

CITY OF PORT ORANGE, FLORIDA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

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City of Port Orange, Florida
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2020



Principal Officials as of the Financial Statement Date

Mayor

Donald Burnette

Council Members

District 1—Marilyn Ford

District 2—Chase Tramont

District 3—Drew Bastian

District 4—Scott Stiltner

City Manager

Michael “Jake” Johansson

City Attorney

Matthew Jones

Finance Director

Dr. Scott Neils, CPA



CITY OF PORT ORANGE

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June 30, 2021

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

State law requires that all general-purpose local governments publish within nine months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. We hereby issue the Comprehensive Annual Financial Report of the City of Port Orange for the fiscal year ended September 30, 2020.

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

James Moore & Co., P.L., licensed, certified public accountants, has audited the City of Port Orange's financial statements. The independent audit's goal was to provide reasonable assurance that the City of Port Orange's financial statements for the fiscal year ended September 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

Based on the audit, the independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion that the City of Port Orange's financial statements for the fiscal year ended September 30, 2020, are fairly presented in conformity with GAAP. We present the independent auditor's report as the first component 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 to accompany the basic financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

Profile of Government

The City of Port Orange, incorporated in 1925, is in east-central Florida. Central Florida ranks as one of the fastest-growing areas in the United States. The City of Port Orange has followed this pattern, steadily growing from 3,700 people in 1973 to an estimated 62,832 in 2020. The City of Port Orange currently occupies a land area of 28.86 square miles.

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

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

The annual budget serves as the foundation for the City of Port Orange's financial planning and control. All City of Port Orange cost centers are required to submit requests for appropriation to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager reviews the submissions, modifies as necessary, and then presents the reviewed budget to the City Council for consideration. The City Council must hold two public hearings on the proposed budget and adopt a final budget no later than September 30, the close of the City of Port Orange's fiscal year. The appropriated budget is prepared by fund, function, and cost center. Subject to City Manager approval, cost center managers may make transfers of appropriations within a cost center. However, transfers of appropriations between cost centers require the approval of the City Council. This report provides budget-to-actual comparisons. The general fund and a major capital project fund comparison are presented as part of the City's required supplemental information. The combining and individual fund statements section show other funds.

Factors Affecting Financial Condition

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

Local economy: The City of Port Orange currently enjoys a favorable economic environment, and regional indicators point to continued stability. Recovering property values led to a taxable value increase of 8.3% for the year ended September 30, 2020. The City's business district is expected to maintain its current occupancy rate with various stores, specialty shops, and commercial businesses. Residential growth is stable. The City expects the development and construction of commercial space to be steady during the foreseeable future, fueled by permitting activity and local and regional population growth.

COVID-19: The COVID-19 pandemic has affected the entire country and most of the world. The City of Port Orange has weathered this pandemic reasonably well. Following the CDC's guidance, the City implemented protocols to mitigate the virus's effects. Mitigation actions included social distancing, wearing masks, extra cleaning, installation of automatic bathroom fixtures, teleworking, and quarantine of employees when appropriate. Additional information related to the COVID-19 impact can be found in the MD&A section.

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

Proprietary Funds will maintain working capital of between 25% and 30% of operating expenses (less transfers), excluding the Golf Course Fund.

The City's investment policy's foremost objective is ensuring the safety of the portfolio's principal. The portfolio is managed to maintain liquidity for reasonably anticipated cash flow requirements and attain a market rate of return throughout budgetary and economic cycles. Other than pension funds held by the government, most investments during the fiscal year ended September 30, 2020, are classified low risk as defined by the Governmental Accounting Standards Board.

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

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

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

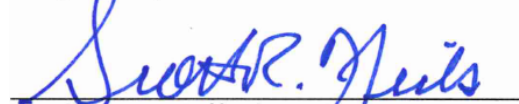
September 30, 2019. This award was the thirty-sixth consecutive year that the City of Port Orange achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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


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

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

Respectfully submitted,



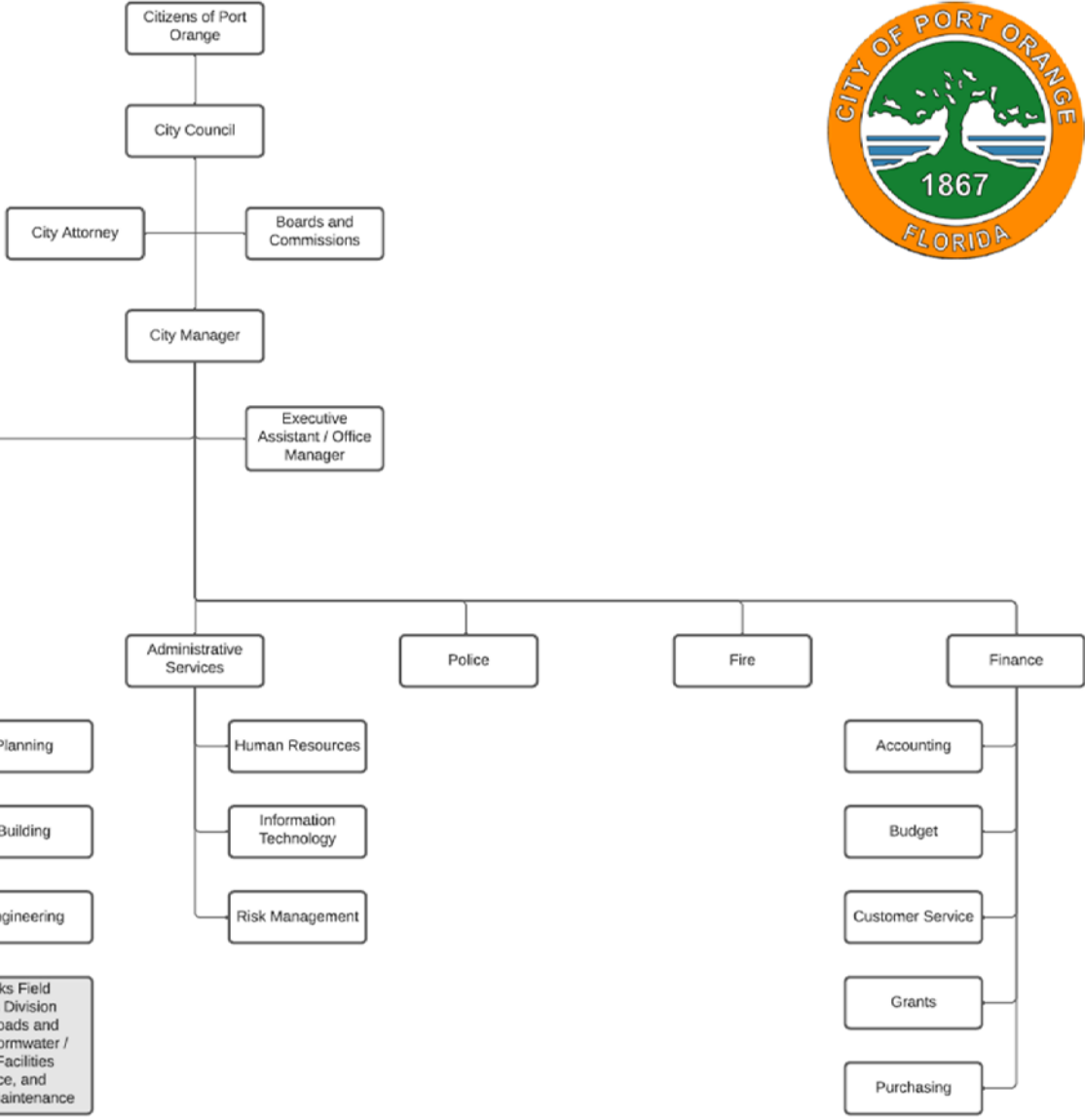
Dr. Scott R. Neils CPA CMA CGFO
CFO and Finance Director



Wayne Clark
City Manager

City of Port Orange Organizational Chart
 Last Updated: April 20th, 2021

Port Orange City Council		
Mayor	Donald O. Burnette	
Vice Mayor	Drew Bastian	District 3
Council Member	Jonathan Foley	District 1
Council Member	Chase Tramont	District 2
Council Member	Scott Stiltner	District 4





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Port Orange
Florida**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morrill

Executive Director/CEO

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Orange, Florida (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General, Eastport Business Center CRA, and Town Center CRA funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The introductory section, combining and individual nonmajor fund financial statements and other schedules, fiduciary fund schedules, and statistical section, and schedule of expenditures of federal awards and state financial assistance as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Section 215.97, Florida Statutes, *Florida Single Audit Act*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

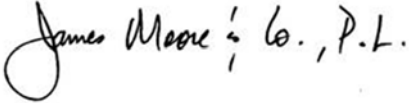
The combining nonmajor fund financial statements, other schedules, and schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Daytona Beach, Florida
June 30, 2021

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

As the financial managers of the City of Port Orange, Florida, (hereinafter referred to as the "City"), we offer the readers of these financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2020.

We encourage readers to consider the information presented herein in conjunction with additional information furnished in our letter of transmittal on pages 2-5 of this report.

Financial Highlights

- COVID-19 Impact – In April of 2020, the City forecast a General Fund reduction in revenues of \$2.2M compared to budget. The decrease was primarily in State revenue sharing (\$905,000), franchise and utility service fees (\$621,000), and recreation program receipts (\$464,000). The State forecast a 30% decline in revenue sharing mainly from sales and other taxes related to its extensive hospitality and service industry. COVID-19 significantly impacted the number of tourist visits, and residents were staying at home.

However, the results were not as severe as forecast. The State revenue sharing decline was approximately 12%. In addition, the City received \$506,000 in grant revenue, \$189,000 additional EMS Transport revenue, and \$198,000 in Code Enforcement revenue that was not forecasted. Expenses were also lower than budget, primarily due to staff vacancies in the Police and other departments. The net result for the year was an increase of approximately \$582,700 of revenue over expense before the CARES Act funding. With the addition of the CARES Act funding of \$2.256M, the City's ending assigned plus unassigned General Fund balance was \$17,005,948 or 43.3% of expenses less transfers.

The City was able to maintain operations during the year with no layoffs. However, the City did implement a hiring freeze. The Information Technology department quickly worked to provide telework equipment and support for applicable positions. Staff followed CDC guidelines for social distancing. City Hall was closed for two months, but customer service telephone support, utility billing, drive-up, and drop-off utility bill payments remained open. The Human Resources department closely monitored staff for COVID virus infections or contact and provided paid leave for those quarantined.

- The City Council approved a new grant fund (Fund 199) to account for and track the various grants received by the City. The activity for this new fund is in the Non-Major Governmental Funds schedules on page 93.
- The City implemented the Workday enterprise system for Human Capital Management and Financial Management on January 2, 2020. This effort was the culmination of over three years of planning. The project involved analysis by City Performance Improvement Teams (PIT), guided by consultants from GFOA. The approved PIT crew recommendations were incorporated into the Workday business processes resulting in improved internal controls and workflow. The Implementation partner was Collaborative Solutions, Inc. Total Workday project costs were \$3,804,452.
- The City's net position on September 30, 2020, was \$375,844,925. Of this amount, \$21,272,419 (unrestricted) may be used to meet the government's ongoing obligations to citizens and creditors. The City Council has adopted a policy that the General Fund balance should be approximately

30%-35% of operating expenditures (less transfers). For the enterprise funds, excluding the Golf Course, the City will maintain working capital (defined as current assets minus current liabilities) between 25% and 30% of operating expenditures (less transfers). As of September 30, 2020, the City's reserves exceeded these minimum thresholds.

- During the fiscal year, the City's total net position increased by \$14,067,541. Of this amount, \$5,918,255 was from governmental sources. Business-type (Enterprise) funds produced the remainder of the increase of \$8,149,286 attributable to planned capital acquisitions, impact fees, and developer contributions.
- The City's governmental funds reported combined ending fund balances of \$33,104,875, increasing \$2,349,752. This change compares to an increase in fund balance of \$704,273 in FY2019. Approximately \$10,627,626 (32.1%) is unassigned and available for spending at the City's discretion. Non-spendable amounts representing investments in inventory and prepaid expenses totaled \$2,072,449, while amounts restricted by enabling legislation and external purposes totaled \$16,690,066.
- The City's proprietary funds reported a combined ending net position of \$276,866,050 in FY2020. This is an increase of \$8,595,309 or 3.2%, compared to \$10,211,569 in the prior year. Approximately 14.5% of the combined ending net position amount, or \$40,121,278, is unrestricted. Net investment in capital assets totaled \$229,685,032 at year-end, compared to \$230,276,423 one year earlier. Other amounts restricted by enabling legislation and external covenants totaled \$21,143,483, compared to \$19,777,730 one year earlier.
- The City's total debt principal decreased by \$8,178,848 compared to \$8,750,207 the prior year due to debt repayment.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a helpful indicator of whether the City's financial position is improving or deteriorating.

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

The government-wide financial statements distinguish functions of the City principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The City's governmental activities include general government, public safety, public works, and culture and recreation. The business-type activities of the City include water and sewer, solid waste, stormwater, and the golf

course. The government-wide financial statements can be found in the “Financial Section” immediately after this Management’s Discussion and Analysis.

Fund financial statements A *fund* is a grouping of related accounts used to control resources segregated for specific activities or objectives. Like other state and local governments, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the City's funds are divided into governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

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

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

Fiduciary funds Fiduciary funds account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of

those funds are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statements are on pages 38 and 39 of this report.

Notes to the financial statements The notes provide additional information essential to acquire a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 40-84 of this report.

Other information Besides the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required Supplementary Information (RSI) is on pages 85-91 of this report. The combining statements concerning non-major governmental and internal service funds immediately follow the RSI on pensions and OPEB. Combining and individual fund statements and schedules are on pages 93-114 of this report.

Government-wide financial analysis As noted earlier, net position may serve over time as a helpful indicator of a City's financial position. Assets and deferred outflows of resources exceeded liabilities by \$375,844,925 at the close of the most recent fiscal year. By far, the most significant portion of the City's net position (84.4%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; accordingly, these assets are not available for future spending.

Although the City's investment in capital assets is reported net of related debt, this debt must be repaid from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The table below summarizes the City's net position as of September 30, 2020, and 2019:

Statement of Net Position						
September 30, xxxx						
(Amounts in \$000's)						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets.....	\$ 46,119	\$ 41,542	\$ 65,883	\$ 63,086	\$ 112,002	\$ 104,628
Capital assets.....	<u>142,104</u>	<u>142,210</u>	<u>229,685</u>	<u>230,276</u>	<u>371,789</u>	<u>372,486</u>
Total assets.....	<u>188,223</u>	<u>183,752</u>	<u>295,568</u>	<u>293,362</u>	<u>483,791</u>	<u>477,114</u>
Deferred outflows of resources	4,503	<u>6,341</u>	<u>1,341</u>	<u>911</u>	<u>5,844</u>	<u>7,252</u>
Liabilities:						
Long-term liabilities.....	64,590	73,104	21,880	28,517	86,470	101,621
Other liabilities.....	<u>8,445</u>	<u>6,800</u>	<u>12,901</u>	<u>12,562</u>	<u>21,346</u>	<u>19,362</u>
Total liabilities.....	<u>73,035</u>	<u>79,904</u>	<u>34,781</u>	<u>41,079</u>	<u>107,816</u>	<u>120,983</u>
Deferred inflows of resources	<u>4,599</u>	<u>1,014</u>	<u>1,374</u>	<u>590</u>	<u>5,973</u>	<u>1,604</u>
Net Position:						
Investment in Capital Assets.....	111,156	109,638	206,168	200,127	317,324	309,765
Restricted.....	16,105	15,822	21,143	19,778	37,248	35,600
Unrestricted.....	<u>(12,169)</u>	<u>(16,286)</u>	<u>33,442</u>	<u>32,699</u>	<u>21,273</u>	<u>16,413</u>
Total net position.....	<u>\$ 115,092</u>	<u>\$ 109,174</u>	<u>\$ 260,753</u>	<u>\$ 252,604</u>	<u>\$ 375,845</u>	<u>\$ 361,778</u>

An additional portion of the City's net position (9.9%) represents resources subject to external restrictions on use. Total restricted net position increased by approximately \$1.7 million, primarily due to capital improvements and other special revenue purposes. The remaining balance of unrestricted net position,

\$21,272,419, may be used to meet the government’s ongoing obligations and increased due to current year revenues over expenses.

At the end of the current fiscal year, the City can report positive balances in restricted categories of net position, both for the government and governmental activities. The business-type activities report positive balances in all reported categories of net position. The same situation held for the prior fiscal year.

The total net position for the City increased by \$14,067,541 for the period ending September 30, 2020. The reasons for the overall increase are discussed in the following sections for governmental activities and business-type activities.

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

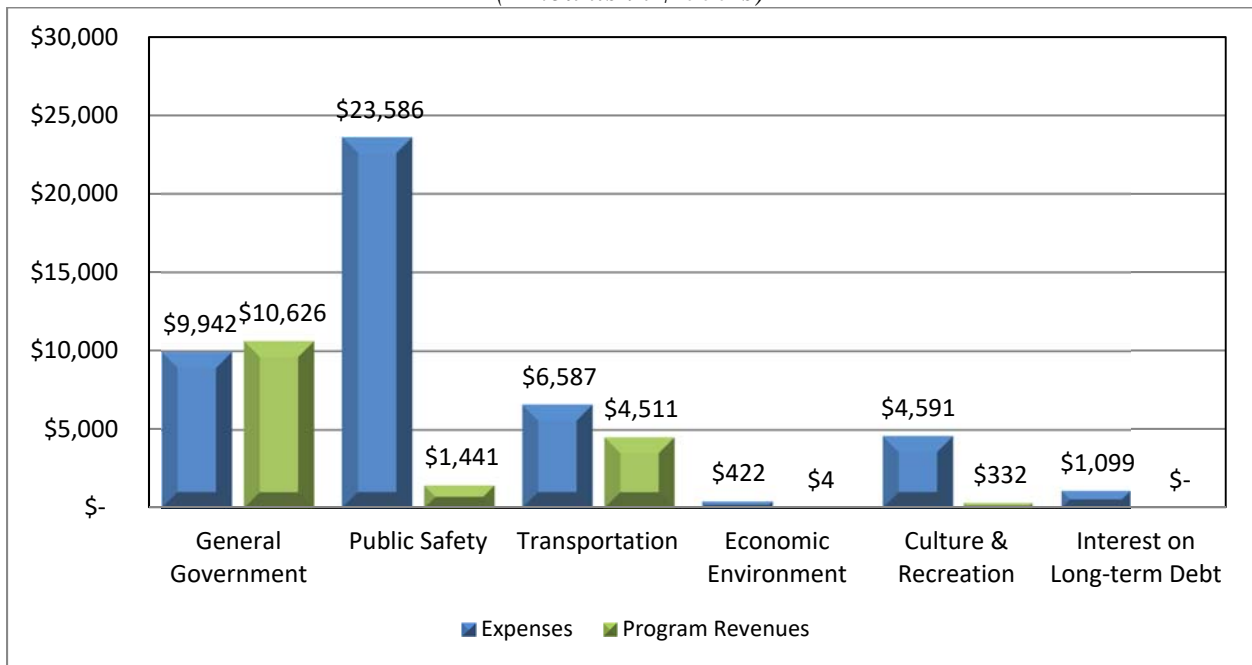
Statement of Change in Net Position						
Year Ended September 30, xxxx						
(Amounts in \$000's)						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for services.....	\$ 7,428	\$ 4,992	\$ 41,118	\$ 40,355	\$ 48,546	\$ 45,347
Operating grants/contributions....	1,391	2,191	-	-	1,391	2,191
Capital grants/contributions.....	8,095	3,061	1,613	2,734	9,708	5,795
General Revenues:						
Property taxes.....	16,095	15,380	-	-	16,095	15,380
Franchise and utility taxes.....	8,908	10,740	-	-	8,908	10,740
State sales taxes.....	3,426	3,472	-	-	3,426	3,472
Other intergovernmental.....	5,349	3,750	-	-	5,349	3,750
Investment earnings.....	945	1,069	1,048	1,474	1,993	2,543
Miscellaneous.....	554	245	375	211	933	456
Total revenues.....	52,191	44,900	44,154	44,774	96,349	89,674
Expenses:						
General government.....	9,942	7,320	-	-	9,942	7,320
Public safety.....	23,586	23,543	-	-	23,586	23,543
Transportation.....	6,587	6,989	-	-	6,587	6,989
Economic environment.....	422	40	-	-	422	40
Culture/recreation.....	4,591	5,654	-	-	4,591	5,654
Interest on long-term debt.....	1,100	1,142	-	-	1,100	1,142
Water and sewer.....	-	-	22,849	20,575	22,849	20,575
Solid waste.....	-	-	7,737	7,709	7,737	7,709
Stormwater.....	-	-	3,991	3,834	3,991	3,834
Golf Course.....	-	-	1,598	1,538	1,598	1,538
Total expenses.....	46,228	44,688	36,175	33,656	82,403	78,344
Change in net position						
before transfers.....	5,966	212	7,979	11,118	13,946	11,330
Transfers.....	(48)	1,768	48	(1,768)	-	-
Change in net position.....	5,918	1,980	8,027	9,350	13,946	11,330
Net position-beginning, as restated....	109,174	107,194	252,726	243,254	361,899	350,447
Net position-ending.....	\$ 115,092	\$ 109,174	\$ 260,753	\$ 252,604	\$ 375,845	\$ 361,777

See Note 18 for an explanation of the change in Business-Type Activities beginning balance for FY20.

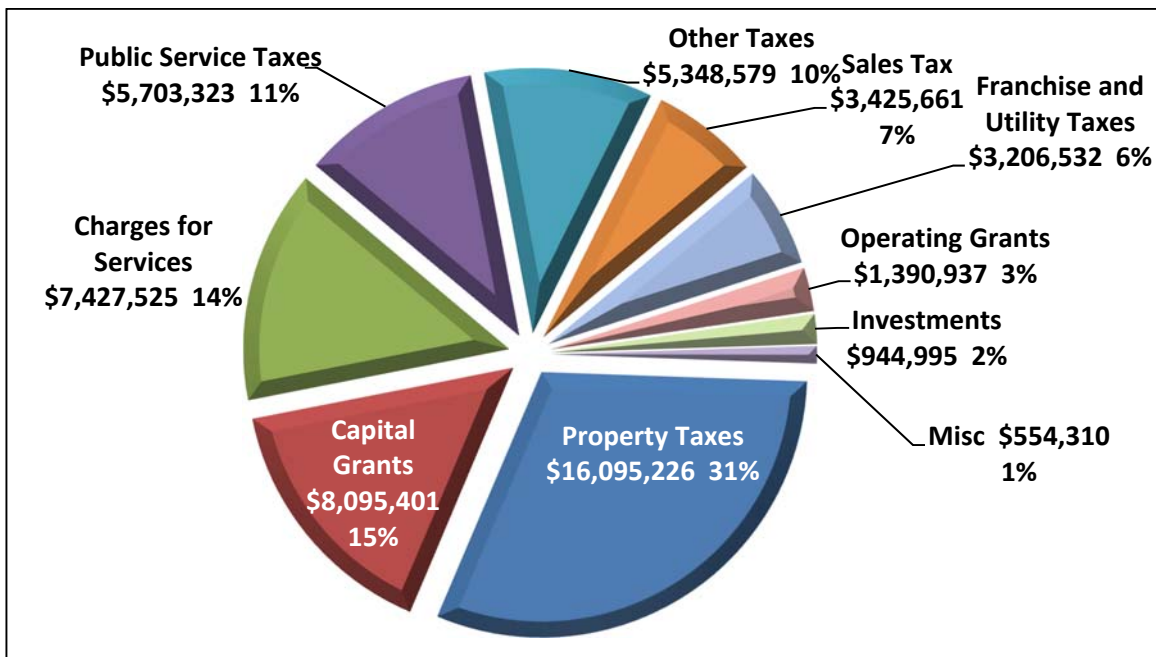
Governmental activities During the current fiscal year, governmental activities increased the City’s net position by \$5,918,255 compared to \$1,979,910 in the prior year, or a change of \$3,938,345.

Total revenues from governmental activities increased by \$5,476,408 or 11.7%, primarily to CARES Act revenues, while total expenditures increased by \$1,538,054 or 3.4% compared to FY2019. The City experienced an increase in taxable property values over the previous year and approved a millage rate at 9.9% above the rolled-back rate for FY2020, generating an increase in property tax revenue.

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

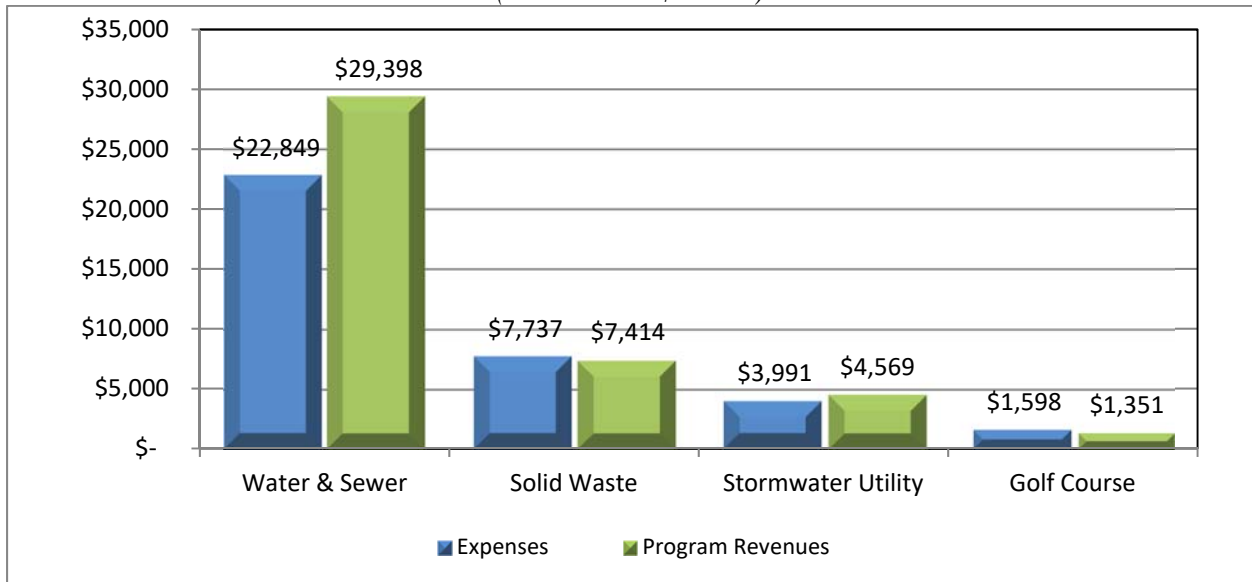


Revenues by Source – Governmental Activities

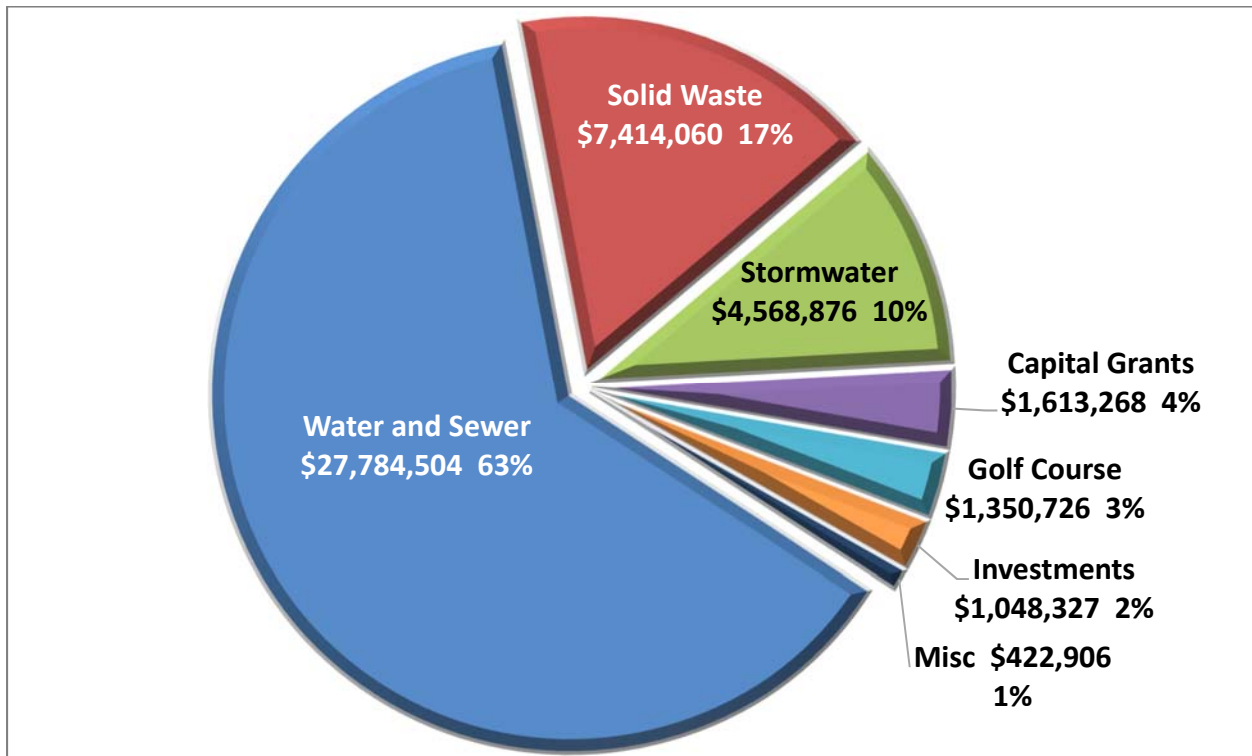


Business-type activities The results for the City’s business-type activities were positive, with an ending Total Net Position of \$260,753,107, an increase of \$8,149,286.

