CITY OF PORT ORANGE, FLORIDA

Table VIII

Taxpayer	September 30, 2018			September 30, 2009		
	Assessed Taxable Value	Rank	Percent to Total Assessed Taxable Value	Assessed Taxable Value	Rank	Percent to Total Assessed Taxable Value
Whitepalm Pt Bay LLC.....	\$ 102,068,922	1	3.4%			
Florida Power & Light Company.....	79,223,309	2	2.7%	\$ 42,116,172	1	1.4%
Port Orange Town Center LLC.....	42,267,686	3	1.4%			
Port Orange Aprt Assoc II LLC.....	35,924,015	4	1.2%	13,939,747	7	0.5%
Edge Cove LLC	31,544,460	5	1.1%			
Hawthorne Village at Port Orange.....	27,494,620	6	0.9%	23,458,293	2	0.8%
Becks Farm LTD.....	21,071,023	7	0.7%	15,864,313	4	0.5%
Apexone Surf Coast LLC	17,808,602	8	0.6%			
USF Propco I LLC.....	17,547,689	9	0.6%			
Brick Walk Assoc WOS B LLC.....	17,074,970	10	0.6%			
Walmart Stores East LP				14,361,187	6	0.0%
Port Orange Apartment Assoc.....				15,713,247	5	0.5%
Bellsouth Telecommunication Inc.....				16,533,933	3	0.5%
Target Corporation.....				13,105,376	8	0.4%
Lowes Home Centers Inc.....				11,204,882	9	0.4%
Aimco Oceans Oaks, LLC				11,139,262	10	0.4%
Total taxable assessed value of the largest taxpayers.....	<u>\$ 392,025,296</u>			<u>\$ 177,436,412</u>		
Total taxable assessed value of other taxpayers.....	<u>\$ 2,596,310,906</u>			<u>\$ 2,833,540,544</u>		
Total taxable assessed value of all taxpayers.....	<u>\$ 2,988,336,202</u>			<u>\$ 3,010,976,956</u>		

Source: Volusia County Property Tax Appraiser

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
September 30, 2018
CITY OF PORT ORANGE, FLORIDA

Table IX

Fiscal Year Ended September 30,	Taxes Levied For Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date	
		Amount (2)	Percent of Levy		Amount	Percent of Levy
2009	15,119,319	15,013,104	99.3%	10,121	15,023,225	99.4%
2010	12,986,485	12,483,260	96.1%	39,202	12,522,462	96.4%
2011	12,620,809	12,162,874	96.4%	51,396	12,214,270	96.8%
2012	12,434,959	11,962,988	96.2%	35,594	11,998,582	96.5%
2013	12,031,923	11,603,809	96.4%	23,641	11,627,449	96.6%
2014	11,917,114	11,488,291	96.4%	34,720	11,523,011	96.7%
2015	12,040,270	11,377,953	94.5%	241,788	11,619,741	96.5%
2016	12,572,937	11,928,757	94.9%	231,859	12,160,615	96.7%
2017	13,355,998	12,680,097	94.9%	248,837	12,928,934	96.8%
2018	14,360,450	13,851,566	96.5%	83,274	13,934,840	97.0%

Source: (1) Volusia County Property Tax Appraisers Office DR-403
(2) City of Port Orange Finance Department

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**
September 30, 2018
CITY OF PORT ORANGE, FLORIDA
(dollars in thousands, except for per capita)

Table X

Fiscal Year Ended September 30,	Governmental Activities				Business-Type Activities				Total Primary Government	Percent of Personal Income (a)	Per Capita
	General Obligation Bonds	Revenue Bonds & Loans	Net Premiums & (Discounts)	Revenue Bonds & Notes	SRF Loans	Net Premiums & (Discounts)	Revenue Bonds & Notes	SRF Loans			
2009	16,640	25,515	(242)	59,235	47,618	1,325	150,090	0.9384%	2,646		
2010	16,205	25,100	(229)	55,445	45,260	1,138	142,919	0.8934%	2,534		
2011	15,755	24,625	(215)	51,820	37,139	958	130,082	0.7863%	2,310		
2012	15,290	24,125	(202)	50,795	27,297	(2)	117,304	0.7362%	2,080		
2013	14,810	23,605	(197)	46,030	26,011	(30)	110,229	0.6663%	1,932		
2014	14,440	23,545	1,139	41,095	24,689	(47)	104,861	0.6126%	1,825		
2015	14,055	23,160	1,118	36,100	22,972	(54)	97,351	0.5630%	1,660		
2016	12,895	22,355	1,884	26,260	21,209	(52)	84,552	0.4621%	1,425		
2017	12,355	21,535	1,741	26,260	18,591	(48)	80,434	0.4109%	1,349		
2018	11,870	20,690	1,588	21,755	15,897	(45)	71,755	0.3493%	1,176		

Source: City of Port Orange Finance Department
(a) See Table XIV for personal income and population data.

