

# **CITY OF DELTONA, FLORIDA**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

*for fiscal year ended September 30, 2005*

**City of Deltona, Florida**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For The Fiscal Year Ended September 30, 2005

**Prepared By:**  
Department of Finance and Internal Services

CITY OF DELTONA, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005

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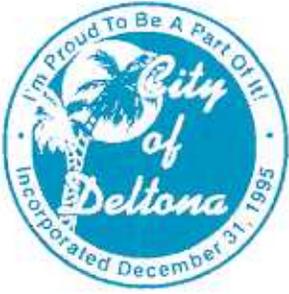
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# City of Deltona

February 24, 2006

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

Ladies and Gentlemen:

The Comprehensive Annual Financial Report (CAFR) of the City of Deltona, Florida, for the fiscal year ended September 30, 2005, is hereby submitted pursuant to the City Charter, Florida Statutes, and Chapter 10.550, Rules of the Auditor General of the State of Florida. In addition to meeting legal requirements, the report presents the City's commitment to full financial disclosure. This philosophy is reflected by the informative financial analysis provided by the Finance Department and the exhibits and statistical tables included herein.

State law requires that all general purpose local governments publish 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 (GAAS) by a firm of licensed certified public accountants.

The CAFR's role is to assist in making economic, social and political decisions and to assist in assessing accountability to the citizenry by:

- Comparing actual financial results with the legally adopted budget, where appropriate;
- Assessing financial condition and results of operations;
- Assisting in determining compliance with finance related laws, rules and regulations; and
- Assisting in evaluating the efficiency and effectiveness of City operations.

This report consists of administration's representations concerning the finances of the City of Deltona. The City's management assumes full responsibility for the reliability and completeness of the information presented in this report. To provide a reasonable basis for making these representations, the administration of the City 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's financial statements in conformity with GAAP. The City of Deltona has designed internal controls to provide reasonable assurance that the financial statements are free from any material misstatement. We believe the data, as presented, is accurate in all material respects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and that all disclosures necessary to enable the reader to gain a comprehensive understanding of the City's financial activity have been included.

The City's basic financial statements have been audited by the independent certified public accountants, Purvis, Gray & Company, CPAs. The purpose of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2005, are free

of any material misstatement. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the City of Deltona's financial statements for the fiscal year ended September 30, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The CAFR is presented in four sections: Introductory, Financial, Statistical and Other Reports. The Introductory Section includes a transmittal letter, certificate of achievement, organizational chart and list of the City's principal officials. This transmittal letter presents a brief overview of the City's structure and services, a discussion assessing the City's financial condition as well as City awards and acknowledgement indicative of the quality of the City's financial management and controls.

The financial section includes the Management's Discussion and Analysis (MD&A), the basic financial statements, combining statements and supplemental information as well as the independent auditor's report on the financial statements and schedules. GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements. The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A provides an excellent overview of the City's financial data, assets, liabilities, program revenues and expenses, along with comparative data for the preceding fiscal year. The City's MD&A can be found in the financial section (starting on page 3) following the independent auditor's report.

## THE CITY

The City of Deltona, Florida was incorporated in 1995. The City operates under a Commission-Manager form of government consisting of a seven member Commission. Residents select, through non-partisan elections, a Mayor who represents the City at large and six commissioners who each represent a specific district of the community. The City is governed by its Charter and by state and local laws and regulations. The Commission is responsible for the establishment and adoption of City policy and appointing a City Manager and City Attorney. The City Manager serves as the Chief Executive Officer of the City and is responsible for the execution of City policy and oversight of the day-to-day operations of the City.

The City provides a full range of municipal services including law enforcement and fire/rescue protection, solid waste management, stormwater management, the construction and maintenance of road and street facilities, development services, parks and recreational facilities and activities, and general administrative services. In recent years, the City added a significant new service component through the acquisition of a water and sewer utility in November 2003. Since that time, the City has provided water and sewer service and reuse water for irrigation for its residents.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests to the City Manager. The City Manager uses these requests as the starting point for developing the proposed budget. The City Manager then presents the proposed budget to the City Commission for review during the month of July. The City Commission is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30<sup>th</sup>, the close of the City of Deltona's fiscal year. The appropriated budget is prepared by fund and department. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the departmental level within each fund. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

## THE REPORTING ENTITY

The financial statements of this report include the funds of all the activities under the jurisdiction of the City Commission. The financial reporting entity includes all the funds of the primary government (i.e., the City of Deltona, Florida as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Currently, there are no entities outside the primary government that meet the definition of a component unit of the City.

## FINANCIAL CONDITION OF THE CITY

The information presented in the financial statements is best understood when considered from the broader perspective of the environment in which the City operates. Financial condition reflects the City's existing and future resources and claims on those resources. Information useful in assessing financial condition includes a summary of the local economy, current and planned Major Initiatives, pension trust funds, risk management policies, debt policy and administration, and cash management policies and practices.

### Local Economy

The City of Deltona, Florida is approximately 47.8 square miles in size and is located in the southwest corner of Volusia County, in the eastern central part of the Florida Peninsula. Deltona is situated along the Interstate 4 corridor approximately 25 miles northeast of Orlando and approximately 25 miles southwest of Daytona Beach. The City started as a planned community by the Deltona Corporation in 1962, with 36,000 building sites targeted at retirees. It remained unincorporated until 1995 when, through a referendum election, residents chose to organize as a City. The City's operation began on December 31, 1995, and approximately 83,000 residents of all ages now call Deltona home.

Since its creation, Deltona has been a haven for young and old alike relocating from many areas of the Country and other more congested areas of Florida. The unhurried lifestyle combined with its location has made the City an ideal choice for living the affordable Florida lifestyle. In general, the population of the City is becoming younger and more diversified in ethnicity.

The City currently enjoys a favorable economic environment and local indicators point to continued stability. The City's economic outlook is largely impacted by the state and regional economy with a great deal of reliance placed on surrounding communities for work, shopping and entertainment. Area employment consists predominately of service-related activities, retail trade, manufacturing, government and construction. Employment figures for the area have been favorable. The Deltona-Daytona Beach-Ormond Beach Metropolitan area had an unemployment rate of 2.9% in November 2005, compared to 3.3% for both Volusia County and the State of Florida and a national rate of 4.9%.

The regional economy has flourished and with it the City continues to experience high levels of building activity and increased population growth. The City's land use is almost entirely residential with over 3/4<sup>th</sup> of the land being built out. While new construction permits for single-family residential housing were down slightly from the prior year, this area is expected to remain strong in the future. Population in the City has increased by 18% between the years 2000 and 2005 with 3% of that increase occurring between 2004 and 2005. Along with the increase in population, the City continues to see a rise in the estimated actual value of real property and has an increasing growth rate as indicated by an approximate growth of 18% from 2004 to 2005, 12% from 2003 to 2004, 10% from 2002 to 2003 and 7% from 2001 to 2002.

While residents enjoy the quiet suburban lifestyle of this community and public sentiment is to maintain and preserve its residential character, the City's largely residential make-up and continued growth presents a significant challenge for the City government, with respect to all aspects of service delivery and diversity in the upcoming years.

### **Major Initiatives**

**For the Year:** The City's staff, following specific directives of the City Commission and City Manager, has been involved in a variety of projects throughout the year. These projects reflect the City's commitment to ensuring that its citizens are able to live in an enviable environment.

- There was much activity in the early part of the fiscal year related to debris removal, clean-up and repair efforts as a result of damage sustained from hurricanes Charlie, Frances and Jean. These recovery efforts were the City's primary concern and some construction projects were delayed as a result of the impact of these hurricanes. By the end of the current fiscal year, the City had completed the major clean-up and repair efforts and replenished the Working Capital Reserves to 80% of pre-hurricane levels.
- In November 2003, the City acquired a water and sewer utility through the issuance of \$81,725,000 of Utility System Revenue Bonds, Series 2003, for the acquisition of and capital improvement to the utility system. The City immediately assumed responsibility for general operations and began providing to its citizens water and sewer service and reuse water for irrigation. In May 2004, The City assumed responsibility for billing and customer service to utility customers. In FY 2004/2005, the City started several major capital and renewal/replacement projects including the Elkcam Force Main Replacement, new Water Treatment Plant at Pine Ridge, ground storage tank and hi-service pump at Courtland Water Treatment Plant #14, installation of 8" Water Main at Courtland Blvd, increase water flow to southeast corner and new Eastern Water Treatment Plant.
- The City's commitment to enhancing the quality of life for residents and others in the local area continues to be exhibited through the number and diversity of Park Projects that were completed and are in process. Previously funded Park Projects that will be ongoing through FY 2005/2006 include (1) the renovation of Campbell Park Outlook with the installation of a boardwalk with fishing pier, gazebos, playground, picnic shelter and tennis court, (2) construction of a 3,000 sq. ft. Community Center, tennis court, baseball backstop and walking trail at Harris B Saxon Park through the use of CDBG funds, (3) addition of Whipple Nature Park with a walking trail, picnic facilities, butterfly garden, restrooms and playground, and (4) development of the Keysville Neighborhood Dog Park which will be unique since it will serve as both a "canine" park and a "people" park.
- The City completed preliminary design and engineering of improvements to a number of collector roads and moved forward with the final design phase for these same roads. A study was completed to update the Transportation Element of the City's Comprehensive Plan and project prioritization, cost assessments and funding alternatives are under review.
- The City's road-resurfacing program continued with just over \$1 million expended in the current fiscal year.
- In July 2003, the City Commission approved the development order of the Interstate 4/State Road 472 area-wide Development of Regional Impact (DRI), for the portion of the DRI located within the

incorporated jurisdiction of the City of Deltona, consisting of office, commercial and industrial land uses on 967 acres. The City maintained designation of \$250,000 of General Fund reserves for economic development issues that may arise from the approval of this development order.

**For the Future:** The City Commission and the City Manager continue to develop a vision for the City's future. The plan looks to both respond to the needs of the community, while at the same time meeting these needs in a cost-effective and efficient manner. The following items are planned for the next fiscal year and beyond:

- Planning for growth and the resulting increase in public safety requirements by having appropriated \$1.2 million for the construction of a 5<sup>th</sup> Fire Station (FS65), \$450,000 for a new fire apparatus for FS65, and the addition of nine new fire personnel to staff that facility. In addition, the FY 2005/2006 budget included another 4 new positions in Fire/Rescue.
- Planning for increased demands on public safety requirements and improving efficiency of the delivery of these services is also demonstrated through the appropriation of an additional \$1,000,000 for partial funding for construction of a new Public Safety Complex. This brings the funding level in FY 2005/2006 to \$3,150,000. This facility is expected to cost between \$10 and \$12 million to plan, design and construct. Financial assistance programs are being researched as they may provide an additional funding source for this project. The City Commission plans to continue setting aside funds in future budget years for this project.
- The City Commission has placed emphasis on improvement and development of park facilities. With this in mind, the City will continue to pursue funding available for such projects through the application of various financial assistance programs. Park development initiatives budgeted for FY 2005/2006 include funding for a museum at Veterans Memorial Park, lighting at the soccer fields to allow night-time use of the facilities, addition of a restroom and PA System at the Sports Complex, development of Beechdale as a passive use park and funding toward the planning for a joint Amphitheatre project with Daytona Beach Community College.
- Recreation Programs continue to be important to the residents of the City and the Summer Recreation Program, Music in the Courtyard series, teen dances, Easter Eggstravaganza, July 4<sup>th</sup> Celebration and Fireworks and Halloween Spooktacular have all been supported/funded as ongoing programs.
- The City has \$1,350,000 appropriated to continue its road resurfacing program in the next fiscal year.
- The City is committed to investing in capital improvements to the recently acquired water/sewer utility and has appropriated over \$11.6 million for both capital and renewal/replacement activities for FY05/06. Of this \$11.6 million, approximately \$6.4 million is for water-related construction, \$4.7 million is for sewer-related construction and the remainder is for utility relocation projects. Further, the City has evaluated the need for additional sewer capacity and is planning for the addition of a wastewater treatment plant in the near future to support anticipated development. Location and funding alternatives for this plant will be reviewed throughout FY 2005/2006.
- The City will continue its Capital Equipment Replacement Program by annually funding depreciation on capital equipment. What this provides the City in years to come is a stable source of designated funds to finance new capital equipment purchases without seeing sharp rises or drops in annual expenditures. Funding for FY 2005/2006 is set at \$1,346,000.

- As population growth continues in the City, the demand on roadways is increasing. Therefore, the City is reviewing and updating the Transportation Element of the Comprehensive Plan to include current prioritization of road construction projects, cost estimates and funding alternatives. This will be addressed by the City in more detail throughout fiscal years 2005/2006 and 2006/2007.
- The City set aside \$2,500,000 in FY 2004/2005 and an additional \$1,500,000 in FY 2005/2006 for participation in the development of the West Volusia Cultural and Corporate Training Complex. This is a large-scale project with Daytona Beach Community College as the project leader and Volusia County, Deltona, Orange City, and the Chamber of Commerce of West Volusia as participants, among others. It is a \$23.7 million project to build a estimated 140,000 sq. ft. center in Orange City for activities as diverse as art exhibits, concerts, graduations and large business training seminars.

The items presented above represent the major projects and activities for which action has been taken or funding has been earmarked. The City is moving expeditiously to ensure that needed infrastructure and services will be available as new growth occurs. The past, present and future goal is to provide services and public facilities that meet the expectations of the community at an affordable price. The projects and activities completed, nearing completion, or planned, as evidenced by the lists shown above, will meet that goal, both today and tomorrow.

### **Pension Trust Funds**

The City maintains a single-employer, defined contribution pension plan for its general employees in which the City contributes 10% of each participant's base earnings. An outside party administers the plan with investments being self-directed by the individual employee amongst the investment options available under the plan. The plan has a five-year graduated vesting schedule granted in 20% increments starting after the attainment of one year of service, with automatic 100% vesting at age 55. In FY 2005/2006, the City plans to join the Florida Retirement System (FRS) and provide current employees with the option to participate in FRS or retain participation in the above defined plan.

The City maintains a single-employer, defined benefit pension plan for all its firefighters under the provision of Chapter 175, Florida Statutes. Members vest after 10 years of creditable service and earn a rate of 3% annually toward retirement. Administration of the plan is through a five-member board. City management and the pension board closely monitor the future costs of the plan. The annual actuarial valuation continues to reflect a positive trend in the funding of the plan and recommendations of the plan actuary are carefully considered. The City takes appropriate measure to ensure the financial soundness of the plan and State law requires that actuarially required contributions be made annually.

### **Risk Management**

The City has exposure to a variety of accidental losses and has established a risk management strategy that attempts to minimize losses and the carrying cost of insurance. Management has established risk management techniques to reasonably ensure that the City's employees are aware of their responsibilities regarding loss exposures related to their duties. In a similar manner, risk control techniques have been established to reduce possible losses to property owned by the City. Furthermore, supervisory personnel are held responsible for monitoring risk control techniques on an operational level.

To cover itself against exposure to various risks of loss, the City is a member of a local government liability risk pool with approximately 50 local government agency members within the state of Florida. The pool absorbs losses up to a specified amount annually and purchases excess and other specific coverage from third-party carriers. The pool assesses each member its pro rata share of the estimated amount required to meet current year losses and operating expenses. If total member assessments do not

produce sufficient funds to meet its obligations, the pool can make additional limited assessments. Losses, if any, in excess of the pool's ability to assess its members revert back to the member that incurred the loss.

### **Debt Policy and Administration**

Through voter referendum, the City's Charter was amended on November 2001 concerning bonding and contracting authority. The original Charter restricted the issuance of revenue bonds or lease purchase contracts for the purchase of real property or the construction of capital improvements to a term limit of 36 months and an amount not to exceed \$15 million, unless authorized by voter election. The revised Charter requires the City Commission to adopt a formal debt policy by ordinance. On December 2, 2002, the City Commission adopted Ordinance 26-2002 providing a debt policy of the City.

The City's debt policy provides a general framework of guidance for debt issuance and debt management, while providing flexibility to permit the City to take advantage of market opportunities and to respond to changing conditions without jeopardizing essential public services. The Charter and State law require that general obligation debt or debt pledging property taxes (ad valorem revenue) will only be issued after an affirmative vote of the electors of the City. However, the City Commission can authorize and issue revenue bonds pledging non-ad valorem revenues, consistent with the City's debt policy.

In November 2003, the City issued Utility System Revenue Bonds, Series 2003, of \$81,725,000 for the acquisition of and capital improvements to the water and sewer utility. At September 30, 2005, the City had no general obligation debt outstanding.

### **Cash Management Policies and Practices**

The City maintains a pooled cash and investment fund for substantially all City deposits and investments. This gives the City the ability to invest large amounts of idle cash for short periods of time and to maximize earning potential. The City's investment policy places the highest priority on the safety of principal and maintenance of adequate liquidity to meet certain needs with the optimization of investment returns being secondary to the requirements for safety and liquidity.

As of November 7, 2003, \$17,500,000 of the funds obtained from the City's issuance of \$81,725,000 City of Deltona, Florida Utility System Revenue bonds, Series 2003, were specifically set aside for capital improvements to the acquired utility system. The City entered into a guaranteed investment contract with Citigroup Financial Products, Inc. (CFPI) for the investment of these funds. The agreement with CFPI restricts eligible collateral to (1) any bond or other obligations which as to principal and interest constitute direct general obligations of, or are unconditionally guaranteed by, the United States of America; (2) obligations of Government National Mortgage Association, U.S. Federal National Mortgage Association or Federal Home Loan Mortgage Corporation.

Other cash that was temporarily idle during the year was invested in the State of Florida Local Government Surplus Funds Trust Fund Investment Pool and money market funds carrying the highest credit quality rating. An automatic sweep investment service is maintained on the City's operating account. The sweep allows all daily business transactions to be settled against an AAA rated institutional money market account so that excess funds held for operations are continually invested.

## OTHER INFORMATION

### Independent Audit

Florida Statutes require that an annual audit of each local government entity's accounts and records be conducted by an independent certified public accountant. The certified public accounting firm of Purvis, Gray & Company, CPAs have conducted the audit and issued their report, which can be found on pages 1-2 in the financial section of this report. The audit was also designed to meet the requirements of Government Auditing Standards, OMB Circular A-133 and Chapter 10.550 Rules of the Auditor General. The auditor's reports related to Government Auditing Standards are included in the other reports section of this report.

### 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 Deltona, Florida, for its Comprehensive Annual Financial Report for the fiscal year ending September 30, 2004. This was the fifth consecutive year that the City has received this prestigious award. We are pleased to continue to achieve this distinction. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, which conforms to program standards. Such reports must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

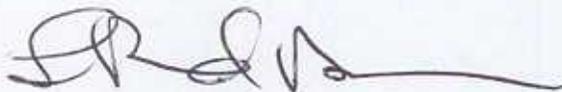
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### Acknowledgements

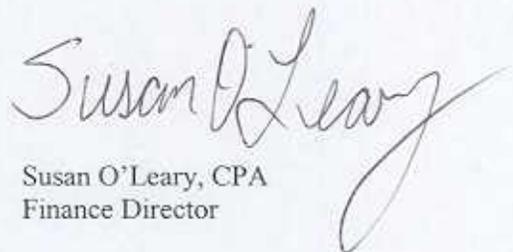
The preparation of this Comprehensive Annual Financial Report represents countless hours of work and could not have been accomplished without the dedicated efforts of the employees of the Finance & Internal Services Department. They have my sincere appreciation for their contributions, as well as the audit team from Purvis Gray & Company and all those individuals who assisted in this effort.

