

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

For The Fiscal Year Ended September 30, 2006

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

# CITY OF DELTONA, FLORIDA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

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CITY OF DELTONA, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

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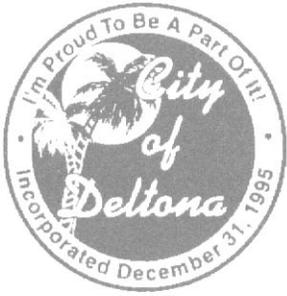
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# City of Deltona

March 23, 2007

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, 2006, 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, 2006, 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, 2006, 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 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 85,500 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 and Volusia County had an unemployment rate of 3.1% in December 2006, compared to 3.3% for the State of Florida and a national rate of 4.5%.

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. New construction permits for single-family residential housing were down slightly from the prior year. Population in the City has increased by 39% between the years 2000 and 2006 with 3% of that increase occurring between 2005 and 2006. 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 22% from 2005 to 2006, 18% from 2004 to 2005, 12% from 2003 to 2004 and 10% from 2002 to 2003.

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.

- 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 2006/2007, the City has started or plans to start 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 completion of a 3,000 sq. ft. Community Center at Harris Saxon Park through the use of CDBG funds and completion of the Keysville Neighborhood Dog Park which is 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 \$1.3 million expended in the current fiscal year.

**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 \$2.2 million for the construction of a 5<sup>th</sup> Fire Station (FS65). In addition, the FY 2006/2007 budget included another 6 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 2006/2007 to \$4,150,000. 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 2006/2007 includes funding of \$2,825,000 for various parks.
- 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 \$1,500,000 appropriated to continue its road resurfacing program in the next fiscal year.
- The City is committed to investing in capital improvements to its water/sewer utility and has appropriated over \$12.6 million for both capital and renewal/replacement activities for FY06/07. 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 2006/2007.
- 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 2006/2007 is set at \$1,266,000.
- 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. In July 2006 the City issued Transportation Capital Improvement Revenue Bonds of \$18,240,000 to help meet identified needs. The City will continue throughout fiscal years 2006/2007 and 2007/2008 to study this issue in more detail.

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**

During the current fiscal year the City passed a Resolution that allows all current eligible employees to enroll in FRS (Florida Retirement System), a defined benefit pension plan, with an effective date of December 1, 2005, or to continue to participate in the pre-existing defined contribution pension plan known as the City of Deltona General Employees' Pension Plan. All general employees hired after December 1, 2005 are compulsory members of FRS. General employees electing to participate in FRS had the option to purchase past service credit back to October 1, 1997. For each general employee opting to purchase past service, their General Employees' Pension Plan assets were transferred directly to FRS. Approximately 45% of the general employees chose to join FRS with 80% electing the past service credit option.

The City continues to maintain a defined contribution pension plan for its general employees that opted not to join FRS. Under this plan 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 the current fiscal the City joined 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 it's 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.

At September 30, 2006, 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.

## 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, 2005. This was the sixth 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.

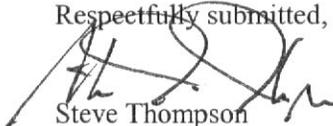
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### 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,

  
Steve Thompson  
City Manager

  
Dorothy Fendergrass, 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, 2005

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.



President

Executive Director



# Organization Chart

**Citizens of Deltona**

**Elected Officials**  
Dennis Mulder, Mayor  
William S. Harvey, Vice-Mayor, Dist. 4    Zenaida Denizac, Dist. 1  
David Santiago, Dist. 2    Michele McFall, Dist. 3  
Janet I. Deyette, Dist. 5    Michael Carmolingo, Dist. 6

Various Appointed  
Boards & Committees

City Manager's Office  
Steven T. Thompson

City Attorney  
L. Roland Blossom

City Clerk's Office  
Faith G. Miller, MMC

Human Resources  
Clyde Perry

Finance & Internal Services  
Dorothy Pendergrass

Development Services  
Gregory Stubbs

Enforcement Services  
Dale Baker

Construction Services  
Cyrus Butts

Law Enforcement  
Contractual

Engineering Services  
Contractual

Fire / Rescue Department  
William Godfrey

Public Works  
Dave Denny

Parks & Recreation  
Patricia Evans

Deltona Water  
Dave Denny

**CITY OF DELTONA, FLORIDA  
PRINCIPAL OFFICIALS**

**ELECTED OFFICIALS**

Mayor-----Dennis Mulder  
Vice Mayor/Commissioner, District 4-----William S. Harvey  
Commissioner, District 1-----Zenaida Denizac  
Commissioner, District 2-----David Santiago  
Commissioner, District 3-----Michele McFall  
Commissioner, District 5-----Janet I. Deyette  
Commissioner, District 6-----Michael Carmolingo

**OTHER OFFICIALS**

City Manager-----Steven T. Thompson  
City Attorney-----L. Roland Blossom  
City Clerk-----Faith G. Miller  
Finance Director-----Dorothy Pendergrass  
Human Resources Director-----Clyde Perry  
Development Services Director-----Gregory Stubbs  
Construction Services Director-----Cyrus Butts  
Enforcement Services Director-----Dale Baker  
Fire Chief-----William Godfrey  
Public Works Director-----Dave Denny  
Parks & Recreation Director-----Patricia Evans  
Utilities 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, 2006, 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, 2006, and the respective changes in financial position, and, where applicable, cash flows, 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 9, 2007, on our consideration of the City's compliance and on internal control over financial reporting based on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* 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 accounting principles generally accepted in the United States of America. 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 the purpose of 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 9, 2007  
Ocala, Florida

*Durvis, Gray and Company, LLP*

## 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, 2006. 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 16.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$139,734,291 (*net assets*). Of this amount, \$24,064,040 (*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 \$13,037,416 or 10.3 percent, in comparison to the prior year.
- Total revenues increased \$2,758,772 or 4.6 percent in comparison to the prior year.
- Total expenses increased \$2,412,282 or 5.1 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 \$51,913,039; an increase of \$28,882,986 in comparison with the prior year. Approximately 39% 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 \$17,526,869 or 66.5% 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 16-18 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 19-24 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 25-29 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 30-31 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 32-52 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 53-59 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 60-71 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 \$139,734,291 at the close of the most recent fiscal year.

The following schedule is a summary of the Statement of Net Assets found on page 16 of this report.

#### City of Deltona's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 57,522,326	\$ 28,981,766	\$ 36,272,926	\$ 32,318,704	\$ 93,795,252	\$ 61,300,470
Capital assets, net of depreciation	98,811,959	98,180,028	59,311,973	59,189,048	158,123,932	157,369,076
<b>Total assets</b>	<b>156,334,285</b>	<b>127,161,794</b>	<b>95,584,899</b>	<b>91,507,752</b>	<b>251,919,184</b>	<b>218,669,546</b>
Current and other liabilities	4,187,305	4,628,391	3,335,498	4,156,658	7,522,803	8,785,049
Long-term liabilities	19,581,302	634,618	85,080,788	82,553,004	104,662,090	83,187,622
<b>Total liabilities</b>	<b>23,768,607</b>	<b>5,263,009</b>	<b>88,416,286</b>	<b>86,709,662</b>	<b>112,184,893</b>	<b>91,972,671</b>
Net Assets:						
Investment in capital assets net of related debt	98,811,959	98,180,028	(4,158,026)	(2,268,990)	94,653,933	95,911,038
Restricted	12,884,043	9,708,752	5,084,342	3,777,106	17,968,385	13,485,858
Unrestricted	20,869,676	14,010,005	6,242,297	3,289,974	27,111,973	17,299,979
<b>Total net assets</b>	<b>\$ 132,565,678</b>	<b>\$ 121,898,785</b>	<b>\$ 7,168,613</b>	<b>\$ 4,798,090</b>	<b>\$ 139,734,291</b>	<b>\$ 126,696,875</b>