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

September 30, 2018
CITY OF PORT ORANGE, FLORIDA

Table XI

Fiscal Year Ended September 30,	Assessed Taxable Value (1)	Total			Accumulated Resources Restricted*	Net		Assessed Net		Estimated Population (2)	Net General Bonded Debt Per Capita
		General Bonded Debt	General Bonded Debt	Net General Debt		General Bonded Debt	General Bonded Debt				
2009	3,010,976,956	16,640,000	16,640,000	-	16,640,000	0.55%	56,732	293.31			
2010	2,546,269,833	16,205,000	16,205,000	-	16,205,000	0.64%	56,402	287.31			
2011	2,290,153,662	15,755,000	15,755,000	39,595	15,715,405	0.69%	56,313	279.07			
2012	2,254,956,801	15,290,000	15,290,000	70,476	15,219,524	0.67%	56,386	269.92			
2013	2,239,747,296	14,810,000	14,810,000	39,355	14,770,645	0.66%	57,060	258.86			
2014	2,296,124,074	14,440,000	14,440,000	61,902	14,378,098	0.63%	57,467	250.20			
2015	2,446,761,822	14,055,000	14,055,000	86,352	13,968,648	0.57%	58,656	238.15			
2016	2,604,710,345	12,895,000	12,895,000	298,900	12,596,100	0.48%	59,315	212.36			
2017	2,785,749,578	12,355,000	12,355,000	260,279	12,094,721	0.43%	59,625	202.85			
2018	2,988,336,202	11,870,000	11,870,000	290,414	11,579,586	0.39%	61,009	189.80			

Source: (1) Volusia County Property Tax Appraiser

(2) University of Florida, Bureau of Economic and Business Research

* Accumulated resources restricted to repaying the principal of general bonded debt.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

Table XII

September 30, 2018

CITY OF PORT ORANGE, FLORIDA

Governmental Unit	Net Debt Outstanding	Estimated Percent Applicable to the City of Port Orange (1)	City's Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Volusia County:			
General Obligation Bonds.....	\$ 9,480,000	9.61%	\$ 911,371
Other Debt:			
District School Board of Volusia County, Florida:			
State School Bonds.....	809,214	9.61%	77,795
Sales Tax Revenue Bonds.....	37,982,976	9.61%	3,651,540
Certificates of participation.....	243,910,109	9.61%	23,448,595
Volusia County:			
Revenue Bonds.....	75,606,415	9.61%	7,268,515
Notes Payable.....	37,716,000	9.61%	3,625,874
Total overlapping debt.....			38,983,690
City direct debt (2)			32,560,000
Total direct and overlapping debt.....			\$ 71,543,690

Source: City of Port Orange, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2017.

(1) Percentage applicable to City was determined by taking the City's assessed taxable value and dividing it by Volusia County's assessed taxable value for tax year 2016.

(2) The City's direct debt amount, including net premiums, would be 35,630,764.

PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS
September 30, 2018
CITY OF PORT ORANGE, FLORIDA

