



2019

APOPKA, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2019

COVER PHOTOS:

The Vietnam Traveling Memorial Wall was at Kit Land Nelson Park on November 7 - 11, 2018. The wall is 6 feet tall at the center and covers almost 300 feet from end to end. It has the names of 58,318 fallen Vietnam veterans listed on it. The wall stands as a reminder of the great sacrifices during the Vietnam War.

IMAGE CREDIT: MARCELLA EMENECKER

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FOR THE FISCAL YEAR
ENDED SEPTEMBER 30, 2019**

**Prepared by:
Department of Finance**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

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

Wednesday, July 1, 2020

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

The Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Apopka, Florida for the fiscal year ended September 30, 2019. This report is in accordance with the requirements of the City Charter, Florida Statutes, and Rules of the Florida Auditor General. The CAFR is published to provide the City Council, City staff, citizens, bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City.

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

The City's financial statements have been audited by MSL, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2019, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts, and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The financial section also includes a narrative introduction, overview, and analysis of the September 30, 2019 financial statements to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to

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

Profile of the City

The City of Apopka, incorporated in 1882, is located in northwest Orange County within the Orlando Metropolitan Area. The City is the second largest municipality in Orange County and continues to be one of the County's fastest growing municipalities. The City currently occupies a land area of 35.51 square miles and has a population of 53,447. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

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

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

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

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

Factors Affecting Financial Condition

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

Local economy. The City has been experiencing an economic upturn consistent with other areas of the county. The local economy strongly benefits from its proximity to Orlando and related employment opportunities. The 2019 unemployment rate for the Apopka area was 4.0% compared to 4.3% for Orange County compared to 2.7% for the State of Florida.

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

Currently, the City has approximately 1,329 residential platted lots available for construction. There are numerous builders and developers who are in the process of developing those lots or in the process of developing them in the near future.

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

On December 31, 2019, the first case of what would become the COVID-19 virus were reported in China. Since then the virus has spread across the globe and has been declared a global pandemic by the World Health Organization. The City continues to monitor the situation; however, the impact to the City cannot be determined at this time. The City believes that the greatest impact on revenue impact will be the loss of Sales Tax and State Revenue Sharing dollars.

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

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

The City has an agreement with St. John's River Water Management District (the District) to design, permit, and construct a reclaimed water storage and aquifer recharge facility at the Golden Gem property to accommodate future growth. This facility is currently under construction and when fully completed it will have a reclaimed water storage capacity of 300 million gallons. The excavation of the facility is projected to be completed by December 2020 and fully lined by December 2021.

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

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

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

The CRA also funded half of the Billie Dean Community Center at Alonzo Williams Park. The 3,850 square foot building provides the community with senior and youth support and training facilities. Construction was completed December 2019.

The Apopka City Center is a 34.7-acre mixed use development located on the south side of Main Street/US 441 and McGee Avenue. In 2016, the City signed a sale-and-purchase agreement with Taurus Southern Investments, LLC, to develop a 34.7-acre mixed use project. The development agreement for the project required the City to fund the construction of roadway improvements to Main Street/US 441, SR 436, McGee Avenue, and E 6th Street to support the traffic generated by this large future development, which includes a 4-story Hilton Garden Inn.

The roadway construction began in February, 2019, coinciding with the hotel construction. The roadway improvements which included three new traffic signals, pedestrian signals and upgraded crosswalks for higher visibility, sidewalks and roadway widening and upgrades, were fully completed in April, 2020. High quality landscaping was installed along McGee Avenue and E 6th Street, creating an attractive area for pedestrians. Oak and Elm trees line both streets and palm trees accented by LED up lighting were placed in the new median on McGee Avenue. The City partnered with Taurus to install a fountain in the new McGee Avenue roundabout. The roundabout had 15' high jets and color changing LED lights, providing a beautiful entryway to the hotel and future development at City Center.

The hotel is expected to open in July, 2020. Taurus is actively seeking retail and dining tenants to occupy the remaining sights they have purchased from the City at this location. Multi-family residential units are planned on the large tract on the south side of E 6th Street. The Highland Manor remains open and will benefit from having a hotel next door.

This project anchors the east side of the City's downtown and is expected to have a positive impact on the economic future of the City with an anticipated capital investment in excess of \$100 million. The

CRA's Downtown Trail, which will run along 6th Street, is currently being designed. Once constructed, it will connect City Center to central downtown. Construction is anticipated to begin in FY 2020/2021.

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Apopka for its CAFR for the fiscal year ended September 30, 2018. This was the ninth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable program requirements.

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

Acknowledgements

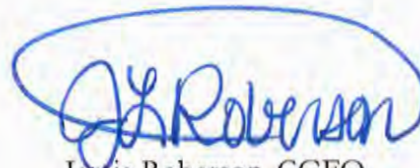
The preparation of this report could not have been accomplished without the efficient and dedicated services of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation. Also, appreciation is expressed to all employees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

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

Respectfully submitted,



Edward D. Bass II, CPA, CGFO
City Administrator



Jamie Roberson, CGFO
Finance Director

CITY OF AOPKA
PRINCIPAL CITY OFFICIALS
FISCAL YEAR ENDED 2019

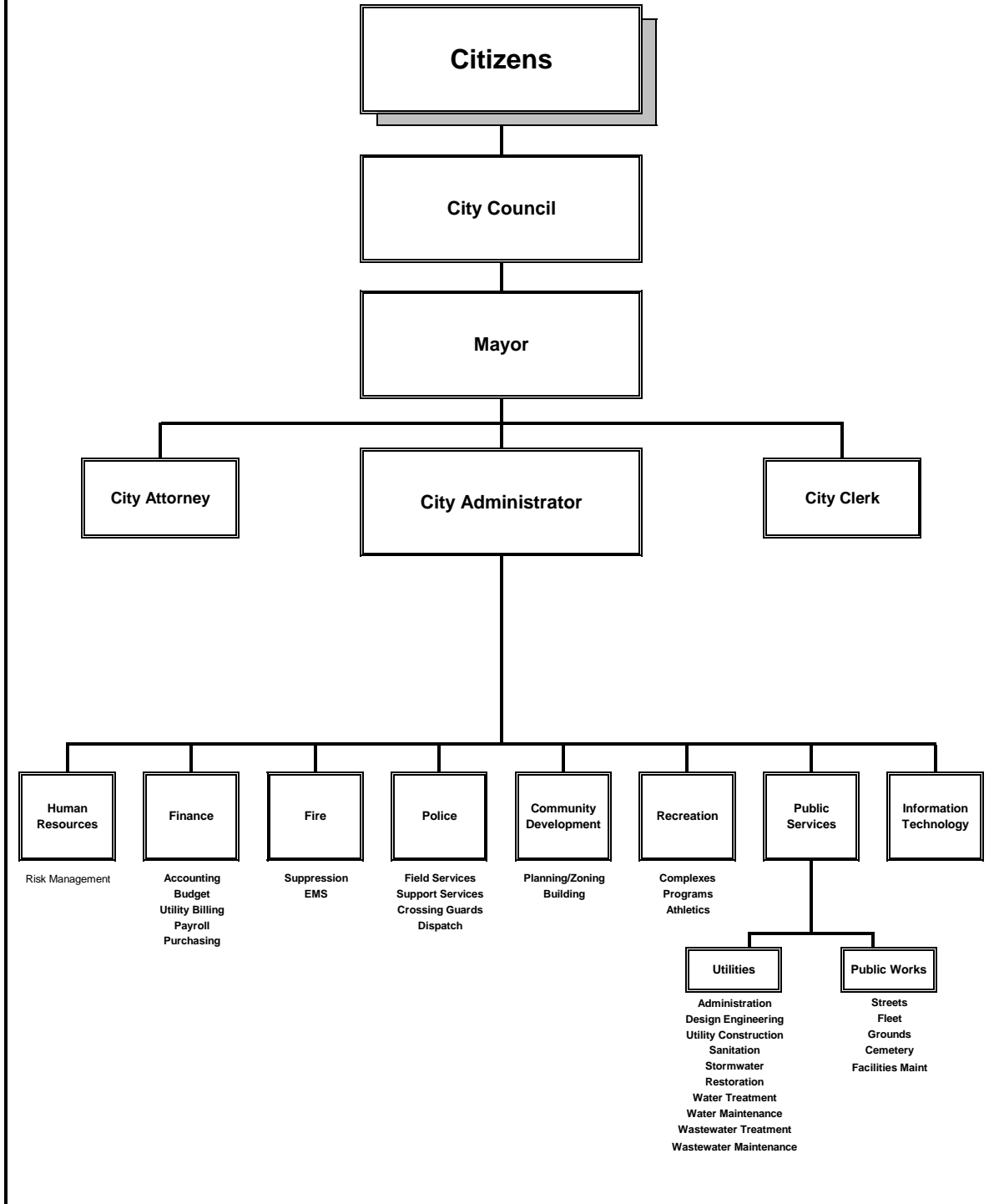
ELECTED OFFICIALS

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

ADMINISTRATIVE OFFICIALS

Chief Administrative Officer	Edward Bass, CPA
City Attorney	Joseph Byrd
City Clerk	Linda F. Goff
Finance Director	Jamie Roberson, CGFO
Police Chief	Michael McKinley
Fire Chief	Sean Wylam
Community Development Director	James K. Hitt
Human Resources Benefits Manager	Elizabeth Bosco
Information Technology Director	Robert E. Hippler
Public Services Director	Kevin Becotte
Interim Recreation Director	Brian Forman

**CITY OF AOPKA
ORGANIZATIONAL CHART**





Government Finance Officers Association

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

Presented to

**City of Apopka
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Apopka, Florida (the "City") as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Community Redevelopment Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Concluded)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2020, 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.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
July 1, 2020

Management's Discussion and Analysis

As management of the City of Apopka, Florida, (the "City"), we offer the readers a narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2019. This discussion and analysis is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position, (d) identify any material deviations from the financial plan (the approved budget), and (e) to identify individual fund issues and/or concerns.

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

HIGHLIGHTS

Financial Highlights

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

Fiscal Year 2019			Fiscal Year <u>2018</u>	Increase <u>(Decrease)</u>	% <u>Change</u>
<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>			
\$ 83,537,444	\$ 141,435,364	\$ 224,972,808	\$ 207,223,476	\$ 17,749,332	8.57%

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

Fiscal Year 2019			Fiscal Year <u>2018</u>	Increase <u>(Decrease)</u>	% <u>Change</u>
<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>			
\$ 55,501,736	\$ 39,489,046	\$ 94,990,782	\$ 76,398,977	\$ 18,591,805	24.34%

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

Fiscal Year 2019			Fiscal Year <u>2018</u>	Increase <u>(Decrease)</u>	% <u>Change</u>
<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>			
\$ 56,692,991	\$ 20,548,459	\$ 77,241,450	\$ 78,236,619	\$ (995,169)	-1.27%

City Highlights

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

USING THIS ANNUAL REPORT

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

Management's Discussion and Analysis – (Continued)

Understanding and Overview of the Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

Management's Discussion and Analysis – (Continued)

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

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

Fund Financial Statements

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

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

Because the focus of governmental funds are more narrow than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

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

Infrastructure Assets

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

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

Proprietary Funds

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

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

Management's Discussion and Analysis – (Continued)

Fiduciary Funds

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

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund financial statements. The notes present information about the City's significant accounting policies, account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

Other Information

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

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

Government-Wide Financial Analysis of the City as a Whole

Net Position - As noted previously, net position may serve over time as a useful indicator of a government's financial position. This year, the City's assets exceeded liabilities by \$224,972,808 on September 30, 2019.

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

Net position of the City's governmental activities increased by \$5,730,982 and totaled \$83,537,444 at the end of the fiscal year. Of this amount, the majority is either restricted as to the purposes it can be used for or is invested in capital assets (land, buildings and equipment). Consequently, unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraint established by debt covenants, enabling legislation, or other legal requirements, totaled (\$11,600,719) at the end of 2019. This negative balance is a result of the impact of reporting the City's pension and OPEB expense and related liability. See Notes 7 and 8 of the Financial Statements for further details.

Net position of the City's business-type activities increased by \$12,018,350, and totaled \$141,435,364 at the end of the fiscal year. Of this amount, approximately 81.9% is either restricted as to the purposes it can be used for or is invested in capital assets (land, buildings and equipment). Consequently, unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraint established by debt covenants, enabling legislation, or other legal requirements, totaled \$25,567,173 at the end of 2019.

Management's Discussion and Analysis – (Continued)

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

STATEMENT OF NET POSITION As of September 30

	Governmental		Business-type		Total	
	activities		activities			
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 38,504,157	\$ 31,113,499	\$ 35,552,505	\$ 15,463,794	\$ 74,056,662	\$ 46,577,293
Capital assets	102,217,640	102,451,617	183,156,917	170,631,971	285,374,557	273,083,588
Total assets	140,721,797	133,565,116	218,709,422	186,095,765	359,431,219	319,660,881
Total deferred outflows of resources	12,489,391	5,980,204	1,164,163	465,631	13,653,554	6,445,835
Current and other liabilities	9,746,713	10,974,177	7,262,093	8,675,593	17,008,806	19,649,770
Long-term liabilities outstanding	54,312,464	41,184,605	70,694,668	47,319,409	125,007,132	88,504,014
Total liabilities	64,059,177	52,158,782	77,956,761	55,995,002	142,015,938	108,153,784
Total deferred inflows of resources	5,614,567	9,580,076	481,460	1,149,380	6,096,027	10,729,456
Net position:						
Net investment in capital assets	91,827,298	88,591,298	115,386,750	124,589,796	207,214,048	213,181,094
Restricted	3,310,865	2,237,460	481,441	481,441	3,792,306	2,718,901
Unrestricted	(11,600,719)	(13,022,296)	25,567,173	4,345,777	13,966,454	(8,676,519)
Total net position	\$ 83,537,444	\$ 77,806,462	\$ 141,435,364	\$ 129,417,014	\$ 224,972,808	\$ 207,223,476

Changes in Net Position - While the Statement of Net Position shows a snapshot of the City's financial position at the end of the fiscal year, the Statement of Changes in Net Position provides answers as to the nature and source of those changes. On September 30, 2019, the City's combined net position totaled \$224,972,808 which is an increase of \$17,749,332 over last year's reported \$207,223,476. During this same period, the City's total revenues increased by \$18,591,805 to a total of \$94,990,782.

Management's Discussion and Analysis – (Continued)

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

CHANGES IN NET POSITION

As of September 30

	Governmental	activities	Business-type	activities	Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 9,617,190	\$ 8,099,334	\$ 22,666,621	\$ 21,280,865	\$ 32,283,811	\$ 29,380,199
Operating grants and contributions	2,092,443	2,486,138	-	-	2,092,443	2,486,138
Capital grants and contributions	7,129,053	1,618,099	14,219,066	8,054,900	21,348,119	9,672,999
General revenues:						
Property taxes	12,440,816	11,012,577	-	-	12,440,816	11,012,577
Fuel taxes	1,788,078	1,683,683	-	-	1,788,078	1,683,683
Communication services taxes	1,886,153	1,482,053	-	-	1,886,153	1,482,053
½ Cent sales tax	8,509,531	8,045,627	-	-	8,509,531	8,045,627
State shared revenues	2,701,551	2,470,793	-	-	2,701,551	2,470,793
Franchise fees and utility taxes	7,709,410	7,893,631	71,550	78,548	7,780,960	7,972,179
Sale of capital assets	680,677	-	-	-	680,677	-
Unrestricted investment earnings	536,145	387,975	440,657	143,501	976,802	531,476
Miscellaneous revenues	410,689	384,910	2,091,152	1,276,343	2,501,841	1,661,253
Total revenues	55,501,736	45,564,820	39,489,046	30,834,157	94,990,782	76,398,977
Expenses:						
General government	9,050,051	8,064,330	-	-	9,050,051	8,064,330
Public safety	35,025,328	32,665,170	-	-	35,025,328	32,665,170
Physical Environment	414,286	2,566,149	-	-	414,286	2,566,149
Transportation	7,469,837	8,287,064	-	-	7,469,837	8,287,064
Economic Environment	27,826	61,391	-	-	27,826	61,391
Culture and recreation	4,408,527	4,422,038	-	-	4,408,527	4,422,038
Interest on long-term debt	297,136	200,960	-	-	297,136	200,960
Utility system	-	-	16,384,968	17,787,110	16,384,968	17,787,110
Sanitation	-	-	3,794,914	3,876,225	3,794,914	3,876,225
Airport Fuel	-	-	368,577	306,182	368,577	306,182
Total expenses	56,692,991	56,267,102	20,548,459	21,969,517	77,241,450	78,236,619
Increase (decrease) in net position before transfers	(1,191,255)	(10,702,282)	18,940,587	8,864,640	17,749,332	(1,837,642)
Transfers	6,922,237	7,114,053	(6,922,237)	(7,114,053)	-	-
Increase (decrease) in net position	5,730,982	(3,588,229)	12,018,350	1,750,587	17,749,332	(1,837,642)
Net position– beginning	77,806,462	81,394,691	129,417,014	127,666,427	207,223,476	209,061,118
Net position – September 30	\$ 83,537,444	\$ 77,806,462	\$ 141,435,364	\$ 129,417,014	\$ 224,972,808	\$ 207,223,476

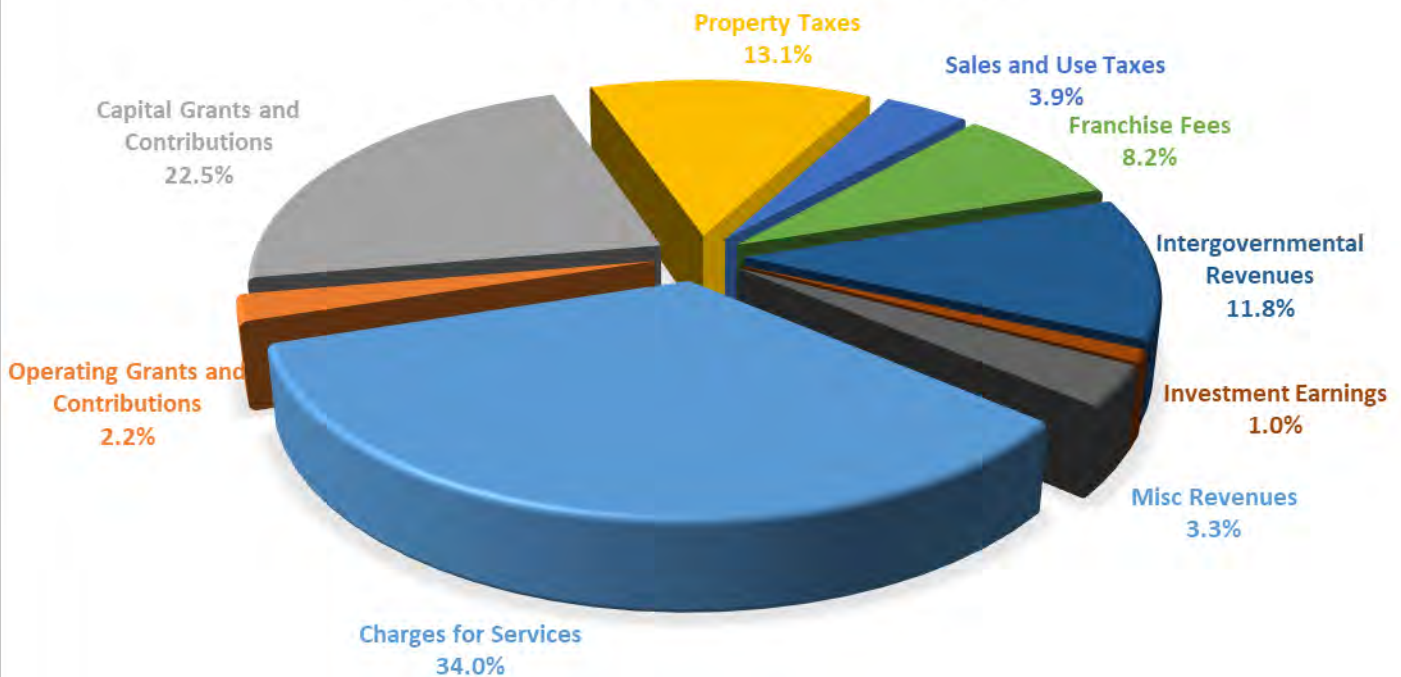
Management's Discussion and Analysis – (Continued)

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

Citywide Source of Revenue

	FY 19		FY 18	
	Revenues	% Of Total	Revenues	% Of Total
Charges for Services	\$ 32,283,811	34.0%	\$ 29,380,199	38.5%
Operating Grants and Contributions	2,092,443	2.2%	2,486,138	3.3%
Capital Grants and Contributions	21,348,119	22.5%	9,672,999	12.7%
Property Taxes	12,440,816	13.1%	11,012,577	14.4%
Sales and Use Taxes	3,674,231	3.9%	3,165,736	4.1%
Franchise Fees	7,780,960	8.2%	7,972,179	10.4%
Intergovernmental Revenues	11,211,082	11.8%	10,516,420	13.8%
Investment Earnings	976,802	1.0%	531,476	0.7%
Misc Revenues	3,182,518	3.3%	1,661,253	3.5%
Total Revenues	\$ 94,990,782	100.0%	\$ 76,398,977	100.0%

CITYWIDE SOURCE OF REVENUE



Management's Discussion and Analysis – (Continued)

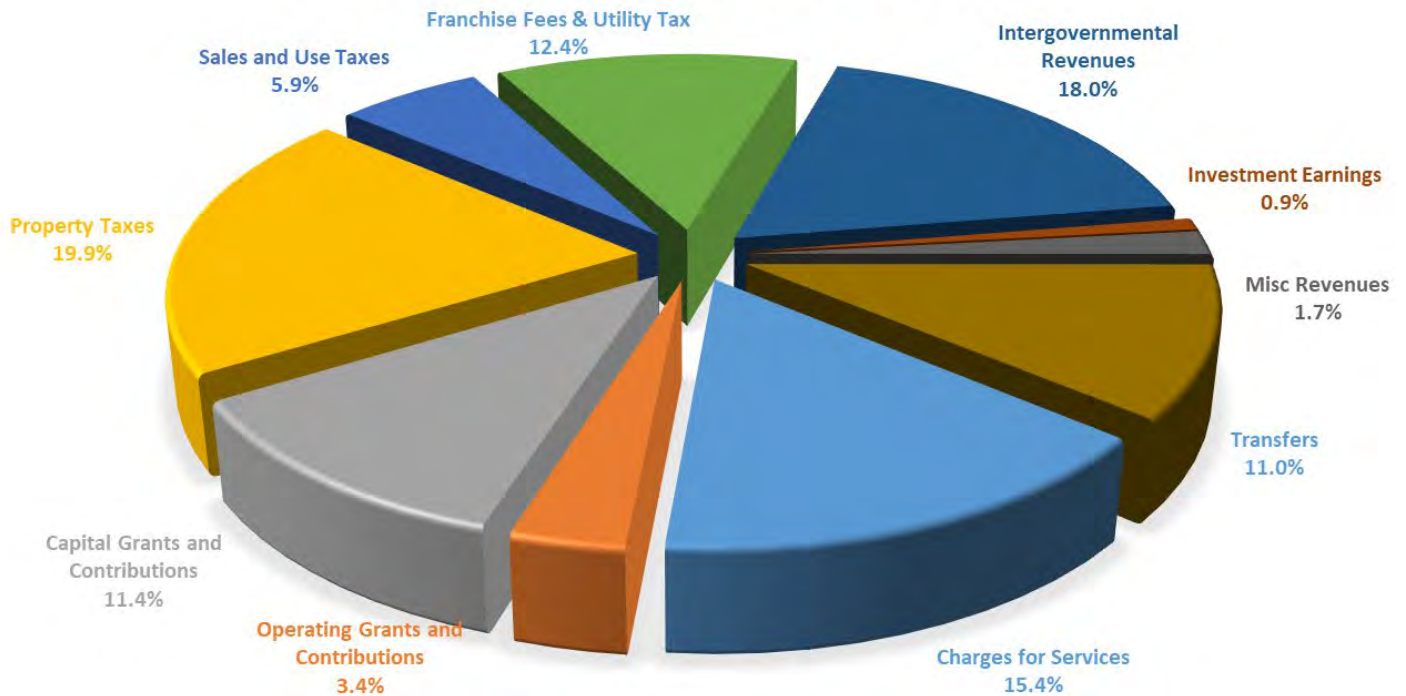
Governmental Activities - Governmental activities increased the City's net position by \$5,730,982.

