



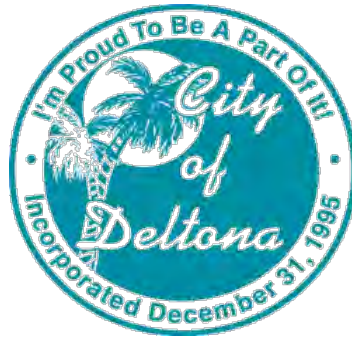
City of Deltona, Florida

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

**For the fiscal year ended
September 30, 2019**

City of Deltona, Florida

Deltona: A City on the Move



Comprehensive Annual Financial Report

For the year ended
September 30, 2019

Prepared By:
Finance Department

Submitted By:
Dr. Marc-Antonie Cooper
Interim City Manager

CITY OF DELTONA, FLORIDA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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CITY OF DELTONA, FLORIDA

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CITY OF DELTONA, FLORIDA

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City of Deltona

March 27, 2020

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

Ladies and Gentlemen:

State law and local Charter require that every general-purpose local government publish a set of audited financial statements annually. This report is published to fulfill that requirement for the year ended September 30, 2019. The Comprehensive Annual Financial Report (CAFR) of the City of Deltona, for the fiscal year ended September 30, 2019, is hereby submitted pursuant to the City Charter, Florida Statutes, and Chapter 10.550, Rules of the Auditor General of the State of Florida.

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

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

Purvis, Gray, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Deltona's financial statements for the year ended September 30, 2019. The independent auditors' report is located at the front of the Financial Section of this report.

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

FINANCE DEPARTMENT

2345 Providence Boulevard, Deltona, Florida 32725

(386) 878-8100 • Fax (386) 878-8551

www.deltonafl.gov

City History

The City of Deltona, Florida is located in the southwest corner of Volusia County, in the eastern central part of the Florida Peninsula. The City is situated along the Interstate 4 corridor approximately 25 miles northeast of Orlando and approximately 25 miles southwest of Daytona Beach. It currently occupies 46 square miles and is home to an estimated 91,520 residents. The City started as a planned community by the Deltona Corporation in 1962 and was incorporated on December 31, 1995. The unhurried lifestyle, combined with its location, has made the City an ideal choice for living the affordable Florida lifestyle. In general, the population of the City is becoming younger and more diversified in ethnicity.

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



St. Johns River tourists, about 1890

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

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

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



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

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

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

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

Letter of Transmittal

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

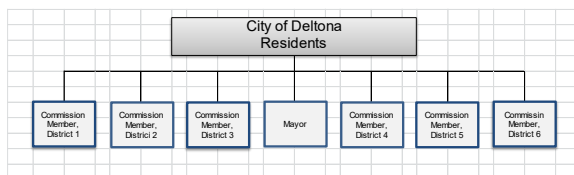
On November 7, 2003, the City realized its long-term goal of owning its own utility. The City purchased the Deltona water and wastewater system from Florida Water Services, acquiring all of its assets and adding many new employees to operate the new utility.

Profile of the Government

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

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

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



The City now employs approximately 360 people who provide a full range of services including fire/rescue protection, solid waste management, stormwater management,

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

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

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

Local Economy and Economic Development

The City’s population is estimated at 91,520 for 2019, an increase of about 1% over the prior year. Deltona’s population has increased every year since 2011; as the number of residents grows, so does commercial interest.

New businesses recently opened or soon to come to Deltona include a logistic center for retailer Amazon; a full-service hospital and accompanying medical offices; a free-standing emergency medical facility; a family health clinic; and nationally-franchised retail and restaurant locations

Streets and Roads

For a bedroom community like Deltona, quality roads, streets, sidewalks, and traffic control are always an area of emphasis. The 2018-19 fiscal year included:

- Repaving and maintenance of City roads and sidewalks, as well as beautification of green spaces in City medians and interchanges;
- Intersection improvements citywide;
- Continued project planning for the Southwest Deltona Community Redevelopment Agency (CRA), including commercial sewer lines, safety improvements on roads and intersections; ADA improvements; and a park in the CRA area; and
- Collaboration with the Volusia County Transportation Planning Organization (TPO) on multiple projects, including the design and construction of paved shoulders on Elkcam Boulevard, sidewalks, and the Providence Trail.

Parks and Recreation

Deltona takes great pride in its outstanding recreational facilities available to residents. The 2018/2019 fiscal year included the following improvements:

- Addition of trail lighting and signage, and reroofing of gymnasium at Wes Crile Park;
- Installation of inclusive playgrounds at Campbell, Dewey Boster, Firefighters’ Memorial, and Keysville Dog Parks;
- Installation of fitness stations at Dewey Boster Park;
- Renovation of the boardwalk at Campbell Park;
- Commencement of work on three ecotourism –themed parks, and
- Installation of surveillance cameras at numerous parks for enhanced safety.

Additionally, the City of Deltona was designated a “Florida Trail Town” in 2019 by the Florida Department of Greenways and Trails.

Public Safety

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

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

Utility System

Deltona Water, the City’s water and wastewater utility, operates as an entity separate from general City activities. Its principal revenues come from user charges for water and wastewater services. The following projects are in various stages of progress:

- Work continues on the Lake Monroe reclaimed water system improvements, Phases 4a and 4b;

Letter of Transmittal

- Additional reclaimed water system improvements for Dewey Boster, Lake Baton, Coventry, and Live Oak;
- Continuing upgrade of the Utility’s Supervisory Control and Data Acquisition (SCADA) system; and
- Planned implementation of “smart” water meters to enhance accuracy and alert residents to variations in water usage.

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

The Center at Deltona

The Center at Deltona (The Center), open to the public since December 2017, continues to serve Deltona’s seniors through cooperation with the Council on Aging of Volusia County. The Center also hosts comedy clubs and brunches to Deltona residents, and is available to rent for private celebrations.

Fiscal year 2018-19 brought additional parking to The Center, and improvements to the facility’s events lawn.

Financial Outlook and Challenges

The City’s conservative approach to budgeting and spending has resulted in a healthy fund balance. The Commission has also set aside reserves designed to keep the City prepared for both emergencies and grant funding opportunities. As of September 30, 2019, these were:

- Natural Disaster – \$8 million
- Operating Reserve – \$6.5 million
- Economic Development – \$925,600
- Grants Match – \$687,500

Moody’s Investors Service praised these qualities in its November 2019 Issuer Comment report on the City’s general operations, citing Deltona’s “strong financial position.”

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

The City’s utility, Deltona Water, faces even greater challenges as it prepares for a changing regulatory landscape while implementing new technology to improve its services.

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

- Implementation of franchise fees for commercial solid waste haulers, scheduled to be in full effect within two years;
- The Community Development Block Grant (CDBG) and Neighborhood Stabilization Programs (NSP) offered through the U.S. Department of Housing and Urban Development (HUD);
- The State Housing Initiatives Partnership (SHIP) through the State of Florida that funds for home repair and down payment assistance; and low-interest State Revolving Fund (SRF) loans through the Florida Department of Environmental Protection to finance water projects;
- ECHO grants awarded by Volusia County that fund ecological and recreational projects; and aid for road and street projects via cooperation with the Volusia County Transportation Planning Organization (TPO);

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

As this report was going to press, the City declared a state of emergency in response to the COVID-19 pandemic. Further details about this situation is included in the Notes to Financial Statements on page 80 of this report.

Awards and acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial reporting to the City of Deltona, Florida, for its Comprehensive Annual Financial Report for the fiscal year ending September 30, 2018. The City has received this prestigious award every year since FY 1999/2000.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) that satisfies both generally accepted accounting principles and applicable legal requirements. Each Certificate is valid for one year.

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

The City has submitted the application for the GFOA's Distinguished Budget Presentation Award for its Annual Budget for the fiscal year ending September 30, 2020. In order to qualify for the Distinguished Budget Presentation Award, a budget document must be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,



Dr. Marc-Antonie Cooper
Interim City Manager



Tracy Camille Hooper, CPA
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Deltona
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO

ORGANIZATIONAL CHART



Citizens of Deltona

Elected Officials
 Heidi K. Herzberg, Mayor
 Victor M. Ramos, District 5, Vice Mayor Loren King, District 1
 Anita Bradford, District 2 Maritza Avila-Vazquez, District 3
 Robert D. McFall, District 4 Chris Nabicht, District 6

Various Appointed Boards & Committees

Interim City Manager
 Dr. Marc-Antonie Cooper

City Attorney
 James H. "Skip" Fowler

City Clerk's Office
 Joyce Raftery, CMC, City Clerk

Interim Deputy City Manager
 Ron A. Paradise

Fire / Rescue Department
 Frank "Bill" Snyder, Fire Chief
 • Operations/Combat
 • Emergency Management/ Administration
 • Fire Loss Management

Building & Enforcement Services Department
 Dr. Marc-Antonie Cooper, Interim City Manager
 • Enforcement Services Division
 • Solid Waste Division
 • Construction Services Division

Information Technology
 Robert Cordero, IT Director

Law Enforcement
 Captain Lou Marino, District Commander
 Contracted services with Volusia County Sheriff's Office

Finance
 Tracy Camille Hooper, CPA, Director
 • Accounting/Payroll
 • Budget & Fiscal Services
 • Purchasing

Parks & Recreation
 Ryan Reckley, Director
 • Facilities Maintenance
 • LEC/Amphitheatre Scheduling
 • Community/Special Events

Planning & Development Services
 Ron A. Paradise, Director
 • Economic Development
 • Strategic Planning
 • Community Development

Human Resources
 Richard T. Adams, Director
 • Human Resources
 • Risk management

Public Works
 John A. Peters III, PE, Director
 • Utilities
 • Engineering
 • Field Operations
 • Fleet Maintenance
 • Stormwater
 • Traffic Operations
 • Water & Wastewater Operations
 • Eastern Wastewater Treatment Plant

The Center at Deltona
 Joseph Hearn
 Contracted Events Manager

**Elected Officials
As of September 30, 2019**



Heidi Herzberg
Mayor



Loren King
District 1



Anita Bradford
District 2



Maritza Avila-Vazquez
District 3



Robert McFall
District 4



Victor M. Ramos
Vice Mayor
District 5



Chris Nabicht
District 6

CITY OF DELTONA, FLORIDA

**OTHER OFFICIALS
As of September 30, 2019**

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

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

Management's Responsibility for the Financial Statements

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

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinions

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

Emphasis of a Matter – COVID-19

As more fully described in Note IV.F to the financial statements, the City may be negatively impacted by the outbreak of a novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, major fund budgetary comparison information, schedule of change in other postemployment benefit liability and related ratios, the schedules of changes in the employer's net position liability and related ratios, the schedule of employer contributions and schedule of investments returns, and schedule of proportionate share of net pension liability, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements and budgetary schedules, and statistical section, are presented for the purpose of additional analysis, and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General*, and is also not a required part of the financial statements.

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida


INDEPENDENT AUDITOR'S REPORT
(Concluded)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



March 27, 2020
Ocala, Florida

Management's Discussion and Analysis

As management of the City of Deltona (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. We encourage readers to consider this analysis in conjunction with additional information that has been provided in the letter of transmittal, which can be found on pages i-vi, and the City's financial statements and accompanying notes on pages 19-116.

Financial Highlights

- The net position of the City, the amount by which its assets exceeded its liabilities at the close of the most recent fiscal year, was \$166 million. Of this amount, \$37.7 million (*unrestricted net assets*) may be used to meet any general obligation of the City. At September 30, 2019, deferred outflows in the governmental activities consist of deferred amounts related to pensions and deferred charges related to the issuance of the Capital Improvement Revenue Refunding Bonds. Deferred outflows in the business-type activities are deferred charges related to the refunding of Utility's Revenue Bonds. In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. All of the City's deferred inflows are related to its pension plans.
- The City's total net position increased by \$11 million, or 7.1% over the prior year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$57.3 million, an increase of approximately \$8.5 million, or 17.5%, over the prior year, due primarily to ad valorem and service tax collections, non-ad valorem assessments, and grant revenue; along with a corresponding decrease in expenditures over the prior year because the City had no hurricane damage remediation costs in fiscal year 2019.
- The City's Unassigned Fund Balance, the portion of its total fund balance available for spending at the government's discretion, was approximately \$15.6 million, or 27.2%, of the total fund balance. The unassigned fund balance increased by \$6.1 million over the prior year. It also totaled approximately 40% of General Fund expenditures, up from 23% of General Fund expenditures in the prior fiscal year. All of these changes reflect the overall increase in the General Fund balance
- The City continued to receive reimbursements from the Federal Emergency Management Agency (FEMA) for damages incurred during Hurricane Irma in September 2017. The City had approximately \$4.02 million of damage-related expenses attributable to Irma, with \$3.85 million in FEMA reimbursements received through September 30, 2019.
- The City's overall governmental finances received a rating of Aa2 from Moody's Investors Service in November 2019. Only two grades on Moody's ratings scale are higher than Aa2. The rating report cited Deltona's "strong financial position" as one of several factors that contributed to the rating. The City's water and sewer utility was not included in the Moody's report.

Overview of the Financial Statements

The City's basic financial statements are comprised of (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

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

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

The *Statement of Activities* shows how the City's net position changed during the most recent fiscal year. All events that affect net position are reported as they occur, regardless of the timing of related cash flows. As a result, some revenues and expenses reported in this statement will result in cash flows, both positive and negative, in future fiscal periods (e.g., uncollected taxes, pension obligations, and earned but unused vacation leave).

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

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

Fund financial statements

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

Governmental funds

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

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

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

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

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

Proprietary funds

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

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

Fiduciary funds

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

GASB does not require the presentation of budgetary comparison statements for fiduciary funds.

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

Notes to the financial statements

The Notes to the Financial Statements provide additional information intended to help the reader obtain a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 32-80 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report presents certain Required Supplementary Information concerning the City. This required supplementary information presents combining and individual fund statements and schedules and also provides information regarding the City's pension and other post-employment benefit obligations. The Required Supplementary Information can be found on pages 83-96 of this report.

This report also includes Supplemental Information on the City's non-major funds. Supplemental Information includes combining statements for certain non-major governmental funds presented immediately following the Required Supplementary Information, on pages 99-113 of this report. While this information is not required, it is intended to provide the reader with a complete picture of the governmental unit in its entirety.

Government-wide Financial Analysis

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

Management's Discussion and Analysis

liabilities by \$166 million. This is an increase of 7% over the prior year.

By far, the largest portion of the City's net position, at 66.6%, is its Net Investment in Capital Assets, which represents capital assets (e.g., land, improvements, buildings, equipment and infrastructure), less any related debt, issued to acquire those capital assets, that is still outstanding. The City uses its capital assets to provide services to

its citizens, so these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should still be noted that the resources needed to repay this debt must be provided for by other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Management’s Discussion and Analysis

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

City of Deltona’s Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018 (a)	2019	2018 (a)	2019	2018 (a)
Current and other assets	\$ 62,818,454	\$ 54,842,203	\$ 31,503,565	\$ 31,236,831	\$ 94,322,019	\$ 86,079,034
Capital assets, net of depreciation	125,666,747	126,755,973	130,704,764	129,416,234	256,371,511	256,172,207
Total assets	188,485,201	181,598,176	162,208,329	160,653,065	350,693,530	342,251,241
Deferred charges on refunding	39,479	45,327	10,415,710	11,163,499	10,455,189	11,208,826
Deferred amounts related to pension	5,512,689	5,088,121	903,805	1,029,275	6,416,494	6,117,396
Deferred amounts related to OPEB	99,197	30,050	25,434	7,178	124,631	37,228
Total deferred outflow of resources	5,651,365	5,163,498	11,344,949	12,199,952	16,996,314	17,363,450
Current and other liabilities	7,216,570	8,310,124	9,390,496	11,327,910	16,607,066	19,638,034
Long-term liabilities	56,537,338	55,710,483	126,040,159	126,413,653	182,577,497	182,124,136
Total liabilities	63,753,908	64,020,607	135,430,655	137,741,563	199,184,563	201,762,170
Deferred Amounts related to pension	2,138,846	2,485,337	216,275	233,319	2,355,121	2,718,656
Deferred Amounts related to OPEB	42,317	48,822	9,993	11,661	52,310	60,483
Total deferred inflow of resources	2,181,163	2,534,159	226,268	244,980	2,407,431	2,779,139
Net Position						
Net Investment in Capital Assets	96,724,458	99,095,304	13,877,566	14,523,669	110,602,024	113,618,973
Restricted	12,607,482	9,329,975	5,139,604	3,840,878	17,747,086	13,170,853
Unrestricted	18,869,555	11,781,629	18,879,185	16,501,927	37,748,740	28,283,556
Total net position	\$ 128,201,495	\$ 120,206,908	\$ 37,896,355	\$ 34,866,474	\$ 166,097,850	\$ 155,073,382

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

The City’s total net position includes resources that are restricted in how they may be used; at the end of fiscal year 2018/2019 this portion totaled \$17.7 million, or 10.7%, of total net position. Another \$37.7 million, or 23%, of the City’s total net assets were considered unrestricted and may be spent at the City’s discretion for any legal purpose. The balances of the City’s net position, restricted assets, and unrestricted assets for both governmental and business-type activities were positive as of September 30, 2019.

Government-Wide Activities

Governmental activities resulted in an increase of net position by \$7.9 million or 6.6%, while business-type activities increased net position by \$3 million, or 8.6%. The table below compares changes in the City’s net position for the current and prior fiscal year, and is followed by explanations of the largest year-over-year differences.

City of Deltona's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for services	\$ 14,281,548	\$ 12,754,777	\$ 21,406,977	\$ 20,109,395	\$ 35,688,525	\$ 32,864,172
Operating grants and contributions	7,266,096	4,126,128	-	-	7,266,096	4,126,128
Capital grants and contributions	1,819,572	2,116,024	1,513,142	3,746,715	3,332,714	5,862,739
General Revenues:						
Property taxes	17,925,314	16,050,125	-	-	17,925,314	16,050,125
Franchise fees	4,197,228	4,019,845	-	-	4,197,228	4,019,845
Other taxes	15,216,927	14,871,433	-	-	15,216,927	14,871,433
State Shared Revenues	3,489,272	3,315,348	-	-	3,489,272	3,315,348
Other	1,919,826	1,075,682	584,219	57,924	2,504,045	1,133,606
Total Revenues	66,115,783	58,329,362	23,504,338	23,914,034	89,620,121	82,243,396
Expenses:						
Governmental Activities:						
General government	11,304,730	9,925,730	-	-	11,304,730	9,925,730
Public safety	22,765,508	21,268,214	-	-	22,765,508	21,268,214
Highways and streets	6,158,939	6,585,923	-	-	6,158,939	6,585,923
Culture & recreation	4,810,073	5,014,201	-	-	4,810,073	5,014,201
Economic environment	411,574	603,734	-	-	411,574	603,734
Physical environment	11,604,617	14,815,727	-	-	11,604,617	14,815,727
Interest on long-term debt	1,065,755	1,105,150	-	-	1,065,755	1,105,150
Business-type Activities:						
Water and sewer	-	-	20,474,457	20,695,493	20,474,457	20,695,493
Total Expenses	58,121,196	59,318,679	20,474,457	20,695,493	78,595,653	80,014,172
Excess (deficiency) of revenues over (under) expenses	7,994,587	(989,317)	3,029,881	3,218,541	11,024,468	2,229,224
Other Financing Sources (Uses)						
Operating Transfers	-	(2,200,000)	-	2,200,000	-	-
Increase (Decrease) in Net Position	7,994,587	(3,189,317)	3,029,881	5,418,541	11,024,468	2,229,224
Net Position-beginning of year	120,206,908	123,396,225	34,866,474	29,447,933	155,073,382	152,844,158
Net Position-end of year	\$ 128,201,495	\$ 120,206,908	\$ 37,89,355	\$ 34,866,474	\$ 166,097,850	\$ 155,073,382

Revenues

Program Revenues

Program Revenues increased in total by approximately \$3.4 million over the prior fiscal year, including an increase of \$4.37 million for governmental activities and a decrease of \$936,000 for business-type activities.

- Charges for services in governmental activities increased by \$1.5 million, or 12%, over the prior year, reflecting increases in permitting and inspection fees related to construction; increases in the non-ad valorem assessment for solid waste collections, and increased motor fuel tax receipts.

Management's Discussion and Analysis

- Operating grants and contributions received by the City for governmental activities increased by \$3 million, or 74%, over the prior year, due to FEMA reimbursements received for Hurricane Irma.
- Capital grants and contributions related to governmental activities decreased by \$296,000 in FY 2018/2019 due to decreased State grant funding.

General revenues

The City's General revenues increased approximately \$2.6 million, or 6.7%, in total over the prior year, all of it from governmental activities.

- Almost all major general revenue sources increased over the prior year. Although the property tax millage rate levied for FY 2018/2019 was unchanged from the prior year, increased property values resulted in \$1.8 million more in ad valorem receipts over the prior year. State Revenue Sharing proceeds also increased by \$199,000 and Franchise

Fees increased by \$177,000. Public Service Taxes increased by \$238,000 from FY 2018.

Expenses

Governmental Activities

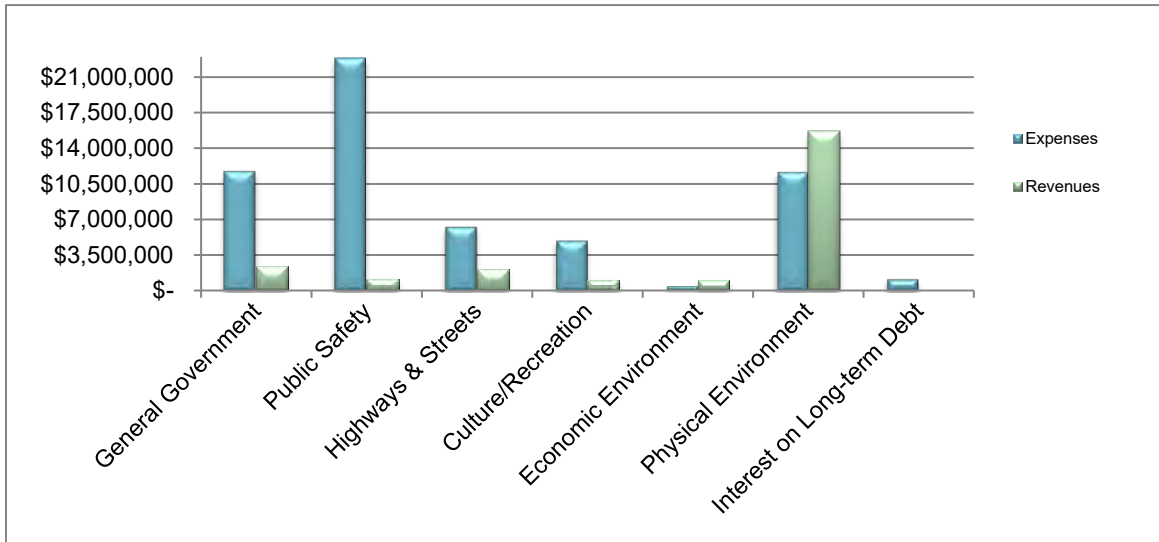
Governmental Activities expenses decreased in total by \$1.2 million or 2%. The largest changes were:

- Highways and Streets expenses decreased by \$427,000, or 6.5%, due to less road resurfacing and sidewalk project activity in FY 2018/2019.
- Physical Environment expenses decreased by \$3.2 million, or 22%, due to the completion of repair and debris removal expenses resulting from Hurricane Irma in 2017.
- Culture and Recreation expenses decreased by \$204,000 or 4.1%, reflecting the completion of construction on The Center at Deltona in the 2017-18 fiscal year.

Management’s Discussion and Analysis

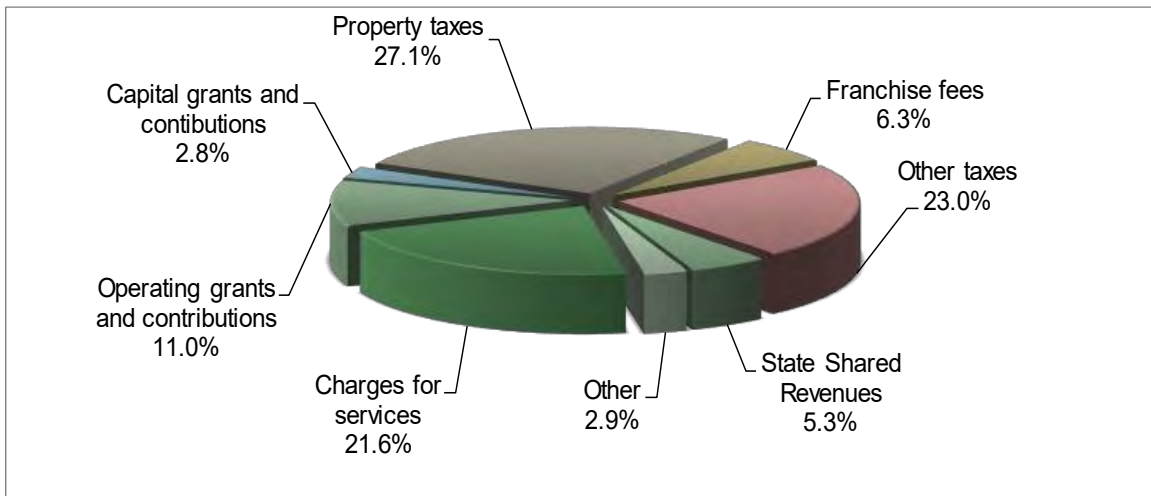
The following graph compares expenses with program revenues for the City’s governmental activities:

Expenses and Program Revenues – Governmental Activities



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

Revenues by Source – Governmental Activities



Business-type Activities

Business-type activities’ net position increased \$3.03 million in the 2018/2019 year. Included in this change were:

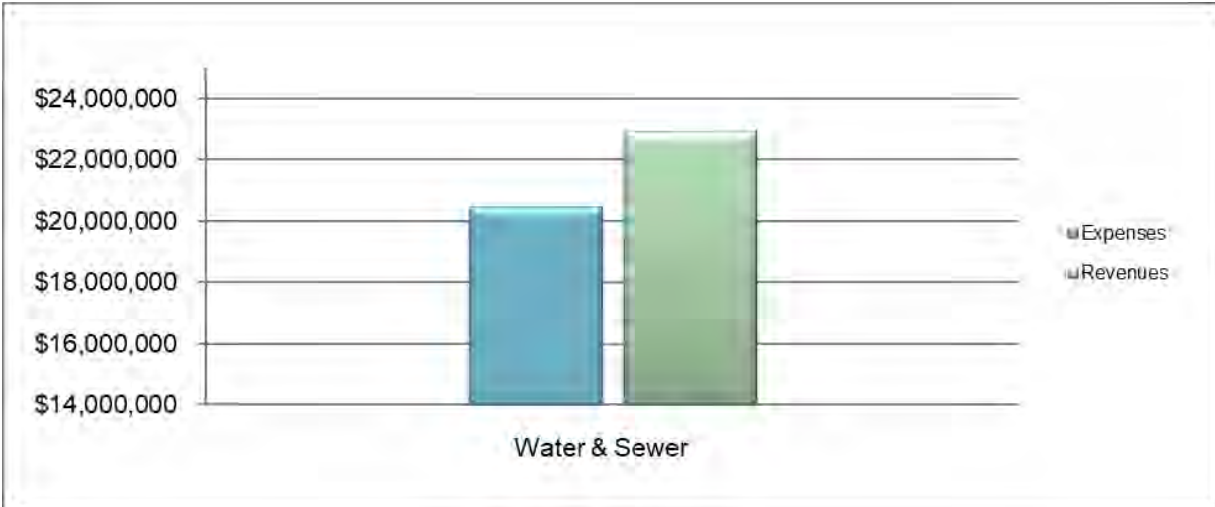
- Charges for Services increased by \$1.2 million or 6.4%, due primarily to an increase in water/sewer rates.
- Capital Grants and Contributions decreased by \$2.2 million, due to the spending down of the FY2017/2018 St. Johns River Water Management District grant funding.

Management’s Discussion and Analysis

- Business-type expenses decreased by \$221,000, or just 1%, of expenditures.