The overall position of the City improved in both the 2006 and 2005 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 \$13,037,416, or approximately 10.3%, from \$126.7 million in 2005 to \$139.7 million in 2006. 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 (70%) 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 (13%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$24,064,040) 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 17-18 of this report:

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

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 7,946,516	\$ 7,511,781	\$ 12,928,090	\$ 12,476,619	\$ 20,874,606	\$ 19,988,400
Operating grants and contributions	2,292,489	4,327,207	-	277,746	2,292,489	4,604,953
Capital grants and contributions	7,496,462	6,598,260	1,097,791	2,042,282	8,594,253	8,640,542
General Revenues:						
Property taxes	9,878,462	8,394,332	-	-	9,878,462	8,394,332
Franchise fees	3,963,179	3,168,855	-	-	3,963,179	3,168,855
Other taxes	7,360,867	6,874,286	-	-	7,360,867	6,874,286
State Shared Revenues	7,003,487	6,807,016	-	-	7,003,487	6,807,016
Other	1,971,488	811,511	1,261,099	1,151,263	3,232,587	1,962,774
<b>Total Revenues</b>	<b>47,912,950</b>	<b>44,493,248</b>	<b>15,286,980</b>	<b>15,947,910</b>	<b>63,199,930</b>	<b>60,441,158</b>
<b>Expenses:</b>						
Governmental Activities:						
General government	7,934,679	7,511,985	-	-	7,934,679	7,511,985
Public safety	12,556,076	11,892,252	-	-	12,556,076	11,892,252
Physical environment	5,727,828	5,702,314	-	-	5,727,828	5,702,314
Transportation	6,256,676	7,625,589	-	-	6,256,676	7,625,589
Culture & recreation	2,292,825	1,872,250	-	-	2,292,825	1,872,250
Economic environment	2,287,563	609,644	-	-	2,287,563	609,644
Interest on long-term debt	190,410	-	-	-	190,410	-
Business-type Activities:						
Water and sewer	-	-	12,916,457	12,536,198	12,916,457	12,536,198
<b>Total Expenses</b>	<b>37,246,057</b>	<b>35,214,034</b>	<b>12,916,457</b>	<b>12,536,198</b>	<b>50,162,514</b>	<b>47,750,232</b>
Change in Net Assets	10,666,893	9,279,214	2,370,523	3,411,712	13,037,416	12,690,926
Net Assets-beginning of year	121,898,785	112,619,571	4,798,090	1,386,378	126,696,875	114,005,949
Net Assets-end of year	\$ 132,565,678	\$ 121,898,785	\$ 7,168,613	\$ 4,798,090	\$ 139,734,291	\$ 126,696,875

## Governmental Activities

Governmental activities increased the City's net assets by \$10,666,893, accounting for 82% 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 2006 by \$2,034,718 or 47% from 2005. Essentially, all of this decrease was the result of no hurricane reimbursements being received in the current year since reimbursements were completed in the prior fiscal year.

Capital grants and contributions increased by \$898,202 or 13.6% from 2005. This change is primarily a result of an increase in road impact fee revenue of \$210,351 and \$601,112 of additional CDBG funding available for storm water and parks..

General government expenses increased by \$422,694. Personal service expenses increased by \$471,073 and are reflective of the planned growth in staff needed to keep pace with the overall growth of the City. Other Current Charges decreased by \$458,250 while Other Contractual Services increased by \$128,904 and depreciation expense increased by \$303,704.

Public Safety expenses increased by \$663,824 in 2006. The majority of that change was the cost of the law enforcement contract with Volusia County, which increased by \$608,734. Personal service costs increased by \$462,239 and are primarily the result of planned cost of living increases and increased staffing in the fire department. Depreciation expense increased by \$139,362. These increases were offset by a decrease in pension expense of \$554,248 caused by adjusting the current year's net pension asset to actual.

Physical environment expenses increased by a modest \$25,514 as slight increases in solid waste expenses were mostly offset by decreased storm water expenses. The net increase is essentially depreciation expense which increased by \$31,038.

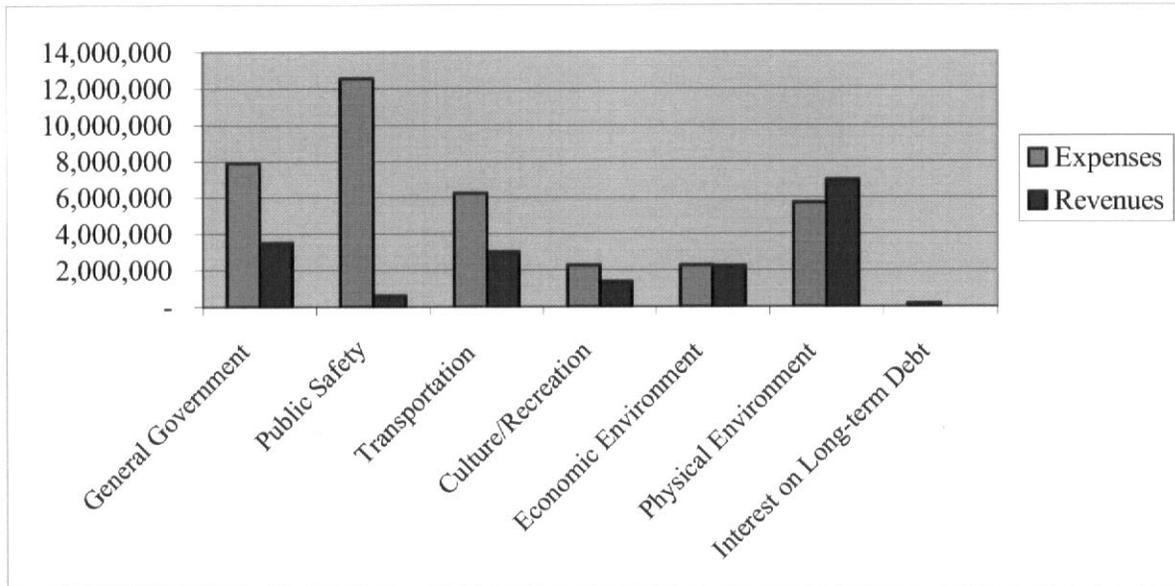
Transportation expenses decreased by \$1,368,913. Most of this change was due to the \$1,848,430 reduction in expenditures for hurricane related debris removal. Road resurfacing expenses increased by \$325,180. Personal service expenses were essentially unchanged, Other Contractual Services increased by \$93,960 and depreciation increased by \$21,988.

Culture & Recreation expenses increased by \$420,575. Essentially all of this change is due to an increase in depreciation expense of \$64,373 and adjustments made in depreciation expense in the prior year of \$370,667. The City implemented a new automated fixed asset system last year. As a result of auditing the information converted to the new system an accounting adjustment was necessary that reduced Other Current Charges by \$370,667 last year. This had the effect of understating culture & recreation expenses last year thus making it appear that current year expenses have increased more than they actually have.

Economic Environment expenses increased by \$1,677,919 as the State Housing Initiatives Program returned to planned expense levels. The program was not fully staffed in the prior years but has been now for over a year.