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

Revenues by Source – Governmental Activities

	FY 19		FY 18	
	Revenues	% Of Total	Revenues	% Of Total
Charges for Services	\$ 9,617,190	15.4%	\$ 8,099,334	15.4%
Operating Grants and Contributions	2,092,443	3.4%	2,486,138	4.7%
Capital Grants and Contributions	7,129,053	11.4%	1,618,099	3.1%
Property Taxes	12,440,816	19.9%	11,012,577	20.9%
Sales and Use Taxes	3,674,231	5.9%	3,165,736	6.0%
Franchise Fees & Utility Tax	7,709,410	12.4%	7,893,631	15.0%
Intergovernmental Revenues	11,211,082	18.0%	10,516,420	20.0%
Investment Earnings	536,145	0.9%	387,975	0.7%
Misc Revenues	1,091,366	1.7%	384,910	0.8%
Transfers	6,922,237	11.0%	7,114,053	13.5%
Total Revenues	\$ 62,423,973	100.0%	\$52,678,873	100.0%

GOVERNMENTAL ACTIVITIES SOURCE OF REVENUE



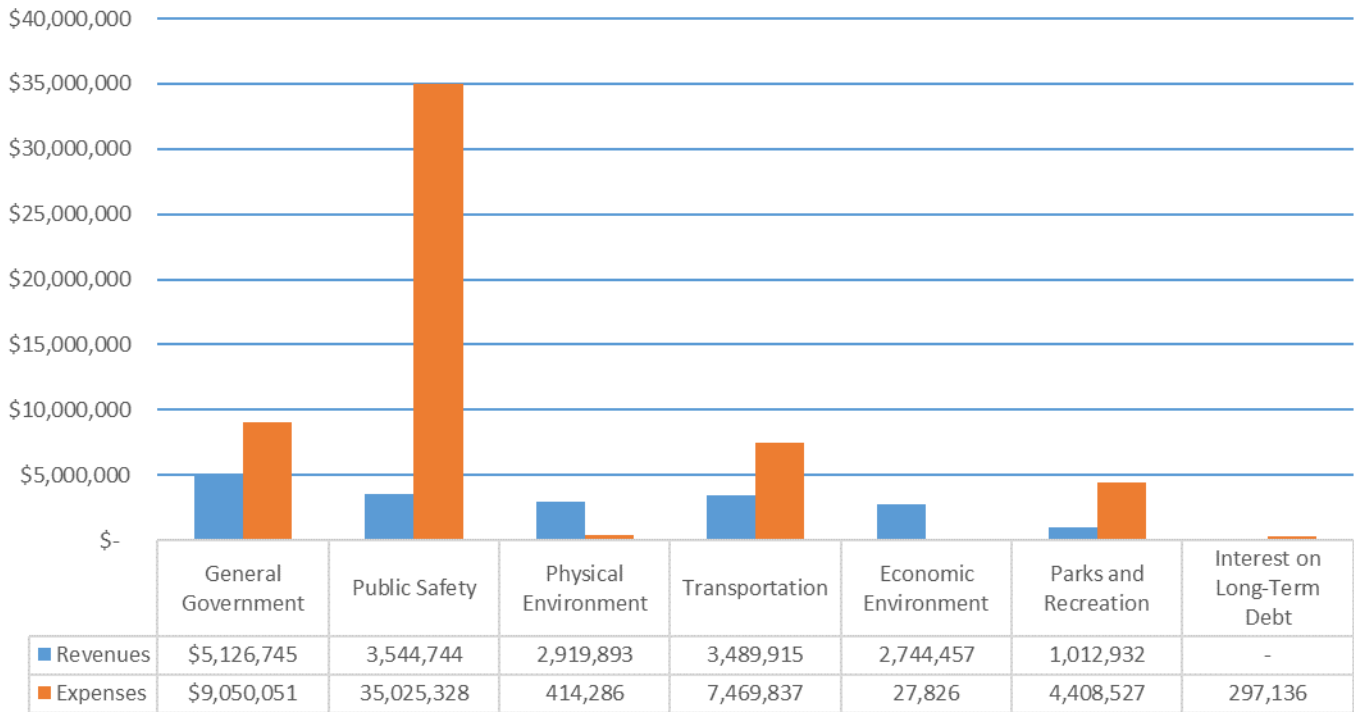
Management's Discussion and Analysis – (Continued)

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

Program Expenses and Program Revenues - Governmental Activities

	FY 19 Revenues	% of Total	FY 19 Expenses	% of Total
General Government	\$ 5,126,745	27.2%	\$ 9,050,051	16.0%
Public Safety	3,544,744	18.8%	35,025,328	61.8%
Physical Environment	2,919,893	15.5%	414,286	0.7%
Transportation	3,489,915	18.5%	7,469,837	13.2%
Economic Environment	2,744,457	14.6%	27,826	0.0%
Parks and Recreation	1,012,932	5.5%	4,408,527	7.8%
Interest on Long-Term Debt	-	0.0%	297,136	0.5%
Totals	\$18,838,686	100.0%	\$ 56,692,991	100.0%

Program Revenues and Program Expenses - Governmental Activities



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

Operating expenses of the governmental-type activities increased slightly in 2019 to \$56,692,991 as compared to \$56,267,102 in 2018. The City has remained constant in its efforts to maintain and control costs.

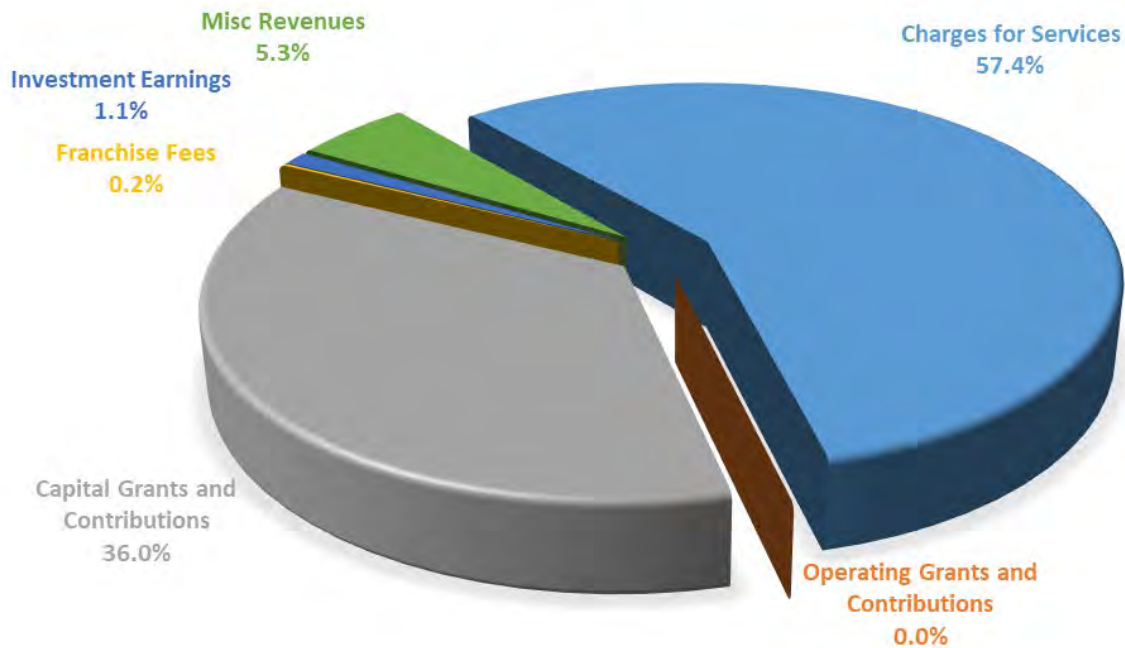
Management's Discussion and Analysis – (Continued)

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

Revenues by Source - Business-Type Activities

	FY 19		FY 18	
	Revenues	% Of Total	Revenues	% Of Total
Charges for Services	\$ 22,666,621	57.4%	\$ 21,280,865	69.0%
Operating Grants and Contributions	-	0.0%	-	0.0%
Capital Grants and Contributions	14,219,066	36.0%	8,054,900	26.1%
Franchise Fees	71,550	0.2%	78,548	0.3%
Investment Earnings	440,657	1.1%	143,501	0.5%
Misc Revenues	2,091,152	5.3%	1,276,343	4.1%
Total Revenues	\$ 39,489,046	100.0%	\$ 30,834,157	100.0%

BUSINESS-TYPE ACTIVITIES SOURCE OF REVENUE



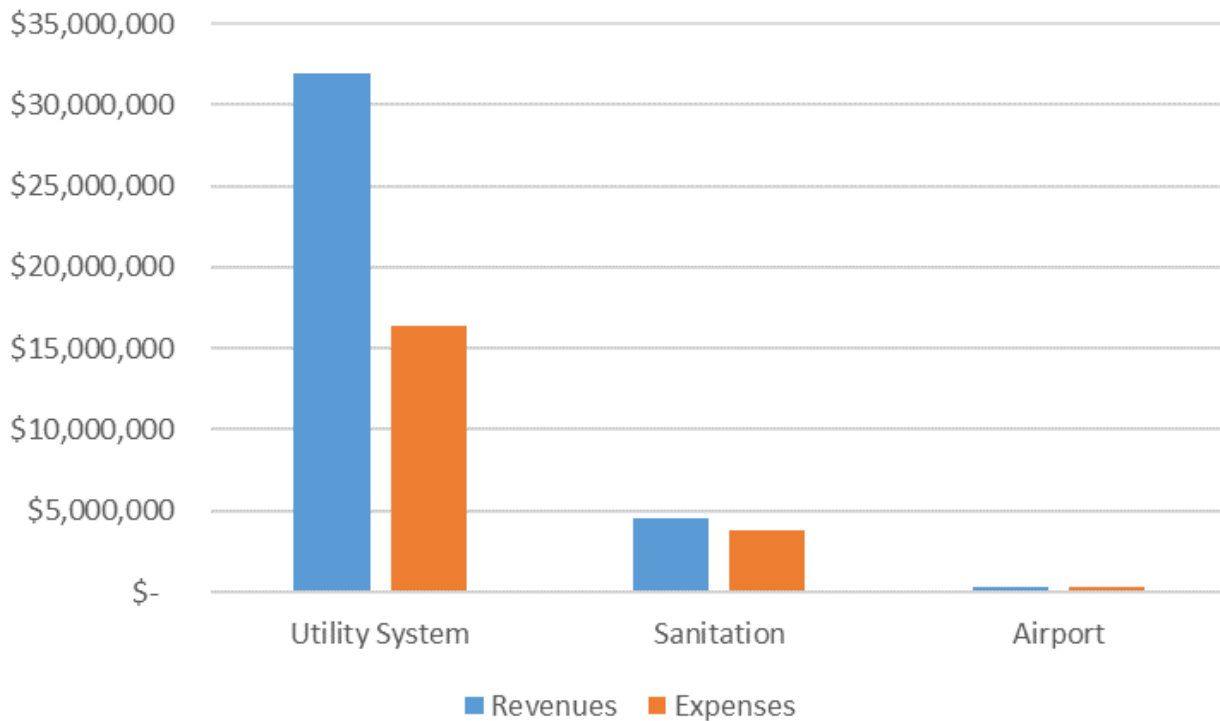
Management’s Discussion and Analysis – (Continued)

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

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

Program Expenses and Program Revenues - Business-Type Activities

	FY 19 Revenues	% of Total	FY 19 Expenses	% of Total
Utility System	\$31,939,109	86.6%	\$ 16,384,968	79.7%
Sanitation	4,585,363	12.4%	3,794,914	18.5%
Airport	361,215	1.0%	368,577	1.8%
Totals	\$36,885,687	100.0%	\$ 20,548,459	100.0%



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

Expenses of the business-type activities, excluding transfers, decreased in 2019 to \$20,548,459 as compared to \$21,969,517 in 2018.

Management's Discussion and Analysis – (Continued)

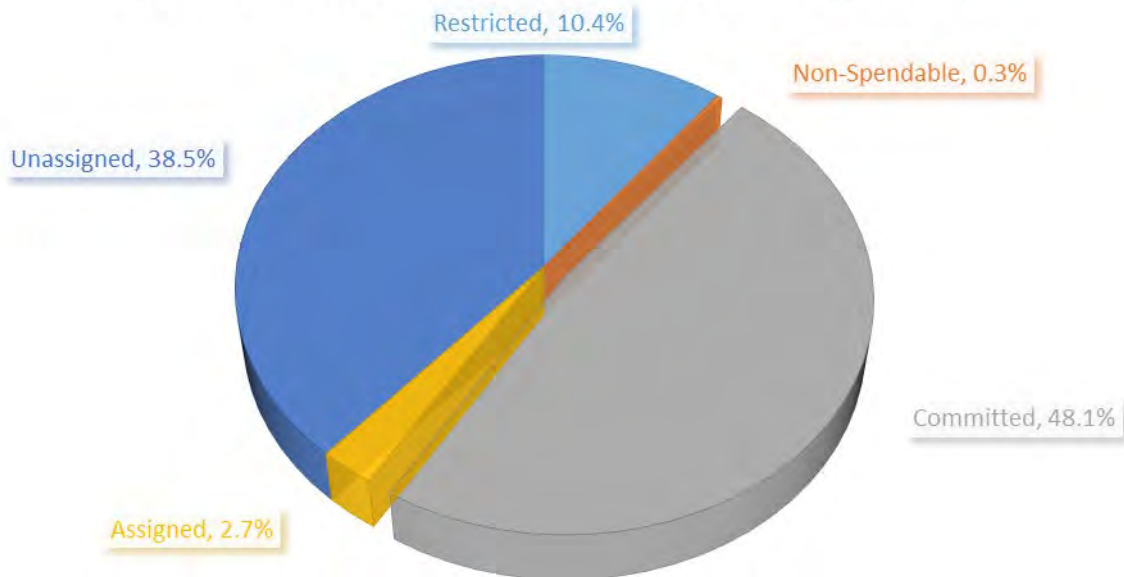
Financial Analysis of the City's Funds

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

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

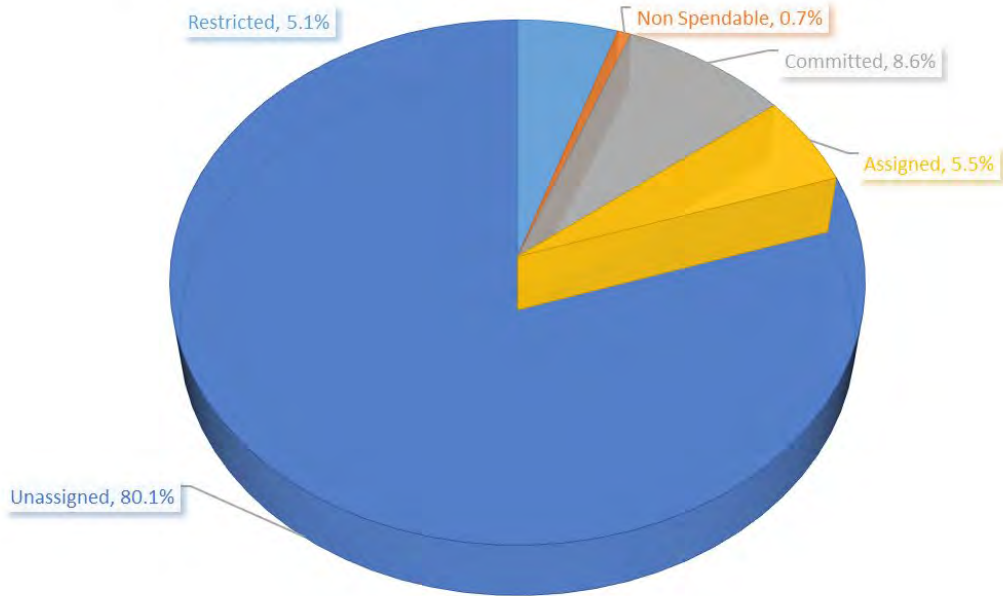
As the City completed the current fiscal year, its governmental funds reported a combined fund balance of \$31,952,780, which was \$7,214,970 more than the \$24,737,810 reported last year. Non-spendable fund balance related to inventory was .3% totaling \$106,552. Of the total fund balance, \$3,310,865 or 10.4% is restricted for specific purposes by bond ordinance, action of law, accounting standard requirements, or other factors outside of the City management. In addition, the City Council has at various times committed certain funds for specific purposes. Committed monies differ from restricted monies in that management can easily change the use for the funds whereas for restricted monies, an outside influence requires the restriction and those amounts cannot be easily changed without violating a bond provision, aspect of law, or accounting standard. At the end of Fiscal Year 2019, 48.1% or \$15,365,198 of the fund balance was committed. Another 2.7% or \$855,809 of this amount is assigned to indicate that it is not available for new spending unless management designates it as unassigned. Approximately 38.5% or \$12,314,356 of the combined fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion.

GOVERNMENTAL FUNDS - FUND BALANCE



The General fund is the chief operating fund of the City. As of September 30, 2019, the unassigned fund balance in the General fund totaled \$12,386,080. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance to total fund expenditures excluding transfers. Unassigned fund balance represents approximately 25.9% of total General fund expenditures of \$47,914,468. Total net position in the General fund increased by \$2,558,791 during the current fiscal year.

GENERAL FUND - FUND BALANCE ALLOCATION



The significant changes in the general fund’s fund balance is related to the increased revenues over budget of \$2,544,397 and the savings in budgeted expenses of \$3,022,310. Under new leadership during the last quarter of the fiscal year 2018 which carried through fiscal year 2019, these new procedures and processes were implemented to better manage and account for spending. The conservative budgeting of revenues was attributable to the change in fund balance as well.

Management believes an operating reserve equal to three months operating expenses in the General fund should be maintained. At September 30, 2019, the operating reserve calculates to \$11,978,617 and the unassigned fund balance exceeds this reserve amount by \$407,463.

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

Unrestricted net position in all proprietary funds at the end of the current fiscal year, as shown on the Proprietary Fund statements, amounted to \$25,567,173 compared to \$4,345,777 in the prior year, which is an increase of \$21,221,396 over the prior year. The increase of unrestricted net position is related to our reimbursement of funds related to the State Revolving Fund loan. This loan and project attributable to the construction of the \$65,000,000 Waster Water Treatment Plant. This was a reimbursable project that is financed over 20 years. A significant portion of this unrestricted net position in the Proprietary funds is related to impact fee related capital projects.

Budgetary Highlights

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

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

Variations in General fund Revenues compared to Final Budget

General fund revenues in the current year were \$2,544,397 more than budgeted, with most categories coming over budget. This most significant variance was Licenses, Fees and Permits exceeding budget by \$838,214.

Management's Discussion and Analysis – (Continued)

Variations in General fund Expenditures compared to Final Budget

General fund expenditures in the current year were \$3,022,310 less than budgeted. This is primarily due to the combined efforts of the City departments to control expenditures in light of minimal increases in property taxes and state-supported revenues. A portion of this excess will be used to cover carryover purchase orders and capital expenditures into the next fiscal year.

Capital Assets and Debt Administration

Capital Assets - On September 30, 2019, the City's investment in capital assets for its governmental and business-type activities totaled \$285,374,557. This investment in capital assets, net of depreciation, for all activities is reflected on September 30, 2019 as follows:

	Capital Assets		
	Governmental Activities	Business-Type Activities	Total
Land	\$ 27,296,572	\$ 2,975,818	\$ 30,272,390
Buildings	16,271,723	21,530,530	37,802,253
Improvements	104,745,236	149,559,126	254,304,362
Machinery and Equipment	28,194,157	12,070,887	40,265,044
Automotive Equipment	13,807,603	9,252,529	23,060,132
Construction in Progress	2,693,017	63,233,216	65,926,233
Intangibles	482,075	-	482,075
Total Capital Assets	193,490,383	258,622,106	452,112,489
Less: Accumulated Depreciation	(91,272,743)	(75,465,189)	(166,737,932)
Total Capital Assets - Net	\$ 102,217,640	\$ 183,156,917	\$ 285,374,557

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

Long Term Debt - At year end, the City owed \$21,349,156 in principal for notes and bonds outstanding. The City has one note secured by Recreation Impact Fees and no notes secured by ad-valorem taxes. All of the remaining notes are secured by non-ad-valorem tax revenues. Additionally, the City has a State of Florida Revolving Loan Outstanding for the design and construction of a new waste water treatment plant with an outstanding principal of \$52,493,609. More detailed information about the City's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

	<u>Apopka</u>	<u>Orange County</u>	<u>State of Florida</u>
September 2019	4.0%	4.3%	2.7%
September 2018	3.2%	2.9%	3.0%
Percentage Change	0.8%	1.4%	-0.3%

Management's Discussion and Analysis – (Continued)

- For 2019, the U.S. Census Bureau estimated the City's population at approximately 53,447.
- Inflationary trends for Orange County compare favorably to those trends experienced at the state and national levels.
- The economy is showing continued signs of improvement, as revenues appear to be stabilizing and increasing in some areas, and are expected to improve over the long run.
- With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a \$25,000 exemption for tangible personal property.

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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

September 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 31,721,958	\$ 30,140,902	\$ 61,862,860
Restricted Cash and Cash Equivalents	2,514,141	1,669,286	4,183,427
Investments	85,429	-	85,429
Accounts Receivable (Net)	1,728,989	2,798,127	4,527,116
Due from Other Governments	2,202,765	132,871	2,335,636
Internal Balances	144,323	(144,323)	-
Inventories	103,276	566,150	669,426
Prepays	3,276	630	3,906
Other Receivables - Long-Term	-	388,862	388,862
Capital Assets, Not Being Depreciated	29,989,589	66,209,034	96,198,623
Capital Assets Being Depreciated, Net of Depreciation	72,228,051	116,947,883	189,175,934
Total Assets	140,721,797	218,709,422	359,431,219
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows for Refunding	-	117,549	117,549
Deferred Outflows for Pensions	9,307,470	437,050	9,744,520
Deferred Outflows for OPEB	3,181,921	609,564	3,791,485
Total Deferred Outflows of Resources	12,489,391	1,164,163	13,653,554
LIABILITIES			
Accounts Payable	2,731,153	2,728,333	5,459,486
Due to Other Governments	1,765,267	-	1,765,267
Accrued Liabilities	683,373	465,131	1,148,504
Customer Utility Deposits	-	1,187,845	1,187,845
Unearned Revenue	526,637	143,421	670,058
Deposits	44,448	-	44,448
Long-term Liabilities:			
Due Within One Year			
Bonds Payable	-	835,000	835,000
Notes Payable	2,292,926	1,672,457	3,965,383
Capital Lease	417,982	-	417,982
Compensated Absences	1,284,927	229,906	1,514,833
Due in More Than One Year			
Bonds Payable	-	14,148,886	14,148,886
Notes Payable	5,376,230	50,821,152	56,197,382
Capital Lease	2,199,514	-	2,199,514
Compensated Absences	758,801	183,485	942,286
Net Pension Liability	26,007,165	1,715,330	27,722,495
Other Postemployment Benefits	19,970,754	3,825,815	23,796,569
Total Liabilities	64,059,177	77,956,761	142,015,938
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows for OPEB	1,725,459	330,547	2,056,006
Deferred Inflows for Pensions	3,889,108	150,913	4,040,021
Total Deferred Inflows of Resources	5,614,567	481,460	6,096,027
NET POSITION			
Net Investment in Capital Assets	91,827,298	115,386,750	207,214,048
Restricted For:			
Capital Improvements	-	281,441	281,441
Renewal, Replacements, and Improvements	-	200,000	200,000
Street Improvements	2,124,922	-	2,124,922
Law Enforcement	389,219	-	389,219
Public Safety	15,958	-	15,958
Culture and Recreation	2,717	-	2,717
Capital Projects	778,049	-	778,049
Unrestricted (Deficit)	(11,600,719)	25,567,173	13,966,454
Total Net Position	\$ 83,537,444	\$ 141,435,364	\$ 224,972,808

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

CITY OF AOPKA, FLORIDA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 9,050,051	\$ 4,585,932	\$ 540,813	\$ -	\$ (3,923,306)	\$ -	\$ (3,923,306)
Public Safety	35,025,328	2,032,713	1,512,031	-	(31,480,584)	-	(31,480,584)
Physical Environment	414,286	-	-	2,919,893	2,505,607	-	2,505,607
Transportation	7,469,837	-	25,089	3,464,826	(3,979,922)	-	(3,979,922)
Economic Environment	27,826	2,379,202	-	365,255	2,716,631	-	2,716,631
Culture and Recreation	4,408,527	619,343	14,510	379,079	(3,395,595)	-	(3,395,595)
Interest on Long-Term Debt	297,136	-	-	-	(297,136)	-	(297,136)
Total Governmental Activities	<u>56,692,991</u>	<u>9,617,190</u>	<u>2,092,443</u>	<u>7,129,053</u>	<u>(37,854,305)</u>	<u>-</u>	<u>(37,854,305)</u>
Business-Type Activities:							
Utility System	16,384,968	17,720,043	-	14,219,066	-	15,554,141	15,554,141
Sanitation	3,794,914	4,585,363	-	-	-	790,449	790,449
Airport Fuel	368,577	361,215	-	-	-	(7,362)	(7,362)
Total Business-Type Activities	<u>20,548,459</u>	<u>22,666,621</u>	<u>-</u>	<u>14,219,066</u>	<u>-</u>	<u>16,337,228</u>	<u>16,337,228</u>
Total Primary Government	<u>\$ 77,241,450</u>	<u>\$ 32,283,811</u>	<u>\$ 2,092,443</u>	<u>\$ 21,348,119</u>	<u>(37,854,305)</u>	<u>16,337,228</u>	<u>(21,517,077)</u>
General Revenues:							
Property Tax					12,440,816	-	12,440,816
Gas Tax					1,788,078	-	1,788,078
Utility Tax					3,881,753	-	3,881,753
Communication Services Tax					1,886,153	-	1,886,153
1/2 Cent Sales Tax					8,509,531	-	8,509,531
State Shared Revenues					2,701,551	-	2,701,551
Franchise Fees					3,827,657	71,550	3,899,207
Gain on Sale of Capital Assets					680,677	-	680,677
Investment Earnings					536,145	440,657	976,802
Miscellaneous					410,689	2,091,152	2,501,841
Transfers					6,922,237	(6,922,237)	-
Total General Revenues/Transfers					<u>43,585,287</u>	<u>(4,318,878)</u>	<u>39,266,409</u>
Change in Net Position					5,730,982	12,018,350	17,749,332
Net Position - Beginning					77,806,462	129,417,014	207,223,476
Net Position - Ending					<u>\$ 83,537,444</u>	<u>\$ 141,435,364</u>	<u>\$ 224,972,808</u>

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

CITY OF AOPKA, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2019

	General	Community Redevelopment (CRA)	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 16,965,277	\$ 2,393,971	\$ 12,362,710	\$ 31,721,958
Restricted Assets:				
Cash and Cash Equivalents	-	-	2,514,141	2,514,141
Investments	85,429	-	-	85,429
Accounts Receivable	1,569,932	-	159,057	1,728,989
Due from Other Governments	933,646	-	1,269,119	2,202,765
Due from Other Funds	1,206,654	-	-	1,206,654
Inventories	103,276	-	-	103,276
Prepaid Items	2,435	841	-	3,276
Total Assets	\$ 20,866,649	\$ 2,394,812	\$ 16,305,027	\$ 39,566,488
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
BALANCES				
Liabilities:				
Accounts Payable	\$ 1,600,517	\$ -	\$ 1,130,636	\$ 2,731,153
Due to Other Governments	1,765,267	-	-	1,765,267
Accrued Liabilities	670,733	-	12,640	683,373
Due to Other Funds	-	-	1,062,331	1,062,331
Deposits	40,658	-	3,790	44,448
Unearned Revenues	526,637	-	-	526,637
Total Liabilities	4,603,812	-	2,209,397	6,813,209
Deferred Inflows of Resources				
Unavailable Revenues	790,000	-	10,499	800,499
Total Deferred Inflows of Resources	790,000	-	10,499	800,499
FUND BALANCES				
Nonspendable:				
Prepays	2,435	841	-	3,276
Inventory	103,276	-	-	103,276
Restricted:				
Street Improvements	-	-	2,124,922	2,124,922
Law Enforcement	-	-	389,219	389,219
Fire	15,958	-	-	15,958
Culture and Recreation	2,717	-	-	2,717
Capital Projects	778,049	-	-	778,049
Committed:				
Transportation Improvements	-	-	6,762,450	6,762,450
Recreation Improvements	-	-	305,443	305,443
Stormwater Improvements	-	-	2,499,464	2,499,464
Community Redevelopment	-	2,393,971	-	2,393,971
Law Enforcement	-	-	412,256	412,256
Impact Fees	-	-	1,663,101	1,663,101
Storage Retention	341,674	-	-	341,674
Tree Bank	986,839	-	-	986,839
Assigned:				
Culture and Recreation	555,809	-	-	555,809
Insurance	300,000	-	-	300,000
Unassigned	12,386,080	-	(71,724)	12,314,356
Total Fund Balances	15,472,837	2,394,812	14,085,131	31,952,780
Total Liabilities, Deferred Inflows and Fund Balances	\$ 20,866,649	\$ 2,394,812	\$ 16,305,027	\$ 39,566,488