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

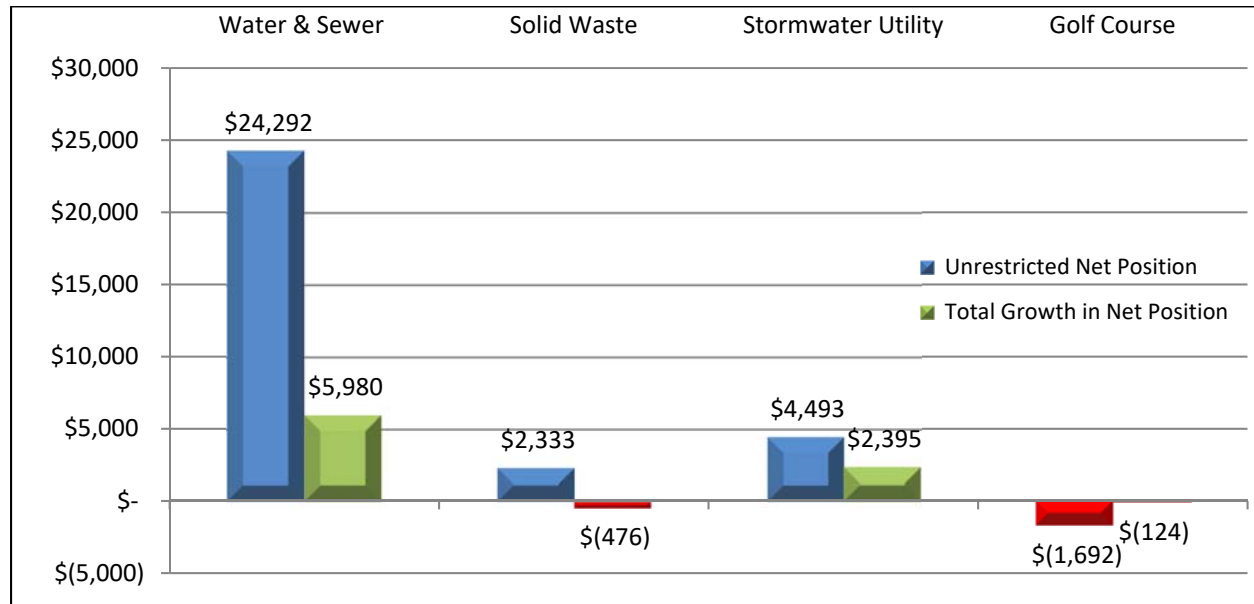


Revenues by Source – Business-type Activities



The following item affected the change in net position from the prior year: Charges for services showed a slight increase of \$763,381, or 1.9%. Expenses increased by \$2,519,213 or 7.5%, primarily in the Water and Sewer activity. Expense increases were related to the increased cost of chemicals and necessary repairs.

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



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

Governmental funds The City’s *governmental funds* focus on near-term inflows, outflows, and balances of spendable resources. Such information helps assess the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City’s net resources available for discretionary use. Unassigned balances represent the portion of fund balance not limited to use for a particular purpose by an external party, the City, or a delegated authority to assign resources for specific purposes by the City Council.

The City’s governmental funds reported a combined ending fund balance of \$33,104,875, increasing \$2,349,752 compared to the prior year’s increase of \$704,273. The unassigned fund balance is \$10,627,626 or 32.1%, which is available for spending at the City’s discretion. The remainder of the fund balance of \$22,477,249 (67.9%) is not available because of allocation to 1) non-spendable items such as inventories and prepaid expenditures; 2) restricted by enabling legislation or other legal requirements; 3) committed by formal action of City Council, or 4) assigned by the City for specific purposes.

The General Fund is the main operating fund of the City. Total fund balance was \$19,930,632, with an unassigned balance of \$14,953,868.

To measure the General Fund’s liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures less transfers out. Unassigned fund balance represents approximately 43.3% of total general fund expenditures, while total fund balance represents about 50.7% of that same amount.

Total General Fund revenues increased by 7.3% compared to FY2019 primarily due to the impact of CARES Act funding and Charges for Services. The City elected to use all of the \$2.256M CARES Act funding as reimbursement for CARES Act approved fire public safety compensation. Total expenditures increased by 7.0% compared to FY2019. The net effect increased the fund balance by \$2,839,051, or 16.6%.

The special revenue funds are all non-major, except the Eastport Business Center and Town Center Community Redevelopment Agency (CRA) Funds. Both receive their primary funding through tax increments. These districts promote and provide economic incentives, infrastructure improvements, and an environment conducive for business within the district's boundaries. A separate audit report of each CRA is available from the City's Finance Department.

The reader may find financial information for all other special revenue funds in the Combining Statements – Non-major Governmental Funds, Special Revenue Category. Special Revenue funds have a combined fund balance of \$4,839,364. The funds closed the year with a net increase in the combined fund balance of \$673,321, or 16.2%.

Other non-major governmental funds include the Debt Service fund and various capital project funds. The Debt Service fund has a balance of \$2,153,019, which is reserved for debt service. The net increase in fund balance was \$32,974. The capital project funds balance is \$9,967,672 and includes the Transportation, General Obligation, Capital Replacement funds, and other non-major funds. These funds may be found in the Combining Statements – Non-major Governmental Funds, Capital Project Funds Category. At fiscal year-end, most of the fund balances were appropriated for infrastructure and facility improvements.

Individual negative fund balances have continued because of financial resources loaned to the Transportation Capital Projects Fund for construction projects. The City expects to eliminate these deficit positions with future earnings.

Non-major governmental funds have a combined fund balance of \$16,960,055, a net decrease of \$197,852 during the year.

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

The unrestricted net position of the enterprise funds at the end of the year amounted to \$29,425,297. The total growth in net position was \$367,191. The unrestricted net position of the internal service funds at the end of the year amounted to \$10,695,981. Internal service funds closed the year with an increase in net position of \$860,310, or 8.8%. Other factors concerning the financial position of these funds are addressed in the discussion of the City's business-type activities.

General fund budgetary highlights

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

- Excess of revenues over expenses was \$1,433,716 or a positive variance of \$5,482,678.
- Revenues reported an overall positive variance in the General Fund, with actual revenues of \$40,267,909 or higher than the final FY2020 budget by \$1,356,636. Most of this variance was due to the receipt of CARES Act distribution and collection of taxes, fees, and interest income.

- Actual expenditures totaled \$38,834,193 a positive variance of \$4,126,042. The City focuses on cost containment efforts, salary attrition due to vacancies across departments, and timing delays for capital outlay projects.
- Net transfers were \$1,405,335. Thus, the actual net change in fund balance was \$2,839,051. Total variance with final budget was a positive \$7,734,398.

Budget Amendments to the FY2020 Adopted Budget

Amt	Description	Budget Reso #
\$ 200,000	Designate Transfer to Fund 317 to provide Match for Volusia	19-61
157,812	Carryover Funding for Non-Departmental	19-73
26,202	Carryover Funding for City Manager	19-73
64,509	Carryover Funding for City Attorney	19-73
198	Carryover Funding for City Clerk	19-73
26,808	Carryover Funding for Finance	19-73
6,275	Carryover Funding for Human Resources	19-73
13,546	Carryover Funding for Community Development	19-73
62,024	Carryover Funding for Fire Services	19-73
31,206	Carryover Funding for Police	19-73
17,551	Carryover Funding for Public Works	19-73
160,803	Carryover Funding for Parks-Parks	19-73
13,797	Carryover Funding for Parks-Recreation	19-73
32,000	Carryover Funding for Parks-Athletics	19-73
57,705	Additional Carryover for Community development	19-74
41,500	Additional Carryover for Fire	19-74
1,500	Additional Carryover for Police	19-74
4,146	Additional Carryover for Parks-Recreation	19-74
1,000	Private donations for sponsorship of the State of the City	20-5
-	FDLE Grant -Police / Moved to Fund 199 (BT000672)	20-9
9,162	FY19 & 20 - Tree Mitigation -Community Dev	20-9
20,000	Maintenance and Repair of Palmer College parking lot	20-18
1,156,224	Purchase of Ridgewood Avenue property	20-19
121,798	BER - Appropriate additional Operating Funds-Finance	20-65
17,623	BER - Appropriate Operating Funds-Community Development	20-65
\$ 2,243,389	Total	

Capital asset and debt administration

Capital assets The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounts to \$371,788,665 (net of accumulated depreciation). This investment in capital assets includes land, easements, art, buildings and improvements, infrastructure, equipment, and construction in progress. Additional information about the City's capital assets is in Note 7 on pages 61-62.

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

- In FY2020, the City acquired easements totaling \$1,099,703 and added Buildings and Improvements of \$657,103.
- Infrastructure improvements totaling \$6,795,028 were completed during the year. One major project was the Law Enforcement Firearms and Training Center, which opened in March 2020. This project was a \$2M partnership effort with the City of New Smyrna Beach. The City continues to enhance its roadways to increase traffic capacity and improve safety in highly-traveled and traffic-congested areas. In addition, the City made various improvements to water, sewer, and drainage infrastructure to address aging infrastructure.
- The City added \$1,551,810 of Equipment in the current year.
- The Lease and Replacement Fund, an internal service fund that purchases all rolling stock, trucks, and vehicles for the City, acquired assets of \$2,478,359 during the year. Each asset is assigned a life cycle and a matching schedule of payments. These payments increase fund balance through a sinking fund approach. At the end of the asset useful life, the fleet manager replaces the asset from fund balances. This type of planning ensures proper funding of replacement assets.
- Construction in progress increased \$8,905,588, ending the fiscal year at \$10,145,707. Construction in progress increase is related to the expansion of the water system, sewer collection, treatment, reclaimed water, stormwater facilities, and various road, sidewalk, and lighting projects.

Statement of Capital Assets, Net of Depreciation						
September 30, xxxx						
(Amounts in \$000's)						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land.....	\$ 24,973	\$ 23,817	29,500	\$ 28,778	54,473	\$ 52,595
Easements.....	10,581	9,482	-	-	10,581	9,482
Works of Art.....	12	12	-	-	12	12
Construction in progress.....	5,271	2,035	4,875	1,556	10,146	3,591
Buildings and Improvements.....	85,060	84,438	32,868	32,833	117,928	117,271
Infrastructure.....	82,111	79,823	304,585	300,078	386,696	379,901
Equipment.....	32,468	32,216	5,342	5,168	37,810	37,384
Less: Depreciation	(98,372)	(89,613)	(147,485)	(138,136)	(245,857)	(227,749)
Total capital assets, net	<u>\$ 142,104</u>	<u>\$ 142,210</u>	<u>\$ 229,685</u>	<u>\$ 230,277</u>	<u>\$ 371,789</u>	<u>\$ 372,487</u>

Long-term liabilities At the end of the current fiscal year, the City had outstanding bonds and other debt of \$57,729,962. Total Long-term Liabilities are \$54,540,677 plus \$3,189,285 of uncompensated absences. The general obligation debt backed by the full faith and credit of the government is \$10,870,000.

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

Statement of Outstanding Debt September 30, xxxx (Amounts in \$000's)						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds and notes.....	\$ 10,870	\$ 11,375	\$ -	\$ -	\$ 10,870	\$ 11,375
Revenue bonds and notes.....	18,825	19,805	13,165	17,155	31,990	36,960
Loans from other governments.....		-	10,423	13,127	10,423	13,127
Less deferred amount:						
Original issue premium.....	1,355	1,506	-	-	1,355	1,506
Original issue discount.....	(60)	(67)	(38)	(41)	(98)	(108)
Total bonds and notes payable.....	30,990	32,619	23,550	30,241	54,540	62,860
Compensated absences.....	2,523	2,762	666	571	3,189	3,333
Total long-term liabilities.....	<u>\$ 33,513</u>	<u>\$ 35,381</u>	<u>\$ 24,216</u>	<u>\$ 30,812</u>	<u>\$ 57,729</u>	<u>\$ 66,193</u>

Excluding original issue discounts and premiums, the City's total debt principal decreased by \$8,178,848 during the current fiscal year.

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

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

State Statutes limit the millage rate a governmental entity may levy at 10 mills per dollar of total assessed valuation. For the year ended September 30, 2020, the City's millage rate was 4.5254, and its voter-approved debt millage rate was 0.2725. The total combined millage was 4.7979

Additional information on the City's long-term debt is in the notes to these financial statements on pages 63-67 of this report.

Economic Factors and Next Year's Budgets and Rates

- In November of 2020, the citizens of Florida enacted Amendment 2, \$15 Minimum Wage Initiative (2020), by 60.82%. Amendment 2 was designed to increase the state minimum wage from \$8.56 in 2020 to \$15.00 in 2026. Under Amendment 2, the state minimum wage is set to increase each year as follows:
 - \$10.00 on September 30, 2021
 - \$11.00 on September 30, 2022
 - \$12.00 on September 30, 2023
 - \$13.00 on September 30, 2024
 - \$14.00 on September 30, 2025
 - \$15.00 on September 30, 2026

The measure requires an annual adjustment to the state minimum wage based on increases to the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) beginning on September 30, 2027.

Along with all Florida employers, the City is reviewing the impact of this initiative and the best way to implement the change. The effect on the City Budget is not yet quantifiable. As stated in the Ballot language:

“State and local government costs will increase to comply with the new minimum wage levels. Additional annual wage costs will be approximately \$16 million in 2022, increasing to about \$540 million in 2027 and thereafter. Government actions to mitigate these costs are unlikely to produce material savings. Other government costs and revenue impacts, both positive and negative, are not quantifiable.

THIS PROPOSED CONSTITUTIONAL AMENDMENT IS ESTIMATED TO HAVE A NET NEGATIVE IMPACT ON THE STATE BUDGET. THIS IMPACT MAY RESULT IN HIGHER TAXES OR A LOSS OF GOVERNMENT SERVICES IN ORDER TO MAINTAIN A BALANCED STATE BUDGET AS REQUIRED BY THE CONSTITUTION.”

- The annual average unemployment rate for Port Orange as of September 30, 2020, was 6.9%, increasing 3.5% from the prior year. This rate is lower than the statewide average annual unemployment rate of 7.7%. The State rate peaked at 14.2% in March 2020 but has subsequently fallen to 4.7% in May 2021
- The Council adopted an ad valorem tax rate of 4.6622 for FY2021 to fund operating expenditure obligations. This millage tax rate 3.02% more than the previous FY2020 tax rate of 4.5254 and 9.9%% above the “rolled-back rate” of 4.2424. The “rolled-back rate” is the tax rate that would result in the same dollar-amount revenue of the previous year.
- The FY2021 required millage rate levy to fund debt service on the City's general obligation bonds is 0.2519, decreasing 7.6% from the prior year's millage of 0.2725.
- Public safety pension costs continue at high levels. The City and Unions agreed to bifurcated plans in FY2013 and introduced a defined contribution plan for new non-union employees to maintain long-term stability. Changing mortality tables and investment performance have added complexity to the pension funding program. Fortunately, the last few years have shown improvements in investment performance for all pensions, and the funded percentage has increased in all plans. To improve the

funded status of the plans and manage future costs, the City plans to continue the practice of making discretionary contributions at fiscal year-end.

- Consistent with state and national trends, taxable assessed property values continue to increase. Certified final taxable value for 2020 was \$3,484,228,924, increasing to \$3,762,245,788 for 2021, an increase of \$278,016,864 or 8.0%.
- Stormwater non-ad Valorem rates increased to \$15.00 per equivalent residential unit in FY2018 to address the need for funding major stormwater capital projects. There was no change in the non-ad Valorem rates in FY2021.

The City considered all these factors in preparing the budget for the upcoming fiscal year.

For the fiscal year ended September 30, 2020, the fund balance in the general fund totaled \$17,005,948, including \$2,052,080 assigned to the subsequent year's budget. This compares to \$14,403,097, including \$717,581 for the prior fiscal year. This fund balance includes \$2.256M in CARES Act funding. All appropriations lapse at year-end.

Water and sewer rates remained constant for FY2020. The City implemented a water/sewer rate consolidation and restructure during FY2015. The original study focused on simplifying the rate structure, improving equity throughout the system, and a slight overall revenue increase. The City conducted a follow-up Financial Feasibility Study in FY2016, which resulted in no additional rate increase for FY2020. The City plans to conduct a water/sewer rate study in early FY2022.

Solid waste rates remained constant for FY2020. The City expects the solid waste rates to increase in coming years with the Consumer Price Index (CPI). The City will conduct a solid waste rate study in late FY2021.

Requests for Information

The City designed this financial report to provide a general overview of the City's finances for all those interested in the government's finances. The reader should address questions related to any information provided in this report or requests for additional financial information to the City of Port Orange, Finance Director, 1000 City Center Circle, Port Orange, FL 32129.

BASIC FINANCIAL STATEMENTS

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

CITY OF PORT ORANGE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in pooled cash and investments	\$ 31,839,396	\$ 35,377,156	\$ 67,216,552
Receivables, net	1,616,283	3,813,535	5,429,818
Internal balances	(3,858,959)	3,858,959	-
Due from other governments	5,829,408	113,445	5,942,853
Inventories	26,460	883,165	909,625
Prepays	826,089	65,225	891,314
Restricted assets:			
Equity in pooled cash	9,502,019	21,771,185	31,273,204
Investments	338,685	-	338,685
Capital assets:			
Capital assets, not being depreciated	40,837,170	34,375,532	75,212,702
Other capital assets, net of depreciation	101,266,463	195,309,500	296,575,963
Total assets	<u>\$ 188,223,014</u>	<u>\$ 295,567,702</u>	<u>\$ 483,790,716</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refunding	\$ 42,989	\$ 33,524	\$ 76,513
Deferred outflows related to pensions	3,820,530	1,077,484	4,898,014
Deferred outflows related to OPEB	639,418	229,534	868,952
Total deferred outflows	<u>\$ 4,502,937</u>	<u>\$ 1,340,542</u>	<u>\$ 5,843,479</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 4,952,818	\$ 2,141,322	\$ 7,094,140
Customer deposits	910,008	3,778,963	4,688,971
Unearned revenue	185,102	318,594	503,696
Accrued interest payable	585,574	213,828	799,402
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	1,535,000	6,390,897	7,925,897
Compensated absences	276,190	57,119	333,309
Due in more than one year:			
Bonds and notes payable	29,455,125	17,159,655	46,614,780
Compensated absences	2,247,268	608,708	2,855,976
Total OPEB liability	4,433,439	1,591,491	6,024,930
Net pension liability	28,454,641	2,520,559	30,975,200
Total liabilities	<u>\$ 73,035,165</u>	<u>\$ 34,781,136</u>	<u>\$ 107,816,301</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	\$ 2,688,663	\$ 688,250	\$ 3,376,913
Deferred inflows related to OPEB	1,910,305	685,751	2,596,056
Total deferred inflows of resources	<u>\$ 4,598,968</u>	<u>\$ 1,374,001</u>	<u>\$ 5,972,969</u>
NET POSITION			
Net investment in capital assets	\$ 111,156,497	\$ 206,168,004	\$ 317,324,501
Restricted for:			
Public safety	1,647,681	-	1,647,681
Community redevelopment projects	335,805	-	335,805
Transportation	6,012,976	-	6,012,976
Debt service	1,567,445	6,237,467	7,804,912
Capital improvements	2,188,976	7,368,454	9,557,430
Other purposes	4,351,639	7,537,562	11,889,201
Unrestricted	(12,169,201)	33,441,620	21,272,419
Total net position	<u>\$ 115,091,818</u>	<u>\$ 260,753,107</u>	<u>\$ 375,844,925</u>

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

**CITY OF PORT ORANGE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 9,941,934	\$ 5,572,642	\$ -	\$ 5,053,609	\$ 684,317	\$ -	\$ 684,317
Public safety	23,586,079	1,276,038	38,072	126,566	(22,145,403)	-	(22,145,403)
Transportation	6,586,732	242,703	1,352,865	2,915,226	(2,075,938)	-	(2,075,938)
Economic environment	421,813	4,237	-	-	(417,576)	-	(417,576)
Culture and recreation	4,590,606	331,905	-	-	(4,258,701)	-	(4,258,701)
Interest on long-term debt	1,099,519	-	-	-	(1,099,519)	-	(1,099,519)
Total governmental activities	<u>46,226,683</u>	<u>7,427,525</u>	<u>1,390,937</u>	<u>8,095,401</u>	<u>(29,312,820)</u>	<u>-</u>	<u>(29,312,820)</u>
Business-type activities:							
Water and sewer	22,849,444	27,784,504	-	1,613,268	-	6,548,328	6,548,328
Solid waste	7,736,590	7,414,060	-	-	-	(322,530)	(322,530)
Stormwater	3,991,394	4,568,876	-	-	-	577,482	577,482
Golf course	1,597,982	1,350,726	-	-	-	(247,256)	(247,256)
Total business-type activities	<u>36,175,410</u>	<u>41,118,166</u>	<u>-</u>	<u>1,613,268</u>	<u>-</u>	<u>6,556,024</u>	<u>6,556,024</u>
Total primary government	<u>\$ 82,402,093</u>	<u>\$ 48,545,691</u>	<u>\$ 1,390,937</u>	<u>\$ 9,708,669</u>	<u>(29,312,820)</u>	<u>6,556,024</u>	<u>(22,756,796)</u>
General revenues:							
Property taxes					16,095,226	-	16,095,226
Sales taxes					3,425,661	-	3,425,661
Casualty and fire insurance premium taxes					926,140	-	926,140
Public service taxes					5,703,323	-	5,703,323
Other taxes					1,900,453	-	1,900,453
Franchise and utility taxes					3,206,532	-	3,206,532
State revenue sharing					2,521,986	-	2,521,986
Investment earnings					944,995	1,048,327	1,993,322
Miscellaneous revenues					554,310	375,355	929,665
Transfers					(47,551)	47,551	-
Total general revenues and transfers					<u>35,231,075</u>	<u>1,471,233</u>	<u>36,702,308</u>
Change in net position					5,918,255	8,027,257	13,945,512
Net position - beginning of year, as restated					109,173,563	252,725,850	361,899,413
Net position - ending of year					<u>\$ 115,091,818</u>	<u>\$ 260,753,107</u>	<u>\$ 375,844,925</u>

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

**CITY OF PORT ORANGE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	<u>General Fund</u>	<u>Eastport Business Center CRA Fund</u>	<u>Town Center CRA Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Equity in pooled cash and investments	\$ 15,737,779	\$ 335,805	\$ -	\$ 16,372,202	\$ 32,445,786
Investments	-	-	-	338,685	338,685
Receivables, net	1,550,638	-	718	40,278	1,591,634
Due from other governments	3,368,575	-	-	2,459,860	5,828,435
Due from other funds	-	-	-	-	-
Inventories	26,460	-	-	-	26,460
Prepaid items	390,804	-	-	-	390,804
Advances to other funds	1,655,155	-	-	-	1,655,155
Total assets	<u>\$ 22,729,411</u>	<u>\$ 335,805</u>	<u>\$ 718</u>	<u>\$ 19,211,025</u>	<u>\$ 42,276,959</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 2,549,258	\$ -	\$ 137	\$ 1,370,376	\$ 3,919,771
Customer deposits	30,704	-	1,540	877,764	910,008
Unearned revenue	184,989	-	113	-	185,102
Due to other funds	-	-	2,465,390	-	2,465,390
Advances from other funds	-	-	1,655,155	-	1,655,155
Total liabilities	<u>2,764,951</u>	<u>-</u>	<u>4,122,335</u>	<u>2,248,140</u>	<u>9,135,426</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	33,828	-	-	2,830	36,658
FUND BALANCES					
Nonspendable:					
Inventories	26,460	-	-	-	26,460
Prepaid items	390,804	-	-	-	390,804
Advances to other funds	1,655,155	-	-	-	1,655,155
Restricted for:					
Public safety	741,861	-	-	905,820	1,647,681
Inspections	-	-	-	4,263,948	4,263,948
Recreation	87,691	-	-	-	87,691
Debt service	-	-	-	2,153,019	2,153,019
Capital improvements	-	-	-	2,188,976	2,188,976
Community redevelopment	-	335,805	-	-	335,805
Transportation sales tax	-	-	-	3,120,768	3,120,768
Transportation impact	-	-	-	2,892,208	2,892,208
Committed to:					
Tree replacement	22,713	-	-	-	22,713
Recreation facility improvements	-	-	-	486,652	486,652
Assigned to:					
Subsequent year's budget	2,052,080	-	-	-	2,052,080
Capital improvements	-	-	-	1,024,889	1,024,889
Business development	-	-	-	118,430	118,430
General government	-	-	-	9,970	9,970
Unassigned	14,953,868	-	(4,121,617)	(204,625)	10,627,626
Total fund balances	<u>19,930,632</u>	<u>335,805</u>	<u>(4,121,617)</u>	<u>16,960,055</u>	<u>33,104,875</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,729,411</u>	<u>\$ 335,805</u>	<u>\$ 718</u>	<u>\$ 19,211,025</u>	<u>\$ 42,276,959</u>

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

**CITY OF PORT ORANGE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

Fund balances - total governmental funds \$ 33,104,875

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

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

Total governmental capital assets	210,010,097	
Less: accumulated depreciation	<u>(77,339,749)</u>	132,670,348

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

Net pension liability	(28,454,641)	
Deferred outflows related to pensions	3,820,530	
Deferred inflows related to pensions	<u>(2,688,663)</u>	(27,322,774)

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

Total OPEB liability	(4,433,439)	
Deferred outflows related to OPEB	639,418	
Deferred inflows related to OPEB	<u>(1,910,305)</u>	(5,704,326)

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

Total net position	20,129,266	
Less: amounts attributable to business-type activities	<u>(4,016,323)</u>	16,112,943

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

36,658

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

Bonds and notes payable	(29,695,000)	
Accrued interest payable	(585,574)	
Unamortized bond discounts and premiums	(1,295,125)	
Unamortized deferred loss on bond refunding	42,989	
Compensated absences	<u>(2,273,196)</u>	(33,805,906)

Net position of governmental activities \$ 115,091,818

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

CITY OF PORT ORANGE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Eastport Business Center CRA Fund	Town Center CRA Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 23,449,593	\$ 100,976	\$ 69,981	\$ 2,267,404	\$ 25,887,954
Permits and fees	3,250,966	-	-	3,376,938	6,627,904
Intergovernmental	8,443,468	144,714	101,196	3,004,473	11,693,851
Charges for services	4,086,305	-	4,237	242,694	4,333,236
Fines and forfeitures	335,503	-	-	-	335,503
Investment income	367,606	6,704	785	319,987	695,082
Miscellaneous	334,468	7	7	3,261	337,743
Total revenues	40,267,909	252,401	176,206	9,214,757	49,911,273
Expenditures					
Current:					
General government	7,317,781	-	-	1,913,356	9,231,137
Public safety	23,492,021	-	-	82,630	23,574,651
Transportation	2,630,487	-	-	239,562	2,870,049
Economic environment	-	6,403	14,293	2,240	22,936
Culture and recreation	3,894,894	-	-	14,148	3,909,042
Capital outlay	1,499,010	-	-	4,276,605	5,775,615
Debt service:					
Principal retirement	-	-	-	1,485,000	1,485,000
Interest and fiscal charges	-	-	53,830	1,210,717	1,264,547
Other charges	-	-	-	2,250	2,250
Total expenditures	38,834,193	6,403	68,123	9,226,508	48,135,227
Excess (deficiency) of revenues over expenditures	1,433,716	245,998	108,083	(11,751)	1,776,046
Other financing sources (uses)					
Transfers in	1,851,720	-	-	1,796,004	3,647,724
Transfers out	(446,385)	(240,790)	(404,738)	(1,982,105)	(3,074,018)
Total other financing sources (uses)	1,405,335	(240,790)	(404,738)	(186,101)	573,706
Net change in fund balances	2,839,051	5,208	(296,655)	(197,852)	2,349,752
Fund balances, beginning of year	17,091,581	330,597	(3,824,962)	17,157,907	30,755,123
Fund balances, end of year	\$ 19,930,632	\$ 335,805	\$ (4,121,617)	\$ 16,960,055	\$ 33,104,875

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

**CITY OF PORT ORANGE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Net change in fund balances - total governmental funds	\$ 2,349,752
Differences in amounts reported for governmental activities in the statement of activities are:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Capital outlay expenditures	5,775,615
Depreciation expense	(6,857,421)
Contributed capital assets	1,099,703
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, CIP project abandoned) is to decrease net position.	
	(48,866)
Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:	
Principal repayment of general long-term debt	1,485,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds (reduction in delinquent taxes).	
	(4,505)
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the statement of activities are amounts required to be amortized.	
Change in net pension liability and deferred inflows/outflows related to pensions	1,285,680
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:	
Amortization of bond discounts and premiums	139,828
Change in accrued interest on long-term debt	27,450
Change in compensated absences liability	327,229
Change in total OPEB liability and deferred inflows/outflows related to OPEB	(107,233)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The portion of net revenue/expense of internal service funds reported within governmental activities for the year.	
	446,023
Change in net position of governmental activities	\$ 5,918,255