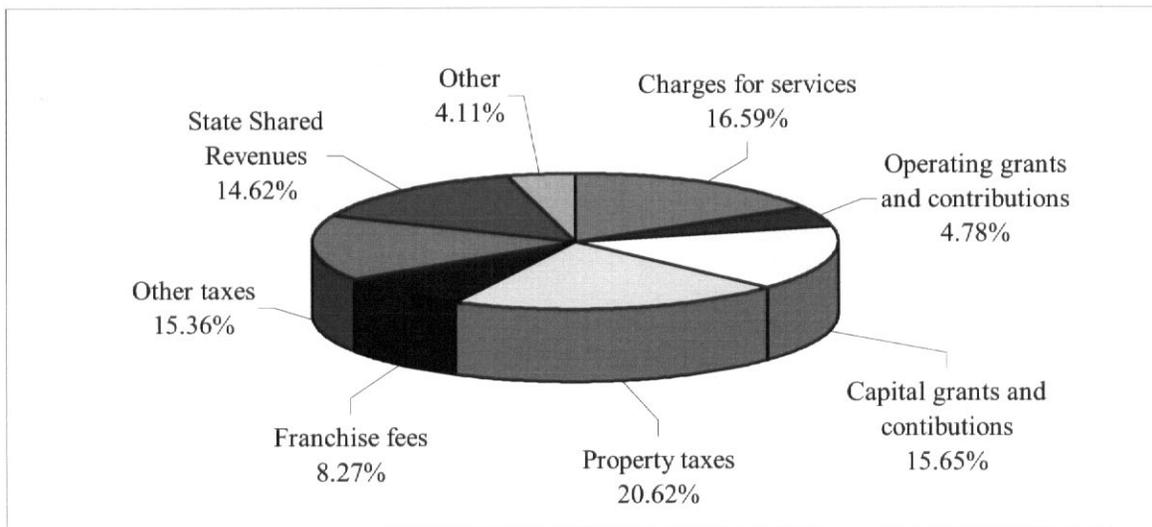
The following chart compares expenses with program revenues for the City's governmental activities:

**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**

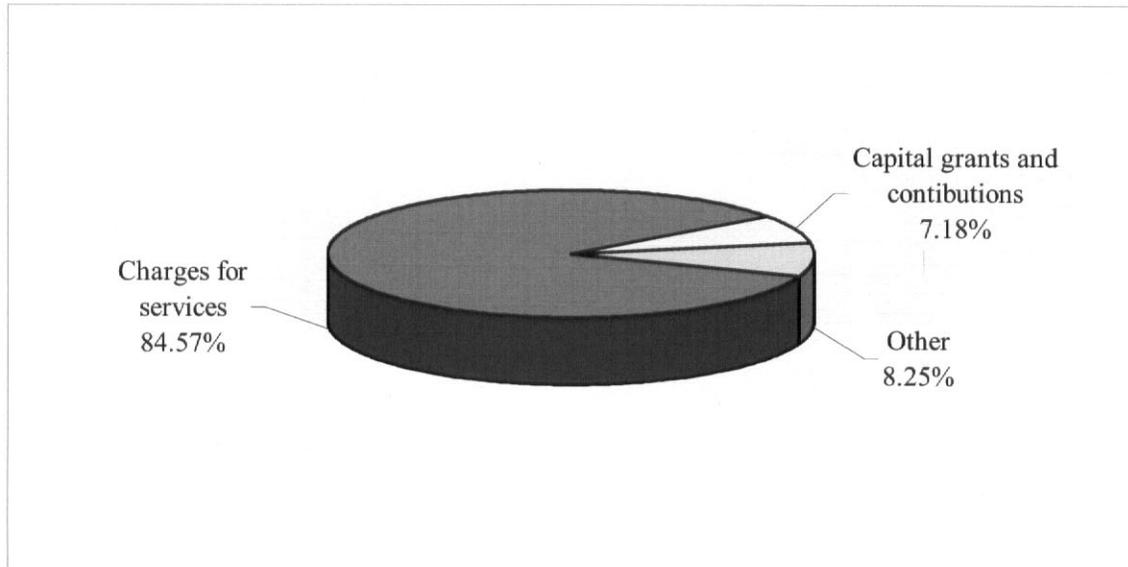


**Business-type Activities**

Business-type activities increased the City's net assets by \$2,370,523 accounting for 18% of the total 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.

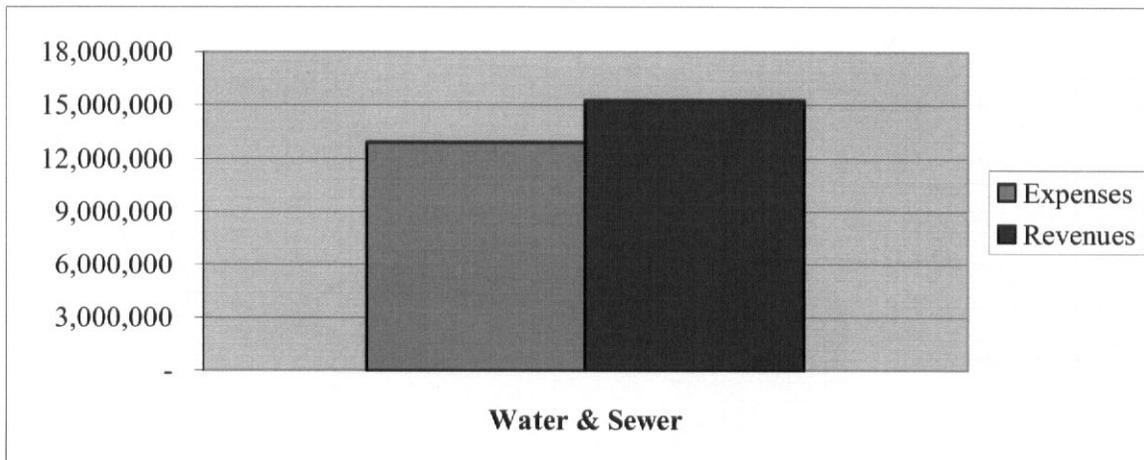
The following graph shows the composition of revenues for the City's business-type activities:

### 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 19-24. 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 \$51,913,039 an increase of \$28,882,986 in comparison with the prior year. Approximately 39% of this amount (\$20,369,358) 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 (\$25,763,853), capital projects (\$5,379,828) and debt service (\$400,000).

The General Fund is the chief operating fund for the City. At the end of the current fiscal year, \$17,526,869 of the General Fund's fund balance 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. This represents 66.5% and 68.2% respectively of total General Fund expenditures.

Revenues and transfers in for the City's General Fund decreased by \$3,700,641 over the prior year. While revenues decreased expenditures and transfers out also decreased by \$393,069. 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 \$1,484,130; a 17.7% jump. This increase is the result of a rise in assessed values and the addition of new property through construction.

Franchise fees increased by \$794,324, Public Service tax increased by \$486,581, State Revenue Sharing increased by \$117,628, and Intergovernmental revenues decreased by \$7,170,669. Essentially, all of the decrease in Intergovernmental revenue was attributable to hurricane debris removal reimbursements. Charges for Services increased by \$279,568, Fines and Forfeitures increased by \$38,855, Impact Fees decreased by \$434,874, Interest Income increased by \$578,461 and Miscellaneous Income increased by \$125,355.

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

Total Governmental Fund expenditures increased by \$493,100.

General Government expenditures increased by \$258,590. Personal service expenses increased by \$471,073 and are reflective of the planned growth in staff needed to keep pace with the overall growth of the City. Other Current Charges decreased by \$458,250 while Other Contractual Services increased by \$128,904.

Public Safety expenditures increased by \$1,078,710 in 2006. The majority of that change was the cost of the law enforcement contract with Volusia County, which increased by \$608,734. Personal service costs increased by \$462,239 and are primarily the result of planned cost of living increases and increased staffing in the fire department.