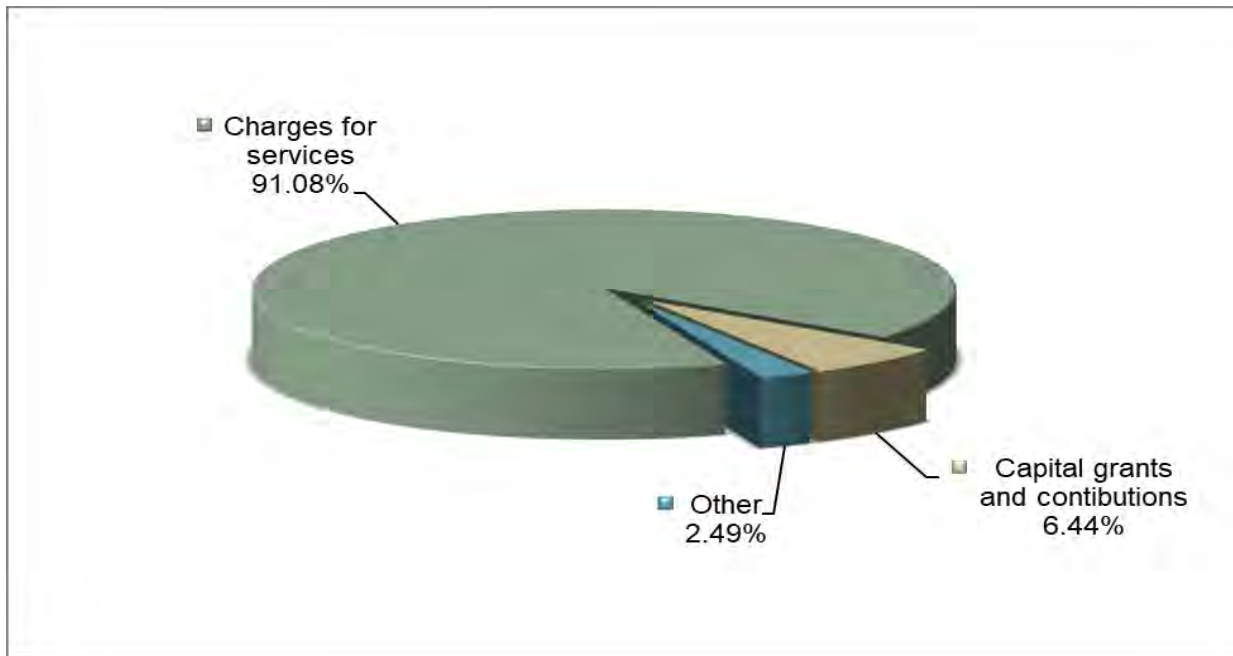
The following chart compares expenses with program revenues for the City’s business-type activities:

Expenses and Program Revenues – Business-type Activities



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

Revenues by Source – Business-type Activities



Financial Analysis of the City's Funds

Governmental funds

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$57.3 million, an increase of \$8.5 million, or 17.5% from the prior year. Approximately 27% of this amount, or \$15.6 million, constitutes *unassigned fund balance*, which is entirely in the City's General Fund and is available for spending at the City's discretion for any legal purpose. This unassigned portion of the fund balance increased by \$6.1 million over the prior year, due primarily to the lack of hurricane damages in FY 2019.

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

- Operating reserve of two (2) months of General Fund annual operating expenditures, totaling \$6,448,000 at September 30, 2019;
- Natural Disaster Reserve, initially established at \$6,000,000, was increased to \$8,000,000 by the

Commission in 2018, with indexed increases authorized for each year thereafter.

- Economic Development and Infrastructure Incentive reserve with a combined total of \$525,600 as of September 30, 2019; and
- Grants Match reserve of \$378,500 as of September 30, 2019.

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

The components of fund balance for all Governmental funds (not just the General Fund) as reported in accordance with GASB Statement No. 54, are as follows: \$16,366 is *non-spendable*, \$22.8 million is *restricted*, \$1.3 million is *committed*, \$17.5 million is *assigned*, and \$15.6 million is *unassigned*.

The General Fund is the City's major operating fund. At the end of the current fiscal year, the fund balance of the General Fund was \$32.3 million, of which \$15.6 million was unassigned. Overall, a larger fund balance, particularly a larger unassigned fund balance, reflects better financial health and stability. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The General Fund's total fund balances represent 84.1% of total General Fund expenditures. The General Fund's unassigned fund balance represents 40.6% of total General Fund expenditures. The total fund balance of the City's General Fund increased by approximately \$7.2 million or 28.9%, during the current fiscal year. The key contributing factors were:

Management’s Discussion and Analysis

- Increases in ad valorem and public services taxes and franchise fees;
- No hurricane damage costs incurred in FY 2019, compared to \$4.02 million in FY 2018 resulting from Hurricane Irma;
- Receipt of FEMA reimbursements for Hurricanes Irma and Michael of approximately \$3.9 million;
- A decrease in General Fund capital expenditures of approximately \$800,000, mostly from fewer equipment purchases for fire and law enforcement.

Solid Waste Fund

The City’s Solid Waste fund balance increased by \$458,000 in the current year.

Fiscal 2018-19 saw the adoption of a new residential solid waste hauling contract approved by the Commission since 2012. During that time, solid waste hauling costs have increased and income from recycling has virtually disappeared, but the City kept the solid waste assessment unchanged. In order to cover the increased costs, the Commission increased the assessment rate for the first time in seven years.

Stormwater Utility Fund

The City’s Stormwater fund decreased \$408,000 from the prior year. The City’s non-ad valorem assessment rate for stormwater remained unchanged for the third consecutive year, and revenues were virtually unchanged over the prior year.

Meanwhile, the fund’s operating expenditures increased 16% due to changes in personal service costs and increased repair activity.

Transportation Fund

The Transportation fund balance increased \$218,000, or just 1.2%, over the prior year, thanks to a \$230,000 increase in revenues, with expenditures remaining virtually unchanged from FY 2018.

Community Redevelopment Agency

The Southwest Deltona Community Redevelopment Agency (CRA) fund balance increased \$127,000, or 158%, due to increased taxable value of property in the redevelopment area. The Commission continues to consider capital projects to enhance the area, consistent with the objective of the Community Redevelopment Agency.

Proprietary funds

The net position of the City’s Water and Sewer Utility Fund increased \$3 million, or 8.6%, in fiscal year 2019. Charges for Services were up about \$1.3 million, or 6.45%, over the prior year, due to an increase in the number of customers resulting from Deltona’s increasing population. Capital Grants and Contributions, however, fell \$2.2 million from the prior year, as the City spent down grant funding on water and sewer capital projects.

General Fund Final Budgetary Highlights

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

- General Fund actual revenues exceeded budget by \$6.9 million with the largest increase in intergovernmental revenue,

Management’s Discussion and Analysis

the result of FEMA reimbursements received for Hurricane Irma. Revenue from charges for services also came in \$761,000 over the amount budgeted, fueled by continued growth in construction and the influx of residents.

- General Fund operating expenditures ended the fiscal year \$1.7 million under budget, thanks to lower-than-expected increases in employee benefit costs, and position vacancies citywide.
- Capital outlay expenditures were under budget by \$501,000 due to fewer equipment purchases than planned.

Capital Assets

The City’s total investment in capital assets for its governmental and business-type activities as of September 30, 2019 was \$256.2 million (net of accumulated depreciation). These assets include land, construction-in-progress, buildings and improvements, machinery and equipment, and infrastructure (roads, right-of-ways, stormwater and water and wastewater utility). The total increase (additions less retirements and depreciation) in the City’s investment in capital assets was \$200,000; an increase of less than 1%. Further information on capital assets is presented in the Notes to the Financial Statements on pages 48-49 of this report.

Capital Asset and Debt Administration

City of Deltona’s Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 14,236,935	\$ 14,236,935	\$ 3,150,693	\$ 3,150,693	\$ 17,387,628	\$ 17,387,628
Infrastructure Right of Way	4,372,500	4,372,500	-	-	4,372,500	4,372,500
Construction in Progress	2,715,862	2,876,598	4,569,163	12,227,272	7,285,025	15,103,870
Capitalized Intangibles	79,880	79,880	953,838	953,838	1,033,718	1,033,718.00
Buildings & Improvements	89,064,297	86,625,558	139,200,937	126,149,269	228,265,234	212,774,827
Machinery & Equipment	29,803,762	26,632,534	32,996,245	32,363,648	62,800,007	58,996,182
Infrastructure	114,282,652	114,093,019	-	-	114,282,652	114,093,019
Total	\$ 254,555,888	\$ 248,917,024	\$ 180,870,876	\$ 174,844,720	\$ 435,426,764	\$ 423,761,744

Debt Administration

Outstanding debt balance is a key factor in a city’s overall financial health. Debt is sometimes viewed negatively, but responsible borrowing can actually offer advantages. Using debt for projects that are too large for pay-as-you-go funding ensures that residents’ needs are met without delay. Additionally, long-term

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

Management’s Discussion and Analysis

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

City of Deltona Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bonds	32,910,000	33,570,000	92,750,000	95,180,000	125,660,000	128,750,000
Total Bonds	32,910,000	33,570,000	92,750,000	95,180,000	125,660,000	128,750,000
Bank Loan Payable	4,090,856	4,398,204	-	-	4,090,856	4,398,204
FDEP State Revolving Loans	-	-	32,083,364	29,922,218	32,083,364	29,922,218
Total Bonds and Loans	\$ 37,000,856	\$ 37,968,204	\$ 124,833,364	\$ 125,102,218	\$ 161,834,220	\$ 163,070,422

The City issued no new bonds in FY 2018/2019. The City has no general obligation debt; all of its debt obligations are secured by designated revenue streams. Additionally, the City maintained debt-to-revenue ratios as required by its bond covenants. Detailed information on the City’s debt obligations is presented on pages 51-57 of this report.

Economic Factors, Future Budget, and Outlook

The City’s unemployment rate as of September 30, 2019 was 3.3%. This is a continuation of the downward trend for the past several years.

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

Region	Unemployment Rates as of September 30,		
	2019	2018	2017
Deltona	3.3%	3.8%	4.6%
Deltona-Daytona Beach-Ormond Beach Metro Area	3.2%	3.7%	4.4%
Volusia County	3.2%	3.7%	4.3%
Florida	3.2%	3.6%	4.2%
United States	3.5%	3.9%	4.4%

For FY 2019 the taxable value of the City’s real property, personal property, and centrally assessed property, based on the 2018 tax roll, increased over the previous year by 11.6%. The City’s population is currently estimated at 91,520, an increase of less than 1% over the prior year.

During the FY 2018/2019 budget process, the City Commission left the ad valorem (property) tax millage rate unchanged at 7.85 mills. However, the growth in property values resulted in higher collections than the prior year, underscoring an important principle of property taxation: millage is only one part of the property tax equation, and a

higher (or lower) millage rate does not guarantee a higher (or lower) tax bill.

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

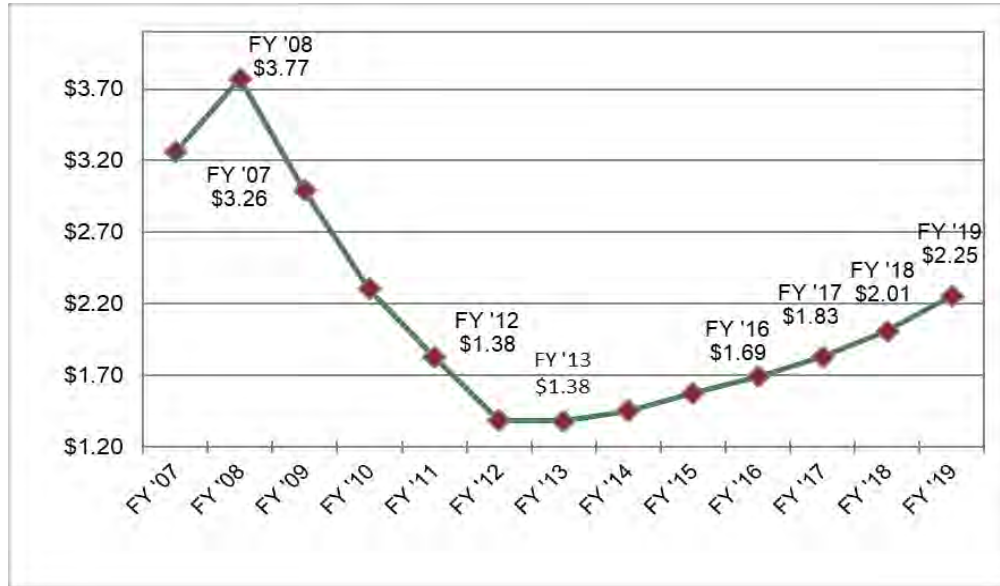
- Commercial development continued, including construction of a new hospital and numerous retail businesses.
- The City’s Construction Services department continues to experience high demand for building permits and inspections.
- Real estate prices have risen over the prior year, with some sources indicating increases of 8.9%.

Management’s Discussion and Analysis

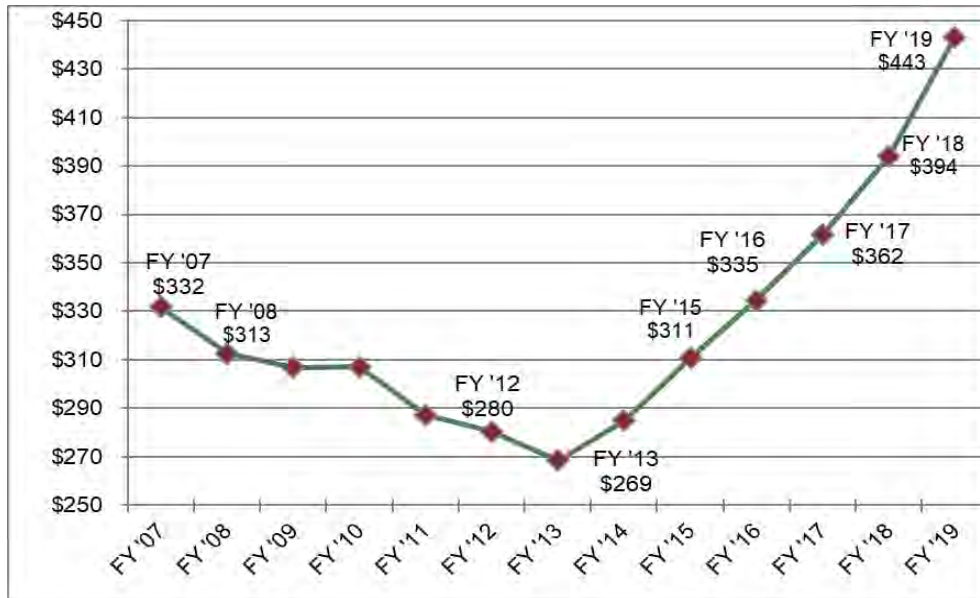
Despite these indicators of prosperity, Deltona real property taxable values still lag behind their all-time high in 2008, just before

the “Great Recession.” The following charts show the dramatic effects of that downturn, and reveal that recovery is far from complete:

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



City of Deltona – Tax Revenue per Residential Parcel



It is important to note that these charts are presented in nominal dollars only. Were they adjusted to reflect inflation and changes in

purchasing power over time, they would underscore even further that Deltona has not regained all that was lost to the recession.

Management's Discussion and Analysis

In its 2019/2020 budget, the Commission adopted a millage rate of 7.85 which was 10.4% more than the rolled back rate of 7.1098 mills, but well below the legal limit of 10.0 mills, and was unchanged from the prior year. City staff once again crafted a budget based on conservative revenue projections and expenditures based on thorough review of trends and departmental needs. As in the past, City staff vigilantly monitor actual results and adjust as needed.

Current and upcoming challenges facing the City include:

- Statutorily imposed caps on property values and millage rates;
- Limited opportunities to diversify revenue;
- Demand for technological advances tempered by the availability of funding;
- Demand for services driven by population growth coupled with Deltona's relatively low staffing levels (4.88 employees per 1,000 residents);

- Succession planning for the 41.3% of full-time City employees aged 50 and over, including incumbents in several senior management positions;
- A tight labor market and high demand for talent, with corresponding upward pressure on all human resource expenses;
- Major upcoming capital outlays needed to comply with regulatory changes and maintain existing infrastructure.

Requests for Information

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

Statement of Net Position
September 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 54,289,288	\$ 27,870,693	\$ 82,159,981
Cash with fiscal agent	173,087	-	173,087
Receivables (net)	1,869,856	2,361,534	4,231,390
Due from other governments	5,946,578	369,717	6,316,295
Inventory and prepaids	539,645	901,621	1,441,266
Total current assets	<u>62,818,454</u>	<u>31,503,565</u>	<u>94,322,019</u>
Noncurrent assets:			
Other assets	-	268,335	268,335
Assets not being depreciated	21,325,299	7,719,855	29,045,154
Assets being depreciated	233,230,591	173,151,020	406,381,611
(Accumulated depreciation)	<u>(128,889,143)</u>	<u>(50,434,446)</u>	<u>(179,323,589)</u>
Total noncurrent assets	<u>125,666,747</u>	<u>130,704,764</u>	<u>256,371,511</u>
Total assets	<u>188,485,201</u>	<u>162,208,329</u>	<u>350,693,530</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred charges on refunding	39,479	10,415,710	10,455,189
Deferred amounts related to pensions	5,512,689	903,805	6,416,494
Deferred amounts related to OPEB	99,197	25,434	124,631
Total deferred outflow of resources	<u>5,651,365</u>	<u>11,344,949</u>	<u>16,996,314</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,893,766	1,537,034	4,430,800
Accrued liabilities	1,273,240	2,572,035	3,845,275
Contracts/retainage payable	16,815	68,434	85,249
Deposits	69,900	960,677	1,030,577
Unearned revenue	744,393	-	744,393
Due within one year	2,218,456	4,252,316	6,470,772
Total current liabilities	<u>7,216,570</u>	<u>9,390,496</u>	<u>16,607,066</u>
Noncurrent liabilities:			
Due in more than one year	<u>56,537,338</u>	<u>126,040,159</u>	<u>182,577,497</u>
Total noncurrent liabilities	<u>56,537,338</u>	<u>126,040,159</u>	<u>182,577,497</u>
Total liabilities	<u>63,753,908</u>	<u>135,430,655</u>	<u>199,184,563</u>
DEFERRED INFLOW OF RESOURCES			
Deferred amounts related to pensions	2,138,846	216,275	2,355,121
Deferred amounts related to OPEB	42,317	9,993	52,310
Total noncurrent liabilities	<u>2,181,163</u>	<u>226,268</u>	<u>2,407,431</u>
NET POSITION			
Net investment in capital assets	96,724,458	13,877,566	110,602,024
Restricted for:			
Culture and recreation	807,469	-	807,469
Physical environment	3,755,761	-	3,755,761
Public safety	187,392	-	187,392
Renewal and replacement	-	1,097,000	1,097,000
Road and street expenses	6,665,631	-	6,665,631
Debt service	1,191,229	4,042,604	5,233,833
Unrestricted	18,869,555	18,879,185	37,748,740
Total net position	<u>\$ 128,201,495</u>	<u>\$ 37,896,355</u>	<u>\$ 166,097,850</u>

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

Statement of Activities
For the Fiscal Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Service	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$11,304,730	\$ 2,293,251	\$ -	\$ 59,297	\$ (8,952,182)	\$ -	\$ (8,952,182)
Public Safety	22,765,508	431,022	535,975	189,183	(21,609,328)	-	(21,609,328)
Highways and streets	6,158,939	242,920	1,196,833	647,650	(4,071,536)	-	(4,071,536)
Culture and recreation	4,810,073	341,785	-	704,094	(3,764,194)	-	(3,764,194)
Economic environment	411,574	-	992,176	-	580,602	-	580,602
Physical environment	11,604,617	10,972,570	4,541,112	219,348	4,128,413	-	4,128,413
Interest on long-term debt	1,065,755	-	-	-	(1,065,755)	-	(1,065,755)
Total governmental activities	<u>58,121,196</u>	<u>14,281,548</u>	<u>7,266,096</u>	<u>1,819,572</u>	<u>(34,753,980)</u>	<u>-</u>	<u>(34,753,980)</u>
Business-type activities:							
Water and Sewer Utility Fund	20,474,457	21,406,977	-	1,513,142	-	2,445,662	2,445,662
Total business-type activities	<u>20,474,457</u>	<u>21,406,977</u>	<u>-</u>	<u>1,513,142</u>	<u>-</u>	<u>2,445,662</u>	<u>2,445,662</u>
Total primary government	<u>\$78,595,653</u>	<u>\$35,688,525</u>	<u>\$ 7,266,096</u>	<u>\$ 3,332,714</u>	<u>\$ (34,753,980)</u>	<u>\$ 2,445,662</u>	<u>\$ (32,308,318)</u>
General Revenues:							
Taxes:							
Property taxes					17,925,314	-	17,925,314
Franchise fees					4,197,228	-	4,197,228
Public service tax					7,559,957	-	7,559,957
Sales tax					5,230,594	-	5,230,594
Local option gas taxes					2,426,376	-	2,426,376
State shared revenues - non program specific					3,489,272	-	3,489,272
Investment income:							
Interest earnings					1,211,566	514,362	1,725,928
Miscellaneous					708,260	69,857	778,117
Total general revenues, special items, and transfers					<u>42,748,567</u>	<u>584,219</u>	<u>43,332,786</u>
Change in net position					7,994,587	3,029,881	11,024,468
Net position - beginning, as restated					120,206,908	34,866,474	155,073,382
Net position - ending					<u>\$ 128,201,495</u>	<u>\$ 37,896,355</u>	<u>\$ 166,097,850</u>

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

Balance Sheet
Governmental Funds
September 30, 2019

	General Fund	Stormwater Utility Fund	Solid Waste Fund	Transportation Fund	Community Redevelopment Area (CRA)	Total Nonmajor Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 26,810,364	\$ 3,728,879	\$ 1,047,551	\$ 17,728,815	\$ 207,439	\$ 4,766,242	\$ 54,289,290
Cash with fiscal agent	67,127	-	-	105,960	-	-	173,087
Receivables (net of allowance for uncollectibles)	1,866,270	-	-	-	-	-	1,866,270
Due from other funds	417,961	-	-	-	-	-	417,961
Due from other governments	5,073,225	36,527	1,460	359,626	-	475,739	5,946,577
Inventory and prepaid items	16,366	-	-	-	-	-	16,366
Total assets	34,251,313	3,765,406	1,049,011	18,194,401	207,439	5,241,981	62,709,551
LIABILITIES							
Accounts payable	720,101	234,924	489,779	897,426	-	551,535	2,893,765
Accrued liabilities	1,091,462	87,973	2,099	6,044	-	-	1,187,578
Retainage payable	-	-	-	14,184	-	2,631	16,815
Due to other funds	-	-	-	-	-	414,375	414,375
Unearned revenues	-	-	-	-	-	744,393	744,393
Deposits	69,900	-	-	-	-	-	69,900
Total liabilities	1,881,463	322,897	491,878	917,654	-	1,712,934	5,326,826
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenues	91,865	-	-	-	-	-	91,865
Total deferred inflows of resources	91,865	-	-	-	-	-	91,865
FUND BALANCES							
Non-spendable:							
Inventory and prepaid items	16,366	-	-	-	-	-	16,366
Total non-spendable fund balance	16,366	-	-	-	-	-	16,366
Restricted:							
Public safety	-	-	-	-	-	187,391	187,391
Highways and streets	-	-	-	17,276,747	207,439	32,373	17,516,559
Culture and recreation	-	-	-	-	-	1,024,596	1,024,596
Physical environment	-	-	-	-	-	-	-
Economic environment	-	3,442,509	557,133	-	-	79,263	4,078,905
Total restricted fund balance	-	3,442,509	557,133	17,276,747	207,439	1,323,623	22,807,451
Committed:							
Culture and recreation	-	-	-	-	-	443,652	443,652
Physical environment	42,022	-	-	-	-	849,424	891,446
Total committed fund balance	42,022	-	-	-	-	1,293,076	1,335,098
Assigned:							
Natural disasters	8,000,000	-	-	-	-	-	8,000,000
Operating reserve	6,448,000	-	-	-	-	-	6,448,000
Economic development	525,600	-	-	-	-	-	525,600
Grant match reserve	378,500	-	-	-	-	-	378,500
Capital outlay/projects	1,274,734	-	-	-	-	912,348	2,187,082
Total assigned fund balance	16,626,834	-	-	-	-	912,348	17,539,182
Unassigned:							
Unallocated	15,592,763	-	-	-	-	-	15,592,763
Total fund balances	32,277,985	3,442,509	557,133	17,276,747	207,439	3,529,047	57,290,860
Total liabilities and fund balances	\$ 34,251,313	\$ 3,765,406	\$ 1,049,011	\$ 18,194,401	\$ 207,439	\$ 5,241,981	\$ 62,709,551

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

Reconciliation of the Balance Sheet of Governmental Funds

Reconciliation of Balance Sheet
To the Statement of Net Position
September 30, 2019

Fund balances of Governmental Funds	\$	57,290,860
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the Governmental Funds:		
Cost of capital assets	254,555,890	
Accumulated depreciation	<u>(128,889,143)</u>	125,666,747
Certain assets, which are not available to pay for current period expenditures, are not recorded in the Balance Sheet of Governmental Funds. Since the availability criteria does not apply to the Statement of Net Position these assets are included:		
Inventories - Investment in NSP homes		523,279
The difference between the reacquisition price and the net carrying amount of refunded debt is reported as a deferred outflow of resources in the government-wide statements and amortized over the life of the debt, but is not reported in the Governmental Funds.		
		39,479
Premiums for new debt issues are reported when issued as expenditures and other financing sources in the Governmental Funds, are deferred and amortized over the life of the debt in the Statement of Activities.		
		(2,047,263)
At the governmental fund level, some receivables are not available and are reported as a deferred inflow of resources. All receivables are included as revenue when earned in the Statement of Activities and therefore are not unearned revenues on the Statement of Net Position.		
		91,865
Deferred inflows and outflows of resources related to pensions and other post-employment benefits are reported in the government-wide statements, but are not reported in the Governmental Funds:		
Deferred outflows related to pensions	5,512,689	
Deferred inflows related to pensions	(2,138,846)	
Deferred outflows related to other post-employment benefits	99,197	
Deferred inflows related to other post-employment benefits	<u>(42,317)</u>	3,430,723
Long-term liabilities, including bonds payable, are not due and payable in the current period and, accordingly, are not reported in the current period and therefore are not reported as liabilities in the Governmental Funds.		
Long-term liabilities at year-end consist of:		
Bonds and loans payable	(37,000,858)	
Compensated absences	(2,403,113)	
Other post employment benefits	(1,021,211)	
Net pension liability	(16,166,552)	
Accrued interest	(85,663)	
Unearned revenue - Debt Service Deposit Agreement	<u>(116,798)</u>	(56,794,195)
Net position of governmental activities	\$	<u>128,201,495</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended September 30, 2019