In closing, I would like to acknowledge the City Manager, Mayor and City Commissioners for their leadership, support and assistance in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



L. Roland Blossom  
Acting City Manager



Susan O'Leary, CPA  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Deltona,  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Carla E. Judge*

President

*Jeffrey R. Emer*

Executive Director

# Organization Chart



*Citizens of Deltona*

City Commission

Various Appointed  
Boards & Committees

City Manager's Office  
Fritz Behring, City Manager  
(386) 561-2100, Ext. 3106

City Attorney  
L. Roland Blossom  
(386) 561-2100, Ext. 3107

City Clerk's Office  
Faith G. Miller, MMC  
(386) 561-2100, Ext. 3110

Human Resources  
Clyde Perry  
(386) 561-2100, Ext. 3125

Finance & Internal Services  
Susan O'Leary, CPA  
(386) 561-2100, Ext. 3125

Development Services  
Robert Nix, AICP  
(386) 561-2100, Ext. 3201

Enforcement Services  
Dale Baker  
(386) 561-2100, Ext. 3232

Construction Services  
Cyrus Butts  
(386) 561-2100, Ext. 3218

Law Enforcement  
Contractual  
(386) 860-7030 Non-Emergency Line

Engineering Services  
Contractual

Fire / Rescue Department  
Frank Ennist  
(386) 575-0309

Public Works  
Glenn Kerns  
(386) 561-2100

Parks & Recreation  
Cyrus Butts (Interim Director)  
(407) 302-5205

Deltona Water  
Dave Denny  
(386) 561-2222

**CITY OF DELTONA, FLORIDA  
PRINCIPAL OFFICIALS**

**ELECTED OFFICIALS**

Mayor-----John Masiarczyk  
Vice Mayor/Commissioner, District 1 -----Lucille Wheatley  
Commissioner, District 2 -----David Santiago  
Commissioner, District 3 -----Michele McFall  
Commissioner, District 4 -----William S. Harvey  
Commissioner, District 5 -----Charles DeZaruba  
Commissioner, District 6 -----Douglas S. Horn

**OTHER OFFICIALS**

City Manager-----Fritz A. Behring  
City Attorney-----L. Roland Blossom  
City Clerk -----Faith G. Miller  
Finance Director-----Susan O'Leary  
Human Resources Director-----Clyde Perry  
Development Services Director -----Robert Nix  
Construction Services Director -----Cyrus Butts  
Enforcement Services Director -----Dale Baker  
Fire Chief -----Frank Ennist  
Public Works Director-----Glenn Kerns  
Parks & Recreation Interim Director -----Cyrus Butts  
Utility Director-----Dave Denny

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Commissioners  
City of Deltona  
Deltona, Florida

We have audited the accompanying financial statements of governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Deltona, Florida (the City) as of and for the year ended September 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City as of September 30, 2005, and the respective changes in financial position, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 3, 2006, on our consideration of the City of Deltona, Florida's compliance and on internal control over financial reporting based on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the major fund budgetary comparison information as listed in the table of contents, are not a required part of the basic financial statements, but are supplementary information required by Governmental Auditing Standards Board (GASB). We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

**Certified Public Accountants**

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS.

Honorable Mayor and City Commissioners  
City of Deltona  
Deltona, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively form the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedules and statistical tables listed in the table of contents are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements and in our opinion this information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

February 3, 2006  
Ocala, Florida

*Durvis, Gray and Company*

## Management's Discussion and Analysis

As management of the City of Deltona (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page i of the Introductory Section of this report and the City's financial statements beginning on page 17.

### Restatement of Prior Year Fund Balance

A timing difference with regards to the reporting of certain hurricane-related expenditures resulted in a restatement of the September 30, 2004 expenditures and fund balance of the General Fund, however this did not have an effect on the September 30, 2005 fund balance of the General Fund.

These statements reflect a reduction of \$4,033,960 in the fund balance of the General Fund as of September 30, 2004. The expenditures were paid in Fiscal Year 2004/2005, although they were incurred in Fiscal Year 2003/2004. Since expenditures are to be reported in the fiscal year in which incurred, this should have been reported as an expenditure in Fiscal Year 2003/2004 and not in the current fiscal year. This adjustment had the effect of increasing expenditures in the prior year and decreasing expenditures in the current year by the same amount resulting in no net effect on the September 30, 2005 fund balance in the General Fund. The opening Fund Balance shown in this Comprehensive Annual Financial Report has been restated for this adjustment and the following discussion and analysis is based on fund balance and expenditures as restated. See note 12 in the Notes to the Financial Statements for additional information.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$126,136,756 (*net assets*). Of this amount, \$16,739,860 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$12,606,179 or 11.1 percent, in comparison to the prior year.
- Total revenues increased \$8,643,950 or 16.7 percent in comparison to the prior year.
- Total expenses decreased \$4,481,823 or 8.6 percent in comparison to the prior year.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$23,030,053; an increase of \$11,312,602 in comparison with the prior year. Approximately 58% is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$11,407,512 or 44.5% of total General Fund expenditures.
- The City had no general obligation debt during the current or prior fiscal year.

### **Overview of the Financial Statements**

The discussion and analysis is intended to serve as an introduction to the City basic financial statements. The City basic financial statements are comprised of three components: (1) government-wide financial statements, (2) notes to the financial statements, and (3) fund financial statements. This report also contains other supplementary information in addition to the basic financial statements.

### **Government-wide Financial Statements**

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

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

The *Statement of Activities* presents revenue and expenses and shows how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported in a manner similar to the approach used by a private-sector in that, revenues are recognized when earned, established criteria are satisfied, and expenses are reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the accounting period. Expenses are recorded even though they may not have used cash during the current period.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of its costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, physical environment, transportation, culture and recreation and economic environment. The business-type activities of the City include the water and sewer utility. Solid waste management is provided by an independent contractor.

The City's government-wide financial statements can be found on pages 17-19 of this report.

### **Fund Financial Statements**

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

## **Governmental Funds**

Governmental Fund financial statements consist of a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances. These statements are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis, and for the most part, measure and account for cash and other assets that can easily be converted to cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a short period of time, but do not include capital assets such as land and buildings. Fund liabilities include amounts that are to be paid within a short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled as the fund balance, and generally indicates the amount that can be used to finance the next fiscal years activities. The Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds reports only those revenues and expenditures that were collected or paid during the current period or shortly after the end of the year.

For the most part, the balances and activities accounted for in the governmental funds are also reported in the governmental activities columns of the government-wide financial statements. However, due to the difference in accounting basis used to prepare fund financial statements and government-wide financial statements, there are often significant differences between the totals presented. For this reason, there is an analysis after the balance sheet that reconciles the total fund balances to the amount of net assets presented in the governmental activities column on the Statement of Net Assets. In addition, there is an analysis after the Statement of Revenues, Expenditures, and Changes in Fund Balances that reconciles the total change in fund balances for all governmental funds to the change in net assets as reported in the governmental activities column in the Statement of Activities.

The City presents in separate columns funds that are most significant to the City (major funds) and all other governmental funds are aggregated and reported in a single column (non-major funds).

The City's governmental fund financial statements are presented on pages 20-26 of this report.

## **Proprietary Funds**

Proprietary Fund financial statements consist of a Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Fund Net Assets and Statement of Cash Flows. These statements are prepared on an accounting basis that is similar to the basis used to prepare the government-wide financial statements. For financial reporting purposes, Proprietary Funds are grouped into Enterprise Funds and Internal Service 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 utility.

Proprietary Fund financial statements provide the same type of information as the government-wide financial statements; in more detail. The Proprietary Fund financial statements provide separate information for the City only Enterprise Fund, which is Water and Sewer.

The Proprietary Fund Financial Statements can be found on pages 28-33 of this report.

## **Fiduciary Funds**

Fiduciary Fund financial statements consist of a Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. Assets held by the City for other parties, either as a trustee or as an agent and that cannot be used to finance the City's own operating programs are reported in the Fiduciary Funds. Fiduciary Funds are not reflected in the government-wide financial statements since the resources of those funds are not available to support the City's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds. In addition, the City reports Pension Trust Funds.

The Fiduciary Fund financial statements can be found on pages 34-35 of this report.

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36-53 of this report.

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 55-59 of this report.

Combining statements for non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 62-73 of this report.

## **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$126,136,756 at the close of the most recent fiscal year.

The following schedule is a summary of the Statement of Net Assets found on page 17 of this report.

### City of Deltona's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 28,421,647	\$ 27,854,082	\$ 32,318,704	\$ 28,705,540	\$ 60,740,351	\$ 56,559,622
Capital assets, net of depreciation	98,180,028	95,648,664	59,189,048	58,747,483	157,369,076	154,396,147
<b>Total assets</b>	<b>126,601,675</b>	<b>123,502,746</b>	<b>91,507,752</b>	<b>87,453,023</b>	<b>218,109,427</b>	<b>210,955,769</b>
Current and other liabilities	4,628,391	10,783,678	4,156,658	2,986,784	8,785,049	13,770,462
Long-term liabilities	634,618	574,869	82,553,004	83,079,861	83,187,622	83,654,730
<b>Total liabilities</b>	<b>5,263,009</b>	<b>11,358,547</b>	<b>86,709,662</b>	<b>86,066,645</b>	<b>91,972,671</b>	<b>97,425,192</b>
<b>Net Assets:</b>						
Investment in capital assets net of related debt	98,180,028	95,648,664	(2,268,990)	(3,589,804)	95,911,038	92,058,860
Restricted	9,708,752	7,636,213	3,777,106	1,670,614	13,485,858	9,306,827
Unrestricted	13,449,886	8,859,322	3,289,974	3,305,568	16,739,860	12,164,890
<b>Total net assets</b>	<b>\$ 121,338,666</b>	<b>\$ 112,144,199</b>	<b>\$ 4,798,090</b>	<b>\$ 1,386,378</b>	<b>\$ 126,136,756</b>	<b>\$ 113,530,577</b>

The overall position of the City improved in both the 2005 and 2004 fiscal years. Changes in net assets over time can be one of the best and most useful indicators of financial position. The total net assets of the City increased by \$12,606,179, or approximately 11.1%, from \$113.5 million in 2004 to \$126.1 million in 2005. Net assets of both the governmental and business-type activities increased primarily as a result of operations. Business-type activities reflect the water and sewer utility added in FY03/04.

A significant portion of the City's net assets (76%) reflect its investment in capital assets (e.g., land, buildings, improvements, 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. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should still be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (10.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$16,739,860) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reported positive balances in all three categories of net assets for both governmental activities and restricted, and unrestricted assets for business-type activities. The negative balance for investment in capital assets net of related debt for the business-type activity is a result of the accounting treatment for the acquisition of the water/sewer utility.

The following is a summary of the information presented in the Statement of Activities found on pages 18-19 of this report:

### City of Deltona's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 7,511,781	\$ 6,533,651	\$ 12,476,619	\$ 9,762,388	\$ 19,988,400	\$ 16,296,039
Operating grants and contributions	4,327,207	5,625,081	277,746	-	4,604,953	5,625,081
Capital grants and contributions	6,598,260	4,550,222	2,042,282	642,214	8,640,542	5,192,436
General Revenues:						
Property taxes	8,394,332	7,334,228	-	-	8,394,332	7,334,228
Franchise fees	3,168,855	2,815,567	-	-	3,168,855	2,815,567
Other taxes	6,874,286	6,411,966	-	-	6,874,286	6,411,966
State Shared Revenues	6,807,016	5,841,122	-	-	6,807,016	5,841,122
Other	811,511	636,727	1,151,263	1,644,042	1,962,774	2,280,769
<b>Total Revenues</b>	<b>44,493,248</b>	<b>39,748,564</b>	<b>15,947,910</b>	<b>12,048,644</b>	<b>60,441,158</b>	<b>51,797,208</b>
<b>Expenses:</b>						
Governmental Activities:						
General government	7,511,985	6,163,917	-	-	7,511,985	6,163,917
Public safety	11,976,999	11,116,849	-	-	11,976,999	11,116,849
Physical environment	5,702,314	5,484,689	-	-	5,702,314	5,484,689
Transportation	7,625,589	16,285,083	-	-	7,625,589	16,285,083
Culture & recreation	1,872,250	2,442,211	-	-	1,872,250	2,442,211
Economic environment	609,644	161,787	-	-	609,644	161,787
Business-type Activities:						
Water and sewer	-	-	12,536,198	10,662,266	12,536,198	10,662,266
<b>Total Expenses</b>	<b>35,298,781</b>	<b>41,654,536</b>	<b>12,536,198</b>	<b>10,662,266</b>	<b>47,834,979</b>	<b>52,316,802</b>
Change in Net Assets	9,194,467	(1,905,972)	3,411,712	1,386,378	12,606,179	(519,594)
Net Assets-beginning of year	112,144,199	114,050,171	1,386,378	-	113,530,577	114,050,171
Net Assets-end of year	\$ 121,338,666	\$ 112,144,199	\$ 4,798,090	\$ 1,386,378	\$ 126,136,756	\$ 113,530,577

### Governmental Activities

Governmental activities increased the City's net assets by \$9,194,467, accounting for 73% of the total growth in the net assets of the City. The following section provides details regarding the increase in net assets through comparison of the change in revenue and expenditures between the current and prior fiscal years.

Operating grants and contributions received by the City decreased in 2005 by \$1,297,874 or 23.1% from 2004. Essentially, all of this decrease was caused by the change from 2004 to 2005 in reimbursements for hurricane-related damages as the majority of expenditures were reimbursed in the prior fiscal year.

Capital grants and contributions increased by \$2,048,038 or 45% from 2004. This change is primarily a result of an increase in storm water assessment revenue of \$1,094,695 due to an increase in the individual

assessment rate that was effective for FY2004/2005, increased road impact fee revenue of \$439,377 due to implementation of a new road impact fee in May 2004 with FY2004/2005 being the first full year this fee was in effect, more stringent enforcement of Tree Replacement Fees resulting in increased revenue of \$243,984 and Private Contributions for Parks & Recreation of \$192,451.

General government expenses increased by \$1,348,068. Personal service expenses increased by \$412,028 and are reflective of the planned growth in staff needed to keep pace with the overall growth of the City. The City initially reserved \$2,500,000 of fund balance in the FY 2004/2005 budget for the West Volusia Corporate Training Center and in the current year appropriated and disbursed the first \$450,000 of that funding. Other Current Charges increased by \$164,205 and Operating Supplies increased by \$225,482. Depreciation expense increased by \$94,843.

Public Safety expenses increased by \$860,150 in 2005. The majority of that change was the cost of the law enforcement contract with Volusia County, which increased by \$607,133 and included the addition of six new law enforcement personnel. Personal service costs increased by \$109,015 and are primarily the result of planned cost of living increases. Operating Supplies increased \$126,149, Communications & Postage increased \$20,123, Repairs & Maintenance by \$24,734 and Depreciation expense decreased by \$50,140.

Physical environment expenses increased by \$217,625. Storm water expenses increased by \$316,265 and Solid Waste expenses increased by \$273,453. Depreciation decreased by \$372,093

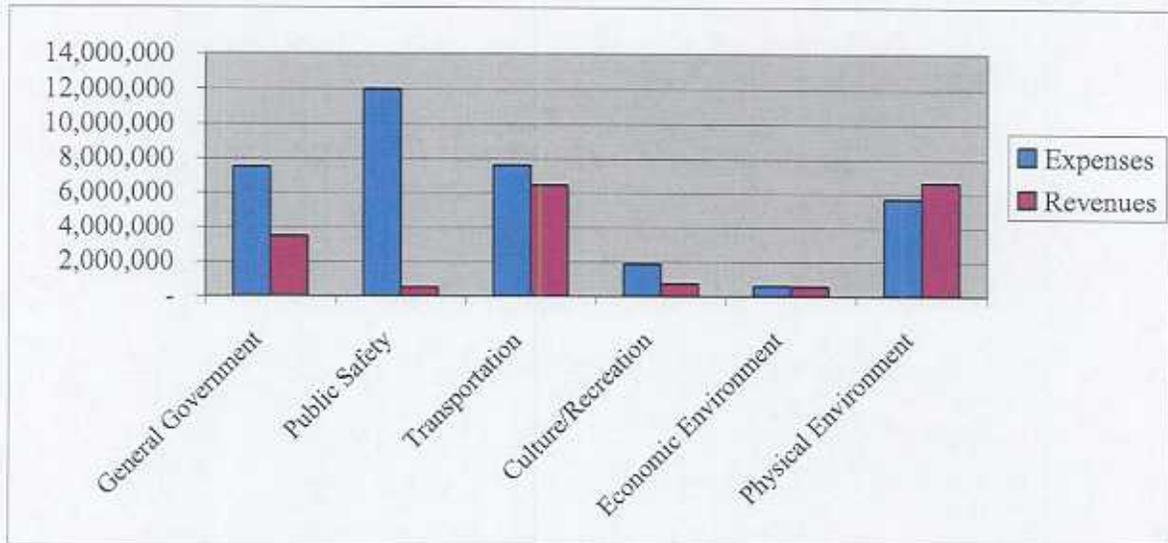
Transportation expenses decreased by \$8,659,494. Most of this change was due to the \$7,274,476 reduction in expenditures for hurricane related debris removal. Road resurfacing expenses decreased by \$1,763,423. Personal service expenses increased by \$164,038, sidewalk expenses increased by \$121,087, Professional Services decreased by \$94,052, Repairs & Maintenance increased by \$53,808, Other Contractual Services increased by \$213,145, Operating Supplies increased by \$100,230 and Road Materials & Supplies decreased by \$151,008.

Culture & Recreation expenses decreased by \$569,961 with most of this change related to depreciation expense changes/adjustments. Personal Service costs increased by \$77,123, Repairs & Maintenance decreased by \$125,958. Other Current Charges decreased by \$68,885. Operating Supplies increased by \$217,894. Depreciation expense decreased by \$287,878. The City implemented a new automated fixed asset system in the current year. As a result of auditing the information converted to the new system an accounting adjustment was necessary that reduced Other Current Charges by an additional \$370,667.

Economic Environment expenses increased by \$447,857 as the State Housing Initiatives Program began to return to planned expense levels. The program was not fully staffed in the prior year but was in the current year.

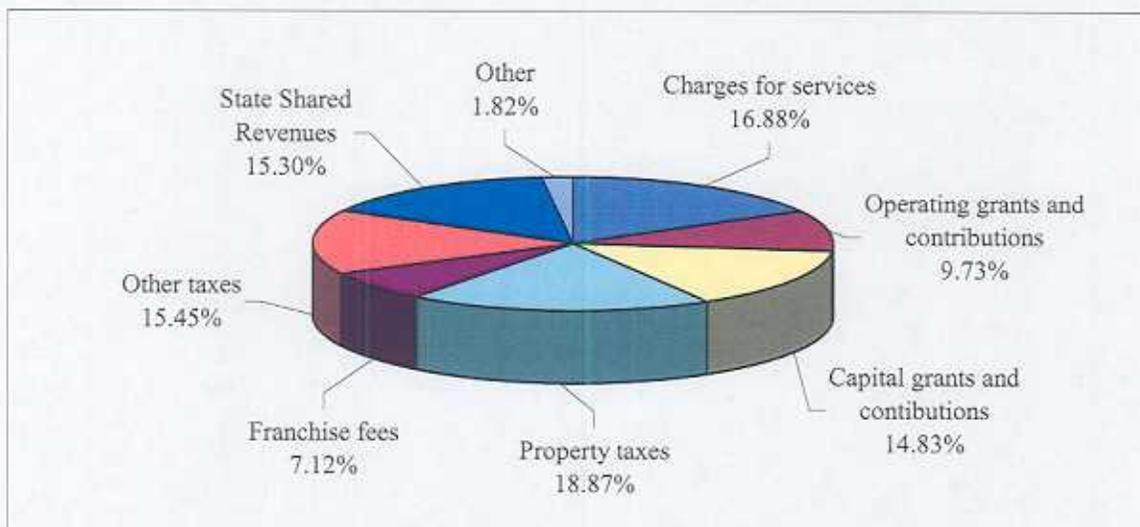
The following chart compares expenses with program revenues for the City's governmental activities:

**Expenses and Program Revenues – Governmental Activities**



The following graph shows the composition of revenues for the City's governmental activities.