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

CITY OF APOPKA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2019

Total fund balances of governmental funds		\$ 31,952,780
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		102,217,640
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in governmental funds.		
Deferred outflows of resources for pensions	\$ 9,307,470	
Deferred inflows of resources for pensions	<u>(3,889,108)</u>	5,418,362
Deferred inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in governmental funds.		
Deferred inflows of resources for OPEB	3,181,921	
Deferred inflows of resources for OPEB	<u>(1,725,459)</u>	1,456,462
Long-term liabilities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term are reported in the statement of net position. Long-term liabilities at year-end consist of:		
Notes payable	(7,669,156)	
Capital lease	(2,617,496)	
Other postemployment benefits	(19,970,754)	
Net pension liability	(26,007,165)	
Compensated absences	<u>(2,043,728)</u>	(58,308,299)
Deferred inflows related to long-term receivables and federal and state grants recognized as revenue of the current period.		<u>800,499</u>
Total net position of governmental activities		<u>\$ 83,537,444</u>

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

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

For the Year Ended September 30, 2019

	General	Community Redevelopment (CRA)	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 18,796,944	\$ 222,473	\$ 1,738,633	\$ 20,758,050
Licenses, Fees and Permits	6,974,564	-	-	6,974,564
Special Assessments	-	-	64,936	64,936
Impact Fees	-	-	4,634,881	4,634,881
Intergovernmental Revenues	11,982,095	244,354	2,628,172	14,854,621
Charges for Services	3,048,171	-	1,274,453	4,322,624
Fines and Forfeitures	1,505,176	-	93,506	1,598,682
Investment Earnings	302,183	32,897	201,066	536,146
Miscellaneous Revenues	1,609,601	121,500	134,131	1,865,232
Total Revenues	44,218,734	621,224	10,769,778	55,609,736
EXPENDITURES				
Current:				
General Government	7,469,949	-	317	7,470,266
Public Safety	29,557,727	-	470,340	30,028,067
Physical Environment	133,210	-	138,167	271,377
Transportation	1,175,183	-	3,696,196	4,871,379
Economic Environment	-	27,826	-	27,826
Culture and Recreation	3,498,445	-	-	3,498,445
Debt Service:				
Principal Payments	3,572,137	-	-	3,572,137
Interest and Fiscal Charges	297,136	-	-	297,136
Capital Outlay	2,210,681	-	3,069,689	5,280,370
Total Expenditures	47,914,468	27,826	7,374,709	55,317,003
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,695,734)	593,398	3,395,069	292,733
OTHER FINANCING SOURCES (USES)				
Transfers In	7,089,842	-	1,456,431	8,546,273
Transfers (Out)	(835,317)	(621,114)	(167,605)	(1,624,036)
Total Other Financing Sources (Uses)	6,254,525	(621,114)	1,288,826	6,922,237
Net Change in Fund Balances	2,558,791	(27,716)	4,683,895	7,214,970
Fund Balances - Beginning	12,914,046	2,422,528	9,401,236	24,737,810
Fund Balances - Ending	\$ 15,472,837	\$ 2,394,812	\$ 14,085,131	\$ 31,952,780

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

CITY OF AOPKA, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

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

Net change in fund balances - total governmental funds	\$	7,214,970
<p>Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. This reconciling item is the amount by which capital purchases, less net book value of disposals, exceeds depreciation expense.</p>		
Expenditures for capital assets	\$	5,280,370
Net book value of disposals		(488,560)
Depreciation Expense		<u>(5,025,787)</u>
		(233,977)
<p>The issuance of notes and similar long-term debt provides current financial resources to governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This reconciling item is the amount by which issuances of debt exceeds principal repayments:</p>		
Principal repayments:		3,573,667
<p>Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:</p>		
Compensated absences		(19,998)
Other postemployment benefits		<u>(2,804,562)</u>
		(2,824,560)
<p>Governmental funds report City pension contributions as expenditures. In the statement of activities, the cost of pension benefits earned, net of contributions, is reported as pension expense.</p>		
Difference between pension contributions and net pension expense		(1,891,118)
<p>Under the modified accrual basis of accounting, revenues are recognized when both the measurable and available criteria have been met. Under full accrual accounting, the revenues would be recognized when earned.</p>		
		<u>(108,000)</u>
Change in net position of governmental activities	\$	<u>5,730,982</u>

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

CITY OF APOPKA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 18,126,150	\$ 18,883,852	\$ 18,796,944	\$ (86,908)
Licenses, Fees and Permits	6,136,350	6,136,350	6,974,564	838,214
Intergovernmental Revenues	11,640,752	11,640,752	11,982,095	341,343
Charges for Services	2,960,965	2,971,965	3,048,171	76,206
Fines and Forfeitures	1,007,300	1,107,300	1,505,176	397,876
Investment Earnings	70,000	70,000	302,183	232,183
Miscellaneous Revenues	741,100	864,118	1,609,601	745,483
Total Revenues	<u>40,682,617</u>	<u>41,674,337</u>	<u>44,218,734</u>	<u>2,544,397</u>
EXPENDITURES				
Current:				
General Government	5,531,156	7,830,376	7,469,949	360,427
Public Safety	28,579,885	29,575,219	29,557,727	17,492
Physical Environment	2,292,829	166,086	133,210	32,876
Transportation	3,351,510	1,267,303	1,175,183	92,120
Culture and Recreation	3,266,667	4,464,448	3,498,445	966,003
Debt Service:				
Principal Payments	3,742,192	3,843,674	3,572,137	271,537
Interest and Fiscal Charges	297,534	297,535	297,136	399
Capital Outlay	-	3,492,137	2,210,681	1,281,456
Total Expenditures	<u>47,061,773</u>	<u>50,936,778</u>	<u>47,914,468</u>	<u>3,022,310</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,379,156)</u>	<u>(9,262,441)</u>	<u>(3,695,734)</u>	<u>5,566,707</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	7,164,842	7,089,842	7,089,842	-
Transfers (Out)	(785,686)	(835,317)	(835,317)	-
Total Other Financing Sources (Uses)	<u>6,379,156</u>	<u>6,254,525</u>	<u>6,254,525</u>	<u>-</u>
Net Change in Fund Balances	-	(3,007,916)	2,558,791	5,566,707
Fund Balances - Beginning	<u>12,914,046</u>	<u>12,914,046</u>	<u>12,914,046</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 12,914,046</u>	<u>\$ 9,906,130</u>	<u>\$ 15,472,837</u>	<u>\$ 5,566,707</u>

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

CITY OF APOPKA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY REDEVELOPMENT (CRA)
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes	\$ 166,700	\$ 166,700	\$ 222,473	\$ 55,773
Intergovernmental	194,300	194,300	244,354	50,054
Investment Earnings	10,000	10,000	32,897	22,897
Miscellaneous Revenues	-	-	121,500	121,500
Total Revenues	<u>371,000</u>	<u>371,000</u>	<u>621,224</u>	<u>250,224</u>
EXPENDITURES				
Current:				
Economic Environment	308,875	310,122	27,826	282,296
Capital Outlay	<u>1,309,558</u>	<u>1,309,558</u>	-	<u>1,309,558</u>
Total Expenditures	<u>1,618,433</u>	<u>1,619,680</u>	<u>27,826</u>	<u>1,591,854</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,247,433)</u>	<u>(1,248,680)</u>	<u>593,398</u>	<u>1,842,078</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers (Out)	-	(621,114)	(621,114)	-
Total Other Financing Sources and (Uses)	<u>-</u>	<u>(621,114)</u>	<u>(621,114)</u>	<u>-</u>
Net Change in Fund Balances	(1,247,433)	(1,869,794)	(27,716)	1,842,078
Fund Balances - Beginning	<u>2,422,528</u>	<u>2,422,528</u>	<u>2,422,528</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,175,095</u>	<u>\$ 552,734</u>	<u>\$ 2,394,812</u>	<u>\$ 1,842,078</u>

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

CITY OF APOPKA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2019

	Business-Type Activities - Enterprise Funds			
	Major		Nonmajor	Totals
	Utility System	Sanitation	Airport Fuel	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 30,016,722	\$ -	\$ 124,180	\$ 30,140,902
Restricted Cash and Cash Equivalents:				
Customer Utility Deposits	1,187,845	-	-	1,187,845
Renewal, Replacements, and Improvements	200,000	-	-	200,000
Capital Improvements	281,441	-	-	281,441
Accounts Receivable, Net	2,253,278	544,849	-	2,798,127
Due from Other Governments	5,837	127,034	-	132,871
Inventories	542,552	-	23,598	566,150
Prepaid Items	630	-	-	630
Total Current Assets	34,488,305	671,883	147,778	35,307,966
Noncurrent Assets:				
Accounts Receivable - Long-Term	300,778	88,084	-	388,862
Capital Assets:				
Land	2,975,818	-	-	2,975,818
Buildings	21,530,530	-	-	21,530,530
Infrastructure	149,559,125	-	-	149,559,125
Equipment and Machinery	10,826,953	1,243,936	-	12,070,889
Vehicles	3,277,536	5,974,994	-	9,252,530
Construction in Progress	63,233,216	-	-	63,233,216
Less: Accumulated Depreciation	(70,856,461)	(4,608,730)	-	(75,465,191)
Total Capital Assets (Net)	180,546,717	2,610,200	-	183,156,917
Total Noncurrent Assets	180,847,495	2,698,284	-	183,545,779
Total Assets	215,335,800	3,370,167	147,778	218,853,745
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refunding	117,549	-	-	117,549
Deferred Outflows for Pensions	371,493	65,557	-	437,050
Deferred Outflows for OPEB	518,129	91,435	-	609,564
Total Deferred Outflows of Resources	1,007,171	156,992	-	1,164,163

Continued

CITY OF APOPKA, FLORIDA
STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS
September 30, 2019

	Business-Type Activities - Enterprise Funds			
	Major		Nonmajor	Totals
	Utility System	Sanitation	Airport Fuel	
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 2,606,840	\$ 120,446	\$ 1,047	\$ 2,728,333
Accrued Liabilities	446,162	18,969	-	465,131
Due to Other Funds	-	144,323	-	144,323
Compensated Absences	196,267	33,639	-	229,906
Customer Utility Deposits	1,187,845	-	-	1,187,845
Current Portion of Bonds Payable	835,000	-	-	835,000
Current Portion of Notes Payable	1,672,457	-	-	1,672,457
Unearned Revenue	143,421	-	-	143,421
Total Current Liabilities	<u>7,087,992</u>	<u>317,377</u>	<u>1,047</u>	<u>7,406,416</u>
Noncurrent Liabilities:				
Compensated Absences	156,638	26,847	-	183,485
Bonds Payable	14,148,886	-	-	14,148,886
Notes Payable	50,821,152	-	-	50,821,152
Other Postemployment Benefits Liability	3,251,943	573,872	-	3,825,815
Net Pension Liability	1,458,031	257,299	-	1,715,330
Total Noncurrent Liabilities	<u>69,836,650</u>	<u>858,018</u>	<u>-</u>	<u>70,694,668</u>
Total Liabilities	<u>76,924,642</u>	<u>1,175,395</u>	<u>1,047</u>	<u>78,101,084</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows for OPEB	280,965	49,582	-	330,547
Deferred Inflows for Pensions	128,276	22,637	-	150,913
Total Deferred Inflows of Resources	<u>409,241</u>	<u>72,219</u>	<u>-</u>	<u>481,460</u>
NET POSITION				
Net Investment in Capital Assets	112,776,550	2,610,200	-	115,386,750
Restricted:				
Capital Improvements	281,441	-	-	281,441
Renewal, Replacements, and Improvements	200,000	-	-	200,000
Unrestricted (Deficit)	25,751,097	(330,655)	146,731	25,567,173
Total Net Position	<u>\$ 139,009,088</u>	<u>\$ 2,279,545</u>	<u>\$ 146,731</u>	<u>\$ 141,435,364</u>

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

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

For the Year Ended September 30, 2019

	Business-Type Activities - Enterprise Funds			Totals
	Major		Nonmajor	
	Utility System	Sanitation	Airport Fuel	
Operating Revenues:				
Water Sales	\$ 7,051,974	\$ -	\$ -	\$ 7,051,974
Sewer Charges	7,164,913	-	-	7,164,913
Reclaimed Water Sales	3,503,156	-	-	3,503,156
Sanitation Fees	-	4,585,363	-	4,585,363
Fuel Sales	-	-	361,215	361,215
Miscellaneous Revenues	1,468,825	583,253	39,074	2,091,152
Total Operating Revenues	<u>19,188,868</u>	<u>5,168,616</u>	<u>400,289</u>	<u>24,757,773</u>
Operating Expenses:				
Utility Administration	571,371	-	-	571,371
Water Plant Operations	1,819,178	-	-	1,819,178
Wastewater Treatment Plant Operations	4,104,213	-	-	4,104,213
Utility Construction Operations	560,674	-	-	560,674
Water Maintenance	2,015,611	-	-	2,015,611
Utility Billing	773,552	-	-	773,552
Wastewater Maintenance	645,306	-	-	645,306
Operating Charges	-	3,409,758	-	3,409,758
Fueling Operations	-	-	368,577	368,577
Utility Restoration	286,811	-	-	286,811
Design Engineering	540,765	-	-	540,765
Depreciation	4,516,041	381,841	-	4,897,882
Total Operating Expenses	<u>15,833,522</u>	<u>3,791,599</u>	<u>368,577</u>	<u>19,993,698</u>
Operating Income (Loss)	<u>3,355,346</u>	<u>1,377,017</u>	<u>31,712</u>	<u>4,764,075</u>
Nonoperating Revenues (Expenses):				
Interest Income	438,951	-	1,706	440,657
Interest Expense	(551,446)	(3,315)	-	(554,761)
Franchise Fees	-	71,550	-	71,550
Total Nonoperating Revenues (Expenses)	<u>(112,495)</u>	<u>68,235</u>	<u>1,706</u>	<u>(42,554)</u>
Income (Loss) Before Contributions and Transfers	3,242,851	1,445,252	33,418	4,721,521
Transfers (Out)	(6,241,453)	(680,784)	-	(6,922,237)
Capital Contributions - Impact Fees	12,451,386	-	-	12,451,386
Capital Contributions - Grant	1,767,680	-	-	1,767,680
Change in Net Position	11,220,464	764,468	33,418	12,018,350
Total Net Position - Beginning	<u>127,788,624</u>	<u>1,515,077</u>	<u>113,313</u>	<u>129,417,014</u>
Total Net Position - Ending	<u>\$ 139,009,088</u>	<u>\$ 2,279,545</u>	<u>\$ 146,731</u>	<u>\$ 141,435,364</u>

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

CITY OF AOPKA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2019

	Business-Type Activities - Enterprise Funds			
	Major		Nonmajor	Totals
	Utility System	Sanitation	Airport Fuel	
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 20,805,549	\$ 5,098,230	\$ 404,435	\$ 26,308,214
Payments to Suppliers	(8,324,861)	(2,032,356)	(357,176)	(10,714,393)
Payments to Employees	(7,412,142)	(1,832,842)	-	(9,244,984)
Net Cash Provided (Used) by Operating Activities	<u>5,068,546</u>	<u>1,233,032</u>	<u>47,259</u>	<u>6,348,837</u>
Cash Flows from Noncapital Financing Activities				
Transfers to Other Funds	(6,125,530)	(536,461)	-	(6,661,991)
Franchise Fees	-	71,550	-	71,550
Net Cash (Used) by Noncapital Financing Activities	<u>(6,125,530)</u>	<u>(464,911)</u>	<u>-</u>	<u>(6,590,441)</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition/Construction of Capital Assets	(17,462,586)	(36,482)	-	(17,499,068)
Principal Paid on Capital Debt	(835,098)	(249,000)	-	(1,084,098)
Interest Paid on Capital Debt	(542,404)	(3,315)	-	(545,719)
Proceeds from Note Issued	26,563,487	-	-	26,563,487
Capital Contributions - Impact Fees	12,451,386	-	-	12,451,386
Capital Contributions - Grant	1,767,680	-	-	1,767,680
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>21,942,465</u>	<u>(288,797)</u>	<u>-</u>	<u>21,653,668</u>
Cash Flows from Investing Activities				
Interest Income Received	438,951	-	1,706	440,657
Net Increase (Decrease) in Cash and Cash Equivalents	21,324,432	479,324	48,965	21,852,721
Cash and Cash Equivalents at Beginning of Year	<u>10,361,576</u>	<u>(479,324)</u>	<u>75,215</u>	<u>9,957,467</u>
Cash and Cash Equivalents at End of Year	<u>\$ 31,686,008</u>	<u>\$ -</u>	<u>\$ 124,180</u>	<u>\$ 31,810,188</u>
Cash and Cash Equivalents Classified As				
Unrestricted Assets	\$ 30,016,722	\$ -	\$ 124,180	\$ 30,140,902
Restricted Assets	<u>1,669,286</u>	<u>-</u>	<u>-</u>	<u>1,669,286</u>
Total Cash and Cash Equivalents	<u>\$ 31,686,008</u>	<u>\$ -</u>	<u>\$ 124,180</u>	<u>\$ 31,810,188</u>

Continued

CITY OF AOPKA, FLORIDA
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
For the Year Ended September 30, 2019

	Business-Type Activities - Enterprise Funds			
	Major		Nonmajor	Totals
	Utility System	Sanitation	Airport Fuel	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 3,355,346	\$ 1,377,017	\$ 31,712	\$ 4,764,075
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	4,516,041	381,841	-	4,897,882
Bad debt expense	580,262	228,118	-	808,380
(Increase) Decrease In -				
Accounts receivable	316,545	(83,386)	4,146	237,305
Due from other governments	941,019	(127,034)	-	813,985
Inventories	23,158	-	10,426	33,584
Prepays	(630)	-	-	(630)
Other receivables - long-term	(300,778)	(88,084)	-	(388,862)
Deferred outflows of resources for pensions	(91,133)	(6,877)	-	(98,010)
Deferred outflows of resources for OPEB	(518,129)	(91,435)	-	(609,564)
Increase (Decrease) In -				
Accounts payable	(3,177,977)	(4,373)	975	(3,181,375)
Accrued liabilities	219,999	371	-	220,370
Customer utility deposits	104,633	-	-	104,633
Unearned revenue	(25,000)	-	-	(25,000)
Compensated absences	(7,176)	(3,455)	-	(10,631)
OPEB	(303,084)	(170,203)	-	(473,287)
Net pension liability	(23,342)	(52,756)	-	(76,098)
Deferred inflows of resources for OPEB	(161,158)	(42,955)	-	(204,113)
Deferred inflows of resources for pensions	(380,050)	(83,757)	-	(463,807)
Total Adjustments	<u>1,713,200</u>	<u>(143,985)</u>	<u>15,547</u>	<u>1,584,762</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,068,546</u>	<u>\$ 1,233,032</u>	<u>\$ 47,259</u>	<u>\$ 6,348,837</u>

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

CITY OF APOPKA, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUND
September 30, 2019

ASSETS

Investments:	
Stable Value	\$ 8,326,678
U.S. Stocks	76,369,035
International Stocks	18,586,630
U.S. Bonds	<u>52,403,349</u>
Total Investments	155,685,692
Contribution Receivable	<u>908,961</u>
Total Assets	<u><u>156,594,653</u></u>

Net Position Restricted for Pensions \$ 156,594,653

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

CITY OF AOPKA, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
For the Year Ended September 30, 2019

ADDITIONS

Contributions:	
Employer	\$ 5,593,199
State	757,700
Members	<u>2,069,715</u>
Total Contributions	<u>8,420,614</u>
Other Assets - Deposit	
Interest, Dividends and Other Income	2,838,480
Net Increase (Decrease) in Fair Value of Investments	373,920
Gain (Loss) on Sales of Investments	<u>2,412,609</u>
Net Investment Income	<u>5,625,009</u>
Total Additions	<u>14,045,623</u>

DEDUCTIONS

Benefits Paid to Participants	7,280,688
Termination Payments	499,298
Administrative Expense	<u>179,287</u>
Total Deductions	<u>7,959,273</u>

Net Increase in Net Position	6,086,350
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Net Position Restricted for Pensions

Beginning of Year	<u>150,508,303</u>
End of Year	<u>\$ 156,594,653</u>

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

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. The Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

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

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

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

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

The following are reported as major governmental funds:

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

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

The following are reported as major enterprise funds:

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

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

The City also reported the following fund types:

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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

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

D. Cash, Cash Equivalents, and Investments

1. Cash and Cash Equivalents

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

2. Deposits

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

At year-end, the carrying amount of the City’s governmental and business-type activities cash and cash equivalents deposits was \$66,175,128 and the depository balances were \$68,668,711 of that balance, \$68,668,711 was covered by federal depository insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida with the ability to assess member institutions to provide protection. Accordingly, all of the City’s cash deposits are considered to be fully insured.

3. Investments

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Pension Trust Fund Investments:		
U.S. Bonds	\$ 52,403,348	10.7
Stable Value	8,046,173	4.8
U.S. Stocks	76,369,035	N/A
International Stocks	<u>18,586,630</u>	N/A
Total Investments	<u>\$ 155,405,186</u>	

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

Credit Ratings for Florida Municipal Investment Trust Investments –

Credit Risk for FMIT Funds

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

D. Cash, Cash Equivalents, and Investments – continued

Credit Ratings for Pension Trust Fund Investments –

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

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

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

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

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

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

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

- g. Repurchase agreements collateralized by U.S. Treasury Securities and Market-to-Market
 - Purchased only from authorized dealers, as provided for in this policy
 - Any authorized institution with which the City transacts repurchase agreements must have on file a fully executed copy of the City’s Master Repurchase Agreements
 - Maximum portfolio mix shall not exceed 25% at any one time

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

D. Cash, Cash Equivalents, and Investments – continued

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

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

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

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

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

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

4. Deferred Compensation Plan

The City maintains an Employee Deferred Compensation Plan as a benefit to employees. Investments in the Deferred Compensation Plan are held separately from those of other City funds. As prescribed by the plan documents, the plan administrator is authorized to invest plan assets in obligations of the U.S. government and various mutual and money market funds, which are held by the plan administrator and not in the City’s name. At September 30, 2019 and during the year, Deferred Compensation Plan assets were invested in various mutual funds under a custodial account. The City has no fiduciary responsibility for these accounts.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

E. Budgets and Budgetary Accounting

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

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

F. Receivables

Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State of Florida regulating tax assessments are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The City's current millage rate is 4.0376 mills.

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

Accounts Receivable

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

G. Inventories

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

H. Prepaid Items

Prepays represent payments made to vendors for services that will benefit beyond September 30, 2019. These payments are recorded as expenditures or expenses when consumed, rather than when purchased.

I. Restricted Assets

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

J. Capital Assets

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

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

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

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

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

L. Amortization of Premiums and Discounts

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

M. Compensated Absences

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

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

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

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

N. Net Pension Liability

In the government-wide and proprietary statements, net pension liability represents the present value of projected benefit payments to be provided through the single-employer, defined-benefit pension plans to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension plans, pension expense, information about the fiduciary net position, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The City allocated the net pension liability, deferred outflows for pensions, deferred inflows for pensions, and pension expense to funds and functions/activities based on their respective contributions made to the pension plans during the measurement year.

O. Deferred Outflows of Resources / Deferred Inflows of Resources

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

The City reports three items that qualify as deferred outflows of resources on its government-wide and proprietary statements of net position. The deferred amount on refunding resulted from a debt refinancing whereby the reacquisition price of the refunding debt instruments exceeded their net carrying amount. This deferred amount on refunding will be systematically charged to interest expense over the life of the refunding debt. The deferred outflows for pensions are an aggregate of items related to pensions, as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred outflows for pensions will be recognized as pension expense or a reduction of the net pension liability in future reporting years. The deferred outflows for OPEB are an aggregate of items related to OPEB, as calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for OPEB*. The deferred outflows for OPEB will be recognized as OPEB expense or a reduction of the net OPEB liability in future reporting years.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

O. Deferred Outflows of Resources / Deferred Inflows of Resources – continued

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

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

P. Fund Equity

Fund balance is reported in the following five components:

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

Spendable Fund Balance

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

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

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

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

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

Q. Grants

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

R. New Accounting Pronouncement

In March 2018, the GASB issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements (GASB 88) effective for the City’s fiscal year beginning October 1, 2018. This standard clarifies which liabilities governments should include in their note disclosures related to debt. This standard requires that all debt disclosures present direct borrowings and direct placements of debt separately from other types of debt. This standard also requires the disclosure of additional essential debt-related information for all types of debt.

The City adopted GASB 88 in the current year and has made certain required disclosures in the Debt Note 6.