Transportation expenditures decreased by \$1,302,526. Most of this change was due to the \$1,848,430 reduction in expenditures for hurricane related debris removal. Road resurfacing expenses increased by \$325,180. Personal service expenses were essentially unchanged, Other Contractual Services increased by \$93,960

Culture & recreation expenditures decreased by \$16,866. Other Current Charges (primarily recreation program expenses) decreased by \$76,704 and were largely offset by a \$76,036 increase in personal service expenditures. Other Contractual Services decreased by \$14,928.

Economic Environment expenditures increased by \$1,677,919 as the State Housing Initiatives Program returned to planned expense levels. The program was not fully staffed in the prior years but has been now for over a year.

Physical Environment expenditures decreased by \$100,885 with Storm Water expenditures having decreased by \$310,842 and Solid Waste expenditures increased by \$209,957.

Capital outlay expenditures decreased by \$1,101,842.

Total transfers out decreased by \$1,426,176 for the current year. General Fund transfers out decreased by \$1,094,899 as follows: To the Storm Water Fund by \$131,012, to the Local Option Gas Tax Fund by \$144,903, to the Municipal Complex Fund by \$575,000, and to the Tree Replacement Fund by \$243,984. These decreases were planned for, in addition revenue was recorded directly in the tree replacement fund so transfers were unnecessary in the current year. Transfers from the Fire Impact Fee Fund and the Park Impact Fee Fund decreased by \$271,300 and \$59,977 respectively as a result of lower impact fees caused by an overall decline in construction activity.

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 as well as expenditures for road projects and road maintenance. 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 \$25,772,182. The fund balance increased by \$20,049,158 in the current year, \$19,170,662 higher than the increase in the prior fiscal year. Most of the increase, \$18,469,228, is attributable to the Transportation Capital Improvement Revenue Bonds, Series 2006, issued in July 2006. Tax and impact fee revenues increased by \$496,947 over the prior year, and interest income increased by \$365,987. Expenditures remained essentially unchanged.

### **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.

Operating Income decreased a modest \$75,556 or 1.7% as a \$328,371 increase in revenues (2.5%) was offset by a \$403,927 (4.7%) increase in operating expenses.

The largest increases were in Personal Services, \$338,823, and Depreciation, \$246,410. The increase in Personal Services was due to planned increases in staffing levels. All other operating costs decreased by a combined \$181,306.

Intergovernmental Revenue decreased by \$277,746 since no reimbursement of hurricane-related expenditures was received in the current year. Capital Contributions (Impact Fees) decreased by \$944,491 reflecting a decline in construction activity and Interest Earnings increased by \$255,967 due to higher rates and larger amounts of funds available for investment. Overall the increase in net assets was \$1,041,189 less than the increase in the prior year.

## Major Funds Budgetary Highlights

Differences between the original budget and the final amended budget were \$12,387,318 and are summarized as follows:

**General Fund:** Total increase \$2,276,781.

- \$518,511 Public Works carryover of prior year appropriations not spent.
- \$250,000 Additional appropriation for Howland Blvd landscaping.
- \$318,988 Additional appropriation for transfers to the Stormwater Fund.
- \$994,698 Additional appropriation for HHRP program, funded by grant.
- \$109,584 Capital equipment carryover of prior year appropriations not spent.
- \$85,000 Additional appropriation for capital equipment – fire department.

**Stormwater Fund:** \$318,988 increase, funded by transfer from General Fund.

**Local Option Gas Tax Fund:** \$798,681 carryover of prior year appropriations not spent.

General fund revenues exceeded budget by \$4,974,034. Franchise Fees exceeded budget by \$1,243,179 and Public Service Tax exceed budget by \$1,027,774 both the result of the related economic activity being higher than expected. Charges for Services exceeded budget by \$1,497,315 as the city improved its internal systems to allow for increased billing. Interest income exceeded budget by \$701,326 as the city realized higher rates of return and higher funds available for investment than expected.

General fund expenditures were \$3,242,182 below budget. The city went most of the current fiscal year without a permanent city manager as well as several key directors. As a result many key plans were not completed pending the hiring of the needed personnel.

## 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, 2006 is \$158,123,932 (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 \$754,854; an increase of .48%. This consisted of a .64% increase for governmental activities and a .21 % increase for business-type activities.

### City of Deltona's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	5,580,458	5,502,181	1,638,527	1,638,527	7,218,985	7,140,708
Infrastructure Right of Way	4,372,500	4,372,500	-	-	4,372,500	4,372,500
Construction in Progress	4,006,255	3,814,738	2,872,078	1,290,109	6,878,333	5,104,847
Buildings & Improvements	48,839,315	46,868,137	2,338,774	2,338,774	51,178,089	49,206,911
Machinery & Equipment	15,194,811	13,085,544	8,758,274	7,846,646	23,953,085	20,932,190
Infrastructure	77,387,440	77,040,302	50,395,789	50,282,677	127,783,229	127,322,979
<b>Total</b>	<b>155,380,779</b>	<b>150,683,402</b>	<b>66,003,442</b>	<b>63,396,733</b>	<b>221,384,221</b>	<b>214,080,135</b>

Additional information on the City's capital assets can be found in note 4 on pages 45-46 of this report.

#### Long-term Debt

At the end of the current fiscal year the City had total bonded debt outstanding of \$98,815,000. This amount represents \$18,240,000 of transportation revenue bonds and \$80,575,000 of utility system revenue bonds, both secured by specified revenue sources. The transportation revenue bonds were issued to fund upcoming road projects and the utility system revenue bonds were issued in connection with 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 (Long-Term Portion Only)

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
General Obligations Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Obligations Bonds	-	-	-	-	-	-
Revenue Bonds	17,840,000	-	79,825,000	80,575,000	97,665,000	80,575,000
<b>Total Bonds</b>	<b>17,840,000</b>	<b>-</b>	<b>79,825,000</b>	<b>80,575,000</b>	<b>97,665,000</b>	<b>80,575,000</b>
Loans Payable	-	-	-	-	-	-
<b>Total Bonds and Loans</b>	<b>\$ 17,840,000</b>	<b>\$ -</b>	<b>\$ 79,825,000</b>	<b>\$ 80,575,000</b>	<b>\$ 97,665,000</b>	<b>\$ 80,575,000</b>

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
Transportation Revenue Bond	AAA	Aaa	AAA
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 43-45 of this report.

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

The unemployment rate at the end of fiscal year 2006 for Volusia County was 3.1 % 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:

<u>Region Name</u>	<u>Current Year 9/2006</u>	<u>Previous Year 9/2005</u>
Volusia County	3.1%	4.8%
State of Florida	3.3%	4.9%
United States	4.5%	5.7%

The tax base for the City is composed of real property, personal property and centrally assessed property. The taxable value of such property increased 23.17% over the previous year.

The City's population increased 3.03% from 82,973 in 2005 to 85,484 in 2006.

The General Fund property tax millage was decreased for the 2005-06 fiscal year from 4.15 to 4.01451 mills.

The City's stormwater assessments remained at \$60 per ERU (Equivalent Residential Unit) for all developed parcels and \$34 for undeveloped parcels.

Solid Waste assessments remained at \$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 \$17,526,869. The following offsets were considered when developing the budget for 2006-2007.