**Revenues by Source – Governmental Activities**

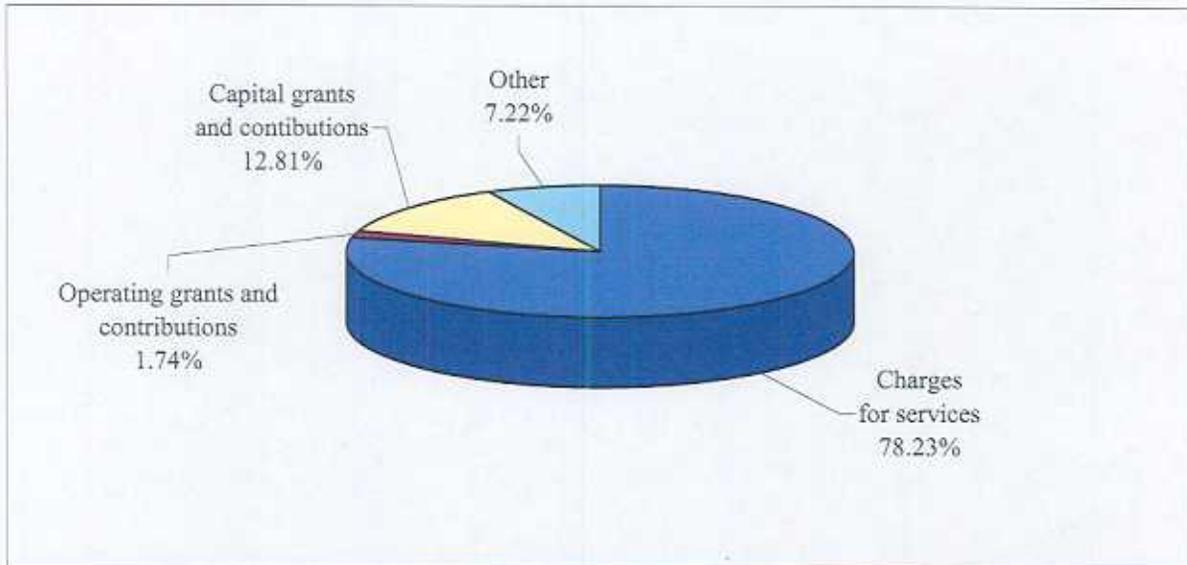


**Business-type Activities**

Business-type activities increased the City's net assets by \$3,411,712 accounting for 27% of the total growth in the City's net assets. In the prior fiscal year business-type activities increased the City's net assets by \$1,386,378 accounting for all of the growth in the City's net assets. The business-type activities for the current and prior fiscal years are the result of water and sewer utility operations.

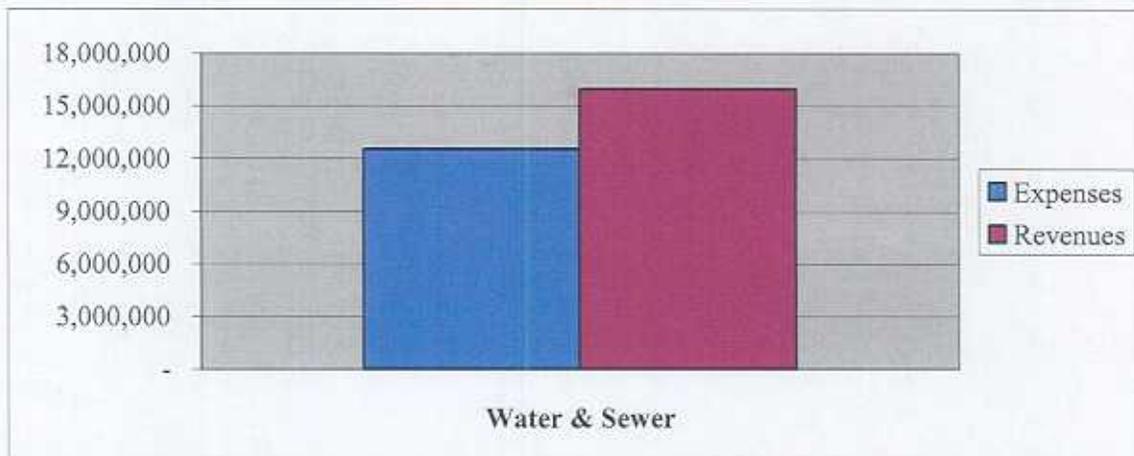
The following graph shows the composition of revenues for the City's business-type activities:

**Revenues by Source – Business-type Activities**



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

**Expenses and Program Revenues – Business-type Activities**



### 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 fund financial statements for the governmental funds are provided on pages 20-26. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of

spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$23,030,053 an increase of \$11,312,602 in comparison with the prior year. Approximately 58% of this amount (\$13,321,301) constitutes unreserved fund balance, which is available for spending at the City's discretion; subject to budgetary constraints. The remainder of the fund balance is reserved to indicate that it is not available for new spending. It has already been committed to future expenditures for road and street expenditures (\$5,723,024) and capital projects (\$3,985,728).

The General Fund is the chief operating fund for the City. At the end of the current fiscal year, the entire General Fund balance (\$11,407,512) was unreserved. As a measure of the General Fund's liquidity, it is useful to compare unreserved fund balance and total fund balance to total fund expenditures. In both instances, this represents 44.5% of total General Fund expenditures.

Revenues and transfers in for the City's General Fund increased by \$12,466,316 over the prior year. While revenues increased expenditures and transfers out decreased by \$4,996,738. Key factors for the revenue increase are:

The City's millage rate for the current year decreased slightly to 4.15 mills. Although the rate decreased slightly, property tax revenue (ad valorem revenue) increased by \$1,060,104; a 14.5% jump. This increase is the result of a rise in assessed values and the addition of new property through construction.

Franchise fees increased by \$353,288, Public Service tax increased by \$462,320, State Revenue Sharing increased by \$517,322, and Intergovernmental revenues increased by \$8,805,332. Essentially, all of the increase in Intergovernmental revenue was attributable to hurricane debris removal reimbursements. Charges for Services increased by \$283,241, Fines and Forfeitures increased by \$37,862, Impact Fees increased by \$860,022, Interest Income increased by \$106,296 and Miscellaneous Income decreased by \$19,471.

Key fund level factors for the total of all governmental funds are:

Total Governmental Fund expenditures decreased by \$457,413.

General Government expenditures increased by \$1,070,124. Personal service costs increased by \$456,931 and are reflective of the planned growth in staff needed to keep pace with the overall growth of the City. The city initially reserved \$2,500,000 of fund balance in the FY 04/05 budget for the West Volusia Corporate Training Center and in the current year appropriated and disbursed the first \$450,000 of that funding. Operating Supplies increased by \$225,482.

Public Safety expenditures increased by \$910,290 in 2005. The cost of the law enforcement contract with Volusia County increased by \$607,133 which included the addition of six new positions. Personal service costs increased by \$109,015 and are primarily the result of planned cost of living increases. Operating Supplies increased \$126,149, Communications & Postage increased \$20,123 and Repairs & Maintenance by \$24,734.

Transportation expenditures decreased by \$2,914,651. Hurricane-related debris removal expenses decreased by \$3,240,516. Personal service expenses increased by \$164,038, Professional Services decreased by \$94,052, Repairs & Maintenance increased by \$53,808, Other Contractual Services

increased by \$213,145, Operating Supplies increased by \$100,230 and Road Materials & Supplies decreased by \$151,008.

Culture & recreation expenditures increased by \$391,705 and are reflective of the overall increase in operating and maintenance costs from the addition of new park facilities and recreational activities. Personal service expenditures increased by \$77,123, Repairs & Maintenance decreased by \$125,958, Other Current Charges (primarily recreation program expenses) increased by \$234,236 and Operating Supplies increased by \$217,894.

Economic Environment expenditures increased by \$477,857 as the State Housing Initiatives Program began to return to planned expenditure levels. The program was not fully staffed in the prior year but was in the current year.

Physical Environment expenditures increased by \$679,504 with Storm Water expenditures having increased by \$406,051 and Solid Waste expenditures by \$273,453.

Capital outlay expenditures decreased by \$1,042,242.

Transfers out decreased by \$911,113 for the current year. The decrease is mostly explained by a decline of \$3,450,000 in transfers to the Stormwater Fund that was offset by an increase of \$2,300,000 in transfers to the Municipal Complex Fund and an increase of \$243,984 in transfers to the new Tree Replacement Fund.

The Local Option Gas Tax Fund accounts for the revenue from the City's share of the six-cent and five-cent option tax on fuel. The City's allocation of the tax revenue is based on an interlocal agreement with the County of Volusia. This fund has a total fund balance of \$5,723,024. The fund balance decreased by \$1,644,851 in the prior fiscal year but increased in current year by \$878,496. Revenues increased by \$240,723 over the prior year, capital outlay decreased by \$1,835,125 and transfers in increased by \$444,903. Most of the decrease in capital outlay is attributable to reduced road resurfacing costs.

### **Proprietary Funds**

The fund financial statements for the City's Proprietary Funds provide essentially the same type of information found in the government-wide financial statements, but in more detail. The City's only Proprietary Fund is the water and sewer utility which was acquired during fiscal year ending 2004. For purposes of comparison it should be noted that the prior fiscal year contained only 11 months of activity and the current year contains 12 months. This should be factored in with the following comparisons.

Revenue increased by \$2,192,107. The initial recording of an unbilled receivable accounted for \$898,589 of the increase and the balance was attributable to the increase in the number of customers.

Total Operating Expenses increased by \$1,492,687. Personal Services increased by \$528,271 due to planned increases in staffing levels. Operating Expenses and Professional Expenses increased by \$610,400 as the system customer base continued to expand in the current year, Depreciation increased by \$313,731, Insurance increased by 4,722 and Bad Debts increased by \$35,563.

Intergovernmental Revenue increased by \$277,746 due to reimbursements of hurricane-related expenditures, Capital Contributions (Impact Fees) increased by \$1,400,068 and Interest Expense increased by \$381,245.

## General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$11,124,506 and are summarized as follows:

**General Fund:** Total increase \$8,714,256.

- \$6,447,705 increase for hurricane debris removal related expenditures
- \$450,000 increase for the West Volusia Corporate Training Center
- \$346,023 increase for Parks & Recreation
- \$133,791 increase for Law Enforcement
- \$122,850 various increases
- \$75,000 increase in transfers to the Municipal Complex Fund
- \$444,903 increase in transfers to the Local Option Gas Tax Fund
- \$243,984 increase in transfers to the Tree Replacement Fund
- \$450,000 increase in transfers to the Stormwater Fund

**Stormwater Fund:** \$486,820 increase.

**Local Option Gas Tax Fund:** \$1,590,006 increase.

## 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, 2005 is \$157,369,076 (net of accumulated depreciation). This investment in capital assets includes: land, construction-in-progress, buildings and improvements, machinery and equipment, and infrastructure (roads, right-of-ways, stormwater and utility). The total increase (additions less retirements and depreciation) in the City's investment in capital assets was \$2,972,929; an increase of 1.9%. This consisted of a 2.6% increase for governmental activities and a .75 % increase for business-type activities.

### City of Deltona's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	5,502,181	4,826,210	1,638,527	1,638,527	7,140,708	6,464,737
Infrastructure Right of Way	4,372,500	4,372,500	-	-	4,372,500	4,372,500
Construction in Progress	3,814,738	1,638,199	1,290,109	270,350	5,104,847	1,908,549
Buildings & Improvements	46,868,137	37,888,427	2,338,774	2,285,177	49,206,911	40,173,604
Machinery & Equipment	13,085,544	4,285,946	7,846,646	3,807,176	20,932,190	8,093,122
Infrastructure	77,040,302	42,637,382	50,282,677	50,746,253	127,322,979	93,383,635
<b>Total</b>	<b>150,683,402</b>	<b>95,648,664</b>	<b>63,396,733</b>	<b>58,747,483</b>	<b>214,080,135</b>	<b>154,396,147</b>

Additional information on the City's capital assets can be found in note 4 on pages 44-45 of this report.

### Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$81,225,000. This entire amount represents bonds secured solely by specified revenue sources; specifically, revenue bonds related to the acquisition of the water and sewer utility. The City has no other bonds outstanding and has no loans payable.

#### City of Deltona's Bonded Debt and Loans Payable

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
General Obligations Bonds	-	-	-	-	-	-
Special Obligations Bonds	-	-	-	-	-	-
Revenue Bonds	-	-	80,575,000	81,225,000	80,575,000	81,225,000
Total Bonds	-	-	80,575,000	81,225,000	80,575,000	81,225,000
Loans Payable	-	-	-	-	-	-
Total Bonds and Loans	-	-	80,575,000	81,225,000	80,575,000	81,225,000

The bond ratings reflect that the City's bonds have the characteristics of strong investment quality as shown below:

	Standard & Poor's	Moody's Investors Service	Fitch Ratings
Water and Sewer Revenue Bond	AAA	Aaa	AAA

Additional information on the City's long-term debt can be found in note 7 on pages 46-47 of this report.

### Economic Factors and Next Year's Budget and Rates

The unemployment rate at the end of fiscal year 2005 for Volusia County was 4.8 % and remains unchanged from the previous year. However, when compared to the State of Florida as a whole, the unemployment rate for Volusia County is lower. The following is a summary of the applicable unemployment rates for Volusia County, the State of Florida, and United States:

Region Name	Current Year 9/2005	Previous Year 9/2003
Volusia County	4.8%	5.1%
State of Florida	4.9%	5.5%
United States	5.7%	5.8%

The tax base for the City is composed of real property, personal property and centrally assessed property. The taxable value of such property increased 7.38% over the previous year.

The City's population increased 4.87% from 76,332 in 2003 to 80,054 in 2004.

The General Fund property tax millage was not changed for the 2004-05 fiscal year and remains at 4.198 mills. The General Fund's property tax millage rate has remained at 4.198 mills since the City's incorporation in 1995.

The City's stormwater assessments were increased from \$30 to \$60 per ERU (Equivalent Residential Unit) for all developed parcels and from \$17 to \$34 for undeveloped parcels.

Solid Waste assessments increased from \$108 per year to \$120 per year.

The City relies on information provided by the state in forecasting many revenue streams.

During the current fiscal year, unreserved General Fund balance for governmental activities was reported at \$11,407,512. The following offsets were considered when developing the budget for 2005-2006.

Budgeted Unreserved Fund Balance	\$6,591,148
Less: Designated	\$2,000,000
Working Capital/Reserves	\$4,000,000
Eligible for appropriation in 2005-2006 budget	\$ 591,148

The \$5 million of working capital reserves that was set aside in prior budget years for use in the occurrence of a natural disaster, economic slowdown or other unforeseen situation proved to be a valuable precaution in light of the hurricanes of the summer of 2004. Much of the \$5 million Working Capital Reserves was used to offset the unexpected and non-reimbursable expenditures related to those disasters. The budget for FY05/06 replenished much of those Working Capital Reserves and reflects a reserve of \$4 million.

### **Requests for Information**

The financial report is designed to provide a general overview of the City of Deltona, Florida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Office of the Finance Director, City of Deltona, 2345 Providence Blvd., Deltona, Florida 32725. You can also access our website at [www.ci.deltona.fl.us](http://www.ci.deltona.fl.us).

**CITY OF DELTONA, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2005**

<b>Assets</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Cash and Investments	\$ 24,290,190	\$ 27,949,800	\$ 52,239,990
Receivables (Net)	1,380,754	1,494,172	2,874,926
Due from Other Governments	2,750,703	-	2,750,703
Prepaid Items	-	24,135	24,135
Inventory	-	125,386	125,386
Other Assets	-	2,725,211	2,725,211
Capital Assets:			
Assets Not Being Depreciated	13,689,419	2,928,636	16,618,055
Assets Being Depreciated	136,993,983	60,468,097	197,462,080
(Accumulated Depreciation)	(52,503,374)	(4,207,685)	(56,711,059)
<b>Total Assets</b>	<b>126,601,675</b>	<b>91,507,752</b>	<b>218,109,427</b>
<b>Liabilities</b>			
Accounts Payable	1,898,753	1,322,367	3,221,120
Accrued Liabilities	506,484	2,042,153	2,548,637
Contracts/Retainage Payable	275,793	-	275,793
Deposits	254,932	792,138	1,047,070
Due to Other Governments	108,432	-	108,432
Deferred Revenue	1,583,997	-	1,583,997
Long-term Liabilities:			
Due Within One Year	602,887	707,766	1,310,653
Due in More Than One Year	31,731	81,845,238	81,876,969
<b>Total Liabilities</b>	<b>5,263,009</b>	<b>86,709,662</b>	<b>91,972,671</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	98,180,028	(2,268,990)	95,911,038
Restricted for:			
Road and Street Expenditures	5,723,024	-	5,723,024
Capital Projects	3,985,728	3,127,106	7,112,834
Debt Service	-	650,000	650,000
Unrestricted	13,449,886	3,289,974	16,739,860
<b>Total Net Assets</b>	<b>\$ 121,338,666</b>	<b>\$ 4,798,090</b>	<b>\$ 126,136,756</b>

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

**CITY OF DELTONA, FLORIDA  
STATEMENT OF ACTIVITIES  
SEPTEMBER 30, 2005**

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government	\$ 7,511,985	\$ 3,493,022	\$ -	\$ -
Public Safety	11,976,999	296,238	44,671	175,713
Transportation	7,625,589	-	3,713,809	2,767,466
Culture/Recreation	1,872,250	-	-	730,645
Economic Environment	609,644	-	568,727	-
Physical Environment	5,702,314	3,722,521	-	2,924,436
<b>Total Governmental Activities</b>	<b>35,298,781</b>	<b>7,511,781</b>	<b>4,327,207</b>	<b>6,598,260</b>
<b>Business-type Activities</b>				
Water and Sewer Utility	12,536,198	12,476,619	277,746	2,042,282
<b>Total Business-type Activities</b>	<b>12,536,198</b>	<b>12,476,619</b>	<b>277,746</b>	<b>2,042,282</b>

**General Revenues:**

Taxes:

Property Taxes

Franchise Fees

Public Service Tax

State Shared Revenues - Unrestricted

Investment Income

Miscellaneous

Transfers

**Total General Revenues, Special Items and Transfers**

**Change in Net Assets**

**Net Assets, Beginning of Year (As restated)**

**Net Assets, End of Year**

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

Net (Expense) Revenue and Change in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (4,018,963)	\$ -	\$ (4,018,963)
(11,460,377)	-	(11,460,377)
(1,144,314)	-	(1,144,314)
(1,141,605)	-	(1,141,605)
(40,917)	-	(40,917)
944,643	-	944,643
<u>(16,861,533)</u>	<u>-</u>	<u>(16,861,533)</u>
-	2,260,449	2,260,449
<u>-</u>	<u>2,260,449</u>	<u>2,260,449</u>
8,394,332	-	8,394,332
3,168,855	-	3,168,855
6,874,286	-	6,874,286
6,807,016	-	6,807,016
531,582	460,360	991,942
279,929	690,903	970,832
<u>-</u>	<u>-</u>	<u>-</u>
<u>26,056,000</u>	<u>1,151,263</u>	<u>27,207,263</u>
9,194,467	3,411,712	12,606,179
112,144,199	1,386,378	113,530,577
<u>\$ 121,338,666</u>	<u>\$ 4,798,090</u>	<u>\$ 126,136,756</u>

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

**CITY OF DELTONA, FLORIDA  
BALANCE SHEET  
ALL GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2005**

	<u>General Fund</u>	<u>Stormwater Utility Fund</u>	<u>State Housing Initiatives Partnership</u>
<b>Assets</b>			
Cash and Investments	\$ 9,903,862	\$ 1,624,830	\$ 1,670,315
Receivables (Net)	1,311,892	-	-
Due from Other Funds	207,847	-	-
Due from Other Governments	2,216,596	-	-
Prepaid Items	-	-	-
<b>Total Assets</b>	<u>13,640,197</u>	<u>1,624,830</u>	<u>1,670,315</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	637,521	290,110	86,318
Accrued Liabilities	468,597	36,046	-
Contracts/Retainage Payable	-	11,356	-
Due to Other Governments	108,432	-	-
Due to Other Funds	-	-	-
Deposits	254,932	-	-
Deferred Revenues	763,203	-	1,583,997
<b>Total Liabilities</b>	<u>2,232,685</u>	<u>337,512</u>	<u>1,670,315</u>
<b>Fund Balances</b>			
Reserved for:			
Road and Street Expenditures	-	-	-
Capital Projects	-	-	-
Encumbrances	-	-	-
Unreserved:			
Designated	-	-	-
Undesignated	11,407,512	1,287,318	-
<b>Total Fund Balances</b>	<u>11,407,512</u>	<u>1,287,318</u>	<u>-</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 13,640,197</u>	<u>\$ 1,624,830</u>	<u>\$ 1,670,315</u>