NOTE 2 – RECEIVABLES

The following is a detail listing of accounts receivable by type and fund at September 30, 2019:

<u>Description</u>	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>
Receivables:			
Utility Accounts Billed	\$ 35,215	\$102,807	\$ 2,605,840
Utility Accounts Billed – Non Current	-	-	388,862
Utility Unbilled Receivables	-	-	1,140,497
Other:			
Settlement - Duke Energy	790,000	-	-
Taxes - Franchise and Utility	16,640	-	-
Miscellaneous	728,077	56,250	168,824
Gross Receivables	1,569,932	159,057	4,304,023
Less: Allowance for Uncollectibles	-	-	(1,117,034)
Net Total Receivables	<u>\$ 1,569,932</u>	<u>\$159,057</u>	<u>\$ 3,186,989</u>

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual fund interfund receivables and payables at September 30, 2019 consist of the following:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 1,206,654	\$ -
Enterprise Funds:		
Sanitation	-	144,323
Special Revenue:		
Grants*	-	1,019,595
Special Assessment*	-	42,736
Total Interfund Transfers	<u>\$ 1,206,654</u>	<u>\$ 1,206,654</u>

*Nonmajor governmental funds.

The interfund receivables and payable relate to funding cash deficits at year-end.

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – continued

Interfund transfers for the fiscal year ended September 30, 2019 consist of the following:

	<u>Transfers In</u>		<u>Transfers Out</u>
General Fund	\$ 7,089,842	\$	835,317
CRA			621,114
Enterprise Funds:			
Utility System	-		6,241,453
Sanitation Fund	-		680,784
Special Revenue:			
Streets Improvement Fund*	677,286		-
Transportation Impact Fees*	-		68,300
Recreation Impact Fees*	-		2,000
Fire Impact Fees*	-		5,000
Police Impact Fees*	-		5,000
Stormwater*	-		61,805
Grants Fund*	779,145		-
Special Assessment Fund*	-		25,500
Total Interfund Transfers	<u>\$ 8,546,273</u>	\$	<u>8,546,273</u>

*Nonmajor governmental funds.

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

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

The use of certain Utility System Fund assets is restricted by specific provisions of the bond resolution authorizing the issuance of the \$18,065,000 Utility Refunding Revenue Bonds, Series 2012. In addition, the City restricts funds available for repayment of deposits, as well as funds required by ordinance to be placed in special construction accounts (repair and maintenance escrow accounts). Restricted assets at September 30, 2019 are as follows:

Customer utility deposits	\$ 1,187,845
Renewal, replacement and improvement	200,000
Capital improvements	<u>281,441</u>
Total Restricted Assets	<u>\$ 1,669,286</u>

CITY OF APOPKA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS – Continued
September 30, 2019

NOTE 5 – CAPITAL ASSETS

Governmental Activities:	Balance September 30, 2018	Reclassifications and Increases	Reclassifications and Decreases	Balance September 30, 2019
Capital Assets, Not Being Depreciated:				
Land	\$ 27,785,132	\$ -	\$ (488,560)	\$ 27,296,572
Construction In Progress	1,057,581	3,076,858	(1,441,422)	2,693,017
Total Capital Assets, Not Being Depreciated	28,842,713	3,076,858	(1,929,982)	29,989,589
Capital Assets, Being Depreciated:				
Buildings	15,765,519	506,204	-	16,271,723
Improvements Other than Buildings	103,566,356	1,224,253	(45,373)	104,745,236
Machinery and Equipment	27,050,916	1,147,829	(4,588)	28,194,157
Automotive Equipment	13,405,413	799,784	(397,594)	13,807,603
Intangibles	469,838	12,237	-	482,075
Total Capital Assets, Being Depreciated	160,258,042	3,690,307	(447,555)	163,500,794
Less Accumulated Depreciation For:				
Buildings	(6,097,634)	(338,612)	-	(6,436,246)
Improvements Other than Buildings	(52,009,741)	(2,710,364)	-	(54,720,105)
Machinery and Equipment	(18,931,858)	(1,173,375)	4,588	(20,100,645)
Automotive Equipment	(9,542,978)	(774,232)	397,594	(9,919,616)
Intangibles	(66,927)	(29,204)	-	(96,131)
Total Accumulated Depreciation	(86,649,138)	(5,025,787)	402,182	(91,272,743)
Total Capital Assets, Being Depreciated, Net	73,608,904	(1,335,480)	(45,373)	72,228,051
Governmental Activities Capital Assets, Net	\$ 102,451,617	\$ 1,741,378	\$ (1,975,355)	\$ 102,217,640

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

General Government	\$ 419,919
Public Safety	1,653,349
Transportation	2,215,008
Culture/Recreation	737,511
Total Governmental Activities	<u>\$ 5,025,787</u>

CITY OF APOPKA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS – Continued
September 30, 2019

NOTE 5 – CAPITAL ASSETS – continued

Business-Type Activities	Balance September 30, 2018	Reclassification and Increases	Reclassification and Decreases	Balance September 30, 2019
Capital Assets, Not Being Depreciated:				
Land	\$ 2,975,818	\$ -	\$ -	\$ 2,975,818
Construction In Progress	55,816,854	8,624,592	(1,208,230)	63,233,216
Total Capital Assets, Not Being Depreciated	58,792,672	8,624,592	(1,208,230)	66,209,034
Capital Assets, Being Depreciated:				
Buildings	21,530,530	-	-	21,530,530
Improvements Other than Buildings	140,576,796	9,144,204	(161,874)	149,559,126
Machinery and Equipment	11,096,930	1,024,135	(50,178)	12,070,887
Automotive Equipment	9,498,990	-	(246,461)	9,252,529
Total Capital Assets Being Depreciated	182,703,246	10,168,339	(458,513)	182,703,246
Less Accumulated Depreciation For:				
Buildings	(15,339,462)	(699,168)	-	(16,038,630)
Improvements Other than Buildings	(41,155,515)	(3,039,015)	-	(44,194,530)
Machinery and Equipment	(8,746,557)	(628,768)	50,178	(9,325,147)
Automotive Equipment	(5,622,413)	(530,930)	246,461	(5,906,882)
Total Accumulated Depreciation	(70,863,947)	(4,897,881)	296,639	(75,465,189)
Total Capital Assets, Being Depreciated, Net	111,839,299	5,270,458	(161,874)	116,947,883
Business-type Activities Capital Assets, Net	\$ 170,631,971	\$ 13,895,050	\$ (1,370,104)	\$ 183,156,917

Depreciation was charged to business-type activities as follows:

Utility System Fund	\$ 4,516,041
Sanitation System Fund	381,841
	<u>\$ 4,897,882</u>

CITY OF APOPKA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS – Continued
September 30, 2019

NOTE 6 – LONG-TERM LIABILITIES

The following is a summary of long-term liabilities transactions of the City for the year ended September 30, 2019:

	Balance			Balance		Balance Due
	September 30, 2018	Additions	Deductions	September 30, 2019	September 30, 2019	Due Within
						One Year
Governmental Activities:						
Revenue Notes (Direct Placement)	\$ 10,540,592	\$ -	\$ (2,871,436)	\$ 7,669,156	\$ 7,669,156	\$ 2,292,926
Bond Payable	170,000	-	(170,000)	-	-	-
Capital Lease	3,149,727	-	(532,231)	2,617,496	2,617,496	417,982
Other Postemployment Benefits	13,972,082	5,998,672	-	19,970,754	19,970,754	-
Net Pension Liability	16,835,461	9,171,704	-	26,007,165	26,007,165	-
Compensated Absences	2,023,730	2,007,753	(1,987,755)	2,043,728	2,043,728	1,284,927
Total	46,691,592	17,178,129	(5,561,422)	58,308,299	58,308,299	3,995,835
Business-Type Activities:						
Utility Revenue Bonds	14,480,000	-	(800,000)	13,680,000	13,680,000	835,000
Add unamortized premium	1,380,128	-	(76,242)	1,303,886	1,303,886	-
Sanitation Revenue Note (Direct Placement)	249,000	-	(249,000)	-	-	-
SRF Loan (Direct Borrowing)	25,965,220	26,563,487	(35,098)	52,493,609	52,493,609	1,672,457
Other Postemployment Benefits	4,299,102	-	(473,287)	3,825,815	3,825,815	-
Net Pension Liability	1,791,428	-	(76,098)	1,715,330	1,715,330	-
Compensated Absences	424,022	371,199	(381,829)	413,392	413,392	229,906
Total	48,588,900	26,934,686	(2,091,554)	73,432,032	73,432,032	2,737,363
Total Long-Term Debt	\$ 95,280,492	\$ 44,112,815	\$ (7,652,976)	\$ 131,740,331	\$ 131,740,331	\$ 6,733,198

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

New Debt Issuances

The City also entered into a loan agreement with the Florida Environmental Protection Agency - State Revolving Fund for the City's treatment facilities project. The maximum amount of the loan is \$66,403,959, including capitalized interest. A final repayment schedule will be established upon project completion. Current draws for the loan totaled \$26,563,487 in the fiscal year.

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

NOTE 6 – LONG-TERM LIABILITIES – continued

Governmental Activities (Direct Placement):	Outstanding Balance
<p>Note payable to Bank of America, N.A., collateralized by pledge of recreational impact fees, due in annual principal installments ranging from \$565,000 to \$610,000, plus interest at 3.90% through March 1, 2022. This debt is serviced by the General Fund. Note principal and interest payments are pledged by the Recreational Impact Fees. The principal of and interest on the note shall be payable only from the pledged revenues. In any event of default, the bank has the right to declare the principal due and payable.</p>	\$ 1,760,000
<p>Note payable to Branch Banking and Trust Company (Special Obligation Improvement Revenue Note, Series 2013A), payable from the Non-Ad-Valorem Revenues of the City. Interest is due semiannually at 1.8%, and principal installments are due annually ranging from \$113,926 to \$120,189 through March 1, 2023. The proceeds of this note were used to purchase two new fire trucks. This note is serviced by the General Fund. Failure to make scheduled principal and interest payments in a timely manner constitutes a default of note agreements. In any event of default, the bank or trustee has the right to enforce any and all rights under the laws of the State of Florida.</p>	468,156
<p>Note payable to Hancock Bank (Special Obligation Improvement Revenue Note, Series 2015), payable from the Non-Ad-Valorem Revenues of the City. Interest is due semiannually at 1.67% and principal installments are due annually ranging from \$90,000 to \$93,000 through March 1, 2022. This note is serviced by the General Fund. In any event of default, the bank or trustees may either protect and enforce any and all rights under the State of Florida laws and may enforce and compel the performance of all duties required the loan agreement. However, upon the occurrence of an event of default, the bank shall in no event have the right to declare the entire amount of the outstanding Series 2015 note and all accrued interest thereon to be immediately due and payable. Any amount not paid within 15 days of default shall bear interest at the default rate of 6%.</p>	275,000
<p>Note payable to Hancock Bank (Special Obligation Improvement Revenue Note, Series 2016), payable from the Non-Ad-Valorem Revenues of the City. Interest is due semiannually at 1.34% and principal installments are due annually ranging from \$378,000 to \$383,000 through March 1, 2021. This note is serviced by the General Fund. In any event of default, the bank or trustees may either protect and enforce any and all rights under the State of Florida laws and may enforce and compel the performance of all duties required the loan agreement. However, upon the occurrence of an event of default, the bank shall in no event have the right to declare the entire amount of the outstanding Series 2016 note and all accrued interest thereon to be immediately due and payable. Any amount not paid within 15 days of default shall bear interest at the default rate of 6%.</p>	761,000
<p>Note payable to Hancock Bank (Special Obligation Improvement Revenue Note, Series 2014), payable from the Non-Ad-Valorem Revenues of the City. Interest is due semiannually at 1.92% and principal installments are due annually ranging from \$127,000 to \$137,000 through March 1, 2024. This note is serviced by the General Fund. In any event of default, the bank or trustees may either protect and enforce any and all rights under the State of Florida laws and may enforce and compel the performance of all duties required the loan agreement. However, upon the occurrence of an event of default, the bank shall in no event have the right to declare the entire amount of the outstanding Series 2014 note and all accrued interest thereon to be immediately due and payable. Any amount not paid within 15 days of default shall bear interest at the default rate of 5%.</p>	659,000

NOTE 6 – LONG-TERM LIABILITIES – continued

Governmental Activities (Direct Placement):	Outstanding Balance
<p>Note payable to Zion Bank (Capital Improvement Revenue Note, Series 2017), payable from the Non-Ad-Valorem Revenues of the City. Interest is due semiannually at 1.87% and principal installments are due annually ranging from \$240,000 to \$250,000 through August 1, 2022. This note is serviced by the General Fund. In any event of default, the note shall bear interest at the default rate of 4% and all payments made on the note during any such period shall be applied first to interest and then to principal. The City shall reimburse the holder and its agents for all reasonable legal and collection costs to exercise its remedies or collect its payments in the case of an event of default.</p>	\$ 1,469,000
<p>Note payable to Zion Bank (Capital Improvement Revenue Note, Series 2018), payable from the Non-Ad-Valorem Revenues of the City. Interest is due semiannually at 2.90% and principal installments are due annually ranging from \$127,000 to \$277,000 through June 1, 2025. This note is serviced by the General Fund. In any event of default, the note shall bear interest at the default rate of 4% and all payments made on the note during any such period shall be applied first to interest and then to principal. The City shall reimburse the holder and its agents for all reasonable legal and collection costs to exercise its remedies or collect its payments in the case of an event of default.</p>	<u>2,277,000</u>
<p>Total Governmental Activities Debt (Direct Placement)</p>	<u>\$ 7,669,156</u>

Business-Type Activities:	Outstanding Balance
<p>Utility System Refunding Revenue Bonds, Series 2012, due in annual installments ranging from \$835,000 to \$1,300,000, plus interest ranging from 2.00% to 5.00%, on various maturities. The Series 2012 Bonds are secured by a pledge and are payable solely from the Pledged Revenues consisting of (i) the Net Revenues of the System, (ii) the Sewer System Development Charges, (iii) the Water System Development Charges, (iv) the Reuse System Development Charges, and (v) the monies on deposit in various funds and accounts created pursuant to the Series 2012 Bond Resolution, with the exception of the Rebate Fund. Pledged revenues of the water, reuse, and wastewater system for 2019 amounted to \$30,171,429. This debt is serviced by the Utility System Fund.</p>	<u>\$ 13,680,000</u>
<p>Add: Unamortized premium</p>	<u>1,303,886</u>

Business-Type Activities (Direct Borrowing):	Outstanding Balance
<p>Loan payable to Florida Water Pollution Control Financing Corporation, payable from the Gross Revenues derived yearly from the operation of the Water and Sewer Systems after payment of the Operation and Maintenance Expense and satisfaction of all yearly payments of the Utility System Refunding Revenue Bonds, Series 2012. Interest is due semiannually at 0.685% and principal installments are due semiannually beginning October 15, 2017. This note is serviced by the Utility System Fund.</p>	1,299,191
<p>Loan payable to Florida Water Pollution Control Financing Corporation, payable from the Gross Revenues derived yearly from the operation of the Water and Sewer Systems after payment of the Operation and Maintenance Expense and satisfaction of all yearly payments of the Utility System Refunding Revenue Bonds, Series 2012. Interest is due semiannually at 0.355% and principal installments are due semiannually beginning September 15, 2019. This note is serviced by the Utility System Fund.</p>	<u>51,194,417</u>
<p>Total Business-Type Activities Debt</p>	<u>\$ 67,477,494</u>

NOTE 6 – LONG-TERM LIABILITIES – continued

The debt service required payments to maturity on the City’s outstanding revenue bonds and notes at September 30, 2019 is as follows:

<u>Fiscal Year</u>	<u>Governmental-Type Activities</u> <u>(Direct Placement)</u>			<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,292,926	\$ 186,611	\$ 2,479,537	\$ 835,000	\$ 489,625	\$ 1,324,625
2021	2,347,977	128,500	2,476,477	860,000	464,200	1,324,200
2022	1,781,064	73,065	1,854,129	885,000	433,600	1,318,600
2023	592,189	27,373	619,562	920,000	402,100	1,322,100
2024	392,000	14,495	406,495	950,000	364,550	1,314,550
2025-2029	263,000	5,713	268,713	5,445,000	1,124,425	6,569,425
2030-2032	-	-	-	3,785,000	172,575	3,957,575
	<u>\$ 7,669,156</u>	<u>\$ 435,757</u>	<u>\$ 8,104,913</u>	<u>\$ 13,680,000</u>	<u>\$ 3,451,075</u>	<u>\$ 17,131,075</u>

Capital Lease Obligations

The City has entered into several leases detailed below that qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. In fiscal year 2019, the City has five capital lease agreements outstanding. The five capital leases are related to new financial software, new gurneys for the City’s Public Safety Division and various operating equipment for City operations. The future minimum lease obligations are as follows:

<u>Fiscal Year</u>	<u>Governmental-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2020	\$ 417,982	\$ 41,888	\$ 459,870
2021	405,101	36,985	442,086
2022	355,776	31,990	387,766
2023	277,166	26,902	304,068
2024	282,349	21,719	304,068
2025-2027	879,122	33,083	912,205
	<u>\$ 2,617,496</u>	<u>\$ 192,567</u>	<u>\$ 2,810,063</u>

Operating Lease Obligations

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

<u>Fiscal Year</u>	<u>Governmental-Type Activities</u>
	<u>Lease Payment</u>
2020	\$ 261,340
2021	261,340
2022	261,340
2023	261,340
2024	261,340
2025	261,340
	<u>\$ 1,568,040</u>

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS

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

A. Plan Description and Membership

1. General Employees’ Retirement Plan

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

All full-time employees who have attained the age of 57 and 5 years of credited service are entitled to annual benefits of 2.75% of the average of the 5 final years of salary, times years of credited service, subject to a maximum of 100% of average final compensation in the form of a life annuity, ceasing upon death. Early retirement is available for employees attaining the age of 47 with 10 years of service. The early retirement benefit is in the form of a life annuity (options available). A delayed retirement may be elected where the employee remains actively employed and benefits continue to accrue after the normal retirement date. In the event of pre-retirement death and the employee is eligible for normal or early retirement, a beneficiary is eligible to receive a benefit as if the member retired on the date of death. If the employee is not eligible for the normal or early retirement at the time of pre-retirement death, the Plan provides for a refund of any employee contributions. Participation in the Deferred Retirement Option Plan (“DROP”) may not exceed 96 months. Each participant in the DROP has an account credited with benefits not received and investment earnings. The DROP balance as of September 30, 2019 is \$703,636.

Vesting in the Plan is as follows:

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

2. Municipal Police Officers’ Retirement Plan

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

Employees attaining the age of 45 who have completed 10 or more years of credited service, or 20 years of credited service regardless of age, are entitled to monthly benefits of 3.6% of their average final compensation times years of credited service for the first 10 years of credited service and 4% for each year in excess of 10 years. Average final compensation is the average salary for the best 3 of the 5 last years immediately preceding retirement or termination. The Plan permits early retirement at the completion of 10 years of contributed service and attaining the age of 40 years. Participation in DROP may not exceed 96 months. Each participant in the DROP has an account credited with benefits not received and investment earnings. The DROP balance as of September 30, 2019 is \$668,636.

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

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS – continued

A. Plan Description and Membership – continued

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

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

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

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

3. The Municipal Firefighters’ Retirement Plan

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

Employees attaining the age of 55 who have completed 10 or more credited years of service or with 22 years of credited service are entitled to annual benefits of 3.0% of their average final compensation for the best 5 of the last 10 years times years of credited service. The Plan permits early retirement at the completion of 10 years of credited service and attaining the age of 50 years. Participation in DROP may not exceed 96 months. Each participant in the DROP has an account credited with benefits not received and investment earnings. The DROP balance as of September 30, 2019 is \$2,063,923.

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

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

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

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

Plan membership for all three City retirement plans as of September 30, 2019 was as follows:

	General		
	<u>Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	136	58	19
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	72	8	43
Active Plan Members	<u>230</u>	<u>95</u>	<u>99</u>
	<u>438</u>	<u>161</u>	<u>161</u>

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS – continued

B. Pension Plan Investments

The Plans’ investment policy is described in Note 1. The following table presents the adopted asset allocation policy as of September 30, 2019 for all plans:

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

For the year ended September 30, 2019, the annual money-weighted rate of return on the Plans’ investments, net of pension investment expense, was 3.60% for the General Employee plan and 3.70% for the Police and Fighter plans. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The total pension liability was determined by an actuarial valuation as of October 1, 2018 using the following actuarial assumptions applied to all measurement periods:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Inflation	2.25%	2.25%	2.25%
Salary Increases	5.50%	5.50%	5.50%
Investment Rate of Return	7.00%	7.00%	7.00%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expended future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in all of the plans’ target asset allocations as of September 30, 2019 are summarized as follows:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap Equity	7.75%
Small Cap Equity	8.75%
Mid Cap Equity	8.50%
International Equity	7.25%
Fixed Income	4.40%
Real Estate	6.85%
Stable Value	4.45%

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

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS – continued

B. Pension Plan Investments – continued

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

General Employees		
1% Decrease to 6.25%	Current Discount Rate of 7.25%	1% Increase to 8.25%
\$18,854,590	\$10,669,354	\$3,913,809
Police Officers		
1% Decrease to 6.25%	Current Discount Rate of 7.25%	1% Increase to 8.25%
\$16,154,643	\$7,905,480	\$1,115,681
Firefighters		
1% Decrease to 6.25%	Current Discount Rate of 7.25%	1% Increase to 8.25%
\$16,248,429	\$9,147,661	\$3,334,989

C. Contribution Requirements

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

1. General Employees’ Retirement Plan

Contributions are established by local ordinance. Employees are required to contribute 4.9% of their annual salary to the plan. The City is required to contribute the amount necessary to meet normal (current year’s) costs and to fund the actuarial accrued (past service) liability, if any, over 30 years, adjusted for interest according to the timing of the contributions. The City/State contributed \$2,311,235 for the year ended September 30, 2019.

2. Municipal Police Officers’ Retirement Plan

Contributions are established by local ordinance and include a 2% premium tax on all casualty insurance policies issued in the City limits. Employees are required to contribute 9% of their annual salary to the plan. The City is required to contribute an actuarially determined rate that includes the state contribution; the current rate is 38.02% of annual covered payroll, subject to a minimum of 4%. Any unfunded accrued liability is amortized over no more than 30 years. The City/State contributed \$2,403,937 for the year ended September 30, 2019.

3. Municipal Firefighters’ Retirement Plan

Contributions are established by local ordinance and include a 1.85% excise tax from policyholders on all premiums collected on property fire insurance covering property within the City limits. Employees are required to contribute 9.3% of their salary to the plan. The City is required to contribute an actuarially determined rate that includes the state contribution; the current rate is 23.78% of annual covered payroll, subject to a minimum of 4%. The City/State contributed \$1,635,728 for the year ended September 30, 2019.

Municipalities that have established pension plans complying with the provisions of Chapters 175 and 185, Florida Statutes, and that have enacted appropriate tax legislation are eligible to receive revenues generated from excise taxes on gross receipts of certain insurance premiums from policyholders covering property within the City limits. These are the Firefighters’ Pension Fund Excise Tax imposed on the gross receipts of property insurance policy premiums and the Police Officers’ Pension Fund Excise Tax imposed on the gross receipts of casualty insurance policy premiums. These revenues, received in the City’s General Fund and expended as Public Safety activity, are \$294,800 and \$462,900, respectively, for the year ended September 30, 2019.

Insurance premium excise tax revenues collected in the 1997 calendar year represent an initial “frozen” state contribution. Until plan benefits are improved for the police officers’ and firefighters’ retirement plans, the City’s (the sponsor) contributions are determined based upon the lesser of: (1) the actual state contributions received in the plan year, or (2) the “frozen” state contribution amounts. State contributions received in any plan year in excess of the applicable “frozen” state contribution amounts are segregated from plan assets to be used exclusively to fund benefit improvements. These excess state contributions are accumulated in reserve balances titled “Excess State Monies Reserve.” There were no applicable “frozen” amounts for the City’s plans for the year ended September 30, 2019.

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS – continued

D. Actuarial Methods and Significant Assumptions

	General Employees	Police Officers	Firefighters
Contribution rates:			
Employer	19.35%	38.02%	23.78%
Employee	4.90%	9.00%	9.30%
Actuarial valuation date	10/1/2018	10/1/2018	10/1/2018
Actuarial cost method	Entry Age Normal Changes of assumptions and differences between assumptions and actual experience are recognized over the average of the remaining service lives of all employees that are provided with benefits through the pension plan. Differences between expected earnings on plan investments and actual investment earnings are recognized over a five-year period. Changes in benefit terms are recognized immediately.	Entry Age Normal Changes of assumptions and differences between assumptions and actual experience are recognized over the average of the remaining service lives of all employees that are provided with benefits through the pension plan. Differences between expected earnings on plan investments and actual investment earnings are recognized over a five-year period. Changes in benefit terms are recognized immediately.	Entry Age Normal Changes of assumptions and differences between assumptions and actual experience are recognized over the average of the remaining service lives of all employees that are provided with benefits through the pension plan. Differences between expected earnings on plan investments and actual investment earnings are recognized over a five-year period. Changes in benefit terms are recognized immediately.
Amortization method	Contract Value with a market value adjustment factor for Guaranteed Deposit Account Assets, and at Market Value for Separate Accounts	Contract Value with a market value adjustment factor for Guaranteed Deposit Account Assets, and at Market Value for Separate Accounts	Contract Value with a market value adjustment factor for Guaranteed Deposit Account Assets, and at Market Value for Separate Accounts
Asset valuation method			
Actuarial assumptions:			
Investment rate of return	7.00%	7.00%	7.00%
Projected salary increase	5.5%	5.5%	5.5%
(includes inflation at)	2.25%	2.25%	2.25%

The most recent assumption analysis for all three plans was performed in 2009 for Disability Rates and Salary and in 2013 for Salary and Payroll Growth. The most recent assumption analysis for Police Retirement rates was performed in 2018.