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

CITY OF PORT ORANGE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes	\$ 23,532,243	\$ 23,532,243	\$ 23,449,593	\$ (82,650)
Permits and fees	3,595,429	3,618,142	3,250,966	(367,176)
Intergovernmental	6,773,223	6,773,223	8,443,468	1,670,245
Charges for services	4,163,279	4,186,057	4,086,305	(99,752)
Fines and forfeitures	211,799	211,799	335,503	123,704
Investment income	109,170	109,170	367,606	258,436
Miscellaneous	452,067	480,639	334,468	(146,171)
Total revenues	<u>38,837,210</u>	<u>38,911,273</u>	<u>40,267,909</u>	<u>1,356,636</u>
Expenditures				
Current:				
General government:				
Mayor and Council	210,032	251,034	242,126	8,908
City Manager	616,607	759,088	618,692	140,396
Finance and administration	2,249,172	2,483,514	2,212,911	270,603
Legal	728,992	793,500	728,776	64,724
Planning and community development	1,239,450	1,396,960	1,195,300	201,660
Nondepartmental	2,671,423	2,456,698	2,319,976	136,722
Total general government	<u>7,715,676</u>	<u>8,140,794</u>	<u>7,317,781</u>	<u>823,013</u>
Public safety:				
Law enforcement	14,595,187	14,927,367	13,526,046	1,401,321
Fire safety	9,867,788	9,933,734	9,558,383	375,351
Code enforcement	457,675	467,688	407,592	60,096
Total public safety	<u>24,920,650</u>	<u>25,328,789</u>	<u>23,492,021</u>	<u>1,836,768</u>
Transportation	2,957,481	2,977,375	2,630,487	346,888
Culture and recreation	4,345,875	4,430,120	3,894,894	535,226
Capital outlay	545,967	2,083,157	1,499,010	584,147
Total expenditures	<u>40,485,649</u>	<u>42,960,235</u>	<u>38,834,193</u>	<u>4,126,042</u>
Excess (deficiency) of revenues over expenditures	<u>(1,648,439)</u>	<u>(4,048,962)</u>	<u>1,433,716</u>	<u>5,482,678</u>
Other financing sources (uses)				
Transfers in	1,851,720	-	1,851,720	1,851,720
Transfers out	(646,385)	(846,385)	(446,385)	400,000
Total other financing sources (uses)	<u>1,205,335</u>	<u>(846,385)</u>	<u>1,405,335</u>	<u>2,251,720</u>
Net change in fund balances	<u>(443,104)</u>	<u>(4,895,347)</u>	<u>2,839,051</u>	<u>7,734,398</u>
Fund balances, beginning of year	17,091,581	17,091,581	17,091,581	-
Fund balances, end of year	<u>\$ 16,648,477</u>	<u>\$ 12,196,234</u>	<u>\$ 19,930,632</u>	<u>\$ 7,734,398</u>

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

CITY OF PORT ORANGE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - EASTPORT BUSINESS CENTER CRA
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes	\$ 95,573	\$ 95,573	\$ 100,976	\$ 5,403
Intergovernmental	140,004	140,004	144,714	4,710
Investment income	2,400	2,400	6,704	4,304
Miscellaneous	-	-	7	7
Total revenues	<u>237,977</u>	<u>237,977</u>	<u>252,401</u>	<u>14,424</u>
Expenditures				
Current:				
Economic environment	6,825	6,825	6,403	422
Total expenditures	<u>6,825</u>	<u>6,825</u>	<u>6,403</u>	<u>422</u>
Excess (deficiency) of revenues over expenditures	<u>231,152</u>	<u>231,152</u>	<u>245,998</u>	<u>14,846</u>
Other financing sources (uses)				
Transfers out	(240,790)	(240,790)	(240,790)	-
Net change in fund balances	<u>(9,638)</u>	<u>(9,638)</u>	<u>5,208</u>	<u>14,846</u>
Fund balances, beginning of year	330,597	330,597	330,597	-
Fund balances, end of year	<u>\$ 320,959</u>	<u>\$ 320,959</u>	<u>\$ 335,805</u>	<u>\$ 14,846</u>

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

CITY OF PORT ORANGE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TOWN CENTER CRA
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes	\$ 69,502	\$ 69,502	\$ 69,981	\$ 479
Intergovernmental	101,814	101,814	101,196	(618)
Charges for services	3,500	3,500	4,237	737
Investment income	1,317	1,317	785	(532)
Miscellaneous	-	-	7	7
Total revenues	<u>176,133</u>	<u>176,133</u>	<u>176,206</u>	<u>73</u>
Expenditures				
Current:				
Economic environment	19,920	15,420	14,293	1,127
Debt service:				
Interest and fiscal charges	49,363	53,863	53,830	33
Total expenditures	<u>69,283</u>	<u>69,283</u>	<u>68,123</u>	<u>1,160</u>
Excess (deficiency) of revenues over expenditures	<u>106,850</u>	<u>106,850</u>	<u>108,083</u>	<u>1,233</u>
Other financing sources (uses)				
Transfers in	297,888	297,888	-	(297,888)
Transfers out	(404,738)	(404,738)	(404,738)	-
Total other financing sources (uses)	<u>(106,850)</u>	<u>(106,850)</u>	<u>(404,738)</u>	<u>(297,888)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(296,655)</u>	<u>(296,655)</u>
Fund balances, beginning of year	(3,824,962)	(3,824,962)	(3,824,962)	-
Fund balances, end of year	<u>\$ (3,824,962)</u>	<u>\$ (3,824,962)</u>	<u>\$ (4,121,617)</u>	<u>\$ (296,655)</u>

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

CITY OF PORT ORANGE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Water and Sewer	Solid Waste	Stormwater Utility	Golf Course		
ASSETS						
Equity in pooled cash and investments	\$ 27,749,897	\$ 2,199,018	\$ 5,185,117	\$ 243,124	\$ 35,377,156	\$ 8,895,629
Accounts receivable, net	2,910,221	852,062	30,109	21,143	3,813,535	24,649
Due from other governments	111,345	1,220	880	-	113,445	973
Inventories	866,111	-	-	17,054	883,165	-
Prepaid items	18,000	1,164	4,290	41,771	65,225	435,285
Due from other funds	-	-	-	-	-	2,465,390
Restricted current assets						
Equity in pooled cash	501,663	-	126,039	-	627,702	-
Total current assets	<u>32,157,237</u>	<u>3,053,464</u>	<u>5,346,435</u>	<u>323,092</u>	<u>40,880,228</u>	<u>11,821,926</u>
Noncurrent assets:						
Restricted cash	19,599,956	-	1,543,527	-	21,143,483	-
Capital assets:						
Land	15,993,805	42,800	12,514,670	949,209	29,500,484	-
Building and improvements	27,320,620	159,441	-	5,387,762	32,867,823	627,870
Infrastructure	267,011,661	-	37,543,708	-	304,555,369	-
Machinery and equipment	4,237,569	32,500	978,854	92,796	5,341,719	28,231,285
Intangible assets	30,000	-	-	-	30,000	-
Construction in progress	3,466,742	-	1,390,900	17,406	4,875,048	1,606,664
Accumulated depreciation	(136,188,137)	(165,694)	(7,958,820)	(3,172,760)	(147,485,411)	(21,032,534)
Total capital assets, net	<u>181,872,260</u>	<u>69,047</u>	<u>44,469,312</u>	<u>3,274,413</u>	<u>229,685,032</u>	<u>9,433,285</u>
Advances to other funds	1,559,061	-	-	-	1,559,061	157,364
Total noncurrent assets	<u>203,031,277</u>	<u>69,047</u>	<u>46,012,839</u>	<u>3,274,413</u>	<u>252,387,576</u>	<u>9,590,649</u>
Total assets	<u>\$ 235,188,514</u>	<u>\$ 3,122,511</u>	<u>\$ 51,359,274</u>	<u>\$ 3,597,505</u>	<u>\$ 293,267,804</u>	<u>\$ 21,412,575</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on bond refunding	\$ 33,524	\$ -	\$ -	\$ -	\$ 33,524	\$ -
Deferred outflows related to pensions	917,321	27,138	133,025	-	1,077,484	-
Deferred outflows related to OPEB	191,279	7,287	30,968	-	229,534	-
Total deferred outflows of resources	<u>\$ 1,142,124</u>	<u>\$ 34,425</u>	<u>\$ 163,993</u>	<u>\$ -</u>	<u>\$ 1,340,542</u>	<u>\$ -</u>
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 950,144	\$ 578,481	\$ 109,167	\$ 89,656	\$ 1,727,448	\$ 635,047
Deposits	3,770,963	-	-	8,000	3,778,963	-
Unearned revenue	117,118	-	-	201,476	318,594	-
Due to other funds	-	-	-	-	-	-
Estimated claims payable	-	-	-	-	-	398,000
Compensated absences	50,868	624	5,627	-	57,119	16,148
Payable from restricted assets:						
Accounts payable and accrued liabilities	413,874	-	-	-	413,874	-
Current maturities on long-term debt	5,875,891	-	515,006	-	6,390,897	-
Accrued interest payable	87,789	-	126,039	-	213,828	-
Total current liabilities	<u>11,266,647</u>	<u>579,105</u>	<u>755,839</u>	<u>299,132</u>	<u>12,900,723</u>	<u>1,049,195</u>
Noncurrent liabilities:						
Bonds and notes payable, net	9,796,444	-	7,363,211	-	17,159,655	-
Advances from other funds	-	-	-	1,716,425	1,716,425	-
Compensated absences	513,053	22,470	73,185	-	608,708	234,114
Total OPEB liability	1,326,242	50,524	214,725	-	1,591,491	-
Net pension liability	2,145,890	63,484	311,185	-	2,520,559	-
Total noncurrent liabilities	<u>13,781,629</u>	<u>136,478</u>	<u>7,962,306</u>	<u>1,716,425</u>	<u>23,596,838</u>	<u>234,114</u>
Total liabilities	<u>\$ 25,048,276</u>	<u>\$ 715,583</u>	<u>\$ 8,718,145</u>	<u>\$ 2,015,557</u>	<u>\$ 36,497,561</u>	<u>\$ 1,283,309</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	\$ 585,944	\$ 17,335	\$ 84,971	\$ -	\$ 688,250	\$ -
Deferred inflows related to OPEB	571,459	21,770	92,522	-	685,751	-
Total deferred inflows of resources	<u>\$ 1,157,403</u>	<u>\$ 39,105</u>	<u>\$ 177,493</u>	<u>\$ -</u>	<u>\$ 1,374,001</u>	<u>\$ -</u>
NET POSITION						
Net investment in capital assets	\$ 166,233,449	\$ 69,047	\$ 36,591,095	\$ 3,274,413	\$ 206,168,004	\$ 9,433,285
Restricted for debt service	4,693,940	-	1,543,527	-	6,237,467	-
Restricted for Wetland Mitigation Credits	1,386,808	-	-	-	1,386,808	-
Restricted for renewal and replacement	6,150,754	-	-	-	6,150,754	-
Restricted for utility plant expansion	7,368,454	-	-	-	7,368,454	-
Unrestricted	24,291,554	2,333,201	4,493,007	(1,692,465)	29,425,297	10,695,981
Total net position	<u>\$ 210,124,959</u>	<u>\$ 2,402,248</u>	<u>\$ 42,627,629</u>	<u>\$ 1,581,948</u>	<u>\$ 256,736,784</u>	<u>\$ 20,129,266</u>
Cumulative adjustment to reflect consolidation of internal service fund activities related to enterprise funds					4,016,323	
Net position, business-type activities					<u>\$ 260,753,107</u>	

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

CITY OF PORT ORANGE, FLORIDA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Water and Sewer	Solid Waste	Stormwater Utility	Golf Course		
Operating revenues						
Charges for services	\$ 27,571,794	\$ 7,413,951	\$ 4,567,478	\$ 1,350,706	\$ 40,903,929	\$ 10,951,328
Other revenues	212,710	109	1,398	20	214,237	118,549
Total operating revenues	<u>27,784,504</u>	<u>7,414,060</u>	<u>4,568,876</u>	<u>1,350,726</u>	<u>41,118,166</u>	<u>11,069,877</u>
Operating expenses						
Personal services	6,311,988	275,934	979,138	-	7,567,060	2,178,728
Contractual services	3,681,428	7,446,339	1,013,483	1,422,625	13,563,875	1,501,111
Other operating expenses	4,611,617	13,360	297,041	14,225	4,936,243	2,729,565
Insurance claims and expenses	-	-	-	-	-	702,606
Depreciation	7,787,336	957	1,403,453	161,132	9,352,878	3,015,658
Total operating expenses	<u>22,392,369</u>	<u>7,736,590</u>	<u>3,693,115</u>	<u>1,597,982</u>	<u>35,420,056</u>	<u>10,127,668</u>
Operating income (loss)	<u>5,392,135</u>	<u>(322,530)</u>	<u>875,761</u>	<u>(247,256)</u>	<u>5,698,110</u>	<u>942,209</u>
Nonoperating revenues (expenses)						
Interest earnings	848,988	57,229	141,249	861	1,048,327	249,913
Gain (loss) on disposition of capital assets	-	-	-	-	-	250,513
Interest and amortization expense	(457,075)	-	(298,279)	-	(755,354)	-
Total nonoperating revenues (expenses)	<u>391,913</u>	<u>57,229</u>	<u>(157,030)</u>	<u>861</u>	<u>292,973</u>	<u>500,426</u>
Income (loss) before contributions and transfers	<u>5,784,048</u>	<u>(265,301)</u>	<u>718,731</u>	<u>(246,395)</u>	<u>5,991,083</u>	<u>1,442,635</u>
Capital contributions	1,613,268	-	-	-	1,613,268	-
Capital grants	-	-	-	-	-	-
Transfers in	-	-	1,982,105	-	1,982,105	-
Transfers out	(1,417,754)	(210,569)	(306,231)	-	(1,934,554)	(621,257)
Change in net position	<u>5,979,562</u>	<u>(475,870)</u>	<u>2,394,605</u>	<u>(246,395)</u>	<u>7,651,902</u>	<u>821,378</u>
Net position, beginning of year, as restated	204,145,397	2,878,118	40,233,024	1,828,343	249,084,882	19,307,888
Net position, end of year	<u>\$ 210,124,959</u>	<u>\$ 2,402,248</u>	<u>\$ 42,627,629</u>	<u>\$ 1,581,948</u>	<u>\$ 256,736,784</u>	<u>\$ 20,129,266</u>
Change in proprietary funds net position					\$ 7,651,902	
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds					375,355	
Change in net position of business-type activities					<u>\$ 8,027,257</u>	

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

**CITY OF PORT ORANGE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Water and Sewer	Solid Waste	Stormwater Utility	Golf Course		
Cash flows from operating activities						
Cash received from customers	\$ 27,701,092	\$ 7,376,346	\$ 4,573,601	\$ 1,370,439	\$ 41,021,478	\$ 11,071,801
Cash paid to employees	(6,304,836)	(261,711)	(952,307)	-	(7,518,854)	(2,095,953)
Cash paid to suppliers	(7,360,279)	(7,459,210)	(1,263,935)	(1,438,680)	(17,522,104)	(5,637,405)
Net cash provided by (used in) operating activities	<u>14,035,977</u>	<u>(344,575)</u>	<u>2,357,359</u>	<u>(68,241)</u>	<u>15,980,520</u>	<u>3,338,443</u>
Cash flows from noncapital financing activities						
Transfers from other funds	-	-	1,982,105	-	1,982,105	-
Transfers to other funds	(1,417,754)	(210,569)	(306,231)	-	(1,934,554)	(621,257)
Interfund loans	-	-	-	113,116	113,116	(113,116)
Net cash provided by (used in) noncapital financing activities	<u>(1,417,754)</u>	<u>(210,569)</u>	<u>1,675,874</u>	<u>113,116</u>	<u>160,667</u>	<u>(734,373)</u>
Cash flows from capital and related financing activities						
Impact fees	1,613,268	-	-	-	1,613,268	-
Acquisition and construction of capital assets	(5,930,410)	-	(2,811,671)	(17,406)	(8,759,487)	(2,690,213)
Principal payments of long-term debt	(6,191,581)	-	(503,017)	-	(6,694,598)	-
Interest paid	(439,537)	-	(303,655)	-	(743,192)	-
Net cash provided by (used in) capital and related financing activities	<u>(10,948,260)</u>	<u>-</u>	<u>(3,618,343)</u>	<u>(17,406)</u>	<u>(14,584,009)</u>	<u>(2,690,213)</u>
Cash flows from investing activities						
Interest received	848,988	57,229	141,249	861	1,048,327	249,913
Net change in cash and cash equivalents	<u>2,518,951</u>	<u>(497,915)</u>	<u>556,139</u>	<u>28,330</u>	<u>2,605,505</u>	<u>163,770</u>
Cash and cash equivalents, beginning of year	45,332,565	2,696,933	6,298,544	214,794	54,542,836	8,731,859
Cash and cash equivalents, end of year	<u>\$ 47,851,516</u>	<u>\$ 2,199,018</u>	<u>\$ 6,854,683</u>	<u>\$ 243,124</u>	<u>\$ 57,148,341</u>	<u>\$ 8,895,629</u>
Cash and cash equivalents classified as:						
Unrestricted	\$ 27,749,897	\$ 2,199,018	\$ 5,185,117	\$ 243,124	\$ 35,377,156	\$ 8,895,629
Restricted	20,101,619	-	1,669,566	-	21,771,185	-
Total cash and cash equivalents	<u>\$ 47,851,516</u>	<u>\$ 2,199,018</u>	<u>\$ 6,854,683</u>	<u>\$ 243,124</u>	<u>\$ 57,148,341</u>	<u>\$ 8,895,629</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ 5,392,135	\$ (322,530)	\$ 875,761	\$ (247,256)	\$ 5,698,110	\$ 942,209
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	7,787,336	957	1,403,453	161,132	9,352,878	3,015,658
Changes in assets and liabilities:						
Accounts receivable	(128,104)	(37,714)	2,704	38,761	(124,353)	1,923
Due from other governments	69,108	-	2,021	-	71,129	1
Inventories	138,843	-	-	486	139,329	-
Prepaid items	-	(1,164)	(4,290)	(12,368)	(17,822)	(345,804)
Accounts payable and accrued liabilities	793,923	1,653	50,879	10,052	856,507	(358,319)
Deposits	(54,483)	-	-	-	(54,483)	-
Unearned revenue	30,067	-	-	(19,048)	11,019	-
Compensated absences	55,238	16,853	22,540	-	94,631	88,775
Claims liability	-	-	-	-	-	(6,000)
Net pension liability	(53,916)	(1,595)	(7,818)	-	(63,329)	-
Total OPEB liability	5,830	(1,035)	12,109	-	16,904	-
Net cash provided by (used in) operating activities	<u>\$ 14,035,977</u>	<u>\$ (344,575)</u>	<u>\$ 2,357,359</u>	<u>\$ (68,241)</u>	<u>\$ 15,980,520</u>	<u>\$ 3,338,443</u>

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

**CITY OF PORT ORANGE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2020**

	Pension Trust Funds
ASSETS	
Cash and cash equivalents with trustee	\$ 2,645,728
Prepaid benefit payments	436,894
Receivables	
Interest and dividends receivable	244,203
Investments, at fair value	
U.S. Treasury and agency obligations	10,161,275
Corporate and municipal debt obligations	9,730,021
Corporate equity securities	26,525,253
Mutual funds	51,870,992
Real estate funds	11,974,805
Partnerships	4,224,560
Total investments	114,486,906
Total assets	\$ 117,813,731
LIABILITIES	
Accounts payable	\$ 132,887
NET POSITION	
Restricted for pensions	\$ 117,680,844

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

**CITY OF PORT ORANGE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Pension Trust Funds
Additions	
Contributions:	
Employer	\$ 5,921,047
Plan members	874,599
State - insurance premium taxes	926,146
Total contributions	7,721,792
Investment earnings	
Net appreciation (depreciation) in fair value of investments	7,813,755
Interest and dividends	2,444,771
Total investment earnings	10,258,526
Less: investment expense	(331,513)
Net investment income (loss)	9,927,013
Total additions	17,648,805
Deductions	
Benefit payments and refunds	7,985,378
Administrative expenses	290,835
Total deductions	8,276,213
Change in net position	9,372,592
Net position restricted for pensions, beginning of year	108,308,252
Net position restricted for pensions, end of year	\$ 117,680,844

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

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

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

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

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

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

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

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

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

The Property Owners' Association was incorporated as a Florida not-for-profit corporation on May 29, 2009, to administer and enforce the Port Orange Business Park (the Business Park) covenants and restrictions affecting certain lands located within the business park. The board of directors of the Property Owners' Association will be elected exclusively by the owners of property within the Business Park. The representation and voting rights assigned to the board members of the Property Owners' Association will be based on each owner's pro-rata share of ownership of all non-Association property within the Business Park. During the year ended September 30, 2020, the City sold its ownership in the Association.

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

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

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

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

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

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

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

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

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

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

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

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

The City reports the following major governmental funds:

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

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

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

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

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

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

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

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

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

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

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

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

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

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

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

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

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

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

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

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

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

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

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

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

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

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

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

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

Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

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

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

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

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

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

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

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

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

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

**CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

(3) Property Tax Calendar:

Under Florida law, the assessment of all properties and the collection of all county, municipal and school district property taxes are consolidated in the offices of the County Property Appraiser and County Finance Director. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. For the year ended September 30, 2020, the operating and combined debt service millage rates (2020 levy) assessed by the City were 4.52540 and 0.27250 mills, respectively.

The property tax calendar is as follows:

Valuation Date	January 1, 2019												
Property Appraiser prepares the assessment roll with values as of January 1, 2019, submits this preliminary roll for approval by the State and notifies each taxing authority of their respective valuations.	July 1, 2019												
City Council holds two required public hearings and adopts a budget and ad valorem tax millage rate for the coming fiscal year.	September 2019												
Property Appraiser certifies the assessment roll and all real and tangible personal property taxes are due and payable (Levy date).	November 1, 2019												
A Notice of Taxes is mailed to each property owner on the assessment roll. Taxes may be paid November 2019 through March 2020, with the following applicable discounts:	November 1, 2019												
<table border="0"> <thead> <tr> <th style="text-align: left;"><u>Month Paid</u></th> <th style="text-align: left;"><u>Discount Percent</u></th> </tr> </thead> <tbody> <tr> <td>November</td> <td>4 %</td> </tr> <tr> <td>December</td> <td>3</td> </tr> <tr> <td>January</td> <td>2</td> </tr> <tr> <td>February</td> <td>1</td> </tr> <tr> <td>March</td> <td>0</td> </tr> </tbody> </table>	<u>Month Paid</u>	<u>Discount Percent</u>	November	4 %	December	3	January	2	February	1	March	0	November 1, 2019 through March 31, 2020
<u>Month Paid</u>	<u>Discount Percent</u>												
November	4 %												
December	3												
January	2												
February	1												
March	0												
All unpaid taxes on real and tangible personal property become delinquent.	April 1, 2020												
A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised.	April and May 2020												
Tax certificates are sold on all real estate parcels with unpaid real property taxes (Lien date).	June 1, 2020												
A court order is obtained authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent personal property taxes.	June 1, 2020												

At September 30, 2020, the City has recorded property taxes receivable of \$36,658.

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(4) Cash Deposits and Investments:

(a) City of Port Orange, Florida:

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

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

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

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

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

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

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

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

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

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

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

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(4) Cash Deposits and Investments: (Continued)

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

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

Deposits include cash on hand and amounts held in the City’s demand accounts. At September 30, 2020, the carrying amount of the City’s deposits was \$44,208,995. Each demand account is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Any balance in excess of FDIC insurance is covered by collateral held by the City’s custodial bank, which is pledged to a state trust fund that provides security in accordance with Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

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

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

The City has funds invested in a money market mutual fund. The fund’s portfolio is structured within the confines of Rule 2a-7 under the Investment Company Act of 1940, as amended. SEC Rule 2a-7 is the rule that permits money market funds to use amortized cost to maintain a constant NAV (net asset value) of \$1.00 per share, provided that such funds meet certain criteria. Therefore, the fair value of the City’s position in the fund is the same as the value of the fund’s shares. The fund invests primarily in short-term, high-quality, fixed-income securities issued by banks, corporations and the U.S. government, rated in the highest short-term category or of comparable quality. As of September 30, 2020, the total invested in the fund was \$10,894,727.

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

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

The City’s investment measured via Level 2 inputs are valued based on the price/yield of similar bonds or other investments.

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(4) Cash Deposits and Investments: (Continued)

As of September 30, 2020, the City’s governmental and business-type investment portfolio was composed of the following investments:

Investment Type	Credit Quality Rating (S&P)	Carrying Value	Weighted Average Investment Maturities (in Years)		Fair Value Hierarchy
			Less Than 1	1 – 5	Classification
Cash	NR	\$ 44,208,995	\$ 44,208,995	\$ -	N/A
Money Market Funds	NR	10,894,727	10,894,727	-	Level 2
Municipal Bonds	AA+ to AA-	2,627,822	308,565	2,319,257	Level 2
Corporate Bonds	AAA to AA-	10,418,120	943,723	9,474,397	Level 2
US Government Treasury Notes	AA+	9,157,373	616,911	8,540,462	Level 2
Federal Instrumentalities	AA+	8,795,189	-	8,795,189	Level 2
Federal Agency Collat. Mortgage Obligations	AA+	3,019,671	134,738	2,884,933	Level 2
	AAA to				Level 2
Asset-Backed Securities	AA+	8,632,937	21,998	8,610,939	
Supra-national agency bond	AAA	769,383	-	769,383	Level 2
Certificates of deposit	NR	300,286	300,286	-	N/A
Total Portfolio		<u>\$ 98,828,441</u>	<u>\$ 57,433,881</u>	<u>\$ 41,394,560</u>	

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

Credit Risk: Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The City’s investment policy utilizes portfolio diversification in order to limit investments to the highest rated securities as rated by nationally recognized rating agencies. The ratings of the investments held at year end are shown above. All are rated within the investment policy guidelines at September 30, 2020.

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

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(4) Cash Deposits and Investments: (Continued)

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

Custodial Credit Risk—Investments: In the case of investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2020, the City's investments in U.S. Treasury obligations and federal instrumentalities/agency obligations are backed by the full faith and credit of the United States, or explicitly guaranteed by the United States. The City's investment in corporate debt obligations are held in the form of corporate bonds through a financial brokerage firm. The corporate debt obligations are uninsured, unregistered and held by the City's brokerage firm which is also the counterparty for these particular securities.

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

(b) Pensions Plans:

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

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

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

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

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

Foreign securities.

Bonds, stocks, commingled or mutual funds.

State Board of Administration and the investment vehicles it utilizes.

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

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(4) Cash Deposits and Investments: (Continued)

The pension plan investments measured via Level 2 inputs are valued based on the price/yield of similar bonds or other investments.

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

	<u>Fair Value</u>	<u>Weighted Average Maturity (years)</u>	<u>Credit Rating Range (S&P)</u>	<u>Fair Value Hierarchy Classification</u>
Money Market Funds	\$ 700,482	N/A	NR	Level 1
U.S. Treasury Obligations	371,145	0.8	NR	Level 2
U.S. Government Obligations	1,660,724	18.3	NR	Level 2
Corporate Debt	4,006,819	4.4	BBB to AA-	Level 2
Municipal Debt	374,900	5.6	A+ to AAA	Level 2
Equities – Domestic	14,086,092	N/A	NR	Level 1
Equities – International	4,085,912	N/A	NR	Level 1
Florida Municipal Investment Trust	4,059,297	N/A	NR	Level 2
Real Estate Pooled Separate Account	6,908,907	N/A	NR	Level 3
Total Portfolio	<u>\$ 36,254,278</u>			

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

	<u>Fair Value</u>	<u>Weighted Average Maturity (years)</u>	<u>Credit Rating Range (Moody's)</u>	<u>Fair Value Hierarchy Classification</u>
Money Market Funds	\$ 1,550,973	N/A	NR	N/A
U.S. General & Agency Obligations	1,746,624	4.5	AAA	Level 2
Corporate Bonds	8,393,942	9.4	Baa3, Aaa	Level 2
Common Stock	11,573,915	N/A	NR	Level 1
Mutual Funds	10,482,105	N/A	NR	Level 1
Real Estate Partnership	1,468,733	N/A	NR	Level 3
Total Portfolio	<u>\$ 35,219,292</u>			

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

	<u>Fair Value</u>	<u>Weighted Average Maturity (years)</u>	<u>Credit Rating Range (S&P)</u>	<u>Fair Value Hierarchy Classification</u>
Money Market Funds	\$ 394,273	N/A	NR	N/A
Mutual Funds – equity	29,996,912	N/A	NR	Level 1
Mutual Funds – fixed income	10,889,227	N/A	NR	Level 2
Real Estate Partnership	4,378,652	N/A	NR	Level 3
Total Portfolio	<u>\$ 45,659,064</u>			

**CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

(4) Cash Deposits and Investments: (Continued)

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The established performance objectives of the Pension Plans require investment maturities to provide sufficient liquidity to pay obligations as they become due. At September 30, 2020, the weighted average maturity in years for each investment type is included in the preceding table.

Credit Risk: Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The Pension Plans utilize portfolio diversification in order to limit investments to the highest rated securities as rated by nationally recognized rating agencies. The ratings of the investments held at year end are shown above. All are rated within the investment policy guidelines at September 30, 2020.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Fire Pension trust funds policy does not allow more than five (5) percent of its assets in the common stock, capital stock, or convertible securities of any one issuing company, nor shall the aggregate investment in any one issuing company, exceed five (5) percent of the outstanding stock of that company, nor shall the aggregate of its investments at market in common stock, capital stock and convertible securities exceed seventy (70) percent of the fund's total assets. The Police Pension trust funds policy does not allow more than five (5) percent of its assets in the common stock, capital stock, or convertible securities of any one issuing company, nor shall the aggregate investment in any one issuing company, exceed twelve and one-half (12.5) percent of the outstanding stock of that company. The General Employee Pension trust funds policy does not allow more than five (5) percent of its assets in the common stock, capital stock, or convertible securities of any one issuing company, nor shall the aggregate investment in any one issuing company, exceed fifteen (15) percent of the outstanding stock of that company, nor shall the aggregate of its investments at market in common stock, capital stock and convertible securities exceed seventy-five (75) percent of the fund's total assets. At September 30, 2020, the investment portfolios met the single issuer limitations.

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

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Pension trust funds policies allow for up to twenty-five (25) percent of its investments in common stock, capital stock and convertible securities at market value in foreign securities. At September 30, 2020, the investment portfolios met the foreign securities limitations.