Budgeted Unreserved Fund Balance	\$ 7,602,268
Less: Designated	500,000
Working Capital/Reserves	5,000,000
Eligible for appropriation in 2005-2006 budget	\$ 2,102,268

## 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).

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**CITY OF DELTONA, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2006**

<b>Assets</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Cash and Investments	\$ 52,098,179	\$ 31,393,239	\$ 83,491,418
Receivables (Net)	1,396,122	1,636,439	3,032,561
Internal Balances			
Due from Other Funds	-		
Due from Other Governments	2,415,633	-	2,415,633
Prepaid Items	-	19,859	19,859
Inventory	-	154,505	154,505
Net Pension Asset	1,199,114	-	1,199,114
Other Assets	413,278	3,068,884	3,482,162
Capital Assets:			
Assets Not Being Depreciated	13,959,213	4,510,605	18,469,818
Assets Being Depreciated (Accumulated Depreciation)	141,421,566 (56,568,820)	61,492,837 (6,691,469)	202,914,403 (63,260,289)
<b>Total Assets</b>	<b>156,334,285</b>	<b>95,584,899</b>	<b>251,919,184</b>
<b>Liabilities</b>			
Accounts Payable	1,814,223	374,474	2,188,697
Accrued Liabilities	1,114,989	2,051,214	3,166,203
Contracts/Retainage Payable	45,271	-	45,271
Deposits	7,029	909,810	916,839
Due to Other Governments	-		-
Due to Other Funds	-	-	-
Unearned Revenue	1,205,793	-	1,205,793
Long-term Liabilities:			
Due Within One Year	1,095,982	823,160	1,919,142
Due in More Than One Year	18,485,320	84,257,628	102,742,948
<b>Total Liabilities</b>	<b>23,768,607</b>	<b>88,416,286</b>	<b>112,184,893</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	98,811,959	(1,110,093)	97,701,866
Restricted for:			
Road and Street Expenses	7,294,625		7,294,625
Capital Projects	5,379,828	4,334,342	9,714,170
Debt Service	209,590	750,000	959,590
Unrestricted	20,869,676	3,194,364	24,064,040
<b>Total Net Assets</b>	<b>\$ 132,565,678</b>	<b>\$ 7,168,613</b>	<b>\$ 139,734,291</b>

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

**CITY OF DELTONA, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**SEPTEMBER 30, 2006**

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government	\$ 7,934,679	\$ 3,522,887	\$ -	\$ -
Public Safety	12,556,076	404,301	42,707	153,700
Transportation	6,256,676	-	-	3,000,441
Culture/Recreation	2,292,825	220,045	-	1,152,039
Economic Environment	2,287,563	-	2,249,782	-
Physical Environment	5,727,828	3,799,283	-	3,190,282
Interest on Long-term Debt	190,410	-	-	-
<b>Total Governmental Activities</b>	<u>37,246,057</u>	<u>7,946,516</u>	<u>2,292,489</u>	<u>7,496,462</u>
<b>Business-type Activities</b>				
Water and Sewer Utility	12,916,457	12,928,090	-	1,097,791
<b>Total Business-type Activities</b>	<u>12,916,457</u>	<u>12,928,090</u>	<u>-</u>	<u>1,097,791</u>

**General Revenues:**

Taxes:

Property Taxes

Franchise Fees

Public Service Tax

State Shared Revenues

Investment Income

Miscellaneous

**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.

<b>Net (Expense) Revenue and Change in Net Assets</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (4,411,792)	\$ -	\$ (4,411,792)
(11,955,368)	-	(11,955,368)
(3,256,235)	-	(3,256,235)
(920,741)	-	(920,741)
(37,781)	-	(37,781)
1,261,737	-	1,261,737
(190,410)	-	(190,410)
<u>(19,510,590)</u>	<u>-</u>	<u>(19,510,590)</u>
-	1,109,424	1,109,424
<u>-</u>	<u>1,109,424</u>	<u>1,109,424</u>
9,878,462	-	9,878,462
3,963,179	-	3,963,179
7,360,867	-	7,360,867
7,003,487	-	7,003,487
1,627,596	716,327	2,343,923
343,892	544,772	888,664
<u>30,177,483</u>	<u>1,261,099</u>	<u>31,438,582</u>
10,666,893	2,370,523	13,037,416
121,898,785	4,798,090	126,696,875
<u>\$ 132,565,678</u>	<u>\$ 7,168,613</u>	<u>\$ 139,734,291</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, 2006**

	<b>General Fund</b>	<b>Solid Waste Fund</b>	<b>Stormwater Utility Fund</b>
<b>Assets</b>			
Cash and Investments	\$ 17,037,160	\$ 552,925	\$ 2,352,837
Receivables (Net)	1,341,548	-	-
Due from Other Funds	364,786	-	-
Due from Other Governments	1,313,085	-	-
Prepaid Items	-	-	-
<b>Total Assets</b>	<u>20,056,579</u>	<u>552,925</u>	<u>2,352,837</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	896,878	317,718	119,121
Accrued Liabilities	893,114	2,288	29,177
Contracts/Retainage Payable	-	-	-
Due to Other Governments	-	-	-
Due to Other Funds	-	-	-
Deposits	7,029	-	-
Deferred Revenues	301,795	-	-
<b>Total Liabilities</b>	<u>2,098,816</u>	<u>320,006</u>	<u>148,298</u>
<b>Fund Balances</b>			
Reserved for:			
Road and Street Expenditures	391,671	-	-
Capital Projects	39,223	-	-
Debt Service	-	-	-
Unreserved Reported In:			
General Fund	17,526,869	-	-
Special Revenue Funds	-	232,919	2,204,539
<b>Total Fund Balances</b>	<u>17,957,763</u>	<u>232,919</u>	<u>2,204,539</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 20,056,579</u>	<u>\$ 552,925</u>	<u>\$ 2,352,837</u>

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

<b>State Housing Initiatives Partnership</b>	<b>Transportation Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 801,904	\$ 25,523,647	\$ 5,829,706	\$ 52,098,179
-	-	-	1,341,548
-	-	-	364,786
-	349,309	753,239	2,415,633
-	-	-	-
<u>801,904</u>	<u>25,872,956</u>	<u>6,582,945</u>	<u>56,220,146</u>

82,112	100,774	297,620	1,814,223
		-	924,579
		45,271	45,271
		-	-
		310,212	310,212
		-	7,029
<u>719,792</u>		<u>184,206</u>	<u>1,205,793</u>
<u>801,904</u>	<u>100,774</u>	<u>837,309</u>	<u>4,307,107</u>

-	25,372,182	-	25,763,853
-	-	5,340,605	5,379,828
-	400,000		400,000
-	-	-	17,526,869
-	-	405,031	2,842,489
-	<u>25,772,182</u>	<u>5,745,636</u>	<u>51,913,039</u>
<u>\$ 801,904</u>	<u>\$ 25,872,956</u>	<u>\$ 6,582,945</u>	<u>\$ 56,220,146</u>

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

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**CITY OF DELTONA, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**AS OF SEPTEMBER 30, 2006**

**Total Fund Balances of Governmental Funds** \$ 51,913,039

**Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$155,380,779 and the accumulated depreciation is \$56,568,820. 98,811,959

Long-term assets which are not available to pay for current period expenditures are not recorded in the balance sheet of governmental funds. Since the availability criteria does not apply to the statement of net assets these assets are included:  
 Net pension asset 1,199,114

Long-term liabilities, including bonds payable, are not due and payable in the current period and accordingly are not reported in the governmental funds:  
 Compensated Absences (698,796)  
 Bonds payable - net of premium and issue costs (18,325,968)  
 Deferred revenue - debt service deposit agreement (333,670)