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS – continued

E. Net Pension Liability and Pension Expense

The following table presents the change in the Net Pension Liability of the City’s three pension plans as of the measurement date at September 30, 2019:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Total Pension Liability			
Service Cost	\$ 2,113,188	\$ 2,619,329	\$ 1,811,047
Interest	4,286,621	4,243,435	3,455,155
Differences Between Expected and Actual			
Experience and Changes in Assumptions	(350,974)	1,303,288	1,671,508
Changes in actuarial assumptions	1,809,346	-	-
Benefit Payments, Including Refunds of Contrib.	<u>(3,493,077)</u>	<u>(2,216,893)</u>	<u>(2,070,017)</u>
Net Change in Total Pension Liability	4,365,104	5,949,159	4,867,693
Total Pension Liability - Beginning	<u>60,841,792</u>	<u>59,619,191</u>	<u>48,674,209</u>
Total Pension Liability - Ending (a)	<u>\$ 65,206,896</u>	<u>\$ 65,568,350</u>	<u>\$ 53,541,902</u>
Plan Fiduciary Net Position			
Contributions - City	\$ 2,311,235	\$ 2,403,937	\$ 1,635,728
Contributions - Employees	638,379	729,422	802,599
Net Investment Income	1,914,581	2,038,402	1,571,343
Benefit Payments, Including Refunds of Contrib.	(3,493,077)	(2,216,893)	(2,070,017)
Administrative Expense	<u>(61,798)</u>	<u>(60,451)</u>	<u>(57,040)</u>
Net Change in Plan Fiduciary Net Position	1,309,320	2,894,417	1,882,613
Plan Fiduciary Net Position - Beginning	<u>53,228,222</u>	<u>54,768,453</u>	<u>42,511,628</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 54,537,542</u>	<u>\$ 57,662,870</u>	<u>\$ 44,394,241</u>
City's Net Pension Liability - ending (a) - (b)	\$ 10,669,354	\$ 7,905,480	\$ 9,147,661
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.64%	87.94%	82.91%

As of September 30, 2019, the City’s total net pension liability amounted to \$27,722,495 for all three defined-benefit pension plans. For the year ended September 30, 2019, the City recognized pension expense of \$2,415,606 related to the General Employees’ Retirement Plan, \$2,809,520 related to the Police Officers’ Retirement Plan, and \$2,115,038 related to the Firefighters’ Retirement Plan.

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS – continued

F. Deferred Outflows and Deferred Inflows of Resources

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>General Employees</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Net difference between projected and actual earnings on plan investments	\$ 215,052	\$ -
Difference between expected and actual experience	14,324	(938,861)
Difference for changes in assumptions	<u>2,489,078</u>	<u>-</u>
Total	<u>2,718,454</u>	<u>(938,681)</u>
	<u>Police Officers</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Net difference between projected and actual earnings on plan investments	303,513	-
Difference between expected and actual experience	548,854	(1,210,511)
Difference for changes in assumptions	<u>2,683,176</u>	<u>(1,539,929)</u>
Total	<u>3,535,543</u>	<u>(2,750,440)</u>
	<u>Firefighters</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Net difference between projected and actual earnings on plan investments	241,692	-
Difference between expected and actual experience	877,769	(350,900)
Difference for changes in assumptions	<u>2,371,062</u>	<u>-</u>
Total	<u>3,490,523</u>	<u>(350,900)</u>
Total All City Plans	<u>\$ 9,744,520</u>	<u>\$ (4,040,021)</u>

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

<u>Year Ending</u>	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Net Amount</u>
2020	\$ 852,793	\$ 634,038	\$ 950,444	\$ 2,437,275
2021	173,801	(133,150)	507,614	548,265
2022	192,559	(190,338)	449,638	451,859
2023	560,620	344,796	838,682	1,744,098
2024	-	129,757	393,245	523,002
	<u>\$ 1,779,773</u>	<u>\$ 785,103</u>	<u>\$ 3,139,623</u>	<u>\$ 5,704,499</u>

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS – continued

G. Combining Fiduciary Statements

The Combining Statement of Fiduciary Net Position at September 30, 2019 is stated as follows:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 2,112,273	\$ 3,585,232	\$ 2,629,173	\$ 8,326,678
Investments at fair value	52,365,905	53,566,853	41,426,256	147,359,014
Contributions receivable	<u>59,364</u>	<u>510,785</u>	<u>338,812</u>	<u>908,961</u>
Total Assets	<u>54,537,542</u>	<u>57,662,870</u>	<u>44,394,241</u>	<u>156,594,653</u>
Total Net Position	<u>\$ 54,537,542</u>	<u>\$ 57,662,870</u>	<u>\$ 44,394,241</u>	<u>\$ 156,594,653</u>

The Combining Statement of Changes in Fiduciary Net Position at September 30, 2019 is stated as follows:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Total</u>
ADDITIONS				
Contributions:				
Employer Contributions	\$ 2,311,235	\$ 1,941,037	\$ 1,340,929	\$ 5,593,201
State Contributions	-	462,900	294,800	757,700
Member Contributions	<u>638,379</u>	<u>729,422</u>	<u>802,599</u>	<u>2,170,400</u>
Total Contributions	<u>2,949,614</u>	<u>3,133,359</u>	<u>2,438,328</u>	<u>8,521,301</u>
Investment Income (Loss):				
Interest, dividends and other income	958,729	1,001,367	777,698	2,737,794
Net appreciation (depreciation) in fair value of investments	(7,044)	252,170	128,796	373,922
Gains (losses) on sales of investments	<u>962,896</u>	<u>784,865</u>	<u>664,848</u>	<u>2,412,609</u>
Net Investment Income (Loss)	<u>1,914,581</u>	<u>2,038,402</u>	<u>1,571,342</u>	<u>5,524,325</u>
Total Additions	<u>4,864,195</u>	<u>5,171,761</u>	<u>4,009,670</u>	<u>14,045,626</u>
DEDUCTIONS				
Benefit payments	3,098,723	2,118,589	2,063,376	7,280,688
Termination payments	394,354	98,304	6,641	499,299
Administrative expense	<u>61,798</u>	<u>60,451</u>	<u>57,040</u>	<u>179,289</u>
Total Deductions	<u>3,554,875</u>	<u>2,277,344</u>	<u>2,127,057</u>	<u>7,959,276</u>
CHANGE IN NET POSITION	1,309,320	2,894,417	1,882,613	6,086,350
NET POSITION RESTRICTED FOR PENSIONS				
Beginning of year	<u>53,228,222</u>	<u>54,768,453</u>	<u>42,511,628</u>	<u>150,508,303</u>
End of year	<u>\$ 54,537,542</u>	<u>\$ 57,662,870</u>	<u>\$ 44,394,241</u>	<u>\$ 156,594,653</u>

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (“OPEB”)

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

Eligibility

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

City of Apopka Municipal Firefighters’ Retirement:

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

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

City of Apopka Municipal General Employees’ Retirement:

Normal Retirement: Age 57 with 5 years of service

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

City of Apopka Municipal Police Officers’ Retirement:

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

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

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

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

OPEB Coverage

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

Health Insurance Subsidy/Reduced Retiree Contribution

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

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

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

Membership of each plan consist of the following:

Date of Actuarial Valuation:	<u>9/30/19</u>
Retirees and Beneficiaries Receiving Benefits	126
Active Plan Members	<u>438</u>
Total	<u>564</u>

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

Actuarial Methods and Assumptions

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

Valuation Date	October 1, 2018
Measurement Date	September 30, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Experience/Assumptions gains and losses starting on 10/1/16
Remaining Amortization Period	11 years closed
Actuarial Assumptions:	
Discount Rate	2.66%
Projected Salary Increases	3.50%
Inflation Rate	2.50%

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

In the descriptions below:

- “Fire” refers to City of Apopka Municipal Firefighters’ Retirement Plan
- “General” refers to City of Apopka Municipal General Employees’ Retirement Plan
- “Police” refers to the City of Apopka Municipal Police Officers’ Retirement Plan

In the most current valuation (dated 9/30/19), the actuarial assumptions used for the calculation of cost and liabilities are as follows:

- 1. Mortality Rates: Pub-2010 base table scaled generationally using MP-189
- 2. Withdrawal Rates: Sample rates of withdrawal for employees:

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

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

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

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

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

5. Health Care Cost Trend Rate:

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

Expense Type	Select	Ultimate
Pre-Medicare Medical and Rx Benefits	6.5%	4.5%
Medicare Benefits	5.5%	4.5%
Stop Loss Fees	6.5%	4.5%
Administrative Fees	4.5%	4.5%

Total OPEB Liability

The City’s total OPEB liability of \$23,797,000 was measured as of September 30, 2019 and was determined by an actuarial valuation as of September 30, 2019.

Changes in Total OPEB Liability

	Valuation as of September 30, 2019
Service Cost	\$ 1,281,375
Interest on the Total OPEB Liability	813,644
Difference between expected and actual experience	408,869
Changes in assumptions and inputs	3,747,182
Benefit payments	(725,685)
Net change in Total OPEB Liability	5,525,385
Total OPEB Liability at Beginning of Year	18,271,184
Total OPEB Liability at End of Year	<u>\$ 23,796,569</u>

Changes in assumptions reflect a change in the discount rate from 4.24% for the fiscal year ended September 30, 2018 to 2.66% for the fiscal year ended September 30, 2019.

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

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate of 2.66%.

Sensitivity Analysis		
1% Decrease	Current Discount Rate	1% Increase
1.66%	2.66%	3.66%
\$26,961,000	\$23,797,000	\$21,172,000

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

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

Trend Analysis		
1% Decrease	Current Discount Rate	1% Increase
5.5%	6.5%	7.5%
\$28,750,000	\$23,797,000	\$19,832,000

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

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

OPEB expense for the fiscal year ended September 30, 2019 was \$2,243,000. On September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ 373,003	\$ -
Changes in assumptions	<u>3,418,482</u>	<u>(2,056,006)</u>
Total	<u>\$ 3,791,485</u>	<u>\$ (2,056,006)</u>

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

<u>Year Ending</u>	<u>General Employees</u>
2020	\$ 148,264
2021	148,264
2022	148,264
2023	148,264
2024	148,264
After	<u>994,159</u>
	<u>\$ 1,735,479</u>

NOTE 9 – RISK MANAGEMENT

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

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Limitations</u>
Property	\$104,712,280	Buildings and Personal Property
	Included	Electrical data processing
	\$50,000,000	Flood
	Included	Radio equipment
	Included	Valuable papers
	Included	A/R, per location to a maximum of \$250,000
Automobile	\$50,000,000	Boiler and Machinery
	\$100,000,000	Business income with extra expense
	\$2,000,000	Liability combined single limit, per occurrence
	Statutory	Personal Injury protection
	Excluded	Uninsured/Underinsured motorists bodily injury liability
	Included	Hired and Non-Owned Physical damage
	Included	Hired and Non-Owned Auto Liability
Crime	\$500,000	Employee Dishonesty
	\$500,000	Money & Securities inside and outside
	\$500,000	Forgery or Alteration
General Liability	\$2,000,000	Combined single limits, per occurrence Includes premises and products & completed construction
Sexual Harassment	Included	Total policy limit
Public Entity Employment Practices Liability	\$2,000,000	Per occurrence
Cyber Liability	\$1,000,000	Per member
	\$5,000,000	Per pool aggregate
Treasurer Bond	\$100,000	Per person
Public Officials Errors and Omissions Liability	\$2,000,000	Each occurrence
	\$2,000,000	Sexual harassment
Law Enforcement Officers Liability	\$2,000,000	Each occurrence
Statutory Death Benefit (Police, Fire, General)	Statutory	Per covered person
Fiduciary Responsibility	\$1,000,000	For all claims
Pollution Liability	\$1,000,000	Each occurrence and aggregate

NOTE 9 – RISK MANAGEMENT - continued

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

There have been no significant reductions in insurance coverage during fiscal year 2018-2019. Settled claims have not exceeded the commercial excess coverage in any of the past three years.

NOTE 10 – DEFICIT ENDING FUND BALANCE / NET POSITION

Deficits in Ending Fund Balance in individual funds are as follows at September 30, 2019:

The Grants Fund had a deficit ending fund balance at September 30, 2019. This deficit will be remedied in future periods from receipts from Hurricane Irma.

The Special Assessment Fund had a deficit ending fund balance at September 30, 2019. This deficit will be remedied in future periods from special assessment receipts and additional transfers from the General Fund for project overruns.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Intergovernmental Grants

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

Construction Commitments

As of September 30, 2019, there were uncompleted construction contracts as follows:

<u>Vendor</u>	<u>Commitment Remaining</u>
Garney Construction	\$ 3,759,589
Total	\$ 3,759,589

NOTE 12 – SUBSEQUENT EVENTS

On December 31, 2019, the first cases of what would become the COVID-19 virus were reported in China. Since then the virus has spread across the globe and has been declared a global pandemic by the World Health Organization. The City continues to monitor the situation; however, the impact to the City cannot be determined at this time.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF APOPKA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended September 30, 2019

SCHEDULE OF CONTRIBUTIONS
GENERAL EMPLOYEES' PENSION PLAN

	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Actuarially Determined Contribution	\$ 2,096,466	\$ 1,854,869	\$ 1,826,874	\$ 1,674,255	\$ 1,691,531	\$ 1,767,282
Contributions in Relation to the Actuarially Determined Contribution	(2,311,235)	(2,141,587)	(2,081,290)	(1,777,353)	(1,665,895)	(1,837,620)
Contribution Deficiency (Excess)	\$ (214,769)	\$ (286,718)	\$ (254,416)	\$ (103,098)	\$ 25,636	\$ (70,338)

Covered Payroll	\$ 11,946,517	\$ 11,637,290	\$ 11,041,275	\$ 10,237,697	\$ 9,772,660	\$ 9,817,061
Contributions as a Percentage of Covered Payroll	19.35%	18.40%	18.85%	17.36%	17.05%	18.72%

Valuation Date: 10/1/2018, 10/1/2017, 10/1/2016, 10/1/2015, 10/1/2014, 10/1/2012
 Funding Method: Entry Age Normal

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

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

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

Inflation: 2.25%

Salary Increases: Salary is assumed to increase at the rate of 5.50%

Interest Rate: 7.00% per year

Retirement Age: Age 57 with 5 years of Credited Service. Also, any member who has reached Normal Retirement is assumed not to retire within the next year. Vested termination participants are assumed to commence benefits on Normal Retirement Date.

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

Termination Rates: See table below.

Disability Rates: See table below.

RP-2000 Male Disabled set back 4 yrs, Female Disabled set forward 2 yrs
 RP-2000 projected to 2012 by Projection Scale AA. Disabled lives set forward 5 yrs

Age	Termination and Disability Rate Table	
	% Terminating During the Year	% Becoming Disabled During the Year
20	38.6%	0.07%
30	19.4%	0.11%
40	7.3%	0.19%
50	2.7%	0.51%
60	1.2%	1.66%

Note to the Schedule:
 Plan information is only available for years 2014 through 2019. Subsequent years will be added for a full ten-year trend to be presented.

CITY OF APOPKA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended September 30, 2019

SCHEDULE OF CONTRIBUTIONS
POLICE OFFICERS' PENSION PLAN

	9/30/2018	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Actuarially Determined Contribution	\$ 2,403,676	\$ 2,133,870	\$ 1,908,003	\$ 1,684,763	\$ 1,714,708	\$ 1,724,146
Contributions in Relation to the Actuarially Determined Contribution	(2,403,937)	(2,232,206)	(2,191,388)	(1,864,064)	(1,902,126)	(1,856,270)
Contribution Deficiency (Excess)	\$ (261)	\$ (98,336)	\$ (283,385)	\$ (179,301)	\$ (187,418)	\$ (132,124)

Covered Payroll	\$ 6,323,063	\$ 6,811,815	\$ 6,759,969	\$ 6,232,611	\$ 5,592,025	\$ 5,463,618
Contributions as a Percentage of Covered Payroll	38.02%	32.77%	32.42%	29.91%	34.01%	33.98%

Valuation Date 10/1/2018 10/1/2017 10/1/2016 10/1/2015 10/1/2014 10/1/2012
 Funding Method Entry Age Normal
 Changes in assumptions and differences between assumptions and actual experience are recognized over the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees, including retirees).

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

Asset Valuation Method
 Inflation 2.25%
 Salary Increases 3.00%
 Interest Rate 7.00%
 Retirement Age 7.25% per year
 Assets are valued at contract value with a market value adjustment factor for the Guaranteed Deposit Account Assets, and at market value for Separate Accounts, which is considered the best representation of Fair Value. The market value of the Guaranteed Deposit Account is an estimate only and not the result of the precise calculation which would be done at contract discontinuance or to measure the impact of excess withdrawals in any calendar year.
 Salary is assumed to increase at the rate of 5.50%. Projected salary at retirement is increased 20% to account for non-regular 7.50% per year
 Earlier of attainment of age 45 with 10 years of credited service, or 20 years of service regardless of age.
 Commencing with attainment of Early Retirement Status (age 40 with 10 years of service)

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

Early Retirement Termination Rates See table below.
 Disability Rates See table below.
 Mortality RP-2000 Generational projected with Scale BB RP-2000 projected to 2012 by Projection Scale AA. Disabled lives set forward 5 years.
 Other Information Termination and Disability Rate Table

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

Note to the Schedule:
 Plan information is only available for years 2014 through 2019. Subsequent years will be added for a full ten-year trend to be presented.

CITY OF APOPKA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2019

SCHEDULE OF CONTRIBUTIONS
FIREFIGHTERS' PENSION PLAN

	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Actuarially Determined Contribution	\$ 1,465,055	\$ 1,225,046	\$ 1,093,683	\$ 761,586	\$ 974,234	\$ 1,072,495
Contributions in Relation to the Actuarially Determined Contribution	(1,635,728)	(1,481,416)	(1,272,669)	(936,800)	(1,043,401)	(1,097,949)
Contribution Deficiency (Excess)	\$ (170,673)	\$ (256,370)	\$ (178,986)	\$ (175,214)	\$ (69,167)	\$ (25,454)
Covered Payroll	\$ 6,878,300	\$ 6,455,324	\$ 6,167,707	\$ 5,333,015	\$ 4,960,180	\$ 4,701,480
Contributions as a Percentage of Covered Payroll	23.78%	22.95%	20.63%	17.57%	21.04%	23.35%

Valuation Date
Funding Method

10/1/2018 10/1/2017 10/1/2016 10/1/2015 10/1/2014 10/1/2012
Entry Age Normal

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

Amortization Method

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

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

Asset Valuation Method

Inflation 2.25%

Salary Increases
Interest Rate
Retirement Age

Salary is assumed to increase at the rate of 5.50%. Projected salary at retirement is increased 20% to account for non-regular 7.00% per year 7.25% per year 7.50% per year
Earlier of attainment of age 55 with 10 years of credited service, or 22 years of service regardless of age.

Early Retirement

Commencing with attainment of Early Retirement Status (age 50 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

Termination Rates
Disability Rates

See table below.
See table below.

Mortality
Other Information

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

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

Termination and Disability Rate Table

Note to the Schedule:
Plan information is only available for years 2014 through 2019. Subsequent years will be added for a full ten-year trend to be presented.

CITY OF APOPKA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2019

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

	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total Pension Liability						
Service Cost	\$ 2,113,188	\$ 2,055,827	\$ 1,775,984	\$ 1,724,102	\$ 1,629,195	\$ 1,564,998
Interest	4,286,621	4,084,632	3,996,514	3,768,999	3,517,510	3,294,972
Differences Between Expected and Actual Experience and Changes in Assumptions	1,458,372	(127,556)	561,919	144,541	458,032	(54,827)
Benefit Payments, Including Refunds of Member Contributions	(3,493,077)	(2,969,739)	(3,149,175)	(2,461,778)	(2,094,964)	(1,663,848)
Net Change in Total Pension Liability	4,365,104	3,043,164	3,185,242	3,175,864	3,509,773	3,141,295
Total Pension Liability - Beginning	60,841,792	57,798,628	54,613,386	51,437,522	47,927,749	44,786,454
Total Pension Liability - Ending (a)	\$ 65,206,896	\$ 60,841,792	\$ 57,798,628	\$ 54,613,386	\$ 51,437,522	\$ 47,927,749
Plan Fiduciary Net Position						
Contributions - City	\$ 2,311,235	\$ 2,141,587	\$ 2,081,290	\$ 1,777,353	\$ 1,665,895	\$ 1,837,620
Contributions - Employees	638,379	620,925	576,071	531,041	512,745	535,334
Net Investment Income	1,914,581	4,198,683	5,610,806	3,337,768	287,819	3,364,185
Benefit Payments, Including Refunds of Member Contributions	(3,493,077)	(2,969,739)	(3,149,175)	(2,461,778)	(2,094,964)	(1,663,848)
Administrative Expense	(61,798)	(37,175)	(39,716)	(41,665)	(48,635)	(31,939)
Net Change in Plan Fiduciary Net Position	1,309,320	3,954,281	5,079,276	3,142,719	322,860	4,041,352
Plan Fiduciary Net Position - Beginning, as restated	53,228,222	49,273,941	44,194,665	41,051,946	40,729,086	36,687,734
Plan Fiduciary Net Position - Ending (b)	\$ 54,537,542	\$ 53,228,222	\$ 49,273,941	\$ 44,194,665	\$ 41,051,946	\$ 40,729,086
City's Net Pension Liability/(Asset) - ending (a) - (b)	\$ 10,669,354	\$ 7,613,570	\$ 8,524,687	\$ 10,418,721	\$ 10,385,576	\$ 7,198,663
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.64%	87.49%	85.25%	80.92%	79.81%	84.98%
Covered Payroll	11,946,517	11,637,290	11,041,275	10,237,967	9,772,660	9,817,067
Net Pension Liability as a Percentage of Covered Payroll	89.31%	65.42%	77.21%	101.77%	106.27%	73.33%

Note to the Schedule:
Plan information is only available for years 2014 through 2019. Subsequent years will be added for a full ten-year trend to be presented.

CITY OF APOPKA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2019

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

	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total Pension Liability						
Service Cost	\$ 2,619,329	\$ 2,717,587	\$ 2,422,832	\$ 2,157,662	\$ 1,934,067	\$ 1,885,080
Interest	4,243,435	4,022,868	3,809,955	3,487,029	3,044,711	2,787,119
Change in Excess State Money	-	-	-	-	80,666	61,888
Changes of Benefit Terms	-	-	-	-	1,166,703	-
Differences Between Expected and Actual Experience and Changes in Assumptions	1,303,288	(1,487,919)	504,898	1,030,680	1,160,806	146,571
Benefit Payments, Including Refunds of Member Contributions	(2,216,893)	(2,203,819)	(1,975,939)	(2,183,366)	(1,386,946)	(1,403,290)
Net Change in Total Pension Liability	5,949,159	3,048,717	4,761,746	4,492,005	6,000,007	3,477,368
Total Pension Liability - Beginning	59,619,191	56,570,474	51,808,728	47,316,723	41,316,716	37,839,348
Total Pension Liability - Ending (a)	\$ 65,568,350	\$ 59,619,191	\$ 56,570,474	\$ 51,808,728	\$ 47,316,723	\$ 41,316,716
Plan Fiduciary Net Position						
Contributions - City	\$ 2,403,937	\$ 2,232,206	\$ 2,191,388	\$ 1,864,064	\$ 1,902,126	\$ 1,856,270
Contributions - State	-	-	-	-	80,666	61,888
Contributions - Employees	729,422	705,904	613,880	640,046	431,461	399,320
Net Investment Income	2,038,402	4,217,439	5,565,273	3,235,121	267,550	3,179,742
Benefit Payments, Including Refunds of Member Contributions	(2,216,893)	(2,203,819)	(1,975,939)	(2,183,366)	(1,386,946)	(1,403,290)
Administrative Expense	(60,451)	(38,944)	(39,142)	(37,054)	(55,891)	(31,542)
Net Change in Plan Fiduciary Net Position	2,894,417	4,912,786	6,355,460	3,518,811	1,238,966	4,062,388
Plan Fiduciary Net Position - Beginning, as restated	54,768,453	49,855,667	43,500,207	39,981,396	38,742,430	34,680,042
Plan Fiduciary Net Position - Ending (b)	\$ 57,662,870	\$ 54,768,453	\$ 49,855,667	\$ 43,500,207	\$ 39,981,396	\$ 38,742,430
City's Net Pension Liability/(Asset) - ending (a) - (b)	\$ 7,905,480	\$ 4,850,738	\$ 6,714,807	\$ 8,308,521	\$ 7,335,327	\$ 2,574,286
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.94%	91.86%	88.13%	83.96%	84.50%	93.77%
Covered Payroll	6,323,063	6,811,815	6,167,707	6,232,611	5,592,025	5,463,618
Net Pension Liability as a Percentage of Covered Payroll	125.03%	71.21%	108.87%	133.31%	131.17%	47.12%

Note to the Schedule:

Plan information is only available for years 2014 through 2019. Subsequent years will be added for a full ten-year trend to be presented.

CITY OF APOPKA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2019

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

	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total Pension Liability						
Service Cost	\$ 1,811,047	\$ 1,729,741	\$ 1,438,974	\$ 1,269,608	\$ 993,460	\$ 1,107,888
Interest	3,455,155	3,162,573	2,940,396	2,699,641	2,396,529	2,284,005
Change in Excess State Money	-	-	-	-	102,251	115,677
Changes of Benefit Terms	-	-	-	-	1,449,756	-
Differences Between Expected and Actual Experience and Changes in Assumptions	1,671,508	723,304	941,126	541,295	670,993	(461,117)
Benefit Payments, Including Refunds of Member Contributions	(2,070,017)	(1,106,825)	(1,157,613)	(1,225,547)	(1,728,061)	(1,294,371)
Net Change in Total Pension Liability	4,867,693	4,508,793	4,162,883	3,284,997	3,884,928	1,752,082
Total Pension Liability - Beginning	48,674,209	44,165,416	40,002,533	36,717,536	32,832,608	31,080,526
Total Pension Liability - Ending (a)	\$ 53,541,902	\$ 48,674,209	\$ 44,165,416	\$ 40,002,533	\$ 36,717,536	\$ 32,832,608
Plan Fiduciary Net Position						
Contributions - City	\$ 1,635,728	\$ 1,481,416	\$ 1,272,669	\$ 936,800	\$ 1,043,401	\$ 1,097,949
Contributions - State	-	-	-	-	102,251	115,677
Contributions - Employees	802,599	631,691	650,530	505,327	454,232	527,346
Net Investment Income	1,571,343	3,253,596	4,279,794	2,479,649	212,672	2,517,705
Benefit Payments, Including Refunds of Member Contributions	(2,070,017)	(1,106,825)	(1,157,613)	(1,225,547)	(1,728,061)	(1,294,371)
Administrative Expense	(57,040)	(36,310)	(36,316)	(35,109)	(60,040)	(28,402)
Net Change in Plan Fiduciary Net Position	1,882,613	4,223,568	5,009,064	2,661,120	24,455	2,935,904
Plan Fiduciary Net Position - Beginning, as restated	42,511,628	38,288,060	33,278,996	30,617,876	30,593,421	27,657,517
Plan Fiduciary Net Position - Ending (b)	\$ 44,394,241	\$ 42,511,628	\$ 38,288,060	\$ 33,278,996	\$ 30,617,876	\$ 30,593,421
City's Net Pension Liability/(Asset) - ending (a) - (b)	\$ 9,147,661	\$ 6,162,581	\$ 5,877,356	\$ 6,723,537	\$ 6,099,660	\$ 2,239,187
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.91%	87.34%	86.69%	83.19%	83.39%	93.18%
Covered Payroll	6,878,300	6,455,324	6,759,969	5,333,015	4,960,180	4,701,480
Net Pension Liability as a Percentage of Covered Payroll	132.99%	95.47%	86.94%	126.07%	122.97%	47.63%

Note to the Schedule:

Plan information is only available for years 2014 through 2019. Subsequent years will be added for a full ten-year trend to be presented.