	General Fund	Stormwater Utility Fund	Solid Waste Fund	Transportation Fund	Community Redevelopment Area (CRA)	Other Nonmajor Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 17,799,506	\$ -	\$ -	\$ -	\$ 125,808	\$ -	\$ 17,925,314
Franchise fees	4,197,228	-	-	-	-	-	4,197,228
Public service tax	7,559,957	-	-	-	-	-	7,559,957
State revenue sharing	4,555,855	-	-	-	-	-	4,555,855
Intergovernmental	9,583,107	35,731	-	2,426,378	-	1,143,640	13,188,856
Charges for services	3,225,658	4,187,868	6,775,905	242,920	-	190,658	14,623,009
Fines and forfeitures	144,815	-	-	-	-	-	144,815
Impact fees	-	-	-	-	-	1,409,675	1,409,675
Interest income	585,005	99,466	35,967	411,265	1,703	78,161	1,211,567
Miscellaneous	389,804	1,683	8,797	-	-	807,362	1,207,646
Total revenues	48,040,935	4,324,748	6,820,669	3,080,563	127,511	3,629,496	66,023,922
EXPENDITURES							
Operating:							
General government	9,140,877	-	-	-	-	124,587	9,265,464
Public safety	21,889,344	-	-	-	-	-	21,889,344
Highways and streets	2,171,622	-	-	122,966	-	146,679	2,441,267
Culture and recreation	3,151,541	-	-	-	-	-	3,151,541
Economic environment	-	-	-	-	175	905,049	905,224
Physical environment	16,761	2,950,329	6,362,779	-	-	189,066	9,518,935
Debt service:							
Interest	261,256	220,350	-	938,163	-	-	1,419,769
Principal retirement	145,000	307,348	-	515,000	-	-	967,348
Capital outlay:							
General government	397,295	-	-	-	-	336,750	734,045
Public safety	611,652	-	-	-	-	74,154	685,806
Highways and streets	473,395	-	-	2,334,300	-	-	2,807,695
Culture and recreation	114,697	-	-	-	-	2,293,606	2,408,303
Economic environment	-	-	-	-	-	29,630	29,630
Physical environment	-	1,255,580	-	-	-	-	1,255,580
Total expenditures	38,373,440	4,733,607	6,362,779	3,910,429	175	4,099,521	57,479,951
Excess (deficiency) of revenues over expenditures	9,667,495	(408,859)	457,890	(829,866)	127,336	(470,025)	8,543,971
OTHER FINANCING SOURCES (USES)							
Transfer(s) in	262,500	-	-	1,047,650	-	2,284,000	3,594,150
Transfer(s) out	(2,684,000)	-	-	-	-	(910,150)	(3,594,150)
Total other financing source (uses)	(2,421,500)	-	-	1,047,650	-	1,373,850	-
Net change in fund balances	7,245,995	(408,859)	457,890	217,784	127,336	903,825	8,543,971
Fund balances - beginning	25,031,990	3,851,368	99,243	17,058,963	80,103	2,625,222	48,746,889
Fund balances - ending	\$ 32,277,985	\$ 3,442,509	\$ 557,133	\$ 17,276,747	\$ 207,439	\$ 3,529,047	\$ 57,290,860

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

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of the Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended September 30, 2019

		\$ 8,543,971
Net change in fund balances of Governmental Funds		
Amounts reported for governmental activities in the <u>Statement of Activities</u> are different because:		
Governmental Funds report capital outlays as expenditures. In the Statement of Activities, however, the cost of those assets is depreciated (expensed) over their useful lives. This is the amount by which depreciation exceeded expenditures in the current period.		
Capital asset purchases	6,335,654	
Capital asset transfers and disposals	(2,834)	
Less: depreciation expense	<u>(7,422,047)</u>	(1,089,227)
Payments for the purchase of housing through certain grants are recorded as expenditures the Governmental Funds. In the Statement of Net Position, however, these costs are added to inventory and expensed only when the houses are sold. This is the amount by which inventory of grant-funded houses declined due to the sale of the properties.		523,279
In the Statement of Activities, revenues are recorded when earned. In Governmental Funds, revenues are recognized when measurable and available. This is the current year's amortization of proceeds received in connection with a debt service forward delivery agreement.		16,683
Repayment of long-term debt is an expenditure in the Governmental Funds, but reduces long-term liabilities in the Statement of Net Position. This is the current year repayment of long-term debt principal.		967,348
Certain issuance costs and premiums for new debt issues are reported when issued as expenditures and other financing sources in the Governmental Funds, but are deferred and amortized over the life of the debt in the Statement of Activities:		
Amortization of bond premiums	75,825	
Amortization of accrued interest	6,099	
Amortization of deferred outflow related to bond refunding	<u>(5,848)</u>	76,076
Governmental Funds recognize expenditures for the amounts actually paid to employees for compensated absences during the year, while the Statement of Activities reflects only the cost of compensated absences earned. This is the amount by which compensated absences earned exceeded the amount paid in the current year.		(17,936)
Under the modified accrual basis of accounting, revenues are recognized when both the measurable and available criteria have been met. Disaster assistance revenues earned in the current year were not recognized since the availability criteria was not met. Under full accrual accounting, all revenues would be recognized.		91,865
Contributions to pension and to other post-employment benefit (OPEB) plans are recorded as expenditures in the funds when paid. In the Statement of Activities, however, the amounts reported in connection with these plans are based on actuarial calculations. These are the amounts by which deferred inflows, deferred outflows, and net liabilities related to pension and OPEB plans changed in the current year.		
Deferred outflows related to pensions	424,566	
Deferred outflows related to other post-employment benefits	69,147	
Deferred inflows related to pensions	346,491	
Deferred inflows related to other post-employment benefits	6,505	
Net pension liability	(1,852,604)	
Other Post-Employment Benefits liability	<u>(111,577)</u>	<u>(1,117,472)</u>
Change in net position of governmental activities		<u>\$ 7,994,587</u>

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

Statement of Net Position
Proprietary Fund
September 30, 2019

	Business-Type Activities Water and Sewer Utility Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 20,558,547
Restricted assets available for current liabilities	5,830,237
Receivables (net of allowance for uncollectibles)	2,361,534
Due from other governments	369,717
Inventory	901,621
Total current assets	<u>30,021,656</u>
Noncurrent assets:	
Restricted assets	
Sinking fund - State Revolving Fund Loan	514,923
Sinking fund - Revenue bonds payable	4,739,546
Renewal and replacement account	1,097,000
Customer deposits	960,677
Less: current portion	(5,830,237)
Total restricted assets	<u>1,481,909</u>
Capital assets	
Capitalized intangible	953,838
Improvements other than buildings	129,230,192
Land	3,150,692
Buildings	9,970,745
Equipment	32,996,245
Construction in progress	4,569,163
(Accumulated depreciation)	(50,434,446)
Total capital assets - cost less depreciation	<u>130,436,429</u>
Prepaid bond insurance	268,335
Total noncurrent assets	<u>132,186,673</u>
Total assets	<u>162,208,329</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred charges on refunding	10,415,710
Deferred amounts related to pensions	903,805
Deferred amounts related to OPEB	25,434
Total deferred outflow of resources	<u>11,344,949</u>
Total assets and deferred outflow of resources	<u>\$ 173,553,278</u>

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

Statement of Net Position
 Proprietary Fund
 September 30, 2019
 (Continued)

	Business-Type Activities Water and Sewer Utility Fund
LIABILITIES	
Current liabilities payable from current assets:	
Accounts and retainages payable	\$ 1,605,494
Accrued expenses	222,449
FDEP State Revolving Fund loan - current portion	1,522,592
Long term liabilities - current portion	209,712
Total current liabilities payable from current assets	<u>3,560,247</u>
Current liabilities payable from restricted assets:	
Deposits	960,677
Accrued interest payable	2,349,560
Revenue bonds current portion	2,520,000
Total current liabilities payable from restricted assets	<u>5,830,237</u>
Total current liabilities payable from current and restricted assets	<u>9,390,484</u>
Long-term liabilities:	
Revenue bonds payable (net of related premium)	92,571,110
FDEP State Revolving Fund loan	30,560,772
Compensated absences	137,741
Other post employment benefits obligation	223,057
Net pension liability	2,547,491
Total long-term liabilities	<u>126,040,171</u>
Total liabilities	<u>135,430,655</u>
DEFERRED INFLOW OF RESOURCES	
Deferred amounts related to pension	216,275
Deferred amounts related to OPEB	9,993
Total deferred inflows of resources	<u>226,268</u>
Total liabilities and deferred inflow of resources	<u>\$ 135,656,923</u>
NET POSITION	
Net investment in capital assets	13,877,566
Restricted for:	
Debt service	4,042,604
Renewal and replacement	1,097,000
Unrestricted	18,879,185
Total net position	<u>\$ 37,896,355</u>

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

Statement of Revenues, Expenditures and Changes in Net Position
 Proprietary Fund
 For the Fiscal Year Ended September 30, 2019

	Business-Type Activities
	Water and Sewer Utility Fund
Operating revenues:	
Charges for services - Water	\$ 12,459,118
Charges for services - Waste Water	7,713,908
Connection fees	197,365
Other miscellaneous revenues	1,036,585
Total operating revenues	<u>21,406,976</u>
Operating expenses:	
Personal services	5,243,935
Operating expenses	4,127,945
Professional services	194,629
Depreciation	5,078,200
Insurance	246,463
Total operating expenses	<u>14,891,172</u>
Operating income (loss)	<u>6,515,804</u>
Nonoperating revenues (expenses)	
Investment Income:	
Interest earnings	514,364
Gain (loss) on sale of capital assets	69,857
Interest expense and issue cost amortization	(5,583,285)
Total nonoperating revenue (expenses)	<u>(4,999,064)</u>
Income (loss) before contributions	1,516,740
Capital grants and contributions	
Grant revenue	534,789
Capital contributions - water and wastewater	978,352
Total capital grants and contributions	<u>1,513,141</u>
Change in net position	3,029,881
Net position:	
Beginning of year, as restated	<u>34,866,474</u>
End of year	<u>\$ 37,896,355</u>

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

Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended September 30, 2019

	Business-Type Activities
	Water and Sewer System Fund
Cash flows from operating activities	
Cash received from customers	\$ 20,233,255
Cash payments to suppliers for goods and services	(6,020,400)
Cash payments for employee services	(4,829,546)
Net cash provided by operating activities	<u>9,383,309</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(6,379,833)
Proceeds from sale of capital assets	69,857
Proceeds from borrowing - State Revolving Fund	2,893,501
Sinking fund deposit	(43,776)
Loan principal payments	(3,162,355)
Loan interest payments	(4,976,902)
Grants	534,789
Proceeds from capital contributions	978,352
Net cash used in capital and related financing activities	<u>(10,086,367)</u>
Cash flows from investing activities	
Interest	514,364
Net cash provided by investing activities	<u>514,364</u>
Net increase (decrease) in cash and cash equivalents	(188,694)
Cash and cash equivalents, beginning of year	23,319,841
Cash and cash equivalents, end of year	<u>\$ 23,131,147</u>

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

Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended September 30, 2019
(Continued)

	Business-Type Activities
	Water and Sewer System Fund
Reconciliation of cash and cash equivalents to the Statement of Net Assets:	
Cash and cash equivalents	\$ 20,558,547
Restricted cash and cash equivalents:	
Sinking fund - Revenue bonds payable	514,923
Renewal and replacement account	1,097,000
Customer deposits	960,677
Cash and cash equivalents, end of year	<u>\$ 23,131,147</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 6,515,804
Adjustments to reconcile operating income to cash provided by operating activities:	
Depreciation	5,078,200
Provision for uncollectible accounts	23,688
(Increase) decrease in assets:	
Accounts receivable	(434,482)
Inventories	(859)
(Increase) decrease in deferred outflow of resources:	107,214
(Increase) decrease in liabilities:	
Accounts payable	(1,102,187)
Utility deposits	(1,111,245)
Accrued expenses	29,027
Net pension liability	243,194
Compensated absences	25,057
Other post employment benefits obligation	28,610
(Increase) decrease in deferred inflow of resources:	(18,712)
Net cash provided by operating activities	<u>\$ 9,383,309</u>

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

Statement of Fiduciary Net Position

Statement of Fiduciary Net Position
Pension Trust Funds
September 30, 2019

	Employee Retirement Funds
ASSETS	
Cash and cash equivalents	\$ 34,887,120
Prepaid items	4,346
Receivables (net of allowance for uncollectibles)	11,316
Total assets	<u>34,902,782</u>
LIABILITIES	
Accounts payable	38,183
Due to other funds	3,586
Total liabilities	<u>41,769</u>
NET POSITION	
Net Position Restricted for Pensions	34,861,013
Total net position	<u><u>\$ 34,861,013</u></u>

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

Statement of Changes in Fiduciary Net Position

Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Fiscal Year Ended September 30, 2019

	Employee Retirement Funds
ADDITIONS	
Contributions:	
Employer	\$ 1,283,590
Contribution from General Fund - insurance premium surcharges received	440,929
Employee	326,448
Total contributions	<u>2,050,967</u>
Investment earnings:	
Interest income	1,071,786
Other income:	
Other income	200
Total additions	<u>3,122,952</u>
DEDUCTIONS	
Benefit payments	1,586,558
Disability payments	136,125
Beneficiary payments	15,776
DROP plan payments	287,807
Share Plan Payments	5,995
Refunds to employees	72,059
Administration	154,778
Insurance premium payments	4,305
Total deductions	<u>2,263,403</u>
Change in net position	859,549
Net position - beginning of the year	<u>34,001,464</u>
Net position - end of the year	<u>\$ 34,861,013</u>

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

**Notes to the Financial Statements
September 30, 2019**

I. Summary of significant accounting policies

A. Reporting entity

The City of Deltona (City) is a municipal corporation, incorporated December 31, 1995, governed by an elected mayor and six-member council. The City provides a full range of services including law enforcement and fire/rescue protection, solid waste management, storm water management, construction and maintenance of sidewalks, road and street facilities, planning and development services, recreational and cultural activities and general administrative services. The City also has a business-type operation that offers water and sewer utility services. The financial reporting entity consists of the primary government and component units, entities for which the government would be considered financially accountable. The determination of financial accountability includes consideration of a number of criteria including: (1) the appointment of a voting majority of an entity's governing authority and the ability of the primary government to impose its will on the entity; (2) the potential for the entity to provide specific financial benefits to, or impose specific financial burdens on, the primary government; and (3) the entity's fiscal dependency on the primary government. As of September 30, 2019, the City has included the following component unit within the financial reporting entity of the City:

Blended Component Unit Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The Southwest Deltona Community Redevelopment Agency (SWDCRA) pursuant to Section 163.356, Florida Statutes, was established by City Resolution 2016-40 and Volusia County Resolution 2016-092.

The SWDCRA is comprised of a seven-member board appointed by the Deltona City Commission. The City and Volusia County provide tax increment revenue to the SWDCRA to be used for payment of improvement projects within the geographical area covered by the CRA.

Due to the appointment of the board in addition to the financial support provided by the City, management has determined the SWDCRA meets the criteria to be included as a component unit. Financial records for the SWDCRA are maintained by the City and City staff are responsible for the CRA's day-to-day operations. Due to the component unit existing to benefit the primary government the CRA is considered a blended component unit. The CRA benefits the primary government by providing funds for improvements within the area covered by the CRA, and this is the main use of revenues. The SWDCRA is reported as a major special revenue fund and does not issue separate financial statements.

B. Government-wide and fund financial statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. *Direct expenses* are those that are

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

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

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

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

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

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

The City reports the following major governmental funds:

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

- **Southwest Deltona Community Redevelopment Agency** - accounts for financial resources related to the economic development of the Southwest Deltona Community Redevelopment Area. The fund is a blended component unit of the City. The funds include tax increment revenue which is legally restricted and expended to support projects in the designated community redevelopment area.

The City reports the following non-major fund types:

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

The City reports the following major enterprise fund:

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

The City reports the following fiduciary fund type:

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges incurred for water and sewer used by other City functions and other charges between the City's enterprise, transportation, solid waste and stormwater functions of the City. Elimination of these charges would distort direct costs and program revenues reported for the various functions concerned.

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

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

D. Assets, liabilities, and net position or equity

1. Deposits and investments

In accordance with GASB Statement 72, the City reports its investments at fair value, except for investments that are not reported at fair value in accordance with GASB Statement 79. GASB Statement 79 applies to certain external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. Both of these

pronouncements apply to all investments of the City, whether held as City investments or by the City's Firefighters' or General Employees' pension plans.

City Investments

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

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

For the fiscal year ended September 30, 2019, GASB 79 applied to the City's investments in the Florida State Board of Administration's (Florida PRIME) Local Government Investment Pool (LGIP), and certain money market funds. As a result, these investments were not reported at fair value, as indicated in Note III A. The issuers of these investments prepare separate financial reports.

All of the City's other investments are reported at fair value in accordance with GASB Statement 72, which establishes a three-level hierarchy based on the valuation inputs used to measure an asset's fair value. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Firefighters' Pension Plan Investments

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

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

General Employees' Pension Investments

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

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

2. *Receivables and payables*

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

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

3. *Inventories and prepaid items*

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

For the enterprise fund, inventory at September 30, 2019 was \$901,621, comprised of material and supplies on hand.

Governmental activities inventory is \$539,645. Of this, \$523,279 is homes purchased and in the process of being rehabilitated, but not yet sold, through the Neighborhood Stabilization Program. The remaining \$16,366 is the fuel on hand in storage tanks located at Fire Station 65 and the Public Works Depot as of September 30, 2019.

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

4. *Capital Assets*

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost that equals or exceeds \$5,000 and have an estimated useful life in excess of one year. However, there are some exceptions when an asset with an initial cost of less than \$5,000 may be capitalized such as with certain computer equipment. The City reports

infrastructure assets on a network and subsystem basis. Accordingly, the amount spent for the construction or acquisition of infrastructure assets is capitalized and reported in the government-wide financial statements when the initial costs equal or exceed \$25,000 and they possess estimated useful lives in excess of more than one year.

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

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by Governmental Activities and Business-Type Activities during the current fiscal year was \$1,419,769 and \$5,583,285, respectively. The capitalized interest expense associated with the cost of capital assets while under construction in connection with the water and sewer utility fund assets was \$490,978 for the first State Revolving Loan and \$37,177 for the second State Revolving Loan, for the engineering, design and construction of the eastern wastewater treatment plant.

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

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

5. *Compensated Absences*

All vested or accumulated vacation, scheduled holiday leave and vested accumulated sick leave is accrued when incurred in the government-wide and enterprise financial statements. Compensated absences, for the government-wide and enterprise funds combined, as of September 30, 2019 and 2018, were \$2,712,226 and \$2,669,233, respectively.

6. *Long-term obligations*

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

bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

7. On-Behalf Payments for Fringe Benefits

The City receives on-behalf payments from the State of Florida to be used for Firefighters' Pension Plan enhancements. On-behalf payments to the City totaled \$440,929 for the fiscal year ended September 30, 2019. Such payments are recorded as intergovernmental revenue and public safety expenditures in the GAAP-basis government-wide and General Fund financial statements. The City records these funds as revenue in the General fund upon receipt, and then records a transfer of the funds to the Firefighters' Pension Plan.

8. Deferred Outflows / Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. Deferred Outflows represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. At September 30, 2019, deferred outflows in the governmental activities consist of deferred amounts related to pensions and deferred charges related to the issuance of the Capital Improvement Revenue Refunding Bonds, Series 2016. Deferred outflows in the business-type activities are deferred charges related to the refunding of the Utility's 2003 Revenue Bonds. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. The City's deferred inflows are related to its pension plans; other post-employment benefit plans, and reimbursements obligated by the Federal Emergency Management Agency (FEMA) but not yet received.

9. Fund Equity / Net Position

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

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

Net position flow assumptions

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

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

- Non-spendable fund balance is defined as resources that are in non-spendable form or are legally or contractually required to be maintained intact. This classification includes inventories, pre-paid amounts and non-financial assets held for resale.
- Restricted fund balance is defined as having restrictions (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance is defined as amounts that can only be used for specific purposes pursuant to constraints imposed by City Commission resolution but is not legally restricted. Committed amounts cannot be used for any other purpose unless the Commission removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- Assigned fund balance is defined as amounts that are constrained by the *intent* to be used for specific purposes, but are neither Restricted nor Committed. Intent is expressed by either the City Commission or a body, such as a board or committee, to which the City Commission has delegated the authority to assign amounts. Assigned amounts are not required to be established by formal action of the City Commission. An appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance.
- Unassigned fund balance represents the City's residual fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund and may be used for any legal general purpose. The City's General Fund is the only fund that reports a positive unassigned fund balance amount.

Fund balance flow assumptions

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

The City Commission has adopted a Resolution creating a minimum fund balance policy. This policy established the following reserves: 1) a Natural Disaster reserve of \$8,000,000,

increased from \$6,000,000 per commission approval on September 17, 2018, for the purpose of providing the means to respond to public emergencies and/or natural disasters and; 2) an operating reserve equal to two (2) months of General Fund annual operating expenditures for the purpose of providing the City with the fiscal means to respond to unexpected operational charges, legislative impacts, or other economic events affecting the City's operations that could not have easily been anticipated at the time the budget was prepared. These reserves are not intended to be contingency funds used to address unfunded expenditures or over-expenditures related to the provision of routine City services. The City incurred expenditures in FY 2018/2019 totaling \$20,137 for Hurricanes Michael and Dorian and received FEMA reimbursements of \$3,890,306 for Hurricanes Irma and Michael; the Commission approved replenishment of the reserve and its balance at September 30, 2019 was \$8,000,000

The operating reserve was \$6,448,000 as of September 30, 2019.

The City has also adopted a resolution establishing an additional fund balance reserve for economic incentives. This reserve has two components: one reserve for Economic Development equal to \$1,000,000 as well as a City Infrastructure fund balance reserve equal to \$1,000,000. These are both one-time only commitments intended to assist with economic development within the City until such time these reserves are depleted. Since inception of these reserves, the City Commission has authorized the use of \$1,474,400 of the City Infrastructure component, leaving an available combined reserve balance of \$525,600 as of September 30, 2019.

Finally, the City adopted resolutions establishing a Grants Match fund balance reserve of \$500,000 to provide funds that can be used to demonstrate available matching funds if required to qualify for grant funding opportunities. Since its inception, the Commission has approved a budget amendment to increase the reserve amount by \$500,000. The Commission also approved the use of \$309,000 for Parks in FY 2018/2019. As of September 30, 2019, the total Grants Match reserve totaled \$378,500.

10. *New Accounting Pronouncements*

GASB Statement 88, Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements, effective for reporting periods beginning after June 15, 2018. The City implemented GASB Statement 88 in the current fiscal year, as further described in Note III (C).

GASB Statement 90, Majority Equity Interests, effective for reporting periods beginning after December 15, 2018. The City has no transactions to which this pronouncement applies.

GASB Statement No. 83, Certain Asset Retirement Obligations, effective for reporting periods ending after June 15, 2018. The City has no transactions to which this pronouncement applies.

The City has not yet implemented the following GASB statements:

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

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

GASB Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for reporting periods beginning after December 31, 2019.

GASB Statement 91, *Conduit Debt Obligations*, effective for reporting periods beginning after December 15, 2020.

II. Stewardship, compliance, and accountability

A. Budgetary information

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

On an annual basis the City Manager submits to the City Commission a proposed operating and capital budget for the fiscal year commencing the following October 1st. Public hearings are held to obtain taxpayer input. Prior to October 1st, the budget is legally adopted through City Commission resolution.

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

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

III. Detailed Notes on All Activities and Funds

A. Deposits and investments

As of September 30, 2019, the City had the following investments:

Investment	Maturities	Ratings	Fair Value
State Board of Administration Local Government Surplus Funds Trust Fund (Florida PRIME)	1 Day	AAA	\$ 33,433
Florida Surplus Asset Trust Fund (FLSAFE)	1 Day	AAA	23,754,975
Foreign Corporate Notes	Up to 2.62	A1/A+/AA-	1,004,378
Wells Fargo Government Obligations (Federal Agency Coupon Securities & US Treasury Notes)	Up to 3.87 years	Aaa/AA+ Aaa	15,660,576
Wells Fargo Money Market Funds	1 Day average	N/A	585,307
Wells Fargo Corporate Notes	Up to 3.75 years	A1/ A+/AA A+/AA-	4,615,071
Wells Fargo Commercial Paper	Up to 6 months	P-1/A-1+	495,285
Wells Fargo Supranationals	Up to 2.23 year	Aaa/AAA/Aaa	1,110,529
Firefighters' Pension Investments:			
Cash & Short Term Investments	N/A	N/A	446,337
U.S. Treasury Obligations	Up to 25 years	Aaa	991,675
Mortgage/Asset Backed Securities	N/A	N/A	1,176,413
Collateralized Mortgage Obligations			510,787
Corporate Bonds	Up to 13 years	Baa3 - Aa3	2,855,356
Mutual Funds-Fixed Income	N/A	N/A	2,112,146
Mutual Funds-Equity	N/A	N/A	20,011,953
Real Estate Funds	N/A	N/A	2,701,714
General Employees' Pension Investments:			
Stable Value/Money Market Funds	N/A	N/A	321,423
Bond Funds	Up to 15 years	AAA-BBB	299,072
Balanced /Asset Allocation Funds	N/A	N/A	2,123,792
Guaranteed Lifetime Income	N/A	N/A	167,068
U.S. Stock Funds	N/A	N/A	874,146
International Stock Funds	N/A	N/A	218,183
Specialty	N/A	N/A	33,332
Total Investments			<u>82,102,950</u>
Accrued interest and dividends			161,678
Cash Deposits			<u>34,782,472</u>
Total Deposits and Investments			<u>\$117,047,101</u>
Shown in the accompanying Statements of Net Position as:			
Primary Government – Deposits and Investments			\$ 82,159,981
Fiduciary Funds – Deposits and Investments			<u>34,887,120</u>
Total			<u>\$117,047,101</u>

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

Interest rate risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The weighted average maturity of the City's investments is displayed in the preceding schedule. The City's Investment Policy states that the City will limit interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements of on-going operations and by investing operating funds primarily in shorter-term securities, money market mutual funds or similar investing pools.

Credit risk

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

Concentration of credit risk

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

Custodial credit risk – deposits

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

Custodial credit risk – investments

For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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

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

Foreign currency risk – investments

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

Fair Value Measurement

In accordance with GASB Statement No. 72, the City uses the market value approach for fair value measurements of its investments, and categorizes those measurements within the hierarchy based on valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets. Markets such as exchanges and broker/dealer markets are applicable; Level 2 inputs are other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. For example, quoted prices for similar assets such as the price or yield of a similar bond, or interest rates and yield curves; and Level 3 inputs are unobservable inputs for the asset, such as management's assumption for the default rate amount used only when relevant Level 1 and 2 inputs are unavailable.

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

Notes to the Financial Statements

The City has the following fair value measurements as of September 30, 2019:

Investment	Value at 09/30/2019	Not Reported at Fair Value	Level 1	Level 2	Level 3
City Investments					
Commercial Paper	495,285			495,285	
Foreign Corporate Notes	1,004,378			1,004,378	
Federal Agency Securities	10,086,361			10,086,361	
US Treasury Securities	5,574,214			5,574,214	
Money Market Funds	585,307	585,307		-	
Corporate Notes	4,615,071			4,615,071	
Supranationals	1,110,529			1,110,529	
Intergovernmental Investment Pools	23,788,408	33,433		23,754,975	
Firefighters' Pension Investments					
Cash & Short Term Investments	446,337		446,337		
U.S. Treasury Obligations	991,675		991,675		
Mortgage/Asset Backed Securities	1,176,413			1,176,413	
Collateralized Mortgage Obligations	510,787			510,787	
Corporate Bonds	2,855,356			2,855,356	
Mutual Funds-Fixed Income	2,112,146		2,112,146		
Mutual Funds-Equity	20,011,953		20,011,953		
Real Estate Funds	2,701,714				2,701,714
General Employees' Pension Investments					
Stable Value/Money Market Funds	321,423		321,423		
Bond Funds	299,072		299,072		
Balanced /Asset Allocation Funds	2,123,792		2,123,792		
Guaranteed Lifetime Income	167,068		167,068		
U.S. Stock Funds	874,146		874,146		
International Stock Funds	218,183		218,183		
Specialty	33,332		33,332		
Totals	\$ 82,102,950	\$ 618,740	\$ 27,599,127	\$ 51,183,369	\$ 2,701,714

City investments were categorized by the City's investment manager using an independent pricing service applying the leveling methodology across all securities in the specific sectors they manage. Level 1 inputs include quoted prices in active markets for identical assets at a measurement date, such as a stock exchange closing price. Level 2 inputs include inputs other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly. Examples of Level 2 inputs are quoted prices for similar assets in active markets; quoted prices for identical or similar assets that are not active; interest rates and yield curves observable at a commonly quoted intervals; implied volatilities; credit spreads; and market-corroborated inputs. General Employees' Pension Investments were also categorized by the pension administrator using an independent pricing service, also taking into consideration that the underlying investments are actively traded and quoted on a daily basis. Firefighters' Pension investments categorized in levels 1 and 2 were categorized by the pension administrator using criteria based on asset class, pricing source, and frequency. Firefighters' Pension investments categorized in level 3 were based on a Discounted Cash Flow method. Valuation methods are unchanged from the prior year.