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

Fair Value/Carrying Value	
Governmental and Business-type Investment Portfolio	\$ 98,828,441
Pension Investment Portfolio	<u>117,132,634</u>
Total	<u><u>\$215,961,075</u></u>
Government-Wide Statement of Net Position:	
Equity in pooled cash	\$ 67,093,400
Restricted equity in pooled cash	31,396,356
Restricted investments	338,685
Statement of Fiduciary Net Position:	
Cash and cash equivalents with trustee	2,645,728
Investments	<u>114,486,906</u>
Total	<u><u>\$215,961,075</u></u>

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(5) Accounts Receivable:

The City's receivables consisted of the following at September 30, 2020:

	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
Governmental Activities:			
General Fund			
Delinquent taxes receivable	\$ 33,828	\$ -	\$ 33,828
Accounts receivable	2,952,398	(1,435,588)	1,516,810
Nonmajor Governmental Funds			
Delinquent taxes receivable	2,830	-	2,830
Accounts receivable	37,448	-	37,448
	<u>3,027,222</u>	<u>(1,435,588)</u>	<u>1,591,634</u>
Internal Service:			
Internal Service Funds			
Accounts receivable	26,044	(1,395)	24,649
Total – Governmental Activities	<u>3,053,266</u>	<u>(1,436,983)</u>	<u>1,616,283</u>
Business-Type Activities:			
Water and Sewer Fund			
Accounts receivable	3,236,159	(325,938)	2,910,221
Solid Waste Fund			
Accounts receivable	910,913	(58,851)	852,062
Stormwater Utility Fund			
Accounts receivable	30,632	(523)	30,109
Golf Course Fund			
Accounts receivable	21,143	-	21,143
Totals – Business-Type Activities	<u>4,198,847</u>	<u>(385,312)</u>	<u>3,813,535</u>
Totals	<u>\$ 7,252,113</u>	<u>\$ (1,822,295)</u>	<u>\$ 5,429,818</u>

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

At September 30, 2020, individual fund advances to and from other funds for the primary government were comprised of the following:

	Advance To	Advance From
Governmental Activities:		
General Fund:		
Town Center CRA Fund	\$ 1,655,155	\$ -
Town Center CRA Fund:		
General Fund	-	1,655,155
Business-Type Activities:		
Water and Sewer Fund:		
Golf Course Fund	1,559,061	-
Golf Course Fund:		
Water and Sewer Fund	-	1,559,061
Internal Service Funds	-	157,364
Internal Service Funds:		
Golf Course Fund	157,364	-
Totals – All Funds	<u>\$ 3,371,580</u>	<u>\$ 3,371,580</u>

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

The outstanding balances between funds result mainly from the time lag between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system, and when payments between funds are made. At September 30, 2020, individual fund interfund receivables and payables for the primary government were comprised of the following:

	Due From Other Funds	Due to Other Funds
Governmental Activities:		
Town Center CRA Fund:		
Loan Pool Internal Service Fund	\$ -	\$ 2,465,390
	-	2,465,390
Internal Service:		
Loan Pool Internal Service Fund:		
Town Center CRA Fund	2,465,390	-
	2,465,390	-
 Total – All Funds	 \$ 2,465,390	 \$ 2,465,390

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

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

For the year ended September 30, 2020, individual fund transfers to and from other funds for the primary government were comprised of the following:

	<u>Transfer From</u>	<u>Transfer To</u>
Governmental Activities:		
General Fund:		
Debt Service Fund	\$ -	\$ 446,385
Water and Sewer Fund	1,417,754	-
Solid Waste Fund	210,569	-
Stormwater Utility Fund	223,397	-
Eastport Business Center CRA Fund:		
Debt Service Fund	-	240,790
Town Center CRA Fund:		
Debt Service Fund	-	404,738
Nonmajor Governmental Funds:		
Debt Service Fund:		
General Fund	446,385	
Eastport Business Center CRA Fund	240,790	-
Town Center CRA Fund	404,738	-
Stormwater Utility Fund	82,834	-
Internal Service Funds	621,257	-
	3,647,724	3,074,018
Business-type Activities:		
Water and Sewer Fund:		
General Fund	-	1,417,754
Solid Waste Fund:		
General Fund	-	210,569
Stormwater Utility Fund:		
General Fund	-	223,397
Debt Service Fund	-	82,834
	1,982,105	1,934,554
Internal Service Funds:		
Debt Service Fund	-	621,257
	-	621,257
Totals – All Funds	\$ 5,629,829	\$ 5,629,829

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(7) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2020, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 23,816,867	\$ 1,156,224	\$ -	\$ 24,973,091
Easements	9,481,717	1,099,703	-	10,581,420
Works of art	12,000	-	-	12,000
Construction in progress	2,035,088	3,284,437	(48,866)	5,270,659
Total assets not being depreciated	<u>35,345,672</u>	<u>5,540,364</u>	<u>(48,866)</u>	<u>40,837,170</u>
Capital assets being depreciated:				
Building & Improvements	84,437,792	621,857	-	85,059,649
Infrastructure	79,823,444	2,287,660	-	82,111,104
Machinery and equipment	32,216,017	1,374,455	(1,122,479)	32,467,993
Total assets being depreciated	196,477,253	4,283,972	(1,122,479)	199,638,746
Less accumulated depreciation	(89,613,391)	(9,873,079)	1,114,187	(98,372,283)
Total capital assets being depreciated, net	<u>106,863,862</u>	<u>(5,589,107)</u>	<u>(8,292)</u>	<u>101,266,463</u>
Governmental activities capital assets, net	<u>\$ 142,209,534</u>	<u>\$ (48,743)</u>	<u>\$ (57,158)</u>	<u>\$ 142,103,633</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 28,777,794	\$ 722,690	\$ -	\$ 29,500,484
Construction in progress	1,556,220	5,621,151	(2,302,323)	4,875,048
Total assets not being depreciated	<u>30,334,014</u>	<u>6,343,841</u>	<u>(2,302,323)</u>	<u>34,375,532</u>
Capital assets being depreciated:				
Building & Improvements	32,832,577	35,246	-	32,867,823
Infrastructure	300,078,001	4,507,368	-	304,585,369
Machinery and equipment	5,168,161	177,355	(3,797)	5,341,719
Total assets being depreciated	338,078,739	4,719,969	(3,797)	342,794,911
Less accumulated depreciation	(138,136,330)	(9,352,878)	3,797	(147,485,411)
Total capital assets being depreciated, net	<u>199,942,409</u>	<u>(4,632,909)</u>	<u>-</u>	<u>195,309,500</u>
Business-type activities capital assets, net	<u>\$ 230,276,423</u>	<u>\$ 1,710,932</u>	<u>\$ (2,302,323)</u>	<u>\$ 229,685,032</u>

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General governmental	\$ 3,967,115
Public safety	1,026,056
Transportation	3,757,547
Economic environment	406,786
Culture and recreation	715,575
Total depreciation expense - governmental activities	\$ 9,873,079
Business-type activities:	
Water and sewer	\$ 7,787,336
Solid Waste	957
Stormwater Utility	1,403,453
Golf Course	161,132
Total depreciation expense - business-type activities	\$ 9,352,878

(8) **Commitments:**

The City had active construction projects as of September 30, 2020. The projects included construction of utility improvements, road and right-of-way improvements, recreational facilities, and stormwater drainage improvements. At September 30, 2020, the City's commitments with contractors were as follows:

Project	Total Adjusted Contract Amounts	Remaining Commitment
Transportation Infrastructure Improvements	\$ 1,982,696	\$ 215,753
Stormwater Drainage Improvements	4,964,606	613,392
	\$ 6,947,302	\$ 829,145

Construction of transportation infrastructure improvements is being funded from gas tax revenues, capital project funds, and grant funding. The commitment for stormwater drainage improvements is being funded from stormwater drainage revenues.

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(9) Operating Leases:

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

At September 30, 2020, future minimum lease payments to be received under these operating leases are as follows:

<u>Year Ending September 30,</u>	<u>Total</u>
2021	\$ 1,011,200
2022	1,032,424
2023	1,052,770
2024	1,074,238
2025	1,028,079
2026-2030	<u>1,832,090</u>
Total	<u>\$ 7,030,802</u>

The following is a summary of the City's investments in property held for lease at September 30, 2020:

Land	\$ 7,011,509
Buildings	2,032,221
Improvements	12,559,590
Equipment	<u>237,495</u>
	21,840,815
Less: accumulated depreciation	<u>13,254,643</u>
Total	<u>\$ 8,586,172</u>

(10) Long-Term Liabilities:

Long-term liability activity for the year ended September 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds and notes payable:					
General obligation bonds and notes	\$ 11,375,000	\$ -	\$ (505,000)	\$ 10,870,000	\$ 520,000
Revenue bonds and notes	19,805,000	-	(980,000)	18,825,000	1,015,000
Less deferred amount:					
Original issue premium	1,505,770	-	(151,127)	1,354,643	-
Original issue (discount)	<u>(66,587)</u>	<u>-</u>	<u>7,069</u>	<u>(59,518)</u>	<u>-</u>
Total bonds and notes payable	32,619,183	-	(1,629,058)	30,990,125	1,535,000
Compensated absences	<u>2,761,912</u>	<u>1,092,230</u>	<u>(1,330,684)</u>	<u>2,523,458</u>	<u>276,190</u>
Governmental activities – Total long-term liabilities	<u>\$ 35,381,095</u>	<u>\$ 1,092,230</u>	<u>\$ (2,959,742)</u>	<u>\$33,513,583</u>	<u>\$ 1,811,190</u>

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Bonds payable:					
Revenue bonds and notes	\$ 17,155,000	\$ -	\$ (3,990,000)	\$ 13,165,000	\$ 4,065,000
Loans from other governments	13,127,314	-	(2,703,848)	10,423,466	2,325,897
Less deferred amount:					
Original issue (discount)	(41,359)	-	3,445	(37,914)	-
Total bonds and notes payable	<u>30,240,955</u>	<u>-</u>	<u>(6,690,403)</u>	<u>23,550,552</u>	<u>6,390,897</u>
Compensated absences	<u>571,196</u>	<u>447,971</u>	<u>(353,340)</u>	<u>665,827</u>	<u>57,119</u>
Business-type activities – Total long-term liabilities	<u>\$ 30,812,151</u>	<u>\$ 583,822</u>	<u>\$ (7,043,743)</u>	<u>\$ 24,216,379</u>	<u>\$ 6,448,016</u>

Bonds and notes payable in the City’s governmental activities at September 30, 2020, were comprised of the following obligations:

Series 2006 Eastport Community Redevelopment Agency Tax Increment Note, was issued to fund the construction of infrastructure improvements in the Eastport Community Redevelopment Area, due in payments of principal plus interest at 3.922% semi-annually on April 1 and October 1 of each year until final maturity on October 1, 2024. Pledged by Eastport CRA tax increment revenues.	\$ 1,065,000
Series 2007 Town Center Community Redevelopment Agency Tax Increment Note, was issued to fund the construction of infrastructure improvements in the Town Center Community Redevelopment Area, due in payments of principal plus interest ranging from 4.00% to 4.625% semi-annually on April 1 and October 1 of each year until final maturity on April 1, 2036. Pledged by Town Center tax increment revenues.	4,325,000
Series 2014 Capital Improvement Refunding Revenue Bonds were issued in the amount of \$16,350,000 to refund the City’s Capital Improvement Revenue Bonds, Series 2004, and to construct certain capital improvements in the Town Center area of the City. Bond is due in payments of principal plus interest ranging from 2.00% to 5.00% in semi-annual installments due on April 1 and October 1 through October 1, 2035. Secured by a lien upon and pledge of public service taxes imposed on certain purchases of electricity and metered or bottled gas, and communication service taxes originating within the corporate limits of the City.	<u>13,435,000</u>
Total revenue bonds	<u>18,825,000</u>
Series 2016 General Obligation Bonds were issued in the amount of \$12,895,000 to refund the City’s General Obligation Bonds, Series 2006; payments are due serially with interest rates ranging from 2.00% to 4.00%, payable in semi-annual installments due on April 1 and October 1 through April 1, 2036.	10,870,000
Total revenue and general obligation bonds	<u>29,695,000</u>
Net unamortized premiums/(discounts)	1,295,125
Total bonds and notes payable, governmental activities	<u>\$ 30,990,125</u>

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

Year Ending September 30,	General Obligation Bonds		Revenue Bonds		Total
	Principal	Interest	Principal	Interest	
2021	\$ 520,000	\$ 381,119	\$ 1,015,000	\$ 786,106	\$ 2,707,225
2022	535,000	365,519	1,055,000	744,795	2,700,314
2023	550,000	349,119	1,100,000	701,699	2,700,818
2024	570,000	333,619	1,140,000	656,869	2,700,488
2025	590,000	310,819	1,190,000	607,304	2,698,123
2026-2030	3,275,000	1,229,619	5,370,000	2,328,601	12,203,220
2031-2035	3,955,000	542,400	6,505,000	1,122,544	12,124,944
2036	875,000	26,250	1,450,000	124,107	2,475,357
Total	<u>\$ 10,870,000</u>	<u>\$ 3,538,464</u>	<u>\$18,825,000</u>	<u>\$ 7,072,025</u>	<u>\$ 40,305,489</u>

Bonds and notes payable in the City's business-type activities at September 30, 2020, were comprised of the following obligations:

Series 2005 Stormwater Utility Revenue Bonds were issued in the amount of \$7,470,000 to provide for the expansion of the City's stormwater drainage system and infrastructure. Due serially with interest rates ranging from 3.00% to 4.30%, payable in semi-annual installments due on April 1 and October 1 through October 1, 2035. Pledged by non-ad valorem stormwater drainage assessments.	\$ 4,965,000
Series 2012 Water and Sewer Refunding Revenue Bonds were issued in the amount of \$26,390,000 in July 2012 to provide for the advance refunding of the Series 2003 Bonds, which were refunded in full on October 1, 2012, and to finance the expansion of the City's water and sewer utility system. Due serially with interest rates ranging from 3.00% to 5.00%, payable in semi-annual installments due on April 1 and October 1 through October 1, 2021. Pledged by water and sewer fund revenues.	8,200,000
Total revenue bonds and notes payable, business-type activities	<u>\$ 13,165,000</u>

**CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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

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

<u>Project Loan Number</u>	<u>Original Amounts</u>	<u>Interest Rate</u>	<u>Payment Dates</u>	<u>Final Maturity</u>	<u>Balance 9/30/20</u>
Water and Sewer Fund:					
WWW72514S	\$ 7,230,813	1.425%	2/15; 8/15	2026	\$ 2,681,405
CS12072513P	13,727,360	1.525-1.635%	3/15; 9/15	2023	2,607,041
CS120725080	8,996,824	1.495-1.560%	2/15; 8/15	2021	302,614
DW6413030	4,365,810	2.580%	3/15; 9/15	2027	1,881,275
Stormwater Utility Fund:					
SW725150	5,116,928	1.195%	1/15; 7/15	2027	2,845,861
SW120725100	1,556,976	1.515%	2/15; 8/15	2021	105,270
Total					<u>\$ 10,423,466</u>

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

<u>Year Ending September 30,</u>	<u>Revenue Bonds & Notes</u>		<u>SRF Loans</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$ 4,065,000	\$ 331,483	\$ 2,325,897	\$ 263,208	\$ 6,985,588
2022	4,135,000	259,323	1,971,169	203,131	6,568,623
2023	-	222,935	2,025,813	148,488	2,397,236
2024	-	222,935	1,161,148	99,018	1,483,101
2025	-	222,935	1,191,691	68,474	1,483,100
2026-2030	1,275,000	1,070,880	1,747,748	45,550	4,139,178
2031-2035	3,005,000	571,500	-	-	3,576,500
2036	685,000	30,825	-	-	715,825
Total	<u>\$ 13,165,000</u>	<u>\$ 2,932,816</u>	<u>\$ 10,423,466</u>	<u>\$ 827,869</u>	<u>\$ 27,349,151</u>

Conduit Debt Obligation

Pursuant to the provisions of Ordinance No. 2019-17, the City authorized issuance of conduit debt in the total amount not to exceed \$19,000,000 for Palmer College Foundation, a nonprofit corporation organized and existing under the laws of the State of Iowa, also known as Palmer College Foundation, Inc. for the purpose of conducting its affairs in the State of Florida.

On June 28, 2019, the City issued its Private College Facility Revenue Bonds (Palmer Chiropractic of Chiropractic Project), Series 2019B in the aggregate principal amount of \$18,460,000. The proceeds of the bonds were loaned to Palmer College Foundation for the purpose of re-financing the outstanding City of Port Orange, Florida Tax-Exempt Revenue Note, Series 2010 (Palmer College Project) previously issued by the City to finance or re-finance the acquisition and construction of certain educational facilities on the campus of the College at 4777 City Center Parkway, Port Orange, Florida, 32129, paying the swap termination payment in connection with the cancellation of a hedging agreement associated with the prior financing, and paying costs of issuance of the bonds. Principal payments are due in quarterly installments including interest at the effective rate of 0.68% per annum through 2037. At September 30, 2020, the balance of this conduit debt outstanding is \$17,387,598.

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

(11) **Commitments and Contingencies:**

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2020. The outcomes of established claims are included in these financial statements. In the opinion of the City's legal counsel, no legal proceedings are pending or threatened against the City which are not covered by applicable insurance which would inhibit its ability to perform its operations or materially affect its financial condition.

(12) **Risk Management:**

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

The City's risk management program is achieved through the optimal combination of the purchase of commercial insurance, loss control and safety programs. The City transfers catastrophic risks of property and casualty losses through insurance policies with deductibles. The limits of these policies are \$100 million for property and \$2 million combined single limit for general and automobile liability. The City also established a limited risk management program for workers' compensation in 1999. Premiums are paid in the Self-Insurance Internal Service Fund by all other funds and are available to pay claims, claim reserves, and the administrative costs of the program. These interfund premiums are used to reduce the amount of claims expenditures reported in the various funds. As of September 30, 2020, such interfund premiums did not exceed reimbursable expenditures.

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

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

	Year ended 9/30/2020	Year ended 9/30/2019
Unpaid claims, beginning of fiscal year	\$ 404,000	\$ 396,000
Incurred (closed) claims (including IBNRs)	309,406	300,615
Claim payments	(315,406)	(292,615)
Unpaid claims, end of fiscal year	\$ 398,000	\$ 404,000

(13) **Jointly Owned Property:**

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

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

No joint operating expenses were incurred during fiscal year 2020 on the above properties. These type expenses, if incurred, would have been allocated pro-rata to each joint venture party based on their respective ownership percentages.

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

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

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

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

**CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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

Plan Membership—At October 1, 2019, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	358
Inactive Employees	46
	404

Total OPEB Liability—The City’s total OPEB liability of \$6,024,930 was measured as of September 30, 2019, one year prior to the current reporting period, and was determined by an actuarial valuation as of the date noted in the above Plan Membership section.

Actuarial Assumptions and Other Inputs—The total OPEB liability recorded at September 30, 2020, was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Inflation	2.60%
Salary increases	4.00%-7.25%
Discount rate	2.74%
Healthcare cost trend rate	Getzen Model 5.80%
	Ultimate rate reached in 2040 4.40%
Retirees’ share of benefit-related costs	100.00%

The City does not have a dedicated Trust to pay retiree healthcare benefits. The discount rate was based on the Fidelity 20-Year Municipal GO AA Index.

Mortality rates were based on the various PUB-2010 base tables, generational mortality using gender-specific MP-2018 mortality improvement projection scale.

The actuarial assumptions excluding mortality assumption used in the October 1, 2019 actuarial valuation reflect an Experience Study as of 2018 for the City of Port Orange Police Pension Fund and Experience Study as of 2019 for the City of Port Orange Fire and Rescue Pension Fund. General Employees withdrawal and disability assumption are from results of experience studies conducted by the Florida Retirement System as of 2019 and retirement and salary increased assumptions from the October 1, 2019 Actuarial Valuation. Mortality assumptions are from results of experience studies conducted by the Florida Retirement System as of 2019 for Firefighters, Police Officers and General participants

For the fiscal year ended September 30, 2020, changes in the total OPEB liability were as follows:

Balance at September 30, 2019	\$ 7,551,871
Changes for a year:	
Service cost	434,624
Interest	299,577
Changes of assumptions	549,891
Differences between expected and actual experience	(2,485,993)
Benefit payments – implicit rate subsidy	(332,431)
Net changes	(1,526,941)
Balance at September 30, 2020	\$ 6,024,930

**CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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

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

The following presents the total OPEB liability of the City calculated using the discount rate of 2.74%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 6,731,934	\$ 6,024,930	\$ 5,414,001

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

The following presents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates (5.80%-4.40%):

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 5,301,032	\$ 6,024,930	\$ 6,906,123

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

For the year ended September 30, 2020; the City recognized OPEB expense of \$384,385. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,392,488
Changes of assumptions	604,484	203,568
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 868,952</u>	<u>\$ 2,596,056</u>

With the exception of deferred outflows for contributions subsequent to the measurement date, which will be entirely recognized in fiscal year 2021, amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended September 30:</u>	
2021	\$ (357,207)
2022	(357,207)
2023	(357,207)
2024	(357,207)
2025	(334,968)
Thereafter	(227,776)

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(15) Employee Retirement Systems and Pension Funds:

A. Defined Contribution Plans

1. The City Council has adopted the International City Management Association Retirement Corporation Deferred Compensation (ICMA-RC457) Plan. This plan is available to the Mayor, City Council members, City Manager, Assistant City Manager, City Attorney, Assistant City Attorney, department heads, assistant department heads, division heads, and supervisors designated by the City Manager and approved by the City Council, who waive participation in the City of Port Orange General Employees Defined Benefit Retirement Plan as amended and restated effective October 1, 2003, hereinafter the "Plan" and other existing city or state retirement plans to which the city makes contributions, and who enroll in the ICMA-RC457 Plan. The ICMA-RC457 Plan shall also be available to general employees who on or before September 30, 2003, waive participation in the City of Port Orange General Employees Defined Benefit Plan as amended and restated effective October 1, 2003, and other existing city or state retirement plans to which the city makes contributions, and who enroll in the ICMA-RC457 Plan. If the city is not contributing to another retirement plan on behalf of an individual, then contributions by the city to the ICMA-RC457 plan shall be the same percentage or amount as established for the City of Port Orange General Employees Defined Benefit Retirement Plan as amended and restated effective October 1, 2003, or such higher percentage or amount as authorized by the City Council, which is half of employee contribution up to a maximum of 3%. Contributions by the city shall commence immediately upon the person waiving participation in the plan or other existing retirement plan, if any, and enrolling in the ICMA-RC457 Plan. All city employees shall be eligible to enroll in the ICMA-RC457 Plan for the purpose of making voluntary employee contributions to such plan. For the year ended September 30, 2020, actual employer and employee contributions to this plan totaled \$96,561 and \$625,270, respectively.
2. The City Council has adopted the International City Management Association Retirement Corporation (ICMA-RC) Money Purchase Plan and Trust for management employees. The plan is available to the management employees as follows: City Manager, Assistant City Manager, City Attorney, Assistant City Attorney, and department heads, who waive participation in the City of Port Orange General Employees Defined Benefit Retirement Plan as amended and restated effective October 1, 2003 and other existing city or state retirement plans to which the city makes contributions, and who enroll in the ICMA-RC Money Purchase Plan and Trust. Contributions by the city to the ICMA-RC Money Purchase Plan and Trust for management employees shall be the same percentage or amount as established for the City of Port Orange General Employees Defined Benefit Retirement Plan as amended and restated effective October 1, 2003 or such higher percentage or amount as authorized by the City Council which currently ranges from 10% to 12.5%. Contributions by the city shall commence immediately upon the person waiving participation in the plan or other existing retirement plan and enroll in the ICMA-RC Money Purchase Plan and Trust for management employees. For the year ended September 30, 2020, actual employer and employee contributions to this plan totaled \$92,836 and \$134,403, respectively.
3. The City Council has adopted the International City Management Association Retirement Corporation (ICMA-RC) Money Purchase Plan and Trust effective October 1, 2003, for contract employees. The plan is available to contract employees of the city, including the assistant department heads, division heads, and supervisors designated by the city manager and approved by the City Council, who waive participation in the City of Port Orange General Employees' Defined Benefit Retirement Plan as amended and restated effective October 1, 2003, and other city or state retirement plans to which the city makes contributions, and who enroll in the ICMA-RC Money Purchase Plan and Trust for contract employees. For purposes of this paragraph contract employees shall exclude the mayor, City Council members, city manager, assistant city manager, city attorney, assistant city attorney, and department heads.

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

City contributions to the ICMARC Money Purchase Plan and Trust for contract employees shall be in such percentages or amounts as are specified in the adoption agreement for such plan, or as otherwise authorized by the City Council which is currently 10%. For the year ended September 30, 2020, actual employer contributions to this plan totaled \$52,925.

4. The City Council has adopted the International City Management Association Retirement Corporation (ICMA-RC) Money Purchase Plan and Trust effective October 1, 2003, for general employees as defined in this article. The plan is available to the general employees of the city who on or before September 30, 2003, waive participation in the City of Port Orange General Employees' Defined Benefit Retirement Plan as amended and restated effective October 1, 2003, and other city or state retirement plans to which the city makes contributions, and who enroll in the ICMA-RC Money Purchase Plan and Trust for general employees. The ICMA-RC Money Purchase Plan for general employees shall also be available to general employees who are not eligible to participate in the City of Port Orange General Employees' Defined Benefit Retirement Plan (effective October 1, 2010) as amended and restated effective October 1, 2003, or any other city or state retirement plans to which the city makes contributions. City contributions to the ICMARC Money Purchase Plan and Trust for general employees shall be in such percentages or amounts as are specified in the adoption agreement for such plan, or as otherwise authorized by the City Council (currently 10%). General employees who are eligible to participate in the City of Port Orange General Employees' Defined Benefit Retirement Plan as amended and restated effective October 1, 2003, and do not waive participation in such plan on or before September 30, 2003, shall not be entitled to waive participation at any time in the future. For the year ended September 30, 2020, actual employer contributions to this plan totaled \$617,249.

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

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

B. Defined Benefit Plans

Plan Description and Administration

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

**CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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

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

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

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

Benefits Provided and Employees Covered

Each Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. Cost of living adjustments are provided to retirees and beneficiaries in accordance with the respective plan provisions. Each of the Plans has contracted with an actuary to provide an actuarial valuation of each plan as of October 1 of each year. Current membership in the employee retirement plans was composed of the following at October 1, 2020:

	General Employees Plan	Police Plan	Fire Plan
Retirees and beneficiaries currently receiving benefits, including DROP participants	105	60	59
Vested terminated employees	21	3	4
Active participants	82	78	57
Total current membership	208	141	120

General Employees Plan

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

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

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

Pursuant to Section 54-148, the General Employees Plan also contains a voluntary defined contribution component. Under this plan, employees may contribute up to 10% of their base salary. Accumulated contributions plus related earnings under this plan may be accessed by employees one time per fiscal year, or as needed under certain emergency situations. At September 30, 2020, the total voluntary account balance is \$1,659,489 and is contained in the assets as presented in the General Employees Plan.

Police Plan

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

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

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

Fire Plan

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

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

Cost-of-living adjustments (COLA's) are provided for with an annual increase of 3.0% commencing upon the 61st month following retirement for members who retired before October 1, 2003. For those who retired after October 1, 2003, with at least 20 years of credited service and who accrued benefits prior to January 1, 2013, the 3.0% annual increase will commence upon the 61st month following retirement. For all other retirees with benefits accrued prior to January 1, 2013, the annual COLA increase is 1.0% and begins on January 1 following one full year of retirement. For members with benefits accrued after January 1, 2013, and at least 25 years of credited service (or 20 years of credited services if first eligible for normal retirement at age 55 and 10 years of service), the annual COLA increase begins at the later of 8 years after retirement or age 59.5 and is equal to the lesser of 3.0% or the amount granted for Social Security benefits, and will only adjusted in years the Fire Plan meets or exceeds the actuarial assumptions, and only when the Fire Plan's plan fiduciary net position as a percentage of total pension liability exceeds 80.0%. No COLA is available to members hired after December 4, 2012.

**CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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

Financial Statements

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

Contributions

Local Ordinance No. 1999-40, No. 2002-59 and No. 2003-27 for the Municipal Firemen's, Municipal Police Officers' and General Employees' Pension Plans, respectively provide the authority under which the City establishes or amends pension policies, procedures and/or benefits. The participant contribution rates are established by and may be amended by the City Council. Participant contribution rates for the General Employees Plan, Police Plan, and Fire Plan are 7.50%, 8.00% (7.50% for employees hired prior to January 31, 2011), and 8.00% (7.50% for employees hired prior to December 4, 2012), respectively, of covered payroll. The City's annual required contribution for the current year was determined as part of the October 1, 2018, actuarial valuations. The City is required under the Florida Protection of Public Employee Retirement Benefits Act to meet required contribution amounts. The City's contributions (and if applicable, any liquidations of a net pension obligation) to the Police and Fire Plans are funded by the General Fund, while the General Employees' Plan contributions are funded by the General Fund and various enterprise funds.