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

	2019	2018	2017	2016	2015	2014
General Employees						
Annual Money-Weighted Rate of Return, Net of Investment Expense	3.60%	8.50%	12.70%	8.20%	0.70%	9.10%
Police Officers						
Annual Money-Weighted Rate of Return, Net of Investment Expense	3.70%	8.40%	12.70%	8.10%	0.70%	9.10%
Firefighters						
Annual Money-Weighted Rate of Return, Net of Investment Expense	3.70%	8.40%	12.70%	8.10%	0.70%	9.00%

Note to the Schedule:

Plan information is only available for years 2014 through 2019. Subsequent years will be added for a full ten-year trend to be presented.

CITY OF APOPKA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2019

Schedule of Changes in Total OPEB Liability and Related Ratios

TOTAL OPEB LIABILITY	9/30/2019	9/30/2018
Service Cost	\$ 1,281,375	\$ 1,394,359
Interest	813,644	831,014
Change of benefit terms	-	(489,765)
Differences between Expected and Actual Experience	408,869	-
Change in assumptions or other inputs	3,747,182	(1,280,794)
Benefit Payments	(725,685)	(777,330)
Net change in total OPEB Liability	5,525,385	(322,516)
Total OPEB Liability - beginning	18,271,184	18,593,700
Total OPEB Liability - ending	\$ 23,796,569	\$ 18,271,184
Covered employee payroll	\$ 31,387,625	\$ 23,957,000
Total OPEB Liability as a percentage of covered employee payroll	75.8%	76.3%

Note to the Schedule:

Plan information is only available for years 2018 and 2019. Subsequent years will be added for a full ten-year trend to be presented.

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF APOPKA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2019

SPECIAL REVENUE FUNDS

	Streets Improvement Fund		Law Enforcement Trust		Transportation Impact Fees		Recreation Impact Fees		Stormwater		Grants Fund		Special Assessment Fund		Police Discretionary		Fire Impact Fees		Police Impact Fees		Total Nonmajor Special Revenue Funds		
ASSETS																							
Cash and Cash Equivalents	\$ 2,008,261	\$ 389,219	\$ 7,534,953	\$ 305,443	\$ 2,560,099	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 415,775	\$ 830,896	\$ 832,205	\$ 14,876,851				\$ 14,876,851	
Accounts Receivable	159,057	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	159,057				159,057	
Due from Other Governments	89,990	-	-	-	1,224	1,177,230	-	-	-	-	-	-	-	675	-	-	-	1,269,119				1,269,119	
Due from Other Funds	-	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				-	
Total Assets	\$ 2,257,308	\$ 389,219	\$ 7,534,953	\$ 305,443	\$ 2,561,323	\$ 1,177,230	\$ -	\$ -	\$ -	\$ -	\$ 416,450	\$ 830,896	\$ 832,205	\$ 16,305,027								\$ 16,305,027	
LIABILITIES																							
Accounts Payable	\$ 121,531	\$ -	\$ 772,503	\$ -	\$ 61,859	\$ 170,549	\$ -	\$ -	\$ -	\$ -	\$ 4,194	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,130,636				\$ 1,130,636	
Accrued Liabilities	7,065	-	-	-	-	5,575	-	-	-	-	-	-	-	-	-	-	-	12,640				12,640	
Due to Other Funds	-	-	-	-	-	1,019,595	42,736	-	-	-	-	-	-	-	-	-	-	1,062,331				1,062,331	
Deposits	3,790	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,790				3,790	
Total Liabilities	132,386	-	772,503	-	61,859	1,195,719	42,736	-	-	4,194	-	-	-	-	-	-	2,209,397				2,209,397		
DEFERRED INFLOWS OF RESOURCES																							
Unavailable Revenues	-	-	-	-	-	10,499	-	-	-	-	-	-	-	-	-	-	-	10,499				10,499	
Total Deferred Inflows of Resources	-	-	-	-	-	10,499	-	-	-	-	-	-	-	-	-	-	-	10,499				10,499	
FUND BALANCES																							
Restricted	2,124,922	389,219	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,514,141				2,514,141	
Committed	-	-	6,762,450	305,443	2,499,464	(28,988)	(42,736)	-	-	-	412,256	830,896	832,205	-	-	-	11,642,714				11,642,714		
Unassigned (Deficit)	-	-	-	-	-	(28,988)	(42,736)	-	-	-	-	-	-	-	-	-	-	(71,724)				(71,724)	
Total Fund Balances	2,124,922	389,219	6,762,450	305,443	2,499,464	(28,988)	(42,736)	-	-	-	412,256	830,896	832,205	-	-	-	14,085,131				14,085,131		
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,257,308	\$ 389,219	\$ 7,534,953	\$ 305,443	\$ 2,561,323	\$ 1,177,230	\$ -	\$ -	\$ -	\$ 416,450	\$ 830,896	\$ 832,205	\$ 16,305,027				\$ 16,305,027				\$ 16,305,027		

CITY OF APOPKA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2019

SPECIAL REVENUE FUNDS

	Streets Improvement Fund	Law Enforcement Trust	Transportation Impact Fees	Recreation Impact Fees	Stormwater	Grants Fund	Special Assessment Fund	Police Discretionary	Fire Impact Fees	Police Impact Fees	Total Nonmajor Special Revenue Funds
REVENUES											
Taxes	\$ 1,738,633	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,738,633
Special Assessments	-	-	-	-	-	-	64,936	-	-	-	64,936
Impact Fees	-	-	3,464,826	287,590	-	-	-	-	446,197	436,268	4,634,881
Intergovernmental Revenues	59,635	-	-	-	-	2,568,537	-	-	-	-	2,628,172
Charges for Services	795,882	-	-	-	441,321	-	-	37,250	-	-	1,274,453
Fines and Forfeitures	-	77,290	-	-	-	-	-	16,216	-	-	93,506
Investment Earnings	27,597	357	103,357	4,196	36,991	-	-	5,714	11,418	11,436	201,066
Miscellaneous Revenues	76,429	-	-	-	-	989	-	56,713	-	-	134,131
Total Revenues	2,698,176	77,647	3,568,183	291,786	478,312	2,569,526	64,936	115,893	457,615	447,704	10,769,778
EXPENDITURES											
Current:											
General Government	-	-	-	-	-	317	-	-	-	-	317
Public Safety	-	12,500	-	-	-	425,426	-	32,414	-	-	470,340
Physical Environment	-	-	-	-	137,622	-	545	-	-	-	138,167
Transportation	2,394,057	-	1,302,139	-	-	-	-	-	-	-	3,696,196
Capital Outlay	75,086	7,510	1,519,852	292,271	51,654	1,091,673	-	31,643	-	-	3,069,689
Total Expenditures	2,469,143	20,010	2,821,991	292,271	189,276	1,517,416	545	64,057	-	-	7,374,709
Excess (Deficiency) of Revenues											
Over (Under) Expenditures	229,033	57,637	746,192	(485)	289,036	1,052,110	64,391	51,836	457,615	447,704	3,395,069
OTHER FINANCING SOURCES (USES)											
Transfers In	677,286	-	-	-	-	779,145	-	-	-	-	1,456,431
Transfers (Out)	-	-	(68,300)	(2,000)	(61,805)	-	(25,500)	-	(5,000)	(5,000)	(167,605)
Total Other Financing Sources (Uses)	677,286	-	(68,300)	(2,000)	(61,805)	779,145	(25,500)	-	(5,000)	(5,000)	1,288,826
Net Change in Fund Balances	906,319	57,637	677,892	(2,485)	227,231	1,831,255	38,891	51,836	452,615	442,704	4,683,895
Fund Balances (Deficit) - Beginning	1,218,603	331,582	6,084,558	307,928	2,272,233	(1,860,243)	(81,627)	360,420	378,281	389,501	9,401,236
Fund Balances (Deficit) - Ending	\$ 2,124,922	\$ 389,219	\$ 6,762,450	\$ 305,443	\$ 2,499,464	\$ (28,988)	\$ (42,736)	\$ 412,256	\$ 830,896	\$ 832,205	\$ 14,085,131

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
STREETS IMPROVEMENT SPECIAL REVENUE FUND
For the Year Ended September 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 1,725,726	\$ 1,738,633	\$ 12,907
Intergovernmental Revenues	-	59,635	59,635
Charges for Services	644,000	795,882	151,882
Investment Earnings	4,000	27,597	23,597
Miscellaneous Revenues	-	76,429	76,429
Total Revenues	2,373,726	2,698,176	324,450
EXPENDITURES			
Current:			
Transportation	3,539,494	2,394,057	1,145,437
Capital Outlay	156,954	75,086	81,868
Total Expenditures	3,696,448	2,469,143	1,227,305
Excess (Deficiency) of Revenues Over Expenditures	(1,322,722)	229,033	1,551,755
OTHER FINANCING SOURCES (USES)			
Transfers In	677,286	677,286	-
Total Other Financing Sources	677,286	677,286	-
Net Change in Fund Balance	(645,436)	906,319	1,551,755
Fund Balance - Beginning	1,218,603	1,218,603	-
Fund Balance - Ending	\$ 573,167	\$ 2,124,922	\$ 1,551,755

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
LAW ENFORCEMENT TRUST SPECIAL REVENUE FUND
For the Year Ended September 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Fines and Forfeitures	\$ 60,000	\$ 77,290	\$ 17,290
Investment Earnings	600	357	(243)
Total Revenues	<u>60,600</u>	<u>77,647</u>	<u>17,047</u>
EXPENDITURES			
Current:			
Public Safety	100,000	12,500	87,500
Capital Outlay	100,000	7,510	92,490
Total Expenditures	<u>200,000</u>	<u>20,010</u>	<u>179,990</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(139,400)</u>	<u>57,637</u>	<u>197,037</u>
Net Change in Fund Balance	(139,400)	57,637	197,037
Fund Balance - Beginning	<u>331,582</u>	<u>331,582</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 192,182</u>	<u>\$ 389,219</u>	<u>\$ 197,037</u>

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION IMPACT FEES SPECIAL REVENUE FUND
For the Year Ended September 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Impact Fees	\$ 1,850,000	\$ 3,464,826	\$ 1,614,826
Intergovernmental Revenues	1,500,000	-	(1,500,000)
Investment Earnings	25,000	103,357	78,357
Total Revenues	3,375,000	3,568,183	193,183
EXPENDITURES			
Current:			
Transportation	3,775,929	1,302,139	2,473,790
Capital Outlay	3,801,152	1,519,852	2,281,300
Total Expenditures	7,577,081	2,821,991	4,755,090
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,202,081)	746,192	4,948,273
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	(68,300)	(68,300)	-
Total Other Financing Sources (Uses)	(68,300)	(68,300)	-
Net Change in Fund Balance	(4,270,381)	677,892	4,948,273
Fund Balance - Beginning	6,084,558	6,084,558	-
Fund Balance - Ending	\$ 1,814,177	\$ 6,762,450	\$ 4,948,273

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
RECREATION IMPACT FEES SPECIAL REVENUE FUND
For the Year Ended September 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Impact Fees	\$ 200,000	\$ 287,590	\$ 87,590
Investment Earnings	1,000	4,196	3,196
Total Revenues	<u>201,000</u>	<u>291,786</u>	<u>90,786</u>
EXPENDITURES			
Capital Outlay	309,861	292,271	17,590
Total Expenditures	<u>309,861</u>	<u>292,271</u>	<u>17,590</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(108,861)</u>	<u>(485)</u>	<u>108,376</u>
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	(2,000)	(2,000)	-
Total Other Financing Sources (Uses)	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
Net Change in Fund Balance	(110,861)	(2,485)	108,376
Fund Balance - Beginning	<u>307,928</u>	<u>307,928</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 197,067</u>	<u>\$ 305,443</u>	<u>\$ 108,376</u>

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
STORMWATER SPECIAL REVENUE FUND
For the Year Ended September 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	\$ 415,000	\$ 441,321	\$ 26,321
Investment Earnings	6,000	36,991	30,991
Total Revenues	421,000	478,312	57,312
EXPENDITURES			
Current:			
Physical Environment	207,865	137,622	70,243
Capital Outlay	152,094	51,654	100,440
Total Expenditures	359,959	189,276	170,683
Excess (Deficiency) of Revenues Over Expenditures	61,041	289,036	227,995
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	(61,805)	(61,805)	-
Total Other Financing Sources (Uses)	(61,805)	(61,805)	-
Net Change in Fund Balance	(764)	227,231	227,995
Fund Balance - Beginning	2,272,233	2,272,233	-
Fund Balance - Ending	\$ 2,271,469	\$ 2,499,464	\$ 227,995

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GRANTS SPECIAL REVENUE FUND
For the Year Ended September 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenues	\$ 408,421	\$ 2,568,537	\$ 2,160,116
Miscellaneous Revenues	15,000	989	14,011
Total Revenues	423,421	2,569,526	2,174,127
EXPENDITURES			
Current:			
General Government	916	317	599
Public Safety	385,917	425,426	(39,509)
Capital Outlay	2,027,217	1,091,673	935,544
Total Expenditures	2,414,050	1,517,416	896,634
Excess (Deficiency) of Revenues Over Expenditures	(1,990,629)	1,052,110	3,070,761
OTHER FINANCING SOURCES (USES)			
Transfers In	779,145	779,145	-
Total Other Financing Sources (Uses)	779,145	779,145	-
Net Change in Fund Balance	(1,211,484)	1,831,255	3,070,761
Fund Balance (Deficit) - Beginning	(1,860,243)	(1,860,243)	-
Fund Balance (Deficit) - Ending	\$ (3,071,727)	\$ (28,988)	\$ 3,070,761

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
SPECIAL ASSESSMENT SPECIAL REVENUE FUND
For the Year Ended September 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Special Assessments	\$ 67,000	\$ 64,936	\$ (2,064)
Investment Earnings	150	-	(150)
Total Revenues	<u>67,150</u>	<u>64,936</u>	<u>(2,214)</u>
EXPENDITURES			
Current:			
Physical Environment	41,650	545	41,105
Total Expenditures	<u>41,650</u>	<u>545</u>	<u>41,105</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>25,500</u>	<u>64,391</u>	<u>38,891</u>
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	(25,500)	(25,500)	-
Total Other Financing Sources (Uses)	<u>(25,500)</u>	<u>(25,500)</u>	<u>-</u>
Net Change in Fund Balance	-	38,891	38,891
Fund Balance (Deficit) - Beginning	<u>(81,627)</u>	<u>(81,627)</u>	<u>-</u>
Fund Balance (Deficit) - Ending	<u>\$ (81,627)</u>	<u>\$ (42,736)</u>	<u>\$ 38,891</u>

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
POLICE DISCRETIONARY SPECIAL REVENUE FUND
For the Year Ended September 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	\$ 30,000	\$ 37,250	\$ 7,250
Fines and Forfeitures	300	16,216	15,916
Investment Earnings	-	5,714	5,714
Miscellaneous Revenues	23,328	56,713	33,385
Total Revenues	53,628	115,893	62,265
EXPENDITURES			
Current:			
Public Safety	75,828	32,414	43,414
Capital Outlay	47,500	31,643	15,857
Total Expenditures	123,328	64,057	59,271
Excess (Deficiency) of Revenues Over Expenditures	(69,700)	51,836	121,536
Net Change in Fund Balance	(69,700)	51,836	121,536
Fund Balance - Beginning	360,420	360,420	-
Fund Balance - Ending	\$ 290,720	\$ 412,256	\$ 121,536

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
FIRE IMPACT FEES SPECIAL REVENUE FUND
For the Year Ended September 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Impact Fees	\$ 200,000	\$ 446,197	\$ 246,197
Investment Earnings	100	11,418	11,318
Total Revenues	<u>200,100</u>	<u>457,615</u>	<u>257,515</u>
EXPENDITURES			
Current:			
Public Safety	30,000	-	30,000
Total Expenditures	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>170,100</u>	<u>457,615</u>	<u>287,515</u>
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	(5,000)	(5,000)	-
Total Other Financing Sources and (Uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Net Change in Fund Balance	165,100	452,615	287,515
Fund Balance - Beginning	<u>378,281</u>	<u>378,281</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 543,381</u>	<u>\$ 830,896</u>	<u>\$ 287,515</u>

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
POLICE IMPACT FEES SPECIAL REVENUE FUND
For the Year Ended September 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Impact Fees	\$ 200,000	\$ 436,268	\$ 236,268
Investment Earnings	100	11,436	11,336
Total Revenues	<u>200,100</u>	<u>447,704</u>	<u>247,604</u>
EXPENDITURES			
Current:			
Public Safety	30,000	-	30,000
Total Expenditures	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>170,100</u>	<u>447,704</u>	<u>277,604</u>
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	(5,000)	(5,000)	-
Total Other Financing Sources and (Uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Net Change in Fund Balance	165,100	442,704	277,604
Fund Balance - Beginning	<u>389,501</u>	<u>389,501</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 554,601</u>	<u>\$ 832,205</u>	<u>\$ 277,604</u>

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STATISTICAL SECTION

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Statistical Section

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

Contents

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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.

85-89

Revenue Capacity

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

90-93

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.

94-96

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.

97-98

Operating Information

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

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

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

Net Position	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 89,506,866	\$ 89,626,466	\$ 87,869,626	\$ 86,764,954	\$ 89,327,168	\$ 88,573,433	\$ 87,116,986	\$ 89,746,404	\$ 88,591,298	\$ 91,827,298
Restricted	-	2,173,455	2,032,131	2,174,523	2,156,922	1,907,822	2,482,323	2,398,096	2,237,460	3,310,865
Unrestricted	15,338,837	11,595,902	12,831,110	11,647,104	8,864,250	(214,724)	(9,422,061)	(10,749,809)	(13,022,296)	(11,600,719)
Total governmental activities net assets	\$ 104,845,703	\$ 103,395,823	\$ 102,732,867	\$ 100,586,581	\$ 100,348,340	\$ 90,266,531	\$ 80,177,248	\$ 81,394,691	\$ 77,806,462	\$ 83,537,444
Business-type activities										
Net investment in capital assets	\$ 85,405,361	\$ 87,624,978	\$ 86,015,227	\$ 85,141,627	\$ 84,626,587	\$ 100,656,361	\$ 103,140,729	\$ 122,538,179	\$ 124,589,796	\$ 115,386,750
Restricted	12,347,388	9,301,564	9,842,130	10,337,621	10,762,602	745,661	481,441	281,441	481,441	481,441
Unrestricted	13,569,652	15,640,402	17,283,878	18,362,898	19,309,266	17,057,907	17,018,263	4,846,807	4,345,777	25,567,173
Total business-type activities net assets	\$ 111,322,401	\$ 112,566,944	\$ 113,141,235	\$ 113,842,146	\$ 114,698,455	\$ 118,459,929	\$ 120,640,433	\$ 127,666,427	\$ 129,417,014	\$ 141,435,364
Total Net Assets										
Primary government	\$ 174,912,227	\$ 177,251,444	\$ 173,884,853	\$ 171,906,581	\$ 173,953,755	\$ 189,229,794	\$ 190,257,715	\$ 212,284,583	\$ 213,181,094	\$ 207,214,048
Restricted	12,347,388	11,475,019	11,874,261	12,512,144	12,919,524	2,653,483	2,963,764	2,679,537	2,718,901	3,792,306
Unrestricted	28,908,489	27,236,304	30,114,988	30,010,002	28,173,516	16,843,183	7,596,202	(5,903,002)	(8,676,519)	13,966,454
Total primary government net assets	\$ 216,168,104	\$ 215,962,767	\$ 215,874,102	\$ 214,428,727	\$ 215,046,795	\$ 208,726,460	\$ 200,817,681	\$ 209,061,118	\$ 207,223,476	\$ 224,972,808

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 7,066,267	\$ 6,042,003	\$ 6,995,371	\$ 6,148,920	\$ 6,377,891	\$ 6,511,974	\$ 10,551,924	\$ 10,450,176	\$ 8,064,330	\$ 9,050,051
Public safety	20,687,224	22,686,115	23,502,477	26,038,039	25,985,190	27,864,802	33,942,557	29,189,880	32,665,170	35,025,328
Physical environment	-	-	-	-	-	305,767	152,252	335,011	2,566,149	414,286
Transportation	5,309,419	5,016,376	5,440,391	5,781,288	8,093,858	5,595,625	5,661,534	6,129,087	8,287,064	7,469,837
Economic environment	189,307	479,130	203,250	236,843	251,577	228,422	241,467	283,246	61,391	27,826
Culture and recreation	2,744,468	3,197,661	2,699,130	3,802,962	3,985,137	3,971,409	3,973,536	3,899,524	4,422,038	4,408,527
Interest on long-term debt	609,818	557,059	501,906	440,843	341,785	279,351	260,543	227,858	200,959	297,136
Total governmental activities expenses	36,606,503	37,978,344	39,342,525	42,448,895	45,035,438	44,757,350	54,783,813	50,514,782	56,267,102	56,692,991
Business-type activities:										
Utility system	13,483,200	13,633,236	13,793,770	15,066,790	15,019,098	16,036,573	15,312,542	13,309,805	17,787,110	16,384,968
Sanitation	3,087,328	3,260,503	3,397,041	3,397,745	3,453,253	3,642,605	3,884,273	3,165,186	3,876,225	3,794,914
Airport fuel	-	-	-	-	-	538,306	323,139	330,662	306,182	368,577
Total business-type activities expenses	16,570,528	16,893,739	17,190,811	18,464,535	18,472,351	20,217,484	19,519,954	16,805,653	21,969,517	20,548,459
Total primary government expenses	\$ 53,177,031	\$ 54,872,083	\$ 56,533,336	\$ 60,913,430	\$ 63,507,789	\$ 64,974,834	\$ 74,303,767	\$ 67,320,435	\$ 78,236,619	\$ 77,241,450
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,257,853	\$ 1,308,182	\$ 1,835,687	\$ 1,935,229	\$ 3,922,155	\$ 3,539,928	\$ 4,312,503	\$ 5,035,980	\$ 3,135,861	\$ 4,585,932
Public safety	3,330,192	3,647,620	4,664,249	4,989,182	1,937,810	1,775,398	1,249,905	1,309,862	1,460,059	2,032,713
Transportation	579,970	475,389	576,498	959,100	2,117,946	-	-	-	-	-
Economic environment	398,607	400,948	409,741	401,239	2,019,389	2,377,976	2,950,407	3,003,569	2,902,402	2,379,202
Culture and recreation	501,540	516,993	731,740	891,315	813,576	696,455	814,376	677,164	601,012	619,343
Operating grants and contributions	6,777,070	7,616,070	7,658,910	8,468,829	1,283,718	993,788	1,510,310	1,444,573	2,486,138	2,092,443
Capital grants and contributions	4,364,266	1,570,734	2,474,554	1,904,213	1,855,694	2,345,941	2,026,202	3,526,959	1,618,099	7,129,053
Total governmental activities program revenues	17,209,498	15,535,936	18,351,379	19,549,107	13,950,288	11,729,486	12,863,703	14,998,107	12,203,571	18,838,686
Business-type activities:										
Charges for services:										
Utility system:										
Water sales	4,766,796	5,371,826	5,765,969	5,548,701	5,541,172	5,749,002	5,991,860	8,762,951	6,571,038	7,051,974
Sewer sales	4,926,149	5,167,002	5,479,371	5,537,939	5,691,201	5,984,903	6,116,096	6,648,905	6,803,852	7,164,913
Reclaimed water sales	2,329,372	2,836,583	2,821,403	2,491,136	2,661,176	2,705,554	3,124,269	1,435,435	3,171,280	3,503,156
Sanitation:										
Sanitation fees	3,571,548	3,603,016	3,624,241	3,707,525	3,827,349	3,983,825	4,153,099	4,422,879	4,438,662	4,585,363
Fines	-	151	-	-	-	-	-	-	-	-