**Total Net Assets of Governmental Activities** \$ 132,565,678

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

**CITY OF DELTONA, FLORIDA**  
**STATEMENTS OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2006**

	<b>General Fund</b>	<b>Solid Waste Fund</b>	<b>Stormwater Utility Fund</b>
<b>Revenues</b>			
Property Taxes	\$ 9,878,462	\$ -	\$ -
Franchise Fees	3,963,179	-	-
Public Service Tax	7,360,867	-	-
State Revenue Sharing	2,591,215	-	-
Intergovernmental	5,521,956	-	-
Charges for Services	3,638,315	3,758,849	2,222,067
Fines and Forfeitures	335,093	-	-
Impact Fees	425,148	-	-
Interest Income	756,326	62,711	92,310
Miscellaneous	528,595	40,435	-
<b>Total Revenues</b>	<u>34,999,156</u>	<u>3,861,995</u>	<u>2,314,377</u>
<b>Expenditures</b>			
Current:			
General Government	6,909,929	-	-
Public Safety	12,676,423	-	-
Transportation	2,455,170	-	-
Culture/Recreation	1,837,059	-	-
Economic Environment	265,313	-	-
Physical Environment	-	4,005,948	1,311,447
Capital Outlay	2,186,023	-	404,697
<b>(Total Expenditures)</b>	<u>(26,329,917)</u>	<u>(4,005,948)</u>	<u>(1,716,144)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>8,669,239</u>	<u>(143,953)</u>	<u>598,233</u>
<b>Other Financing Sources (Uses)</b>			
Revenue bonds issued	-	-	-
Premium on revenue bonds	-	-	-
Revenue bonds proceeds from debt service agreement	-	-	-
Transfers from other funds	-	-	318,988
Transfers to other funds	(2,118,988)	-	-
<b>Total Other Financing (Uses) Sources</b>	<u>(2,118,988)</u>	<u>-</u>	<u>318,988</u>
<b>Net Change in Fund Balances</b>	6,550,251	(143,953)	917,221
<b>Fund Balances, Beginning of Year</b>	<u>11,407,512</u>	<u>376,872</u>	<u>1,287,318</u>
<b>Fund Balances, End of Year</b>	<u>\$ 17,957,763</u>	<u>\$ 232,919</u>	<u>\$ 2,204,539</u>

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

<b>State Housing Initiatives Partnership</b>	<b>Transportation Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 9,878,462
-	-	-	3,963,179
-	-	-	7,360,867
-	-	-	2,591,215
1,985,077	2,164,256	753,111	10,424,400
-	-	90,499	9,709,730
-	-	-	335,093
-	655,254	724,002	1,804,404
37,173	477,043	202,033	1,627,596
-	-	-	569,030
<u>2,022,250</u>	<u>3,296,553</u>	<u>1,769,645</u>	<u>48,263,976</u>
-	-	108,549	7,018,478
-	-	-	12,676,423
-	644,278	114,229	3,213,677
-	-	-	1,837,059
2,022,250	-	-	2,287,563
-	-	-	5,317,395
-	1,785,623	1,536,558	5,912,901
<u>(2,022,250)</u>	<u>(2,429,901)</u>	<u>(1,759,336)</u>	<u>(38,263,496)</u>
-	866,652	10,309	10,000,480
-	18,240,000	-	18,240,000
-	308,836	-	308,836
-	333,670	-	333,670
-	300,000	2,058,723	2,677,711
-	-	(558,723)	(2,677,711)
-	<u>19,182,506</u>	<u>1,500,000</u>	<u>18,882,506</u>
-	20,049,158	1,510,309	28,882,986
-	5,723,024	4,235,327	23,030,053
<u>\$ -</u>	<u>\$ 25,772,182</u>	<u>\$ 5,745,636</u>	<u>\$ 51,913,039</u>

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

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**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, 2006**

**Amounts Reported for Governmental Activities in the Statement of Activities Are Different Because:**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 28,882,986
<p>Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. This reconciling item is the amount by which capital purchases of \$4,997,497 less net book value of disposals of \$92,475 exceeded depreciation expense of \$4,273,091</p>	
	631,931
<p>The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:</p>	
Transportation bond issue - par value	(18,240,000)
Transportation bond issue - premium	(308,836)
Transportation bond issue - issue costs	413,278
Transportation bond issue - accrued interest	(190,410)
Proceeds - debt service deposit agreement	(333,670)
<p>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.</p>	
	(763,203)
<p>Revenues which do not provide current financial resources, and therefore are not available to pay for current period expenditures, are not recorded in the governmental funds. Since the availability criteria does not apply to the statement of activities these revenues are recognized:</p>	
Increase in net pension asset	638,995
<p>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:</p>	
Compensated Absences	(64,178)
<b>Change in Net Assets of Governmental Activities</b>	<u>\$ 10,666,893</u>

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

**CITY OF DELTONA, FLORIDA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2006**

	<b>Business-Type Activities</b>
	<b>Water and Sewer Utility Fund</b>
<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$ 4,716,032
Unrestricted Portion of Bond Construction Account	3,047,933
Restricted Assets Available for Current Liabilities	3,595,872
Accounts Receivable (Net)	1,636,439
Inventory	154,505
Prepaid Expenses	19,859
<b>Total Current Assets</b>	<b>13,170,640</b>
<b>Non Current Assets</b>	
<b>Restricted Assets</b>	
Sinking Fund - Cash with Fiscal Agent	2,686,062
Renewal and Replacement Account	679,767
Bond Construction Account	18,746,993
Customer Deposits	909,810
Water Impact Fees	2,554,705
Sewer Impact Fees	1,099,870
Less: Portion Classified as Current	(3,595,872)
Unrestricted Portion of Bond Construction Account	(3,047,933)
<b>Total Restricted Assets</b>	<b>20,033,402</b>
<b>Capital Assets</b>	
Land	1,638,527
Improvements Other Than Buildings	50,395,788
Buildings	2,338,774
Equipment	8,758,275
Construction in Progress	2,872,078
(Accumulated Depreciation)	(6,691,469)
<b>Total Capital Assets - Cost Less Depreciation</b>	<b>59,311,973</b>
<b>Other Assets</b>	
Bond Issue Costs (Net)	2,627,882
Swaption Issue Costs (Net)	441,002
<b>Total Other Assets</b>	<b>3,068,884</b>
<b>Total Non Current Assets</b>	<b>82,414,259</b>
<b>Total Assets</b>	<b>\$ 95,584,899</b>

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, 2006  
(Concluded)

	<u>Business-Type  Activities</u> <u>Water and  Sewer  Utility Fund</u>
<b>Liabilities and Fund Equity</b>	
<b>Current Liabilities Payable from Current Assets:</b>	
Accounts and Retainages Payable	\$ 374,474
Accrued Expenses	115,152
Compensated Absences - Current Portion	73,160
<b>Total Current Liabilities Payable from Current Assets</b>	<u>562,786</u>
<b>Current Liabilities Payable from Restricted Assets</b>	
Deposits	909,810
Accrued Interest Payable	1,936,062
Revenue Bonds Payable - Current Portion	750,000
<b>Total Current Liabilities Payable from Restricted Assets</b>	<u>3,595,872</u>
<b>Long-term Liabilities</b>	
Revenue Bonds Payable - Long-term Portion	79,825,000
Unamortized Bond Premium	1,221,941
Deferred Revenue - Swaption	3,206,837
Compensated Absences - Long-term Portion	3,850
<b>Total Long-term Liabilities</b>	<u>84,257,628</u>
<b>Total Liabilities</b>	<u>88,416,286</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	(1,110,093)
Reserved for Impact Fees	3,654,575
Reserved for Debt Service	750,000
Reserved for Renewal and Replacement	679,767
Unreserved	3,194,364
<b>Total Net Assets</b>	<u>\$ 7,168,613</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 REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<b>Business-Type Activities Water and Sewer Utility Fund</b>
<b>Operating Revenues</b>	
Charges for Services - Water	\$ 8,558,812
Charges for Services - Waste Water	4,266,858
Connection Fees	102,420
Other Miscellaneous Revenues	535,267
<b>Total Operating Revenues</b>	13,463,357
<b>Operating Expenses</b>	
Personal Services	2,690,157
Operating Expenses	3,519,637
Professional Services	129,704
Depreciation	2,511,124
Insurance	78,754
Bad Debts	61,000
<b>(Total Operating Expenses)</b>	(8,990,376)
<b>Operating Income</b>	4,472,981
<b>Nonoperating Revenues (Expenses)</b>	
Interest Earnings	716,327
Gain on Sale of Capital Assets	9,505
Capital Contributions - Water	718,734
Capital Contributions - Waste Water	379,057
Interest Expense and Issue Cost Amortization	(3,926,081)
<b>Total Nonoperating (Expenses)</b>	(2,102,458)
<b>Change in Net Assets</b>	2,370,523
<b>Net Assets:</b>	
<b>Beginning of Year</b>	4,798,090
<b>End of Year</b>	\$ 7,168,613