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

<b>Local Option Gas Tax Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 5,592,935	\$ 5,498,248	\$ 24,290,190
-	-	1,311,892
-	-	207,847
347,577	186,530	2,750,703
-	-	-
<u>5,940,512</u>	<u>5,684,778</u>	<u>28,560,632</u>
40,485	844,319	1,898,753
-	1,841	506,484
177,003	87,434	275,793
-	-	108,432
-	138,985	138,985
-	-	254,932
-	-	2,347,200
<u>217,488</u>	<u>1,072,579</u>	<u>5,530,579</u>
5,723,024	-	5,723,024
-	3,985,728	3,985,728
-	-	-
-	-	-
-	626,471	13,321,301
<u>5,723,024</u>	<u>4,612,199</u>	<u>23,030,053</u>
<u>\$ 5,940,512</u>	<u>\$ 5,684,778</u>	<u>\$ 28,560,632</u>

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

**CITY OF DELTONA, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
AS OF SEPTEMBER 30, 2005**

<b>Total Fund Balances of Governmental Funds</b>	\$	23,030,053
 <b>Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:</b>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$150,683,402 and the accumulated depreciation is \$52,503,374.		98,180,028
Deferred revenue in the governmental funds is recognized in the statement of activities which carries to fund balance in the statement of net assets.		763,203
Long-term liabilities are not due and payable in the current period and accordingly are not reported as in the governmental funds. Long-term liabilities at the year-end consist of:		
Compensated Absences		<u>(634,618)</u>
<b>Total Net Assets of Governmental Activities</b>	<b>\$</b>	<b><u>121,338,666</u></b>

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

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**CITY OF DELTONA, FLORIDA**  
**STATEMENTS OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2005**

	General Fund	Stormwater Utility Fund	State Housing Initiatives Partnership
<b>Revenues</b>			
Property Taxes	\$ 8,394,332	\$ -	\$ -
Franchise Fees	3,168,855	-	-
Public Service Tax	6,874,286	-	-
State Revenue Sharing	2,473,587	-	-
Intergovernmental	12,692,625	-	568,727
Charges for Services	3,358,747	2,174,704	-
Fines and Forfeitures	296,238	-	-
Impact Fees	860,022	-	-
Interest Income	177,865	63,157	40,917
Miscellaneous	403,240	-	-
<b>Total Revenues</b>	<u>38,699,797</u>	<u>2,237,861</u>	<u>609,644</u>
<b>Expenditures</b>			
Current:			
General Government	6,724,994	-	-
Public Safety	11,597,713	-	-
Transportation	4,208,424	-	-
Culture/Recreation	1,853,925	-	-
Economic Environment	-	-	609,644
Physical Environment	-	1,622,289	-
Capital Outlay	1,243,031	1,878,140	-
<b>(Total Expenditures)</b>	<u>(25,628,087)</u>	<u>(3,500,429)</u>	<u>(609,644)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>13,071,710</u>	<u>(1,262,568)</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	450,000	-
Transfers out	(3,213,887)	-	-
<b>Total Other Financing (Uses) Sources</b>	<u>(3,213,887)</u>	<u>450,000</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	9,857,823	(812,568)	-
<b>Fund Balances, Beginning of Year (As restated)</b>	<u>1,549,689</u>	<u>2,099,886</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 11,407,512</u>	<u>\$ 1,287,318</u>	<u>\$ -</u>

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

Local Option Gas Tax Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 8,394,332
-	-	3,168,855
-	-	6,874,286
-	-	2,473,587
2,322,563	303,525	15,887,440
-	3,728,870	9,262,321
-	-	296,238
-	663,906	1,523,928
111,056	138,587	531,582
-	267,189	670,429
<u>2,433,619</u>	<u>5,102,077</u>	<u>49,082,998</u>
-	34,894	6,759,888
-	-	11,597,713
208,702	99,077	4,516,203
-	-	1,853,925
-	-	609,644
-	3,795,991	5,418,280
1,791,324	2,102,248	7,014,743
<u>(2,000,026)</u>	<u>(6,032,210)</u>	<u>(37,770,396)</u>
<u>433,593</u>	<u>(930,133)</u>	<u>11,312,602</u>
444,903	3,208,984	4,103,887
-	(890,000)	(4,103,887)
<u>444,903</u>	<u>2,318,984</u>	<u>-</u>
878,496	1,388,851	11,312,602
<u>4,844,528</u>	<u>3,223,348</u>	<u>11,717,451</u>
<u>\$ 5,723,024</u>	<u>\$ 4,612,199</u>	<u>\$ 23,030,053</u>

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

**CITY OF DELTONA, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 11,312,602</b>
 <b>Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:</b>	
Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. This reconciling item is the amount by which capital purchases of \$6,310,714 less net book value of disposals of \$66,724 exceeded depreciation expense of \$3,712,626	2,531,364
Revenue not available in the governmental funds is deferred. However, in the statement of activities, this criteria is not relevant and therefore the revenue is recognized.	763,203
Revenue deferred last year became available and was recognized in the current year in the governmental funds. Since this revenue was recognized last year in the statement of activities it is not recognized in the current year.	(5,352,953)
Some expenses reported in the statement of activities such as compensated absences do not require the use of current financial resources and are not reported as expenditures in governmental funds:	
Compensated Absences	<u>(59,749)</u>
<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ 9,194,467</u></b>

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

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**CITY OF DELTONA, FLORIDA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2005**

		<u>Business-Type Activities</u> <u>Water and Sewer Utility Fund</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$	3,129,044
Restricted Assets Available for Current Liabilities		3,384,701
Accounts Receivable (Net)		1,494,172
Interfund Receivable		
Inventory		125,386
Prepaid Expenses		24,135
<b>Total Current Assets</b>		<u>8,157,438</u>
<b>Non Current Assets</b>		
<b>Restricted Assets</b>		
Sinking Fund - Cash with Fiscal Agent		2,592,563
Renewal and Replacement Account		570,322
Bond Construction Account		18,308,949
Customer Deposits		792,138
Water Impact Fees		1,835,971
Sewer Impact Fees		720,813
Less: Portion Classified as Current		(3,384,701)
<b>Total Restricted Assets</b>		<u>21,436,055</u>
<b>Capital Assets</b>		
Land		1,638,527
Improvements Other Than Buildings		50,282,677
Buildings		2,338,774
Equipment		7,846,646
Construction in Progress		1,290,109
(Accumulated Depreciation)		(4,207,685)
<b>Total Capital Assets - Cost Less Depreciation</b>		<u>59,189,048</u>
<b>Other Assets</b>		
Bond Issue Costs (Net)		2,725,211
<b>Total Non Current Assets</b>		<u>83,350,314</u>
<b>Total Assets</b>	<b>\$</b>	<u><u>91,507,752</u></u>

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

CITY OF DELTONA, FLORIDA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2005  
(Concluded)

	Business-Type Activities
	Water and Sewer Utility Fund
<b>Liabilities and Fund Equity</b>	
<b>Current Liabilities Payable from Current Assets:</b>	
Accounts and Retainages Payable	\$ 1,322,367
Accrued Expenses	99,590
Compensated Absences - Current Portion	57,766
<b>Total Current Liabilities Payable from Current Assets</b>	<b>1,479,723</b>
<b>Current Liabilities Payable from Restricted Assets</b>	
Deposits	792,138
Accrued Interest Payable	1,942,563
Revenue Bonds Payable - Current Portion	650,000
<b>Total Current Liabilities Payable from Restricted Assets</b>	<b>3,384,701</b>
<b>Total Current Liabilities</b>	<b>4,864,424</b>
<b>Long-term Liabilities</b>	
Revenue Bonds Payable - Long-term Portion	80,575,000
Unamortized Bond Premium	1,267,198
Compensated Absences - Long-term Portion	3,040
<b>Total Long-term Liabilities</b>	<b>81,845,238</b>
<b>Total Liabilities</b>	<b>86,709,662</b>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	(2,268,990)
Restricted for Impact Fees	2,556,784
Restricted for Debt Service	650,000
Restricted for Renewal and Replacement	570,322
Unrestricted	3,289,974
<b>Total Net Assets</b>	<b>\$ 4,798,090</b>

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

**CITY OF DELTONA, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Business-Type Activities Water and Sewer Utility Fund</u>
<b>Operating Revenues</b>	
Charges for Services - Water	\$ 7,995,028
Charges for Services - Waste Water	4,373,292
Connection Fees	108,299
Other Miscellaneous Revenues	658,367
<b>Total Operating Revenues</b>	<u>13,134,986</u>
<b>Operating Expenses</b>	
Personal Services	2,351,334
Operating Expenses	3,519,953
Professional Services	231,610
Depreciation	2,264,714
Insurance	123,838
Bad Debts	95,000
<b>(Total Operating Expenses)</b>	<u>(8,586,449)</u>
<b>Operating Income</b>	<u>4,548,537</u>
<b>Nonoperating Revenues (Expenses)</b>	
Interest Earnings	460,360
Gain on sale of capital assets	32,536
Intergovernmental Revenue - Hurricane Reimbursements	277,746
Capital Contributions - Water	1,282,965
Capital Contributions - Waste Water	759,317
Interest Expense and Issue Costs	(3,949,749)
<b>Total Nonoperating (Expenses)</b>	<u>(1,136,825)</u>
<b>Income Before Operating Transfers</b>	<u>3,411,712</u>
<b>Operating Transfers</b>	
From Other Funds	-
To Other Funds	-
<b>Total Operating Transfers</b>	<u>-</u>
<b>Change in Net Assets</b>	3,411,712
<b>Net Assets:</b>	
Beginning of Year	<u>1,386,378</u>
End of Year	<u>\$ 4,798,090</u>

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

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**CITY OF DELTONA, FLORIDA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<b>Business-Type Activities</b>
	<b>Water and Sewer System Fund</b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 12,458,408
Cash Payments to Suppliers for Goods and Services	(3,004,389)
Cash Payments for Employee Services	(2,328,565)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>7,125,454</b>
<b>Cash Flows from Noncapital Financing Activities</b>	
Hurricane reimbursements from Federal Grant	277,746
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>277,746</b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition and Construction of Capital Assets	(2,720,704)
Proceeds from sale of Capital Assets	45,425
Revenue Bond Principal Payment	(500,000)
Revenue Bond Interest Payments	(3,902,677)
Proceeds from Capital Contributions	2,042,282
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<b>(5,035,674)</b>
<b>Cash Flows from Investing Activities</b>	
Interest	29,039
<b>Net Cash Provided by Investing Activities</b>	<b>29,039</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>2,396,565</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>7,244,286</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 9,640,851</b>

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

CITY OF DELTONA, FLORIDA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
(Concluded)

	<u>Business-Type  Activities  Water and  Sewer  System Fund</u>
<b><u>Reconciliation of Cash and Cash Equivalents to Balance Sheet</u></b>	
Total Unrestricted Cash and Investments Per the Balance Sheet	\$ 3,129,044
Total Restricted Cash and Investments Per the Balance Sheet	24,820,756
Total Cash and Investments	<u>27,949,800</u>
Less Investments not Meeting the Definition of Cash Equivalents	<u>(18,308,949)</u>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 9,640,851</u></b>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u></b>	
Operating Income (Loss)	\$ 4,548,537
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by Used in Operating Activities:	
Depreciation	2,264,714
Provision for Uncollectible Accounts	95,000
(Increase) Decrease in Assets:	
Accounts Receivable	(974,133)
Inventories	22,197
Prepaid Expenses	(24,135)
Increase (Decrease) in Liabilities:	
Accounts Payable	871,414
Utility Deposits	299,091
Accrued Expenses	<u>22,769</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b><u>\$ 7,125,454</u></b>

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

**CITY OF DELTONA, FLORIDA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**PENSION TRUST FUNDS**  
**SEPTEMBER 30, 2005**

	<u>Employee Retirement Funds</u>
<b>Assets</b>	
Cash and Investments	\$ 8,720,043
<b>Total Assets</b>	<u>8,720,043</u>
<b>Liabilities</b>	
Accounts Payable	29,793
Due to Other Funds	68,862
<b>Total Liabilities</b>	<u>98,655</u>
<b>Net Assets</b>	
Reserved for Employees' Pension Benefits	<u>\$ 8,621,388</u>

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

**CITY OF DELTONA, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**PENSION TRUST FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Employee Retirement Funds</u>
<b>Additions</b>	
Contributions:	
Employer	\$ 906,983
State of Florida	183,922
Employee	208,147
Total Contributions	<u>1,299,052</u>
Investment Income	872,622
(Less) Investment Management Fees	<u>(23,189)</u>
Net Investment Income	<u>849,433</u>
<b>Total Additions</b>	<u>2,148,485</u>
<b>Deductions</b>	
Benefit Payments	24,855
Refunds to Employees	140,152
Administration	36,225
Forfeitures	59,961
<b>(Total Deductions)</b>	<u>(261,193)</u>
<b>Net Increase</b>	<u>1,887,292</u>
<b>Net Assets Reserved for Employees'</b>	
<b>Pension Benefits:</b>	
Beginning of Year	<u>6,734,096</u>
End of Year	<u>\$ 8,621,388</u>

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

**CITY OF DELTONA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Note 1 - Description of Funds and Summary of Significant Accounting Policies**

The financial statements of the City of Deltona (the City) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Reporting Entity**

Through a referendum election held September 7, 1995, citizens of the County of Volusia, Florida, residing in the prescribed boundaries known as Deltona, voted to incorporate the City. The City's operations began on December 31, 1995. The City is a political subdivision of the State of Florida located in the County of Volusia, Florida. The legislative branch of the City is composed of a seven-member elected City Commission (the Commission), including a city-wide elected Mayor. The City is governed by its Charter (House Bill 1515) and by state and local laws and regulations. The Commission is responsible for the establishment and adoption of policy. The execution of such policy resides with the City Manager, appointed by the Commission.

These financial statements present all those separately administered departments, funds and account groups of the City. The City has no component units, entities that meet the criteria for inclusion within the financial reporting entity of the City.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Government-Wide Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

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

CITY OF DELTONA, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

Note 1 - Description of Funds and Summary of Significant Accounting Policies (Continued)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
(Continued)

**Fund Financial Statements**

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 sixty days of the end of the current fiscal period. 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 fees, licenses 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City operates the following major governmental funds:

- **General Fund** - is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Stormwater Fund** - accounts for the fiscal activity relating to fees for stormwater utility operation and maintenance activities, i.e., the collection, storage, treatment and dispersal of rainwater.
- **State Housing Initiatives Partnership Grant Fund** - accounts for the fiscal activities of funds received by the City from its share of the state local housing distribution and funds budgeted, received or generated by the City under its Local Housing Assistance Plan.
- **Local Option Gas Tax Fund** - accounts for the fiscal activity relating to the City's share of the County's six-cent and five-cent local option tax on fuel. The six-cent portion can be used for general road improvement and maintenance. However, the five-cent portion can only be utilized to fund capital improvement projects that are necessary to meet the requirements of the City's Comprehensive Plan.
- **Special Revenue Funds** - account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects).

**CITY OF DELTONA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*(Continued)*

**Note 1 - Description of Funds and Summary of Significant Accounting Policies *(Continued)***

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
*(Continued)*

**Fund Financial Statements** *(Concluded)*

Additionally, the City reports the following nonmajor fund types:

- **Capital Projects Funds** - account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.
- **Pension Trust Funds** - are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The pension trust funds account for the assets of the City's employees' pension plans.

The City operated the following major enterprise funds:

- **Water and Sewer Utility Fund** - to account for the acquisition and operation of the City owned Water and Sewer utility operations.

**Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet or statement of plan net assets. Fund equity (i.e., net total assets) is segregated into three categories: Invested in Capital Assets, Net of Related Debt, Restricted and Unrestricted amounts. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g. expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A 60 to 90 day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is increased. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

**CITY OF DELTONA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*(Continued)*

**Note 1 - Description of Funds and Summary of Significant Accounting Policies *(Continued)***

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**  
*(Concluded)*

**Basis of Accounting *(Concluded)***

All major revenue, except property taxes and licenses, are considered measurable and available and, as such, susceptible to accrual.

**Proprietary Funds**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Based on the accounting and reporting standards set forth in GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the City has opted to apply only the accounting and reporting pronouncements issued by the Financial Accounting Standards Board (FASB) on or before November 30, 1989, for business-type activities and enterprise funds.

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 fund is charged to customers for sales and services. Operating expenses for the enterprise fund 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to generally use restricted resources first and then unrestricted resources, as they are needed for their intended purposes, however, this decision is frequently made on a case-by-case basis based upon facts and circumstances.

**Summary of Significant Accounting Policies**

The City conforms all significant accounting policies to GAAP applicable to governmental units. The following is a summary of the more significant principles and practices used in the preparation of these financial statements.

**Investments**

Investments are stated at fair value in accordance with GASB Statement No. 31. Interest earnings on the City's cash and investment pool are allocated based on each funds' proportionate ownership of the cash and investment pool's fund equity.

**CITY OF DELTONA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*(Continued)*

**Note 1 - Description of Funds and Summary of Significant Accounting Policies (Continued)**

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

**Water and Sewer Revenues and Receivables**

Water and sewer charges are recognized when billed. The water and sewer system uses the allowance method of bad debt recognition. Receivables of \$1,589,172 are shown net of an allowance for doubtful accounts at September 30, 2005. There was no concentration of credit risk at September 30, 2005.

**Short-term Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between funds for goods provided or services rendered. These are classified as "Interfund Balances." Other interfund transactions that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "Interfund Balance Receivables/Payables".

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental activities columns in the government-wide financial statements. Property, plant and equipment with initial, individual costs that equal or exceed \$750 and estimated useful lives of over one year are recorded as capital assets. Roads, bridges and sidewalks are capitalized when their initial costs equal or exceed \$25,000 and possess estimated useful lives of more than one year.

Capital assets used in governmental fund types of the City are recorded at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Expenditures for repair and maintenance are expensed when incurred. Additions and improvements that increase the useful lives of the assets are capitalized.

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

	<u>Useful Lives</u>
Buildings	10-40 Years
Improvements Other Than Buildings	15-50 Years
Equipment	3-40 Years
Infrastructure	15-50 Years

**Compensated Absences**

City employees earn vacation based on years of service with the City. During their first year of employment employees earn 40 hours of vacation and in years two through five 80 hours annually. Starting in year six the annual vacation earned increases by 40 hours for each 5 years of completed service up to a maximum of 200 hours annually after 15 years of service. Employees can accrue and carryover a maximum of 400 hours. Sick pay is accrued at 96 hours per year and there is no limit on the amount of hours that may be carried over from year to year. In the event of termination employees are paid 25% of their accrued sick pay if they have completed at least 10 years of service.

**CITY OF DELTONA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*(Continued)*

**Note 1 - Description of Funds and Summary of Significant Accounting Policies (Concluded)**

**Summary of Significant Accounting Policies (Concluded)**

**Compensated Absences (Concluded)**

The City's vacation and sick pay policies for firefighters are defined by union contract. Firefighter's earn vacation based on years of service with the City. During their first year of employment they earn 168 hours of vacation, in years two through five 216 hours annually, years six through nine 264 hours, years ten through fourteen 312 hours and from year 15 on 360 hours annually. There is no limit on the number of vacation hours firefighters can carryover from one year to another. Sick leave is accrued at 182 hours per year and there is no limit on the amount of hours that may be carried over from year to year. In the event of termination firefighters are paid accrued sick leave based on years of service. At 15 years of service they are paid 25% of their accrued sick leave, at 20 years 50% and at 25 years or more 75%.