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

For the year ended September 30, 2020, contributions to the City's pension plans were as follows:

	General Employees Plan	Police Plan	Fire Plan	Total
Employee contributions	\$ 275,875	\$ 372,178	\$ 226,546	\$ 874,599
City contributions	849,692	2,846,074	2,225,281	5,921,047
State contributions	-	498,650	427,496	926,146
Total contributions	<u>\$ 1,125,567</u>	<u>\$ 3,716,902</u>	<u>\$ 2,879,323</u>	<u>\$ 7,721,792</u>

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

Investment Policy

See Note (4) for additional discussion of the investment policies for each of the Plans. The following was the asset allocation policy for each of the plans at September 30, 2020:

Asset Class	Target Asset Allocation		
	General Employees Plan	Police Plan	Fire Plan
Domestic equity	45.00%	50.00%	35.00%
International equity	10.00%	15.00%	15.00%
Convertible securities	0.00%	0.00%	10.00%
Domestic fixed income	25.00%	22.50%	30.00%
International fixed income	0.00%	2.50%	0.00%
Real estate	20.00%	10.00%	5.00%
Hedge funds	0.00%	0.00%	5.00%

Net Pension Liability

The components of the net pension liability of the pension plans at September 30, 2020, were as follows:

	General Employees Plan	Police Plan	Fire Plan	Total
Total pension liability	\$ 40,065,749	\$ 55,805,677	\$ 51,125,756	\$ 146,997,182
Plan fiduciary net position	(34,864,427)	(45,974,445)	(35,183,110)	(116,021,982)
Net pension liability	\$ 5,201,322	\$ 9,831,232	\$ 15,942,646	\$ 30,975,200

Plan fiduciary net position as percentage of total pension liability	87.02%	82.38%	68.82%	78.93%
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The total pension liability was determined by actuarial valuations as of October 1, 2020, and measurement date of September 30, 2020, using the following actuarial assumptions to all measurement periods.

	General Employees Plan	Police Plan	Fire Plan
Inflation	3.00%	2.00%	2.70%
Salary increases	4.00%	7.25%	Service-based
Investment rate of return	6.75%	7.15%	7.35%
Mortality table	RP-2000, Scale BB	2020 FRS Special Risk	2020 FRS Special Risk

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

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of September 30, 2020, are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return		
	General Employees Plan	Police Plan	Fire Plan
Domestic equity	4.50%	7.50%	8.50%
International equity	5.20%	8.50%	4.10%
Domestic fixed income	1.50%	2.50%	3.70%
International fixed income	n/a	3.50%	n/a
Convertibles	n/a	n/a	7.90%
Real estate	4.50%	4.50%	5.00%
Hedge funds	n/a	n/a	7.90%

Note: While the weighted composite average for the General Employee Plan return does not add up to the return used as the discount rate, recent history of the trust in exceeding the assumed rate, along with prevailing practice among similar public pension systems, has led management to continue to assume the current rate. The long-term expected rates shown above were provided by the Plan's financial advisor using JP Morgan's 2020 capital markets assumptions. They are presented net of expected inflation.

Discount rate:

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

Changes in net pension liability:

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

	General Employees Plan		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a - b)
Beginning Balance	\$ 38,524,193	\$ 33,479,720	\$ 5,044,473
Changes for year:			
Service cost	466,411	-	466,411
Interest	2,791,733	-	2,791,733
Differences between expected/actual experience	(630,928)	-	(630,928)
Assumption changes	1,506,303	-	1,506,303
Contributions – employer	-	849,692	(849,692)
Contributions – employee	-	275,875	(275,875)
Net investment income	-	2,927,287	(2,927,287)
Benefit payments, including refunds	(2,591,963)	(2,591,963)	-
Administrative expenses	-	(76,184)	76,184
Net changes	1,541,556	1,384,707	156,849
Ending Balance	\$ 40,065,749	\$ 34,864,427	\$ 5,201,322

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

	Police Plan		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a - b)
Beginning Balance	\$ 54,870,495	\$ 41,000,175	\$ 13,870,320
Changes for year:			
Service cost	1,089,767	-	1,089,767
Interest	3,948,829	-	3,948,829
Differences between expected/actual experience	(512,876)	-	512,876
Changes of assumptions	(854,131)	-	854,131
Contributions – employer	-	2,846,074	(2,846,074)
Contributions – state	-	498,650	(498,650)
Contributions – employee	-	372,178	(372,178)
Net investment income	-	4,115,061	(4,115,061)
Benefit payments, including refunds	(2,736,407)	(2,736,407)	-
Administrative expenses	-	(121,286)	121,286
Net changes	<u>935,185</u>	<u>4,974,270</u>	<u>(4,039,088)</u>
Ending Balance	<u>\$ 55,805,677</u>	<u>\$ 45,974,445</u>	<u>\$ 9,831,232</u>

	Fire Plan		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a - b)
Beginning Balance	\$ 49,758,067	\$ 32,285,024	\$ 17,473,043
Changes for year:			
Service cost	570,654	-	570,654
Interest	3,601,516	-	3,601,516
Differences between expected/actual experience	569,957	-	569,957
Changes of assumptions	(717,430)	-	(717,430)
Contributions – employer	-	2,225,281	(2,225,281)
Contributions – state	-	427,496	(427,496)
Contributions – employee	-	226,546	(226,546)
Net investment income	-	2,769,135	(2,769,135)
Benefit payments, including refunds	(2,657,008)	(2,657,008)	-
Administrative expenses	-	(86,848)	86,848
Net changes	<u>1,367,689</u>	<u>2,898,085</u>	<u>(1,530,397)</u>
Ending Balance	<u>\$ 51,125,756</u>	<u>\$ 35,183,110</u>	<u>\$ 15,942,646</u>

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

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

Plan	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
General Employees	6.75%	\$ 9,446,769	\$ 5,201,322	\$ 1,333,454
Police	7.15%	16,901,086	9,831,232	3,982,520
Fire	7.35%	22,112,836	15,942,646	10,832,236
Total		<u>\$ 48,460,691</u>	<u>\$ 30,975,200</u>	<u>\$ 16,148,210</u>

**CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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

For the year ended September 30, 2020, the annual-money weighted rate of return on each pension plan investments, net of pension plan investment expense was as follows:

	General Employees Plan	Police Plan	Fire Plan
Annual money-weighted rate of return	8.78%	9.26%	8.61%

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

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

For the year ended September 30, 2020, the City recognized pension expense of \$720,624, \$2,059,225, and \$2,719,948 in the General Employees, Police, and Fire pension plans, respectively, for a total of \$5,499,797.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	General Employees Plan		Police Plan		Fire Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (669,447)	\$ 235,578	\$ (393,603)	\$ 737,450	\$ (573,944)
Changes of assumptions	2,223,450	-	483,164	(655,496)	1,051,667	-
Net different between projected and actual investment earnings	-	(750,796)	-	(333,627)	166,705	-
	\$ 2,223,450	\$ (1,420,243)	\$ 718,742	\$ (1,382,726)	\$ 1,955,822	\$ (573,944)

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

	General Employees Plan	Police Plan	Fire Plan
2021	\$ 19,757	\$ (61,060)	\$ 661,269
2022	290,957	(106,458)	456,812
2023	531,176	(175,197)	371,581
2024	(38,683)	(321,269)	(107,784)
2025	-	-	-
Thereafter	-	-	-

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

C. Pension Fund Financial Statements

The City does not issue separate financial statements for the Fire Plan; separate audits and financial statements have been issued for the Police Plan and the General Employee Plan. The basic financial statements of the City include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position that presents a single column presented by fund type for all pension trust funds. Presented below are the financial statements for each pension trust fund as of and for the year ended September 30, 2020:

COMBINING SCHEDULE OF NET POSITION – FIDUCIARY FUNDS

	<u>Fire Plan</u>	<u>Police Plan</u>	<u>General Plan</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents with trustee	\$ 1,550,973	\$ 394,273	\$ 700,482	\$ 2,645,728
Prepaid benefit payments	-	223,778	213,116	436,894
Receivables				
Interest and dividends receivable	87,330	100,353	56,520	244,203
Investments, at fair value				
U.S. Treasury and agency obligations	5,707,565	-	4,453,710	10,161,275
Corporate and municipal debt obligations	5,790,781	-	3,939,240	9,730,021
Corporate equity securities	10,493,012	-	16,032,241	26,525,253
Mutual funds	10,215,618	41,655,374	-	51,870,992
Real estate funds	1,461,343	3,609,417	6,904,045	11,974,805
Partnerships	-	-	4,224,560	4,224,560
Total investments	<u>33,668,319</u>	<u>45,264,791</u>	<u>35,553,796</u>	<u>114,486,906</u>
Total assets	<u>\$ 35,306,622</u>	<u>\$ 45,983,195</u>	<u>\$ 36,523,914</u>	<u>\$ 117,813,731</u>
LIABILITIES				
Accounts payable	<u>\$ 123,512</u>	<u>\$ 9,375</u>	<u>\$ -</u>	<u>\$ 132,887</u>
NET POSITION				
Restricted for pensions	<u>\$ 35,183,110</u>	<u>\$ 45,973,820</u>	<u>\$ 36,523,914</u>	<u>\$ 117,680,844</u>

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

COMBINING SCHEDULE OF CHANGES IN NET POSITION – FIDUCIARY FUNDS

	<u>Fire Plan</u>	<u>Police Plan</u>	<u>General Plan</u>	<u>Total</u>
Additions				
Contributions:				
Employer	\$ 2,225,281	\$ 2,846,074	\$ 849,692	\$ 5,921,047
Plan members	226,546	372,178	275,875	874,599
State - insurance premium taxes	427,496	498,650	-	926,146
Total contributions	<u>2,879,323</u>	<u>3,716,902</u>	<u>1,125,567</u>	<u>7,721,792</u>
Investment earnings				
Net appreciation (depreciation) in fair value of investments	2,105,312	3,178,362	2,530,081	7,813,755
Interest and dividends	825,565	992,266	626,940	2,444,771
Total investment earnings	<u>2,930,877</u>	<u>4,170,628</u>	<u>3,157,021</u>	<u>10,258,526</u>
Less: investment expense	<u>(161,741)</u>	<u>(56,192)</u>	<u>(113,580)</u>	<u>(331,513)</u>
Net investment income (loss)	<u>2,769,136</u>	<u>4,114,436</u>	<u>3,043,441</u>	<u>9,927,013</u>
Total additions	<u>5,648,459</u>	<u>7,831,338</u>	<u>4,169,008</u>	<u>17,648,805</u>
Deductions				
Benefit payments and refunds	2,657,008	2,736,407	2,591,963	7,985,378
Administrative expenses	93,364	121,286	76,185	290,835
Total deductions	<u>2,750,372</u>	<u>2,857,693</u>	<u>2,668,148</u>	<u>8,276,213</u>
Change in net position	<u>2,898,087</u>	<u>4,973,645</u>	<u>1,500,860</u>	<u>9,372,592</u>
Net position restricted for pensions, beginning of year	32,285,023	41,000,175	35,023,054	108,308,252
Net position restricted for pensions, end of year	<u>\$ 35,183,110</u>	<u>\$ 45,973,820</u>	<u>\$ 36,523,914</u>	<u>\$ 117,680,844</u>

(16) **Tax Abatements:**

The City entered into an agreement with a local corporation to abate certain ad valorem taxes in exchange for economic incentives. Article VII, Section 3 of the Florida Constitution and Section 16.1995, Florida Statutes, and the electorate of the City, have granted City Council the authority to grant property tax exemptions for new business and expansions of existing businesses. The City Council approved Resolution 17-14, granting the corporation an ad valorem tax rebate over the life of the agreement. During the year ended September 30, 2020, no taxes were abated.

CITY OF PORT ORANGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(17) Deficit Fund Balances:

At September 30, 2020, the Town Center Community Redevelopment Agency Special Revenue Fund reported a fund balance deficit of (\$4,121,617). This cumulative deficit was the result of making excess capital expenditures that are expected to be recovered from subsequent periods' tax increment revenues.

At September 30, 2020, the Transportation Capital Projects Fund reported a fund balance deficit of (\$159,731). This continuing deficit was created through the transferring of funds to other governmental activities for projects that were expected to be financed with the proceeds of concurrency agreements with external parties.

At September 30, 2020, the Grants Fund reported a fund balance deficit of (\$39,636). This continuing deficit is expected to be covered through future grant reimbursements.

At September 30, 2020, the General Obligation Capital Projects Fund reported a fund balance deficit of (\$5,258). This continuing deficit is expected to be covered through future general fund subsidies.

(18) Prior Period Restatements:

The beginning net position of the golf course fund and the City's business-type activities have been increased by \$122,029 related to prior year unearned revenues that were overstated by this amount.

(19) Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for fiscal years subsequent to September 30, 2020, that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City's financial statements:

- (a) GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017. GASB 84 improves guidance regarding the identification and reporting of fiduciary activities. The provisions in GASB 84 are effective for periods beginning after December 15, 2019.
- (b) GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.

(20) Contingencies – COVID-19:

During the year ended September 30, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending and investment markets have been substantially impacted. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the City as of June 30, 2021, management believes that a material impact on City's financial position and results of future operations is reasonably possible.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 434,624	\$ 447,656	\$ 463,725
Interest	299,577	269,510	232,930
Benefit changes	7,391	-	-
Difference between expected and actual experience	(2,485,993)	-	(461,907)
Changes of assumptions	549,891	(284,994)	229,965
Benefit payments - implicit rate subsidy	(332,431)	(263,588)	(261,178)
Net change in total OPEB liability	(1,526,941)	168,584	203,535
Total OPEB liability - beginning of year	7,551,871	7,383,287	7,179,752
Total OPEB liability - end of year	<u>\$ 6,024,930</u>	<u>\$ 7,551,871</u>	<u>\$ 7,383,287</u>
Covered payroll	\$ 17,892,048	\$ 19,225,613	\$ 18,572,129
Total OPEB liability as a percentage of covered payroll	33.67%	39.28%	39.75%

Notes to Schedule:

Measurement Date	10/1/2019	10/1/2018	10/1/2017
Valuation date:	10/1/2019	10/1/2017	10/1/2017

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

2.74%	3.83%	3.50%
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*10 years of data will be presented as it becomes available.

CITY OF PORT ORANGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
GENERAL EMPLOYEES PLAN
SEPTEMBER 30, 2020
(UNAUDITED)

Fiscal Year Ending September 30,	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 466,411	\$ 482,939	\$ 495,961	\$ 573,319	\$ 575,977	\$ 616,351	\$ 632,402
Interest	2,791,733	2,784,226	2,586,918	2,478,603	2,470,374	2,378,040	2,258,110
Difference between actual and expected experience	(630,928)	(164,290)	(39,970)	796,937	(903,297)	(63,305)	(20,332)
Assumption changes	1,506,303	-	-	(69,325)	2,428,892	544,414	390,940
Benefit payments including refunds of contributions	(2,591,963)	(2,600,808)	(2,558,198)	(2,154,821)	(2,043,177)	(1,798,774)	(1,662,044)
Net change in total pension liability	1,541,556	502,067	484,711	1,624,713	2,528,769	1,676,726	1,599,076
Total pension liability - beginning	38,524,193	38,022,126	37,537,415	35,912,702	33,383,933	31,707,207	30,108,131
Total pension liability - ending (a)	<u>\$ 40,065,749</u>	<u>\$ 38,524,193</u>	<u>\$ 38,022,126</u>	<u>\$ 37,537,415</u>	<u>\$ 35,912,702</u>	<u>\$ 33,383,933</u>	<u>\$ 31,707,207</u>
Total Fiduciary Net Position							
Contributions - employer	\$ 849,692	\$ 866,364	\$ 735,559	\$ 794,333	\$ 880,209	\$ 673,300	\$ 702,741
Contributions - employee	275,875	305,057	318,883	360,185	396,597	397,523	405,427
Net investment income	2,927,287	1,138,227	3,846,860	3,368,574	2,811,791	657,572	2,694,117
Benefit payments, including refunds of contributions	(2,591,963)	(2,600,808)	(2,558,198)	(2,154,821)	(2,043,177)	(1,798,774)	(1,662,044)
Administrative expense	(76,184)	(80,128)	(73,629)	(75,902)	(86,458)	(73,962)	(78,229)
Net change in plan fiduciary net position	1,384,707	(371,288)	2,269,475	2,292,369	1,958,962	(144,341)	2,062,012
Plan fiduciary net position - beginning	33,479,720	33,851,008	31,581,533	29,289,164	27,330,202	27,474,543	25,412,531
Plan fiduciary net position - ending (b)	<u>\$ 34,864,427</u>	<u>\$ 33,479,720</u>	<u>\$ 33,851,008</u>	<u>\$ 31,581,533</u>	<u>\$ 29,289,164</u>	<u>\$ 27,330,202</u>	<u>\$ 27,474,543</u>
Net pension liability - ending (a) - (b)	<u>\$ 5,201,322</u>	<u>\$ 5,044,473</u>	<u>\$ 4,171,118</u>	<u>\$ 5,955,882</u>	<u>\$ 6,623,538</u>	<u>\$ 6,053,731</u>	<u>\$ 4,232,664</u>
Plan fiduciary net position as a percentage of the total pension liability	87.02%	86.91%	89.03%	84.13%	81.56%	81.87%	86.65%
Covered payroll	\$ 3,678,337	\$ 4,067,567	\$ 4,251,780	\$ 4,802,452	\$ 5,287,951	\$ 5,300,301	\$ 5,170,450
Net pension liability as a percentage of covered payroll	141.40%	124.02%	98.10%	124.02%	125.26%	114.21%	81.86%
Plan fiduciary net position for financial statement purposes also includes the following amounts for voluntary contributions:	\$ 1,659,489	\$ 1,543,336	\$ 1,514,307	\$ 1,445,671	\$ 1,341,946	\$ 1,475,816	\$ 1,508,671

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

CITY OF PORT ORANGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE PLAN
SEPTEMBER 30, 2020
(UNAUDITED)

Fiscal Year Ending September 30,	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 1,089,767	\$ 1,046,453	\$ 933,544	\$ 820,072	\$ 885,450	\$ 801,785	\$ 753,000
Interest	3,948,829	3,777,855	3,603,240	3,425,372	3,371,771	3,257,812	3,123,215
Changes in benefit terms	-	-	-	(7,192)	-	-	-
Difference between actual and expected experience	(512,876)	228,731	413,041	397,703	(950,704)	609,774	557,616
Assumption changes	(854,131)	646,883	485,735	585,900	771,544	568,624	56,887
Benefit payments including refunds of contributions	(2,736,407)	(2,614,086)	(2,425,157)	(2,256,996)	(3,144,461)	(3,415,712)	(2,165,565)
Net change in total pension liability	935,182	3,085,836	3,010,403	2,964,859	933,600	1,822,283	2,325,153
Total pension liability - beginning	54,870,495	51,784,659	48,774,256	45,809,397	44,875,797	43,053,514	40,728,361
Total pension liability - ending (a)	<u>\$ 55,805,677</u>	<u>\$ 54,870,495</u>	<u>\$ 51,784,659</u>	<u>\$ 48,774,256</u>	<u>\$ 45,809,397</u>	<u>\$ 44,875,797</u>	<u>\$ 43,053,514</u>
Total Fiduciary Net Position							
Contributions - employer	\$ 2,846,074	\$ 3,051,552	\$ 2,813,517	\$ 2,824,801	\$ 2,817,806	\$ 2,731,326	\$ 2,670,260
Contributions - state	498,650	485,030	444,090	397,680	373,343	345,822	331,402
Contributions - employee	372,178	378,935	375,306	355,777	336,731	326,566	301,375
Net investment income	4,115,061	1,404,369	2,948,620	3,063,317	1,688,832	(21,228)	1,812,759
Benefit payments, including refunds of contributions	(2,736,407)	(2,614,086)	(2,425,157)	(2,256,996)	(3,151,653)	(3,415,712)	(2,165,565)
Administrative expense	(121,286)	(129,585)	(116,145)	(106,538)	(116,769)	(104,276)	(103,311)
Net change in plan fiduciary net position	4,974,270	2,576,215	4,040,231	4,278,041	1,948,290	(137,502)	2,846,920
Plan fiduciary net position - beginning	41,000,175	38,423,960	34,383,729	30,105,688	28,157,398	28,294,900	25,447,980
Plan fiduciary net position - ending (b)	<u>\$ 45,974,445</u>	<u>\$ 41,000,175</u>	<u>\$ 38,423,960</u>	<u>\$ 34,383,729</u>	<u>\$ 30,105,688</u>	<u>\$ 28,157,398</u>	<u>\$ 28,294,900</u>
Net pension liability - ending (a) - (b)	<u>\$ 9,831,232</u>	<u>\$ 13,870,320</u>	<u>\$ 13,360,699</u>	<u>\$ 14,390,527</u>	<u>\$ 15,703,709</u>	<u>\$ 16,718,399</u>	<u>\$ 14,758,614</u>
Plan fiduciary net position as a percentage of the total pension liability	82.38%	74.72%	74.20%	70.50%	65.72%	62.75%	65.72%
Covered payroll	\$ 4,798,318	\$ 4,893,948	\$ 4,855,965	\$ 4,622,671	\$ 4,275,349	\$ 4,293,316	\$ 3,944,464
Net pension liability as a percentage of covered payroll	204.89%	283.42%	275.14%	311.30%	367.31%	389.41%	374.16%

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

CITY OF PORT ORANGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIRE PLAN
SEPTEMBER 30, 2020
(UNAUDITED)

Fiscal Year Ending September 30,	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 570,654	\$ 511,607	\$ 506,131	\$ 468,739	\$ 424,216	\$ 411,997	\$ 379,866
Interest	3,601,516	3,443,468	3,348,084	3,225,607	3,037,757	2,987,593	2,934,569
Changes in benefit terms	-	(8,591)	-	-	(1,577)	-	-
Difference between actual and expected experience	569,957	337,913	21,178	367,210	(100,351)	(20,660)	-
Contributions - buy back	-	-	12,086	-	-	-	-
Assumption changes	(717,430)	1,349,692	528,047	549,204	2,361,584	420,007	-
Benefit payments including refunds of contributions	(2,657,008)	(2,571,837)	(2,534,625)	(2,436,218)	(3,208,450)	(2,154,771)	(3,195,972)
Net change in total pension liability	1,367,689	3,062,252	1,880,901	2,174,542	2,513,179	1,644,166	118,463
Total pension liability - beginning	49,758,067	46,695,815	44,814,914	42,640,372	40,127,193	38,483,027	38,364,564
Total pension liability - ending (a)	<u>\$ 51,125,756</u>	<u>\$ 49,758,067</u>	<u>\$ 46,695,815</u>	<u>\$ 44,814,914</u>	<u>\$ 42,640,372</u>	<u>\$ 40,127,193</u>	<u>\$ 38,483,027</u>
Total Fiduciary Net Position							
Contributions - employer	\$ 2,225,281	\$ 2,509,962	\$ 2,582,544	\$ 2,449,781	\$ 2,459,983	\$ 2,321,223	\$ 2,911,058
Contributions - state	427,496	395,108	388,246	351,038	367,918	391,117	386,195
Contributions - employee	226,546	226,090	217,736	209,651	200,780	182,394	176,907
Contributions - buy back	-	-	12,086	-	-	-	-
Net investment income	2,769,135	1,576,221	1,718,519	2,516,903	2,064,410	218,115	1,715,914
Benefit payments, including refunds of contributions	(2,657,008)	(2,571,837)	(2,534,625)	(2,436,218)	(3,208,450)	(2,154,771)	(3,195,972)
Administrative expense	(93,365)	(86,848)	(69,199)	(57,973)	(72,625)	(77,530)	(53,503)
Net change in plan fiduciary net position	2,898,085	2,048,696	2,315,307	3,033,182	1,812,016	880,548	1,940,599
Plan fiduciary net position - beginning	32,285,024	30,236,328	27,921,021	24,887,839	23,075,823	22,195,275	20,254,676
Plan fiduciary net position - ending (b)	<u>\$ 35,183,109</u>	<u>\$ 32,285,024</u>	<u>\$ 30,236,328</u>	<u>\$ 27,921,021</u>	<u>\$ 24,887,839</u>	<u>\$ 23,075,823</u>	<u>\$ 22,195,275</u>
Net pension liability - ending (a) - (b)	<u>\$ 15,942,647</u>	<u>\$ 17,473,043</u>	<u>\$ 16,459,487</u>	<u>\$ 16,893,893</u>	<u>\$ 17,752,533</u>	<u>\$ 17,051,370</u>	<u>\$ 16,287,752</u>
Plan fiduciary net position as a percentage of the total pension liability	68.82%	64.88%	64.75%	62.30%	58.37%	57.51%	57.68%
Covered payroll	\$ 2,940,474	\$ 2,936,534	\$ 2,837,507	\$ 2,735,484	\$ 2,629,023	\$ 2,571,913	\$ 2,247,991
Net pension liability as a percentage of covered payroll	542.18%	595.02%	580.07%	617.58%	675.25%	662.98%	724.55%

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

**CITY OF PORT ORANGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
GENERAL EMPLOYEES PLAN
SEPTEMBER 30, 2020
(UNAUDITED)**

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2020	\$ 849,696	\$ 849,692	\$ 4	\$ 3,678,337	23.10%
2019	866,392	866,364	28	4,067,567	21.30%
2018	735,558	735,559	(1)	4,251,780	17.30%
2017	744,380	794,333	(49,953)	4,622,671	17.18%
2016	739,845	880,209	(140,364)	4,275,349	20.59%
2015	673,138	673,300	(162)	4,293,316	15.68%
2014	702,741	702,741	-	3,944,464	17.82%

Notes to Schedule:

Valuation Date: 10/1/2020

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Aggregate
Amortization Method:	N/A based on funding method. Gains and losses are included in the Normal Cost and amortized over the weighted expected future working lifetime of active members.
Asset Valuation Method:	5-year smoothed market
Inflation:	3.00%
Salary Increases:	4.00%, including inflation
Investment Rate of Return:	6.75%, net of pension plan investment expense including inflation Contributions beginning 2018 based on 7.0% rate phased in over 3 years from 7.5%
Mortality:	RP-2000 Combined Mortality Table using Scale BB projected generationally
Retirement Age:	Normal retirement date (NRD) or on valuation date if past NRD

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

**CITY OF PORT ORANGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
POLICE PLAN
SEPTEMBER 30, 2020
(UNAUDITED)**

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2020	\$ 3,344,724	\$ 3,344,724	\$ -	\$ 4,798,318	69.71%
2019	3,240,623	3,536,582	(295,959)	4,893,948	72.26%
2018	3,197,607	3,257,607	(60,000)	4,855,965	67.08%
2017	3,214,965	3,222,481	(7,516)	4,622,671	69.71%
2016	3,054,694	3,191,149	(136,455)	4,275,349	74.64%
2015	2,916,745	3,077,148	(160,403)	4,293,316	71.67%
2014	2,826,275	3,001,662	(175,387)	3,944,464	76.10%
2013	2,515,286	2,814,596	(299,310)	3,575,109	78.73%
2012	2,304,028	2,393,122	(89,094)	3,460,703	69.15%
2011	2,071,957	2,841,994	(770,037)	3,212,337	88.47%

Notes to Schedule:

Valuation Date: 10/1/2020

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method:	Entry Age
Amortization Method:	Level percent of pay, closed
Remaining Amortization Period:	25 years for change in Plan provisions, assumptions, and methods. (2015 and later) 30 years for plan provisions; 15 years for actuarial gains and losses (prior to 2015)
Asset Valuation Method:	5-year smoothed market
Inflation:	2.00%
Salary Increases:	7.5% (7.25% beginning October 1, 2018)
Investment Rate of Return:	7.75%, net of pension plan investment expense including inflation, as of 10/1/14 (7.65% beginning with 2016 contributions; 7.55% with 2017 contributions) (7.45% beginning with 2018 contributions, 7.35% with 2019 contributions) (7.15 with 2020 contributions)
Mortality:	The mortality table was revised with the October 1, 2020 actuarial valuation to be that used for special risk employees in the valuation of the Florida Retirement System (FRS) as of July 1, 2019 and 2020, as required by state statute.
Retirement Age:	Members hired after January 31, 2011 – 100% at age 48 and 10 years of service Members hired before January 31, 2011 – 100% at age 45 with 25 years of service or at age 48 with 10 years of service

**CITY OF PORT ORANGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FIRE PLAN
SEPTEMBER 30, 2020
(UNAUDITED)**

Fiscal Year	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2020	\$ 2,619,962	\$ 2,652,777	\$ (32,815)	\$ 2,940,474	90.22%
2019	2,739,786	2,905,070	(165,284)	2,936,534	98.93%
2018	2,897,095	2,970,790	(73,695)	2,837,507	104.70%
2017	2,776,516	2,800,819	(24,303)	2,735,484	102.39%
2016	2,689,491	2,827,901	(138,410)	2,629,023	107.56%
2015	2,691,757	2,712,340	(20,583)	2,571,913	105.46%
2014	2,888,498	3,190,654	(302,156)	2,247,991	141.93%
2013	2,303,358	2,303,358	-	2,092,775	110.06%

Notes to Schedule:

Valuation Date: 10/1/2018

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Entry Age Normal
Amortization Method: Level Percentage of Pay, Closed
Remaining Amortization Period: 28 Years (as of 10/1/2017)
Asset Valuation Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing geometric 4-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value.
Salary Increases: 4.00% to 7.00% based on years of service
Interest Rate: 7.50% per year, compounded annually, net of investment-related expenses.
Payroll Growth: None.
Cost-of-Living Adjustment:
 "Frozen Benefit" At least 20 years at retirement: 3% per year beginning 5 years after retirement. Otherwise, 1% per year beginning 1 year after retirement.
 "Future Service Piece" At least 25 years at retirement: 2.5% per year beginning in 2026 and the later of 8 years after retirement and age 59.5
Retirement Rates:
 "Frozen Benefit" Old Normal Retirement Date (30%); Old Normal Retirement Date + 1 (15%); Old Normal Retirement Date + 2 (15%); Old Normal Retirement Date + 3 (15%); Old Normal Retirement Date + 4 (15%); Old Normal Retirement Date + 5 (100%)
 "Future Service Piece" New Normal Retirement Date (100%)
Termination Rates: See table below.
Disability Rates: See table below. 75% of disability occurrences are assumed to be service-connected.
Mortality: RP-2000 Table with no projection – based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. Disability mortality is set

Termination and Disability Rate Table

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

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

**CITY OF PORT ORANGE, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF INVESTMENT RETURNS
 SEPTEMBER 30, 2020**

For the Year Ending September 30,	General Employees Plan	Police Plan	Fire Plan
2020	8.78%	9.26%	8.61%
2019	3.44%	3.24%	5.22%
2018	12.47%	8.45%	6.13%
2017	11.72%	10.34%	10.11%
2016	11.50%	6.18%	9.01%
2015	2.43%	-0.49%	0.98%
2014	10.87%	7.48%	8.54%