B. Receivables

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

	Governmental Activities	Business-type Activities	Total
Customers:			
Billed	\$ -	\$ 1,851,899	\$ 1,851,899
Unbilled	-	1,481,238	1,481,238
Services tax	1,096,812	-	1,096,812
Franchise fees	583,615	-	583,615
Business Tax	134,798	-	134,798
The Center	6,071	-	6,071
Miscellaneous	47,723	15,628	63,351
A/R - NSF check	837	-	837
Gross receivables	<u>1,869,856</u>	<u>3,348,764</u>	<u>5,218,620</u>
Less: allowance for uncollectibles	-	<u>(987,230)</u>	<u>(987,230)</u>
Net total receivables	<u>\$ 1,869,856</u>	<u>\$ 2,361,534</u>	<u>\$ 4,231,390</u>

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

	As of 9/30/19
Uncollectible related to water sales	\$ 394,892
Uncollectible related to sewer sales	592,338
Total uncollectible in the current fiscal year	<u>\$ 987,230</u>

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

	Governmental Activities	Business- type Activities	Total
State of Florida - 5 & 6 Cent Gas Tax	\$ 359,626	\$ -	\$ 359,626
State of Florida - 1/2 Cent Sales Tax	796,501	-	796,501
State of Florida - Communications Tax	331,168	-	331,168
Florida Department of Environmental Protection	-	369,717	369,717
U.S. Dept. of Housing and Urban Development	475,680	-	475,680
State of Florida - Stormwater Grant	36,527	-	36,527
Florida Department of Emergency Management	3,827,342	-	3,827,342
Miscellaneous	119,734	-	119,734
Total Due from Other Governments	\$ 5,946,578	\$ 369,717	\$ 6,316,295

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

Unearned Revenue

	As of 9/30/19
SHIP Grant fund advances received from grantor agency prior to meeting all eligibility requirements	\$ 640,237
NSP 1 Program Income received but not earned	15,368
NSP 3 Program Income received but not earned	88,788
Total Unearned Revenue	\$ 744,393

Notes to the Financial Statements

C. Capital assets

Capital asset activity for the year ended September 30, 2019, was:

	Beginning			Ending
	Balance	Increases	Decreases	Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 14,236,936	\$ -	\$ -	\$ 14,236,936
Infrastructure right of way	4,372,500	-	-	4,372,500
Construction in progress	2,876,598	5,065,878	(5,226,613)	2,715,863
Total capital assets, not being depreciated	21,486,034	5,065,878	(5,226,613)	21,325,299
Capital assets, being depreciated:				
Intangibles	79,880	-	-	79,880
Buildings and improvements	86,625,558	2,438,739	-	89,064,297
Machinery and equipment	26,632,534	3,868,018	(696,790)	29,803,762
Infrastructure (roads and streets)	114,093,019	189,633	-	114,282,652
Total capital assets, being depreciated	227,430,991	6,496,390	(696,790)	233,230,591
Less accumulated depreciation for:				
Amortization	(12,362)	(11,411)	-	(23,773)
Buildings and improvements	(49,325,217)	(3,538,525)	-	(52,863,742)
Machinery and equipment	(20,391,175)	(1,622,543)	693,956	(21,319,762)
Infrastructure (roads and streets)	(52,432,298)	(2,249,568)	-	(54,681,866)
Total accumulated depreciation	(122,161,052)	(7,422,047)	693,956	(128,889,143)
Total capital assets, being depreciated, net	105,269,939	(925,657)	(2,834)	104,341,448
Governmental activities capital assets, net	\$ 126,755,973	\$ 4,140,221	\$ (5,229,447)	\$ 125,666,747
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 3,150,693	\$ -	\$ -	3,150,693
Construction in progress	12,227,272	5,683,610	(13,341,720)	4,569,162
Total capital assets, not being depreciated	15,377,965	5,683,610	(13,341,720)	7,719,855
Capital assets, being depreciated:				
Water rights - consumptive use permit	953,838	-	-	953,838
Buildings and improvements	9,970,745	-	-	9,970,745
Improvements other than buildings	116,178,524	13,078,914	(27,246)	129,230,192
Machinery and equipment	32,363,648	973,545	(340,948)	32,996,245
Total capital assets, being depreciated	159,466,755	14,052,459	(368,194)	173,151,020
Less accumulated depreciation for:				
Water rights	(151,504)	(56,937)	-	(208,441)
Buildings and improvements	(1,842,245)	(349,371)	-	(2,191,616)
Improvements other than buildings	(27,650,602)	(2,884,943)	27,246	(30,508,299)
Machinery and equipment	(16,065,571)	(1,786,949)	326,430	(17,526,090)
Total accumulated depreciation	(45,709,922)	(5,078,200)	353,676	(50,434,446)
Total capital assets, being depreciated, net	113,756,833	8,974,259	(14,518)	122,716,574
Business-type activities capital assets, net	\$ 129,134,798	\$14,657,869	\$ (13,356,238)	\$ 130,436,429

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

Governmental Activities:	
General government and administration	\$ 1,080,382
Public safety	759,816
Highways and streets	2,549,689
Culture and recreation	1,109,861
Physical environment	1,922,299
Total depreciation expense - governmental activities	\$ 7,422,047

Business-type activities:	
Water and sewer utility - total additions to accumulated depreciation - Business-Type activities	\$ 5,078,200

D. Construction and Other Significant Commitments

The City uses encumbrances to control expenditure commitments throughout the fiscal year and enhance cash management. Encumbrances represent commitments related to contracts, including construction contracts, and purchase orders not yet filled. The City’s active construction projects as of September 30, 2019 include street construction, public safety facilities, housing rehabilitation, parks projects and water and wastewater facilities. Balances reported as Contracts/Retainage Payable represent amounts due to vendors for completed work pending final approval and payment by the City. At year end, the City’s construction and other significant commitments were:

	Encumbrances	Contracts/ Retainage Payable
Governmental Funds:		
Major funds:		
General Fund	\$ 859	\$ -
Stormwater Utility Fund	149,742	-
Transportation Fund	2,203,663	14,184
Nonmajor Funds	1,106,981	2,631
Total Governmental Funds	3,461,244	16,815
Enterprise Funds:		
Major fund:		
Water and Sewer Utility Fund	2,648,786	68,434
Total	\$ 6,110,030	\$ 85,250

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

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

E. Interfund receivables, payables and transfers

Interfund balances at September 30, 2019 were:

	Interfund	
	Receivable	Payable
General Fund:		
Community Development Block Grant Fund	\$ 414,375	\$ -
General Employees' Pension Plan	3,586	-
Community Development Block Grant Fund:		
General Fund	-	414,375
General Employees' Pension Plan Fund		
General Fund	-	3,586
Total	\$ 417,961	\$ 417,961

Interfund transfers for the year ended September 30, 2019 were:

	Transfers In:			
	Governmental Funds			Total
	General Fund	Transportation Fund	Non-Major Governmental Funds	
Transfers Out:				
General Fund	\$ (2,684,000)	\$ -	\$ (910,150)	\$ (3,594,150)
Nonmajor Governmental Funds	262,500	1,047,650	2,284,000	3,594,150
Total	\$ (2,421,500)	\$ 1,047,650	\$ 1,373,850	\$ -

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

F. Leases

Operating Leases

The City leases equipment when a lease is more cost-efficient than purchase. Leases for equipment are payable on a month-to-month basis. The City paid \$45,900 to lease postage equipment, operating equipment and vehicles during the 2018/2019 fiscal year. Included in that amount, the city leased five Ford trucks for a cost of \$31,427.

G. Long-term debt

Revenue bonds

Capital Improvement Revenue Refunding Bonds, Series 2016

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

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

Fiscal Years Ended	Transportation Portion		Community Center Portion		Total
	Principal	Interest	Principal	Interest	
2020	\$ 545,000	\$ 912,413	\$ 150,000	\$ 254,006	\$ 1,861,419
2021	570,000	885,162	160,000	246,506	1,861,668
2022	600,000	856,662	165,000	238,506	1,860,168
2023	630,000	826,662	175,000	230,256	1,861,918
2024	660,000	795,162	185,000	221,506	1,861,668
2025-2029	3,790,000	3,485,963	1,050,000	971,081	9,297,044
2030-2034	4,530,000	2,711,113	1,275,000	755,531	9,271,644
2035 - 2039	5,385,000	1,890,913	1,500,000	525,281	9,301,194
2040-2044	6,255,000	1,028,475	1,735,000	285,319	9,303,794
2045-2046	2,780,000	130,938	770,000	36,250	3,717,188
Total	<u>\$25,745,000</u>	<u>\$13,523,463</u>	<u>\$ 7,165,000</u>	<u>\$ 3,764,243</u>	<u>\$ 50,197,706</u>

Debt service forward delivery agreement

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

Bank note from Direct Borrowing

Stormwater Bank Note, 2009

On April 8, 2009, the City entered into a loan agreement (direct borrowing) in the amount of \$6,569,345 with Branch Banking and Trust Company (BB&T). The loan was obtained in order to finance certain of the City’s costs of the capital improvements contained in the City’s adopted Stormwater Master Plan. The Note was issued for a period of twenty years and is scheduled to mature on May 1, 2029. The interest rate on the Note (“Note Rate”) is 5.01%. The Note is payable from, and secured solely by, revenues derived by the City from its stormwater utility assessments and the City’s covenant to budget and appropriate legally available non-ad valorem revenues as provided in the agreement. The City collected \$4,187,868 in stormwater utility assessments in the fiscal year ended September 30, 2019.

The note is subject to prepayment at the option of the City on or after May 1, 2019. In the event of default on the Note, a default interest rate of the Note Rate plus 2% shall be imposed on the outstanding Note balance, with all payments from the City applied first to interest and then to principal. As of September 30, 2019, the City has not defaulted on the Note.

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

Fiscal Years Ended	Principal	Interest	Total
2020	323,142	204,952	528,094
2021	339,747	188,762	528,509
2022	357,206	171,741	528,947
2023	375,561	153,845	529,406
2024	394,861	135,030	529,891
2025 - 2029	2,300,339	357,279	2,657,618
Total	\$ 4,090,856	\$ 1,211,609	\$ 5,302,465

Business-type Activity Liabilities

The following is a summary of long-term liabilities of the proprietary fund at September 30, 2019:

State Revolving Loans (Direct Borrowings)

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

The loan balance, including capitalized interest of \$490,978, as of September 30, 2019 was \$25,182,360. Repayment was scheduled over 40 semiannual loan payments, due every June 15th and December 15th, beginning June 15, 2016. Current year payments totaled \$1,185,917 with \$732,355 applied to principal.

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

State Revolving Fund Loan #641800			
Fiscal Years Ended	Principal	Interest	Total
2020	\$ 1,327,749	\$ 437,701	\$ 1,765,450
2021	1,351,205	414,244	1,765,450
2022	1,375,081	390,369	1,765,450
2023	1,399,381	366,068	1,765,450
2024	1,424,116	341,334	1,765,450
2025 - 2029	7,507,319	1,319,929	8,827,249
2030 - 2034	8,195,367	631,881	8,827,249
2035 - 2036	2,602,143	46,020	2,648,163
Total	\$ 25,182,360	\$ 3,947,548	\$ 29,129,908

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

The total amount to repay the State is \$7,088,575, including \$37,177 of capitalized interest and \$138,263 of service fees. The loan balance was \$6,901,004 as of September 30, 2019. The final draw of \$49,308 was in October 2019 to bring the total principal balance to \$6,950,312. Repayment over 40 semiannual loan payments of \$189,447 due every June 15th and December 15th, began December 15, 2019.

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

State Revolving Fund Loan #641830			
Fiscal Years Ended	Principal	Interest	Total
2020	\$ 194,855	\$ 45,659	\$ 240,514
2021	334,860	44,034	378,895
2022	337,074	41,821	378,895
2023	339,302	39,592	378,895
2024	341,546	37,349	378,895
2025 - 2029	1,741,896	152,577	1,894,474
2030 - 2034	1,800,240	94,234	1,894,474
2035 - 2036	1,860,538	33,936	1,894,474
Total	\$ 6,950,312	\$ 489,202	\$ 7,439,514

Both Clean Water State Revolving Fund loans contain provisions that in the event of default, the State may 1) impose fees or charges and apply the resulting revenue to the outstanding Loan balance; 2) appoint a receiver to manage the water utility; 3) redirect any funds due to the

City from any State revenue or tax sharing to the delinquent amount, plus an interest rate of 18% per year and processing costs; 4) sue for payment of amounts due or becoming due plus interest and processing costs, or 5) accelerate the repayment schedule or increase the interest rate by as much as 1.667 times the financing rate stipulated in the Loan agreement. As of September 30, 2019, the City has not defaulted on either loan.

Utility System Refunding Revenue Bonds, Series 2013

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

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

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

Fiscal Years Ended	Principal	Interest	Total
2020	\$ 2,035,000	\$ 3,527,107	\$ 5,562,107
2021	2,135,000	3,428,194	5,563,194
2022	2,230,000	3,324,406	5,554,406
2023	2,345,000	3,210,031	5,555,031
2024	2,460,000	3,094,331	5,554,331
2025-2029	14,125,000	13,601,637	27,726,637
2030-2034	18,015,000	9,589,738	27,604,738
2035-2039	28,125,000	4,533,959	32,658,959
Total	\$ 71,470,000	\$ 44,309,403	\$ 115,779,403

Utility System Revenue Bonds, Series 2014

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

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

debt service reserve. The bonds bear interest at fixed rates from 3.00% to 5.00%, and mature from October 1, 2017 to October 1, 2044.

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

Fiscal Years Ended	Principal	Interest	Total
2020	\$ 485,000	\$ 851,406	\$ 1,336,406
2021	505,000	831,606	1,336,606
2022	525,000	811,006	1,336,006
2023	550,000	789,506	1,339,506
2024	570,000	767,106	1,337,106
2025 - 2029	3,215,000	3,473,103	6,688,103
2030 - 2034	3,790,000	2,885,044	6,675,044
2035 - 2039	4,580,000	2,051,700	6,631,700
2040 - 2044	5,765,000	859,575	6,624,575
2045	1,295,000	25,900	1,320,900
Total	<u>\$ 21,280,000</u>	<u>\$ 13,345,953</u>	<u>\$ 34,625,953</u>

Pledged Revenues

Governmental Activities - General Fund & Transportation Fund

The City has pledged future revenues from Half-Cent Sales Taxes, Public Service Taxes, and Local Communications Services Taxes to repay the Capital Improvement Revenue Refunding Bonds, Series 2016. If, in any given year, these revenues collected are not sufficient to cover the principal and interest debt obligation of the Transportation Bond, the Bond Covenants require the City to appropriate any shortfall from non-Ad Valorem revenue collected in the General Fund. The bonds are payable through October 1, 2046. For the fiscal year ended September 30, 2019 pledged revenues totaled \$12,790,551 and the highest annual debt service (due in 2046) is \$1,862,000. At year end, pledged future revenues totaled \$50,197,706 which is the amount of the remaining principal and interest payments on the bonds as of September 30, 2019. Assuming no significant change in pledged revenues collected over the life of the bonds, total principal and interest payments would comprise approximately 14.5% of pledged revenues.

Although the City has pledged these revenues to repay the entire Series 2016 Bonds it is the City's intent to use the pledged revenues referenced above only to pay the portion of the Series 2016 Bonds used to fund construction of the community center. The portion of debt service allocated to the Transportation Fund, reflecting the portion of funds used to refund the Series 2006 bonds and fund various additional road and street improvements, will be paid using Gas Tax revenues that are accounted for in the Transportation fund. A Local Option Gas Tax agreement exists between all the cities within Volusia County as well as Volusia County. On June 3, 2013 the Commission approved a five year renewal of the existing contract from September 1, 2013 to August 31, 2018. On April 1, 2019, the Commission approved a one-year extension of the interlocal agreement with Volusia County for the distribution of proceeds of the local option fuel tax to August 31, 2020.

Governmental Activities - Stormwater Utility

The City has pledged future stormwater utility assessments revenue to repay the Stormwater Bank Note secured in 2009. The note is payable through 2029. Principal and interest for the current year was \$527,698. Stormwater utility assessments for the current year totaled \$4,187,868. At year end, pledged future revenues totaled \$5,302,465, which was the amount of the remaining principal and interest on the Note as of September 30, 2019. Assuming no further interest rate changes or significant changes in collections of pledged revenue over the remaining life of the Note, total principal and interest on the Note would require approximately 12.6% of pledged revenue.

Business-type Activities – Water and Sewer Utility

The City has pledged future water and sewer customer Net Revenues to repay both of the City's Utility Bond issues. The Utility System Refunding Revenue Bonds, Series 2013, are payable through 2039; and the Utility System Revenue Bonds, Series 2014, are payable through 2044. Net Revenues are gross revenues less operating expenses as defined in the bond covenants. Net Revenues totaled \$12,492,100 for the current year. Principal payments in the current year totaled \$2,430,000. Interest expense in the current year was \$5,583,285, including \$850 of administrative costs associated with the second State Revolving Fund loan and \$747,789 of amortization of the loss on the refinancing of the 2003 bonds. The percentage of Net Revenues consumed by debt service for both the Series 2013 and Series 2014 bonds was 55.4% and is in compliance with the debt coverage requirements in the bond covenants. This percentage is expected to remain the same in FY 2019/2020 as principal payments for the bonds reach the full annual amount, and decline in subsequent years. At year end, pledged future revenues totaled \$150,405,357, which was the total amount of principal and interest on both bond issues as of September 30, 2019.

The City has also pledged future water and sewer customer Net Revenues to repay its two State Revolving Fund (SRF) Loans from the Florida Department of Environmental Protection. The combined outstanding balance of the SRF loans was \$32,083,364 at September 30, 2019. Principal and Interest payments in the current fiscal year on the Revolving Fund Loans totaled \$1,564,812, or 12.5% of water and sewer customer Net Revenues.

Debt Service Reserve Funds

A reserve fund provision in the City's Clean Water State Revolving Fund loan agreement went into effect on December 15, 2015. As a result, the City is required to make monthly deposits into a reserve account equal to 1/6th of one semi-annual loan payment for the duration of the loan repayment period. As a result, \$514,923 is reported in the noncurrent assets portion of the City's Proprietary Fund as of September 30, 2019.

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

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

Notes to the Financial Statements

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Direct Borrowings:					
Stormwater Bank Note	4,398,204	-	307,348	4,090,856	323,142
Other Debt:					
Capital Improvement Refunding Revenue Bonds Series 2016	\$ 33,570,000	\$ -	\$ 660,000	\$ 32,910,000	\$ 695,000
Deferred Revenue, Debt Service Deposit Agreement	133,480	-	16,682	116,798	-
Add: Unamortized Premium	2,123,088	-	75,825	2,047,263	-
Net Pension Liability - Chapter 175	6,490,897	1,121,323	-	7,612,220	-
Net Pension Liability - FRS	7,823,051	731,281	-	8,554,332	40,033
OPEB Obligation	909,634	111,577	-	1,021,211	89,006
Compensated Absences	2,385,177	1,639,456	1,621,520	2,403,113	1,071,275
Total Governmental Activities	\$ 57,833,531	\$ 3,603,637	\$ 2,681,375	\$ 58,755,793	\$ 2,218,456
Business-type Activities					
Direct Borrowings:					
FDEP State Revolving Fund Loan #641800	\$ 25,914,715	\$ -	\$ 732,355	\$ 25,182,360	\$ 1,327,749
FDEP State Revolving Fund Loan #641830	4,007,503	2,893,501	-	6,901,004	194,855
Total Direct Borrowings	29,922,218	2,893,501	732,355	32,083,364	1,522,604
Other Debt:					
Utility System Revenue Bonds Series 2013	73,425,000	-	1,955,000	71,470,000	2,035,000
Add: Unamortized Premium	1,548,994	-	73,958	1,475,036	-
Subtotal - 2013 Bonds	74,973,994	-	2,028,958	72,945,036	2,035,000
Series 2014	21,755,000	-	475,000	21,280,000	485,000
Add: Unamortized Premium	900,431	-	34,357	866,074	-
Subtotal - 2014 Bonds	22,655,431	-	509,357	22,146,074	485,000
Total Utility Bonds	97,629,425	-	2,538,315	95,091,110	2,520,000
Total Debt	127,551,643	2,893,501	3,270,670	127,174,474	4,042,604
Net Pension Liability - FRS	2,319,817	243,193	-	2,563,010	15,519
OPEB Obligation	217,268	28,610	-	245,878	22,821
Compensated Absences	284,056	322,801	297,744	309,113	171,372
Total Business-type Activities	\$ 130,372,784	\$ 3,488,105	\$ 3,568,414	\$ 130,292,475	\$ 4,252,316

The City's direct borrowing of \$4,090,856 related to governmental activities is the Stormwater Bank Note described in further detail on page 52, which is liquidated from resources of the Stormwater Fund. Capital Improvement Refunding Revenue Bonds and the Debt Service Deposit Agreement are liquidated from resources of the Transportation Fund and the General Fund. For governmental activities, liabilities for compensated absences, pension, and OPEB are liquidated from resources of the General Fund.

The City's direct borrowing of \$32,083,364 related to business-type activities are the Clean Water State Revolving Fund loans described in further detail on pages 51-54. All long-term liabilities for business-type activities are liquidated from the resources of the Enterprise Fund.

The City has no unused lines of credit as of September 30, 2019.

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

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

Fiscal year 2019 was the second year of a two-year premium period that locked in rates so that premium changes, if any, would be driven solely by increases in property and inland marine values and increases in workforce numbers.

The City's total insured property value increased by 6.78% in the current fiscal year, resulting in a 12% increase in the City's property insurance premium. The windstorm loss deductible remained unchanged at 3% of total loss.

Workers' Compensation premiums increased by 7.41%. There was a slight increase in payroll; the Workers' Compensation Experience Modifier increased from 1.20 to 1.37. In total, the City's annual premium increased 7.68%.

There have been no settlements in excess of insurance coverage in any of the prior five years and as such, no additional assessments were levied against the City for the fiscal year ended September 30, 2019.

B. Commitments

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

The City also has an Interlocal Agreement with Volusia County, Florida, for the provision of law enforcement services within the City. The agreement term is renewable annually each year on October 1. Either party can terminate the agreement without cause or further liability with 180 days written notice. The annual contractual commitment was \$11,832,000 for the fiscal year ended September 30, 2019 payable from the City's General Fund. Total staffing includes 76 sworn officers and 3 administrative personnel.

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

with the company in July 2018. Under this current contract, the City pays \$10.60 per household per month to the vendor, plus tipping fees charged by the County for solid waste and yard waste disposal. Solid waste fees are considered pass-through fees and therefore, the City charges an annual assessment of \$202.80 for once-a-week garbage and yard waste services on all residential properties. The annual contractual commitment to the waste hauler was approximately \$6,102,000 and the County was approximately \$1,641,000 for fiscal year ended September 30, 2019, payable from the City's Solid Waste Management Fund.

C. Contingent liabilities

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

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

D. Other postemployment benefits (OPEB) Plans

Plan Description

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

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

Summary of Membership Information. As of October 1, 2019, the City had 315 OPEB members, 308 active and 7 inactive. All inactive members are retired employees.

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

Description	Governmental Activities	Business-Type Activities	Total
Service Cost	\$ 45,649	\$ 11,705	\$ 57,354
Interest on the Total OPEB Plan Liability	32,471	8,326	40,797
Changes of Benefit Terms	-	-	-
Difference between expected and actual experience of the total OPEB liability	31,467	7,542	39,009
Changes of Assumptions and Other Inputs	32,040	8,215	40,255
Benefit Payments	(30,050)	(7,178)	(37,228)
Net change in Total OPEB Liability	111,577	28,610	140,187
Total OPEB Liability - Beginning	909,634	217,268	1,126,902
Total OPEB Liability - Ending	\$ 1,021,211	\$ 245,878	\$ 1,267,089

Actuarial Valuation and Measurement Dates. September 30, 2018 was the actuarial valuation date. For purposes of calculating and reporting the OPEB liability, valuation date amounts were rolled forward to the measurement date of September 30, 2018, using standard actuarial techniques.

Funded Status and Funding Progress. As of September 30, 2018, the total OPEB Plan liability was \$1,267,089 and assets held in trust were \$0, resulting in a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$15,774,073 and the ratio of the total OPEB plan liability to the covered payroll was 8.03 percent.

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

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

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

Demographic assumptions employed in the actuarial valuation for General employees were the same as those employed in the July 1, 2018 actuarial valuation of the FRS Benefit Pension Plan. These demographic assumptions were developed by FRS from an Actuarial Experience Study, and therefore are appropriate for use in the OPEB plan actuarial valuation. These include assumed rates of future termination, mortality, disability, and retirement. Retirement rates for firefighters were based on the age and years of service of participants.

Mortality tables used in the July 1, 2018 actuarial valuation of the Florida Retirement System were used in the liability calculation. They are based on the results of a statewide experience study covering the period 2008 through 2013.

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

Description	
Inflation	2.50 percent
Salary Increases - General Employees in FRS	3.7 - 7.8 percent, including inflation as used in the July 1, 2018 actuarial valuation of the Florida Retirement System
Salary Increases - Firefighters and Employees in General Employees' Pension Plan	2.50 percent

Healthcare cost trend rates were based on the Getzen model, with trend starting at 14.70% in 2019 (to reflect actual premiums), 6.5% in 2020 and gradually decreasing to an ultimate trend rate of 4.24% plus 0.59% increase for excise tax.

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

Discount Rate. There are no invested plan assets held in trust to finance the OPEB plan liability. The discount rate used equals the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA rating as of the measurement date. For the purpose of the OPEB plan valuation, the municipal bond rate was 3.83%.

The City’s annual OPEB expense totaled \$97,386 for the fiscal year ended September 30, 2019. At September 30, 2019, the City reported deferred outflows and inflows of resources related to the OPEB plan liability from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 35,363	\$ -
Change of assumptions and other inputs	36,493	52,310
Benefits Paid after Measurement Date	52,775	-
Total	\$ 124,631	\$ 52,310

The deferred outflows of resources related of \$124,631 resulting from City contributions to the Plan subsequent to the measurement date will be recognized as a reduction of the liability in the year ending September 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB are recognized in expense as follows:

Fiscal Year Ending September 30	Amortization
2020	\$ (765)
2021	(765)
2022	(765)
2023	(765)
2024	(765)
Thereafter	31,544
Total	<u>\$ 27,719</u>

Sensitivity of the City’s Total OPEB Liability to Changes in the Discount Rate. The following presents the District’s OPEB plan liability calculated using the discount rate of 3.83 percent, as well as what the OPEB plan liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.83 percent) or 1 percentage point higher (4.83 percent) than the current rate:

	1% Decrease 2.83%	Current Discount Rate 3.83%	1% Increase 4.83%
OPEB Plan Liability	<u>\$ 1,387,403</u>	<u>\$ 1,267,088</u>	<u>\$ 1,161,553</u>

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

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
OPEB Plan Liability	<u>\$ 1,131,675</u>	<u>\$ 1,267,088</u>	<u>\$ 1,431,205</u>

E. Employee retirement systems and pension plans

Firefighters’ Pension Plan

Plan Description

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

The Plan was established, and operates within, the parameters of Chapter 175 of the Florida Statutes. This Statute governs fire pension plans in the State of Florida. The Plan’s

amortization periods are closed. The Plan is administered by a five-member Board of Trustees (the Board). Two members of the Board must be members of the Plan elected by a majority of all members of the Plan; two members must be residents of the City appointed by the City Commission; the fifth member is elected by a majority of the other four Board members.

Funding Policy

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

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

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

Benefits

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

Normal Retirement

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

Early Retirement

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

Supplemental Benefit

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

Cost of Living Allowance (COLA)

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

Disability Benefit

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

Pre-Retirement Death Benefit

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

Vesting

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

Membership

As of October 1, 2018, there were a total of 114 participants. 71 of these participants are active Plan members; 12 are inactive Plan members entitled to, but not yet receiving, benefits; and 31 are inactive Plan members or beneficiaries currently receiving benefits.