In the government-wide financial statements, all governmental and business-type activities compensated absences are recorded and split between the current and noncurrent portions. Compensated absences liabilities are only recorded at the fund level for enterprise funds.

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental and business-type activities in the statement of net assets.

**Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted for specific purposes. Designations of fund balance represent tentative management plans that are subject to change.

**Property Taxes**

Under state law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the county property appraiser and tax collector. The laws of the state regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The City's current millage is 4.15 mills.

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

**CITY OF DELTONA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*(Continued)*

**Note 2 - Stewardship, Compliance, and Accountability**

**Budgetary Information**

Annual budgets, as required by state statutes, are adopted on a basis consistent with Generally Accepted Accounting Principles for all governmental funds. All annual appropriations lapse at fiscal year end.

Annually, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1<sup>st</sup>. Public hearings are held to obtain taxpayer comments. Prior to October 1<sup>st</sup>, the budget is legally enacted through City Commission resolution.

The budget is prepared and adopted by fund, function, department and division. The City Manager may make transfers of appropriations within a department within each fund. Transfers of appropriations between departments require the approval of the City Commission. Therefore, the legal level of budgetary control is the department level within each fund. The City Commission made supplemental budgetary appropriations throughout the year.

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

**Inventory**

Inventory is composed of material and supplies on hand for the water and sewer utility fund.

**Note 3 - Cash and Investments**

The City, for accounting and investment purposes, maintains a pooled cash and investment fund for substantially all City deposits and investments. This gives the City the ability to invest large amounts of idle cash for short periods of time and to maximize earning potential.

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

As of September 30, 2005, the City's cash deposits were entirely covered by federal depository insurance or by the banking network provided by Chapter 280 of the Florida Statutes. Florida Statutes provide for collateral pooling by banks and savings and loans and limit local government deposits to "authorized depositories." Therefore all cash deposits held by banks can be classified as fully insured and total \$28,432,924.

**CITY OF DELTONA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*(Continued)*

**Note 3 - Cash and Investments (Continued)**

Investments made by the City are summarized below:

<u>Investment</u>	<u>Maturities</u>	<u>Ratings</u>	<u>Fair Value</u>
State Board of Administration (SBA) Local Government Surplus Funds Trust Fund	49 Day Average	N/A	\$ 2,106,003
Goldman Sachs Prime Obligations Fund	37 Day Average	Aaa/ AAAM	3,392,115
Guaranteed Investment Contract	12 Month Average	Aa1/ AA-/A+	18,308,949
Firefighters' Pension Investments			
Equities	N/A	N/A	4,300,752
Bond & Mortgage Fund	6.90 Years	AAA	1,704,117
Inflation Protection Fund	10.66 Years	AAA	123,099
High Yield Bond Fund	6.51 Years	B	125,498
Preferred Securities Fund	Less than 1 Year	A	124,123
General Employees' Pension Investments			
Cash Management Fund	29 Day Average	A-1+	3,671
Plus Fund	3.36 Years	Aa2	246,723
Pimco Total Return Fund	6.0 Years	AAA	6,385
Pimco High Yield Fund	6.7 Years	BB	3,656
Short Term Bond Fund	1.9 Years	AAA	13,212
Core Bond Index Fund	6.4 Years	AAA	13,303
U.S. Government Bond Fund	4.1 Years	AAA	83,446
Equities	N/A	N/A	1,972,057
Total Investments			<u>32,527,109</u>
Cash Deposits			<u>28,432,924</u>
<b>Total Cash and Investments</b>			<b>\$ <u>60,960,033</u></b>

Shown in the accompanying combined balance sheet as follows:

Entity wide – Cash and Investments	52,239,990
Fiduciary Funds – Cash and Investments	<u>8,720,043</u>
<b>Total</b>	<b>\$ <u>60,960,033</u></b>

**State Board of Administration**

The local government surplus funds investment pool trust fund is a 2a7-like pool administered by the State Board of Administration. It is carried at amortized cost, which approximated market value and is presented at the share price. A 2a7-like pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, this pool operated essentially as a money market fund. Throughout the year and as of September 30, 2005, the Surplus Funds Investment Pool contained certain floating and adjustable rate securities which were indexed based on the prime rate and/or one and three month LIBOR rates.

The local government surplus funds investment pool trust fund is not exposed to credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. As of the date of the financial statements, the pool was not rated by a nationally recognized statistical rating agency.

**CITY OF DELTONA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*(Continued)*

**Note 3 - Cash and Investments (Concluded)**

**Credit Risk**

Credit risk is the risk of loss due to the failure of the security issuer. The City's investment policy limits the investments to obligations with the highest credit ratings. Ratings for debt securities are displayed in the above schedule. The City's Firefighters' Pension Fund investments are limited to securities in one of the three highest classification of ratings.

Investment ratings are from Moody's Investors Service, Inc. and Standard and Poor's Ratings Group.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's pension investments are held by the counterparty, not in the name of the City.

**Interest Rate Risk**

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The weighted average maturity of the City's investments is displayed in the above schedule.

**Concentration of Credit Risk**

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

**Foreign Currency Risk**

The City is not exposed to this type of risk.

**Note 4 - Capital Assets**

A summary of changes in fixed assets is shown below:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 4,826,210	\$ 675,971	\$ -	\$ 5,502,181
Infrastructure Right of Way	4,372,500	-	-	4,372,500
Construction in Progress	<u>1,638,199</u>	<u>3,356,923</u>	<u>1,180,384</u>	<u>3,814,738</u>
Total Capital Assets Not Being Depreciated	<u>10,836,909</u>	<u>4,032,894</u>	<u>1,180,384</u>	<u>13,689,419</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	44,879,910	2,068,334	80,107	46,868,137
Machinery and Equipment	12,358,987	919,256	192,699	13,085,544
Infrastructure (Road and Streets)	<u>76,569,688</u>	<u>470,614</u>	-	<u>77,040,302</u>
Total Capital Assets Being Depreciated	<u>133,808,585</u>	<u>3,458,204</u>	<u>272,806</u>	<u>136,993,983</u>

**CITY OF DELTONA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*(Continued)*

**Note 4 - Capital Assets (Concluded)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities (Concluded)</b>				
Less Accumulated Depreciation for:				
Buildings and Improvements	(16,255,871)	(973,741)	14,308	(17,215,304)
Machinery and Equipment	(8,073,041)	(1,214,479)	191,774	(9,095,746)
Infrastructure (Roads and Streets)	(24,667,918)	(1,524,406)	-	(26,192,324)
Total Accumulated Depreciation	<u>(48,996,830)</u>	<u>(3,712,626)</u>	<u>206,082</u>	<u>(52,503,374)</u>
Total Being Depreciated, Net	<u>84,811,755</u>	<u>(254,422)</u>	<u>(66,724)</u>	<u>84,490,609</u>
<b>Governmental Activities Net</b>	<b><u>\$ 95,648,664</u></b>	<b><u>\$ 3,778,472</u></b>	<b><u>\$ 1,247,108</u></b>	<b><u>\$ 98,180,028</u></b>
<b>Business-type Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,638,527	\$ -	\$ -	\$ 1,638,527
Construction in Progress	<u>270,350</u>	<u>1,271,923</u>	<u>252,164</u>	<u>1,290,109</u>
Total Capital Assets Not Being Depreciated	<u>1,908,877</u>	<u>1,271,923</u>	<u>252,164</u>	<u>2,928,636</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	2,338,774	-	-	2,338,774
Improvements Other Than Buildings	49,667,564	615,113	-	50,282,677
Machinery and Equipment	<u>6,783,252</u>	<u>1,084,294</u>	<u>20,900</u>	<u>7,846,646</u>
Total Capital Assets Being Depreciated	<u>58,789,590</u>	<u>1,699,407</u>	<u>20,900</u>	<u>60,468,097</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(53,598)	(58,467)	-	(112,065)
Improvements Other Than Buildings	(1,379,309)	(962,358)	-	(2,341,667)
Machinery and Equipment	<u>(518,077)</u>	<u>(1,243,887)</u>	<u>8,011</u>	<u>(1,753,953)</u>
Total Accumulated Depreciation	<u>(1,950,984)</u>	<u>(2,264,712)</u>	<u>8,011</u>	<u>(4,207,685)</u>
Total Being Depreciated, Net	<u>56,838,606</u>	<u>(565,305)</u>	<u>12,889</u>	<u>56,260,412</u>
<b>Business-type Activities, Net</b>	<b><u>\$ 58,747,483</u></b>	<b><u>\$ 706,618</u></b>	<b><u>\$ 265,053</u></b>	<b><u>\$ 59,189,048</u></b>
<b>Depreciation Expense - Governmental Activities</b>				
General Government and Administration				\$ 461,419
Public Safety				379,286
Transportation				2,109,109
Culture and Recreation				388,992
Physical Environment				<u>373,820</u>
<b>Total Depreciation Expense - Governmental Activities</b>				<b><u>\$ 3,712,626</u></b>
<b>Depreciation Expense - Business-type Activities</b>				
Water and Sewer Utility				<u>\$ 2,264,714</u>

**CITY OF DELTONA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*(Continued)*

**Note 5 - Interfund Receivables and Payables**

The composition of interfund balances as of September 30, 2005, is as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>General Employees' Pension Fund</b>		
General Fund	\$ -	\$ 59,862
<b>Firefighters' Pension Fund</b>		
General Fund	-	9,000
<b>Community Development Block Grant Fund</b>		
General Fund	-	138,985
<b>General Fund</b>		
General Employees' Pension Fund	59,862	-
Firefighters' Pension Fund	9,000	-
Community Development Block Grant Fund	<u>138,985</u>	<u>-</u>
<b>Totals</b>	<u>\$ 207,847</u>	<u>\$ 207,847</u>

The payable from the General Employees' Pension Trust Fund represents forfeitures from members that will be netted against future contributions due.

**Note 6 - Operating Leases**

The City leases office equipment under noncancelable operating leases. Total costs for such leases were \$54,725 for the year ended September 30, 2005. Lease payments are payable on a month-to-month basis.

**Note 7 - Long-term Liabilities**

During the year ended September 30, 2005, the following changes occurred in long-term liabilities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Compensated Absences	\$ 574,869	\$ 605,875	\$ 546,126	\$ 634,618	\$ 602,887
<b>Business-type Activities</b>					
Utility System Revenue Bonds, Series 2003	\$81,725,000	\$ -	\$ 500,000	\$ 81,225,000	\$ 650,000
Add: Unamortized Premium	<u>1,312,455</u>	-	<u>45,257</u>	<u>1,267,198</u>	-
Subtotal	83,037,455	-	545,257	82,492,198	650,000
Compensated Absences	<u>42,406</u>	<u>60,806</u>	<u>42,406</u>	<u>60,806</u>	<u>57,766</u>
<b>Total Business-type Activities</b>	<u>\$83,079,861</u>	<u>\$ 60,806</u>	<u>\$ 587,663</u>	<u>\$ 82,553,004</u>	<u>\$ 707,766</u>

**CITY OF DELTONA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*(Continued)*

**Note 7 - Long-term Liabilities (Concluded)**

**Business-type Activity Liabilities**

The following is a summary of all long-term liabilities of the proprietary funds at September 30, 2005:

**Utility System Revenue Bonds**

On November 6, 2003, the City issued \$81,725,000 of Utility System Revenue Bonds, Series 2003, the proceeds of which were used to provide funding for the acquisition of water and wastewater facilities, to fund future capital improvements to the acquired system and to pay the cost of issuance. The bonds are collateralized by a pledge of the net revenues of the system, bear interest ranging from 2.00% to 5.00% (TIC 4.91%) and mature in increasing annual amounts ranging from \$500,000 to \$5,350,000 from 2004 through 2033, respectively. Interest is payable semi annually at April 1, and October 1, with annual principal payments due on October 1.

Debt Service to Maturity Schedule

Fiscal Years Ended	Principal	Interest	Total
2006	\$ 650,000	\$ 3,885,125	\$ 4,535,125
2007	750,000	3,872,125	4,622,125
2008	850,000	3,857,125	4,707,125
2009	950,000	3,836,938	4,786,938
2010	1,100,000	3,810,813	4,910,813
2011 - 2015	9,175,000	18,281,240	27,456,240
2016 - 2020	12,130,000	15,955,439	28,085,439
2021 - 2025	15,645,000	12,428,563	28,073,563
2026 - 2030	20,060,000	8,784,900	28,844,900
2031 - 2034	19,915,000	3,983,000	23,898,000
	<u>\$ 81,225,000</u>	<u>\$ 78,695,268</u>	<u>\$ 159,920,268</u>

**Note 8 - Contingent Liabilities**

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

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

**CITY OF DELTONA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*(Continued)*

**Note 9 - Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To cover itself against these exposures, on October 1, 1999, the City became a member of Public Risk Management of Florida (the Pool), a local government liability risk pool. The Pool has approximately 50 local government agency members. The Pool administers activities relating to property, general liability, police professional, automobile liability, public officials liability, workers' compensation, and machinery. The Pool absorbs losses up to a specified amount each pool year, and in addition purchases excess and other specific coverage from third-party carriers. The Pool assesses each member its pro rata share of the estimated amount required to meet current year losses and operating expenses. If total member assessments do not produce sufficient funds to meet its obligations, the Pool can make additional limited assessments. Losses, if any, in excess of the Pool's ability to assess its members, revert back to the member that incurred the loss. The cost of the insurance is allocated among the appropriate departments and funds.

There has been no significant reduction in insurance coverage from the prior year and there have been no settlements in excess of insurance coverage in any of the prior three years. There were no additional assessments levied against the City for the fiscal year ended September 30, 2005.

**Note 10 - Commitments**

The City has entered into an Interlocal Agreement with the County of Volusia, Florida for the provision of various municipal services. These services include road and bridge services and mosquito control. The agreement is renewable annually based on the mutual agreement of both parties. Application for renewal should be made in writing no later than July 1, 2005. Either party can terminate the agreement without cause or further liability with 180 days written notice. The annual contractual commitment is a minimum of \$365,000 payable from the City's General Fund and Stormwater Utility Fund.

The City has entered into an Interlocal Agreement with the County of Volusia, Florida for the provision of law enforcement services within the City. The agreement term is three years ending September 30, 2007. Either party can terminate the agreement without cause or further liability with 365 days written notice. The annual contractual commitment is approximately \$7,187,981 payable from the City's General Fund.

The City provides weekly residential garbage pick-up and curbside recycling to its residents through a contract with a private company. The agreement expires December 31, 2011. Under the contract the company is compensated \$9.60 per household per month. The City charges an annual assessment for these services on all residential properties. The annual contractual commitment is approximately \$3,732,732 payable from the City's Solid Waste Management Fund.

The City has entered into a contract for asphalt paving and resurfacing of roads in an amount not to exceed of \$665,000. The contract expires April 2006 with all work for specified streets to be completed by that date.

**CITY OF DELTONA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*(Continued)*

**Note 11 - Employee Retirement Plans**

**City of Deltona Firefighters' Pension Plan**

**Plan Description**

The City maintains a single-employer, defined benefit pension plan for firefighters known as the *City of Deltona Firefighters' Pension Plan* (the Plan). The Plan was adopted through local ordinance on December 14, 1998, with an effective date of October 1, 1997. The establishment of the Plan and any amendments thereto, are at the sole discretion of the City Commission. The Plan is maintained as a Pension Trust Fund and included as part of the City's reporting entity, hence separate financial statements are not issued.

The Plan provides retirement, disability and survivor benefits to all full-time certified firefighters. The Plan was established and operates within the parameters of Florida Statute Chapter 175, which governs fire pension plans in the State of Florida. Administration of the Plan is by a five-member Board of Trustees (the Board). Two members of the Board must be members of the plan elected by a majority of all members of the Plan. Two members are citizens of the City appointed by the City Commission. The fifth member is elected by a majority of the other four Board members.

Members are vested after 10 years of creditable service. Benefits established by the City Commission are determined by length of service and average final compensation. Average final compensation is the average of the employee's highest 5 years of the previous 10 years of compensation. Normal retirement is reached at age 55 and 10 years or 25 years of creditable service. Employees earn benefits at the rate of 3% for each year of creditable service since October 1, 1997. The Plan includes a one-time past service credit option that allowed members who choose to exercise the option to obtain service credit for years of employment prior to October 1, 1997. The past service credit is at a 2% benefit rate for each year of creditable service.

**Membership**

As of the actuarial valuation dated October 1, 2003, there are 54 active members in the Plan and 1 retiree, 1 disabled retiree and 2 vested terminated members.

For the fiscal year ended September 30, 2005, the City's total covered payroll for employees eligible to participate in the Plan was \$2,529,949 compared with a total payroll for the City of \$10,060,764.

**Funding Policy**

The Florida Constitution requires local governments to make the actuarially determined contributions. The Florida Division of Retirement reviews and approves each local governments' actuarial report prior to its being appropriate for use for funding purposes. The funding method and determination of benefits payable are provided in the various acts of the Florida Legislature, under which the Plan was created, including subsequent amendments thereto. Additionally, the State collects a locally authorized insurance premium surcharge on certain real and personal property insurance policies within the corporate limits of Deltona. The funds can only be distributed after the State has ascertained that the City has met its actuarial funding requirement for the most recently completed fiscal year.

**CITY OF DELTONA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*(Continued)*

**Note 11 - Employee Retirement Plans (Continued)**

**City of Deltona Firefighters' Pension Plan (Continued)**

**Funding Policy (Concluded)**

The Plan, as approved by the City Commission, requires members to contribute 8% of their annualized compensation. The City is required to fund the plan at the actuarially determined rate with offset for estimated insurance premium receipts and contributions from members. The current contribution rate for fiscal year ended September 30, 2005 is 11.24% (9.02% by the City, 2.22% by insurance premium excise tax) of annual covered payroll based on an actuarial valuation dated October 1, 2003. The City has set its actual contribution rate at 10% of covered payroll for 2005. Insurance premium payments received from the State of Florida are recorded as contributions directly within the Pension Fund.

Direct costs for Plan administration are paid from Plan assets. However, City staff performs certain administrative functions free of charge.

The actuarial valuation, dated October 1, 2003, utilizes the entry age actuarial cost method. Prior years actuarial valuations used the frozen entry age actuarial cost method. Since the actuarial cost method was changed to the entry age actuarial cost method effective October 1, 2002, all prior unfunded frozen actuarial accrued liabilities have been consolidated into an initial UAAL as of October 1, 2002. This initial unfunded actuarial accrued liability is to be amortized over a 15 year period from October 1, 2002 at 4.4%. Unfunded frozen actuarial accrued liability bases established subsequent to October 1, 2002 will be amortized over 30 years as a level dollar amount from the date of inception. Assets of the plan are valued at market. Significant actuarial assumptions used include an 8% investment rate of return, salary rate increases of 3%, inflation at 3.5% and 0% post retirement COLA.

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

**Annual Pension Cost**

The City Commission establishes, and may amend, the contribution requirements of the plan members and the City. For the year ended September 30, 2005, the annual pension cost was \$260,870 and the amount actually contributed by the City was \$267,952 or 10% of covered payroll. The insurance premium tax distribution from the State for calendar year 2004 was \$183,922 or 7.3% of covered payroll. Member contributions for the year totaled \$202,364 or 8.0% of covered payroll. For the fiscal year ended September 30, 2005, the City has funded in excess of the annual required contribution (13.67% funded, 9.02% required) and continues to have a negative net pension obligation. The development of the net pension obligation to date, the annual pension cost (APC) and the percentage of APC contributed is as follows:

**CITY OF DELTONA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*(Continued)*

**Note 11 - Employee Retirement Plans (Continued)**

**City of Deltona Firefighters' Pension Plan (Concluded)**

**Annual Pension Cost (Concluded)**

	<u>September 30, 2005</u>
Actuarially Determine Contribution (A)	\$ 245,194
Interest on Net Pension Obligation (NPO)	(38,030)
Adjustment to (A)	<u>(53,706)</u>
Annual Pension Cost (APC) (1)	260,870
Employer Contributions Made	<u>(345,616)</u>
Increase in NPO	(84,746)
NPO, Beginning of Year	<u>(475,372)</u>
NPO, End of Year	<u>\$ (560,119)</u>
Percentage of APC Contributed	<u>132%</u>

(1) APC includes employer, but excludes state and member contributions.