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Airport Fuel										
Fuel Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 507,464	\$ 337,697	\$ 336,510	\$ 296,033	\$ 361,215
Operating grants and contributions						4,693,320	1,020,976	764,302		
Capital grants and contributions	3,549,287	3,282,439	2,313,259	4,059,847	4,088,784	5,831,362	5,395,043	5,678,396	8,054,900	14,219,066
Total business-type activities program revenues	19,143,152	20,261,017	20,004,243	21,345,148	21,809,682	29,455,410	26,139,040	28,049,378	29,335,765	36,885,687
Total primary government program revenues	\$ 36,352,650	\$ 35,796,953	\$ 38,355,622	\$ 40,894,255	\$ 35,759,970	\$ 41,184,896	\$ 39,002,743	\$ 43,047,485	\$ 41,539,336	\$ 55,724,373
Net (Expense)/Revenue										
Governmental activities	\$ (19,397,005)	\$ (22,442,408)	\$ (20,991,146)	\$ (22,899,788)	\$ (31,085,150)	\$ (33,027,864)	\$ (41,920,110)	\$ (35,516,675)	\$ (44,063,531)	\$ (37,854,305)
Business-type activities	2,572,624	3,367,278	2,813,432	2,880,613	3,337,331	9,237,926	6,619,086	11,243,725	7,366,248	16,337,228
Total primary government net expense	\$ (16,824,381)	\$ (19,075,130)	\$ (18,177,714)	\$ (20,019,175)	\$ (27,747,819)	\$ (23,789,938)	\$ (35,301,024)	\$ (24,272,950)	\$ (36,697,283)	\$ (21,517,077)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 8,032,965	\$ 6,967,591	\$ 6,708,582	\$ 6,473,486	\$ 6,789,004	\$ 6,994,987	\$ 7,874,031	\$ 9,880,495	\$ 11,012,577	\$ 12,440,816
Franchise taxes, utility taxes and communication services tax										
Gasoline taxes	8,910,570	8,731,059	8,328,612	8,450,604	16,713,171	17,645,762	16,147,299	17,978,174	19,892,104	20,806,645
Sale of capital assets	1,325,623	1,319,668	1,308,220	1,412,722	1,433,900	1,497,364	1,448,906	1,623,250	1,683,683	1,788,078
Miscellaneous revenues	33,154	70,046	(100,645)	81,374	11,444	5,845	-	-	-	-
Sale of capital assets	509,462	503,969	490,664	561,578	235,911	208,132	246,351	1,253,931	384,910	410,689
Investment earnings										
Transfers	129,714	120,395	122,567	95,308	98,712	102,482	129,577	155,322	387,975	680,677
Total governmental activities	3,097,750	3,279,800	3,470,190	3,678,430	3,899,130	4,133,060	5,984,663	5,842,946	7,114,053	6,922,237
	22,039,238	20,992,528	20,328,190	20,753,502	29,181,272	30,587,632	31,830,827	36,734,118	40,475,302	43,585,287
Business-type activities:										
Sale of capital assets	27,453	12,099	41,647	16,238	12,287	-	-	-	-	-
Investment earnings	111,290	108,952	93,332	84,191	104,448	99,269	112,761	113,538	143,501	440,657
Franchise taxes	36,999	31,839	34,695	42,346	36,636	37,729	47,338	63,538	78,548	71,550
Miscellaneous revenue	1,222,247	1,004,172	1,061,375	1,355,953	1,264,737	1,297,947	1,385,982	1,448,139	1,276,343	2,091,152
Transfers	(3,097,750)	(3,279,800)	(3,470,190)	(3,678,430)	(3,899,130)	(4,133,060)	(5,984,663)	(5,842,946)	(7,114,053)	(6,922,237)
Total business-type activities	(1,699,761)	(2,122,738)	(2,239,141)	(2,179,702)	(2,481,022)	(2,698,115)	(4,438,582)	(4,217,731)	(5,615,661)	(4,318,878)
Total primary government	\$ 20,339,477	\$ 18,869,790	\$ 18,089,049	\$ 18,573,800	\$ 26,700,250	\$ 27,889,517	\$ 27,392,245	\$ 32,516,387	\$ 34,859,641	\$ 39,266,409
Change in Net Position										
Governmental activities	\$ 2,642,233	\$ (1,449,880)	\$ (662,956)	\$ (2,146,286)	\$ (1,903,878)	\$ (2,440,232)	\$ (10,089,283)	\$ 1,217,443	\$ (3,588,229)	\$ 5,730,982
Business-type activities	872,863	1,244,543	574,291	700,911	856,309	6,539,811	2,180,504	7,025,994	1,750,587	12,018,350
Total primary government	\$ 3,515,096	\$ (205,337)	\$ (88,665)	\$ (1,445,375)	\$ (1,047,569)	\$ 4,099,579	\$ (7,908,779)	\$ 8,243,437	\$ (1,837,642)	\$ 17,749,332

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund	\$ 426,277	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved	8,496,573	-	-	-	-	-	-	-	-	-
Unreserved	-	1,303,054	204,074	215,035	225,526	89,421	91,118	99,328	111,331	105,711
Nonspendable	-	913,180	974,665	964,801	1,017,749	956,252	759,251	661,521	687,275	796,724
Restricted	-	861,940	940,180	703,445	512,591	979,146	784,439	750,930	1,074,938	1,328,513
Committed	-	844,546	852,908	854,823	854,541	855,809	855,809	855,809	855,809	855,809
Assigned	-	5,505,322	8,812,311	8,788,248	8,228,167	8,993,373	8,076,023	9,913,103	10,184,693	12,386,080
Unassigned	-	9,428,042	11,784,138	11,526,352	10,838,574	11,874,001	10,566,640	12,280,691	12,914,046	15,472,837
Total general fund	\$ 8,922,850	\$ 9,428,042	\$ 11,784,138	\$ 11,526,352	\$ 10,838,574	\$ 11,874,001	\$ 10,566,640	\$ 12,280,691	\$ 12,914,046	\$ 15,472,837
All Other Governmental Funds										
Unreserved, reported in:										
Special revenue funds	\$ 10,521,223	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	394	841
Restricted	-	1,260,275	1,057,476	1,209,722	1,139,173	951,570	1,723,072	1,736,575	1,550,185	2,514,141
Committed	-	9,864,959	10,808,015	11,174,083	9,560,679	10,472,918	12,502,585	12,497,874	12,215,055	14,036,685
Unassigned	-	-	-	-	-	(199,710)	(160,202)	(128,207)	(1,941,870)	(71,724)
Total all other governmental funds	\$ 10,521,223	\$ 11,125,234	\$ 11,865,491	\$ 12,383,805	\$ 10,699,852	\$ 11,224,778	\$ 14,065,455	\$ 14,106,242	\$ 11,823,764	\$ 16,479,943

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

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

(modified accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 15,199,281	\$ 14,322,374	\$ 13,548,609	\$ 13,656,428	\$ 13,821,953	\$ 14,265,977	\$ 14,720,245	\$ 17,499,600	\$ 18,780,588	\$ 20,758,050
Licenses, fees and permits	4,885,499	4,917,670	5,622,483	5,346,169	5,689,506	5,925,542	5,505,925	6,855,004	5,716,168	6,974,564
Special assessments	-	-	-	-	-	65,148	65,070	65,094	65,190	64,936
Impact fees	620,555	830,036	2,083,405	1,425,055	2,252,481	1,201,311	1,550,869	2,287,390	1,489,938	4,634,881
Intergovernmental revenues	6,753,008	7,025,456	7,125,242	7,908,753	8,432,322	9,050,848	9,313,030	3,331,797	11,426,573	14,854,621
Charges for services	3,075,549	3,133,490	3,592,856	4,295,677	4,645,228	3,840,745	3,679,022	10,507,000	3,778,925	4,322,624
Fines and forfeitures	1,492,899	1,670,414	2,288,933	2,588,781	1,597,545	1,957,258	2,386,499	3,434,861	2,156,740	1,598,682
Investment earnings	128,497	120,394	122,566	95,309	98,712	102,482	129,577	155,322	387,975	536,146
Miscellaneous revenues	1,120,841	870,854	841,424	1,070,763	892,989	690,711	933,413	1,751,079	1,885,419	1,865,232
Total revenues	33,276,129	32,890,688	35,225,518	36,386,935	37,430,736	37,100,022	38,283,650	45,887,147	45,687,516	55,609,736
Expenditures										
General government	5,337,598	5,345,545	6,003,034	5,008,060	7,702,765	5,829,309	7,921,687	8,391,320	7,580,579	7,470,266
Public safety	18,344,956	19,187,180	20,184,386	23,071,274	24,219,905	24,791,883	27,370,853	32,563,882	29,551,614	30,028,067
Physical environment	-	-	-	-	-	509,614	195,367	354,847	2,511,747	271,377
Transportation	3,037,602	3,015,783	3,293,003	3,669,943	3,969,041	4,097,371	3,377,495	7,264,173	4,766,150	4,871,379
Economic Environment	141,063	153,360	159,094	199,791	208,436	228,422	241,467	283,246	61,391	27,826
Culture and recreation	2,342,587	2,469,829	2,161,492	3,057,061	3,314,348	3,272,959	3,639,456	3,713,298	3,265,265	3,498,445
Nondepartmental	-	-	-	-	-	-	-	-	-	-
Capital outlay	5,654,441	2,941,263	1,850,400	4,011,144	4,166,380	-	-	-	6,596,438	5,280,370
Debt service:										
Principal payments	1,450,853	1,357,814	1,411,275	2,506,019	4,431,604	1,661,862	2,047,926	2,520,917	3,094,685	3,572,137
Interest and fiscal charges	637,342	590,511	536,680	499,535	431,184	299,374	276,541	251,560	292,552	297,136
Insurance costs	-	-	-	42,500	-	-	-	-	-	-
Total expenditures	36,946,442	35,061,285	35,599,364	42,065,327	48,443,663	40,690,794	45,070,792	55,343,243	57,720,421	55,317,003
Excess of revenues over (under) expenditures	(3,670,313)	(2,170,597)	(373,846)	(5,678,392)	(11,012,927)	(3,590,772)	(6,787,142)	(9,456,096)	(12,032,905)	292,733
Other Financing Sources (Uses)										
Note proceeds	-	-	-	2,260,500	4,147,929	960,000	1,825,000	2,400,000	2,805,000	-
Transfers in	4,990,969	4,328,103	5,630,730	5,013,804	4,863,012	5,065,882	7,378,888	6,924,332	8,822,533	8,546,273
Transfers (out)	(1,893,219)	(1,048,303)	(2,160,541)	(1,335,374)	(963,882)	(932,822)	(1,394,225)	(1,081,386)	(1,708,480)	(1,624,036)
Sale of capital assets	-	-	-	-	-	58,065	-	-	-	-
Capital leases proceeds	-	-	-	-	-	-	510,795	2,967,988	464,729	-
Total other financing sources (uses)	3,097,750	3,279,800	3,470,189	5,938,930	8,047,059	5,151,125	8,320,458	11,210,934	10,383,782	6,922,237
Net change in fund balances	\$ (572,563)	\$ 1,109,203	\$ 3,096,343	\$ 260,538	\$ (2,965,868)	\$ 1,560,353	\$ 1,533,316	\$ 1,754,838	\$ (1,649,123)	\$ 7,214,970
Debt service as a percentage of non-capital expenditures	6.7%	6.1%	5.8%	7.9%	11.0%	4.8%	5.2%	5.0%	6.6%	7.7%

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

Fiscal Year Ended Sept. 30,	Residential Property	Commercial Property	Industrial Property	Total Assessed Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2010	\$ 2,307,557	\$ 673,468	\$ 118,556	\$ 3,099,581	\$ 425,626	\$ 2,673,955	3.5168
2011	2,406,309	794,122	124,550	3,324,981	737,387	2,587,594	3.5168
2012	2,125,229	768,370	132,755	3,026,354	757,036	2,269,318	3.5166
2013	1,872,903	708,303	116,618	2,697,824	757,328	1,940,496	3.5164
2014	1,803,977	762,590	166,731	2,733,298	801,139	1,932,159	3.5161
2015	2,005,159	776,287	215,802	2,997,248	825,329	2,171,919	3.4727
2016	2,113,495	893,438	248,369	3,255,302	821,722	2,433,580	3.2876
2017	2,333,224	923,495	241,368	3,498,087	842,021	2,656,066	3.2876
2018	2,554,539	1,011,089	264,258	3,829,886	876,406	2,953,480	3.7876
2019	2,836,456	1,122,675	293,426	4,252,558	999,860	3,252,698	4.0376

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

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

Fiscal Year	City Direct Rates		Overlapping Rates			
	Basic Rate	Total Direct	Orange County	Orange County School Board	St. John's Water Management District	Library
2010	3.5168	3.5168	4.4347	7.6730	0.4158	0.3748
2011	3.5166	3.5166	4.4347	7.8940	0.4158	0.3748
2012	3.5164	3.5164	4.4347	7.8940	0.4158	0.3748
2013	3.5161	3.5161	4.4347	8.4780	0.3313	0.3748
2014	3.4727	3.4727	4.4347	8.3620	0.3283	0.3748
2015	3.2876	3.2876	4.4347	8.4740	0.3164	0.3748
2016	3.2876	3.2876	4.4347	8.2180	0.3023	0.3748
2017	3.7876	3.7876	4.4347	7.8110	0.2724	0.3748
2018	3.7876	3.7876	4.4347	7.4700	0.2724	0.3748
2019	4.0376	4.0376	4.0480	7.2990	0.2562	0.3748

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

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

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Qorvo (Triquint)	\$ 73,936,918	1	3.04%			0.00%
Coca Cola Company	54,372,109	2	2.23%			0.00%
Duke Energy	49,222,745	3	2.02%			0.00%
MRAD Phase 1 LLC	43,179,643	4	1.77%			0.00%
Oakmont Apopka Road LLC	38,484,193	5	1.58%	13,799,528	3	0.82%
Woolbright Wekiva LLC	24,038,746	6	0.99%	14,953,746	1	0.89%
Embarq (Sprint United Mgmt Co.)	23,682,999	7	0.97%	19,595,088		1.17%
Mid Florida Freezer Warehouse LTD	23,339,979	8	0.96%	-		0.00%
Coca-Cola Co	16,740,830	9	0.69%	-		0.00%
Palm Key II Limited Partnership	15,387,929	10	0.63%	-		0.00%
Icon Hotels LLC			0.00%			0.00%
Wal-Mart Stores East LP			0.00%	10,034,347	4	0.60%
Total	\$ 362,386,091		14.88%	\$ 58,382,709		3.48%

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

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

Fiscal Year Ended Sept. 30,	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Fiscal Year	Amount	Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 8,785,190	\$ 8,429,895	\$	95.96%	15,192	\$ 8,445,087	96.13%
2011	7,557,782	7,254,684		95.99%	23,115	7,277,799	96.30%
2012	7,175,940	6,881,747		95.90%	73,339	6,955,086	96.92%
2013	6,800,777	6,648,428		97.76%	29,207	6,677,635	98.19%
2014	6,949,031	6,754,188		97.20%	34,816	6,789,003	97.70%
2015	7,129,637	6,754,188		94.73%	34,816	6,789,003	95.22%
2016	8,003,262	7,833,130		97.87%	40,901	7,874,031	98.39%
2017	10,070,026	9,873,451		98.05%	7,044	9,880,495	98.12%
2018	11,191,541	10,998,668		98.28%	13,910	11,012,578	98.40%
2019	13,158,440	12,668,440		96.28%	17,204	12,685,644	96.41%

Source: Orange County Tax Collector's Office

* Years 2007 through 2011 Collections restated for presentation purposes

* Includes CRA Ad Valorem Taxes

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

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	Bonds Payable	Notes Payable	Capital Leases	Utility Revenue Bonds	Notes Payable	Capital Leases	Capital Leases	Government			
	\$	\$	\$	\$	\$	\$	\$	\$			
2010	276,750	9,150,000	5,112,154	21,475,000	-	405,569	35,971,178	3.35%	866		
2011	246,000	8,390,000	4,545,090	20,260,000	-	137,849	33,172,311	2.96%	788		
2012	215,250	7,600,000	3,954,566	19,615,000	-	19,547	31,046,526	2.65%	725		
2013	184,500	7,900,500	3,439,297	17,435,000	-	-	30,315,123	2.43%	687		
2014	153,750	11,086,872	-	16,725,000	1,100,000	-	30,398,618	2.19%	666		
2015	656,185	10,460,622	-	17,660,334	982,000	-	31,284,141	2.15%	672		
2016	502,973	9,926,372	410,256	16,703,511	740,000	-	28,283,112	2.19%	591		
2017	335,000	10,148,890	3,189,810	14,480,000	7,843,273	-	35,996,973	2.73%	724		
2018	170,000	10,540,592	3,149,726	15,860,128	26,214,220	-	55,934,666	3.80%	1,082		
2019	-	7,669,156	2,617,494	14,983,887	25,930,122	-	51,200,659	3.26%	958		

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

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

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

Fiscal Year	Utility Revenue Bonds						Coverage
	Utility Service Charges (1)	Less: Operating Expenses (2)	Net Available Revenue		Debt Service		
			Principal	Interest	Principal	Interest	
2010	\$ 14,059,783	\$ 9,022,371	\$ 5,037,412	\$ 595,000	\$ 980,080	3.20	
2011	15,107,926	9,121,388	5,986,538	620,000	952,743	3.81	
2012	16,492,461	9,273,523	7,218,938	645,000	938,793	4.56	
2013	17,195,808	10,285,915	6,909,893	630,000	761,099	4.97	
2014	17,130,614	10,421,678	6,708,936	710,000	623,400	5.03	
2015	19,542,432	10,900,642	8,641,790	725,000	609,200	6.48	
2016	20,627,268	10,988,999	9,638,269	750,000	576,200	7.27	
2017	23,830,106	12,582,754	11,247,352	770,000	564,950	8.43	
2018	24,080,220	17,219,932	6,860,288	-	267,075	25.69	
2019	31,640,254	11,317,481	20,322,773	800,000	267,075	19.05	

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

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

Source: City of Apopka Finance Department

Schedule 11
City of Apopka
Direct and Overlapping Governmental Activities Debt

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Orange County School District**	\$ 1,209,219,119	2.49%	\$ 30,134,326
City Direct Debt (Governmental Activities)		100%	<u>10,286,652</u> Information from Note 6
Total Direct and Overlapping Debt			<u>\$ 40,420,978</u>

Source:

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

Notes:

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

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

** Debt outstanding as of June 05, 2019

https://www.ocps.net/UserFiles/Servers/Server_54619/File/Departments/Finance/FY19%20CAFR%20-%20FINAL%20with%20tabs.pdf

From: OCPAFL.org

<http://www.ocpafll.org/Content/Dynamic/File.dynamic/FID/405249/>

	<u>2019</u>
Apopka Total Taxable Value	3,252,697,979
Orange County Total Taxable Value	130,523,063,811
	2.49%

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

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Unemployment Rate
2010	41,542	\$ 1,072,638	\$ 25,821	38.7	11.6%
2011	42,089	1,119,365	26,595	38.7	10.4%
2012	42,805	1,172,559	27,393	35.4	8.0%
2013	44,129	1,245,100	28,215	35.4	5.6%
2014	45,669	1,385,049	30,328	34.1	5.1%
2015	46,571	1,454,785	31,238	34.1	4.2%
2016	47,826	1,291,828	27,011	36.6	4.0%
2017	49,750	1,320,826	25,895	36.6	3.9%
2018	51,676	1,473,851	28,521	37.3	3.2%
2019	53,447	1,571,342	29,400	37.5	4.4%

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

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

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Century Link (formerly Embarq & Sprint)	650	5	1.26%	2,000	1	19.84%
Northrop Grumman	819	1	1.58%			0.00%
Wal-Mart Supercenter	811	2	1.57%	591	3	5.86%
AdventHealth Orlando (Formally Florida Health)	671	4	1.30%	250	7	2.48%
Qorvo	322	8	0.62%			0.00%
Publix	242	9	0.47%	180	8	1.79%
City of Apopka	476	6	0.92%	399	4	3.96%
Randall Construction	676	3	1.31%			0.00%
Orange County Schools	416	7	0.81%	1,501	2	14.89%
Triquint (formerly SawTek)				350	5	3.47%
Energy Air Inc (relocated)						0.00%
Florida Living Nursing Center				280	6	2.78%
Apopka High School						0.00%
Albertsons (2 Locations)				159	9	1.58%
Home Depot (opened 2004)				118	10	1.17%
Total	5,083		9.84%	5,828		57.81%
			51,676			10,081

Source: City of Apopka Finance Department survey of local businesses

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General government										
Administration	13	14	13	11	10	11	11	10	7	5
Finance & Utility Billing	9	9	8	9	8	9	11	11	15	15
Human resources	3	3	3	3	3	3	4	4	5	5
Planning	8	7	7	8	8	7	8	11	10	10
Building	7	7	6	6	6	6	7	7	9	9
IT	6	6	7	7	7	5	6	7	7	7
Police										
Officers	91	91	88	90	90	90	97	107	108	112
Civilians	32	32	35	35	31	32	37	37	43	40
Fire										
Firefighters and officers	80	80	80	75	78	77	81	100	108	108
Civilians	2	2	3	6	2	3	2	2	2	2
Sanitation	17	17	16	16	18	17	18	18	18	18
Other public works										
Administration	7	7	7	9	9	8	9	9	9	9
Engineering	4	4	3	6	7	7	8	7	8	8
Purchasing	-	-	-	-	-	-	-	-	-	-
Construction	7	6	6	7	7	7	13	9	9	9
Water	21	21	22	22	21	19	17	18	23	23
Wastewater	23	22	21	20	21	19	20	23	24	24
Plant maintenance									11	11
Facilities maintenance	-	-	-	-	-	-	-	2	2	2
Restoration	-	-	-	-	-	-	-	4	4	4
Fleet	10	10	11	11	11	9	13	13	13	13
Streets	8	9	8	9	7	8	16	18	18	18
Cemetery	2	2	1	2	2	2	2	2	2	2
Parks and recreation	28	28	27	28	25	28	20	19	20	20
Total	<u>376</u>	<u>377</u>	<u>372</u>	<u>380</u>	<u>371</u>	<u>367</u>	<u>400</u>	<u>438</u>	<u>475</u>	<u>474</u>

Source: City Finance Department

Schedule 15
City of Apopka
Operating Indicators by Function/Program

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Police										
Physical arrests	2,147	1,523	1,414	1,011	1,505	1,426	1,311	1,232	1,236	1,298
Parking violations	117	32	157	424	152	177	235	51	77	169
Traffic violations	3,521	2,283	1,764	3,636	3,459	3,522	2,058	2,786	2,568	2,519
Red Light Violations	13,870	16,754	22,422	27,630	22,283	23,204	31,773	26,602	34,282	8,014
Fire										
Emergency responses	5,433	5,093	5,418	4,973	5,298	5,563	6,523	7,532	8,484	8,876
Fires extinguished	163	158	143	103	110	107	138	137	136	134
Inspections	2,324	2,614	2,444	2,120	2,740	2,738	2,706	2,680	2,750	2,764
Refuse collection										
Refuse collected (tons per day)	73.5	74.7	73.9	60.3	86.6	91.2	96	100	102	102
Recyclables collected (tons per day)	5.7	5.6	5.7	5.8	5.8	5.2	4	6	6	6.6
Other public works										
Street resurfacing (miles)	4.0	-	-	-	2.4	-	2	4	5	2
Parks and recreation										
Athletic leagues	8	9	10	10	7	7	7	7	7	8
Athletic leagues participants	4,062	3,201	2,175	2,375	2,415	2,395	2,453	3,552	2,572	2,227
Senior and Adult programs	9	14	10	10	13	11	13	18	19	21
Children's programs	4	4	5	5	6	6	7	7	9	9
Facility rental permits	2,861	666	3,269	3,327	3,423	3,368	3,393	7	1,687	1,998
Water										
New connections	270	239	333	405	427	356	670	198	434	651
Average daily consumption (millions of gallons)	7.54	7.35	7.01	6.79	6.82	7.16	8	8	8	8
Peak daily consumption (millions of gallons)	12.44	12.35	9.90	11.02	9.69	10.88	11	11	15	16
Wastewater										
Average daily sewage treatment (millions of gallons)	2.66	2.59	2.62	2.76	2.89	3.07	3	3	3	3
Reclaimed Water										
New connections	219	183	207	261	409	300	402	136	306	355
Average daily consumption (millions of gallons)	5.51	6.03	6.06	5.49	5.64	6.10	7	7	7	7
Peak daily consumption (millions of gallons)	9.61	10.61	9.85	9.39	9.62	11.00	11	14	17	17

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

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	44	54	78	105	105	105	108	108	108	110
Fire stations	4	4	4	4	4	4	4	4	4	6
Refuse collection										
Collection trucks	16	16	17	15	19	19	19	19	19	19
Other public works										
Streets (miles)	203	203	203	203	266	300	303	306	378	191
Streetlights	134	134	134	134	134	134	134	134	134	4,022
Traffic signals	28	32	32	32	33	34	34	34	34	34
Parks and recreation										
Acreage	265.18	265.18	265.18	265.18	265.18	265.18	265	265	265	265
Playgrounds	7	7	7	7	7	7	7	7	7	7
Baseball/softball diamonds	14	14	14	14	14	14	14	14	14	14
Soccer/football fields	15	15	15	16	16	16	16	16	16	16
Community centers	4	4	4	4	4	4	4	4	4	4
Water										
Water mains (miles)	266	268	268	270	313	337	341	346	341	357
Fire hydrants	1403	1414	1429	1435	1691	1781	1,813	1,840	1,847	1,888
Total system capacity (millions of gallons)	46.84	46.84	46.84	46.84	46.84	46.84	46.84	47	47	47
Wastewater										
Sanitary sewers (miles)	217	218	218	219	245	250	254	258	267	271
Storm sewers (miles)	96	96	96	96	125	109	111	114	117	117
Treatment capacity (millions of gallons)	4.5	4.5	4.5	4.5	4.5	4.5	5	5	5	8
Lift stations	111	112	112	113	115	116	120	123	137	145
Reclaimed Water										
Reclaimed water mains (miles)	113	117	118	126	130	133	137	141	160	162
Total system capacity (millions of gallons)	15.55	15.55	15.55	26.35	26.35	26.35	31	31	31	31

Sources: Various City departments.

COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Apopka, Florida (the “City”) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated July 1, 2020.

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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2017-002, 2018-001, 2018-002, 2018-003, and 2018-004 that we consider to be material weaknesses.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, grant agreements and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated July 1, 2020.

City's Response to Findings

The City's response to the findings identified in our audit is included in the accompanying "Management's Response to Findings and Observations." 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.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
July 1, 2020



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

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

Report on Compliance for Each Major Federal Program and State Project

We have audited the compliance of the City of Apopka, Florida (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* and Department of Financial Services *State Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs and major state projects for the fiscal year ended September 30, 2019. The City’s major federal program and major state project are identified in the summary of auditor’s 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 program and state project.

Auditor’s Responsibility

Our responsibility is to express an opinion on the City’s compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or major state project identified in the accompanying Schedule of Findings and Questioned Costs occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and major state project. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on Each Major Federal Program and Major State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to in the first paragraph that could have a direct and material effect on its major federal program and major state projects for the fiscal year ended September 30, 2019.

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

Report on Internal Control over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated July 1, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for the purposes of additional analysis, as required by the Uniform Guidance, and Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the basic financial statements.

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

Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and State Financial Assistance is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements referred to above. Accordingly, this report is not suitable for any other purpose.

MSL, P.A.