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

SUPPORTING SCHEDULES

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

**CITY OF PORT ORANGE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	<u>Special Revenue Funds</u>						<u>Debt Service</u>
	<u>Business Development</u>	<u>Recreation Facilities</u>	<u>Community Development Building</u>	<u>Community Development Block Grant</u>	<u>Grants</u>	<u>Total</u>	
ASSETS							
Equity in pooled cash and cash equivalents	\$ 118,430	\$ 449,204	\$ 4,352,964	\$ 32,500	\$ (1,343,178)	\$ 3,609,920	\$ 2,002,571
Investments	-	-	-	-	-	-	150,152
Receivables, net	-	37,448	-	-	-	37,448	2,830
Due from other governments	-	-	-	-	2,219,875	2,219,875	296
Total assets	<u>\$ 118,430</u>	<u>\$ 486,652</u>	<u>\$ 4,352,964</u>	<u>\$ 32,500</u>	<u>\$ 876,697</u>	<u>\$ 5,867,243</u>	<u>\$ 2,155,849</u>
LIABILITIES							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 78,956	\$ 22,530	\$ 916,333	\$ 1,017,819	\$ -
Customer deposits	-	-	10,060	-	-	10,060	-
Total liabilities	<u>-</u>	<u>-</u>	<u>89,016</u>	<u>22,530</u>	<u>916,333</u>	<u>1,027,879</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	-	-	-	-	-	-	2,830
FUND BALANCES							
Restricted for:							
Public safety	-	-	-	-	-	-	-
Inspections	-	-	4,263,948	-	-	4,263,948	-
Debt service	-	-	-	-	-	-	2,153,019
Capital improvements	-	-	-	-	-	-	-
Transportation sales tax	-	-	-	-	-	-	-
Transportation impact	-	-	-	-	-	-	-
Committed to:							
Recreation facility improvements	-	486,652	-	-	-	486,652	-
Assigned to:							
Capital improvements	-	-	-	-	-	-	-
Business development	118,430	-	-	-	-	118,430	-
General government	-	-	-	9,970	-	9,970	-
Unassigned	-	-	-	-	(39,636)	(39,636)	-
Total fund balances	<u>118,430</u>	<u>486,652</u>	<u>4,263,948</u>	<u>9,970</u>	<u>(39,636)</u>	<u>4,839,364</u>	<u>2,153,019</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 118,430</u>	<u>\$ 486,652</u>	<u>\$ 4,352,964</u>	<u>\$ 32,500</u>	<u>\$ 876,697</u>	<u>\$ 5,867,243</u>	<u>\$ 2,155,849</u>

**CITY OF PORT ORANGE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

Capital Project Funds										Total Nonmajor Governmental Funds
General Construction	Transportation Capital Projects	Fire Impact	Transportation Impact	General Obligation Capital Projects	Capital Replacement	Economic Development Capital	2014 Capital Improvement Bond Project	Recreation Impact	Total	
\$ 3,129,637	\$ 759,019	\$ 905,820	\$ 2,886,435	\$ (193,791)	\$ 1,083,615	\$ 14,805	\$ 7,474	\$ 2,166,697	\$ 10,759,711	\$ 16,372,202
-	-	-	-	188,533	-	-	-	-	188,533	338,685
-	-	-	-	-	-	-	-	-	-	40,278
230,021	-	-	5,773	-	3,895	-	-	-	239,689	2,459,860
<u>\$ 3,359,658</u>	<u>\$ 759,019</u>	<u>\$ 905,820</u>	<u>\$ 2,892,208</u>	<u>\$ (5,258)</u>	<u>\$ 1,087,510</u>	<u>\$ 14,805</u>	<u>\$ 7,474</u>	<u>\$ 2,166,697</u>	<u>\$ 11,187,933</u>	<u>\$ 19,211,025</u>
\$ 238,890	\$ 51,046	\$ -	\$ -	\$ -	\$ 62,621	\$ -	\$ -	\$ -	\$ 352,557	\$ 1,370,376
-	867,704	-	-	-	-	-	-	-	867,704	877,764
<u>238,890</u>	<u>918,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,220,261</u>	<u>2,248,140</u>
-	-	-	-	-	-	-	-	-	-	2,830
-	-	905,820	-	-	-	-	-	-	905,820	905,820
-	-	-	-	-	-	-	-	-	-	4,263,948
-	-	-	-	-	-	-	-	-	-	2,153,019
-	-	-	-	-	-	14,805	7,474	2,166,697	2,188,976	2,188,976
3,120,768	-	-	-	-	-	-	-	-	3,120,768	3,120,768
-	-	-	2,892,208	-	-	-	-	-	2,892,208	2,892,208
-	-	-	-	-	-	-	-	-	-	486,652
-	-	-	-	-	1,024,889	-	-	-	1,024,889	1,024,889
-	-	-	-	-	-	-	-	-	-	118,430
-	-	-	-	-	-	-	-	-	-	9,970
-	(159,731)	-	-	(5,258)	-	-	-	-	(164,989)	(204,625)
<u>3,120,768</u>	<u>(159,731)</u>	<u>905,820</u>	<u>2,892,208</u>	<u>(5,258)</u>	<u>1,024,889</u>	<u>14,805</u>	<u>7,474</u>	<u>2,166,697</u>	<u>9,967,672</u>	<u>16,960,055</u>
<u>\$ 3,359,658</u>	<u>\$ 759,019</u>	<u>\$ 905,820</u>	<u>\$ 2,892,208</u>	<u>\$ (5,258)</u>	<u>\$ 1,087,510</u>	<u>\$ 14,805</u>	<u>\$ 7,474</u>	<u>\$ 2,166,697</u>	<u>\$ 11,187,933</u>	<u>\$ 19,211,025</u>

**CITY OF PORT ORANGE, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Special Revenue Funds						
	Business Development	Recreation Facilities	Community Development Building	Community Development Block Grant	Grants	Total	Debt Service
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 914,539
Permits and fees	-	-	2,011,840	-	-	2,011,840	-
Intergovernmental	-	-	-	303,316	2,674,338	2,977,654	-
Charges for services	-	242,694	-	-	-	242,694	-
Fines and forfeitures	-	-	-	-	-	-	-
Investment income	1,637	6,679	73,504	830	-	82,650	23,531
Miscellaneous	-	68	378	-	-	446	-
Total revenues	1,637	249,441	2,085,722	304,146	2,674,338	5,315,284	938,070
Expenditures							
Current:							
General government	-	-	1,608,568	-	187,920	1,796,488	-
Public safety	-	-	-	-	79,488	79,488	-
Transportation	-	-	-	-	-	-	-
Economic environment	-	-	-	2,240	-	2,240	-
Culture and recreation	-	70	-	-	-	70	-
Capital outlay	-	7,050	1,653	308,408	464,461	781,572	-
Debt service:							
Principal retirement	-	-	-	-	-	-	1,485,000
Interest and fiscal charges	-	-	-	-	-	-	1,210,522
Other charges	-	-	-	-	-	-	2,250
Refunding bond issuance costs	-	-	-	-	-	-	-
Total expenditures	-	7,120	1,610,221	310,648	731,869	2,659,858	2,697,772
Excess (deficiency) of revenues over expenditures	1,637	242,321	475,501	(6,502)	1,942,469	2,655,426	(1,759,702)
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	1,796,004
Transfers out	-	-	-	-	(1,982,105)	(1,982,105)	-
Total other financing sources (uses)	-	-	-	-	(1,982,105)	(1,982,105)	1,796,004
Net change in fund balances	1,637	242,321	475,501	(6,502)	(39,636)	673,321	36,302
Fund balances, beginning of year	116,793	244,331	3,788,447	16,472	-	4,166,043	2,116,717
Fund balances, end of year	\$ 118,430	\$ 486,652	\$ 4,263,948	\$ 9,970	\$ (39,636)	\$ 4,839,364	\$ 2,153,019

**CITY OF PORT ORANGE, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Capital Project Funds										Total Nonmajor Governmental Funds
General Construction	Transportation Capital Projects	Fire Impact	Transportation Impact	General Obligation Capital Projects	Capital Replacement	Economic Development Capital	2014 Capital Improvement Bond Project	Recreation Impact	Total	
\$ 1,352,865	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,352,865	\$ 2,267,404
-	329,958	157,120	174,095	-	-	-	-	703,925	1,365,098	3,376,938
(17,026)	-	-	5,773	-	38,072	-	-	-	26,819	3,004,473
-	-	-	-	-	-	-	-	-	-	242,694
-	-	-	-	-	-	-	-	-	-	-
67,219	14,684	14,859	51,468	5,931	25,267	86	60	34,232	213,806	319,987
2,815	-	-	-	-	-	-	-	-	2,815	3,261
<u>1,405,873</u>	<u>344,642</u>	<u>171,979</u>	<u>231,336</u>	<u>5,931</u>	<u>63,339</u>	<u>86</u>	<u>60</u>	<u>738,157</u>	<u>2,961,403</u>	<u>9,214,757</u>
115,778	-	-	-	-	1,090	-	-	-	116,868	1,913,356
-	-	3,142	-	-	-	-	-	-	3,142	82,630
236,080	-	-	3,482	-	-	-	-	-	239,562	239,562
-	-	-	-	-	-	-	-	-	-	2,240
-	-	-	-	-	-	-	-	14,078	14,078	14,148
1,618,095	163,589	12,585	237,690	339,038	1,124,036	-	-	-	3,495,033	4,276,605
-	-	-	-	-	-	-	-	-	-	1,485,000
-	195	-	-	-	-	-	-	-	195	1,210,717
-	-	-	-	-	-	-	-	-	-	2,250
-	-	-	-	-	-	-	-	-	-	-
<u>1,969,953</u>	<u>163,784</u>	<u>15,727</u>	<u>241,172</u>	<u>339,038</u>	<u>1,125,126</u>	<u>-</u>	<u>-</u>	<u>14,078</u>	<u>3,868,878</u>	<u>9,226,508</u>
<u>(564,080)</u>	<u>180,858</u>	<u>156,252</u>	<u>(9,836)</u>	<u>(333,107)</u>	<u>(1,061,787)</u>	<u>86</u>	<u>60</u>	<u>724,079</u>	<u>(907,475)</u>	<u>(11,751)</u>
-	-	-	-	-	-	-	-	-	-	1,796,004
-	-	-	-	-	-	-	-	-	-	(1,982,105)
-	-	-	-	-	-	-	-	-	-	(186,101)
<u>(564,080)</u>	<u>180,858</u>	<u>156,252</u>	<u>(9,836)</u>	<u>(333,107)</u>	<u>(1,061,787)</u>	<u>86</u>	<u>60</u>	<u>724,079</u>	<u>(907,475)</u>	<u>(197,852)</u>
3,684,848	(340,589)	749,568	2,902,044	327,849	2,086,676	14,719	7,414	1,442,618	10,875,147	17,157,907
<u>\$ 3,120,768</u>	<u>\$ (159,731)</u>	<u>\$ 905,820</u>	<u>\$ 2,892,208</u>	<u>\$ (5,258)</u>	<u>\$ 1,024,889</u>	<u>\$ 14,805</u>	<u>\$ 7,474</u>	<u>\$ 2,166,697</u>	<u>\$ 9,967,672</u>	<u>\$ 16,960,055</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUSINESS DEVELOPMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 1,637	\$ 1,637
Total revenues	<u>-</u>	<u>-</u>	<u>1,637</u>	<u>1,637</u>
Expenditures				
Current:				
Economic environment	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>1,637</u>	<u>1,637</u>
Fund balances, beginning of year	116,793	116,793	116,793	-
Fund balances, end of year	<u>\$ 116,793</u>	<u>\$ 116,793</u>	<u>\$ 118,430</u>	<u>\$ 1,637</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - RECREATION FACILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for services	\$ 223,608	\$ 223,608	\$ 242,694	\$ 19,086
Investment income	3,000	3,000	6,679	3,679
Miscellaneous	-	-	68	68
Total revenues	<u>226,608</u>	<u>226,608</u>	<u>249,441</u>	<u>22,833</u>
Expenditures				
Current:				
Culture and recreation	226,608	228,079	70	228,009
Capital outlay	-	81,429	7,050	74,379
Total expenditures	<u>226,608</u>	<u>309,508</u>	<u>7,120</u>	<u>302,388</u>
Net change in fund balances	-	(82,900)	242,321	325,221
Fund balances, beginning of year	244,331	244,331	244,331	-
Fund balances, end of year	<u>\$ 244,331</u>	<u>\$ 161,431</u>	<u>\$ 486,652</u>	<u>\$ 325,221</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT BUILDING
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Permits and fees	\$ 1,775,000	\$ 1,779,500	\$ 2,011,840	\$ 232,340
Investment income	15,000	15,000	73,504	58,504
Miscellaneous	4,500	-	378	378
Total revenues	<u>1,794,500</u>	<u>1,794,500</u>	<u>2,085,722</u>	<u>291,222</u>
Expenditures				
Current:				
General government:				
Planning and community development	1,975,259	2,964,550	1,608,392	1,356,158
Nondepartmental	-	-	176	(176)
Capital outlay	<u>10,000</u>	<u>257,293</u>	<u>1,653</u>	<u>255,640</u>
Total expenditures	<u>1,985,259</u>	<u>3,221,843</u>	<u>1,610,221</u>	<u>1,611,622</u>
Net change in fund balances	<u>(190,759)</u>	<u>(1,427,343)</u>	<u>475,501</u>	<u>1,902,844</u>
Fund balances, beginning of year	3,788,447	3,788,447	3,788,447	-
Fund balances, end of year	<u>\$ 3,597,688</u>	<u>\$ 2,361,104</u>	<u>\$ 4,263,948</u>	<u>\$ 1,902,844</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT BLOCK GRANT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 347,231	\$ 347,231	\$ 303,316	\$ (43,915)
Investment income	-	-	830	830
Total revenues	<u>347,231</u>	<u>347,231</u>	<u>304,146</u>	<u>(43,085)</u>
Expenditures				
Current:				
General government:				
Finance and administration	-	67,206	-	67,206
Economic environment	69,446	2,240	2,240	-
Capital outlay	277,785	743,235	308,408	434,827
Total expenditures	<u>347,231</u>	<u>812,681</u>	<u>310,648</u>	<u>502,033</u>
Net change in fund balances	<u>-</u>	<u>(465,450)</u>	<u>(6,502)</u>	<u>458,948</u>
Fund balances, beginning of year	16,472	16,472	16,472	-
Fund balances, end of year	<u>\$ 16,472</u>	<u>\$ (448,978)</u>	<u>\$ 9,970</u>	<u>\$ 458,948</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GRANTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ 1,711,975	\$ 2,674,338	\$ 962,363
Total revenues	<u>-</u>	<u>1,711,975</u>	<u>2,674,338</u>	<u>962,363</u>
Expenditures				
Current:				
General government:				
Planning and community development	-	-	187,920	(187,920)
Public safety:				
Law enforcement	-	13,232	79,488	(66,256)
Capital outlay	-	1,698,743	464,461	1,234,282
Total expenditures	<u>-</u>	<u>1,711,975</u>	<u>731,869</u>	<u>980,106</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1,942,469</u>	<u>1,942,469</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(1,982,105)	(1,982,105)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,982,105)</u>	<u>(1,982,105)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(39,636)</u>	<u>(39,636)</u>
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (39,636)</u>	<u>\$ (39,636)</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes	\$ 902,020	\$ 902,020	\$ 914,539	\$ 12,519
Investment income	4,000	4,000	23,531	19,531
Total revenues	<u>906,020</u>	<u>906,020</u>	<u>938,070</u>	<u>32,050</u>
Expenditures				
Debt service:				
Principal retirement	1,485,000	1,485,000	1,485,000	-
Interest and fiscal charges	1,217,024	1,217,024	1,212,772	4,252
Total expenditures	<u>2,702,024</u>	<u>2,702,024</u>	<u>2,697,772</u>	<u>4,252</u>
Excess (deficiency) of revenues over expenditures	<u>(1,796,004)</u>	<u>(1,796,004)</u>	<u>(1,759,702)</u>	<u>36,302</u>
Other financing sources (uses)				
Transfers in	1,796,004	1,796,004	1,796,004	-
Net change in fund balances	<u>-</u>	<u>-</u>	<u>36,302</u>	<u>36,302</u>
Fund balances, beginning of year	2,116,717	2,116,717	2,116,717	-
Fund balances, end of year	<u>\$ 2,116,717</u>	<u>\$ 2,116,717</u>	<u>\$ 2,153,019</u>	<u>\$ 36,302</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL CONSTRUCTION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,268,084	\$ 1,268,084	\$ 1,352,865	\$ 84,781
Intergovernmental	-	233,368	(17,026)	(250,394)
Investment income	15,000	15,000	67,219	52,219
Miscellaneous	-	-	2,815	2,815
Total revenues	<u>1,283,084</u>	<u>1,516,452</u>	<u>1,405,873</u>	<u>(110,579)</u>
Expenditures				
Current:				
General government:				
Planning and community development	-	-	115,778	(115,778)
Transportation	503,844	507,485	236,080	271,405
Capital outlay	1,050,500	4,047,918	1,618,095	2,429,823
Total expenditures	<u>1,554,344</u>	<u>4,555,403</u>	<u>1,969,953</u>	<u>2,585,450</u>
Net change in fund balances	<u>(271,260)</u>	<u>(3,038,951)</u>	<u>(564,080)</u>	<u>2,474,871</u>
Fund balances, beginning of year	3,684,848	3,684,848	3,684,848	-
Fund balances, end of year	<u>\$ 3,413,588</u>	<u>\$ 645,897</u>	<u>\$ 3,120,768</u>	<u>\$ 2,474,871</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TRANSPORTATION CAPITAL PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Permits and fees	\$ -	\$ -	\$ 329,958	\$ 329,958
Investment income	-	-	14,684	14,684
Total revenues	<u>-</u>	<u>-</u>	<u>344,642</u>	<u>344,642</u>
Expenditures				
Capital outlay	-	213,495	163,589	49,906
Debt service:				
Interest and fiscal charges	-	-	195	(195)
Total expenditures	<u>-</u>	<u>213,495</u>	<u>163,784</u>	<u>49,711</u>
Net change in fund balances	<u>-</u>	<u>(213,495)</u>	<u>180,858</u>	<u>394,353</u>
Fund balances, beginning of year	(340,589)	(340,589)	(340,589)	-
Fund balances, end of year	<u>\$ (340,589)</u>	<u>\$ (554,084)</u>	<u>\$ (159,731)</u>	<u>\$ 394,353</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FIRE IMPACT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Permits and fees	\$ 177,900	\$ 177,900	\$ 157,120	\$ (20,780)
Investment income	3,000	3,000	14,859	11,859
Total revenues	<u>180,900</u>	<u>180,900</u>	<u>171,979</u>	<u>(8,921)</u>
Expenditures				
Current:				
Public safety:				
Fire safety	550,558	621,797	15,727	606,070
Net change in fund balances	<u>(369,658)</u>	<u>(440,897)</u>	<u>156,252</u>	<u>597,149</u>
Fund balances, beginning of year	749,568	749,568	749,568	-
Fund balances, end of year	<u>\$ 379,910</u>	<u>\$ 308,671</u>	<u>\$ 905,820</u>	<u>\$ 597,149</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TRANSPORTATION IMPACT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Permits and fees	\$ 140,000	\$ 140,682	\$ 174,095	\$ 33,413
Intergovernmental	-	4,177	5,773	1,596
Investment income	5,000	5,000	51,468	46,468
Total revenues	<u>145,000</u>	<u>149,859</u>	<u>231,336</u>	<u>81,477</u>
Expenditures				
Current:				
Transportation	45,000	55,251	3,482	51,769
Capital outlay	100,000	696,156	237,690	458,466
Total expenditures	<u>145,000</u>	<u>751,407</u>	<u>241,172</u>	<u>510,235</u>
Net change in fund balances	<u>-</u>	<u>(601,548)</u>	<u>(9,836)</u>	<u>591,712</u>
Fund balances, beginning of year	2,902,044	2,902,044	2,902,044	-
Fund balances, end of year	<u>\$ 2,902,044</u>	<u>\$ 2,300,496</u>	<u>\$ 2,892,208</u>	<u>\$ 591,712</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL OBLIGATION CAPITAL PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 5,931	\$ 5,931
Total revenues	<u>-</u>	<u>-</u>	<u>5,931</u>	<u>5,931</u>
Expenditures				
Capital outlay	-	348,034	339,038	8,996
Total expenditures	<u>-</u>	<u>348,034</u>	<u>339,038</u>	<u>8,996</u>
Net change in fund balances	<u>-</u>	<u>(348,034)</u>	<u>(333,107)</u>	<u>14,927</u>
Fund balances, beginning of year	327,849	327,849	327,849	-
Fund balances, end of year	<u>\$ 327,849</u>	<u>\$ (20,185)</u>	<u>\$ (5,258)</u>	<u>\$ 14,927</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL REPLACEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ 870,370	\$ 38,072	\$ (832,298)
Investment income	2,500	2,500	25,267	22,767
Total revenues	<u>2,500</u>	<u>872,870</u>	<u>63,339</u>	<u>(809,531)</u>
Expenditures				
Current:				
General government:				
Planning and community development	-	2,180	1,090	1,090
Nondepartmental	2,500	2,500	-	2,500
Capital outlay	200,000	2,834,969	1,124,036	1,710,933
Total expenditures	<u>202,500</u>	<u>2,839,649</u>	<u>1,125,126</u>	<u>1,714,523</u>
Excess (deficiency) of revenues over expenditures	<u>(200,000)</u>	<u>(1,966,779)</u>	<u>(1,061,787)</u>	<u>904,992</u>
Other financing sources (uses)				
Transfers in	200,000	400,000	-	(400,000)
Net change in fund balances	<u>-</u>	<u>(1,566,779)</u>	<u>(1,061,787)</u>	<u>504,992</u>
Fund balances, beginning of year	2,086,676	2,086,676	2,086,676	-
Fund balances, end of year	<u>\$ 2,086,676</u>	<u>\$ 519,897</u>	<u>\$ 1,024,889</u>	<u>\$ 504,992</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ECONOMIC DEVELOPMENT CAPITAL
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Investment income	\$ -	\$ -	\$ 86	\$ 86
Total revenues	<u>-</u>	<u>-</u>	<u>86</u>	<u>86</u>
Expenditures				
Current:				
General government:				
Nondepartmental	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>86</u>	<u>86</u>
Fund balances, beginning of year	14,719	14,719	14,719	-
Fund balances, end of year	<u>\$ 14,719</u>	<u>\$ 14,719</u>	<u>\$ 14,805</u>	<u>\$ 86</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - 2014 CAPITAL IMPROVEMENT BOND PROJECT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 60	\$ 60
Total revenues	<u>-</u>	<u>-</u>	<u>60</u>	<u>60</u>
Expenditures				
Current:				
General government:				
Nondepartmental	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>60</u>	<u>60</u>
Fund balances, beginning of year	7,414	7,414	7,414	-
Fund balances, end of year	<u>\$ 7,414</u>	<u>\$ 7,414</u>	<u>\$ 7,474</u>	<u>\$ 60</u>

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - RECREATION IMPACT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Permits and fees	\$ 590,165	\$ 592,441	\$ 703,925	\$ 111,484
Intergovernmental	-	400,000	-	(400,000)
Investment income	2,000	2,000	34,232	32,232
Total revenues	<u>592,165</u>	<u>994,441</u>	<u>738,157</u>	<u>(256,284)</u>
Expenditures				
Current:				
Culture and recreation	11,803	14,079	14,078	1
Capital outlay	400,000	1,359,750	-	1,359,750
Debt service:				
Principal retirement	207,208	207,208	-	207,208
Interest and fiscal charges	10,361	10,361	-	10,361
Total expenditures	<u>629,372</u>	<u>1,591,398</u>	<u>14,078</u>	<u>1,577,320</u>
Net change in fund balances	<u>(37,207)</u>	<u>(596,957)</u>	<u>724,079</u>	<u>1,321,036</u>
Fund balances, beginning of year	1,442,618	1,442,618	1,442,618	-
Fund balances, end of year	<u>\$ 1,405,411</u>	<u>\$ 845,661</u>	<u>\$ 2,166,697</u>	<u>\$ 1,321,036</u>

**CITY OF PORT ORANGE, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2020**

	<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Self- Insurance</u>	<u>Lease & Replacement</u>	<u>Building Maintenance</u>	<u>Loan Pool</u>	<u>Total</u>
ASSETS							
Equity in pooled cash	\$ 773,220	\$ 140,671	\$ 1,000,627	\$ 2,493,071	\$ 883,406	\$ 3,604,634	\$ 8,895,629
Accounts receivable, net	-	-	24,649	-	-	-	24,649
Due from other governments	-	201	41	-	731	-	973
Prepaid items	-	-	434,121	-	1,164	-	435,285
Due from other funds	-	-	-	-	-	2,465,390	2,465,390
Total current assets	<u>773,220</u>	<u>140,872</u>	<u>1,459,438</u>	<u>2,493,071</u>	<u>885,301</u>	<u>6,070,024</u>	<u>11,821,926</u>
Noncurrent assets:							
Capital assets:							
Building and improvements	-	234,752	-	-	393,118	-	627,870
Machinery and equipment	829,650	214,488	172,962	26,400,325	613,860	-	28,231,285
Construction in progress	13,070	-	-	1,567,251	26,343	-	1,606,664
Accumulated depreciation	(828,472)	(278,388)	(138,217)	(19,134,015)	(653,442)	-	(21,032,534)
Total capital assets, net	<u>14,248</u>	<u>170,852</u>	<u>34,745</u>	<u>8,833,561</u>	<u>379,879</u>	<u>-</u>	<u>9,433,285</u>
Advances to other funds	-	-	-	-	-	157,364	157,364
Total noncurrent assets	<u>14,248</u>	<u>170,852</u>	<u>34,745</u>	<u>8,833,561</u>	<u>379,879</u>	<u>157,364</u>	<u>9,590,649</u>
Total assets	<u>\$ 787,468</u>	<u>\$ 311,724</u>	<u>\$ 1,494,183</u>	<u>\$ 11,326,632</u>	<u>\$ 1,265,180</u>	<u>\$ 6,227,388</u>	<u>\$ 21,412,575</u>
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 146,433	\$ 26,795	\$ 343,813	\$ 50,542	\$ 67,464	\$ -	\$ 635,047
Estimated claims payable	-	-	398,000	-	-	-	398,000
Compensated absences	10,493	2,422	394	-	2,839	-	16,148
Total current liabilities	<u>156,926</u>	<u>29,217</u>	<u>742,207</u>	<u>50,542</u>	<u>70,303</u>	<u>-</u>	<u>1,049,195</u>
Noncurrent liabilities:							
Compensated absences	123,651	23,570	44,111	-	42,782	-	234,114
Total liabilities	<u>\$ 280,577</u>	<u>\$ 52,787</u>	<u>\$ 786,318</u>	<u>\$ 50,542</u>	<u>\$ 113,085</u>	<u>\$ -</u>	<u>\$ 1,283,309</u>
NET POSITION							
Net investment in capital assets	\$ 14,248	\$ 170,852	\$ 34,745	\$ 8,833,561	\$ 379,879	\$ -	\$ 9,433,285
Unrestricted	492,643	88,085	673,120	2,442,529	772,216	6,227,388	10,695,981
Total net position	<u>\$ 506,891</u>	<u>\$ 258,937</u>	<u>\$ 707,865</u>	<u>\$ 11,276,090</u>	<u>\$ 1,152,095</u>	<u>\$ 6,227,388</u>	<u>\$ 20,129,266</u>

CITY OF PORT ORANGE, FLORIDA
COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Self- Insurance</u>	<u>Lease & Replacement</u>	<u>Building Maintenance</u>	<u>Loan Pool</u>	<u>Total</u>
Operating revenues							
Charges for services	\$ 2,620,558	\$ 1,152,210	\$ 1,785,984	\$ 2,802,681	\$ 2,589,895	\$ -	\$ 10,951,328
Other revenues	2,168	2,166	112,985	356	874	-	118,549
Total operating revenues	<u>2,622,726</u>	<u>1,154,376</u>	<u>1,898,969</u>	<u>2,803,037</u>	<u>2,590,769</u>	<u>-</u>	<u>11,069,877</u>
Operating expenses							
Personal services	975,879	370,059	308,561	-	524,229	-	2,178,728
Contractual services	737,234	236,706	185,671	130,049	211,451	-	1,501,111
Other operating expenses	592,183	494,026	683,856	4,760	954,740	-	2,729,565
Insurance claims and expenses	-	-	702,606	-	-	-	702,606
Depreciation	1,377	38,158	7,365	2,943,167	25,591	-	3,015,658
Total operating expenses	<u>2,306,673</u>	<u>1,138,949</u>	<u>1,888,059</u>	<u>3,077,976</u>	<u>1,716,011</u>	<u>-</u>	<u>10,127,668</u>
Operating income (loss)	<u>316,053</u>	<u>15,427</u>	<u>10,910</u>	<u>(274,939)</u>	<u>874,758</u>	<u>-</u>	<u>942,209</u>
Nonoperating revenues (expenses)							
Interest earnings	10,037	2,787	42,809	44,995	16,953	132,332	249,913
Gain (loss) on disposition of capital assets	-	-	-	250,513	-	-	250,513
Total nonoperating revenues (expenses)	<u>10,037</u>	<u>2,787</u>	<u>42,809</u>	<u>295,508</u>	<u>16,953</u>	<u>132,332</u>	<u>500,426</u>
Income (loss) before contributions and transfers	<u>326,090</u>	<u>18,214</u>	<u>53,719</u>	<u>20,569</u>	<u>891,711</u>	<u>132,332</u>	<u>1,442,635</u>
Transfers out	-	-	-	-	(621,257)	-	(621,257)
Change in net position	<u>326,090</u>	<u>18,214</u>	<u>53,719</u>	<u>20,569</u>	<u>270,454</u>	<u>132,332</u>	<u>821,378</u>
Net position, beginning of year	180,801	240,723	654,146	11,255,521	881,641	6,095,056	19,307,888
Net position, end of year	<u>\$ 506,891</u>	<u>\$ 258,937</u>	<u>\$ 707,865</u>	<u>\$ 11,276,090</u>	<u>\$ 1,152,095</u>	<u>\$ 6,227,388</u>	<u>\$ 20,129,266</u>

**CITY OF PORT ORANGE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2020**

	<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Self- Insurance</u>	<u>Lease & Replacement</u>	<u>Building Maintenance</u>	<u>Loan Pool</u>	<u>Total</u>
Cash flows from operating activities							
Cash received from customers	\$ 2,622,726	\$ 1,154,377	\$ 1,900,892	\$ 2,803,037	\$ 2,590,769	\$ -	\$ 11,071,801
Cash paid to employees	(946,666)	(368,290)	(273,995)	-	(507,002)	-	(2,095,953)
Cash paid to suppliers	(1,217,388)	(714,861)	(1,953,882)	(487,063)	(1,264,211)	-	(5,637,405)
Net cash provided by (used in) operating activities	<u>458,672</u>	<u>71,226</u>	<u>(326,985)</u>	<u>2,315,974</u>	<u>819,556</u>	<u>-</u>	<u>3,338,443</u>
Cash flows from noncapital financing activities							
Transfers to other funds	-	-	-	-	(621,257)	-	(621,257)
Intergovernmental grant proceeds	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	(113,116)	(113,116)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(621,257)</u>	<u>(113,116)</u>	<u>(734,373)</u>
Cash flows from capital and related financing activities							
Acquisition and construction of capital assets	(13,070)	(72,462)	-	(2,478,359)	(126,322)	-	(2,690,213)
Cash flows from investing activities							
Interest received	10,037	2,787	42,809	44,995	16,953	132,332	249,913
Net change in cash and cash equivalents	<u>455,639</u>	<u>1,551</u>	<u>(284,176)</u>	<u>(117,390)</u>	<u>88,930</u>	<u>19,216</u>	<u>163,770</u>
Cash and cash equivalents, beginning of year	317,581	139,120	1,284,803	2,610,461	794,476	3,585,418	8,731,859
Cash and cash equivalents, end of year	<u>\$ 773,220</u>	<u>\$ 140,671</u>	<u>\$ 1,000,627</u>	<u>\$ 2,493,071</u>	<u>\$ 883,406</u>	<u>\$ 3,604,634</u>	<u>\$ 8,895,629</u>
Cash and cash equivalents classified as:							
Unrestricted	<u>\$ 773,220</u>	<u>\$ 140,671</u>	<u>\$ 1,000,627</u>	<u>\$ 2,493,071</u>	<u>\$ 883,406</u>	<u>\$ 3,604,634</u>	<u>\$ 8,895,629</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 316,053	\$ 15,427	\$ 10,910	\$ (274,939)	\$ 874,758	\$ -	\$ 942,209
Adjustments to reconcile net operating income to net cash provided by (used in) operating activities:							
Depreciation	1,377	38,158	7,365	2,943,167	25,591	-	3,015,658
Changes in assets and liabilities:							
Accounts receivable	-	-	1,923	-	-	-	1,923
Due from other governments	-	1	-	-	-	-	1
Prepaid items	-	-	(344,640)	-	(1,164)	-	(345,804)
Accounts payable and accrued liabilities	112,029	15,871	(37,109)	(352,254)	(96,856)	-	(358,319)
Compensated absences	29,213	1,769	40,566	-	17,227	-	88,775
Claims liability	-	-	(6,000)	-	-	-	(6,000)
Net cash provided by (used in) operating activities	<u>\$ 458,672</u>	<u>\$ 71,226</u>	<u>\$ (326,985)</u>	<u>\$ 2,315,974</u>	<u>\$ 819,556</u>	<u>\$ -</u>	<u>\$ 3,338,443</u>

Statistical Section

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and help make comparisons over time and with other governments.