**City of Deltona General Employees' Pension Plan**

The City maintains a single-employer, defined contribution pension plan known as the *City of Deltona General Employees' Pension Plan* (the Plan). The Plan was adopted through City resolution on December 17, 1997, with an effective date of October 1, 1997. The Plan is a tax-qualified plan pursuant to section 401(a) of the Internal Revenue Code and covers all full-time employees of the City, excluding certified firefighters. As of September 30, 2005, there were 214 employees enrolled in the Plan.

The Plan is administered by an outside party and requires the City to contribute 10% of each participant's base earnings in a pension trust. Base earnings includes W-2 earnings, plus any contribution made pursuant to a salary reduction agreement which are not included under section 125 of the Internal Revenue Code, less unscheduled overtime and on call pay. There is no mandatory contribution by participants, however participants may make voluntary (unmatched), after-tax contributions. The Plan has a five-year graduated vesting schedule granted in 20% increments starting after the attainment of one year of service. Participants automatically become fully vested at age 55, the normal retirement age set by the Plan. The Plan permits withdrawals for retirement, termination and disability. The Plan does not allow participants to borrow against their accounts.

For the fiscal year ended September 30, 2005, the City's total covered payroll for employees eligible to participate in the Plan was \$6,410,991 compared with a total payroll for the City of \$10,060,764. The required employer contribution and the contribution actually made amounted to \$639,031 or 10% of covered payroll. Participant contributions this fiscal year were \$5,783. Investments are reported at fair value. There have been no revisions to the Plan since its adoption.

Below is a summarized schedule of the general and fire pension plan assets and changes in the net assets of the plans:

**CITY OF DELTONA, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*(Continued)*

**Note 11 - Employee Retirement Plans (Concluded)**

**SCHEDULE OF PENSION PLAN NET ASSETS AS OF SEPTEMBER 30, 2005**

	<b>Firefighters' Pension Trust Fund</b>	<b>General Employees' Pension Trust Fund</b>	<b>Total</b>
<b>Assets</b>			
Cash and Investments	\$ 6,377,590	\$ 2,342,453	\$ 8,720,043
<b>Total Assets</b>	<b>6,377,590</b>	<b>2,342,453</b>	<b>8,720,043</b>
<b>Liabilities</b>			
Accounts Payable	29,793	-	29,793
Due to Other Funds	9,000	59,862	68,862
<b>Total Liabilities</b>	<b>38,793</b>	<b>59,862</b>	<b>98,655</b>
<b>Net Assets</b>			
Reserved for Employees' Pension Benefits	\$ 6,338,797	\$ 2,282,591	\$ 8,621,388

**SCHEDULE OF CHANGE IN PENSION PLAN NET ASSETS AS OF SEPTEMBER 30, 2005**

	<b>Firefighters' Pension Trust Fund</b>	<b>General Employees' Pension Trust Fund</b>	<b>Total</b>
<b>Additions</b>			
Contributions:			
Employer	\$ 267,952	\$ 639,031	\$ 906,983
State of Florida	183,922	-	183,922
Employee	202,364	5,783	208,147
<b>Total Contributions</b>	<b>654,238</b>	<b>644,814</b>	<b>1,299,052</b>
Investment Income	688,550	184,072	872,622
(Less) Investment Management Fees	(23,189)	-	(23,189)
Net Investment Income	665,361	184,072	849,433
<b>Total Additions</b>	<b>1,319,599</b>	<b>828,886</b>	<b>2,148,485</b>
<b>Deductions</b>			
Benefit Payments	24,855	-	24,855
Refunds to Employees	8,125	132,027	140,152
Administration	29,792	6,433	36,225
Forfeitures	-	59,961	59,961
<b>(Total Deductions)</b>	<b>(62,772)</b>	<b>(198,421)</b>	<b>(261,193)</b>
<b>Net Increase</b>	<b>1,256,827</b>	<b>630,465</b>	<b>1,887,292</b>
<b>Net Assets Reserved for Employees' Pension Benefits:</b>			
Beginning of Year	5,081,970	1,652,126	6,734,096
End of Year	\$ 6,338,797	\$ 2,282,591	\$ 8,621,388

CITY OF DELTONA, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
*(Concluded)*

**Note 12 - Fund Balance Restatement**

The opening fund balance of the General Fund has been restated to reflect a previously unrecorded accounts payable of \$4,066,960, which was fully reimbursed by FEMA during the fiscal year ended September 30, 2005.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF DELTONA, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 8,340,000	\$ 8,340,000	\$ 8,394,332	\$ 54,332
Franchise Fees	2,200,000	3,150,000	3,168,855	18,855
Public Service Tax	5,980,000	6,850,000	6,874,286	24,286
State Revenue Sharing	2,450,000	2,450,000	2,473,587	23,587
Intergovernmental Revenue	4,058,800	12,833,800	12,692,625	(141,175)
Charges for Services	2,311,000	2,311,000	3,358,747	1,047,747
Fines and Forfeitures	180,000	180,000	296,238	116,238
Interest Income	105,000	105,000	177,865	72,865
Impact Fees	-	688,887	860,022	171,135
Miscellaneous	658,400	658,400	403,240	(255,160)
<b>Total Revenues</b>	<b>26,283,200</b>	<b>37,567,087</b>	<b>38,699,797</b>	<b>1,132,710</b>
<b>Expenditures</b>				
Current:				
General Government and Administration:				
City Commission	301,950	751,950	644,352	107,598
City Manager	272,275	280,052	279,314	738
City Clerk	383,698	371,198	364,361	6,837
Finance and Internal Services	1,077,611	1,133,022	1,119,439	13,583
Human Resources	300,519	300,519	291,772	8,747
City Attorney	477,803	439,103	439,092	11
Development Services	2,191,734	2,449,734	2,447,086	2,648
Enforcement Services	748,077	748,077	661,245	86,832
General Services	762,000	639,000	478,333	160,667
<b>Total General Government and Administration</b>	<b>6,515,667</b>	<b>7,112,655</b>	<b>6,724,994</b>	<b>387,661</b>
Public Safety				
Law Enforcement	6,442,486	6,597,277	6,596,532	745
Fire Rescue	4,875,085	5,001,828	5,001,181	647
<b>Total Public Safety</b>	<b>11,317,571</b>	<b>11,599,105</b>	<b>11,597,713</b>	<b>1,392</b>
Transportation				
Engineering	-	-	-	-
Field Operations	1,563,600	7,622,302	3,461,429	4,160,873
Maintenance	860,259	753,255	746,995	6,260
<b>Total Transportation</b>	<b>2,423,859</b>	<b>8,375,557</b>	<b>4,208,424</b>	<b>4,167,133</b>
Culture and Recreation	1,850,402	2,196,425	1,853,925	342,500
Capital Outlay	1,547,000	1,871,126	1,243,031	628,095
<b>(Total Expenditures)</b>	<b>(23,654,499)</b>	<b>(31,154,868)</b>	<b>(25,628,087)</b>	<b>5,526,781</b>
<b>Excess of Revenues Over Expenditures</b>	<b>2,628,701</b>	<b>6,412,219</b>	<b>13,071,710</b>	<b>6,659,491</b>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	-	-	-	-
Transfers to Other Funds	(2,000,000)	(3,213,887)	(3,213,887)	-
<b>Total Other Financing (Uses)</b>	<b>(2,000,000)</b>	<b>(3,213,887)</b>	<b>(3,213,887)</b>	<b>-</b>
<b>(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing Uses</b>	<b>628,701</b>	<b>3,198,332</b>	<b>9,857,823</b>	<b>6,659,491</b>
<b>Fund Balance, Beginning of Year (As restated)</b>	<b>5,583,649</b>	<b>5,583,649</b>	<b>1,549,689</b>	<b>(4,033,960)</b>
<b>Fund Balance, End of Year</b>	<b>\$ 6,212,350</b>	<b>\$ 8,781,981</b>	<b>\$ 11,407,512</b>	<b>\$ 2,625,531</b>

**CITY OF DELTONA, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**STORMWATER UTILITY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for Services	2,139,254	2,139,254	2,174,704	35,450
Interest Income	500	500	63,157	62,657
<b>Total Revenues</b>	<u>2,139,754</u>	<u>2,139,754</u>	<u>2,237,861</u>	<u>98,107</u>
<b>Expenditures</b>				
Current:				
Physical Environment	1,798,414	1,727,734	1,622,289	105,445
Capital outlay	1,555,000	2,112,500	1,878,140	234,360
<b>(Total Expenditures)</b>	<u>(3,353,414)</u>	<u>(3,840,234)</u>	<u>(3,500,429)</u>	<u>339,805</u>
<b>(Deficiency) of Revenues (Under)</b>				
Expenditures	<u>(1,213,660)</u>	<u>(1,700,480)</u>	<u>(1,262,568)</u>	<u>437,912</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	-	450,000	450,000	-
Transfers to Other Funds	-	-	-	-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>450,000</u>	<u>450,000</u>	<u>-</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	(1,213,660)	(1,250,480)	(812,568)	437,912
<b>Fund Balance, Beginning of Year</b>	<u>2,099,886</u>	<u>2,099,886</u>	<u>2,099,886</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 886,226</u>	<u>\$ 849,406</u>	<u>\$ 1,287,318</u>	<u>\$ 437,912</u>

**CITY OF DELTONA, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**STATE HOUSING INITIATIVE PARTNERSHIP**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental Revenue	\$ 570,000	\$ 570,000	\$ 568,727	\$ (1,273)
Interest			40,917	40,917
<b>Total revenues</b>	<u>570,000</u>	<u>570,000</u>	<u>609,644</u>	<u>39,644</u>
<b>Expenditures</b>				
Current:				
Economic Environment	570,000	570,000	609,644	(39,644)
<b>(Total Expenditures)</b>	<u>(570,000)</u>	<u>(570,000)</u>	<u>(609,644)</u>	<u>(39,644)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	-	-	-	-
Transfers to Other Funds	-	-	-	-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, Beginning of Year</b>				<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF DELTONA, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**LOCAL OPTION GAS TAX FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 1,920,000	\$ 1,920,000	\$ 2,322,563	\$ 402,563
Interest	40,000	40,000	111,056	71,056
<b>Total Revenues</b>	<u>1,960,000</u>	<u>1,960,000</u>	<u>2,433,619</u>	<u>473,619</u>
<b>Expenditures</b>				
Current:				
Transportation	210,000	210,000	208,702	1,298
Capital Outlay	1,000,000	2,590,006	1,791,324	798,682
<b>(Total Expenditures)</b>	<u>(1,210,000)</u>	<u>(2,800,006)</u>	<u>(2,000,026)</u>	<u>799,980</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>750,000</u>	<u>(840,006)</u>	<u>433,593</u>	<u>1,273,599</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	-	444,903	444,903	-
Transfers to Other Funds	-	-	-	-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>444,903</u>	<u>444,903</u>	<u>-</u>
<b>(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing Uses</b>	750,000	(395,103)	878,496	1,273,599
<b>Fund Balance, Beginning of Year</b>	<u>4,844,528</u>	<u>4,844,528</u>	<u>4,844,528</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 5,594,528</u>	<u>\$ 4,449,425</u>	<u>\$ 5,723,024</u>	<u>\$ 1,273,599</u>

**CITY OF DELTONA, FLORIDA**  
**SCHEDULES OF FUNDING PROGRESS AND CONTRIBUTIONS**  
**FROM EMPLOYER AND OTHERS**  
**SEPTEMBER 30, 2005**

**DEFINED BENEFIT PENSION PLAN TREND INFORMATION**

**A. City of Deltona Firefighter's Pension Plan (Established October 1, 1997)**

**Schedule of Contributions from Employer and Others**

Year Ended September 30,	Required Contribution	Contributions Made (1)			Percentage Contributed
		Employer	State	Member	
2005	\$ 419,725	\$ 267,952	\$ 183,922	\$ 202,364	156%
2004	388,945	355,813	153,982	183,587	178%
2003	404,076	313,324	127,168	161,163	149%
2002	469,123	284,041	110,986	146,601	115%
2001	481,441	283,428	90,319	146,446	108%
2000	458,273	252,321	82,282	142,100	104%
1999	438,006	220,554	114,522	124,257	105%
1998	416,821	298,573	-	118,247	100%

- (1) Contributions made include required contributions by members of the plan and excise tax on certain insurance premiums collected and remitted by the State of Florida. The City is required to contribute the balance of the annual required contribution.

**B. Schedule of Funding Progress**

Actuarial Valuation Date October 1,	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	(1) Funded Ratio	Annual Covered Payroll
2004	\$ 4,746,593	\$ 5,111,314	\$ 364,721	93%	\$ 2,321,131
2003	3,755,476	4,433,201	677,725	85%	2,118,096
2002	3,087,572	3,984,413	896,841	77%	1,902,335
2001	2,759,881	4,564,648	1,804,767	60%	1,719,472
2000	2,169,479	3,951,371	1,781,892	55%	1,786,387
1999	1,564,060	3,365,838	1,801,778	46%	1,594,260
1998	700,000	2,509,454	1,809,454	28%	1,387,912

- (1) The funded ratio represents the actuarial value of assets as a percentage of the actuarial accrued liability.

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**SUPPLEMENTAL INFORMATION**

CITY OF DELTONA, FLORIDA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2005

	Special Revenue Funds					
	Streetlighting Districts	Fire/Rescue Service Impact Fees	Park Impact Fees	Community Development Block Grant	Solid Waste	Tree Replacement Fund
<b>Assets</b>						
Cash and Investments	\$ 12,928	\$ 36,779	\$ 149,641	\$ -	\$ 684,660	\$ 243,984
Receivables						
Due from Other Governments				186,530		
<b>Total Assets</b>	<u>12,928</u>	<u>36,779</u>	<u>149,641</u>	<u>186,530</u>	<u>684,660</u>	<u>243,984</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable	7,313			47,545	305,947	
Accrued Liabilities					1,841	
Contracts/Retainage Payable					-	
Due to Other Funds				138,985		
<b>Total Liabilities</b>	<u>7,313</u>	<u>-</u>	<u>-</u>	<u>186,530</u>	<u>307,788</u>	<u>-</u>
<b>Fund Balances</b>						
Reserved for:						
Capital Projects		36,779	149,641			
Unreserved/Undesignated	5,615	-	-	-	376,872	243,984
<b>Total Fund Balances</b>	<u>5,615</u>	<u>36,779</u>	<u>149,641</u>	<u>-</u>	<u>376,872</u>	<u>243,984</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 12,928</u>	<u>\$ 36,779</u>	<u>\$ 149,641</u>	<u>\$ 186,530</u>	<u>\$ 684,660</u>	<u>\$ 243,984</u>

<u>Capital Projects - Municipal Complex(s)</u>	<u>Capital Projects - Park Projects Fund</u>	<u>Total</u>
\$ 3,398,209	\$ 972,047	\$ 5,498,248
		-
		186,530
<u>3,398,209</u>	<u>972,047</u>	<u>5,684,778</u>
406,205	77,309	844,319
		1,841
86,414	1,020	87,434
		138,985
<u>492,619</u>	<u>78,329</u>	<u>1,072,579</u>
2,905,590	893,718	3,985,728
		626,471
<u>2,905,590</u>	<u>893,718</u>	<u>4,612,199</u>
<u>\$ 3,398,209</u>	<u>\$ 972,047</u>	<u>\$ 5,684,778</u>

**CITY OF DELTONA, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

Special Revenue Funds

	<u>Streetlighting Districts</u>	<u>Fire/Rescue Service Impact Fees</u>	<u>Park Impact Fees</u>	<u>Community Development Block Grant</u>	<u>Solid Waste</u>	<u>Tree Replacement Fund</u>
<b>Revenues</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ 253,525	\$ -	\$ -
Charges for Services	81,087	-	-	-	3,647,783	-
Impact Fees	-	175,712	488,194	-	-	-
Interest Income	990	2,263	2,622	-	41,294	-
Miscellaneous	-	-	-	-	74,738	-
<b>Total Revenues</b>	<u>82,077</u>	<u>177,975</u>	<u>490,816</u>	<u>253,525</u>	<u>3,763,815</u>	<u>-</u>
<b>Expenditures</b>						
Current:						
General Government and Administration	-	-	-	34,894	-	-
Physical Environment	-	-	-	-	3,795,991	-
Transportation	99,077	-	-	-	-	-
Capital Outlay	-	-	-	218,631	-	-
<b>(Total Expenditures)</b>	<u>(99,077)</u>	<u>-</u>	<u>-</u>	<u>(253,525)</u>	<u>(3,795,991)</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(17,000)</u>	<u>177,975</u>	<u>490,816</u>	<u>-</u>	<u>(32,176)</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>						
Transfers from Other Funds	-	-	-	-	-	243,984
Transfers to Other Funds	-	(425,000)	(465,000)	-	-	-
<b>Total Other Financing (Uses) Sources</b>	<u>-</u>	<u>(425,000)</u>	<u>(465,000)</u>	<u>-</u>	<u>-</u>	<u>243,984</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>(17,000)</u>	<u>(247,025)</u>	<u>25,816</u>	<u>-</u>	<u>(32,176)</u>	<u>243,984</u>
<b>Fund Balances, Beginning of Year</b>	<u>22,615</u>	<u>283,804</u>	<u>123,825</u>	<u>-</u>	<u>409,048</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 5,615</u>	<u>\$ 36,779</u>	<u>\$ 149,641</u>	<u>\$ -</u>	<u>\$ 376,872</u>	<u>\$ 243,984</u>

Capital Projects - Municipal Complex(s)	Capital Projects - Park Projects	Total
\$ -	\$ 50,000	\$ 303,525
-	-	3,728,870
-	-	663,906
62,974	28,444	138,587
-	192,451	267,189
<u>62,974</u>	<u>270,895</u>	<u>5,102,077</u>
-	-	34,894
-	-	3,795,991
-	-	99,077
1,115,170	768,447	2,102,248
<u>(1,115,170)</u>	<u>(768,447)</u>	<u>(6,032,210)</u>
<u>(1,052,196)</u>	<u>(497,552)</u>	<u>(930,133)</u>
2,500,000	465,000	3,208,984
-	-	(890,000)
<u>2,500,000</u>	<u>465,000</u>	<u>2,318,984</u>
1,447,804	(32,552)	1,388,851
<u>1,457,786</u>	<u>926,270</u>	<u>3,223,348</u>
<u>\$ 2,905,590</u>	<u>\$ 893,718</u>	<u>\$ 4,612,199</u>

**CITY OF DELTONA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**STREETLIGHTING DISTRICTS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Special Assessments	\$ 81,087	\$ 110,000	\$ (28,913)
Interest Income	990	250	740
<b>Total Revenues</b>	<u>82,077</u>	<u>110,250</u>	<u>(28,173)</u>
<b>Expenditures</b>			
Current:			
Transportation	99,077	97,900	(1,177)
<b>(Total Expenditures)</b>	<u>(99,077)</u>	<u>(97,900)</u>	<u>(1,177)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(17,000)</u>	<u>12,350</u>	<u>(29,350)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds			-
Transfers to Other Funds			-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	(17,000)	12,350	(29,350)
<b>Fund Balance, Beginning of Year</b>	<u>22,615</u>	<u>22,615</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 5,615</u>	<u>\$ 34,965</u>	<u>\$ (29,350)</u>