Certified Public Accountants

Orlando, Florida

July 1, 2020

City of Apopka Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended September 30, 2019

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>CFDA Number</u>	<u>Grant Number / Pass Through Grantor's Number</u>	<u>Reimbursable Expenditures</u>
U.S. Department of Housing and Urban Development			
Community Development Block Grant	14.228	17DB-OL-06-58-02-N32	\$ 479,403
Total Department of Housing and Urban Development			<u>479,403</u>
U.S. Department of Justice			
COPS Grant	16.710	2016UMWX0126	425,426
FY 2017 Byrne JAG DOJ Grant <i>Passed through Orange County</i>	16.804	2017-DJ-BX-0795	14,210
FY 2018 Byrne JAGC Passthrough Grant	16.804	2018-DJ-BX-0484	13,924
FY 2019 Byrne JAGC Passthrough Grant	16.804	2019-JAGC-ORAN-6-N2-082	15,814
Total Department of Justice			<u>469,374</u>
U.S. Department of Transportation			
Recreational Trails Program	20.219	T17030	105,185
Total Department of Transportation			<u>105,185</u>
U.S. Department of Homeland Security			
Hurricane Irma Declaration	97.036	FEMA-4337-DR-FL17-PA-00-06-69-01-381	1,637,090
Total Department of Homeland Security			<u>1,637,090</u>
Total Expenditure of Federal Awards			<u>\$ 2,691,052</u>

(continued)

City of Apopka Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)
Year Ended September 30, 2019

<u>State Grantor/Pass-Through Grantor Program Title</u>	<u>CSFA Number</u>	<u>Grant Number / Pass Through Grantor's Number</u>	<u>Reimbursable Expenditures</u>
Florida Department of Environmental Protection			
Florida Recreation Development Assistance Program - AAC	37.017	A9118	\$ 13,141
Florida Recreation Development Assistance Program - Kit Land	37.017	A7057	12,410
Florida Recreation Development Assistance Program - ALW	37.017	A7026	<u>87,285</u>
			<u>112,836</u>
 State Revolving Fund Loan	 37.077	 WW480211	 6,105,594
<i>Passed through St. John's Water Management District</i>			
Nutrient Removal Treatment Improvements Project	37.052	28457	1,742,731
Golden Gem Reclamation Water Main Extension	37.052	32301	<u>49,898</u>
			<u>1,792,629</u>
 Total Department of Environmental Protection			 <u>8,011,059</u>
		Total Expenditures of State Financial Assistance	\$ 8,011,059
		Total Expenditures of Federal Awards and State Financial Assistance	\$ 10,702,111

Note 1 - Basis of Presentation

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

Note 2 - State Revolving Fund Loans

For State Revolving Fund loans listed on the Schedule of Expenditures of State Financial Assistance, the City had the following loan balances outstanding at September 30, 2019:

<u>Program Title</u>	<u>CSFA Number</u>	<u>Total Outstanding</u>
State Revolving Fund	37.077	\$ 52,493,608

Note 3 - Indirect Cost Rate

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

CITY OF APOPKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2019

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:

Unmodified Opinion

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes X No

Federal Awards and State Financial Assistance

Internal control over major programs/projects:

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

Type of report issued on compliance for major federal programs and major state projects:

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 200.516 of the Uniform Guidance or Chapter 10.557, *Rules of the Auditor General*? X Yes No

Identification of Major Federal Programs and Major State Projects:

CFDA Number
97.036

Name of Federal Program
Hurricane Irma Declaration

CSFA Numbers
37.052
37.077

Name of State Project
Nutrient Removal Treatment Improvements Project
Wastewater Treatment Facility Construction

Dollar threshold used to distinguish between Type A and Type B programs:

Federal	<u>\$750,000</u>
State	<u>\$750,000</u>

Auditee qualified as low-risk auditee? Yes X No

CITY OF APOPKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Year Ended September 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

See Schedule of Findings and Recommendations.

SECTION III – FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS SECTION

None reported.

SECTION IV - PRIOR-YEAR AUDIT FINDINGS

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

CITY OF APOPKA, FLORIDA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

Fiscal Year Ended September 30, 2019

Prior-Year Findings

Type: Material Weakness

2017-002 FIXED ASSETS

Finding:

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

Criteria:

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

Cause:

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

Effect:

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

Recommendation:

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

Current Year Status:

Fiscal Year Ended September 30, 2018 - During the prior year, we noted that fixed assets continued to not be reconciled to the general ledger balances. During the current year, due to transition in staff, no assets were recorded in the City's fixed asset subledger. In addition, the prior Finance Director eliminated the City's tagging process and did not completely institute an annual fixed asset inventory count and reconciliation to the general ledger. During the audit, the City reviewed its capital outlay accounts for assets that should have been reported in the subledger. It reported these items by asset category (improvements other than buildings, machinery and equipment, buildings, etc.) and reported the related depreciation. The City intends to implement a plan to record the individual assets and perform a complete asset inventory. Due to the continued nature of this finding and the significance of fixed assets to the City's financial statements, we are changing the reporting of this finding from a significant deficiency to a material weakness.

Fiscal Year Ended September 30, 2019 - During the current year audit, we noted that the City showed improvement in reconciling their ending asset balances to the general ledger. However, we noted that the City still does not track their assets individually in their subledger and has not completely implemented an annual fixed asset inventory count. Additionally, there is no formal process in place to reconcile capital outlay to capital asset additions. Therefore, this finding is repeated.

CITY OF APOPKA, FLORIDA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS (Continued)

Fiscal Year Ended September 30, 2019

Prior-Year Findings (Continued)

Type: Material Weakness

2018-001 UTILITY SUBLEDGER RECONCILIATION

Finding:

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

Criteria:

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

Cause:

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

Effect:

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

Recommendation:

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

Current Year Status:

During the current year audit, we noted that the City has hired a new utility billing accountant and is in the process of reviewing and identifying appropriate reconciliation procedures between the subsidiary ledger and the general ledger. However, we noted that the City had not performed an analysis of their uncollectible accounts which resulted in an audit adjustment. Therefore, this comment is not considered resolved.

CITY OF APOPKA, FLORIDA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS (Continued)

Fiscal Year Ended September 30, 2019

Prior-Year Findings (Continued)

Type: Material Weakness

2018-002 INTERNAL CONTROLS OVER FINANCIAL ACCOUNTING

Finding:

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

- a. Two journal entries did not have proper documentation of approval.
- b. The accounting software system was not properly set up to ensure that journal entries required different users to enter and post to the general ledger.
- c. One invoice related to a disbursement had no documentation of review and approval prior to payment.
- d. Potential that an invoice can be paid more than one time due to software limitations.
- e. Improper segregation of duties between review and posting of purchase orders prior to disbursement.
- f. While there is an overall purchasing policy, there is no policy specific to the use of P-cards.
- g. One P-card transaction had no documentation that the purchase order had been reviewed and authorized.
- h. One P-card transaction where the support/invoice did not agree to the amount paid.
- i. One P-card transaction where the expense was coded to the wrong general ledger account.
- j. Three instances where there was no evidence that employees had properly signed out their P-cards.
- k. It was noted that the same number sequencing was used for both E-payables and P-cards, making them indistinguishable from each other.
- l. One payroll transaction where an employee's pay-rate in the Human Resources file was lower than the pay-rate per the payroll register.
- m. Two instances where cash receipts for fuel sales were not substantiated with proper documentation.

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

Criteria:

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

Cause:

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

Effect:

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

CITY OF APOPKA, FLORIDA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS (Continued)

Fiscal Year Ended September 30, 2019

Prior-Year Findings (Continued)

Recommendation:

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

Current Year Status:

During our current year testing of internal controls, we noted that several of the issues described above were still present such as approvals and lack of support for P-card transactions. However, these items were noted in our control testing early in the fiscal year prior to the implementation of updated internal controls related to the recently implemented accounting software. Therefore, these issues appear to be corrected later in the fiscal year. Although we noted the improvement in the fiscal year because issues were still noted in the audit period, we do not deem this finding to be fully resolved.

Type: Material Weakness

2018-003 – Bank Reconciliation

Finding:

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

Criteria:

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

Cause:

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

Effect:

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

Recommendation:

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

Current Year Status:

During the current year audit, we noted that staff was able to implement a reconciliation process. However, due to the backlog of reconciliations necessary from the prior year, they were unable to complete the fiscal year-end reconciliation in a timely manner. Therefore, this comment will be repeated.

CITY OF APOPKA, FLORIDA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS (Continued)

Fiscal Year Ended September 30, 2019

Prior-Year Findings (Continued)

Type: Material Weakness

2018-004 – Audit Adjustments

Condition:

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

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

Effect:

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

Cause:

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

Criteria:

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

Recommendation:

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

Current Year Status:

During the current year audit of the financial statements, we noted several account balances that required audit adjustments. Below is a listing of areas where adjustments were required (a) or deemed to be immaterial by management (b) as a result of the audit process:

- a. Various adjustments to accounts receivable to record an allowance for uncollectible accounts and to reclass long-term receivables.
- b. Immaterial adjustment related to unrecorded retainage at year-end.

While the City showed improvement in correcting their adjusting entries related to debt, we noted a number of items were recurring in the current year. Therefore, this comment will be repeated.

2018-005 – Inventory

During the current-year audit, we noted that the City appeared to address their issues related to Inventory. We consider this finding to be resolved.



INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the City of Apopka, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2019. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2019.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
July 1, 2020

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the basic financial statements of the City of Apopka, Florida (the "City") as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated July 1, 2020.

Auditor's Responsibility

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

Other Reporting Requirements

We have also issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Major State Project and on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance; Chapter 10.550, *Rules of the Auditor General*; Schedule of Findings and Questioned Costs; and our Independent Accountant's Report on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated July 1, 2020, 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. Corrective actions were taken to address MLO 2018-002. The current year status of prior year finding MLO 2018-001 is listed in the attached Schedule of Observations and Recommendations.

Official Title and Legal Authority

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

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and 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.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Special District Component Units

Section 10.554(1)(i)5.d., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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

MSL, P.A.

Certified Public Accountants

Orlando, Florida
July 1, 2020

CITY OF APOPKA, FLORIDA

SCHEDULE OF OBSERVATIONS AND RECOMMENDATIONS

Fiscal Year Ended September 30, 2019

Prior-Year Observations

MLO-2018-001 ACCOUNTS PAYABLE DETAIL RECONCILIATION

Observation:

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

Criteria:

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

Cause:

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

Effect:

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

Recommendation:

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

Current Year Status:

During the current-year audit, we noted that the City was able to reconcile most funds with the exception of the Utility System Fund. The City continues to take steps to reconcile the general ledger accounts. Therefore, this comment remains unresolved.

CITY OF APOPKA, FLORIDA

SCHEDULE OF OBSERVATIONS AND RECOMMENDATIONS (*Continued*)

Fiscal Year Ended September 30, 2019

Current-Year Observations

MLO-2019-001 RETAINAGE PAYABLE DETAIL RECONCILIATION

Observation:

During our audit, we noted that the City had not properly reconciled retainage payable resulting in variances between the subsidiary ledger and the general ledger.

Criteria:

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

Cause:

Due to changes in the City's financial software and lack of training by former Finance Department leadership, there was no process in place to identify retainage from construction projects and the relationship to the City's general ledger reporting.

Effect:

The City did not identify and reconcile differences between amounts in the retainage detail to the City's related general ledger accounts. We noted that an adjusting entry to the liability account would have only been recorded with a corresponding asset entry resulting in a balance sheet entry. Therefore, management elected to pass on making an adjustment.

Recommendation:

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

MLO-2019-002 GRANT DOCUMENTATION

Observation:

In performing our Single Audit of Hurricane Irma expenditures, we noted that there was insufficient documentation related to the number of hours the City utilized its generators during the hurricane.

Criteria:

To ensure grant compliance, the City should have a process in place to track the usage of generator for the purposes of maintenance as well as for third party purposes including potential grant reporting.

Cause:

Due to changes in the City's Finance Department, there were no processes in place to ensure proper review of grant documentation.

Effect:

The City did not properly document review of grant submissions.

Recommendation:

We recommend that the City implement processes which will ensure that all grant documentation is reviewed prior to submission.



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Wednesday, July 1, 2020

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

The City of Apopka strives to improve its financial performance. Staff continues to review areas of improvement and document policies and procedures to ensure proper controls are in place to reduce inherent risks. The Finance team has worked diligently over the last year to make significant improvements, but most of these improvements are not reflected in the observations noted below. Improvements were implemented during the 2018 fiscal year end audit evaluation process which was in the last two quarters of fiscal year 2019. The auditors were able to see significant improvements toward the end of the audit period. Please note that the current staff is still in the process of resolving accounting issues. In the future staff will become more proactive instead of reactive; given the extent of deficiencies that have been discovered as we move into the 2021 budget year.

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

Prior Year Observations

MLO-2018-001 ACCOUNTS PAYABLE DETAIL RECONCILIATION

Recommendation:

During the 2018 audit, we noted that the accounts payable (AP) detail did not reconcile to the City's general ledger AP account. During the current 2019 year audit, we noted that the City was able to reconcile most funds with the exception of the Utility System Fund. The City continues to take steps to reconcile the general ledger accounts. Therefore, this comment remains unresolved. We recommend that the City implement processes which will ensure that the AP detail is reviewed and reconciled to the City's related general ledger on at least a monthly basis.

Management's Response:

The Finance Department was able to reconcile all of the accounts payables balances to the general ledger for all funds, with the exception of the Utility Systems Fund which has a \$65M Waste Water Treatment Plant multi-year project. This project has a large number of purchase orders and vendors

which include transactions that impact accounts payable and retainage payable. After researching, the programming related to the associated project expenditure account was changed by staff on 10/09/2017, which unknowingly impacted accounts payable, retainage payable general ledger accounts, and their associated balances. This change, coupled with the way staff was advised to process invoices related to projects that require retainage payable, created an issue with the balances. Unfortunately, until we can fully close out the Waste Water Treatment Plant project and associated vendor purchase orders, we are unable to resolve the discrepancies due to the quantities of transactions associated with this project. At the July 15, 2020 council meeting we will be presenting the project close out and final amendment with the State. Once this is completed; finance will begin working with Public Services to close out all purchase orders, which will allow us to better determine the true balances of accounts payable and retainage payable for the Utility System Fund. All other funds we are monitoring on an ongoing basis in conjunction with our disbursement process.

Current Year Observations

MLO-2019-001 RETAINAGE PAYABLE DETAIL RECONCILIATION

Recommendation:

During our audit, we noted that the City had not properly reconciled retainage payable resulting in variances between the subsidiary ledger and the general ledger. We recommend that the City implement processes which will ensure that the retainage detail is reviewed and reconciled to the City's related general ledger on at least a monthly basis.

Management's Response:

The finding in the current year is directly related to the information discussed within the prior year finding related to **MLO-2018-001 ACCOUNTS PAYABLE DETAIL RECONCILIATION**. On 10/09/2017 a staff member changed the programming in the Edmunds system and procedures associated with projects that have retainage. This change caused the accounts payable transactions to post to retainage payable instead. Most of the City's projects that have retainage withheld are a part of the Utility System Fund. As a result of the 2018 audit discovery of retainage payable posting issues, we made a programming change in order to correct where transactions post to accounts payable on 03/13/2019. At that time we also changed the procedure for recording retainage payable on projects going forward. After further review and correction of purchase orders related specifically to the vendor Garney Companies, Inc. on 12/31/2020 (fiscal year 2020) there were still balances unidentifiable within the \$65M Waste Water Treatment Plant project. This is related to inconsistent processes of withholding retainage across vendors as it relates to this project. We are hoping to be able to fully identify this discrepancy and make one last correcting adjustment to both accounts payable and retainage payable; once the project is closed out.

MLO-2019-002 GRANT DOCUMENTATION

Recommendation:

In performing our Single Audit of Hurricane Irma expenditures, we noted that there was insufficient documentation related to the number of hours the City utilized its generators during the hurricane. We recommend that the City implement processes which will ensure that all grant documentation is reviewed prior to submission.

Management's Response:

Hurricane Irma FEMA related expenditures were incurred during late fiscal year 2017 and early fiscal year 2018, which was prior to the new and improved finance team which was assembled at the end of the fiscal year 2018. This particular finding was related to inconsistent documentation related to

generator usage which was a large reimbursement to the City. Going forward, the Finance staff will collaborate and review with the FEMA Coordinator and respective departments to ensure that proper documentation is completed for the use of equipment, labor, and materials to avoid future comments.

Prior Year Material Weakness

2017-002 FIXED ASSETS

Recommendation:

Fiscal Year Ended September 30, 2018 - During the prior year, we noted that fixed assets continued to not be reconciled to the general ledger balances. During the current year, due to transition in staff, no assets were recorded in the City's fixed asset subledger. In addition, the prior Finance Director eliminated the City's tagging process and did not completely institute an annual fixed asset inventory count and reconciliation to the general ledger. During the audit, the City reviewed its capital outlay accounts for assets that should have been reported in the subledger. It reported these items by asset category (improvements other than buildings, machinery and equipment, buildings, etc.) and reported the related depreciation. The City intends to implement a plan to record the individual assets and perform a complete asset inventory. Due to the continued nature of this finding and the significance of fixed assets to the City's financial statements, we are changing the reporting of this finding from a significant deficiency to a material weakness.

Fiscal Year Ended September 30, 2019 - During the current year audit, we noted that the City showed improvement in reconciling their ending asset balances to the general ledger. However, we noted that the City still does not track their assets individually in their subledger and has not completely implemented an annual fixed asset inventory count. Additionally, there is no formal process in place to reconcile capital outlay to capital asset additions. Therefore, this finding is repeated. We recommend that the City implement processes which will ensure that the AP detail is reviewed and reconciled to the City's related general ledger on at least a monthly basis.

Management's Response:

The Finance Department was committed to implementing a process to ensure that fixed assets and the construction in progress project are reconciled at least annually. During the 2020 budget process, the Finance Department requested a position to assist with this process as well as the ability to hire a third-party vendor to assist with the annual inventory. Unfortunately, the 2020 budget was not approved with an additional position in the Finance department in order to implement a better process for fixed assets. In the 2021 budget, the finance department has requested funding again for this additional position. However, due to the impact of COVID-19 and the associated budget constraints, the likelihood of acquiring this additional position is limited. Currently in the finance department there are no additional resources available to assign this full-time position to complete this task. The finance department will need additional resources to accomplish this task in the manner in which is necessary to be compliant.

2018-001 UTILITY SUBLEDGER RECONCILIATION

Recommendation:

During our audit, we noted that the Utility Billing sub-ledger activity was not being reconciled to the City's general ledger. The previous finance staff had not identified any reports or performed any reconciliations. In addition, customer service staff was performing activities without any specific knowledge of the related impact on the City's general ledger accounts. During the current 2019-year audit, we noted that the City has hired a new utility billing accountant and is in the process of reviewing and identifying appropriate reconciliation procedures between the subsidiary ledger and the general ledger. However, we noted that the City had not performed an analysis of their uncollectible accounts

which resulted in an audit adjustment. Therefore, this comment is not considered resolved. We recommend that the City implement processes which will ensure that utility sub-ledger activity is reviewed and reconciled to the City's related general ledger on at least a monthly basis.

Management's Response:

As previously noted in prior year observation MLO-2017 Utility Billing; the finance staff attended training with our financial software provider (Edmunds) and during this training we were educated on a monthly reconciliation process between the Utility Billing Subsidiary Ledgers and the Finance General Ledgers. During this training, we were able to identify that this process had not been completed since the system conversion to Edmunds from IMS. In June of 2019, Edmunds provided us with additional onsite training to better understand the process and we were able to reconcile and identify the necessary reports needed to accomplish the reconciliation process. The finance staff invested time and resources on the finance side of the department to create corrections to major deficiencies that were discovered and did not allow the team to focus on utility billing improvements. However, a Utility Billing staff member retired and this position was reclassified and advertised for a Utility Billing Accountant, which is a professional level position needed to assist with this evaluation. The newly hired staff member started on March 23, 2020. This position is currently evaluating the utility billing process to help identify processes and procedures impacting the utility billing reconciliation from the subsidiary ledger to the general ledgers. This position is also evaluating the status of uncollectible accounts and how to implement a collection process with an outside collection company. A third-party collection company contract is being reviewed for piggyback with the intent of implementing a true collection process. Additional training has been scheduled with Edmunds GovTech on July 14th and 15th 2020 to review areas already identified in this evaluation and to assist with developing and implementing a collection process.

2018-002 INTERNAL CONTROLS OVER FINANCIAL ACCOUNTING

Recommendation:

During the 2018 audit it was noted that there were many deficiencies in the testing of internal controls. While we believe that none of the items mentioned above individually would be considered a significant deficiency or material weakness, collectively, they rise to the level of a material weakness. During our current 2019 year testing of internal controls, we noted that several of the issues described above were still present such as approvals and lack of support for P-card transactions. However, these items were noted in our control testing early in the fiscal year prior to the implementation of updated internal controls related to the recently implemented accounting software. Therefore, these issues appear to be corrected later in the fiscal year. Although we noted the improvement in the fiscal year because issues were still noted in the audit period, we do not deem this finding to be fully resolved. We recommend that the City implement processes which will ensure that utility subledger activity is reviewed and reconciled to the City's related general ledger on at least a monthly basis.

Management's Response:

As noted in the comment above, please be advised that many of the internal controls corrections were implemented late in fiscal year 2019 with the exception of policy updates. It is the intent of the finance team to include a purchasing card policy in the City's procurement policy; however, due to other priorities established it has been difficult to invest time into policy updates, due to staff size and resources being allocated to accomplish other critical tasks. However, we are currently working on a draft policy update with the Procurement Administrator and the independent contractor who has been assisting staff with purchasing and other miscellaneous projects that require completion. This policy update is intended to include the purchasing card, the change in statutorily fixed asset thresholds, and other procurement related improvements which are needed.

2018-003 – Bank Reconciliation

Recommendation:

During our 2018 audit of the City's financial statements, we performed testing of the cash balances. During these procedures, we noted that cash had not been reconciled during the fiscal year. When City staff completed these reconciliations there was a positive adjustment to the City's cash balance. During the current 2019 year audit, we noted that staff was able to implement a reconciliation process. However, due to the backlog of reconciliations necessary from the prior year, they were unable to complete the fiscal year-end reconciliation in a timely manner. Therefore, this comment will be repeated. We recommend that the City evaluate its controls over cash to ensure that the City completes its bank reconciliations in a timely manner.

Management's Response:

The Finance Department did not timely complete bank reconciliation due to the backlog of reconciliations necessary from the prior year, as well as current, in addition to staff being out for FMLA leave. The department is already faced with staffing limitations and losing a staff member due to FMLA leave created an additional gap in staffing logistics. Please note that this employee actually returned to the office prior to the end of their leave to assist with completing the bank reconciliations and audit. Currently all duties non-related to bank reconciliations have been allocated out to other staff members so that this person can solely focus on completing the audit and timely completion of the 2020 bank reconciliations so that this comment can be resolved for fiscal year 2020.

2018-004 – Audit Adjustments

Recommendation:

During our audit of the current-year financial statements, we noted several account balances that required audit adjustments. During the current year audit of the financial statements, we noted several account balances that required audit adjustments. Below is a listing of areas where adjustments were required (a) or deemed to be immaterial by management (b) as a result of the audit process:

- a. Various adjustments to accounts receivable to record an allowance for uncollectible accounts and to reclass long-term receivables.
- b. Immaterial adjustment related to unrecorded retainage at year-end.

While the City showed improvement in correcting their adjusting entries related to debt, we noted a number of items were recurring in the current year. Therefore, this comment will be repeated. We recommend that the City's management strengthen internal controls and procedure over year end closing procedures as well as financial accounting and reporting.

Management's Response:

The above audit adjustments were a direct result of the retainage payable and utility billing findings noted above. We have already made improvements in both of these areas and will continue to evaluate and make necessary changes as needed.

As you can see many of these observations, weaknesses, and deficiencies are due to the continuous clean-up of identified issues which were present during the 2019 fiscal year. Many of the improvements the finance department implemented were during fiscal year 2019 resulting in the observation remaining unresolved. The finance staff has truly made significant improvements with the current available resources. Most of the staff is working hours beyond their regular scheduled 40-hour work week; however, it is not readily identified because 50% of the finance staff is exempt and there is not a corresponding expenditure. This means that they are in professional level positions and are not paid over-time due to their exempt status. The future success of the department is critical and

directly correlated to the resources given and available. The finance department is confident that all of the prior year findings will be resolved in 2020 with the exception of the finding related to **2017-002 Fixed Assets**, unless additional resources can be allocated. Please note that the department is committed to continually improving the City's financial stability and well-being with the resources invested and provided

Respectfully submitted,



Edward D. Bass II, CPA, CGFO
City Administrator



Jamie Roberson, CGFO
Finance Director

... RAY TRIPLETT
 ... CURTIS GALVIN WALTER ROSKO
 ... PATRICK P WANNING
 ... DONALD D WATSON
 ... WILLIAM W HILL
 ... GEORGE T VERONEX
 ... JAMES C CUSTON
 ... ROBERT J REDAN
 ... GEORGE A DELUCA
 ... GENE R COLLAMON
 ... WILLIAM M MELLOR
 ... THOMAS R BRAND
 ... RYLAND W DRAUIDY
 ... VICTOR FLORES JR
 ... JOHN L JEMISON
 ... HENRY C JORDAN
 ... EDIE LEE LANDRY
 ... DONALD G RIDGEL
 ... JOHN D MANNING
 ... CURLEY SHERELS JR
 ... ROBERT TAGLIONE
 ... THOMAS E BURLE
 ... JOE C PAUL
 ... WALTER L SMITH
 ... RICHARD W BARTON
 ... KYLE H HATCHETT
 ... GILBERT SMITH JR
 ... JAMES J VOTNA JR
 ... GERHART JUST
 ... ED D TAYLOR
 ... DANIEL W DUFFY
 ... DONALD L ARNO
 ... CARL J WINGOLD
 ... DOUGLAS L FOLEY
 ... GEORGE A ZELDINO
 ... THOMAS H BOTTIS
 ... WILLIAM J LA GRAND
 ... RICHARD C MARSHALL
 ... ORLAND O BEARWOLD
 ... CHARLES B GOODWIN
 ... ROBERT W REAGAN
 ... HENRY J ZECHERT
 ... GREEN
 ... DONALD L BENNETT
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 ... DONALD H MEYER
 ... KLENDI
 ... LEROY HICKS



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