Table XIII

Fiscal Year Ended	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
<u>Water and Sewer Bonds</u>						
2009	25,770,420	13,026,280	12,744,140	2,935,000	2,507,446	2.34
2010	25,516,718	12,056,424	13,460,294	3,245,000	1,789,355	2.67
2011	24,577,314	12,601,401	11,975,913	2,860,000	1,795,317	2.57
2012	25,099,244	12,280,134	12,819,110	2,940,000	1,719,650	2.75
2013	23,860,970	13,054,981	10,805,989	3,940,000	661,776	2.35
2014	25,182,564	14,116,531	11,066,033	4,085,000	688,303	2.32
2015	26,030,902	14,067,671	11,963,231	4,115,000	578,419	2.55
2016	27,140,395	13,991,595	13,148,800	5,115,000	476,645	2.35
2017	27,486,455	13,884,287	13,602,168	3,510,000	382,624	3.49
2018	27,307,359	13,754,637	13,552,722	3,860,000	317,768	3.24
<u>Stormwater Utility Revenue Bonds</u>						
2009	3,510,077	1,629,395	1,880,682	675,000	526,102	1.57
2010	3,658,919	1,978,096	1,680,823	545,000	471,272	1.65
2011	3,738,482	1,898,995	1,839,487	765,000	448,948	1.52
2012	3,716,097	1,508,220	2,207,877	790,000	421,881	1.82
2013	3,801,857	1,467,244	2,334,613	825,000	333,897	2.01
2014	3,805,758	1,493,264	2,312,494	850,000	312,103	1.99
2015	3,860,474	1,556,459	2,304,015	880,000	289,338	1.97
2016	3,884,177	1,489,091	2,395,086	595,000	271,281	2.76
2017	3,923,863	1,723,534	2,200,329	620,000	258,124	2.51
2018	4,542,529	1,754,535	2,787,994	645,000	244,360	3.13

Note: Water and Sewer gross revenues include operating revenue of the system and interest earnings. Interest earnings from construction funds are excluded. Operating expenses do not include depreciation expense. Stormwater Utility revenue bonds are supported by drainage fees charged. Additional details regarding revenues and expenses can be found in the fund financial statements or the combining schedules of this comprehensive annual financial report.

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
 September 30, 2018
 CITY OF PORT ORANGE, FLORIDA

Table XIV

Fiscal Year Ended September 30,	City of Port Orange Population(a)	City of Port Orange School Enrollment (b)	City of Port Orange Unemployment Rate (c)	Volusia Personal Income (d) (in thousands)	Volusia Per Capita Personal Income (e)
2009	56,732	10,382	8.1	15,994,714	32,255
2010	56,048	10,212	9.3	15,996,620	32,339
2011	56,313	10,130	8.6	16,544,186	33,436
2012	56,529	10,090	7.2	15,933,933	32,203
2013	56,386	9,853	6.5	16,544,186	33,299
2014	57,467	9,930	5.1	17,117,508	34,305
2015	58,656	10,149	4.7	17,292,604	34,321
2016	59,315	10,182	4.3	18,297,539	35,364
2017	59,625	10,368	3.8	19,577,196	37,404
2018	61,009	10,473	3.1	20,543,253	38,135

Sources:

- (a) University of Florida, Bureau of Economic and Business Research
- (b) Volusia County School Board
- (c) U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics Program, in cooperation with the Florida Department of Economic Opportunity, Bureau of Labor Market Statistics
- (d) United States Department of Commerce, Bureau of Economic and Business Research (2006-2011); Florida Research & Economic Database (2012-2018) via Volusia County School Board FY18 CAFR
- (e) Calculated by dividing Personal Income by the Population

PRINCIPAL EMPLOYERS
 September 30, 2018
 CITY OF PORT ORANGE, FLORIDA

Table XV

Employer	Total Employees	Rank	Percent to Total City Employment
Volusia County Public Schools	961	1	3.63%
U.S. Foods	500	2	1.89%
Walmart	486	3	1.84%
City of Port Orange	482	4	1.82%
Publix Supermarkets	405	5	1.53%
Raydon	250	6	0.94%
Halifax Health	215	7	0.81%
Lowe's Home Improvement	200	8	0.76%
Target Super Store	145	9	0.55%
Palmer Chiropractic College	130	10	0.49%

Source: Team Volusia, the Volusia/Flagler Business Book 2018, COPO staff research
 Total City Employment from Volusia County Economic Development Q4 Report - October 2015

Top Employers in Port Orange, Florida - Historical														
Employer	2018		2017		2016		2015		2014		2013		2012	
	#	Rank	#	Rank	#	Rank	#	Rank	#	Rank	#	Rank	#	Rank
Volusia County Public Schools	961	1	844	1	844	1								
Florida Health Care							1,200	1	1,200	1	1,200	1		
U.S. Foods	500	2	530	2	530	2	206	8	206	8	206	7	200	10
Walmart	486	3	450	4	485	3	503	2	503	2	683	2	495	1
City of Port Orange	482	4	476	3	433	4								
Publix Supermarkets	405	5	415	5	415	5	380	4	380	4	380	4	380	2
Raydon	250	6	300	6	250	6	215	6	215	6				
Spruce Creek High School							280	5	280	5	280	5	280	5
Halifax Health	215	7	250	7	239	7	400	3	400	3	400	3	350	3
Lowe's Home Improvement	200	8	240	8	156	8								
Dollar General							206	7	206	7	206	6		
First Data Merchant Svc.													212	6
Halifax Medical Center													200	8
Atlantic High School							200	9	200	9	200	8	200	7
Racings North Turn													200	9
Ferran Serv. & Contracting							200	10	200	10	200	10		
Christian Drug Rehab & Detox											200	9		
Target Super Store	145	9	140	9	140	9							305	4
Palmer Chiropractic College	130	10	123	10	122	10								