Contributions

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

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

Investments

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

The following asset allocation policy was adopted by the Board and was in effect as of the year ended September 30, 2019.

<u>Asset Class</u>	<u>Target Allocation</u>
All Cap Value Equity	20%
Broad Growth Equity	20%
Domestic Broad Cap Equity	5%
International Equity	15%
Broad Market Fixed Income	20%
Global Fixed Income	5%
Real Estate	15%
Total	100%

Concentrations

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

Rate of Return

For the year ended September 30, 2019 the annual money-weighted rate of return of Plan investments, net of Plan investment expense, was 2.96%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program (DROP)

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

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

For the year ended September 30, 2019 the DROP balance was \$302,369.

Net Pension Liability

The components of the City's Net Pension Liability related to the Firefighters' Plan on September 30, 2019 were:

Total Pension Liability	\$ 38,439,802
Plan Fiduciary Net Position	<u>(30,827,582)</u>
City's Net Pension Liability	<u>\$ 7,612,220</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	80.20%

Actuarial Assumptions

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2018 updated to September 30, 2019 using the following actuarial assumptions applied to all measurement periods.

Inflation	2.50%
Salary Increases	5.00%
Discount Rate	7.76%
Investment Rate of Return	7.76%

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

The Long-Term Expected Rate of Return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Firefighters' Plan's target asset allocation as of September 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
All Cap Value Equity	7.50%
Broad Growth Equity	7.50%
Domestic Broad Cap Equity	7.50%
International Equity	8.50%
Broad Market Fixed Income	2.50%
Global Fixed Income	3.50%
Real Estate	4.50%

**Changes in Net Pension Liability - Firefighters' Pension Plan
September 30, 2019**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Reporting Period Ending September 30, 2018	\$ 36,514,787	\$ 30,023,890	6,490,897
Changes for a Year			
Service Cost	833,961	-	833,961
Interest	2,852,171	-	2,852,171
Differences between Expected and Actual Experience	(209,917)	-	(209,917)
Changes of assumptions	376,031	-	376,031
Changes of benefit terms	(10,789)	-	(10,789)
Contributions - Employer	-	1,139,188	(1,139,188)
Contributions - State	-	440,929	(440,929)
Contributions - Employee	-	326,448	(326,448)
Contributions - Buy Back	-	-	-
Net Investment Income	-	893,565	(893,565)
Benefit Payments, Incl. Refunds of EE Contributions	(1,916,442)	(1,916,442)	-
Administrative Expense	-	(79,996)	79,996
Net Changes	<u>1,925,015</u>	<u>803,692</u>	<u>1,121,323</u>
Balance - September 30, 2019	<u>\$ 38,439,802</u>	<u>\$ 30,827,582</u>	<u>\$ 7,612,220</u>

Discount Rate

The Discount Rate used to measure the total pension liability was 7.76%. The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that City contribution rates will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Firefighters' Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the Long-Term Expected Rate of Return on Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The City's Net Pension Liability based on a 7.76% discount rate is \$7,612,220. The table below presents the effect on the Net Pension Liability if the discount rate were reduced or increased by 1.00%.

September 30, 2019		
Net Firefighter Pension Liability Based on Discount Rate		
1% Decrease in Discount Rate to 6.76%	Discount Rate 7.76%	1% Increase in Discount Rate to 8.76%
\$ 12,866,417	\$ 7,612,220	\$ 3,304,355

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

For the year ended September 30, 2019, the City recognized a Pension Expense of \$1,121,703 related to the Firefighters' Pension Plan. On September 30, 2019 the City reported Deferred Outflows of Resources and Deferred Inflows of Resources related to the Firefighters' Pension from the following sources:

City of Deltona Firefighters' Pension	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 185,930	\$ 705,035
Change in assumptions	1,415,463	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,165,428	791,145
Total	\$ 2,766,821	\$ 1,496,180

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

Year Ended September 30,	Amount
2021	\$ 79,178
2022	141,946
2023	406,803
2024	530,547
2025	84,275
Thereafter	27,892
Total	\$ 1,270,641

General Employees' Pension Plan**Plan Description**

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

Membership

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

Funding Policy

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

For the fiscal year ended September 30, 2019, the City's total covered payroll for employees eligible to participate in the Plan was \$1,500,233 compared with a total payroll for the City of \$15,820,281. The required employer contribution and the contribution actually made amounted to \$144,402, or 10% of covered payroll. Investments are reported at fair value. There have been no revisions to the Plan since its adoption.

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

Florida Retirement System Plans (FRS)**General Information**

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

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

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

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

FRS Pension Plan Description

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

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

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

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

Membership

The City passed Resolution #2006-39, which allowed all eligible employees to enroll in FRS with the State of Florida (a defined benefit pension plan) with an effective date of December 1, 2006, or continue to participate in the pre-existing defined contribution pension plan known as the City of Deltona General Employees' Pension Plan. All general employees hired after December 1, 2006 are compulsory members of FRS. General employees who elected to participate in FRS with the State of Florida had the option to purchase past service credit back to October 1, 1997. For each general employee who opted to purchase past service, their General Employees' Pension Plan assets were transferred directly to FRS with the State of Florida. As of September 30, 2019, there were 230 employees enrolled in FRS.

Benefits

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

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

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

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

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

Contributions/Funding

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

These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2019, respectively, were as shown below:

	September 30,		
	2017	2018	2019
Regular Class	7.92%	8.26%	8.47%
Senior Management Service Class	22.71%	24.06%	25.41%
Reemployed retirees	4.96%	5.16%	5.22%
DROP Participants	13.26%	14.03%	14.60%

The City made all required contributions to the FRS Pension Plan which totaled \$785,496 for fiscal year ended September 30, 2019.

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

As of September 30, 2019, the City reported a liability of \$7,843,254 for its proportionate share of the FRS Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was

determined by an actuarial valuation as of July 1, 2019. The City's proportionate share of the net pension liability was based on the City's contributions for FY 2018/2019 relative to the City's contributions for FY 2017/2018 of all participating members. At June 30, 2019, the City's proportionate share was 0.02277%, which was a decrease of 0.0009% percent from its proportionate share measured as of June 30, 2018.

For the fiscal year ended September 30, 2019, the City recognized pension expense of \$2,050,171. In addition the City reported current deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between Expected and Actual Experience	\$ 465,206	\$ (4,867)
Change of Assumptions	2,014,485	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(433,930)
Changes in Proportion and Differences between City FRS Pension Plan Contributions and Proportionate Share of Contributions	211,207	(148,538)
City FRS Pension Plan Contributions Subsequent to the Measurement Date	180,673	-
Total	\$ 2,871,571	\$ (587,335)

The deferred outflow of resources of \$180,673 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2020	\$ 870,117
2021	299,228
2022	568,467
2023	412,067
2024	92,376
Thereafter	2,275
Total	\$ 2,244,530

Actuarial Assumptions

The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Notes to the Financial Statements

Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Investment rate of return	6.9%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018. The most recent experience study for the FRS Pension Plan was completed in 2019 for the period July 1, 2013, through June 30, 2018.

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.3%	3.3%	1.2%
Fixed Income	18.0%	4.1%	4.1%	3.5%
Global equity	54.0%	8.0%	6.8%	16.5%
Real Estate (Property)	10.0%	6.7%	6.1%	11.7%
Private Equity	11.0%	11.2%	8.4%	25.8%
Strategic Investments	6.0%	5.9%	5.7%	6.7%
Total	<u>100.0%</u>			
Assumed Inflation - Mean		2.60%		1.70%

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

Discount Rate

The discount rate used to measure the total pension liability was 6.9%. The FRS Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for the calculation of the total pension liability is equal to the long-term expected rate of return.

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

Shown below is the City’s proportionate share of the net pension liability calculated using the discount rate of 6.9%, as well the City’s proportionate share of the net pension liability calculated using a discount rate one percentage point lower (5.9%) or one percentage point higher (7.9%) than the current rate:

City Net FRS Pension Plan Liability Based on Discount Rate			
1% Decrease in Discount Rate to 5.9%	Current Discount Rate 6.9%	1% Increase in Discount Rate to 7.9%	
\$ 13,558,374	\$ 7,843,254	\$ 3,070,162	

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At September 30, 2019, the City reported a payable in the amount of \$90,208 for contributions in-transit to the FRS Pension Plan required for the fiscal year ended September 30, 2019.

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

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

Benefits

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

For fiscal year ended September 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a monthly minimum HIS payment of \$30 and a monthly maximum HIS payment of \$150.

Contributions

The HIS Plan is funded by required contributions from participating FRS employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2019, the HIS contribution was 1.66%.

The City contributed 100% of its statutorily required contributions for fiscal year ended September 30, 2019. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City made all required contributions to the HIS Plan which totaled \$168,355 for fiscal year ended September 30, 2019.

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

As of September 30, 2019, the City reported a liability of \$3,274,088 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The City's proportionate share of the net pension

Notes to the Financial Statements

liability was based on the City’s contributions for FY 2018/2019 relative to the City’s contributions for FY 2017/2018 of all participating members. At June 30, 2019, the City’s proportionate share was .0293%, which was an increase of .0008 percent from its proportionate share measured as of June 30, 2018.

For the fiscal year ended September 30, 2019, the City recognized pension expense of \$1,325,218. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between Expected and Actual Experience	\$ 39,767	\$ (4,009)
Change of Assumptions	379,108	(267,597)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,113	-
Changes in Proportion and Differences between City FRS Pension Plan Contributions and Proportionate Share of Contributions	318,038	-
City FRS Pension Plan Contributions Subsequent to the Measurement Date	39,072	-
Total	\$ 778,098	\$ (271,606)

The deferred outflow of resources of \$39,072 resulting from City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2020	\$ 150,779
2021	138,068
2022	107,127
2023	49,892
2024	43,628
Thereafter	49,626
Total	\$ 539,120

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Investment rate of return	3.50%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables. The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 3.50%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS Plan benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

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

Shown below is the City’s proportionate share of the net pension liability calculated using the discount rate of 3.50%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current rate:

City Net HIS Plan Liability Based on Discount Rate		
<u>1% Decrease in Discount Rate to 2.5%</u>	<u>Current Discount Rate 3.50%</u>	<u>1% Increase in Discount Rate to 4.5%</u>
\$ 3,737,539	\$ 3,274,088	\$ 2,888,085

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At September 30, 2019, the City reported a payable in the amount of \$13,468 for contributions in-transit to the HIS Pension Plan required for the fiscal year ended September 30, 2019.

Summary of Pension Plans Liability / Inflows / Outflows / Expense

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

GASB 68				
Summary of Pension Plans				
As of September 30, 2019	Net Pension Liability	Deferred Outflow of Resources	Deferred Inflow of Resources	Pension Expense
FRS - Governmental				
Pension	(6,134,003)	2,185,137	(446,936)	1,560,089
Health Insurance Subsidy	(2,420,329)	560,727	(195,730)	243,742
FRS - Governmental - Total	<u>(8,554,332)</u>	<u>2,745,866</u>	<u>(642,666)</u>	<u>1,803,831</u>
FRS - Deltona Water				
Pension	(1,709,251)	686,434	(140,399)	490,082
Health Insurance Subsidy	(853,759)	217,371	(75,876)	94,488
FRS - Deltona Water - Total	<u>(2,563,010)</u>	<u>903,805</u>	<u>(216,275)</u>	<u>584,570</u>
Total FRS				
Pension	(7,843,254)	2,871,571	(587,335)	2,050,171
Health Insurance Subsidy	<u>(3,274,088)</u>	<u>778,098</u>	<u>(271,606)</u>	<u>338,230</u>
FRS - Total	<u>(11,117,342)</u>	<u>3,649,669</u>	<u>(858,941)</u>	<u>2,388,401</u>
Firefighters' Pension Plan	(7,612,220)	2,766,821	(1,496,180)	1,515,314
Total	<u>(18,729,562)</u>	<u>6,416,492</u>	<u>(2,355,121)</u>	<u>3,903,715</u>

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

Schedule of Pension Plan Net Assets as of September 30, 2019 (1)			
	Firefighters' Pension Trust Fund	General Employees' Pension Trust Fund (2)	Total
Assets			
Cash and Investments	\$ 30,850,103	\$ 4,037,017	\$ 34,887,120
Prepaid	15,662	-	15,662
Due From Other Funds	-	-	-
Total Assets	30,865,765	4,037,017	34,902,782
Liabilities			
Accounts Payable	38,183	-	38,183
Due to Other Funds	-	3,586	3,586
Total Liabilities	38,183	3,586	41,769
Net Position			
Reserved for Employees' Pension	<u>\$ 30,827,582</u>	<u>\$ 4,033,431</u>	<u>\$ 34,861,013</u>
Additions			
Contributions			
Employer	\$ 1,139,188	\$ 144,402	\$ 1,283,590
State of Florida	440,929	-	440,929
Employee	326,448	-	326,448
Buyback	-	-	-
Miscellaneous	200	-	200
Total Contributions	1,906,764	144,402	2,051,166
Investment Income (Loss)	969,487	102,299	1,071,786
Total Additions	2,876,251	246,702	3,122,952
Deductions			
Benefit Payments - Retirement	1,407,764	187,876	1,595,640
Benefit Payments - Disability	136,125	-	136,125
Benefit Payments - Beneficiary	15,776	-	15,776
DROP Plan Payments	287,807	-	287,807
Refunds to Employees	72,059	-	72,059
Administration	142,729	2,968	145,697
Insurance Premium Payments	4,305	-	4,305
Share Plan Payout	5,994	-	5,994
Total Deductions	2,072,559	190,844	2,263,403
Net Increase (Decrease)	803,692	55,857	859,549
Net Position Reserved for Employees' Pension Benefits			
Beginning of Year	30,023,890	3,977,574	34,001,464
End of Year	<u>\$ 30,827,582</u>	<u>\$ 4,033,431</u>	<u>\$ 34,861,013</u>

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

(2) Defined contribution plan.

Other Pension Plan Information

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

F. Subsequent Events

Commercial Development. In December 2019, online retailer Amazon announced plans to construct a 1 million square foot logistics center at the Portland Industrial Park in Deltona. Amazon is the first major project to be announced in the Park. The City has agreed to provide economic incentives to Amazon in the form of ad valorem tax rebates over five years. The logistics center, scheduled to be completed in late 2020, is expected to generate jobs within the City and attract other commercial business.

COVID-19 Pandemic. On March 16, 2020, the Deltona City Commission also declared a state of emergency in response to the COVID-19 pandemic. On March 18, 2020, the Families First Coronavirus Response Act, which requires employers to provide paid sick leave to employees affected by COVID-19 in certain circumstances, was signed into law, scheduled to take effect on April 1, 2020. All Florida counties have been granted eligibility to receive reimbursement for certain expenditures associated with the pandemic. As this report went to press, most City events and meetings are cancelled or postponed, and all City parks are closed, but City facilities remain open for routine daily business. Due to the fluid and continuing nature of this event, however, its ultimate financial impact on the City is not yet ascertainable.

REQUIRED SUPPLEMENTARY INFORMATION

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Schedule of Revenues, Expenditures, Changes in Fund Balance

General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 17,601,500	\$ 17,601,500	\$ 17,799,503	\$ 198,003
Franchise fees	3,700,000	3,700,000	4,197,228	497,228
Public service tax	6,945,500	6,945,500	7,559,957	614,457
State revenue sharing	4,450,000	4,450,000	4,555,855	105,855
Intergovernmental	5,327,000	5,335,000	9,583,107	4,248,107
Charges for services	2,465,000	2,465,000	3,225,658	760,658
Fines and forfeitures	220,000	220,000	144,815	(75,185)
Interest income	206,500	206,500	585,005	378,505
Miscellaneous	171,500	171,500	389,804	218,304
Total revenues	41,087,000	41,095,000	48,040,932	6,945,932
EXPENDITURES				
General Government:				
City Commission	534,800	569,800	567,724	2,076
City Manager	1,268,500	1,276,500	1,167,905	108,595
City Clerk	575,250	575,250	484,230	91,020
Fiscal Services	1,260,800	1,290,800	1,290,409	391
City Attorney	571,400	582,400	582,268	132
Planning and Development Services	894,378	894,378	769,869	124,509
Construction Services	1,514,310	1,394,310	1,228,100	166,210
Human Resources	661,600	661,600	498,565	163,035
General Government	904,000	950,000	949,569	431
Enforcement Services	1,802,553	1,802,553	1,602,235	200,318
Total General Government	9,987,591	9,997,591	9,140,874	856,717
Public safety				
Law Enforcement	11,899,750	11,899,750	11,869,781	29,969
Fire Administration	1,617,000	1,568,500	1,297,851	270,649
Fire Operations	8,686,300	8,736,800	8,721,712	15,088
Total Public Safety	22,203,050	22,205,050	21,889,344	315,706
Highways and streets				
Public Works - Traffic Division	663,400	663,400	634,185	29,215
Public Works - Engineering	242,100	242,100	182,249	59,851
Public Works - Field Operations	858,100	841,339	780,794	60,545
Public Works - Administration	265,900	265,900	229,686	36,214
Public Works - Fleet Maintenance	340,300	345,300	344,707	593
Total Highways and Streets	2,369,800	2,358,039	2,171,621	186,418
Culture and recreation				
Parks and Recreation	2,688,369	2,688,369	2,475,771	212,598
The Center at Deltona	834,900	834,900	675,771	159,129
Total Culture and Recreation	3,523,269	3,523,269	3,151,542	371,727
Physical Environment				
Public Works - Field Operations	-	16,761	16,761	-
Total Physical Environment	-	16,761	16,761	-
Total operating	38,083,710	38,100,710	36,370,142	1,730,568
Debt service:				
Interest	145,000	145,000	145,000	-
Principal retirement	261,300	261,300	261,256	44
Total debt service	406,300	406,300	406,256	44
Capital outlay:				
General government	484,000	534,900	397,295	137,605
Public safety	708,600	708,600	611,652	96,948
Highways and streets	321,000	544,000	473,395	70,605
Culture and recreation	285,500	310,200	114,697	195,503
Total capital outlay	1,799,100	2,097,700	1,597,039	500,661
Total expenditures	40,289,110	40,604,710	38,373,437	2,231,273
Excess (deficiency) of revenues over expenditures	797,890	490,290	9,667,495	9,177,205
OTHER FINANCING SOURCES (USES)				
Transfer(s) in	262,500	262,500	262,500	-
Transfer(s) out	(2,684,000)	(2,684,000)	(2,684,000)	-
Total other financing source (uses)	(2,421,500)	(2,421,500)	(2,421,500)	-
Net change in fund balances	(1,623,610)	(1,931,210)	7,245,995	9,177,205
Fund balance, beginning	25,031,990	25,031,990	25,031,990	-
Fund balance, ending	\$ 23,408,380	\$ 23,100,780	\$ 32,277,985	\$ 9,177,205

Required Supplementary Information

Schedule of Revenues, Expenditures, Changes in Fund Balance

Stormwater Utility Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 35,731	\$ 35,731
Charges for services	4,194,000	4,194,000	4,187,868	(6,132)
Interest income	28,000	28,000	99,466	71,466
Miscellaneous	-	-	1,683	1,683
Total revenues	<u>4,222,000</u>	<u>4,222,000</u>	<u>4,324,748</u>	<u>102,748</u>
EXPENDITURES				
Operating:				
Physical environment	<u>3,175,300</u>	<u>3,175,300</u>	<u>2,950,329</u>	<u>224,971</u>
Total operating	<u>3,175,300</u>	<u>3,175,300</u>	<u>2,950,329</u>	<u>224,971</u>
Debt service:				
Interest	<u>220,350</u>	<u>220,350</u>	<u>220,350</u>	<u>-</u>
Principal retirement	<u>307,350</u>	<u>307,350</u>	<u>307,348</u>	<u>2</u>
Total debt service	<u>527,700</u>	<u>527,700</u>	<u>527,698</u>	<u>2</u>
Capital outlay:				
Physical environment	<u>1,624,800</u>	<u>3,049,600</u>	<u>1,255,580</u>	<u>1,794,020</u>
Total capital outlay	<u>1,624,800</u>	<u>3,049,600</u>	<u>1,255,580</u>	<u>1,794,020</u>
Total expenditures	<u>5,327,800</u>	<u>6,752,600</u>	<u>4,733,607</u>	<u>2,018,993</u>
Excess (deficiency) of revenues over expenditures	<u>(1,105,800)</u>	<u>(2,530,600)</u>	<u>(408,859)</u>	<u>2,121,741</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,105,800)	(2,530,600)	(408,859)	2,121,741
Fund balance, beginning	<u>3,851,368</u>	<u>3,851,368</u>	<u>3,851,368</u>	<u>-</u>
Fund balance, ending	<u>\$ 2,745,568</u>	<u>\$ 1,320,768</u>	<u>\$ 3,442,509</u>	<u>\$ 2,121,741</u>

Required Supplementary Information

Schedule of Revenues, Expenditures, Changes in Fund Balance

Solid Waste Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 6,762,000	\$ 6,762,000	\$ 6,775,905	\$ 13,905
Interest income	5,000	5,000	35,967	30,967
Miscellaneous	10,000	10,000	8,797	(1,203)
Total revenues	<u>6,777,000</u>	<u>6,777,000</u>	<u>6,820,669</u>	<u>43,669</u>
EXPENDITURES				
Operating:				
Physical environment	6,900,000	6,900,000	6,362,779	537,221
Total operating	<u>6,900,000</u>	<u>6,900,000</u>	<u>6,362,779</u>	<u>537,221</u>
Total expenditures	<u>6,900,000</u>	<u>6,900,000</u>	<u>6,362,779</u>	<u>537,221</u>
Excess (deficiency) of revenues over expenditures	<u>(123,000)</u>	<u>(123,000)</u>	<u>457,890</u>	<u>580,890</u>
OTHER FINANCING SOURCES (USES)				
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(123,000)	(123,000)	457,890	580,890
Fund balance, beginning	99,243	99,243	99,243	-
Fund balance, ending	<u>\$ (23,757)</u>	<u>\$ (23,757)</u>	<u>\$ 557,133</u>	<u>\$ 580,890</u>

Required Supplementary Information

Schedule of Revenues, Expenditures, Changes in Fund Balance

Transportation Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 5,100,000	\$ 6,702,000	\$ 2,426,378	\$ (4,275,622)
Charges for services	-	-	242,920	\$ 242,920
Interest income	103,000	103,000	411,265	308,265
Total revenues	<u>5,203,000</u>	<u>6,805,000</u>	<u>3,080,563</u>	<u>(3,724,437)</u>
EXPENDITURES				
Operating:				
Highways and streets	185,200	185,200	122,966	62,234
Total operating	<u>185,200</u>	<u>185,200</u>	<u>122,966</u>	<u>62,234</u>
Debt service:				
Interest	962,900	942,900	938,163	4,737
Principal retirement	495,000	515,000	515,000	-
Total debt service	<u>1,457,900</u>	<u>1,457,900</u>	<u>1,453,163</u>	<u>4,737</u>
Capital outlay:				
Highways and streets	11,519,400	20,513,900	2,334,300	18,179,600
Total capital outlay	<u>11,519,400</u>	<u>20,513,900</u>	<u>2,334,300</u>	<u>18,179,600</u>
Total expenditures	<u>13,162,500</u>	<u>22,157,000</u>	<u>3,910,429</u>	<u>18,246,571</u>
Excess (deficiency) of revenues over expenditures	<u>(7,959,500)</u>	<u>(15,352,000)</u>	<u>(829,866)</u>	<u>14,522,134</u>
OTHER FINANCING SOURCES (USES)				
Transfer(s) in	550,000	1,048,000	1,047,650	(350)
Total other financing source (uses)	<u>550,000</u>	<u>1,048,000</u>	<u>1,047,650</u>	<u>(350)</u>
Net change in fund balances	(7,409,500)	(14,304,000)	217,784	14,521,784
Fund balance, beginning	17,058,963	17,058,963	17,058,963	-
Fund balance, ending	<u>\$ 9,649,463</u>	<u>\$ 2,754,963</u>	<u>\$ 17,276,747</u>	<u>\$ 14,521,784</u>

Required Supplementary Information

Schedule of Revenues and Expenditures - Budget and Actual

Community Redevelopment Area (CRA)
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 131,800	\$ 131,800	\$ 125,808	\$ (5,992)
Interest income	1,000	1,000	1,703	703
Total revenues	<u>132,800</u>	<u>132,800</u>	<u>127,511</u>	<u>(5,289)</u>
EXPENDITURES				
Operating:				
Highways and streets	25,000	25,000	175	24,825
Total operating	<u>25,000</u>	<u>25,000</u>	<u>175</u>	<u>24,825</u>
Capital outlay:				
Highways and streets	15,000	15,000	-	15,000
Total capital outlay	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total expenditures	<u>40,000</u>	<u>40,000</u>	<u>175</u>	<u>39,825</u>
Excess (deficiency) of revenues over expenditures	<u>92,800</u>	<u>92,800</u>	<u>127,336</u>	<u>34,536</u>
OTHER FINANCING SOURCES (USES)				
Transfer(s) in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	92,800	92,800	127,336	34,536
Fund balances - beginning	80,103	80,103	80,103	-
Fund balances - ending	<u>\$ 172,903</u>	<u>\$ 172,903</u>	<u>\$ 207,439</u>	<u>\$ 34,536</u>

Required Supplementary Information

Schedule of Changes in Total OPEB Liabilities and Related Ratios

Schedule of Changes in Total OPEB Liability and Related Ratios
 Measurement Year Ended September 2018
 Last 10 Fiscal Years*

Measurement Year Ended September 30,	2018	2017
A. Total OPEB Liability		
1. Service Cost	\$ 57,354	\$ 59,355
2. Interest on the Total OPEB Liability	40,797	36,325
3. Changes of benefit terms	-	-
4. Difference between expected and actual experience of the Total OPEB Liability	39,009	-
5. Changes of assumptions and other inputs	40,255	(60,483)
6. Benefit payments	(37,228)	(41,406)
7. Net change in Total OPEB Liability	140,187	(6,209)
8. Total OPEB Liability – Beginning	1,126,901	1,133,110
9. Total OPEB Liability – Ending	\$ 1,267,088	\$ 1,126,901
B. Covered-Employee Payroll	\$ 15,774,073	\$ 15,530,777
C. Total OPEB Liability as a Percentage of Covered Payroll	8.03%	7.26%

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

Note: Covered-Employee Payroll presented for the 2018 measurement year is an estimate based on the data submitted for the September 30, 2018 valuation. GASB Statement 75 defines Covered-Employee Payroll as the payroll of employees that are provided with OPEB through the OPEB plan, including employees terminating during the measurement period.