**CITY OF DELTONA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**FIRE/RESCUE SERVICE IMPACT FEES FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	Actual	Final Budget	Variance With Final Budget Positive (Negative)
<b>Revenues</b>			
Impact Fees	\$ 175,712	\$ 175,000	\$ 712
Interest	2,263	2,000	263
<b>Total Revenues</b>	<u>177,975</u>	<u>177,000</u>	<u>975</u>
<b>Expenditures</b>			
Capital Outlay	-	-	-
<b>(Total Expenditures)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues Over Expenditures</b>	<u>177,975</u>	<u>177,000</u>	<u>975</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(425,000)	(425,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(425,000)</u>	<u>(425,000)</u>	<u>-</u>
<b>(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing Uses</b>	(247,025)	(248,000)	975
<b>Fund Balance, Beginning of Year</b>	<u>283,804</u>	<u>283,804</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 36,779</u>	<u>\$ 35,804</u>	<u>\$ 975</u>

CITY OF DELTONA, FLORIDA  
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
 PARK IMPACT FEES FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Actual	Final Budget	Variance With Final Budget Positive (Negative)
<b>Revenues</b>			
Impact Fees	\$ 488,194	\$ 520,000	\$ (31,806)
Interest Income	2,622	2,500	122
<b>Total Revenues</b>	<u>490,816</u>	<u>522,500</u>	<u>(31,684)</u>
<b>Expenditures</b>			
Capital outlay			-
<b>(Total Expenditures)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues Over Expenditures</b>	<u>490,816</u>	<u>522,500</u>	<u>(31,684)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(465,000)	(465,000)	-
<b>Total Other Financing Sources</b>	<u>(465,000)</u>	<u>(465,000)</u>	<u>-</u>
<b>(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing Uses</b>	25,816	57,500	(31,684)
<b>Fund Balance, Beginning of Year</b>	<u>123,825</u>	<u>123,825</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 149,641</u>	<u>\$ 181,325</u>	<u>\$ (31,684)</u>

**CITY OF DELTONA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**COMMUNITY DEVELOPMENT BLOCK GRANT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ 253,525	\$ 570,263	\$ (316,738)
<b>Total Revenues</b>	<u>253,525</u>	<u>570,263</u>	<u>(316,738)</u>
<b>Expenditures</b>			
Current:			
General Government and Administration	34,894	50,000	15,106
Capital Outlay	218,631	520,263	301,632
<b>(Total Expenditures)</b>	<u>(253,525)</u>	<u>(570,263)</u>	<u>316,738</u>
<b>Excess of Revenues Over Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds			-
Transfers to Other Funds			-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF DELTONA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**SOLID WASTE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	Actual	Final Budget	Variance With Final Budget Positive (Negative)
<b>Revenues</b>			
Special Assessment	\$ 3,647,783	\$ 3,616,000	\$ 31,783
Interest Income	41,294	10,000	31,294
Miscellaneous	74,738	150,000	(75,262)
<b>Total Revenues</b>	<u>3,763,815</u>	<u>3,776,000</u>	<u>(12,185)</u>
<b>Expenditures</b>			
Current:			
Physical Environment	3,795,991	3,796,941	950
<b>(Total Expenditures)</b>	<u>(3,795,991)</u>	<u>(3,796,941)</u>	<u>950</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(32,176)</u>	<u>(20,941)</u>	<u>(11,235)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing Uses</b>	<u>(32,176)</u>	<u>(20,941)</u>	<u>(11,235)</u>
<b>Fund Balance, Beginning of Year</b>	<u>409,048</u>	<u>409,048</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 376,872</u>	<u>\$ 388,107</u>	<u>\$ (11,235)</u>

CITY OF DELTONA, FLORIDA  
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
 TREE REPLACEMENT IMPACT FEES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Actual	Final Budget	Variance With Final Budget Positive (Negative)
<b>Revenues</b>			
Impact Fees	\$ -	\$ -	\$ -
Interest	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>			
Capital Outlay	-	-	-
<b>(Total Expenditures)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues Over Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	243,984	243,984	-
Transfers to Other Funds	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>243,984</u>	<u>243,984</u>	<u>-</u>
<b>(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing Uses</b>	243,984	243,984	-
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 243,984</u>	<u>\$ 243,984</u>	<u>\$ -</u>

**CITY OF DELTONA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**CAPITAL PROJECTS - MUNICIPAL COMPLEX(S) FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Interest	\$ 62,974	\$ 10,000	\$ 52,974
<b>Total Revenues</b>	<u>62,974</u>	<u>10,000</u>	<u>52,974</u>
<b>Expenditures</b>			
Capital Outlay	1,115,170	3,855,534	2,740,364
<b>(Total Expenditures)</b>	<u>(1,115,170)</u>	<u>(3,855,534)</u>	<u>2,740,364</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(1,052,196)</u>	<u>(3,845,534)</u>	<u>2,793,338</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	2,500,000	2,500,000	-
Transfers to Other Funds	-	-	-
<b>Total Other Financing Sources</b>	<u>2,500,000</u>	<u>2,500,000</u>	<u>-</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	1,447,804	(1,345,534)	2,793,338
<b>Fund Balance, Beginning of Year</b>	<u>1,457,786</u>	<u>1,457,786</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 2,905,590</u>	<u>\$ 112,252</u>	<u>\$ 2,793,338</u>

**CITY OF DELTONA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**CAPITAL PROJECTS - PARK PROJECTS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ 50,000	\$ 750,300	\$ (700,300)
Interest	28,444	5,000	23,444
Miscellaneous	192,451		192,451
<b>Total Revenues</b>	<u>270,895</u>	<u>755,300</u>	<u>(484,405)</u>
<b>Expenditures</b>			
Capital Outlay	768,447	2,054,241	1,285,794
<b>(Total Expenditures)</b>	<u>(768,447)</u>	<u>(2,054,241)</u>	<u>1,285,794</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(497,552)</u>	<u>(1,298,941)</u>	<u>801,389</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	465,000	465,000	-
Transfers to Other Funds	-	-	-
<b>Total Other Financing Sources</b>	<u>465,000</u>	<u>465,000</u>	<u>-</u>
<b>(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing Uses</b>	<u>(32,552)</u>	<u>(833,941)</u>	<u>801,389</u>
<b>Fund Balance, Beginning of Year</b>	<u>926,270</u>	<u>926,270</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 893,718</u>	<u>\$ 92,329</u>	<u>\$ 801,389</u>

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**STATISTICAL SECTION  
(UNAUDITED)**

**CITY OF DELTONA, FLORIDA**  
**TABLE 1 - UNAUDITED**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)**  
 Since Incorporation  
*(amounts expressed in thousands)*

Fiscal Year	Taxes	Licenses & Permits	Intergovernmental Revenue	Charges for Services	Fines & Forfeitures	Special Assessments	Impact Fees	Interest Income	Other	Total
2005	\$ 18,437	\$ 1,945	\$ 18,364	\$ 1,413	\$ 296	\$ 5,903	\$ 1,523	\$ 532	\$ 670	\$ 49,083
2004	\$ 16,562	\$ 1,925	\$ 8,640	\$ 1,151	\$ 258	\$ 4,346	\$ 755	\$ 160	\$ 599	\$ 34,396
2003	\$ 15,643	\$ 2,212	\$ 9,499	\$ 699	\$ 330	\$ 4,213	\$ 737	\$ 262	\$ 1,443	\$ 35,038
2002	\$ 13,711	\$ 1,694	\$ 7,888	\$ 83	\$ 289	\$ 4,071	\$ 582	\$ 390	\$ 885	\$ 29,593
2001	\$ 10,359	\$ 1,170	\$ 7,243	\$ 95	\$ 394	\$ 3,946	\$ 465	\$ 818	\$ 1,282	\$ 25,772
2000	\$ 9,393	\$ 751	\$ 6,383	\$ 131	\$ 226	\$ 3,849	\$ 450	\$ 967	\$ 831	\$ 22,981
1999	\$ 9,011	\$ 757	\$ 5,487	\$ 77	\$ 204	\$ 3,744	\$ 359	\$ 584	\$ 604	\$ 20,827
1998	\$ 8,956	\$ 678	\$ 5,723	\$ 92	\$ 136	\$ 3,684	\$ 397	\$ 539	\$ 379	\$ 20,584
1997	\$ 8,200	\$ 432	\$ 4,792	\$ 87	\$ 138	\$ 3,693	\$ 344	\$ 276	\$ 148	\$ 18,110

(1) Includes all Governmental Funds.

**CITY OF DELTONA, FLORIDA**  
**TABLE 2 - UNAUDITED**  
**TAX REVENUES BY SOURCE (1)**  
 Since Incorporation  
*(amounts expressed in thousands)*

Fiscal Year	Ad Valorem Tax	Franchise Fees			Public Service Tax			Total
		Electric	Cable Television	Other	Electric	Telecommunication	Gas	
2005	\$ 8,394	\$ 3,116	\$ -	\$ 53	\$ 3,564	\$ 3,200	\$ 110	\$ 18,437
2004	\$ 7,334	\$ 2,763	\$ -	\$ 53	\$ 3,271	\$ 3,047	\$ 94	\$ 16,562
2003	\$ 6,626	\$ 2,650	\$ -	\$ 68	\$ 3,398	\$ 2,811	\$ 90	\$ 15,643
2002	\$ 6,140	\$ 1,424	\$ -	\$ 4	\$ 3,349	\$ 2,715	\$ 79	\$ 13,711
2001	\$ 5,951	\$ -	\$ 315	\$ 55	\$ 2,935	\$ 1,021	\$ 82	\$ 10,359
2000	\$ 5,465	\$ -	\$ 252	\$ 90	\$ 2,815	\$ 701	\$ 70	\$ 9,393
1999	\$ 5,320	\$ -	\$ 221	\$ 8	\$ 2,799	\$ 600	\$ 63	\$ 9,011
1998	\$ 5,209	\$ -	\$ 375	\$ -	\$ 2,798	\$ 505	\$ 69	\$ 8,956
1997	\$ 5,319	\$ -	\$ -	\$ -	\$ 2,415	\$ 404	\$ 62	\$ 8,200

(1) Includes all Governmental Funds.

**CITY OF DELTONA, FLORIDA**  
**TABLE 3 - UNAUDITED**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)**  
 Since Incorporation  
*(amounts expressed in thousands)*

Fiscal Year	General Government	Public Safety	Physical Environment	Transportation	Economic Environment	Culture / Recreation	Capital Outlay	Debt Service	Total
2005	\$ 6,760	\$ 11,598	\$ 5,418	\$ 4,516	\$ 609	\$ 1,854	\$ 7,015	\$ -	\$ 37,770
2004	\$ 5,690	\$ 10,687	\$ 4,739	\$ 7,431	\$ 162	\$ 1,462	\$ 8,057	\$ -	\$ 38,228
2003	\$ 4,748	\$ 9,086	\$ 5,169	\$ 4,693	\$ 362	\$ 1,254	\$ 10,394	\$ -	\$ 35,706
2002	\$ 3,974	\$ 7,891	\$ 4,478	\$ 2,798	\$ 233	\$ 986	\$ 7,057	\$ -	\$ 27,417
2001	\$ 3,445	\$ 7,416	\$ 3,381	\$ 2,137	\$ -	\$ 821	\$ 5,797	\$ -	\$ 22,997
2000	\$ 3,179	\$ 7,074	\$ 3,038	\$ 2,981	\$ -	\$ 816	\$ 2,465	\$ 579	\$ 20,132
1999	\$ 3,152	\$ 7,033	\$ 3,062	\$ 2,847	\$ -	\$ 707	\$ 1,348	\$ 262	\$ 18,411
1998	\$ 2,629	\$ 6,348	\$ 2,896	\$ 2,228	\$ -	\$ 673	\$ 2,193	\$ 275	\$ 17,242
1997	\$ 2,696	\$ 5,805	\$ 3,080	\$ 2,002	\$ -	\$ 668	\$ -	\$ 114	\$ 14,365

(1) Includes all Governmental Funds.

**CITY OF DELTONA, FLORIDA**  
**TABLE 4 - UNAUDITED**  
**PROPERTY TAX LEVIES AND COLLECTIONS**

Since Incorporation  
*(amounts expressed in thousands)*

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Total Tax Collections</u>	<u>Tax Collections as a Percentage of Tax Levy</u>
2005	\$ 8,694,704	\$ 8,394,332	96.5%
2004	\$ 7,609,418	\$ 7,334,228	96.4%
2003	\$ 6,845,840	\$ 6,626,383	96.8%
2002	\$ 6,341,059	\$ 6,139,833	96.8%
2001	\$ 6,094,183	\$ 5,950,617	97.6%
2000	\$ 5,664,939	\$ 5,464,575	96.5%
1999	\$ 5,504,990	\$ 5,319,728	96.6%
1998	\$ 5,386,434	\$ 5,209,402	96.7%
1997	\$ 5,222,553	\$ 5,318,507	101.8%

**CITY OF DELTONA, FLORIDA**  
**TABLE 5 - UNAUDITED**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY**  
 Since Incorporation  
*(amounts expressed in thousands)*

Fiscal Year	Real Property		Personal Property		Total		Ratio Assessed/ Just Value	Total Taxable Value	Ratio Taxable/ Just Value
	Assessed Value	Just Value	Assessed Value	Just Value	Assessed Value	Just Value			
2005	\$ 2,734,204	\$ 3,088,130	\$ 110,888	\$ 110,888	\$ 2,845,092	\$ 3,199,018	88.9%	\$ 2,071,153	64.7%
2004	\$ 2,415,849	\$ 2,622,765	\$ 110,081	\$ 110,081	\$ 2,525,930	\$ 2,732,846	92.4%	\$ 1,812,629	66.3%
2003	\$ 2,209,069	\$ 2,343,762	\$ 104,265	\$ 104,265	\$ 2,313,334	\$ 2,448,027	94.5%	\$ 1,630,738	66.6%
2002	\$ 2,068,642	\$ 2,133,775	\$ 101,735	\$ 101,735	\$ 2,170,377	\$ 2,235,510	97.1%	\$ 1,510,495	67.6%
2001	\$ 1,942,488	\$ 1,987,952	\$ 100,571	\$ 100,571	\$ 2,043,059	\$ 2,088,523	97.8%	\$ 1,451,687	69.5%
2000	\$ 1,827,743	\$ 1,850,171	\$ 88,246	\$ 88,246	\$ 1,915,989	\$ 1,938,417	98.8%	\$ 1,349,462	69.6%
1999	\$ 1,757,122	\$ 1,769,611	\$ 105,934	\$ 105,934	\$ 1,863,056	\$ 1,875,545	99.3%	\$ 1,311,360	69.9%
1998	\$ 1,708,300	\$ 1,716,704	\$ 107,140	\$ 107,140	\$ 1,815,440	\$ 1,823,844	99.5%	\$ 1,283,113	70.4%
1997	\$ 1,667,802	\$ 1,683,162	\$ 94,915	\$ 94,915	\$ 1,762,717	\$ 1,778,077	99.1%	\$ 1,244,073	70.0%

Source: County of Volusia Property Appraiser.

**CITY OF DELTONA, FLORIDA**  
**TABLE 6 - UNAUDITED**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
 Since Incorporation  
*(Per \$1,000 of Assessed Taxable Value)*

Fiscal Year	City of Deltona	County of Volusia	Volusia County School Board	St. Johns River Water Management District	Florida Inland Navigation District	West Volusia Hospital Authority	Total
2005	4.19800	6.60400	8.51700	0.46200	0.03850	1.80000	21.61950
2004	4.19800	6.60400	8.69900	0.46200	0.03850	1.80000	21.80150
2003	4.19800	6.60400	8.89900	0.46200	0.03850	1.59680	21.79830
2002	4.19800	6.60400	9.01500	0.46200	0.03850	1.59680	21.91430
2001	4.19800	6.36700	9.15800	0.47200	0.04100	1.59681	21.83281
2000	4.19800	6.37300	9.91700	0.48200	0.04400	1.56918	22.58318
1999	4.19800	6.37800	10.37600	0.48200	0.04700	1.60000	23.08100
1998	4.19800	6.38100	10.48700	0.48200	0.05000	1.87206	23.47006
1997	4.19800	6.21700	10.82100	0.48200	0.03800	1.90000	23.65600

Source: County of Volusia Property Appraiser.

**CITY OF DELTONA, FLORIDA**  
**TABLE 7 - UNAUDITED**  
**PRINCIPAL TAXPAYERS**  
**Fiscal Year Ended September 30, 2005**

Taxpayer	Type of Business	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Florida Power & Light Company	Utility	\$ 13,499,912	0.7%
Publix Super Markets, Inc.	Supermarket	\$ 10,659,806	0.5%
Bright House Networks LLC	Utility	\$ 8,841,354	0.4%
Bellsouth Telecommunication, Inc.	Utility	\$ 7,650,514	0.4%
Sprint Florida, Inc.	Utility	\$ 6,809,894	0.3%
Deltona Associates LTD	Property Management	\$ 6,680,401	0.3%
Florida Power Corporation	Utility	\$ 5,548,727	0.3%
Albertson's, Inc.	Supermarket	\$ 5,313,527	0.3%
Tiger Partner LLC	Hospitality	\$ 5,278,010	0.3%
Storaway Self Storage Deltona		\$ 5,011,651	0.2%
All Other		\$ 1,995,860,101	96.4%
	Total	<u>\$ 2,071,153,897</u>	<u>100.0%</u>

Source: County of Volusia Property Appraiser.

**CITY OF DELTONA, FLORIDA**  
**TABLE 8 - UNAUDITED**  
**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS**  
 Since Incorporation

Fiscal Year	Special Assessments Billed	Special Assessments Collected	Collection Ratio
2005	\$ 5,936,938	\$ 5,738,690	96.7%
2004	\$ 5,113,385	\$ 4,980,437	97.4%
2003	\$ 4,324,945	\$ 4,212,496	97.4%
2002	\$ 4,174,237	\$ 4,070,672	97.5%
2001	\$ 4,063,232	\$ 3,945,997	97.1%
2000	\$ 3,970,781	\$ 3,848,770	96.9%
1999	\$ 3,863,540	\$ 3,744,362	96.9%
1998	\$ 3,819,077	\$ 3,683,741	96.5%
1997	\$ 3,669,393	\$ 3,693,026	100.6%

**CITY OF DELTONA, FLORIDA**  
**TABLE 9 - UNAUDITED**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**September 30, 2005**

<u>Taxing Authority</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to Deltona</u>	<u>Amount Applicable to Deltona</u>
City of Deltona	\$ -	100%	\$ -
County of Volusia (1)	\$ -	8.28%	\$ -
Volusia County School Board (2)	<u>\$ 19,095.000</u>	8.28%	<u>\$ 1,581.066</u>
Total Direct and Overlapping Debt	<u>\$ 19,095.000</u>		<u>\$ 1,581.066</u>

(1) Source: County of Volusia Finance Department.

(2) Source: Volusia County School Board.

**CITY OF DELTONA, FLORIDA**  
**TABLE 10 - UNAUDITED**  
**DEMOGRAPHIC STATISTICS**  
 Since Incorporation

Fiscal Year	Population (1)	Unemployment Rate (2)	School (3)	
			Enrollment	Attendance
2005	82,973	2.9%	16,228	96.4%
2004	80,052	4.8%	15,994	96.3%
2003	76,332	5.1%	15,376	96.0%
2002	71,599	5.4%	14,920	96.6%
2001	69,543	4.3%	14,583	96.6%
2000	61,191	2.8%	14,058	96.7%
1999	59,717	3.1%	13,530	96.2%
1998	58,434	3.4%	12,845	96.0%
1997	56,148	3.9%	12,737	95.7%

(1) Source: University of Florida, Bureau of Economic Research.

(2) Source: State of Florida, Department of Labor and Employment Security

(3) Source: Volusia County School Board.