Operating Information

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

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

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
September 30, 2020
CITY OF PORT ORANGE, FLORIDA
(Accrual basis of accounting)
(Shown in thousands)

Table I

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental Activities:										
Net investment in capital assets.....	\$ 111,157	\$ 109,638	\$ 107,192	\$ 100,978	\$ 99,823	\$ 96,276	\$ 95,288	\$ 90,770	\$ 87,750	\$ 85,065
Restricted.....	16,104	15,822	15,804	14,912	11,769	15,597	18,164	17,480	15,730	13,831
Unrestricted.....	<u>(12,169)</u>	<u>(16,286)</u>	<u>(15,824)</u>	<u>(5,988)</u>	<u>(5,457)</u>	<u>(8,215)</u>	<u>24,170</u>	<u>24,317</u>	<u>23,972</u>	<u>22,911</u>
Total governmental activities net position.....	<u>\$ 115,092</u>	<u>\$ 109,174</u>	<u>\$ 107,172</u>	<u>\$ 109,902</u>	<u>\$ 106,135</u>	<u>\$ 103,658</u>	<u>\$ 137,622</u>	<u>\$ 132,567</u>	<u>\$ 127,452</u>	<u>\$ 121,807</u>
Business-type Activities:										
Net investment in capital assets.....	\$ 206,168	\$ 200,127	\$ 194,473	\$ 189,582	\$ 191,186	\$ 180,198	\$ 174,390	\$ 167,342	\$ 162,682	\$ 151,064
Restricted.....	21,143	19,778	18,185	15,090	8,764	14,299	15,142	14,549	14,541	20,344
Unrestricted.....	<u>33,442</u>	<u>32,699</u>	<u>30,596</u>	<u>27,682</u>	<u>22,687</u>	<u>19,633</u>	<u>19,379</u>	<u>19,082</u>	<u>16,023</u>	<u>16,311</u>
Total business-type activities net position.....	<u>\$ 260,753</u>	<u>\$ 252,604</u>	<u>\$ 243,254</u>	<u>\$ 232,354</u>	<u>\$ 222,637</u>	<u>\$ 214,130</u>	<u>\$ 208,911</u>	<u>\$ 200,973</u>	<u>\$ 193,246</u>	<u>\$ 187,719</u>
Primary Government:										
Net investment in capital assets.....	\$ 317,325	\$ 309,765	\$ 301,665	\$ 290,560	\$ 291,009	\$ 276,474	\$ 269,678	\$ 258,112	\$ 250,432	\$ 236,129
Restricted.....	37,247	35,600	33,989	30,002	20,533	29,896	33,306	32,029	30,271	34,175
Unrestricted.....	<u>21,273</u>	<u>16,413</u>	<u>14,772</u>	<u>21,694</u>	<u>17,230</u>	<u>11,418</u>	<u>43,549</u>	<u>43,399</u>	<u>39,995</u>	<u>39,222</u>
Total primary government net position.....	<u>\$ 375,845</u>	<u>\$ 361,778</u>	<u>\$ 350,426</u>	<u>\$ 342,256</u>	<u>\$ 328,772</u>	<u>\$ 317,788</u>	<u>\$ 346,533</u>	<u>\$ 333,540</u>	<u>\$ 320,698</u>	<u>\$ 309,526</u>

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

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
September 30, 2020
CITY OF PORT ORANGE, FLORIDA
(Accrual basis of accounting)
(Shown in thousands)

Table II

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses:										
Governmental Activities:										
General government.....	\$ 9,942	\$ 7,320	\$ 8,241	\$ 14,791	\$ 6,418	\$ 5,840	\$ 5,084	\$ 5,509	\$ 5,101	\$ 7,554
Public safety.....	23,586	23,543	22,052	20,330	20,010	18,562	19,807	19,193	17,735	18,229
Transportation.....	6,587	6,989	6,535	6,460	5,934	5,491	2,225	2,017	2,957	2,981
Economic environment.....	422	40	24	36	95	36	95	111	234	333
Culture/recreation.....	4,591	5,654	5,186	4,478	4,264	4,094	3,889	3,843	3,721	3,681
Interest on long-term debt.....	1,099	1,142	1,199	1,263	1,659	1,715	2,100	1,937	2,018	2,116
Total governmental activities expenses.....	<u>46,227</u>	<u>44,688</u>	<u>43,237</u>	<u>47,358</u>	<u>38,380</u>	<u>35,738</u>	<u>33,200</u>	<u>32,610</u>	<u>31,766</u>	<u>34,894</u>
Business-Type Activities:										
Water.....	22,849	20,575	20,215	20,465	20,671	20,800	20,870	19,795	19,341	20,875
Solid waste.....	7,737	7,709	7,098	6,965	6,711	6,573	6,456	6,213	6,218	7,764
Stormwater.....	3,991	3,834	3,456	3,412	3,116	3,165	1,966	1,901	1,944	2,521
Golf course.....	1,598	1,538	1,545	1,492	1,507	1,530	1,638	1,552	1,550	1,543
Total business-type activities expenses.....	<u>36,175</u>	<u>33,656</u>	<u>32,314</u>	<u>32,334</u>	<u>32,005</u>	<u>32,068</u>	<u>30,930</u>	<u>29,461</u>	<u>29,053</u>	<u>32,703</u>
Total primary government expenses.....	<u>\$ 82,402</u>	<u>\$ 78,344</u>	<u>\$ 75,551</u>	<u>\$ 79,692</u>	<u>\$ 70,385</u>	<u>\$ 67,806</u>	<u>\$ 64,130</u>	<u>\$ 62,071</u>	<u>\$ 60,819</u>	<u>\$ 67,597</u>
Program Revenues:										
Governmental Activities:										
Charges for services:										
General government.....	\$ 5,573	\$ 3,259	\$ 3,238	\$ 3,098	\$ 1,934	\$ 2,510	\$ 2,384	\$ 2,402	\$ 2,166	\$ 2,380
Public safety.....	1,276	826	616	631	1,532	327	444	416	463	1,653
Transportation.....	243	170	165	160	143	208	42	104	297	273
Economic environment.....	4	3	2	7	28	28	30	30	33	-
Culture/recreation.....	332	733	718	708	736	701	687	1,006	1,180	991
Operating grants and contributions.....	1,391	2,191	1,605	7,873	1,313	1,213	1,281	1,155	1,138	181
Capital grants and contributions.....	8,095	3,061	8,348	6,176	4,877	3,768	3,473	3,716	2,674	1,006
Total governmental activities program revenues	<u>16,914</u>	<u>10,243</u>	<u>14,692</u>	<u>18,653</u>	<u>10,563</u>	<u>8,755</u>	<u>8,341</u>	<u>8,829</u>	<u>7,951</u>	<u>6,484</u>
Business-Type Activities:										
Charges for services:										
Water and sewer.....	27,784	27,260	27,178	27,379	26,979	25,925	25,133	23,807	24,858	24,416
Solid waste.....	7,414	7,379	7,250	7,129	7,170	7,052	6,984	6,724	6,792	8,033
Stormwater.....	4,569	4,485	4,543	3,924	3,884	3,861	3,808	3,802	3,716	3,738
Golf course.....	1,351	1,232	1,396	1,342	1,245	1,005	1,493	1,591	1,634	1,619
Operating grants and contributions.....	-	-	-	156	-	-	-	-	-	-
Capital grants and contributions.....	1,613	2,734	3,812	3,628	2,003	2,182	2,824	3,644	1,231	1,660
Total business-type activities program revenue..	<u>42,731</u>	<u>43,090</u>	<u>44,179</u>	<u>43,558</u>	<u>41,281</u>	<u>40,025</u>	<u>40,242</u>	<u>39,568</u>	<u>38,231</u>	<u>39,466</u>
Total primary government program revenues.....	<u>\$ 59,645</u>	<u>\$ 53,333</u>	<u>\$ 58,871</u>	<u>\$ 62,211</u>	<u>\$ 51,844</u>	<u>\$ 48,780</u>	<u>\$ 48,583</u>	<u>\$ 48,397</u>	<u>\$ 46,182</u>	<u>\$ 45,950</u>
Net (Expense)/Revenue:										
Governmental activities.....	\$ (29,313)	\$ (34,445)	\$ (28,545)	\$ (28,705)	\$ (27,817)	\$ (26,983)	\$ (24,859)	\$ (23,781)	\$ (23,815)	\$ (28,410)
Business-type activities.....	6,556	9,434	11,865	11,224	9,276	7,957	9,312	10,107	9,178	6,763
Total primary government net expense.....	<u>\$ (22,757)</u>	<u>\$ (25,011)</u>	<u>\$ (16,680)</u>	<u>\$ (17,481)</u>	<u>\$ (18,541)</u>	<u>\$ (19,026)</u>	<u>\$ (15,547)</u>	<u>\$ (13,674)</u>	<u>\$ (14,637)</u>	<u>\$ (21,647)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property taxes.....	\$ 16,095	\$ 15,380	\$ 14,016	\$ 12,967	\$ 12,181	\$ 11,643	\$ 11,553	\$ 11,646	\$ 11,985	\$ 12,215
Sales taxes.....	3,426	3,472	3,450	3,267	3,117	2,956	2,742	2,592	2,482	2,336
Local option gas taxes.....	-	-	-	-	-	-	-	-	-	1,099
Franchise and utility taxes.....	10,810	11,620	11,479	10,220	10,251	10,297	10,123	9,590	9,493	9,869
Other taxes.....	926	120	129	869	889	850	840	824	743	744
Intergovernmental revenues.....	2,522	2,750	2,668	2,553	2,380	2,409	2,131	2,001	2,170	1,950
Investment earnings.....	945	1,069	225	240	322	335	288	298	535	324
Miscellaneous revenue.....	554	245	176	660	144	125	311	500	246	883
Transfers.....	(47)	1,768	-	1,695	1,011	935	1,740	1,806	1,795	1,643
Total governmental activities.....	<u>35,231</u>	<u>36,424</u>	<u>32,143</u>	<u>32,471</u>	<u>30,295</u>	<u>29,550</u>	<u>29,728</u>	<u>29,257</u>	<u>29,449</u>	<u>31,063</u>
Business-Type Activities:										
Investment earnings.....	1,048	1,474	194	153	233	172	81	83	298	229
Miscellaneous revenue.....	376	211	191	38	8	325	246	166	846	454
Transfers.....	47	(1,768)	-	(1,695)	(1,011)	(935)	(1,740)	(1,806)	(1,795)	(1,643)
Total business-type activities.....	<u>1,471</u>	<u>(83)</u>	<u>385</u>	<u>(1,504)</u>	<u>(770)</u>	<u>(438)</u>	<u>(1,413)</u>	<u>(1,557)</u>	<u>(651)</u>	<u>(960)</u>
Total primary government.....	<u>\$ 36,702</u>	<u>\$ 36,341</u>	<u>\$ 32,528</u>	<u>\$ 30,967</u>	<u>\$ 29,525</u>	<u>\$ 29,112</u>	<u>\$ 28,315</u>	<u>\$ 27,700</u>	<u>\$ 28,798</u>	<u>\$ 30,103</u>
Changes in Net Position:										
Governmental activities.....	\$ 5,918	\$ 1,979	\$ 3,598	\$ 3,766	\$ 2,478	\$ 2,567	\$ 4,869	\$ 5,476	\$ 5,634	\$ 2,653
Business-type activities.....	8,027	9,351	12,250	9,720	8,506	7,519	7,899	8,550	8,527	5,803
Total primary government.....	<u>\$ 13,945</u>	<u>\$ 11,330</u>	<u>\$ 15,848</u>	<u>\$ 13,486</u>	<u>\$ 10,984</u>	<u>\$ 10,086</u>	<u>\$ 12,768</u>	<u>\$ 14,026</u>	<u>\$ 14,161</u>	<u>\$ 8,456</u>

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

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

Table III

September 30, 2020
CITY OF PORT ORANGE, FLORIDA
(Accrual basis of accounting)
(Shown in thousands)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund:										
Nonspendable.....	\$ 2,072	\$ 1,612	\$ 61	\$ 42	\$ 55	\$ 34	\$ 370	\$ 60	\$ 94	\$ 83
Restricted.....	830	1,076	1,200	1,272	1,087	561	545	689	658	626
Committed.....	23	-	-	-	-	-	-	-	-	-
Assigned.....	2,052	718	914	3,725	3,392	1,742	1,954	1,845	1,761	1,233
Unassigned.....	14,954	13,686	14,079	12,269	14,122	15,465	14,035	13,079	11,813	11,187
Total general fund.....	<u>\$ 19,931</u>	<u>\$ 17,092</u>	<u>\$ 16,254</u>	<u>\$ 17,308</u>	<u>\$ 18,656</u>	<u>\$ 17,802</u>	<u>\$ 16,904</u>	<u>\$ 15,673</u>	<u>\$ 14,326</u>	<u>\$ 13,129</u>
Other Governmental Funds:										
Nonspendable.....	\$ -	\$ 12	\$ 18	\$ 11	\$ 1,266	\$ 10	\$ 10	\$ 10	\$ 10	\$ -
Restricted.....	15,860	15,359	15,247	14,305	13,261	15,847	14,945	14,964	13,519	13,204
Committed.....	487	244	309	-	-	-	-	-	-	178
Assigned.....	1,153	2,220	2,394	5,150	3,821	2,575	2,989	3,333	3,594	3,409
Unassigned.....	(4,326)	(4,172)	(4,172)	(2,655)	(2,644)	(2,929)	(1,884)	(1,647)	(2,232)	(7,235)
Total all other governmental funds.....	<u>\$ 13,174</u>	<u>\$ 13,663</u>	<u>\$ 13,796</u>	<u>\$ 16,811</u>	<u>\$ 15,704</u>	<u>\$ 15,503</u>	<u>\$ 16,060</u>	<u>\$ 16,660</u>	<u>\$ 14,891</u>	<u>\$ 9,556</u>

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Table IV

LAST TEN FISCAL YEARS

September 30, 2020

CITY OF PORT ORANGE, FLORIDA

(Accrual basis of accounting)

(Shown in thousands)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenue:										
Taxes.....	\$ 25,888	\$ 25,124	\$ 23,581	\$ 22,127	\$ 21,377	\$ 20,675	\$ 20,463	\$ 20,241	\$ 20,457	\$ 20,765
Permits and fees.....	6,628	6,397	6,364	6,450	5,169	5,101	6,363	5,517	4,948	4,654
Intergovernmental.....	11,694	7,311	7,772	13,401	6,449	6,066	5,967	4,961	5,412	5,408
Charges for services.....	4,333	4,275	3,632	3,871	3,603	3,423	3,122	3,196	2,986	3,523
Fines and forfeitures.....	335	323	432	38	917	127	160	182	195	349
Miscellaneous.....	1,033	1,493	508	825	536	634	939	852	802	1,209
Total revenue.....	49,911	44,923	42,289	46,712	38,051	36,026	37,014	34,949	34,800	35,908
Expenditures:										
Current:										
General government.....	9,231	8,194	9,786	15,551	7,363	6,921	6,340	6,381	6,501	6,948
Public safety.....	23,575	23,049	22,312	20,489	20,109	19,346	19,508	18,530	17,259	19,038
Transportation.....	2,870	3,231	2,875	3,009	2,543	2,287	2,130	2,010	2,920	3,067
Economic environment.....	23	43	30	39	96	44	101	111	234	344
Culture/recreation.....	3,909	4,022	3,637	3,402	3,157	2,825	2,644	2,848	2,619	2,574
Capital outlay.....	5,775	4,386	6,999	5,002	3,877	3,303	6,511	1,353	1,480	2,300
Debt service:										
Principal retirement.....	1,485	1,380	1,330	1,360	1,205	770	960	1,000	965	925
Interest and fiscal charges.....	1,267	1,309	1,369	1,354	1,695	1,535	1,890	1,942	2,010	2,093
Payment to refunded bond escrow agent.....	-	-	-	-	13,807	-	16,118	-	-	-
Refunding bond issuance costs.....	-	-	-	-	145	-	178	-	-	-
Total expenditures.....	48,135	45,614	48,338	50,206	53,997	37,031	56,380	34,175	33,988	37,289
Excess (deficiency) of revenue over (under) expenditures.....	1,776	(691)	(6,049)	(3,494)	(15,946)	(1,005)	(19,366)	774	812	(1,381)
Other Financing Sources (Uses):										
Debt proceeds.....	-	-	-	-	13,959	-	17,421	-	-	-
Proceeds from sale of capital assets.....	-	-	-	1,242	1,403	-	-	-	-	-
Transfers in.....	3,648	4,042	4,499	5,742	4,958	3,551	6,672	3,007	3,657	4,631
Transfers out.....	(3,074)	(2,645)	(2,519)	(3,728)	(3,320)	(1,995)	(4,095)	(575)	(2,819)	(2,365)
Total other financing sources (uses).....	574	1,397	1,980	3,256	17,000	1,556	19,998	2,432	838	2,266
Net change in fund balances.....	\$ 2,350	\$ 706	\$ (4,069)	\$ (238)	\$ 1,054	\$ 551	\$ 632	\$ 3,206	\$ 1,650	\$ 885
Debt service as a percentage of noncapital expenditures.....	6.50%	6.52%	6.53%	6.00%	5.79%	6.83%	5.71%	8.96%	9.15%	8.63%

TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
September 30, 2020
CITY OF PORT ORANGE, FLORIDA
(Accrual basis of accounting)

Table V

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Ad Valorem Property Tax:										
City operating and debt service.....	\$ 15,928,774	\$ 15,252,700	\$ 13,801,060	\$ 12,839,236	\$ 12,077,471	\$ 11,534,899	\$ 11,432,100	\$ 11,528,507	\$ 11,871,639	\$ 12,065,637
Tax increment districts ⁽¹⁾	<u>416,867</u>	<u>335,002</u>	<u>341,665</u>	<u>306,246</u>	<u>283,110</u>	<u>267,167</u>	<u>243,250</u>	<u>257,103</u>	<u>334,192</u>	<u>400,899</u>
Total property tax.....	<u>\$ 16,345,641</u>	<u>\$ 15,587,702</u>	<u>\$ 14,142,725</u>	<u>\$ 13,145,482</u>	<u>\$ 12,360,581</u>	<u>\$ 11,802,066</u>	<u>\$ 11,675,350</u>	<u>\$ 11,785,610</u>	<u>\$ 12,205,831</u>	<u>\$ 12,466,536</u>
Sales and use tax.....	\$ 3,425,661	\$ 3,472,065	\$ 3,302,153	\$ 3,266,628	\$ 3,116,961	\$ 2,956,303	\$ 2,741,746	\$ 2,591,545	\$ 2,481,736	\$ 2,335,607
Franchise tax.....	3,206,532	3,303,114	3,303,114	3,230,368	3,195,761	3,256,092	3,148,545	2,917,256	2,891,121	3,164,839
Utility service taxes.....	5,703,323	5,718,089	5,602,896	5,332,884	5,270,749	5,153,922	5,002,092	4,599,252	4,302,065	4,387,939
Communications services tax.....	1,676,838	1,674,912	1,740,753	1,656,402	1,784,375	1,886,648	1,972,034	2,075,119	2,299,666	2,316,037

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

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Table VI

September 30, 2020
CITY OF PORT ORANGE, FLORIDA
(in thousands)

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Industrial Property	Other Property	Less: Tax-Exempt Property	Total Just Value	Total Direct Tax Rate	Assessed Taxable Value	Assessed Value as a Percentage of Total Just Value
2011	3,073,396	850,955	99,580	502,426	1,118,101	3,408,255	5.101	2,290,154	67.19%
2012	2,986,815	839,544	111,851	482,771	1,083,012	3,337,969	5.515	2,254,957	67.55%
2013	2,923,702	838,015	117,418	469,671	1,054,530	3,294,276	5.372	2,239,747	67.99%
2014	3,011,211	867,376	116,791	486,258	1,092,756	3,388,880	5.190	2,296,124	67.75%
2015	3,359,289	967,639	130,292	542,466	1,276,462	3,723,224	4.921	2,446,762	65.72%
2016	3,727,810	1,119,879	132,782	525,124	1,450,442	4,055,152	4.827	2,604,710	64.23%
2017	4,025,371	1,253,143	138,262	555,924	1,593,475	4,379,224	4.794	2,785,749	63.61%
2018	4,388,396	1,356,968	148,033	599,273	1,752,167	4,740,503	4.806	2,988,336	63.04%
2019	4,736,345	1,500,159	153,736	629,688	1,892,250	5,127,678	4.921	3,235,428	63.10%
2020	5,062,856	1,581,022	170,356	657,514	1,997,938	5,473,809	4.797	3,475,870	63.50%

Source: Volusia County Property Tax Appraiser

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

**PROPERTY TAX RATES AND TAX LEVIES-
ALL DIRECT AND OVERLAPPING GOVERNMENTS-
LAST TEN FISCAL YEARS**

September 30, 2020

CITY OF PORT ORANGE, FLORIDA

Table VII

Fiscal Year	City of Port Orange			School District	Volusia County	Florida Inland Navigation District	Volusia Hospital District	Halifax Hospital District	Ponce DeLeon Inlet and Port Authority	St. Johns River Water Management District	Mosquito Control District
	Operating	Debt Service	Total								
<u>Tax Levies</u>											
2011	11,336,261	1,284,548	12,620,809	18,863,996	14,433,693	79,010	7,442,999	4,580,307	212,755	952,246	476,352
2012	11,162,036	1,272,923	12,434,959	18,059,080	15,183,469	77,271	7,394,525	3,919,557	208,072	742,028	465,867
2013	10,762,210	1,269,713	12,031,923	17,667,127	15,411,477	77,271	6,786,434	2,799,684	208,073	742,028	465,867
2014	10,789,717	1,127,397	11,917,114	16,952,304	16,751,632	79,486	6,771,476	2,303,928	214,034	756,380	479,217
2015	10,909,866	1,130,404	12,040,270	17,949,446	17,790,162	84,413	6,812,275	2,446,762	227,304	774,155	459,991
2016	11,439,888	1,133,049	12,572,937	18,746,098	18,938,586	83,351	6,860,806	2,487,498	241,978	787,404	489,685
2017	12,408,286	947,712	13,355,998	19,076,813	19,645,106	89,144	6,685,799	2,106,305	258,796	803,689	523,721
2018	13,411,952	948,498	14,360,450	19,483,951	21,073,745	95,627	3,822,082	1,129,890	277,616	814,023	561,807
2019	14,976,151	945,716	15,921,867	20,321,723	21,503,949	103,534	3,877,337	1,147,283	300,571	828,917	608,260
2020	15,729,702	947,175	16,676,877	21,136,765	25,333,531	111,228	3,897,493	1,232,544	322,908	839,075	653,464
<u>Tax Rates per Thousand Dollars of Assessed Valuation</u>											
2011	4.95000	0.56090	5.51090	8.237	6.303	0.035	3.250	2.000	0.093	0.416	0.208
2012	4.95000	0.56450	5.51450	8.063	6.779	0.035	3.302	1.750	0.093	0.331	0.208
2013	4.80510	0.56690	5.37200	7.888	6.881	0.035	3.030	1.250	0.093	0.331	0.208
2014	4.69910	0.49100	5.19010	7.358	7.271	0.035	2.939	1.000	0.093	0.328	0.208
2015	4.45890	0.46200	4.92090	7.336	7.271	0.035	2.784	1.000	0.093	0.316	0.188
2016	4.39200	0.43500	4.82700	7.197	7.271	0.032	2.634	0.955	0.093	0.302	0.188
2017	4.45420	0.34020	4.79440	6.848	7.052	0.032	2.400	0.756	0.093	0.289	0.188
2018	4.48810	0.31741	4.80550	6.520	7.052	0.032	1.279	0.378	0.093	0.272	0.188
2019	4.62880	0.29230	4.92110	6.281	7.288	0.032	1.198	0.355	0.093	0.256	0.188
2020	4.52540	0.27250	4.79790	6.081	7.288	0.032	1.121	0.355	0.093	0.241	0.188

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

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO**
September 30, 2020
CITY OF PORT ORANGE, FLORIDA

Table VIII

Taxpayer	September 30, 2020			September 30, 2011		
	Assessed Taxable Value	Rank	Percent to Total Assessed Taxable Value	Assessed Taxable Value	Rank	Percent to Total Assessed Taxable Value
Florida Power & Light Company.....	88,223,206	1	2.5%	39,837,577	1	
Port Orange Town Center LLC.....	45,262,338	2	1.3%	28,081,445	2	1.2%
Edge Cove LLC.....	43,728,218	3	1.3%			
Port Orange Apt Assoc II LLC.....	42,405,959	4	1.2%	9,864,073	9	0.4%
Whitepalm Bay LLC.....	36,273,805	5	1.0%			
Hawthorne Village @Port Orange Inc.....	32,936,322	6	0.9%	17,717,388	3	0.8%
Becks Farm LTD.....	25,495,938	7	0.7%	13,831,541	6	0.6%
US Foods Inc.....	23,381,353	8	0.7%			
Ocean Oaks Hat LLC.....	19,348,780	9	0.6%			
Brick Walk Assoc. WOS B LLC	19,278,334	10	0.6%			0.0%
Walmart Stores East LP.....				15,080,088	4	0.7%
Bellsouth Telecommunication Inc.....				14,043,766	5	0.6%
Port Orange Apartment Assoc.....				10,961,761	7	0.5%
V&P Property Group , LLC				9,952,636	8	0.4%
Target Corporation.....				9,777,189	10	0.4%
Total taxable assessed value of the largest taxpayers.....	<u>\$ 376,334,253</u>			<u>\$ 169,147,464</u>		
Total taxable assessed value of other taxpayers.....	<u>\$ 3,099,536,392</u>			<u>\$ 2,121,006,198</u>		
Total taxable assessed value of all taxpayers.....	<u>\$ 3,475,870,645</u>			<u>\$ 2,290,153,662</u>		

Source: Volusia County Property Tax Appraiser

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
September 30, 2020
CITY OF PORT ORANGE, FLORIDA

Table IX

Fiscal Year Ended September 30,	Taxes Levied For Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date	
		Amount (2)	Percent of Levy		Amount	Percent of Levy
2011	12,620,809	12,162,874	96.4%	51,396	12,214,270	96.8%
2012	12,434,959	11,962,988	96.2%	35,594	11,998,582	96.5%
2013	12,031,923	11,603,809	96.4%	23,641	11,627,449	96.6%
2014	11,917,114	11,488,291	96.4%	34,720	11,523,011	96.7%
2015	12,040,270	11,377,953	94.5%	241,788	11,619,741	96.5%
2016	12,572,937	11,928,757	94.9%	231,859	12,160,615	96.7%
2017	13,355,998	12,680,097	94.9%	248,837	12,928,934	96.8%
2018	14,360,450	13,851,566	96.5%	83,274	13,934,840	97.0%
2019	15,921,867	15,142,867	95.1%	255,325	15,398,191	96.7%
2020	16,676,880	15,835,222	95.0%	264,509	16,099,731	96.5%

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

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

Table X

September 30, 2020

CITY OF PORT ORANGE, FLORIDA

(dollars in thousands, except for per capita)

Fiscal Year Ended September 30,	Governmental Activities			Business-Type Activities			Total Primary Government	Percent of Personal Income (a)	Per Capita
	General Obligation Bonds	Revenue Bonds & Loans	Net Premiums & (Discounts)	Revenue Bonds & Notes	SRF Loans	Net Premiums & (Discounts)			
2011	15,755	24,625	(215)	51,820	37,139	958	130,082	0.7863%	2,310
2012	15,290	24,125	(202)	50,795	27,297	(2)	117,304	0.7362%	2,080
2013	14,810	23,605	(197)	46,030	26,011	(30)	110,229	0.6663%	1,932
2014	14,440	23,545	1,139	41,095	24,689	(47)	104,861	0.6126%	1,825
2015	14,055	23,160	1,118	36,100	22,972	(54)	97,351	0.5630%	1,660
2016	12,895	22,355	1,884	26,260	21,209	(52)	84,552	0.4621%	1,425
2017	12,355	21,535	1,741	26,260	18,591	(48)	80,434	0.4109%	1,349
2018	11,870	20,690	1,588	21,755	15,897	(45)	71,755	0.3493%	1,176
2019	11,375	19,805	1,439	17,155	13,127	(41)	62,860	0.2870%	1,020
2020	10,870	18,825	1,292	13,165	9,674	(38)	53,788	0.2200%	856

Source: City of Port Orange Finance Department

(a) See Table XIV for personal income and population data.