Required Supplementary Information

Schedule of Changes in Firefighter Net Pension Liability

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

	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability						
Service cost	\$ 833,961	\$ 764,177	\$ 736,394	\$ 763,355	\$ 859,133	\$ 885,170
Interest	2,852,171	2,747,916	2,569,262	2,296,697	2,171,585	2,001,624
Change in excess State money	-	-	-	(291,211)	10,559	280,653
Share plan allocation	-	(1,281)	-	145,606	-	-
Changes of benefit terms	(10,789)	-	-	-	-	-
Differences between expected and actual experience	(209,917)	(465,047)	161,964	169,396	(460,180)	-
Change of assumptions	376,031	355,957	455,206	1,069,919	-	-
Contributions - Buy Back	-	46,174	-	-	-	-
Benefit payments, incl. refunds of EE contributions	(1,916,442)	(1,729,690)	(1,011,240)	(1,010,671)	(811,049)	(661,426)
Net change in total pension liability	1,925,015	1,718,206	2,911,586	3,143,091	1,770,048	2,506,021
Total pension liability - beginning	36,514,787	34,796,581	31,884,995	28,741,904	26,971,856	24,465,835
Total pension liability - ending (a)	38,439,802	36,514,787	34,796,581	31,884,995	28,741,904	26,971,856
Plan fiduciary net position						
Contributions - employer	1,139,188	960,204	856,758	990,000	1,099,856	747,410
Contributions - State	440,929	432,767	418,946	437,671	432,954	435,643
Contributions - employee	326,448	299,956	297,214	298,328	306,677	322,286
Contributions - Buy Back	-	46,174	-	-	-	-
Net investment income	893,565	2,512,787	3,250,594	2,031,264	(125,150)	1,994,535
Benefit payments, incl. refunds of EE contributions	(1,916,442)	(1,729,690)	(1,011,240)	(1,010,671)	(811,049)	(661,426)
Administrative expense	(79,996)	(80,148)	(56,858)	(60,624)	(67,747)	(53,091)
Net change in plan fiduciary net position	803,692	2,442,050	3,755,414	2,685,968	835,541	2,785,357
Plan fiduciary net position - beginning	30,023,890	27,581,840	23,826,426	21,140,458	20,304,917	17,519,560
Plan fiduciary net position - ending (b)	30,827,582	30,023,890	27,581,840	23,826,426	21,140,458	20,304,917
Net pension liability - ending (a) - (b)	\$ 7,612,220	\$ 6,490,897	\$ 7,214,741	\$ 8,058,569	\$ 7,601,446	\$ 6,666,939
Plan fiduciary net position as a % of total pension liability	80.20%	82.22%	79.27%	74.73%	73.55%	75.28%
Covered payroll (2), (3)	4,080,595	3,749,453	3,715,168	3,729,106	5,148,777	4,028,572
Net pension liability as a % of covered payroll	186.55%	173.12%	194.20%	216.10%	147.64%	165.49%

Notes to Schedule:

- (1) The City implemented GASB 67 in FYE 9/30/14. Information for prior years is not available.
- (2) For the 2016 Reporting Period Ending 2015, the Covered Payroll was based on Pensionable Salary.
- (3) The covered payroll numbers are shown in compliance with GASB 82, except for the 9/30/2015 measurement period which includes DROP payroll.

Changes of Assumptions:

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

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

Schedule of Firefighter Pension Contributions and Investment Returns

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

	Year Ended					
	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014 (1)
Actuarially determined contribution	\$ 1,571,029	\$ 1,357,302	\$ 1,255,727	\$ 1,197,043	\$ 1,176,873	\$ 902,400
Contributions from reserve	-	-	305	-	-	-
Contributions in relation to the actuarially determined contributions	1,580,117	1,394,252	1,275,704	1,427,671	1,522,251	902,400
Contribution deficiency (excess)	<u>\$ (9,088)</u>	<u>\$ (36,950)</u>	<u>\$ (20,282)</u>	<u>\$ (230,628)</u>	<u>\$ (345,378)</u>	<u>\$ -</u>
Covered payroll (2) (3)	\$ 4,080,595	\$ 3,749,453	\$ 3,715,168	\$ 3,729,106	\$ 5,148,777	\$ 4,028,572
Contributions as % of covered payroll	38.72%	37.19%	34.34%	38.28%	29.57%	22.40%

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

	Year Ended					
	9/30/2018	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014 (1)
Annual money-weighted rate of return	2.96%	8.99%	13.39%	9.32%	-0.59%	11.27%
Net of investment expense						

- (1) The City implemented GASB 67 in FYE 9/30/2014. Information for prior years is not available.
- (2) For the 2016 Reporting Period Ending 2015, the Covered Payroll was based on Pensionable Salary.
- (3) The covered payroll numbers shown are in compliance with GASB 82, except for the 9/30/2015 measurement period which includes DROP payroll.

Required Supplementary Information

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

	Year Ended					
	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Actuarially determined contributions	\$ 785,496	\$ 732,583	\$ 663,026	\$ 590,334	\$ 559,079	\$ 507,053
Contributions in relation to the actuarially determined contributions	(785,496)	(732,583)	(663,026)	(590,334)	(559,079)	(507,053)
Contribution deficiency (excess)	\$ (0)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 10,141,856	\$ 9,494,763	\$ 8,915,167	\$ 8,322,149	\$ 7,525,843	\$ -
Contributions as % of covered payroll	7.75%	7.72%	7.44%	7.09%	7.43%	7.20%

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

	Year Ended					
	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Actuarially determined contributions	\$ 168,355	\$ 157,613	\$ 140,558	\$ 137,737	\$ 102,871	\$ 86,063
Contributions in relation to the actuarially determined contributions	(168,355)	(157,613)	(140,558)	(137,737)	(102,871)	(86,063)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 10,141,856	\$ 9,494,763	\$ 8,915,167	\$ 8,322,149	\$ 7,525,843	\$ -
Contributions as % of covered payroll	1.66%	1.66%	1.58%	1.66%	1.37%	1.22%

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

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

Florida Retirement System - Pension:	Year Ended					
	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
City proportion of net pension liability	2.2770%	0.0236%	0.0233%	0.0227%	0.0217%	0.0203%
City's proportionate share of the net pension liability	\$ 7,843,254	\$ 7,123,024	\$ 6,897,132	\$ 5,738,827	\$ 2,801,727	\$ 1,239,732
City's covered payroll	9,787,756	9,321,586	8,788,560	8,322,149	7,381,569	7,030,329
City's proportionate share of the net pension liability as a percentage of its covered payroll	80.13%	76.41%	78.48%	68.96%	37.96%	17.63%
Plan fiduciary net position as a percentage of the total pension liability (2)	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

Florida Retirement System - Health Insurance Subsidy:	Year Ended					
	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
City proportion of net pension liability	2.9300%	0.0285%	0.0275%	0.0269%	0.0242%	0.2335%
City's proportionate share of the net pension liability	\$ 3,274,088	\$ 3,019,844	\$ 2,944,478	\$ 3,138,324	\$ 2,468,473	\$ 2,196,677
City's covered payroll	9,787,756	9,321,586	8,788,560	8,322,149	7,381,569	7,030,329
City's proportionate share of the net pension liability as a percentage of its covered payroll	33.45%	32.40%	33.50%	37.71%	33.44%	31.25%
Plan fiduciary net position as a percentage of the total pension liability (2)	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

(1) The City implemented GASB 68 in FYE 14; information from prior years is unavailable.

(2) The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 4 of the FRS Comprehensive Annual Financial Report.

**Notes to the Required Supplementary Information
September 30, 2019****Note 1**

Budgetary Data

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

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

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

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

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

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

Note 2

Firefighter Pension Insurance Premium

The City received \$440,929 from the State of Florida for the Firefighter Pension Insurance Premium Tax. This is money charged to all homeowners on their homeowners' insurance bill to provide additional pension benefits to firefighters. As required by Generally Accepted Accounting Principles (GAAP), this money was recorded in the General Fund as revenue with an offsetting equal expense in public safety. Once received, this money was immediately transferred to the Firefighters pension fund to fund pension benefits above and beyond what the City provides.

Note 3

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

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

The discount rate was changed from 3.50% as of the beginning of the measurement period to 3.83% as of September 30, 2018. This change is reflected in the Schedule of Changes in Total OPEB Liability.

There were no benefit changes during the year.

Notes to the Required Supplementary Information

Note 4

Methods and Assumptions Used to Determine Contribution Rates

Firefighters' Pension Plan September 30, 2019																																																		
Funding method:	Entry Age Normal Actuarial Cost Method.																																																	
Amortization method:	Level Percentage of Pay, Closed																																																	
Remaining amortization period:	30 Years (as of 10/01/2015)																																																	
Inflation:	2.5% per year																																																	
Mortality:	RP-2000 Table with no projection - Disabled lives set forward 5 years.																																																	
Interest rate:	7.92% per year compounded annually, net of investment related expense.																																																	
Retirement age:	<table border="1"> <thead> <tr> <th>Age</th> <th><10</th> <th>10-24</th> <th>25-29</th> <th>30+</th> </tr> </thead> <tbody> <tr> <td>Under 52</td> <td>0%</td> <td>0%</td> <td>40%</td> <td>40%</td> </tr> <tr> <td>52-54</td> <td>0%</td> <td>0%</td> <td>40%</td> <td>100%</td> </tr> <tr> <td>55-59</td> <td>0%</td> <td>20%</td> <td>40%</td> <td>100%</td> </tr> <tr> <td>60 +</td> <td>0%</td> <td>100%</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table> <p>The assumed rates of retirement were utilized by and carried over from the prior actuary and appear reasonable based on plan provisions.</p>	Age	<10	10-24	25-29	30+	Under 52	0%	0%	40%	40%	52-54	0%	0%	40%	100%	55-59	0%	20%	40%	100%	60 +	0%	100%	100%	100%																								
Age	<10	10-24	25-29	30+																																														
Under 52	0%	0%	40%	40%																																														
52-54	0%	0%	40%	100%																																														
55-59	0%	20%	40%	100%																																														
60 +	0%	100%	100%	100%																																														
Disability rate:	<table border="1"> <thead> <tr> <th>Age</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>25</td> <td>0.09%</td> </tr> <tr> <td>35</td> <td>0.13%</td> </tr> <tr> <td>45</td> <td>0.20%</td> </tr> <tr> <td>55</td> <td>0.62%</td> </tr> </tbody> </table> <p>Assumption: 75% of disablements and active Member deaths are service related.</p>	Age	Rate	25	0.09%	35	0.13%	45	0.20%	55	0.62%																																							
Age	Rate																																																	
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45	0.20%																																																	
55	0.62%																																																	
Termination rate:	<table border="1"> <thead> <tr> <th>Age</th> <th>0-1</th> <th>1-2</th> <th>2-3</th> <th>3-4</th> <th>4-5</th> <th>5 +</th> </tr> </thead> <tbody> <tr> <td>Under 35</td> <td>10.0%</td> <td>6.0%</td> <td>5.0%</td> <td>4.0%</td> <td>3.0%</td> <td>3.0%</td> </tr> <tr> <td>35-39</td> <td>10.0%</td> <td>6.0%</td> <td>5.0%</td> <td>4.0%</td> <td>3.0%</td> <td>2.5%</td> </tr> <tr> <td>40-44</td> <td>10.0%</td> <td>6.0%</td> <td>5.0%</td> <td>4.0%</td> <td>3.0%</td> <td>2.0%</td> </tr> <tr> <td>45-49</td> <td>10.0%</td> <td>6.0%</td> <td>5.0%</td> <td>4.0%</td> <td>3.0%</td> <td>1.5%</td> </tr> <tr> <td>50-54</td> <td>10.0%</td> <td>6.0%</td> <td>5.0%</td> <td>4.0%</td> <td>3.0%</td> <td>1.0%</td> </tr> <tr> <td>55 +</td> <td>10.0%</td> <td>6.0%</td> <td>5.0%</td> <td>4.0%</td> <td>3.0%</td> <td>0.0%</td> </tr> </tbody> </table> <p>The assumed rates of termination were utilized by and carried over from the prior actuary.</p>	Age	0-1	1-2	2-3	3-4	4-5	5 +	Under 35	10.0%	6.0%	5.0%	4.0%	3.0%	3.0%	35-39	10.0%	6.0%	5.0%	4.0%	3.0%	2.5%	40-44	10.0%	6.0%	5.0%	4.0%	3.0%	2.0%	45-49	10.0%	6.0%	5.0%	4.0%	3.0%	1.5%	50-54	10.0%	6.0%	5.0%	4.0%	3.0%	1.0%	55 +	10.0%	6.0%	5.0%	4.0%	3.0%	0.0%
Age	0-1	1-2	2-3	3-4	4-5	5 +																																												
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55 +	10.0%	6.0%	5.0%	4.0%	3.0%	0.0%																																												
Salary increases:	5.0% per year The current assumption was developed from the July 18, 2016 Experience Study.																																																	
Cost-of-Living adjustment (COLA):	2.35% automatic COLA beginning at the later of age 52 or three (3) years following benefit commencement, payable to all service retirees who have completed at least 21 years of service, and all line-of-duty disability retirees.																																																	
Payroll growth:	0.0% per year for amortization of UAAL. This is in compliance with Part VII of Chapter 112, Florida Statutes.																																																	
Actuarial asset method:	All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five year period.																																																	

Required Supplementary Information

Notes to the Required Supplementary Information

Florida Retirement System June 30, 2019	
Amortization method:	Level Percentage of Pay, Closed, Layered
Remaining amortization period:	30 Years (as of 07/1/2019)
Recognition Method:	Asymptotic
Corridor:	80% - 120% of fair market value
Inflation:	2.60% per year
Mortality:	PUB-2010 base table varies by member category and gender, projected generationally with Scale MP-2018
Investment rate of return	7.20% - chosen by 2019 FRS Actuarial Assumption Conference and differs from the 6.90% investment return assumption that is used as the discount rate for determining the net pension liability
Retirement age:	* Varies by tier, membership class, age and sex
Turnover:	* Varies by membership class, length of service, age and sex
Cost-of-Living adjustment (COLA):	3% for pre-July 2011 benefit service; 0% thereafter
Termination rate:	* Varies by tier, membership class
Salary increases:	* Varies by membership class, length of service and sex
Payroll growth:	3.25% per year
Asset valuation method:	All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five year period.

* Refer to FRS Valuation Report for specific information.

FRS Health Insurance Subsidy June 30, 2019	
Amortization method:	Level Percentage of Pay, Closed, Layered
Remaining amortization period:	30 Years (as of 07/30/2019)
Recognition Method:	Asymptotic
Corridor:	80% - 120% of fair market value
Inflation:	2.60% per year
Mortality:	Generational PR-2000 with Projection Scale BB
Interest rate:	3.50% per year
Retirement age:	* Varies by tier, membership class, age and sex
Turnover:	* Varies by membership class, length of service, age and sex
Cost-of-Living adjustment (COLA):	3% for pre-July 2011 benefit service; 0% thereafter
Termination rate:	* Varies by tier, membership class
Salary increases including inflation:	3.25% per year
Payroll growth:	3.25% per year
Asset valuation method:	All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five year period.

* Refer to FRS Valuation Report for specific information.

Required Supplementary Information

SUPPLEMENTAL INFORMATION

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Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2019

	Special Revenue Funds										Capital Projects Funds		Total Nonmajor Governmental
	Fire/Rescue Service Impact Fees Fund	State Housing Initiatives Partnership Fund	Community Development Block Grant Fund	Streetlighting Districts Fund	Park Impact Fees Fund	Tree Replacement Fees Fund	Law Enforcement Impact Fees Fund	Neighborhood Stabilization Grant Funds	Transportation Impact Fees Fund	Lake Districts Fund	Municipal Complex(es) Fund	Park Projects Fund	
ASSETS													
Cash and cash equivalents	\$ 116,082	\$ 683,287	\$ -	\$ 42,424	\$ 1,024,596	\$ 858,923	\$ 71,309	\$ 54,506	\$ -	\$ 79,263	\$ 925,721	\$ 910,131	\$ 4,766,242
Due from other governments	-	-	425,877	59	-	-	-	49,803	-	-	-	-	475,739
Total assets	116,082	683,287	425,877	42,483	1,024,596	858,923	71,309	104,309	-	79,263	925,721	910,131	5,241,981
LIABILITIES													
Accounts payable	-	43,050	11,502	10,110	-	9,499	-	153	-	-	13,373	463,848	551,535
Retainage payable	-	-	-	-	-	-	-	-	-	-	-	2,631	2,631
Due to other funds	-	-	-	414,375	-	-	-	-	-	-	-	-	414,375
Unearned revenues	-	-	640,237	-	-	-	-	-	-	-	-	-	640,237
Unavailable revenues	-	-	-	-	-	-	-	104,156	-	-	-	-	104,156
Total liabilities	-	43,050	651,739	424,485	-	9,499	-	104,309	-	-	13,373	466,479	1,712,934
FUND BALANCES (DEFICITS)													
Restricted:													
Public safety	116,082	-	-	-	-	-	71,309	-	-	-	-	-	187,391
Highways and streets	-	-	-	32,373	-	-	-	-	-	-	-	-	32,373
Culture and recreation	-	-	-	-	1,024,596	-	-	-	-	-	-	-	1,024,596
Physical environment	-	-	-	-	-	-	-	-	-	79,263	-	-	79,263
Economic environment	-	-	-	-	-	-	-	-	-	-	-	-	-
Total restricted fund balances	116,082	-	-	32,373	1,024,596	-	71,309	-	-	79,263	-	-	1,323,623
Committed:													
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	443,652	443,652
Physical environment	-	-	-	-	-	849,424	-	-	-	-	-	-	849,424
Total committed fund balances	-	-	-	-	-	849,424	-	-	-	-	-	443,652	1,293,076
Assigned:													
Capital outlay/projects	-	-	-	-	-	-	-	-	-	-	912,348	-	912,348
Total assigned fund balances	-	-	-	-	-	-	-	-	-	-	912,348	-	912,348
Total fund balances (deficits)	116,082	-	-	32,373	1,024,596	849,424	71,309	-	-	79,263	912,348	443,652	3,529,047
Total liabilities and fund balances	\$ 116,082	\$ 43,050	\$ 651,739	\$ 456,858	\$ 1,024,596	\$ 858,923	\$ 71,309	\$ 104,309	\$ -	\$ 79,263	\$ 925,721	\$ 910,131	\$ 5,241,981

Supplemental Information

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Fiscal Year Ended September 30, 2019

	Special Revenue Funds										Capital Projects Funds		Total Nonmajor Governmental Funds
	Fire/Rescue Service Impact Fees	State Housing Initiatives Partnership	Community Development Block Grant	Streetlighting Districts	Park Impact Fees	Tree Replacement Fund	Law Enforcement Impact Fees	Neighborhood Stabilization Grant Funds	Transportation Impact Fees	Lake Districts Fund	Municipal Complex(es) Fund	Park Projects Fund	
REVENUES													
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	203,400	488,730	-	-	-	-	451,510	-	-	-	-	1,143,640
Charges for services	-	-	-	155,861	-	-	-	-	-	34,797	-	-	190,658
Impact fees	120,456	-	-	-	572,843	-	68,726	-	647,650	-	-	-	1,409,675
Interest income	540	6,427	-	813	14,237	15,744	423	1,007	-	815	11,040	27,115	78,161
Miscellaneous	-	-	-	-	-	584,661	-	218,192	-	-	4,509	-	807,362
Total revenues	120,996	209,827	488,730	156,674	587,080	600,405	69,149	670,709	647,650	35,612	15,549	27,115	3,629,496
EXPENDITURES													
Operating:													
General government	-	12,763	64,740	-	-	-	-	47,084	-	-	-	-	124,587
Highways and streets	-	-	-	146,679	-	-	-	-	-	-	-	-	146,679
Economic environment	-	197,064	84,360	-	-	-	-	623,625	-	-	-	-	905,049
Physical environment	-	-	-	-	-	177,793	-	-	-	11,273	-	-	189,066
Debt service:													
Capital Outlay:													
General government	-	-	-	-	-	-	-	-	-	-	336,750	-	336,750
Public safety	-	-	-	-	-	-	-	-	-	-	74,154	-	74,154
Culture and recreation	-	-	310,000	-	-	-	-	-	-	-	280,072	1,703,534	2,293,606
Economic environment	-	-	29,630	-	-	-	-	-	-	-	-	-	29,630
Total expenditures	-	209,827	488,730	146,679	-	177,793	-	670,709	-	11,273	690,976	1,703,534	4,099,521
Excess (deficiency) of revenues over expenditures	120,996	-	-	9,995	587,080	422,612	69,149	-	647,650	24,339	(675,427)	(1,676,419)	(470,025)
OTHER FINANCING SOURCES (USES)													
Transfer(s) in	-	-	-	-	-	-	-	-	-	-	750,000	1,534,000	2,284,000
Transfer(s) out	(115,000)	-	-	-	-	-	(125,000)	-	(647,650)	(22,500)	-	-	(910,150)
Total other financing sources (uses)	(115,000)	-	-	-	-	-	(125,000)	-	(647,650)	(22,500)	750,000	1,534,000	1,373,850
Net change in fund balances	5,996	-	-	9,995	587,080	422,612	(55,851)	-	-	1,839	74,573	(142,419)	903,825
Fund balances - beginning	110,086	-	-	22,378	437,516	426,812	127,160	-	-	77,424	837,775	586,071	2,625,222
Fund balances - ending	\$ 116,082	\$ -	\$ -	\$ 32,373	\$ 1,024,596	\$ 849,424	\$ 71,309	\$ -	\$ -	\$ 79,263	\$ 912,348	\$ 443,652	\$ 3,529,047

Supplemental Information

Schedule of Revenues and Expenditures - Budget and Actual

Fire/Rescue Service Impact Fees Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2019

	Actual	Budgeted Amounts Final	Variance With Final Budget
REVENUES			
Impact fees	\$ 120,456	\$ 48,000	\$ 72,456
Interest income	540	500	40
Total revenues	<u>120,996</u>	<u>48,500</u>	<u>72,496</u>
EXPENDITURES			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>120,996</u>	<u>48,500</u>	<u>72,496</u>
OTHER FINANCING SOURCES (USES)			
Transfer(s) out	<u>(115,000)</u>	<u>(115,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(115,000)</u>	<u>(115,000)</u>	<u>-</u>
Net change in fund balances	5,996	(66,500)	72,496
Fund balances - beginning	110,086	110,086	-
Fund balances - ending	<u>\$ 116,082</u>	<u>\$ 43,586</u>	<u>\$ 72,496</u>

Supplemental Information

Schedule of Revenues and Expenditures - Budget and Actual

State Housing Initiative Partnership
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2019

	Actual	Budgeted Amounts Final	Variance With Final Budget
REVENUES			
Intergovernmental	\$ 203,400	\$ 578,146	\$ (374,746)
Interest income	6,427	2,000	4,427
Total revenues	<u>209,827</u>	<u>580,146</u>	<u>(370,319)</u>
EXPENDITURES			
Operating:			
General government	12,763	60,000	47,237
Economic environment	197,064	520,146	323,082
Total operating	<u>209,827</u>	<u>580,146</u>	<u>370,319</u>
Total expenditures	<u>209,827</u>	<u>580,146</u>	<u>370,319</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Supplemental Information

Schedule of Revenues and Expenditures - Budget and Actual

Community Development Block Grant Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2019

	Actual	Budgeted Amounts Final	Variance With Final Budget
REVENUES			
Intergovernmental	\$ 488,730	\$ 751,992	\$ (263,262)
Total revenues	<u>488,730</u>	<u>751,992</u>	<u>(263,262)</u>
EXPENDITURES			
Operating:			
General government	64,740	119,500	54,760
Economic environment	84,360	85,000	640
Physical Environment	-	185,692	185,692
Total operating	<u>149,100</u>	<u>390,192</u>	<u>241,092</u>
Capital outlay:			
Culture and recreation	310,000	310,000	-
Physical Environment	29,630	51,800	22,170
Total capital outlay	<u>339,630</u>	<u>361,800</u>	<u>22,170</u>
Total expenditures	<u>488,730</u>	<u>751,992</u>	<u>263,262</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(526,524)</u>
OTHER FINANCING SOURCES (USES)			
Transfer(s) out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Supplemental Information

Schedule of Revenues and Expenditures - Budget and Actual

Streetlighting Districts Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2019

	Actual	Budgeted Amounts Final	Variance With Final Budget
REVENUES			
Charges for services	\$ 155,861	\$ 154,800	\$ 1,061
Interest income	813	200	613
Total revenues	<u>156,674</u>	<u>155,000</u>	<u>1,674</u>
EXPENDITURES			
Operating:			
Highways and streets	146,679	152,300	5,621
Total operating	<u>146,679</u>	<u>152,300</u>	<u>5,621</u>
Total expenditures	<u>146,679</u>	<u>152,300</u>	<u>5,621</u>
Excess (deficiency) of revenues over expenditures	<u>9,995</u>	<u>2,700</u>	<u>7,295</u>
OTHER FINANCING SOURCES (USES)			
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	9,995	2,700	7,295
Fund balances - beginning	22,378	22,378	-
Fund balances - ending	<u>\$ 32,373</u>	<u>\$ 25,078</u>	<u>\$ 7,295</u>

Supplemental Information

Schedule of Revenues and Expenditures - Budget and Actual

Park Impact Fees Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2019

	Actual	Budgeted Amounts Final	Variance With Final Budget
REVENUES			
Impact fees	\$ 572,843	\$ 100,000	\$ 472,843
Interest income	14,237	3,200	11,037
Total revenues	<u>587,080</u>	<u>103,200</u>	<u>483,880</u>
EXPENDITURES			
Operating:			
Culture and recreation	-	-	-
Total operating	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	<u>587,080</u>	<u>103,200</u>	<u>483,880</u>
OTHER FINANCING SOURCES (USES)			
Transfer(s) out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	587,080	103,200	483,880
Fund balances - beginning	437,516	437,516	-
Fund balances - ending	<u>\$ 1,024,596</u>	<u>\$ 540,716</u>	<u>\$ 483,880</u>

Supplemental Information

Schedule of Revenues and Expenditures - Budget and Actual

Tree Replacement Fees Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2019

	Actual	Budgeted Amounts Final	Variance With Final Budget
REVENUES			
Interest income	\$ 15,744	\$ 3,400	\$ 12,344
Miscellaneous	584,661	12,000	572,661
Total revenues	<u>600,405</u>	<u>15,400</u>	<u>585,005</u>
EXPENDITURES			
Operating:			
Physical environment	177,793	231,000	53,207
Total operating	<u>177,793</u>	<u>231,000</u>	<u>53,207</u>
Total expenditures	<u>177,793</u>	<u>231,000</u>	<u>53,207</u>
Excess (deficiency) of revenues over expenditures	<u>422,612</u>	<u>(215,600)</u>	<u>638,212</u>
OTHER FINANCING SOURCES (USES)			
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	422,612	(215,600)	638,212
Fund balances - beginning	426,812	426,812	-
Fund balances - ending	<u>\$ 849,424</u>	<u>\$ 211,212</u>	<u>\$ 638,212</u>

Supplemental Information

Schedule of Revenues and Expenditures - Budget and Actual

Law Enforcement Impact Fees Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2019

	Actual	Budgeted	Variance With Final Budget
		Amounts Final	
REVENUES			
Impact fees	\$ 68,726	\$ 25,000	\$ 43,726
Interest income	423	600	(177)
Total revenues	<u>69,149</u>	<u>25,600</u>	<u>43,549</u>
EXPENDITURES			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>69,149</u>	<u>25,600</u>	<u>43,549</u>
OTHER FINANCING SOURCES (USES)			
Transfer(s) out	<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>
Net change in fund balances	(55,851)	(99,400)	43,549
Fund balances - beginning	127,160	127,160	-
Fund balances - ending	<u>\$ 71,309</u>	<u>\$ 27,760</u>	<u>\$ 43,549</u>

Supplemental Information

Schedule of Revenues, Expenditures, Changes in Fund Balance

Neighborhood Stabilization Grant Funds
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2019

	Actual	Budgeted Amounts Final	Variance With Final Budget
REVENUES			
Intergovernmental	\$ 451,510	\$ 673,633	\$ (222,123)
Interest income	1,007	-	1,007
Miscellaneous	218,192	280,405	(62,213)
Total revenues	<u>670,709</u>	<u>954,038</u>	<u>(283,329)</u>
EXPENDITURES			
Operating:			
General government	47,084	51,180	4,096
Economic environment	623,625	902,858	279,233
Total operating	<u>670,709</u>	<u>954,038</u>	<u>283,329</u>
Total expenditures	<u>670,709</u>	<u>954,038</u>	<u>283,329</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-
Fund balance, beginning	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule of Revenues and Expenditures - Budget and Actual

Transportation Impact Fees Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2019

	Actual	Budgeted	Variance With Final Budget
		Amounts Final	
REVENUES			
Impact fees	\$ 647,650	\$ 648,000	\$ (350)
Total revenues	<u>647,650</u>	<u>648,000</u>	<u>(350)</u>
EXPENDITURES			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>647,650</u>	<u>648,000</u>	<u>(350)</u>
OTHER FINANCING SOURCES (USES)			
Transfer(s) out	<u>(647,650)</u>	<u>(648,000)</u>	<u>350</u>
Total other financing sources (uses)	<u>(647,650)</u>	<u>(648,000)</u>	<u>350</u>
Net change in fund balances	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Supplemental Information