2016-2018 Source: Team Volusia, the Volusia/Flagler Business Book 2018, COPO staff research

2015-2011 Source: InfoGroup Employer Database 2015 - 2012 ed. 1

FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
 September 30, 2018
 CITY OF PORT ORANGE, FLORIDA

Table XVI

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government:										
Management.....	13.50	11.50	11.78	11.00	11.20	11.20	10.20	11.20	12.10	12.80
Finance.....	16.40	15.50	13.77	11.50	9.85	7.45	7.45	7.45	8.70	8.70
Human Resources.....	4.00	4.00	3.00	3.00	3.10	4.00	4.00	4.00	3.00	3.00
Community Development.....	31.30	30.30	27.17	25.67	23.67	22.67	22.67	24.27	25.27	29.30
Other.....	31.13	31.46	29.16	28.36	28.31	28.06	27.18	28.18	28.78	28.36
Police:										
Officers and civilians.....	112.88	110.88	108.79	108.54	104.74	105.00	100.53	104.58	104.20	107.20
Fire:										
Firefighters, officers and civilians.....	60.50	59.50	59.50	58.00	58.00	59.96	58.00	62.00	62.00	66.00
Solid Waste.....	3.50	3.30	3.30	3.30	3.35	3.20	3.20	3.20	3.20	3.20
Stormwater.....	16.40	16.70	16.70	16.70	14.75	14.60	14.60	14.60	14.60	15.60
Public works-Transportation.....	19.60	19.50	18.50	16.50	15.50	15.50	15.50	15.50	17.50	21.50
Parks and recreation.....	49.74	45.81	40.41	33.77	30.19	28.29	28.83	30.10	33.50	34.00
Water & Sewer.....	102.68	100.71	100.58	101.08	96.63	92.93	91.23	91.23	92.73	95.23
Total.....	461.63	449.16	432.66	417.42	399.29	392.86	383.39	396.31	405.58	424.89

Source: City Finance Department

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
 September 30, 2017
 CITY OF PORT ORANGE, FLORIDA

Table XVII

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police:										
Arrests.....	1,858	1,870	1,799	1,787	2,239	2,058	1,963	1,925	1,929	2,927
Traffic violations.....	8,366	7,377	7,927	7,848	7,342	8,007	6,376	4,342	4,195	7,540
Fire:										
Emergency responses.....	9,186	9,421	9,076	8,100	7,200	7,053	7,461	7,624	7,768	7,596
Fires extinguished.....	128	143	140	96	93	93	126	100	155	146
Inspections/system tests.....	266	132	577	561	632	504	547	529	574	675
Solid Waste:										
Refuse collected (tons per day).....	124.8	125.4	118.8	121.8	110.8	109.6	109.1	110.8	109.5	120.5
Recyclables collected (tons per day).....	7.4	7.1	8.2	8.2	8.3	8.6	8.1	8.9	8.9	9.0
Number of Customers:										
Residential.....	23,834	24,590	23,515	23,386	23,275	23,058	22,960	22,557	22,485	22,362
Commercial.....	909	836	889	891	873	873	890	1,161	1,142	1,103
Public works-Transportation										
Street resurfacing (miles).....	7.0	7.0	6.5	7.0	7.0	-	10.0	9.0	9.9	9.5
Parks and recreation										
Number of athletic sign-ups.....	3,614	3,215	3,100	3,043	2,811	2,400	2,874	2,005	2,950	2,800
Water:										
Potable Water Produced (MGD AADF).....	5,830	5,830	5,954	5,948	5,847	6,135	6,135	6,031	5,523	5,990
Number of customers:										
Inside.....	25,575	25,284	25,102	25,014	24,886	24,685	24,552	24,397	24,306	24,215
Outside.....	2,294	2,273	2,268	2,265	2,262	2,252	2,256	2,251	2,250	2,246
Residential.....	26,234	25,933	25,743	25,652	25,540	25,346	25,225	25,080	25,001	24,904
Commercial.....	1,635	1,624	1,627	1,627	1,600	1,591	1,583	1,568	1,555	1,557
Sewer:										
Wastewater Treated (MGD AADF).....	5,734	5,734	5,627	5,942	6,334	6,213	5,958	5,631	5,503	5,650
Number of customers:										
Inside.....	24,796	24,462	24,244	24,099	23,969	23,745	23,637	23,490	23,402	23,232
Outside.....	813	793	784	781	781	775	777	769	768	765
Residential.....	24,355	24,010	23,799	23,662	23,548	23,335	23,231	23,097	23,020	22,885
Commercial.....	1,254	1,245	1,229	1,218	1,202	1,185	1,183	1,162	1,150	1,112