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

Table XI

September 30, 2020

CITY OF PORT ORANGE, FLORIDA

Fiscal Year Ended September 30,	Assessed Taxable Value (1)	Total General Bonded Debt	Accumulated Resources Restricted*	Net General Debt	Assessed Net General Bonded Debt	Estimated Population (2)	Net General Bonded Debt Per Capita
2011	2,290,153,662	15,755,000	39,595	15,715,405	0.69%	56,313	279.07
2012	2,254,956,801	15,290,000	70,476	15,219,524	0.67%	56,386	269.92
2013	2,239,747,296	14,810,000	39,355	14,770,645	0.66%	57,060	258.86
2014	2,296,124,074	14,440,000	61,902	14,378,098	0.63%	57,467	250.20
2015	2,446,761,822	14,055,000	86,352	13,968,648	0.57%	58,656	238.15
2016	2,604,710,345	12,895,000	298,900	12,596,100	0.48%	59,315	212.36
2017	2,785,749,578	12,355,000	260,279	12,094,721	0.43%	59,625	202.85
2018	2,988,336,202	11,870,000	290,414	11,579,586	0.39%	61,009	189.80
2019	3,235,428,328	11,375,000	328,136	11,046,864	0.34%	61,617	179.28
2020	3,475,870,645	10,870,000	358,572	10,511,428	0.30%	62,832	167.29

Source: (1) Volusia County Property Tax Appraiser

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

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

Table XII

September 30, 2020

CITY OF PORT ORANGE, FLORIDA

Governmental Unit	Net Debt Outstanding	Estimated Percent Applicable to the City of Port Orange (1)	City's Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Volusia County:			
General Obligation Bonds.....	\$ 3,220,000	9.50%	\$ 305,822
Other Debt:			
District School Board of Volusia County, Florida:			
State School Bonds.....	125,000	9.50%	11,872
Sales Tax Revenue Bonds.....	33,734,056	9.50%	3,203,916
Certificates of participation.....	299,582,118	9.50%	28,453,023
Volusia County:			
Revenue Bonds.....	64,664,925	9.50%	6,141,597
Notes Payable.....	<u>18,343,000</u>	9.50%	<u>1,742,139</u>
Total overlapping debt.....			39,858,369
City direct debt (2)			<u>31,180,000</u>
Total direct and overlapping debt.....			<u>\$ 71,038,369</u>

Source: City of Port Orange, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2020.

(1) Percentage applicable to City was determined by taking the City's assessed taxable value and dividing it by Volusia County's assessed taxable value for tax year 2019.

PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS
September 30, 2020
CITY OF PORT ORANGE, FLORIDA

Table XIII

Fiscal Year Ended	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
<u>Water and Sewer Bonds</u>						
2011	\$ 24,577,314	\$ 12,601,401	\$ 11,975,913	\$ 2,860,000	\$ 1,795,317	2.57
2012	25,099,244	12,280,134	12,819,110	2,940,000	1,719,650	2.75
2013	23,860,970	13,054,981	10,805,989	3,940,000	661,776	2.35
2014	25,182,564	14,116,531	11,066,033	4,085,000	688,303	2.32
2015	26,030,902	14,067,671	11,963,231	4,115,000	578,419	2.55
2016	27,140,395	13,991,595	13,148,800	5,115,000	476,645	2.35
2017	27,486,455	13,884,287	13,602,168	3,510,000	382,624	3.49
2018	27,307,359	13,754,637	13,552,722	3,860,000	317,768	3.24
2019	28,265,911	14,092,024	14,173,887	3,935,000	249,172	3.39
2020	28,492,273	14,653,123	13,839,150	3,990,000	179,432	3.32
<u>Stormwater Utility Revenue Bonds</u>						
2011	\$ 3,738,482	\$ 1,898,995	\$ 1,839,487	\$ 765,000	\$ 448,948	1.52
2012	3,716,097	1,508,220	2,207,877	790,000	421,881	1.82
2013	3,801,857	1,467,244	2,334,613	825,000	333,897	2.01
2014	3,805,758	1,493,264	2,312,494	850,000	312,103	1.99
2015	3,860,474	1,556,459	2,304,015	880,000	289,338	1.97
2016	3,884,177	1,489,091	2,395,086	595,000	271,281	2.76
2017	3,923,863	1,723,534	2,200,329	620,000	258,124	2.51
2018	4,542,529	1,754,535	2,787,994	645,000	244,360	3.13
2019	4,484,758	2,092,339	2,392,419	665,000	230,126	2.67
2020	4,672,999	2,286,655	2,386,344	-	222,935	10.70

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

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
September 30, 2020
CITY OF PORT ORANGE, FLORIDA

Table XIV

Fiscal Year Ended September 30,	City of Port Orange Population(a)	City of Port Orange School Enrollment (b)	City of Port Orange Unemployment Rate % (c)	Volusia Personal Income (d) (in thousands)	Volusia Per Capita Personal Income (e)
2011	56,313	10,130	8.6	\$ 16,544,186	\$ 33,436
2012	56,529	10,090	7.2	15,933,933	32,203
2013	56,386	9,853	6.5	16,544,186	33,299
2014	57,467	9,930	5.1	17,117,508	34,305
2015	58,656	10,149	4.7	17,292,604	34,321
2016	59,315	10,182	4.3	18,297,539	35,364
2017	59,625	10,368	3.8	19,577,196	37,404
2018	61,009	10,473	3.1	20,543,253	38,135
2019	61,617	10,585	3.2	21,902,076	40,001
2020	62,832	9,587	4.7	24,444,162	44,316

Sources:

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

(b) Volusia County School Board

(c) U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics Program, in cooperation with the Florida Department of Economic Opportunity, Bureau of Labor Market Statistics

(d) United States Department of Commerce, Bureau of Economic and Business Research (2006-2011); Florida Research & Economic Database (2012-2018) via Volusia County Schools FY19 CAFR

(e) Calculated by dividing Personal Income by the Population

PRINCIPAL EMPLOYERS

September 30, 2020

CITY OF PORT ORANGE, FLORIDA

Table XV

Employer	September 30, 2020		
	Total Employees	Rank	Percent to Total City Employment
Volusia County School District	843	1	2.73%
U.S. Food	490	2	1.59%
City of Port Orange	443	3	1.43%
Publix Supermarkets	326	4	1.06%
County of Volusia	280	5	0.91%
Halifax Health	235	6	0.76%
Targer Super Store	250	7	0.81%
Mariner Health	200	8	0.65%
Lowe's Home Centers LLC	170	9	0.55%
The Home Depot	160	10	0.52%

Source: Team Volusia, the Volusia/Flagler Business , COPO staff research

Total City Employment from Volusia County Economic Development Q4 Report -

Top Employers in Port Orange, Florida - Historical														
Employer	2020		2019		2018		2017		2016		2015		2014	
	#	Rank	#	Rank	#	Rank	#	Rank	#	Rank	#	Rank	#	Rank
American Builders & Contractor S*			2600	1										
Volusia County Public Schools	1	843	901	2	961	1	844	1	844	1				
U.S. Foods	2	490	490	3	500	2	530	2	530	2	206	8	206	8
City of Port Orange	3	443	485	4	482	4	476	3	433	4				
Publix Supermarkets	4	350	326	5	405	5	415	5	415	5	380	4	380	4
County of Volusia	5	280	277	6										
Halifax Health	6	235	235	7	215	7	250	7	239	7	400	3	400	3
Target Super Store	7	250	250	8	145	9	140	9	140	9				
Mariners Health Care Inc	8	200	200	9										
Lowe's Home Improvement	9	170	150	10	200	8	240	8	156	8				
The Home Depot	10	160												
Florida Heath Care											1,200	1	1,200	1
Walmart					486	3	450	3	485	3	503	2	503	2
Spruce Creen High School											280	5	280	5
Raydon					250	6	300	6	250	6	215	6	215	6
Dollar General											206	7	206	7
Atlantic High School											200	9	200	9
Ferran Serv. & Contracting											200	10	200	10
Christian Drug Rehab & Detox														
Palmer Chiropractic College					130	10	123	10	122	10				

2016-2019 Source: Team Volusia, the Volusia/Flagler Business Book 2019, COPO staff research

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

* Erroneous Data

FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
September 30, 2020
CITY OF PORT ORANGE, FLORIDA

Table XVI

	Full-Time Equivalent Employees at September 30, 20xx									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government:										
Management.....	14.25	13.50	13.50	11.50	11.78	11.00	11.20	11.20	10.20	11.20
Finance.....	17.40	15.40	16.40	15.50	13.77	11.50	9.85	7.45	7.45	7.45
Human Resources.....	5.00	5.00	4.00	4.00	3.00	3.00	3.10	4.00	4.00	4.00
Community Development.....	26.17	26.17	31.30	30.30	27.17	25.67	23.67	22.67	22.67	24.27
Other.....	33.96	33.96	31.13	31.46	29.16	28.36	28.31	28.06	27.18	28.18
Police:										
Officers and civilians.....	104.90	122.88	112.88	110.88	108.79	108.54	104.74	105.00	100.53	104.58
Fire:										
Firefighters, officers and civilians.....	64.20	64.50	60.50	59.50	59.50	58.00	58.00	59.96	58.00	62.00
Solid Waste.....	3.92	3.82	3.50	3.30	3.30	3.30	3.35	3.20	3.20	3.20
Stormwater.....	16.69	17.29	16.40	16.70	16.70	16.70	14.75	14.60	14.60	14.60
Public works-Transportation.....	21.15	19.51	19.60	19.50	18.50	16.50	15.50	15.50	15.50	15.50
Parks and recreation.....	46.95	50.09	49.74	45.81	40.41	33.77	30.19	28.29	28.83	30.10
Water & Sewer	97.23	104.53	102.68	100.71	100.58	101.08	96.63	92.93	91.23	91.23
Total.....	451.82	476.65	461.63	449.16	432.66	417.42	399.29	392.86	383.39	396.31

Source: City Finance Department

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
September 30, 2020
CITY OF PORT ORANGE, FLORIDA

Table XVII

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police:										
Arrests.....	1,263	2,005	1,858	1,870	1,799	1,787	2,239	2,058	1,963	1,925
Traffic violations.....	6,499	8,269	8,366	7,377	7,927	7,848	7,342	8,007	6,376	4,342
Fire:										
Emergency responses.....	9,188	9,000	9,186	9,421	9,076	8,100	7,200	7,053	7,461	7,624
Fires extinguished.....	118	102	128	143	140	96	93	93	126	100
Inspections/system tests.....	303	220	266	132	577	561	632	504	547	529
Solid Waste:										
Refuse collected (tons per day).....	140	137	124.8	125.4	118.8	121.8	110.8	109.6	109.1	110.8
Recyclables collected (tons per day).....	2.9	6.5	7.4	7.1	8.2	8.2	8.3	8.6	8.1	8.9
Number of Customers:										
Residential.....	24,410	24,048	23,834	23,620	23,515	23,386	23,275	23,058	22,960	22,557
Commercial.....	828	907	909	899	889	891	873	873	890	1,161
Public works-Transportation										
Street resurfacing (miles).....	4.5	6	7.0	7.0	6.5	7.0	7.0	-	10.0	9.0
Parks and recreation										
Number of athletic sign-ups.....	1,266	3,562	3,614	3,215	3,100	3,043	2,811	2,400	2,874	2,005
Water:										
Potable Water Produced (MGD AADF).....	5.831	5.830	5.830	5.830	5.954	5.948	5.847	6.135	6.135	6.031
Number of customers:										
Inside.....	25,874	25,692	25,575	25,284	25,102	25,014	24,886	24,685	24,552	24,397
Outside.....	2,323	2,313	2,294	2,273	2,268	2,265	2,262	2,252	2,256	2,251
Residential.....	26,566	26,382	26,234	25,933	25,743	25,652	25,540	25,346	25,225	25,080
Commercial.....	1,631	1,623	1,635	1,624	1,627	1,627	1,600	1,591	1,583	1,568
Sewer:										
Wastewater Treated (MGD AADF).....	5.734	5.734	5.734	5.734	5.627	5.942	6.334	6.213	5.958	5.631
Number of customers:										
Inside.....	25,098	24,927	24,796	24,462	24,244	24,099	23,969	23,745	23,637	23,490
Outside.....	842	829	813	793	784	781	781	775	777	769
Residential.....	24,685	24,505	24,355	24,010	23,799	23,662	23,548	23,335	23,231	23,097
Commercial.....	1,255	1,251	1,254	1,245	1,229	1,218	1,202	1,185	1,183	1,162

MGD AADF = million gallons per day average annual daily flow

*Traffic violations = State citations, parking citations, written warnings & DUI citations

Source: City Finance Department and Department Activity Reports

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
September 30, 2020
CITY OF PORT ORANGE, FLORIDA

Table XVIII

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Public works-Transportation:										
Paved roads (miles).....	320	320	320	320	319	319	317	317	316	316
Streetlights.....	3,691	3,691	3,650	3,650	3,300	3,300	3,300	3,300	3,535	3,263
Traffic control devices.....	22	22	22	22	22	20	20		13	14
Parks and recreation:										
Acreage.....	475	485	485	485	485	485	491	485	485	485
Playgrounds.....	9	9	10	10	10	10	9	10	10	10
Community centers.....	3	3	-	-	-	-	-	4	4	4
Baseball/softball diamonds.....	11	-	-	-	-	-	-	12	12	12
Soccer/football fields.....	8	-	-	-	-	-	-	3/1	3/1	3/1
Athletic Fields.....	19	18	21	21	24	26	26	-	-	-
Adult Activity Centers.....	1	3	3	3	3	3	2	-	-	-
Boardwalks / Fishing Piers.....	7	7	9	9	10	10	10	-	-	-
Boat Ramps.....	7	7	6	6	6	6	6	-	-	-
Golf Courses.....	1	1	1	1	1	1	1	-	-	-
Gymnasiums.....	1	1	1	2	2	2	2	-	-	-
Tennis Courts.....	18	20	18	18	18	18	18	-	-	-
Water:										
Potable Water mains (miles).....	444	434	434	434	431	431	427	427	374	408
Fire hydrants.....	2,900	2,897	2,897	2,999	2,897	2,887	2,786	2,773	2,755	2,721
Storage capacity (mgd).....	5.50	5.50	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Sewer:										
Sanitary sewer force mains (miles).....	72.00	72.00	72	72	72	72	71	71	68	71
Gravity sewer mains (miles).....	300.00	282.00	282	282	279	279	277	277	244	267
Treatment capacity (mgd).....	12.00	12.00	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0

*Sewer treatment capacity restated as millions of gallons per day (mgd).

*Patrol Vehicles and Other Fleet restated beginning in 2014.

Source: City Finance Department and Department Reports

CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Federal/State Agency / Pass-Through Entity / Federal/State Program	CFDA / CSFA Number	Contract / Grant Number	Expenditures
FEDERAL AWARDS			
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Community Development Block Grant	14.218	B-16-MC-12-0053	\$ 86,555
Community Development Block Grant	14.218	B-17-MC-12-0053	116,218
Community Development Block Grant	14.218	B-18-MC-12-0053	83,105
Community Development Block Grant	14.218	B-19-MC-12-0053	7,561
Total U.S. Department of Housing and Urban Development / CDBG - Entitlement Grants Cluster			<u>293,439</u>
<u>U.S. Department of Justice</u>			
Direct Programs:			
Bulletproof Vest Partnership Program	16.607	2019	10,642
Indirect Programs:			
Passed-through Florida Office of Attorney General:			
Crime Victim Assistance	16.575	VOCA-2019-POPD-00066	81,608
Passed-through Florida Department of Law Enforcement:			
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	2020-JAGD-VOLU-4-Y6-038	8,738
Total U.S. Department of Justice			<u>100,988</u>
<u>U.S. Department of Transportation</u>			
Indirect Programs:			
Passed-through Florida Department of Transportation			
Highway Planning and Construction	20.205	435539-1-58-01 / G0V69	240,157
Highway Planning and Construction	20.205	435591-1-58-01 / G1989	224,525
Total Highway Planning and Construction Cluster			<u>464,682</u>
Total U.S. Department of Transportation			<u>464,682</u>
<u>U.S. Department of Treasury</u>			
Indirect Programs:			
Passed-through Volusia County, Florida			
COVID-19 - Coronavirus Relief Fund	21.019	CARES 2020	2,256,352
Total U.S. Department of Treasury			<u>2,256,352</u>
<u>Department of Homeland Security / Federal Emergency Management Administration</u>			
Indirect Programs:			
Pass-Through Florida Division of Emergency Management			
Hurricane Irma Disaster Grant -- Public Assistance	97.036	FL-DEM_PA-00-06-74-01-369	116,008
Hazard Mitigation Grant	97.039	4283-86-R	632,523
Total U.S. Department of Homeland Security			<u>748,531</u>
Total Federal Awards			<u><u>\$ 3,863,992</u></u>
STATE FINANCIAL ASSISTANCE			
<u>State of Florida Department of Environmental Protection</u>			
Direct Programs:			
Florida Highway Beautification Grant Program	55.003	437854-1-58-01	\$ 208,567
Total Florida Department of Environmental Protection			<u>208,567</u>
<u>State of Florida Department of Transportation</u>			
Direct Programs:			
Statewide Water Quality Restoration Projects	37.039	LP64042	1,183,000
Total Florida Department of Transportation			<u>1,183,000</u>
Total State Financial Assistance			<u><u>\$ 1,391,567</u></u>

The accompanying notes to the schedule of expenditures of federal awards and state financial assistance are an integral part of this schedule.

CITY OF PORT ORANGE, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the City of Port Orange, Florida, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Section 215.97, Florida Statutes. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

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

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

No grant awards were passed through to subrecipients.

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

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

(4) **Contingency:**

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

**CITY OF PORT ORANGE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

A. Summary of Auditors' Results:

Financial Statements:

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

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards:

Internal control over major Federal programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

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

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

Auditee qualified as a low-risk auditee? yes X no

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

Identification of major Federal programs:

CFDA Number	Program Name
21.019	Coronavirus Relief Fund

State Financial Assistance:

Internal control over major State projects:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major State projects:

Unmodified

Any audit findings disclosed that are required to be reported for state financial assistance projects in accordance with Chapter 10.550?

_____ yes X none reported

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

\$417,470

Identification of major State programs:

<u>CSFA Number</u>	<u>Program Name</u>
37.039	Statewide Water Quality Restoration Projects

B. Financial Statement Findings:

2020-001 Timeliness of Bank Reconciliations

Criteria: Bank accounts should be reconciled on a timely and regular basis to help prevent misappropriation and ensure the proper recording of all cash transactions. Additionally, City policy is for bank accounts to be reconciled within 30 days of the receipt of the bank statement.

Condition: Bank reconciliations were not performed timely during the course of the year. Specifically, many reconciliations, including the September 2020 operating account reconciliation, were not completed until February 2021.

Cause: The City experienced various vacancies in the finance department and also underwent an accounting system conversion during the year. However, established accounting policies and procedures requiring the 30-day timeline for bank reconciliations were not followed.

Effect: Assets could potentially be misappropriated or accounting records could be misstated, with such issues not being identified on a timely basis, if at all.

Recommendation: We recommend the City's finance department perform bank reconciliations in a timely manner in accordance with City policy to ensure all bank accounts are properly reconciled to the general ledger.

2020-002 Material Audit Adjustments

Criteria: Internal controls over financial reporting should include year-end reconciliations of all significant account balances, with such reconciliations to also include procedures related to the proper cutoff of significant revenue and expense activities. These reconciliations should be performed on a timely and regular basis to help prevent misappropriation and ensure timely identification of errors or other issues.

Condition: Various material audit adjustments were required to correct certain financial statement balances.

Cause: Based on our audit procedures, certain adjustments were required to be made to the accounting records subsequent to the start of the audit process related to year-end accrual entries, capital assets, and other activity.

Effect: Financial statements would be materially misstated if significant adjustments were not made. Errors or improper activity may not be detected on a timely basis if reconciliations are not performed timely.

Recommendation: We recommend management select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles.

2020-003 Preparation of Financial Statements

Criteria: Professional standards promulgated by the American Institute of Certified Public Accountants (AICPA) provide a system of internal control over financial reporting should allow the City to prepare financial statements, including note disclosures, in accordance with generally accepted accounting principles (GAAP).

Condition: Management was unable to generate a trial balance or other reports on a GAAP basis, and the accounting procedures in place did not demonstrate the ability to generate GAAP-basis financial statements, whether through a manual or system-generated process.

Cause: During the year ended September 30, 2020, the City underwent an accounting system conversion. Certain deficiencies exist in either 1) the design and structure of the accounting system implementation and/or 2) management's understanding of the operational accounting procedures to generate GAAP-basis accounting data from the new accounting system.

Effect: Management decisions based on financial reporting, such as budgetary matters, could be based on incomplete or incorrect information.

Recommendation: We recommend management perform the following steps to enhance the overall understanding and ability to generate financial reports out of the new accounting system: 1) assess the accounting system current structure and identify areas for improvement; 2) establish a methodology to internally generate GAAP-basis financial data, whether in the form of full financial statements, a trial balance, or similar report; and 3) ensure proper training and review procedures are implemented related to the financial statement preparation process.

- C. **Federal Program Findings and Questioned Costs:** None.
- D. **State Project Findings and Questioned Costs:** None.
- E. **Summary Schedule of Prior Audit Findings:** N/A as there were no prior year audit findings.
- F. **Corrective Action Plan:** See Auditee's Response to findings as listed in the table of contents.

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

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

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of Port Orange, 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 Projects 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, 2020. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings.

Management's Responsibility

Management is responsible for compliance with the requirements of federal and state statutes, regulations, and the terms and conditions of its federal awards and state projects 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; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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, 2020.

Report on Internal Control over Compliance

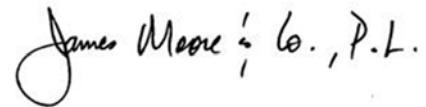
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements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

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

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

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

Daytona Beach, Florida
June 30, 2021



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Orange, Florida (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 30, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal controls, as described in schedule of findings and questioned costs as items 2020-001 through 2020-003, that we consider to be material weaknesses.

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Compliance and Other Matters

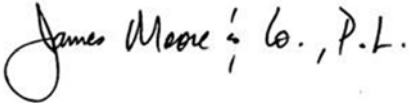
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

Management's Response to Findings

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

Purpose of this Report

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

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

Daytona Beach, Florida
June 30, 2021

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

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

Report on the Financial Statements

We have audited the basic financial statements of City of Port Orange, Florida (the City), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 30, 2021.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 30, 2021, should be considered in conjunction with this management letter.

In addition, separate audits were performed on the Agreement for Golf Course Management Services at Cypress Head, which is included in the Golf Course fund, as well as the City of Port Orange General Employees Defined Benefit Pension Plan, the City of Port Orange Police Pension Plan and the City's two Community Redevelopment Agencies. Management comments in those reports should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No repeat findings exist from the second preceding audit. The following is a summary of prior year recommendations:

2019-001 Account Review, Adjustments, and Timeliness—Corrective action not taken. See repeat comment 2020-004.

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Official Title and Legal Authority

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

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.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 had the following recommendations.

2020-004 Account Review, Adjustments, and Timeliness – Subsequent to scheduled audit fieldwork and leading up to the issuance of the City's financial statements journal entries were provided related to various audit areas, primarily capital assets, just a short time before the audit completion deadline, which can result in an increased risk of error. To ensure the most accurate and relevant financial reporting, we recommend the City ensure all general ledger accounts are reviewed for proper activity on no less than an annual basis.

2020-005 Unexpended Fund Balance – Building Permits – Section 553.80(7)(a), Florida Statutes, has been updated to limit the amount of unexpended building permit funds carried forward to future fiscal years to no more than the City's average operating budget for enforcing the Florida Building Code for the previous four fiscal years. A local government must use any funds in excess of this limitation to rebate or reduce fees. The City's unexpended building permit funds in the Community Development Building Fund at September 30, 2020, exceeded the City's average operating budget for enforcing the Florida Building Code for the previous four fiscal years by substantial amounts. We recommend the City identify how it intends to reduce the amount of unexpended building code balances in order to comply with Section 553.80(7)(a) of Florida Statutes.

Additional Matters

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

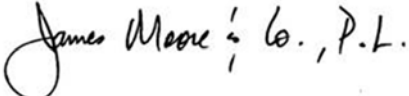
Management's Response to Findings

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

Purpose of this Letter

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

Daytona Beach, Florida
June 30, 2021

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

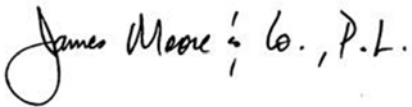
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

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

We have examined the City of Port Orange, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.



Daytona Beach, Florida
June 30, 2021

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AFFIDAVIT OF DR. SCOTT R. NEILS


STATE OF FLORIDA §
 §
COUNTY OF VOLUSIA §

BEFORE ME, the undersigned authority, on this day personally appeared Dr. Scott R. Neils, who upon her oath deposed and said:

1. My name is Dr. Scott R. Neils. I am over the age of twenty-one years. I am the Finance Director and Chief Financial Officer for the City of Port Orange, Florida, and as such have authority to make this Affidavit. I have personal knowledge of each and every statement of fact contained herein, and each and every statement of fact is true and correct.

2. The City of Port Orange has complied with and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

Further Affiant sayeth not.



Dr. Scott R. Neils, CPA CMA CGFO

SUBSCRIBED AND SWORN before me on via personal appearance on the 17 day of Feb., 2021 by Dr. Scott R. Neils, as the Finance Director and Chief Financial Officer of the City of Port Orange, Florida, who is personally known to me.



MONICA E. MELENDEZ
Commission # GG 279390
Expires November 26, 2022
Bonded Thru Budget Notary Services



Notary Public, State of Florida

AUDITEE'S RESPONSE TO:
Independent Auditors' Management Letter
June 30, 2021

Response:

2020-001 Timeliness of Bank Reconciliations

The accounting system conversion was not initially set up to properly identify and reconcile cash. The system set-up has now been customized to handle the City's cash transactions. Staff recognizes the importance of timely reconciliations and all account reconciliations currently comply with policy.

Individual Responsible: Dr. Scott Neils, Finance Director

Anticipated Completion Date: Immediately

2020-002 Material Audit Adjustments

Vacancies in the finance department and the accounting system conversion resulted in the delay of certain adjustments to accounting records, particularly capital assets. Staff has been added and trained to ensure the timely and accurate financial reporting.

The accounting system conversion was not initially set up to properly identify and reconcile cash. The system set-up has now been customized to handle the City's cash transactions. Staff recognizes the importance of timely reconciliations and all account reconciliations currently comply with policy.

Individual Responsible: Dr. Scott Neils, Finance Director

Anticipated Completion Date: September 30, 2021

2020-003 Preparation of Financial Statements

The finance department has assessed the accounting system and, with the assistance of the software implementation consultants, begun the process of automating GAAP basis financial reporting.

Individual Responsible: Dr. Scott Neils, Finance Director

Anticipated Completion Date: Immediately

2020-004 Account Review, Adjustment, and Timeliness

The finance department will review all general ledger accounts for proper activity prior to year-end.

2020-005 Unexpended Fund Balance – Building Permits

Community Development is aware of the updated Statute and has taken steps to appropriately reduce the balance.