Schedule of Revenues and Expenditures - Budget and Actual

Lake Districts Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2019

	Actual	Budgeted Amounts Final	Variance With Final Budget
REVENUES			
Charges for Services	\$ 34,797	\$ 36,000	\$ (1,203)
Interest income	815	400	415
Total revenues	<u>35,612</u>	<u>36,400</u>	<u>(788)</u>
EXPENDITURES			
Operating:			
Physical environment	11,273	22,176	10,903
Total operating	<u>11,273</u>	<u>22,176</u>	<u>10,903</u>
Total expenditures	<u>11,273</u>	<u>22,176</u>	<u>10,903</u>
Excess (deficiency) of revenues over expenditures	<u>24,339</u>	<u>14,224</u>	<u>10,115</u>
OTHER FINANCING SOURCES (USES)			
Transfer(s) out	<u>(22,500)</u>	<u>(22,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>(22,500)</u>	<u>(22,500)</u>	<u>-</u>
Net change in fund balances	1,839	(8,276)	10,115
Fund balances - beginning	<u>77,424</u>	<u>77,424</u>	<u>-</u>
Fund balances - ending	<u>\$ 79,263</u>	<u>\$ 69,148</u>	<u>\$ 10,115</u>

Supplemental Information

Schedule of Revenues and Expenditures - Budget and Actual

Capital Projects - Municipal Complex(s) Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2019

	Actual	Budgeted Amounts Final	Variance With Final Budget
REVENUES			
Intergovernmental	\$ -	\$ 202,400	\$ (202,400)
Interest income	11,040	6,600	4,440
Miscellaneous	4,509	10,000	(5,491)
Total revenues	<u>15,549</u>	<u>219,000</u>	<u>(203,451)</u>
EXPENDITURES			
Capital outlay:			
General government	336,750	380,000	43,250
Public Safety	74,154	68,200	(5,954)
Culture and recreation	280,072	1,074,700	794,628
Total capital outlay	<u>690,976</u>	<u>1,522,900</u>	<u>831,924</u>
Total expenditures	<u>690,976</u>	<u>1,522,900</u>	<u>831,924</u>
Excess (deficiency) of revenues over expenditures	<u>(675,427)</u>	<u>(1,303,900)</u>	<u>628,473</u>
OTHER FINANCING SOURCES (USES)			
Transfer(s) in	750,000	750,000	-
Total other financing source (uses)	<u>750,000</u>	<u>750,000</u>	<u>-</u>
Net change in fund balances	74,573	(553,900)	628,473
Fund balance, beginning	<u>837,775</u>	<u>837,775</u>	<u>-</u>
Fund balance, ending	<u>\$ 912,348</u>	<u>\$ 283,875</u>	<u>\$ 628,473</u>

Supplemental Information

Schedule of Revenues and Expenditures - Budget and Actual

Capital Projects - Park Projects Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended September 30, 2019

	Actual	Budgeted Amounts Final	Variance With Final Budget
REVENUES			
Intergovernmental	\$ -	\$ 393,300	\$ (393,300)
Interest income	27,115	3,600	23,515
Total revenues	<u>27,115</u>	<u>396,900</u>	<u>(369,785)</u>
EXPENDITURES			
Capital outlay:			
Culture and recreation	1,703,534	2,418,000	714,466
Total capital outlay	<u>1,703,534</u>	<u>2,418,000</u>	<u>714,466</u>
Total expenditures	<u>1,703,534</u>	<u>2,418,000</u>	<u>714,466</u>
Excess (deficiency) of revenues over expenditures	<u>(1,676,419)</u>	<u>(2,021,100)</u>	<u>344,681</u>
OTHER FINANCING SOURCES (USES)			
Transfer(s) in	1,534,000	1,534,000	-
Total other financing sources (uses)	<u>1,534,000</u>	<u>1,534,000</u>	<u>-</u>
Net change in fund balances	(142,419)	(487,100)	344,681
Fund balances - beginning	586,071	586,071	-
Fund balances - ending	<u>\$ 443,652</u>	<u>\$ 98,971</u>	<u>\$ 344,681</u>

Supplemental Information

**Notes to the Supplemental Information
September 30, 2019****Note 1****Budgetary Data**

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

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

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

Financial Trends Page

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

Net Position by Component	118
Changes in Net Position	120
Fund Balances of Governmental Funds	124
Changes in Fund Balances of Governmental Funds	126
Tax Revenues by Source, Governmental Funds.....	128

Revenue Capacity

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

Assessed Value and Estimated Actual Value of Taxable Property	129
Direct and Overlapping Property Tax Rates.....	130
Principal Taxpayers	131
Property Tax Levies and Collections.....	132

Debt Capacity

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

Ratios of Outstanding Debt by Type	133
Direct and Overlapping Governmental Activities Debt.....	134
Pledged-Revenues Coverage	135

Demographic and Economic Information

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

Demographic and Economic Statistics.....	136
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Operating Information

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

Full-time Equivalent City Government Employees by Function/Program	140
Various Indicators by Function/Program	142
Water Sold by Type of Customer	143
Wastewater Sold by Type of Customer	144
Principal Employers	145

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

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

	Fiscal Year Ending			
	9/30/2010	9/30/2011	9/30/2012	9/30/2013
Governmental activities				
Net investment in capital assets	\$ 116,238,698	\$ 117,988,044	\$ 116,190,035	\$ 114,171,165
Restricted	5,178,367	2,079,749	2,064,877	2,216,898
Unrestricted	21,116,209	20,736,737	20,590,277	22,592,653
Total governmental activities net position	<u>142,533,274</u>	<u>140,804,530</u>	<u>138,845,189</u>	<u>138,980,716</u>
Business-type activities				
Net investment in capital assets	(2,093,842)	(813,553)	5,519,770	15,641,068
Restricted	6,551,855	7,860,401	8,487,663	849,581
Unrestricted	6,161,665	6,505,664	5,150,512	4,235,603
Total business-type activities net position	<u>10,619,678</u>	<u>13,552,512</u>	<u>19,157,945</u>	<u>20,726,252</u>
Primary government				
Net investment in capital assets	114,144,856	117,174,491	121,709,805	129,812,233
Restricted	11,730,222	9,940,150	10,552,540	3,066,479
Unrestricted	27,277,874	27,242,401	25,740,789	26,828,256
Total primary government net position	<u>\$ 153,152,952</u>	<u>\$ 154,357,042</u>	<u>\$ 158,003,134</u>	<u>\$ 159,706,968</u>

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

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

9/30/2014 (2)	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019
\$ 110,706,931	\$ 108,401,939	\$ 105,221,673	\$ 101,069,631	\$ 99,095,304	\$ 96,724,458
6,189,970	5,663,458	1,887,349	6,730,311	9,329,975	12,607,482
20,686,833	10,926,168	15,686,772	14,563,146	11,781,629	18,869,555
137,583,734	124,991,565	122,795,794	122,363,088	120,206,908	128,201,495
20,279,612	8,971,176	9,179,533	11,508,363	14,523,669	13,877,566
2,135,000	2,440,000	2,562,000	3,753,847	3,840,878	5,139,604
215,715	14,789,152	16,321,569	14,134,062	16,501,927	18,879,185
22,630,327	26,200,328	28,063,102	29,396,272	34,866,474	37,896,355
130,986,543	117,373,115	114,401,206	112,577,994	113,618,973	110,602,024
8,324,970	8,103,458	4,449,349	10,484,158	13,170,853	17,747,086
20,902,548	25,715,320	32,008,341	28,697,208	28,283,556	37,748,740
<u>\$ 160,214,061</u>	<u>\$ 151,191,893</u>	<u>\$ 150,858,896</u>	<u>\$ 151,759,360</u>	<u>\$ 155,073,382</u>	<u>\$ 166,097,850</u>

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

	Fiscal Years Ending			
	9/30/2010	9/30/2011	9/30/2012	9/30/2013
Expenses				
Governmental activities:				
General government	\$ 8,608,657	\$ 7,970,347	\$ 8,618,729	\$ 8,246,984
Public safety	18,442,646	18,946,170	18,000,160	18,605,589
Highways and Streets	5,333,601	5,544,071	5,209,626	5,358,992
Culture and recreation	2,626,028	2,577,658	2,726,161	2,616,214
Economic environment	1,069,663	4,341,857	2,491,265	1,525,531
Physical environment	6,982,097	6,920,661	7,560,685	8,989,720
Interest on long-term debt	1,115,716	1,074,661	1,031,328	984,252
Total governmental activities	<u>44,178,408</u>	<u>47,375,425</u>	<u>45,637,954</u>	<u>46,327,282</u>
Business-type activities:				
Personal services	3,011,767	3,413,640	3,564,796	3,770,221
Operating expenses	3,692,854	4,015,494	3,805,695	3,796,756
Professional services	84,869	55,909	41,722	61,931
Depreciation	3,399,136	2,854,935	2,980,008	3,069,245
Insurance	175,458	133,395	114,552	112,871
Bad debts	57,812	60,690	97,790	152,195
Total business-type activities	<u>10,421,896</u>	<u>10,534,063</u>	<u>10,604,563</u>	<u>10,963,219</u>
Total primary government expenses	<u>54,600,304</u>	<u>57,909,488</u>	<u>56,242,517</u>	<u>57,290,501</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	1,492,531	1,434,657	1,386,206	1,590,260
Public safety	104,092	123,265	46,263	59,113
Transportation	139,905	-	-	-
Culture and recreation	129,885	112,156	96,620	83,075
Physical environment	7,230,865	7,225,345	7,212,472	8,642,155
Operating grants and contributions	2,055,276	1,923,505	2,736,446	3,887,399
Capital grants and contributions	4,950,675	4,013,670	1,482,553	1,334,533
Total governmental activities program revenues	<u>16,103,229</u>	<u>14,832,598</u>	<u>12,960,560</u>	<u>15,596,535</u>
Business-type activities:				
Charges for services:				
Water	8,921,006	10,021,881	10,548,127	9,843,484
Wastewater	5,185,602	5,992,664	7,028,123	5,832,025
Connection fees	261,670	242,000	245,670	264,560
Operating grants and contributions	-	-	-	-
Capital grants and contributions	22,839	157,152	43,178	125,704
Total business-type activities program revenues	<u>14,391,117</u>	<u>16,413,697</u>	<u>17,865,098</u>	<u>16,065,773</u>
Total primary government program revenues	<u>30,494,346</u>	<u>31,246,295</u>	<u>30,825,658</u>	<u>31,662,308</u>
Net (expenses) revenues				
Governmental activities	(28,075,179)	(32,542,827)	(32,677,394)	(30,730,747)
Business-type activities	3,969,221	5,879,634	7,260,535	5,102,554
Total primary government net (expenses) revenues	<u>\$ (24,105,958)</u>	<u>\$ (26,663,193)</u>	<u>\$ (25,416,859)</u>	<u>\$ (25,628,193)</u>

	9/30/2014	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019
\$	8,861,121	\$ 8,803,880	\$ 9,871,687	\$ 9,663,089	\$ 9,925,730	\$ 11,304,730
	18,739,948	19,275,384	20,172,859	20,860,782	21,268,214	22,765,508
	5,854,936	5,250,591	6,998,228	5,286,799	6,585,923	6,158,939
	2,460,610	3,187,936	3,461,263	3,643,807	5,014,201	4,810,073
	1,287,852	779,135	1,211,567	1,123,193	603,734	411,574
	9,371,600	9,886,113	10,028,308	12,373,464	14,815,727	11,604,617
	918,193	871,801	1,063,855	1,414,625	1,105,150	1,065,755
	<u>47,494,260</u>	<u>48,054,840</u>	<u>52,807,767</u>	<u>54,365,759</u>	<u>59,318,679</u>	<u>58,121,196</u>
	3,912,583	4,082,115	4,739,631	4,539,029	4,893,378	5,243,935
	3,553,520	3,385,042	3,683,026	3,494,403	3,964,286	4,104,257
	70,400	117,347	89,925	176,818	179,322	194,629
	2,902,120	3,090,310	3,415,578	5,360,478	5,160,240	5,078,200
	102,534	136,383	210,048	246,082	248,284	246,463
	63,145	48,262	46,413	69,262	31,962	23,688
	<u>10,604,302</u>	<u>10,859,459</u>	<u>12,184,621</u>	<u>13,886,072</u>	<u>14,477,472</u>	<u>14,891,172</u>
	<u>58,098,562</u>	<u>58,914,299</u>	<u>64,992,388</u>	<u>68,251,831</u>	<u>73,796,151</u>	<u>73,012,368</u>
	1,416,182	1,361,612	1,472,403	1,592,496	2,380,318	2,293,251
	63,588	73,901	86,010	110,117	189,088	431,022
	-	-	-	-	-	242,920
	81,534	82,056	87,335	83,266	254,627	341,785
	8,641,978	8,631,239	9,884,780	9,914,862	9,930,744	10,972,570
	2,957,233	1,864,952	2,387,961	3,029,544	4,126,128	7,266,096
	660,950	722,705	802,528	1,967,287	2,116,024	1,819,572
	<u>13,821,465</u>	<u>12,736,465</u>	<u>14,721,017</u>	<u>16,697,572</u>	<u>18,996,929</u>	<u>23,367,216</u>
	9,947,411	10,583,825	11,236,728	12,039,375	11,532,682	13,495,703
	5,772,488	6,149,503	6,627,115	7,021,658	7,344,660	7,713,908
	266,720	278,040	237,845	210,595	203,035	197,365
	-	-	-	-	-	-
	1,335,167	2,673,012	629,774	724,619	3,746,715	1,513,141
	<u>17,321,786</u>	<u>19,684,380</u>	<u>18,731,462</u>	<u>19,996,247</u>	<u>22,827,092</u>	<u>22,920,117</u>
	<u>31,143,251</u>	<u>32,420,845</u>	<u>33,452,479</u>	<u>36,693,819</u>	<u>41,824,021</u>	<u>46,287,333</u>
	(33,672,795)	(35,318,375)	(38,086,750)	(37,668,187)	(40,321,750)	(34,753,980)
	6,717,484	8,824,921	6,546,841	6,110,175	8,349,620	8,028,945
\$	<u>(26,955,311)</u>	<u>(26,493,454)</u>	<u>(31,539,909)</u>	<u>(31,558,012)</u>	<u>(31,972,130)</u>	<u>(26,725,035)</u>

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

	Fiscal Year Ending			
	9/30/2010	9/30/2011	9/30/2012	9/30/2013
General revenues & other changes in net assets				
Governmental activities:				
Taxes:				
Property taxes	\$ 12,568,945	\$ 11,673,440	\$ 11,856,683	\$ 11,405,246
Franchise fees	4,106,081	3,924,731	3,474,383	3,436,887
Public service tax	8,059,245	7,556,782	7,111,064	7,315,776
Sales tax	3,462,212	3,491,307	3,728,339	3,921,434
Local option gas taxes	2,089,575	2,064,317	2,087,788	2,069,784
State revenue sharing	2,006,079	1,512,497	1,668,923	2,141,004
Investment earnings	270,540	92,463	137,133	148,554
Miscellaneous income	582,904	498,546	653,740	427,589
Transfers out	-	-	-	-
Total governmental activities	<u>33,145,581</u>	<u>30,814,083</u>	<u>30,718,053</u>	<u>30,866,274</u>
Business-type activities:				
Investment earnings	135,643	30,493	94,272	102,890
Gain on sale of capital assets	(106,296)	(3,764)	68,754	35,313
Changes in FV of Derivative Instruments	813,169	(7,852)	1,004,679	(778,085)
Grant reimbursements	-	-	-	-
Interest expense and issue costs	(3,829,885)	(3,784,384)	(3,721,731)	(3,743,715)
Miscellaneous income	734,090	818,707	898,924	849,350
Transfers in	-	-	-	-
Total business-type activities	<u>(2,253,279)</u>	<u>(2,946,800)</u>	<u>(1,655,102)</u>	<u>(3,534,247)</u>
Total primary government	<u>30,892,302</u>	<u>27,867,283</u>	<u>29,062,951</u>	<u>27,332,027</u>
Change in net position				
Governmental activities	5,070,402	(1,728,744)	(1,959,341)	135,527
Business-type activities	1,715,942	2,932,834	5,605,433	1,568,307
Total primary government	<u>\$ 6,786,344</u>	<u>\$ 1,204,090</u>	<u>\$ 3,646,092</u>	<u>\$ 1,703,834</u>

9/30/2014	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019
\$ 11,968,962	\$ 12,897,291	\$ 13,771,773	\$ 14,770,931	\$ 16,050,125	\$ 17,925,314
3,794,039	3,773,535	3,605,362	3,735,850	4,019,845	4,197,228
7,374,907	7,313,495	7,499,797	7,127,906	7,321,620	7,559,957
4,137,246	4,430,466	4,678,595	4,876,557	5,177,402	5,230,594
2,079,370	2,161,422	2,274,920	2,342,719	2,372,411	2,426,376
2,428,680	2,743,728	2,887,043	3,158,126	3,315,348	3,489,272
189,946	178,098	332,012	370,353	484,257	1,211,566
522,845	1,023,867	841,477	888,039	591,425	708,260
-	(118,000)	-	(35,000)	(2,200,000)	-
<u>32,495,995</u>	<u>34,403,902</u>	<u>35,890,979</u>	<u>37,235,481</u>	<u>37,132,433</u>	<u>42,748,567</u>
38,539	73,986	140,317	44,199	31,962	514,364
(400,322)	13,144	9,467	(2,841)	25,962	69,857
-	-	-	-	-	-
-	-	-	-	-	-
(4,686,741)	(5,322,939)	(5,728,589)	(5,751,540)	(6,218,021)	(5,583,285)
863,034	910,635	894,738	898,177	1,029,018	-
-	118,000	-	35,000	2,200,000	-
<u>(4,185,490)</u>	<u>(4,207,174)</u>	<u>(4,684,067)</u>	<u>(4,777,005)</u>	<u>(2,931,079)</u>	<u>(4,999,064)</u>
<u>28,310,505</u>	<u>30,196,728</u>	<u>31,206,912</u>	<u>32,458,476</u>	<u>34,201,354</u>	<u>37,749,503</u>
(1,176,800)	(914,473)	(2,195,771)	(432,706)	(3,189,317)	7,994,587
2,531,994	4,617,747	1,862,774	1,333,170	5,418,541	3,029,881
<u>\$ 1,355,194</u>	<u>\$ 3,703,274</u>	<u>\$ (332,997)</u>	<u>\$ 900,464</u>	<u>\$ 2,229,224</u>	<u>\$ 11,024,468</u>

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

	Fiscal Years Ending September 30			
	2010	2011 (1)	2012	2013
General fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Non-spendable / prepaid items	-	-	-	468,556
Restricted	-	-	-	-
Committed	-	10,948,884	12,931,713	40,518
Assigned	-	2,584,986	2,827,899	15,802,496
Unassigned	17,738,795	4,434,397	3,748,032	5,139,574
Total general fund	<u>17,738,795</u>	<u>17,968,267</u>	<u>19,507,644</u>	<u>21,451,144</u>
All other governmental funds				
Reserved	19,737,565	-	-	-
Non-spendable / prepaid items				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Restricted				
Special revenue funds	-	15,321,931	10,711,371	8,516,463
Capital projects funds	-	-	-	-
Committed				
Special revenue funds	-	502,754	478,532	468,477
Capital projects funds	-	269,531	76,507	64,200
Assigned				
Special revenue funds	-	-	-	-
Capital projects funds	-	1,919,495	1,945,122	1,762,425
Unassigned reported in:				
Special revenue funds	1,645,254	-	-	-
Capital projects funds	-	-	-	-
Total all other governmental funds	<u>\$ 21,382,819</u>	<u>\$ 18,013,711</u>	<u>\$ 13,211,532</u>	<u>\$ 10,811,565</u>

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

2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22,362	14,992	14,851	18,745	32,436	16,366
-	-	-	-	-	-
40,812	40,936	41,147	41,312	41,583	42,022
16,020,014	16,136,340	16,589,108	14,474,475	15,510,536	16,626,834
7,674,812	8,981,736	9,635,529	12,567,773	9,447,435	15,592,763
<u>23,758,000</u>	<u>25,174,004</u>	<u>26,280,635</u>	<u>27,102,305</u>	<u>25,031,990</u>	<u>32,277,985</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,304,396	5,757,646	21,011,880	21,474,149	21,864,240	22,807,450
-	-	7,561,453	-	-	-
477,628	455,702	526,313	502,478	426,812	849,423
10,118	483,295	233,166	527,996	586,072	443,654
-	-	-	-	-	-
1,758,236	1,678,660	1,235,001	2,508,010	837,775	912,349
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 8,550,378</u>	<u>\$ 8,375,303</u>	<u>\$ 30,567,813</u>	<u>\$ 25,012,633</u>	<u>\$ 23,714,899</u>	<u>\$ 25,012,876</u>

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

	Fiscal Years Ending September 30			
	2010	2011	2012	2013
Revenues:				
Property taxes	\$ 12,568,945	\$ 11,673,440	\$ 11,856,683	\$ 11,405,246
Franchise fees	4,106,081	3,924,731	3,474,383	3,436,887
Public service tax	8,059,245	7,556,782	7,111,064	7,315,776
State revenue sharing	2,006,079	2,145,303	2,330,382	2,929,631
Intergovernmental	12,154,051	9,903,521	8,746,907	8,502,417
Charges for services	9,097,278	9,019,674	8,859,307	10,461,589
Fines and forfeitures	235,849	286,221	148,511	225,204
Impact fees	412,079	76,160	170,831	219,094
Interest income	270,539	92,462	137,136	148,556
Miscellaneous	338,663	968,387	843,409	1,711,954
Total revenues	<u>49,248,809</u>	<u>45,646,681</u>	<u>43,678,613</u>	<u>46,356,354</u>
Expenditures:				
General government	7,287,498	6,884,007	7,336,540	7,582,046
Public safety	17,605,770	18,234,722	17,343,256	17,353,913
Highways and Streets	2,921,960	2,222,222	1,974,706	1,966,205
Culture/Recreation	2,008,762	1,942,278	2,041,728	1,917,002
Economic environment	4,326,670	3,166,069	1,265,821	2,096,336
Physical environment	6,106,061	6,141,542	6,176,954	7,581,645
Capital outlay	12,944,077	8,211,947	8,821,414	6,330,400
Debt service				
Interest	855,779	895,839	1,044,579	997,736
Principal	1,149,477	1,087,691	936,417	987,538
Total expenditures	<u>55,206,054</u>	<u>48,786,317</u>	<u>46,941,415</u>	<u>46,812,821</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,957,245)</u>	<u>(3,139,636)</u>	<u>(3,262,802)</u>	<u>(456,467)</u>
Other financing sources (uses):				
Proceeds from issuance of debt	-	-	-	-
Premium on revenue bonds	-	-	-	-
Escrow payments to retire old bonds	-	-	-	-
Revenue bonds proceeds from debt service agreement	-	-	-	-
Transfers from other funds	2,992,756	1,817,385	509,577	165,699
Transfers to other funds	<u>(2,992,756)</u>	<u>(1,817,385)</u>	<u>(509,577)</u>	<u>(165,699)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (5,957,245)</u>	<u>\$ (3,139,636)</u>	<u>\$ (3,262,802)</u>	<u>\$ (456,467)</u>
* Debt service as a percentage of noncapital expenditures	<u>4.7%</u>	<u>4.9%</u>	<u>5.2%</u>	<u>4.9%</u>

* Note: Calculation excludes non-capitalized capital.

2014	2015	2016	2017	2018	2019
\$ 11,968,962	\$ 12,897,291	\$ 13,771,773	\$ 14,770,931	\$ 16,050,125	\$ 17,925,314
3,794,039	3,773,535	3,605,362	3,735,850	4,019,845	4,197,228
7,374,907	7,313,495	7,499,797	7,127,906	7,321,620	7,559,957
3,282,682	3,658,848	3,812,168	4,173,536	4,356,464	4,555,855
8,183,246	7,528,163	8,042,853	10,063,162	11,149,718	13,188,854
10,331,558	10,780,552	11,994,146	12,086,231	13,202,430	14,623,008
278,252	276,842	228,067	234,579	153,437	144,815
207,732	398,924	483,530	503,993	1,053,958	1,409,676
189,945	178,098	332,011	370,353	484,257	1,211,566
706,138	452,618	842,290	901,512	537,509	1,207,646
<u>46,317,461</u>	<u>47,258,366</u>	<u>50,611,997</u>	<u>53,968,053</u>	<u>58,329,363</u>	<u>66,023,919</u>
7,654,652	8,023,934	8,241,710	8,224,597	8,594,368	9,265,463
17,980,929	18,880,368	19,786,845	20,179,572	20,777,602	21,889,343
2,492,186	2,497,473	2,083,596	2,066,471	2,119,725	2,441,266
2,114,798	2,314,768	2,451,590	2,524,211	3,036,194	3,151,541
1,235,584	186,860	552,472	1,165,616	429,791	905,224
7,750,348	8,072,636	8,101,164	10,245,545	12,624,119	9,518,935
5,060,728	3,939,674	9,154,776	11,872,669	9,527,373	7,921,059
948,336	902,201	860,435	1,509,843	1,465,914	1,419,769
1,034,231	1,081,524	1,214,449	878,038	922,326	967,348
<u>46,271,792</u>	<u>45,899,438</u>	<u>52,447,037</u>	<u>58,666,562</u>	<u>59,497,412</u>	<u>57,479,948</u>
<u>45,669</u>	<u>1,358,928</u>	<u>(1,835,040)</u>	<u>(4,698,509)</u>	<u>(1,168,049)</u>	<u>8,543,971</u>
-	-	35,277,003	-	-	-
-	-	2,293,694	-	-	-
-	-	(12,436,515)	-	-	-
-	-	-	-	-	-
147,995	1,530,838	1,545,580	1,061,389	3,097,521	3,594,150
<u>(147,995)</u>	<u>(1,648,838)</u>	<u>(1,545,580)</u>	<u>(1,096,389)</u>	<u>(5,297,521)</u>	<u>(3,594,150)</u>
<u>-</u>	<u>(118,000)</u>	<u>25,134,182</u>	<u>(35,000)</u>	<u>(2,200,000)</u>	<u>-</u>
<u>\$ 45,669</u>	<u>\$ 1,240,928</u>	<u>\$ 23,299,142</u>	<u>\$ (4,733,509)</u>	<u>\$ (3,368,049)</u>	<u>\$ 8,543,971</u>
<u>4.8%</u>	<u>4.7%</u>	<u>4.8%</u>	<u>5.0%</u>	<u>4.6%</u>	<u>4.7%</u>

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

Fiscal Year	Ad Valorem Tax	Franchise Fees		Public Service Tax			Total
		Electric	Other	Electric	Telecom- munication	Gas	
2010	12,569	4,052	54	4,556	3,382	121	24,734
2011	11,635	3,893	32	4,324	3,122	111	23,117
2012	11,817	3,412	62	4,033	2,976	102	22,402
2013	11,336	3,405	32	4,303	2,913	99	22,088
2014	11,947	3,742	52	4,617	2,642	116	23,116
2015	12,866	3,723	51	4,707	2,486	120	23,953
2016	13,772	3,560	46	5,125	2,257	118	24,878
2017	14,767	3,677	59	4,913	2,087	128	25,631
2018	15,946	3,950	70	5,099	2,089	133	27,287
2019	17,785	4,137	60	5,459	1,971	130	29,542
Change 2010-2019	41.5%	2.1%	11.1%	19.8%	-41.7%	7.4%	19.4%

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

Fiscal Year Beginning	Real Property	Personal Property	Total Assessed Valuation	Total Direct Rate	Total Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2010	3,153,624	129,655	3,283,279	6.3776	3,305,013	99.3%
2011	2,514,783	136,842	2,651,625	8.2995	2,655,628	99.8%
2012	2,478,869	134,375	2,613,244	7.9900	2,635,068	99.2%
2013	2,568,002	119,558	2,687,560	7.9900	2,779,525	96.7%
2014	2,740,782	113,795	2,854,577	7.9900	3,130,217	91.2%
2015	2,893,546	113,527	3,007,073	7.9900	3,441,163	87.4%
2016	3,098,720	115,403	3,214,123	7.9500	3,833,028	83.9%
2017	3,428,497	120,726	3,549,223	7.8500	4,449,555	79.8%
2018	3,834,440	121,495	3,955,935	7.8500	5,201,004	76.1%
2019	4,187,860	124,544	4,312,404	7.8500	5,807,862	74.3%

Source: County of Volusia Property Appraiser.