MGD AADF = million gallons per day average annual daily flow
 *Traffic violations = State citations, parking citations, written warnings & DUI citations
 Source: City Finance Department and Department Activity Reports

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
 September 30, 2017
 CITY OF PORT ORANGE, FLORIDA

Table XVIII

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police:										
Stations.....	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles and other Fleet.....	-	-	-	-	-	98	98	98	98	98
*Vehicles.....	113	107	105	102	101	-	-	-	-	-
*Motorcycles.....	9	9	7	7	6	-	-	-	-	-
*Trailers.....	4	3	3	6	6	-	-	-	-	-
*Boat/Marine Unit.....	1	1	1	1	1	-	-	-	-	-
Fire stations.....	5	5	5	5	5	5	5	5	5	5
Solid waste:										
Collection trucks (contracted).....	-	-	-	-	-	-	-	-	-	-
Public works-Transportation:										
Paved roads (miles).....	320	320	319	319	317	317	316	316	315	314
Streetslights.....	3,650	3,650	3,300	3,300	3,300	3,300	3,535	3,263	3,263	4,000
Traffic control devices.....	22	22	22	20	20	20	13	14	12	12
Parks and recreation:										
Acreeage.....	485	485	485	485	491	485	485	485	485	505
Playgrounds.....	10	10	10	10	9	10	10	10	10	10
Community centers.....	-	-	-	-	-	-	4	4	4	3
Baseball/softball diamonds.....	-	-	-	-	-	-	12	12	12	8
Soccer/football fields.....	-	-	-	-	-	3/1	3/1	3/1	6	7
*Athletic Fields.....	21	21	24	26	26	-	-	-	-	-
*Adult Activity Centers.....	3	3	3	3	2	-	-	-	-	-
*Boardwalks / Fishing Piers.....	9	9	10	10	10	-	-	-	-	-
*Boat Ramps.....	6	6	6	6	6	-	-	-	-	-
*Golf Courses.....	1	1	1	1	1	-	-	-	-	-
*Gymnasiums.....	1	2	2	2	2	-	-	-	-	-
*Tennis Courts.....	18	18	18	18	18	-	-	-	-	-
Water:										
Potable Water mains (miles).....	434	434	431	431	427	427	374	408	406	403
Fire hydrants.....	2,897	2,999	2,897	2,887	2,786	2,773	2,755	2,721	2,762	2,719
Storage capacity (mgd).....	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Sewer:										
Sanitary sewer force mains (miles).....	72	72	72	72	71	71	68	71	71	71
Gravity sewer mains (miles).....	282	282	279	279	277	277	244	267	265	263
Treatment capacity (mgd).....	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0

*Sewer treatment capacity restated as millions of gallons per day (mgd).
 *Patrol Vehicles and Other Fleet restated beginning in 2014.
 Source: City Finance Department and Department Reports

**CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<u>State Agency / Pass-Through Entity / State Program</u>	<u>CSFA Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>
FEDERAL AWARDS			
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Community Development Block Grant	14.218	B-14-MC-12-0053	\$ 91,288
Community Development Block Grant	14.218	B-15-MC-12-0053	10,000
Community Development Block Grant	14.218	B-16-MC-12-0053	115,516
Community Development Block Grant	14.218	B-17-MC-12-0053	112,720
Total U.S. Department of Housing and Urban Development / CDBG - Entitlement Grants Cluster			<u>329,524</u>
<u>U.S. Department of Justice</u>			
Indirect Programs:			
Passed-through Florida Office of Attorney General: Crime Victim Assistance	16.575	V053-15002	<u>75,479</u>
<u>U.S. Department of Transportation</u>			
Indirect Programs:			
Passed-through Florida Department of Transportation			
Highway Planning and Construction	20.205	435500-1-58/68-01	285,335
Highway Planning and Construction	20.205	4355361-1-58-01	198,005
Highway Planning and Construction	20.205	435539-1-38-01	9,469
Total Highway Planning and Construction Cluster			<u>492,809</u>
Passed-through Florida Department of Transportation National Priority Safety Programs / Highway Safety Cluster	20.616	M5HVE-18-06-07 / GOP51	<u>12,000</u>
Total U.S. Department of Transportation			<u>504,809</u>
<u>Department of Homeland Security / Federal Emergency Management Administration</u>			
Indirect Programs:			
Pass-Through Florida Division of Emergency Management Hurricane Matthew Disaster Grant -- Public Assistance	97.036	DEM-17-PA-U5-06-74-01-131	6,178,223
Total Federal Awards			<u><u>\$ 7,088,035</u></u>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this statement.

CITY OF PORT ORANGE, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Port Orange, Florida (the City), and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

(2) **Summary of Significant Accounting Policies:**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City did not pass any monies recognized on the schedule of expenditures of federal awards to subrecipients.

(3) **De Minimis Indirect Cost Rate Election:**

The City did not elect to use the 10% de minimis indirect cost rate as covered in §200.414, *Indirect (F&A) costs*, of the Uniform Guidance.

(4) **Contingency:**

Project expenditures are subject to audit and adjustment. If any expenditures were to be disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agency would become a liability of the City. In the opinion of management, all Project expenditures included on the accompanying schedule are in compliance with the terms of the project agreements and applicable federal and state laws and regulations.

**CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

A. Summary of Auditors' Results:

Financial Statements:

Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards:

Internal control over major Federal programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major Federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes none reported

Auditee qualified as a low-risk auditee? yes no

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Identification of major Federal programs:

CFDA Number	Program Name
97.036	Disaster Grants – Public Assistance (Hurricane Matthew)

B. Financial Statement Findings:

2018-001 Reconciliation of Capital Assets

Criteria: Based on separate reporting approaches for the governmental activities and fund financial statements, the City is required to reconcile capital outlay expenditures at the fund level with capital asset additions at the governmental activities level.

Condition: While the capital outlay expenditures were properly recorded in the governmental funds, the City did not record certain related capital asset additions in the governmental activities financial statements.

Cause: The City did not perform a reconciliation of the capital outlay expenditures in the general ledger module with the capital asset additions in the capital asset module. An adjustment totaling approximately \$2,955,000 was required to recognize the additional capital asset additions.

Effect: Had the audit adjustment not been proposed and made, the capital assets and total assets would have been understated as reported in the governmental activities statement of net position.

Recommendation: To ensure completeness of capital assets as part of the year-end closing process, we recommend the capital asset additions reported in the governmental activities be reconciled to the capital outlay expenditures in the governmental funds.

- C. **Federal Program Findings and Questioned Costs:** None.
- D. **Summary Schedule of Prior Audit Findings:** Not applicable as there were no prior year findings reported.
- E. **Corrective Action Plan:** See Management's Response to findings on page 145.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

To the Honorable Mayor, City Council, and City Manager,
City of Port Orange, Florida:

Report on Compliance for Each Major Federal Program

We have audited the City of Port Orange, Florida's (the City) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2018. The City's major federal programs 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 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. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

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 for the year ended September 30, 2018.

121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386-257-4100

133 East Indiana Avenue
DeLand, FL 32724-4329
Telephone: 386-738-3300

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850-386-6184

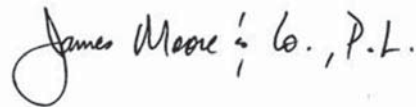
Report on Internal Control over Compliance

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 of compliance, 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 as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of 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 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 will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
April 12, 2019

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

To the Honorable Mayor, City Council, and City Manager,
City of Port Orange, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 Port Orange, Florida (the City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 12, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control 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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described as comment 2018-001 in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency.