**CITY OF DELTONA, FLORIDA**  
**TABLE 11 - UNAUDITED**  
**PROPERTY VALUE AND CONSTRUCTION**  
 Since Incorporation  
*(amounts expressed in thousands)*

Fiscal Year	Estimated Actual Value of Real Property (1)						New Construction (3)	
	Residential	Commercial	Industrial	Rural Acreage	Other (2)	Total	Permits	Amount (4)
2005	\$ 2,857,720	\$ 124,415	\$ 8,498	\$ 8,748	\$ 88,748	\$ 3,088,129	10,230	\$ 161,903
2004	\$ 2,432,279	\$ 102,608	\$ 5,134	\$ 7,336	\$ 75,408	\$ 2,622,765	5,952	\$ 160,779
2003	\$ 2,165,052	\$ 97,982	\$ 4,749	\$ 6,314	\$ 69,665	\$ 2,343,762	5,397	\$ 156,416
2002	\$ 1,957,626	\$ 98,683	\$ 3,058	\$ 6,214	\$ 68,194	\$ 2,133,775	4,755	\$ 147,758
2001	\$ 1,815,628	\$ 95,996	\$ 2,776	\$ 6,532	\$ 67,020	\$ 1,987,952	3,382	\$ 101,590
2000	\$ 1,696,247	\$ 89,211	\$ 2,588	\$ 5,632	\$ 56,492	\$ 1,850,170	3,066	\$ 72,593
1999	\$ 1,628,120	\$ 80,249	\$ 2,496	\$ 4,989	\$ 53,757	\$ 1,769,611	3,226	\$ 73,206
1998	\$ 1,586,982	\$ 74,083	\$ 2,481	\$ 4,746	\$ 48,412	\$ 1,716,704	1,903	\$ 62,315
1997	\$ 1,557,773	\$ 71,422	\$ 1,518	\$ 5,417	\$ 47,032	\$ 1,683,162	Not Available	

(1) Source: Volusia County Property Appraiser.

(2) Includes governmental, institutional, utility and other miscellaneous property.

(3) Source: City of Deltona Department of Development Services.

(4) Average price of single family residential construction

**CITY OF DELTONA, FLORIDA**  
**TABLE 12 - UNAUDITED**  
**MICELLANEOUS STATISTICS**  
**September 30, 2005**

**General City Information**

Date of Incorporation	December 31, 1995
Form of Government	Commission - City Manager
Number of Employees	291
Area in Square Miles	47.8 square miles
Number of Paved Streets	1,640
Miles of Streets	423.54 miles
Developed lots	28,154
Platted single-family residential lots	37,208

**Fire Protection:**

Number of Fire Stations	4
Number of Firefighters and Officers	63

**Law Enforcement Protection (Contracted services through County of Volusia Sheriff's Office)**

Number of Stations	1
Number of Sworn Officers	72

**Parks & Recreation**

Number of Community Parks	7
Number of Neighborhood Parks	7
Number of Urban Open Spaces	1
Number of Tot Lots	1
Number of Libraries	1
Developed Park Area	202 Acres
Undeveloped Park Area	262 Acres
Baseball Fields	12
Basketball courts	10
Football fields	1
Multi-purpose fields	5
Playgrounds	11
Racquetball courts	4
Shuffleboard courts	32
Soccer fields	7
Tennis courts	4
Volleyball courts	1

**Public Schools**

Elementary Schools	6
Middle Schools	3
High Schools	2

**Charter Schools**

Elementary School	1
-------------------	---

**Sewage System**

Miles of sanitary sewers	73.8
Miles of storm sewers	4
Number of treatment plants	1
Number of service connections	6,556

**Water System**

Miles of water mains	450.8
Number of services connections (as of 9/30/05)	34,700
Number of fire hydrants	972

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**ADDITIONAL ELEMENTS OF REPORT PREPARED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,  
ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED  
STATES; THE PROVISIONS OF OFFICE OF MANAGEMENT  
AND BUDGET (OMB) CIRCULAR A-133; AND THE *RULES OF  
THE AUDITOR GENERAL OF THE STATE OF FLORIDA***

**CITY OF DELTONA, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Grant Number</u>
<b>U.S. Department of Housing and Urban Development</b>	
Community Development Block Grant	B-03-MC-12-0049
Passed Through Volusia County, Florida:	
Community Development Block Grant (2000-2001)	B00-UC-120008
Community Development Block Grant (2001-2002)	B01-UC-120008
Community Development Block Grant (2002-2003)	B02-UC-120008
<b>Total Department of Housing and Urban Development</b>	
<b>Department of Homeland Security</b>	
Passed Through Florida Department of Community Affairs:	
Public Assistance (Hurricane Disaster Relief)	05-PA-C%-06-74-02-695
Emergency Management Preparedness and Assistance	04CG-2J-06-74-330
<b>Total Department of Homeland Security</b>	

**Total Expenditures of Federal Awards**

**Note to the Schedule of Expenditures of Federal Awards**

**Basis of Presentation**

The accompanying schedule of federal awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

<u>CFDA Number</u>	<u>Program or Award Amount</u>	<u>Expenses</u>
14.218	\$ 596,000	\$ 182,428
14.218	336,647	116,292
14.218	334,720	144,795
14.218	410,185	-
	<u>1,677,552</u>	<u>443,515</u>
97.036	10,223,226	10,223,226
97.042	44,670	44,670
	<u>10,267,896</u>	<u>10,267,896</u>
	<u>\$ 11,945,448</u>	<u>\$ 10,711,411</u>

**CITY OF DELTONA, FLORIDA  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005**

<u>State Grantor/Program Title</u>	<u>Grant Number</u>
<b>Florida Department of Environmental Protection</b>	
Florida Recreation Development Assistance Programs:	
Wes Crile Park Improvements	F-40243
<b>Total Florida Department of Environmental Protection</b>	
<b>Florida Housing Finance Corporation</b>	
State Housing Initiatives Partnership Program	N/A
<b>Total Florida Housing Finance Corporation</b>	
<b>Total Expenditures of State Awards</b>	

**Note to the Schedule of Expenditures of State Financial Assistance**

**Basis of Presentation**

The accompanying schedule of expenditures of state financial assistance is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.550, *Rules of the Auditor General, Local Governmental Entity Audits*.

<u>CSFA Number</u>	<u>Program or Award Amount</u>	<u>Expenses</u>
37.017	\$ 400,000 <u>400,000</u>	\$ 232,638 <u>232,638</u>
52.901	1,875,114 <u>1,875,114</u>	609,644 <u>609,644</u>
	<u>\$ 2,275,114</u>	<u>\$ 842,282</u>

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

Honorable Mayor and City Commissioners  
City of Deltona  
Deltona, Florida

We have audited the financial statements of the City of Deltona, Florida (the City) as of and for the year ended September 30, 2005, and have issued our report thereon dated February 3, 2006. 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.

**Compliance**

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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the City Commission in a separate letter dated February 3, 2006.

**Certified Public Accountants**

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Mayor and City Commissioners  
City of Deltona  
Deltona, Florida

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

This report is intended solely for the information and use of the City Commission, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Durvis, Gray and Company*

February 3, 2006  
Ocala, Florida

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND  
INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO  
EACH MAJOR FEDERAL AWARDS PROGRAM AND STATE  
FINANCIAL ASSISTANCE PROJECT

Honorable Mayor and City Commissioners  
City of Deltona  
Deltona, Florida

**Compliance**

We have audited the compliance of the City of Deltona, Florida (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2005. The City's major federal programs and state financial assistance projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state financial assistance projects is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General*. Those standards, OMB Circular A-133, 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 and state financial assistance projects 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2005.

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Honorable Mayor and City Commissioners  
City of Deltona  
Deltona, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND  
INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO  
EACH MAJOR FEDERAL AWARDS PROGRAM AND STATE  
FINANCIAL ASSISTANCE PROJECT  
(Concluded)**

**Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state financial assistance project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program or state financial assistance project being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

**Schedule of Expenditures of Federal Awards and State Financial Assistance**

We have audited the basic financial statements of the City. As of and for the year ended September 30, 2005, and have issued our report dated February 3, 2006. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City Commission, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



February 3, 2006  
Ocala, Florida

**CITY OF DELTONA, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL  
AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS**

I. **Summary of Audit Results**

I. **Type of Audit Report Issued on Basic Financial Statements**

Unqualified Opinion

II. **Reportable Conditions and/or Material Weaknesses in Internal Control**

Audit disclosed no instances of reportable conditions in internal control or reportable conditions which were material weaknesses in internal control.

III. **Noncompliance Material to Auditee Financial Statements**

Audit disclosed no material instances of noncompliance.

IV. **Reportable Conditions and/or Material Weaknesses in Internal Control Over the Major Program**

Audit disclosed no instances of reportable conditions in internal control over the major program or reportable conditions which were material weaknesses in internal control over the major program.

V. **Type of Audit Report Issued on Compliance with Requirements Applicable to the Major Program**

Unqualified Opinion

VI. **Audit Findings Relative to Major Federal Awards and State Financial Assistance Projects**

The audit disclosed no findings required to be reported under Section .510(a) of OMB Circular A-133.

VII. **Programs/Projects Tested as Major Programs/Projects**

■ **Federal Program**

U.S. Department of Homeland Security, Passed Through the Florida Department of Community Affairs:

Public Assistance Grant—CFDA No. 97.036

■ **State Project**

Florida Housing Finance Corporation:

State Housing Initiatives Partnership Program—CFSA No. 52.901

CITY OF DELTONA, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL  
AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS  
(Concluded)

1. Summary of Audit Results (Concluded)

VIII. Dollar Threshold Used to Distinguish Between Type A and Type B Programs

\$300,000

IX. Auditee Qualification as Low-risk Auditee for Federal Award Programs

The auditee qualifies as a low-risk auditee per criteria set forth in Section .530 of OMB Circular A-133.

2. Findings Related to the Financial Statements Required to be Reported Under GAGAS

The audit disclosed no findings which are required to be reported under GAGAS.

3. Findings and Questioned Costs for Federal Awards Required to be Reported Under Section .510(a) of OMB Circular A-133

The audit disclosed no findings which are required to be reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS IN  
ACCORDANCE WITH OMB CIRCULAR A-133  
CITY OF DELTONA, FLORIDA

1. Status of Prior Audit Findings

There were no audit findings reported in our prior year's audit schedule of findings and questioned costs.

**CORRECTIVE ACTION PLAN IN  
ACCORDANCE WITH OMB CIRCULAR A-133  
CITY OF DELTONA, FLORIDA**

1. **Corrective Action Planned for Current Year Audit Findings**

There are no current year audit findings included in the current year's schedule of findings and questioned costs.

MANAGEMENT LETTER

Honorable Mayor and City Commissioners  
City of Deltona  
Deltona, Florida

We have audited the financial statements of the City of Deltona, Florida (the City) as of and for the fiscal year ended September 30, 2005, and have issued our report thereon dated February 3, 2006.

We have issued our independent auditors' report on compliance and on internal control over financial reporting dated February 3, 2006. Disclosures in that report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the state of Florida, and require that certain items be addressed in this letter.

The *Rules of the Auditor General* [Section 10.554(1)(h)1.] require that we comment as to whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report.

The *Rules of the Auditor General* [Section 10.554(1)(h)2.] require that we determine whether the City complied with Section 218.415, Florida Statutes, regarding investment of public funds. Our audit disclosed a matter requiring comment as outlined in Section 218.415, Florida Statutes.

The *Rules of the Auditor General* [Section 10.554(1)(h)3.] require that we comment as to whether we have any recommendations to improve the City's financial management, accounting procedures, and internal controls. The recommendation made in the preceding audit report has been addressed by the City of Deltona, Florida. Please see current year Management Letter Comments dated February 3, 2006.

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Honorable Mayor and City Commissioners  
City of Deltona  
Deltona, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

The *Rules of the Auditor General* [Sections 10.554(1)(h)4(a), (b), and (c)] require disclosure in the management letter of the following matters that are not clearly inconsequential, considering both quantitative and qualitative factors, including the following: violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and were discovered in the scope of the audit; illegal or improper expenditures discovered within the scope of the audit that may or may not materially affect the financial statements; deficiencies in internal control that are not reportable conditions, including, but not limited to improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); failures to properly record financial transactions; and other inaccuracies, shortages, and defalcations and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed no such items.

The *Rules of the Auditor General* [Section 10.554(1)(h)5.] also require that the name or official title and legal authority for the government be disclosed in the management letter, unless disclosed in the notes to the financial statements (see note 1 to the financial statements).

As required by the *Rules of the Auditor General* [Section 10.554(1)(h)6.(a)], the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, "Determination of Financial Emergency." In connection with our audit, we determined that the City has not met one or more of the state of financial emergency conditions as described by Section 218.503(1), Florida Statutes.

As required by the *Rules of the Auditor General* [Section 10.554(1)(h)6.(b)], we determined that the financial report for the City for the fiscal year ended September 30, 2005, filed with the Department of Financial Services pursuant to Section 218.32(1)a, Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2005.

As required by the *Rules of the Auditor General* [Section 10.554(1)(h)6.(c)1.], we have applied the financial condition assessment procedures pursuant to Rules 10.556(7).

This management letter is intended solely for the information and use of the City Commissioners, management, and the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

*Purvis, Gray and Company*

February 3, 2006  
Ocala, Florida

MANAGEMENT LETTER COMMENTS

Honorable Mayor and City Commissioners  
City of Deltona  
Deltona, Florida

In planning and performing our audit of the financial statements of the City of Deltona, Florida (the City) for the year ended September 30, 2005, we obtained an understanding of the design of relevant controls to plan our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control. However, during our audit, we noted certain matters involving internal control and other operational matters that are presented for your consideration.

Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control and/or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional review of these matters, or to assist in the implementation of the recommendations.

This letter does not affect our report dated February 3, 2006, on the basic financial statements of the City. Our comments are summarized as follows:

**Prior Year Recommendations**

■ **Administrative/Financial Oversight of Utility Customer Service**

The customer service department responsible for billing and collection of all water and wastewater revenues is within the Water/Sewer department in the City's organization chart. Because so much of the activity of this division is financial in nature, we recommend that the Finance and Accounting departments be formally given some degree of cross responsibility for this activity. This might include oversight and monitoring of all billing and collecting activity and other related items.

All other prior year recommendations have been satisfied.

**Current Year Recommendations**

■ **Fraud Policy and Monitoring Activities**

The City is a large, complex, diversified, high growth organization considering building new water and wastewater treatment facilities with related debt financing and many other similar activities. In recent years there has been an increased awareness of corporate fraud and governance issues that has prompted many organizations to look inward and develop antifraud processes and controls that are then summarized in a comprehensive fraud prevention policy to help manage this risk to the organization and its members. Such policies often address the following items:

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Honorable Mayor and City Commissioners  
City of Deltona  
Deltona, Florida

**MANAGEMENT LETTER COMMENTS**  
*(Continued)*

**Current Year Recommendations** *(Continued)*

■ **Fraud Policy and Monitoring Activities** *(Concluded)*

- Organizational Code of Conduct
- Conflicts of Interest
- Outside Activities, Employment, Directorships, Second Businesses
- Relationships with Clients and Suppliers
- Gifts, Entertainment and Favors
- Kickbacks and Secret Commissions
- Appropriate Oversight and Monitoring Process (Audit Committees, Management, Internal and External Auditors)
- Fraudulent Financial Reporting
- Information Technology Risks
- Preventive and Detective Controls
- Whistleblower Hotlines
- Management Override of Internal Controls (Incentives, Pressures and Attitudes or Rationalizations)

We recommend that the City develop a comprehensive Fraud Prevention Policy that would address these and other fraud risks that might be identified. We recognize that some of these items may already be addressed in other City policies, but recommend that they be readdressed and further refined in a specific fraud prevention policy.

■ **Taxation of Benefits and Other Related Items**

The IRS has recently stepped up their audits of local governments, looking at tax compliance for a variety of issues common to many entities. Any areas of noncompliance found in an initial audit year may be looked at for two additional years, with significant accumulations of tax due when taken over a three-year period. Accordingly, we recommend that the City review its' tax treatment for the following items, which are the most likely areas of noncompliance:

- Independent Contractor vs. Employee Status-Special Emphasis on Seasonal and Part-Time Individuals
- W-2 and Form 1099 in Same Year for Employees
- Employer Provided Vehicles, Auto Allowance and Other Vehicle Benefits
- Taxation of Employee Awards and Bonuses
- Boot, Shoe and Clothing Allowances for Public Safety and Public Works Employees
- Fire Department Stipends
- Accountable and Nonaccountable Expense Reimbursement Plans
- Entertainment Allowances and/or Reimbursements
- Travel and Meal Reimbursements and Allowances
- Taxation of Collective Bargaining Agreement Benefits
- Sick Leave Sharing Plans
- Form 1099 Filing for Vendor Payments
- Section 125 Cafeteria Plans
- Forms 941 and W-3 Reconciliations

Honorable Mayor and City Commissioners  
City of Deltona  
Deltona, Florida

MANAGEMENT LETTER COMMENTS  
*(Concluded)*

**Current Year Recommendations** *(Concluded)*

As always, we will be happy to assist you as needed with this task by providing tax professionals from our firm for technical issues or reference materials associated with such a review.

■ **Firefighters' Pension - City Contributions**

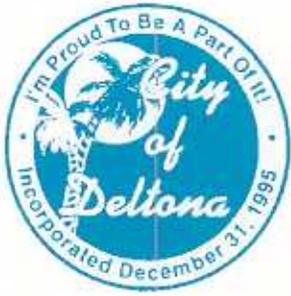
The Firefighters' Pension Plan annually engages an actuary to prepare an actuarial report that prescribes the funding necessary each year from the City, the plan participants and the State of Florida premium taxes. The actuarial report expresses the required contributions in dollars and percent of covered payroll. The City has been using the percent of payroll to contribute its part to the fund and have been using a higher percentage than is called for in the actuarial report. To reduce costs to the general fund, we recommend that the City review this area and consider using the dollar amount rather than the percentage rate since an actuarial report is prepared each year. Alternatively, if the percent of payroll method is deemed appropriate, we recommend that the contribution be limited to the rate calculated in the actuarial report.

The management letter comments are intended solely for the information and use of the City Commission, management, the State of Florida, and other governmental agencies, and is not to be and should not be used by anyone other than these specified parties.

We would like to take this opportunity to express our appreciation for the courtesies, which have been extended to our staff. If you have any questions or comments about the contents of this letter, or the information accompanying this letter, please do not hesitate to contact us.

*Survis, Gray and Company*

February 3, 2006  
Ocala, Florida



# City of Deltona

## RESPONSES TO MANAGEMENT LETTER COMMENTS

Honorable Mayor and City Commissioners  
City of Deltona  
Deltona, Florida

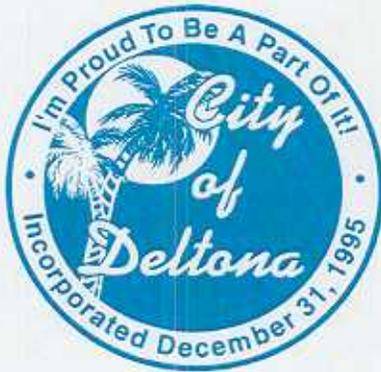
### Prior Year Recommendations

- **Administrative/Financial Oversight of Utility Customer Service**  
While the customer service department responsible for billing and collection of all water and wastewater revenues is within the Water/Sewer department in the City's organization chart, it is understood within the organization that the Finance and Accounting department performs oversight and monitoring activities for the financial components of this function. During the budget preparation process for FY 2006/2007, the Department of Finance and Internal Services will request these responsibilities be formalized.

### Current Year Recommendations

- **Fraud Policy and Monitoring Activities**  
The City recognizes the importance of policy level control for fraud prevention and has addressed some of the items referenced in other City policies. The City's current policies could be further strengthened by the adoption of a formal Fraud Prevention Policy and staff will complete a draft of same for presentation to and consideration by the City Commission.
- **Taxation of Benefits and Other Related Items**  
The City will conduct the recommended review as time and resources allow.
- **Firefighters' Pension – City Contributions**  
The City will carefully consider the recommendations presented and will determine the most appropriate course of action in conjunction with the preparation of the FY 2006/2007 budget.

February 24, 2006  
Deltona, FL



**Deltona, Florida**