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

Fiscal Year Beginning	* Direct Rate		** Overlapping Rates				Total
	City of Deltona	County of Volusia	Volusia County School Board	St. Johns River Water Management District	Florida Inland Navigation District	West Volusia Hospital Authority	
2010	6.37760	6.30250	8.23700	0.41580	0.03450	2.08180	23.44920
2011	8.29950	6.77910	8.06300	0.33130	0.03450	2.38490	25.89230
2012	7.99000	6.88090	7.88800	0.33130	0.03450	2.46660	25.59130
2013	7.99000	7.27090	7.35800	0.32830	0.03450	2.37590	25.35760
2014	7.99000	7.27090	7.33600	0.31640	0.03450	1.92370	24.87150
2015	7.99000	7.27090	7.19700	0.30230	0.03200	1.66790	24.46010
2016	7.95000	7.05200	6.84800	0.28850	0.03200	1.59000	23.76050
2017	7.85000	7.05200	6.52000	0.27240	0.03200	2.36600	24.09240
2018	7.85000	6.64640	6.28100	0.25620	0.03200	2.17510	23.24070
2019	7.85000	6.54200	6.08100	0.24140	0.03200	1.90800	22.65440

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

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

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

Taxpayer	September 30, 2009			September 30, 2019		
	Assessed Valuation (in 1000's)	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation (in 1,000's)	Rank	Percentage of Total Taxable Assessed Value
Duke Energy Florida, Inc. (formerly Progress Energy)	\$ -	-	0.0%	\$ 30,488	1	1.2%
Florida Power & Light Company	16,656	2	0.4%	28,828	2	1.1%
Wal-Mart Stores East LP	18,406	1	0.5%	15,120	3	0.6%
2017-1 IH Borrower L.P.	-	-	0.0%	12,824	4	0.5%
2018-3 IH Borrower L.P.	-	-	0.0%	9,295	5	0.4%
Lowe's Home Centers, Inc.	-	-	0.0%	9,109	6	0.3%
Racetrac Petroleum, Inc.	-	-	0.0%	9,036	7	0.3%
Publix Super Markets, Inc.	13,731	3	0.4%	7,930	8	0.3%
Preferred Trust Co.	-	-	0.0%	7,811	9	0.3%
Bright House Networks, LLC	7,884	6	0.2%	7,406	10	0.3%
Florida Power Corporation	9,359	4	0.2%			0.0%
Deltona Retirement Residence	7,782	7	0.2%			0.0%
Deltona Partners, LLC	7,634	8	0.2%			0.0%
Embarq Florida, Inc.	7,394	10	0.2%			0.0%
D O T Properties N V	9,254	5	0.2%			0.0%
Bellsouth Telecommunication, Inc.	7,396	9	0.2%			0.0%
All Other	3,741,989	-	97.3%	2,482,931		94.7%
	<u>\$ 3,847,485</u>		<u>100.0%</u>	<u>\$ 2,620,778</u>		<u>100.0%</u>

Source: County of Volusia Property Appraiser.

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

Fiscal Year Ended	Total Tax Levy	Current Levy Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent Total Collections To Levy
2010	12,990,671	12,513,417	96.3%	55,528	12,568,945	96.8%
2011	12,171,912	11,635,431	95.6%	38,010	11,673,441	95.9%
2012	12,242,985	11,816,523	96.5%	40,161	11,856,684	96.8%
2013	11,743,907	11,336,295	96.5%	68,951	11,405,246	97.1%
2014	12,320,107	11,947,445	97.0%	21,517	11,968,962	97.1%
2015	13,320,346	12,866,342	96.6%	48,008	12,914,350	97.0%
2016	14,250,718	13,771,773	96.6%	29,458	13,801,231	96.8%
2017	15,207,700	14,767,290	97.1%	3,641	14,770,931	97.1%
2018	16,560,083	15,946,213	96.3%	23,942	15,970,155	96.4%
2019	18,474,255	18,399,682	99.6%	14,541	18,414,223	99.7%

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

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

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

Year Ended	Governmental Activities			BusinessType Activities			Total Primary Government Debt	Per Capita Debt	Debt as a Percentage of Personal Income (1)
	Transportation Bond (2) (3)	Capital Improvement Bond (2) (3)	Stormwater Bank Note	2013 Utility System Refunding Bonds (2)	2014 Utility System Revenue Bonds (2)	State Revolving Fund Loan			
2010	16,192,068	-	6,373,566	77,965,912	-	-	100,531,546	1,191	4.02%
2011	15,486,626	-	6,167,727	76,520,655	-	-	98,175,008	1,153	3.79%
2012	14,751,184	-	5,951,310	74,768,230	-	-	95,470,724	1,119	3.49%
2013	13,975,742	-	5,723,772	81,663,779	-	-	101,363,293	1,186	3.70%
2014	13,165,300	-	5,484,541	81,589,822	-	-	100,239,663	1,161	3.60%
2015	12,319,858	-	5,233,017	80,225,865	23,218,501	25,066,944	146,064,185	1,669	5.16%
2016	-	37,074,738	4,968,568	78,611,908	23,184,143	27,871,882	171,711,239	1,931	5.61%
2017	-	36,398,913	4,690,530	76,932,950	22,689,787	27,041,208	167,753,388	1,864	5.40%
2018	-	35,693,088	4,398,204	74,973,993	22,180,431	29,922,218	167,167,934	1,837	5.10%
2019	-	33,570,000	4,090,856	73,425,000	21,755,000	32,132,672	164,973,528	1,803	4.77%

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

(2) Figures include relevant premiums.

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

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2019**

Taxing Authority	Debt Outstanding	Percentage Applicable to Deltona	Amount Applicable to Deltona
City of Deltona (1)	\$ 37,660,856	100%	\$ 37,660,856
County of Volusia (2)	6,380,000	7.16%	456,808
Volusia County School Board (3)	<u>-</u>	0%	<u>-</u>
Total Direct and Overlapping Debt	<u>\$ 44,040,856</u>		<u>\$ 38,117,664</u>

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

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

(3) Source: Volusia County School Board.

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

Water and Sewer Revenue Bonds						
Fiscal Year Ended	(1) Utility Revenues	(2) Less Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2017	20,169,805	8,412,132	11,757,673	1,605,000	4,660,862	1.88
2018	20,109,395	9,253,721	10,855,674	2,345,000	4,569,237	1.57
2019	21,406,976	8,914,615	12,492,361	2,430,000	4,485,312	1.81

Water and Sewer - State Revolving Fund (3)						
Fiscal Year Ended	Utility Revenues	Less Operating Expenses (3)	Net Available Revenue	Principal	Interest	Coverage
2017	\$ 20,169,805	\$ 14,677,994	5,491,811	1,347,135	478,229	3.01
2018	\$ 20,109,395	\$ 16,167,958	3,941,437	1,365,539	479,676	2.14
2019	\$ 21,406,976	\$ 15,829,927	5,577,049	732,355	453,562	4.70

Capital Improvement Revenue Refunding Bonds Series 2016						
	Pledged Revenues		Total	Principal	Interest	Coverage
	1/2 Cent Sales Tax	Service Taxes	Revenue			
2017	4,876,557	7,127,906	12,004,463	600,000	1,260,919	6.45
2018	5,177,402	7,321,620	12,499,022	630,000	1,230,919	6.72
2019	5,230,594	7,559,957	12,790,551	660,000	1,199,419	6.88

Stormwater Bank Note						
	Stormwater Assessments		Total	Principal	Interest	Coverage
	Improved	Unimproved	Revenue			
2017	3,829,793	338,014	4,167,807	278,038	248,925	7.91
2018	3,837,058	335,531	4,172,589	292,326	234,996	7.91
2019	3,864,173	332,695	4,196,868	307,348	220,350	7.95

(1) For purposes of debt coverage all water and sewer revenues are included and water and sewer impact fees are excluded. Interest income is included.

(2) Operating expenses do not include depreciation.

(3) Repayment of the State Revolving Fund (SRF) loan, which is subordinate to the 2013 and 2014 revenue bonds. The Net Available Revenue presented in this table is comprised of pledged revenues less operating expenses, which include debt service on the 2013 and 2014 bonds to reflect the SRF Loan's subordinate status.

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

Year	Per Capita Income (1)						
	Florida	Lake	Orange	Seminole	Sumter	Marion	Volusia
2008-09	38,417	30,460	35,303	42,223	26,481	30,322	30,374
2009-10	39,064	31,520	36,639	43,439	27,504	31,225	32,098
2010-11	38,965	30,785	36,400	42,340	30,259	31,097	32,255
2011-12	38,345	32,554	34,916	39,596	26,699	31,475	32,339
2012-13	41,012	34,442	37,013	42,191	35,032	35,570	34,445
2013-14	41,497	34,782	37,844	42,986	37,206	34,437	34,530
2014-15	42,737	35,786	38,007	41,806	37,558	32,571	36,052
2015-16	44,429	37,698	39,591	42,851	39,012	33,800	37,802
2016-17	45,953	38,266	41,515	44,703	39,534	34,765	38,807
2017-18	47,684	40,541	42,541	46,231	43,464	35,864	40,658
2018-2019	50,070	42,190	44,647	49,049	46,100	36,997	42,374

Year	Median Household Income (2)						
	Florida	Lake	Orange	Seminole	Sumter	Marion	Volusia
2008-09	48,637	45,945	52,133	59,317	44,213	41,128	44,304
2009-10	47,051	45,191	49,933	57,302	43,376	39,998	43,580
2010-11	46,077	44,738	47,448	57,741	45,382	39,238	44,133
2011-12	45,736	44,978	46,769	57,962	45,516	38,258	41,766
2012-13	45,637	43,931	46,172	57,164	45,712	37,574	40,836
2013-14	45,872	44,510	46,416	55,846	47,766	37,986	40,461
2014-15	47,212	45,465	47,556	57,875	49,874	39,339	41,714
2015-16	47,507	46,403	47,943	57,010	50,350	39,459	41,117
2016-17	48,900	47,141	49,391	58,538	52,594	40,295	42,240
2017-18	50,883	49,734	51,586	60,739	54,771	41,964	43,838
2018-19	53,267	51,884	54,335	63,760	55,228	43,361	43,760

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

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

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Continued)**

Year	Cost of Living Index Volusia and Surrounding Counties (1)					
	Volusia	Lake	Orange	Seminole	Sumter	Marion
2009-10	95.39	97.51	101.00	99.81	95.34	94.71
2010-11	96.13	97.49	100.98	99.64	96.39	96.28
2011-12	96.19	96.95	100.42	99.35	95.49	95.83
2012-13	95.78	96.43	99.88	99.33	95.65	95.51
2013-14	98.25	97.02	100.49	99.17	95.45	94.97
2014-15	94.75	96.33	99.78	98.72	94.19	93.43
2015-16	95.33	96.99	100.46	99.03	94.83	94.41
2016-17	95.57	97.23	100.71	99.28	95.07	93.29
2017-18	95.72	97.38	100.87	99.44	96.03	93.88
2018-19	95.73	97.52	100.85	99.30	96.49	93.59

Year	Unemployment Volusia and Surrounding Counties (2)				
	Volusia	Lake	Orange	Seminole	Marion
2009-10	12.30	12.00	11.40	10.70	13.80
2010-11	11.20	11.20	10.30	9.70	12.30
2011-12	9.50	8.80	8.20	8.10	10.20
2012-13	8.20	7.40	6.80	6.70	8.50
2013-14	6.80	6.40	5.80	5.70	7.30
2014-15	5.80	5.50	5.00	4.90	6.40
2015-16	5.10	4.90	4.40	4.30	5.80
2016-17	4.30	4.10	3.70	3.60	4.90
2017-18	3.70	3.40	3.10	3.10	4.20
2018-19	3.70	3.50	3.20	3.20	4.30

(1) Source Florida Polytechnic University, Director of Economic Analysis, "The 2019 Florida Price Level Index"

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

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

Fiscal Year	Population (1)			Unemployment Rate (2)	School (3)		Personal Income (4) Deltona / Daytona Beach / Ormond Beach (millions of dollars)	
	Deltona	County	% of City		Enrollment	Attendance		
2009	84,264	510,750	16.50%	11.7%	14,508	94.1%	\$	15,895
2010	84,385	507,105	16.64%	12.9%	13,535	94.1%	\$	15,964
2011	85,182	494,593	17.22%	12.1%	12,747	96.5%	\$	15,995
2012	85,281	497,145	17.15%	10.2%	12,406	95.9%	\$	16,544
2013	85,442	498,978	17.12%	8.6%	12,262	95.7%	\$	20,634
2014	86,360	503,851	17.14%	7.2%	12,330	96.3%	\$	20,966
2015	87,497	510,494	17.14%	6.3%	12,396	96.2%	\$	22,594
2016	88,922	517,411	17.19%	5.2%	12,351	96.6%	\$	23,994
2017	89,984	523,405	17.19%	4.6%	13,152	95.5%	\$	24,924
2018	91,007	531,062	17.14%	3.8%	12,218	96.3%	\$	26,703
2019	91,520	538,763	16.99%	3.6%	13,035	94.4%	\$	28,381

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

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

(3) Source: Volusia County School Board.

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

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

Function/Program	Full-Time Equivalent Employees				
	2010	2011	2012	2013	2014
City Commission	1.0	0.5	1.0	1.0	1.0
City Manager	4.0	6.5	6.5	6.5	7.5
City Clerk	5.0	5.5	5.5	5.5	5.5
Finance	11.0	11.0	11.0	12.0	12.0
Information Technology Services	5.0	5.0	5.0	5.5	6.0
City Attorney	4.0	5.0	2.0	2.0	2.0
Planning & Development Services	7.0	8.0	8.0	8.0	8.0
Building & Zoning Services	9.0	8.0	10.5	10.5	10.5
Human Resources	4.5	4.5	4.5	4.5	4.5
General Government	1.0	-	-	-	-
Enforcement Services	15.0	13.0	14.0	16.0	16.0
Parks & Recreation	30.0	26.0	25.0	25.0	26.0
The Center at Deltona	-	-	-	-	-
Total general government	96.5	93.0	93.0	96.5	99.0
*Police Officers	69.0	73.0	76.0	76.0	76.0
Fire & Rescue:					
Firefighters	69.0	69.0	69.0	69.0	69.0
Administration & Communication	25.0	24.0	9.5	8.0	8.0
Total Fire & Rescue	94.0	93.0	78.5	77.0	77.0
Total public safety	163.0	166.0	154.5	153.0	153.0
Public Works	31.0	27.0	27.0	28.0	28.0
Storm Water	26.0	26.0	26.0	26.0	26.0
Grant funded positions	2.0	1.5	2.5	2.5	3.0
Total public services	59.0	54.5	55.5	56.5	57.0
Water/Sewer utility	65.0	64.0	64.0	64.0	67.0
Solid Waste	2.0	2.0	2.0	2.0	2.0
Total public services	67.0	66.0	66.0	66.0	69.0
Total government employees	385.5	379.5	369.0	372.0	378.0

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

Source: City Finance Department

2015	2016	2017	2018	2019
1.0	1.0	1.0	0.5	0.5
7.0	8.0	7.0	9.0	10.0
5.5	5.5	5.5	5.5	5.0
11.0	11.0	11.0	11.0	11.0
6.0	7.0	8.0	8.0	7.0
2.0	2.0	1.0	1.0	1.0
7.0	10.0	10.0	11.0	11.0
10.5	7.5	7.5	12.5	16.5
4.5	4.5	4.5	5.0	4.5
0.5	1.0	1.0	1.0	1.0
18.0	19.0	19.0	19.0	17.0
26.5	29.0	31.0	30.0	30.0
-	-	-	7.0	8.5
99.5	105.5	106.5	120.5	123.0
76.0	76.0	76.0	76.0	79.0
69.0	69.0	69.0	72.0	72.0
8.0	11.0	11.0	11.0	13.0
77.0	80.0	80.0	83.0	85.0
153.0	156.0	156.0	159.0	164.0
29.0	29.0	31.0	31.0	33.0
28.0	28.0	30.0	33.0	36.0
3.0	-	-	-	-
60.0	57.0	61.0	64.0	69.0
76.0	78.0	82.0	82.0	87.0
2.0	2.0	1.0	1.0	1.0
78.0	80.0	83.0	83.0	88.0
390.5	398.5	406.5	426.5	444.0

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General										
Last charter amendment	November 4, 2014									
Number of Commissioners	7	7	7	7	7	7	7	7	7	7
Form of government	Commissioner: 4 Year Term of Office - Appointed City Manager									
Municipal boundaries (1)	41	41	41	41	41	41	41	41	41	41
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of Police officers	73	76	76	76	76	76	76	76	76	79
Number of patrol vehicles	73	73	76	76	76	76	76	76	76	79
Number of arrests	4,091	4,131	3,947	4,108	3,986	3,453	3,142	2,963	2,506	2,139
Fire										
Number of stations	4	5	5	5	5	5	5	5	5	5
Number of vehicles (engines)	8	8	8	8	9	9	9	9	9	9
Number of calls	8,134	8,311	8,844	9,101	9,074	9,608	9,987	10,876	10,618	10,185
Building										
Building permits issued	3,551	3,143	3,022	3,174	3,877	3,722	5,072	7,130	8,557	6,712
Average price of single family Residential construction	217,248	295,597	281,498	355,539	321,660	380,443	329,098	266,490	265,753	265,930
Value of permits issued (\$1,000's of dollars)	30,894	32,549	24,893	39,892	66,653	61,229	61,401	107,779	192,812	118,919
Recreation										
Number of parks	19	19	19	20	20	20	20	21	21	21
Acres maintained	230	244	304	314	314	314	314	317	317	317
Number of buildings	17	29	29	30	30	30	30	30	30	30
Number of people served	223,882	245,000	260,000	270,000	283,000	296,000	315,000	315,000	350,000	350,000
Library										
Number of libraries	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of streets	423.54	423.54	423.54	423.54	423.54	423.54	423.54	423.54	423.54	437.30
Number of street lighting districts	40	40	40	40	40	42	42	44	37	44
Number of city maintained traffic signals	12	16	16	16	16	16	18	20	20	20
Number of school signals	35	35	35	35	35	35	34	34	34	34
Number of buildings	1	1	1	1	2	2	2	2	2	2
Water										
Number of units served	31,731	31,195	31,250	31,599	33,515	33,577	33,646	33,743	33,889	34,394
Average daily flow (2)	9.59	9.59	8.41	8.01	9.11	9.52	9.86	9.55	8.95	8.95
Miles of water main	500	500	500	501	501	501	501	501	454	457
Number of plants	17	17	17	17	17	17	17	17	17	17
Number of vehicles	34	34	34	34	34	38	50	51	48	48
Number of buildings	28	28	28	28	29	29	29	29	29	29
Reclaimed Main (AWS) Alternative Water Supply								33	33	35
Wastewater										
Miles of sanitary sewers	93	93	93	93	93	93	93	93	91	93
Number of vehicles	15	15	15	15	15	15	11	10	10	10
Number of buildings	4	4	4	4	4	4	7	7	7	7
Number of plants	1	1	1	1	1	1	2	2	2	2

(1) Square miles.

(2) Millions of gallons.

Source: Various City Departments

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

Type of Customer	Fiscal Year		
	2017	2018	2019
Single / Multi Family Residences	2,214.39	2,116.55	2,123.45
Commercial / Multi Family Commercial	112.28	96.61	101.36
Hydrant	1.84	1.76	2.01
Bulk	47.94	48.75	54.49
Irrigation	73.96	55.96	55.96
Totals	<u>2,450.41</u>	<u>2,319.63</u>	<u>2,337.27</u>

WATER RATES BY CUSTOMER TYPE

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

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

Type of Customer	2019 Fiscal Year	
	Eff. 11/1/18	
<u>Water Rates (Per 1,000 gallons consumed)</u>	Inside City Limits	Outside City Limits
Residential		
0 - 5,000	1.79	2.23
5,000 - 10,000	3.59	4.48
10,001 - 20,000	6.28	7.84
over 20,001	12.56	15.71
Commercial		
Rates apply to all usage - no cap	3.43	4.28
Irrigation Rates (Per 1,000 gallons consumed)		
0 - 10,000	3.59	4.48
10,001 - 20,000	6.28	7.84
over 20,001	12.56	15.71

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

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

Type of Customer	Fiscal Year		
	2017	2018	2019
Single / Multi Family Residences	254.77	244.38	239.78
Multi Family Residences	-	-	-
Commercial / Multi Family Commercial	95.55	85.72	81.99
Bulk	12.17	16.71	13.05
Reclaimed - Residential & Commercial	73.23	132.44	151.78
Totals	435.72	479.25	486.60

WASTEWATER RATES BY CUSTOMER TYPE

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

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

Type of Customer	2019 Fiscal Year	
	Eff. 11/1/18	
<u>Sewer Rates (Per 1,000 gallons consumed)</u>	Inside City Limits	Outside City Limits
Residential		
0 - 5,000	16.48	20.63
5,000 - 10,000	21.43	26.80
10,001+ (no charge)	-	-
Commercial		
Rates apply to all usage - no cap	17.79	22.25
Reclaimed (Per 1,000 gallons consumed)		
Rates apply to all usage - no cap	1.66	2.08

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

**PRINCIPAL EMPLOYERS
CURRENT AND TEN YEARS AGO**

Employer	2019 (1)			2009 (2)		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Publix Supermarkets	476	1	8.27%	410	1	3.83%
Wal-Mart	395	2	6.86%	N/A		N/A
City of Deltona	334	3	5.80%	341	3	3.19%
Methodist Children's Home	215	4	3.73%	N/A		N/A
Lowe's	150	5	2.61%	N/A		N/A
McDonalds	136	6	2.36%	N/A		N/A
Winn Dixie Stores	133	7	2.31%	398	2	3.72%
Deltona Health Care	110	8	1.91%	140	10	1.31%
USPS	91	9	1.58%	N/A		N/A
JAE Florida	90	10	1.56%	N/A		N/A
All Terrain Tractor	83	11	1.44%	N/A		N/A
Friendship Elementary			0.00%	150	9	1.40%
Deltona High School			0.00%	300	4	2.80%
Pine Ridge High School			0.00%	250	5	2.34%
Albertsons			0.00%	200	6	1.87%
Deltona Middle School			0.00%	200	7	1.87%
Galaxy Middle School			0.00%	160	8	1.50%
Total	2,213		38.43%	2,549		23.83%

(1) Source: InfoGroup Employer Database 2019 ed.1

(2) Source - City's Comprehensive Annual Financial Report for FYE 09/30/09

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

CITY OF DELTONA, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Grantor/Pass-Through Grantor/Program Title	Grant Number	CFDA/ CSFA Number	Program or Award Amount	Expenses	Subrecipient Award Amount
<u>FEDERAL AWARDS</u>					
United States Department of Housing and Urban Development					
Community Development Block Grant	B-16-MC-12-0049	14.218	465,757	29,630	-
Community Development Block Grant	B-17-MC-12-0049	14.218	507,294	374,740	-
Community Development Block Grant	B-18-MC-12-0049	14.218	585,873	84,360	84,360
Community Development Block Grant - NSP	B-08-MN-12-0006	14.218	6,635,909	667,213	-
Community Development Block Grant - NSP #3	B-11-MN-12-0006	14.218	1,964,066	3,496	-
Total United States Department of Housing and Urban Development:				<u>1,159,439</u>	<u>84,360</u>
United States Department of Transportation					
<i>Indirect: Through Florida Dept. of Transportation</i>					
Highway Planning and Construction	G1465	20.205	833,408	111,559	-
Total United States Department of Transportation:				<u>111,559</u>	<u>-</u>
United States Environmental Protection Agency					
<i>Indirect: Through Florida Dept. of Environmental Protection</i>					
Nonpoint Source Implementation Grants	NF004	66.460	363,500	19,762	-
Total United States Environmental Protection Agency:				<u>19,762</u>	<u>-</u>
United States Department of Homeland Security					
<i>Indirect: Through State of Florida, Division of Emergency Management</i>					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Z0170	97.036	3,938,219	3,920,736	-
Total United States Department of Homeland Security:				<u>3,920,736</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>5,211,496</u>	<u>84,360</u>
<u>STATE FINANCIAL ASSISTANCE</u>					
Florida Department of Environmental Protection					
Statewide Surface Water Restoration and Wastewater Projects	WW641830	37.077	7,355,066	1,773,547	
Statewide Surface Water Restoration and Wastewater Projects	LP64184	37.039	292,000	105,706	
Total Florida Department of Environmental Protection:				<u>1,879,253</u>	
Florida Housing Finance Corporation					
State Housing Initiatives Partnership Program	FY17/18	40.901	384,522	209,826	
State Housing Initiatives Partnership Program	FY18/19	40.901	134,587	-	
Total Florida Housing Finance Corporation				<u>209,826</u>	
TOTAL STATE FINANCIAL ASSISTANCE				<u>2,089,079</u>	<u>-</u>
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE				<u>7,300,575</u>	<u>84,360</u>

Note to the Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of Deltona, Florida and is presented on the accrual basis of accounting. The information in this 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 financial statements.

Indirect Cost Rate

The City has elected not to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance

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

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Deltona (the City) as of and for the year ended September 30, 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 March 27, 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando

purvisgray.com

*Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA.*

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

**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***

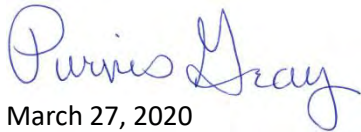
(Concluded)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



March 27, 2020
Ocala, Florida

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

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

Report on Compliance for Each Major State Project

We have audited the City of Deltona, Florida's (the City) compliance with the types of compliance requirements described in the OMB *Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Project Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2019. The City's major federal programs and state projects 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 programs and state projects.

Auditor's Responsibility

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

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

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Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

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

Opinion on Each Major Federal Program and State Project

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

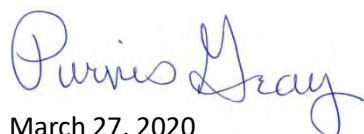
Report on Internal Control Over Compliance

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

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

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

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



March 27, 2020
Ocala, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AND STATE AWARD PROGRAMS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
CITY OF DELTONA, FLORIDA**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards and State Projects

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

Identification of Major Programs:

Federal Program or Cluster

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

Florida Department of Environmental Protection: Waste Water Treatment Facility Construction	CSFA No. 37.077
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Dollar Threshold Used to Distinguish Between Type A and Type B Programs – Federal Programs	\$750,000
Dollar Threshold Used to Distinguish Between Type A and Type B Programs – State Projects	\$750,000

Auditee Qualified as Low-Risk Auditee Pursuant to the Uniform Guidance?	Yes
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Other Issues

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

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

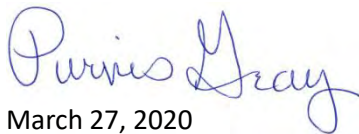
Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

We have examined the City of Deltona, Florida's (the City) compliance with requirements of Section 218.415, Florida Statutes as of and for the year ended September 30, 2019, as required by Section 10.556(10)(a), *Rules of the Auditor General*.

Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination. Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, including examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specific requirements.

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

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



March 27, 2020
Ocala, Florida

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MANAGEMENT LETTER

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Deltona, Florida (the City) as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 27, 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements For Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent 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 State Project and on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with American Institute of Certified Public Accountants Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March 27, 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. There were no findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government be disclosed in the management letter, unless disclosed in the notes to the financial statements (see Note 1 of the City's basic financial statements as of and for the year ended September 30, 2019, for this information).

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Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

MANAGEMENT LETTER
(Concluded)

Financial Condition and Management

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

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

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

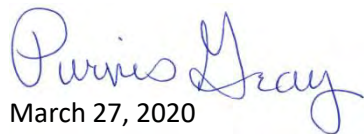
Additional Matters

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

Purpose of this Letter

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

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



March 27, 2020
Ocala, Florida