121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386-257-4100

133 East Indiana Avenue
DeLand, FL 32724-4329
Telephone: 386-738-3300

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850-386-6184

Compliance and Other Matters

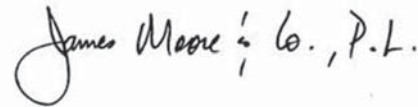
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

City of Port Orange, Florida's Response to Findings

The City's responses to the findings identified in our audit are outlined as listed in the table of contents. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
April 12, 2019

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

To the Honorable Mayor, City Council, and City Manager,
City of Port Orange, Florida:

Report on the Financial Statements

We have audited the basic financial statements of City of Port Orange, Florida (the City), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated April 12, 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 of Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and 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 Report on Internal Control over Compliance in accordance with the Uniform Guidance; 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 April 12, 2019, should be considered in conjunction with this management letter.

In addition, separate audits were performed on the Agreement for Golf Course Management Services at Cypress Head, which is included in the Golf Course fund, as well as the City of Port Orange General Employees Defined Benefit Pension Plan and the City of Port Orange Police Pension Plan. Management comments in those reports 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. No repeat findings exist from the second preceding audit. The following is a summary of prior year recommendations:

2017-001 Capital Asset Inventory – Corrective action taken.

2017-002 Cutoff of Expenditure Transactions – Corrective action taken.

2017-003 Expenditures in Excess of Appropriations – Corrective action taken.

121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386-257-4100

133 East Indiana Avenue
DeLand, FL 32724-4329
Telephone: 386-738-3300

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850-386-6184

Official Title and Legal Authority

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

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 conditions met. In connection with our audit, we determined that the City, did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures 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 had the following recommendation:

2018-002 Employee Signoff on Timecards – We noted the City's basic payroll process includes a step where employees are required to sign off on their timecards. In a test of 40 transactions, we identified two timecards which were missing the employee approval. While all timecards were properly approved by a supervisor and/or department head, we recommend the City institute a review and follow-up procedures to ensure all required signoffs are present on all timecards.

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.

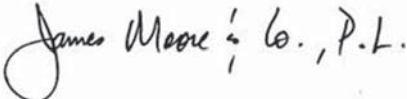
City of Port Orange, Florida's Response to Findings

The City's responses to the findings identified in our audit are outlined as listed in the table of contents. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Letter

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

Daytona Beach, Florida
April 12, 2019



INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

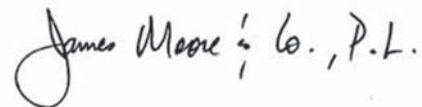
To the Honorable Mayor, City Council, and City Manager,
City of Port Orange, Florida:

We have examined the City of Port Orange, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

Daytona Beach, Florida
April 12, 2019



121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386-257-4100

133 East Indiana Avenue
DeLand, FL 32724-4329
Telephone: 386-738-3300

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850-386-6184

AUDITEE'S RESPONSE TO:
Independent Auditors' Management Letter
April 12, 2019

Comment:

2018-001 Reconciliation of Capital Assets

Criteria: Based on separate reporting approaches for the governmental activities and fund financial statements, the City is required to reconcile capital outlay expenditures at the fund level with capital asset additions at the governmental activities level.

Condition: While the capital outlay expenditures were properly recorded in the governmental funds, the City did not record certain related capital asset additions in the governmental activities financial statements.

Cause: The City did not perform a reconciliation of the capital outlay expenditures in the general ledger module with the capital asset additions in the capital asset module. An adjustment totaling approximately \$2,955,000 was required to recognize the additional capital asset additions.

Effect: Had the audit adjustment not been proposed and made, the capital assets and total assets would have been understated as reported in the governmental activities statement of net position.

Recommendation: To ensure completeness of capital assets as part of the year-end closing process, we recommend the capital asset additions reported in the governmental activities be reconciled to the capital outlay expenditures in the governmental funds.

Response:

2018-001 Reconciliation of Capital Assets

Capital asset controls in place by the City are effectively designed to ensure that all current capital transactions are properly recorded in the City's accounting records. The City agrees with the recommendation to reconcile the capital asset additions reported in the governmental activities to the capital outlay expenditures in the governmental funds.

Comment:

2018-002 Employee Signoff on Timecards – We noted the City's basic payroll process includes a step where employees are required to sign off on their timecards. In a test of 40 transactions, we identified two timecards which were missing the employee approval. While all timecards were properly approved by a supervisor and/or department head, we recommend the City institute a review and follow-up procedures to ensure all required signoffs are present on all timecards.

Response:

2018-002 Employee Signoff on Timecards

Payroll and timekeeping controls in place by the City are effectively designed to ensure transactions are properly approved. The City agrees with the comment and recommendation. The City will review and institute procedures to ensure all required signoffs are present on all timecards.