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, 2006**

	<u>Business-Type Activities Water and Sewer System Fund</u>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 13,377,762
Cash Payments to Suppliers for Goods and Services	(4,700,830)
Cash Payments for Employee Services	(2,658,391)
<b>Net Cash Provided by Operating Activities</b>	<u>6,018,541</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition and Construction of Capital Assets	(2,660,605)
Proceeds from Sale of Capital Assets	36,060
Proceeds from Swaption Contract (Net of Issue Costs)	2,765,835
Revenue Bond Principal Payment	(650,000)
Revenue Bond Interest Payments	(3,880,510)
Proceeds from Capital Contributions	1,097,791
<b>Net Cash Used in Capital and Related Financing Activities</b>	<u>(3,291,429)</u>
<b>Cash Flows from Investing Activities</b>	
Interest	278,283
<b>Net Cash Provided by Investing Activities</b>	<u>278,283</u>
<b>Net Increase in Cash and Cash Equivalents</b>	3,005,395
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>9,640,851</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 12,646,246</u>

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, 2006**  
*(Concluded)*

	<u>Business-Type Activities</u> <u>Water and Sewer System Fund</u>
<b>Reconciliation of Cash and Cash Equivalents to Balance Sheet</b>	
Total Unrestricted Cash and Investments Per the Balance Sheet	\$ 4,716,032
Total Restricted Cash and Investments Per the Balance Sheet	26,677,207
Total Cash and Investments	<u>31,393,239</u>
Less Investments not Meeting the Definition of Cash Equivalents	<u>(18,746,993)</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 12,646,246</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$ 4,472,981
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities:	
Depreciation	2,511,124
Provision for Uncollectible Accounts	61,000
(Increase) Decrease in Assets:	
Accounts Receivable	(203,267)
Inventories	(29,119)
Prepaid Expenses	4,276
Increase (Decrease) in Liabilities:	
Accounts Payable	(947,892)
Utility Deposits	117,672
Accrued Expenses	<u>31,766</u>
<b>Net Cash Provided by Operating Activities</b>	<u><u>\$ 6,018,541</u></u>

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, 2006**

	<b>Employee Retirement Funds</b>
<b>Assets</b>	
Cash and Investments	\$ 9,553,340
Due from Other Governmental Units	<u>16,645</u>
<b>Total Assets</b>	<u>9,569,985</u>
<b>Liabilities</b>	
Accounts Payable	57,252
Due to Other Funds	<u>54,574</u>
<b>Total Liabilities</b>	<u>111,826</u>
<b>Net Assets</b>	
Reserved for Employees' Pension Benefits	<u><u>\$ 9,458,159</u></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, 2006**

	<u>Employee Retirement Funds</u>
<b>Additions</b>	
Contributions:	
Employer	\$ 701,723
State of Florida	216,683
Employee	229,588
<b>Total Contributions</b>	<u>1,147,994</u>
Investment Income	777,043
(Less) Investment Management Fees	(24,268)
Net Investment Income	752,775
<b>Total Additions</b>	<u>1,900,769</u>
<b>Deductions</b>	
Benefit Payments	25,329
Refunds to Employees	950,389
Administration	35,329
Forfeitures	52,951
<b>Total Deductions</b>	<u>(1,063,998)</u>
<b>Net Increase</b>	<u>836,771</u>
<b>Net Assets Reserved for Employees'</b>	
<b>Pension Benefits:</b>	
<b>Beginning of Year</b>	<u>8,621,388</u>
<b>End of Year</b>	<u>\$ 9,458,159</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. Fiduciary funds and fiduciary-type component units are omitted from the government wide financial statements. Fiduciary funds are used by the city to account for assets held in trust for the firefighters and general employees pension plans.

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.

**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

**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** *(Continued)*

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. Budgets are prepared on the same basis.

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.
- **Solid Waste Fund** - accounts for the fiscal activities relating to fees and expenditures for garbage and recycled waste pick-up.
- **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.
- **Transportation Fund** (formerly known as 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.

**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 non-major fund types:

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

**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)*

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. It is the City's policy to eliminate all inter-fund activity within the reporting entity.

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 \$1,636,439 are shown net of an allowance for doubtful accounts at September 30, 2006. There was no concentration of credit risk at September 30, 2006.

**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 (Continued)**

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

**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. The General Fund and Enterprise Fund are used to liquidate their respective liabilities for compensated absences.

**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 millage rate for the year ended September 30, 2006 was 4.15 mills and the City's current millage rate is 4.01451 mills.

All real and tangible personal property taxes are due and payable on November 1st (the levy date) of each year or as soon thereafter as the assessment roll is certified by the Volusia County Property Appraiser. The County mails 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

**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)**

**Property Taxes (Concluded)**

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.

**Inventory**

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

**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.

**Fund Balance Deficit**

At September 30, 2006 the Streetlighting District Fund had a deficit in fund balance of \$17,034.

**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.

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

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

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, 2006, 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 \$38,092,625.

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	\$ 2,207,802
Goldman Sachs Prime Obligations Fund	37 Day Average	Aaa/ AAAM	3,546,203
Guaranteed Investment Contract	12 Month Average	Aa1/ AA-/A+	18,746,994
Guaranteed Investment Contract	12 Month Average	Aa1/ AA-/A+	20,895,569
Firefighters' Pension Investments			
Equities	N/A	N/A	5,113,350
Bond & Mortgage Fund	6.90 Years	AAA	2,021,032
Inflation Protection Fund	10.66 Years	AAA	149,031
High Yield Bond Fund	6.51 Years	B	151,159
Preferred Securities Fund	Less than 1 Year	A	150,761
General Employees' Pension Investments			
Cash Management Fund	29 Day Average	A-1+	1,472
Plus Fund	3.36 Years	Aa2	144,488
Pimco Total Return Fund	6.0 Years	AAA	4,905
Pimco High Yield Fund	6.7 Years	BB	5,502
Short Term Bond Fund	1.9 Years	AAA	9,855
Core Bond Index Fund	6.4 Years	AAA	3,334
U.S. Government Bond Fund	4.1 Years	AAA	9,183
Equities	N/A	N/A	<u>1,789,268</u>
Total Investments			54,949,908
Cash Deposits			<u>38,094,850</u>
<b>Total Cash and Investments</b>			<b>\$ <u>93,044,758</u></b>

Shown in the accompanying combined balance sheet as follows:

Entity wide – Cash and Investments	83,491,418
Fiduciary Funds – Cash and Investments	<u>9,553,340</u>
<b>Total</b>	<b>\$ <u>93,044,758</u></b>

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

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

**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, 2006, 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.

**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.

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

**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	\$ 5,502,181	\$ 78,277	\$ -	\$ 5,580,458
Infrastructure Right of Way	4,372,500	-	-	4,372,500
Construction in Progress	<u>3,814,738</u>	<u>2,396,062</u>	<u>2,204,545</u>	<u>4,006,255</u>
Total Capital Assets Not Being Depreciated	<u>13,689,419</u>	<u>2,474,339</u>	<u>2,204,545</u>	<u>13,959,213</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	46,267,351	2,571,964	-	48,839,315
Machinery and Equipment	13,686,330	1,726,706	218,225	15,194,811
Infrastructure (Road and Streets)	<u>77,040,303</u>	<u>347,137</u>	<u>-</u>	<u>77,387,440</u>
Total Capital Assets Being Depreciated	<u>136,993,984</u>	<u>4,645,807</u>	<u>218,225</u>	<u>141,421,566</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(17,215,303)	(1,383,709)	-	(18,599,012)
Machinery and Equipment	(9,095,746)	(1,303,593)	207,644	(10,191,695)
Infrastructure (Roads and Streets)	<u>(26,192,324)</u>	<u>(1,585,789)</u>	<u>-</u>	<u>(27,778,113)</u>
Total Accumulated Depreciation	<u>(52,503,373)</u>	<u>(4,273,091)</u>	<u>207,644</u>	<u>(56,568,820)</u>
Total Being Depreciated, Net	<u>84,490,611</u>	<u>372,716</u>	<u>(10,581)</u>	<u>84,852,746</u>
<b>Governmental Activities Net</b>	<u>\$ 98,180,030</u>	<u>\$ 2,847,055</u>	<u>\$ 2,215,126</u>	<u>\$ 98,811,959</u>
<b>Business-type Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,638,527	\$ -	\$ -	\$ 1,638,527
Construction in Progress	<u>1,290,109</u>	<u>1,581,969</u>	<u>-</u>	<u>2,872,078</u>
Total Capital Assets Not Being Depreciated	<u>2,928,636</u>	<u>1,581,969</u>	<u>-</u>	<u>4,510,605</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	2,338,774	-	-	2,338,774
Improvements Other Than Buildings	50,282,677	114,710	1,598	50,395,789
Machinery and Equipment	<u>7,846,646</u>	<u>963,927</u>	<u>52,299</u>	<u>8,758,274</u>
Total Capital Assets Being Depreciated	<u>60,468,097</u>	<u>1,078,637</u>	<u>53,897</u>	<u>61,492,837</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(112,066)	(58,469)	-	(170,535)
Improvements Other Than Buildings	(2,582,429)	(1,024,201)	319	(3,606,311)
Machinery and Equipment	<u>(1,513,190)</u>	<u>(1,428,454)</u>	<u>27,021</u>	<u>(2,914,623)</u>
Total Accumulated Depreciation	<u>(4,207,685)</u>	<u>(2,511,124)</u>	<u>27,340</u>	<u>(6,691,469)</u>
Total Being Depreciated, Net	<u>56,260,412</u>	<u>(1,432,487)</u>	<u>26,557</u>	<u>54,801,368</u>
<b>Business-type Activities, Net</b>	<u>\$ 59,189,048</u>	<u>\$ 149,482</u>	<u>\$ 26,557</u>	<u>\$ 59,311,973</u>

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

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

<b>Depreciation Expense - Governmental Activities</b>	
General Government and Administration	\$ 765,123
Public Safety	518,648
Transportation	2,131,097
Culture and Recreation	453,365
Physical Environment	<u>404,858</u>
<b>Total Depreciation Expense - Governmental Activities</b>	<b><u>\$ 4,273,091</u></b>
<b>Depreciation Expense - Business-type Activities</b>	
Water and Sewer Utility	<u>\$ 2,511,124</u>

**Note 5 - Interfund Receivables and Payables**

The composition of interfund balances as of September 30, 2006, is as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>General Employees' Pension Fund</b>		
General Fund	\$ -	\$ 54,574
<b>Streetlighting Districts Fund</b>		
General Fund	-	9,445
<b>Community Development Block Grant Fund</b>		
General Fund	-	300,767
<b>General Fund</b>		
General Employees' Pension Fund	54,574	-
Streetlighting Districts Fund	9,445	-
Community Development Block Grant Fund	<u>300,767</u>	-
<b>Totals</b>	<b><u>\$ 364,786</u></b>	<b><u>\$ 364,786</u></b>

The payable from the General Employees' Pension Trust Fund represents forfeitures from members that will be netted against future contributions due. Interfund receivables and payables for all funds except the General Employees' Pension Trust Fund are eliminated in the Government-Wide financial statements.

**Note 6 - Operating Leases**

The City leases office equipment under noncancelable operating leases. Total costs for such leases were \$68,273 for the year ended September 30, 2006. Lease payments are payable on a month-to-month basis.

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

**Note 7 - Long-term Liabilities**

During the year ended September 30, 2006, 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>					
Local Option Gas Tax Fund,					
Revenue Bonds Series 2006	\$ -	\$ 18,240,000	-	\$ 18,240,000	\$ 400,000
Add: Unamortized Premium	-	308,836	-	308,836	15,442
Deferred Revenue, Debt Service					
Forward Delivery Agreement,					
Revenue Bonds Series 2006	-	333,670	-	333,670	16,684
Compensated Absences	634,618	667,065	602,887	698,796	663,856
<b>Total Governmental Activities</b>	<u>\$ 634,618</u>	<u>\$ 19,549,571</u>	<u>\$ 602,887</u>	<u>\$ 19,581,302</u>	<u>\$ 1,095,982</u>
<b>Business-type Activities</b>					
Utility System Revenue Bonds,					
Series 2003	\$81,225,000	\$ -	\$ 650,000	\$ 80,575,000	\$ 750,000
Add: Unamortized Premium	1,267,198	-	45,257	1,221,941	-
Deferred Revenue, Swaption	-	3,206,837	-	3,206,837	-
Subtotal	82,492,198	3,206,837	695,257	85,003,778	750,000
Compensated Absences	60,806	73,970	57,766	77,010	73,160
<b>Total Business-type Activities</b>	<u>\$82,553,004</u>	<u>\$ 3,280,807</u>	<u>\$ 753,023</u>	<u>\$ 85,080,788</u>	<u>\$ 823,160</u>

**Governmental Activities Liabilities**

The following is a summary of all long-term liabilities of the governmental funds at September 30, 2006:

**Transportation Capital Improvement Revenue Bonds**

On July 12, 2006 the City issued \$18,240,000 of Transportation Capital Improvement Revenue Bonds, Series 2006, the proceeds of which will be used to provide funding for road improvement projects and to pay the cost of issuance. The bonds are collateralized by a pledge of gas tax revenues and transportation impact fees, bear interest ranging from 4.00% to 5.00% and mature in increasing annual amounts ranging from \$400,000 to \$1,385,000 from 2007 through 2026, respectively. Interest is payable semi annually at April 1, and October 1, with annual principal payments due on October 1.

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

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

**Transportation Capital Improvement Revenue Bonds (Concluded)**

Debt Service to Maturity Schedule

Fiscal Years Ended	Principal	Interest	Total
2007	\$ 400,000	\$ 1,056,976	\$ 1,456,976
2008	605,000	850,269	1,455,269
2009	630,000	825,313	1,455,313
2010	660,000	799,325	1,459,325
2011	690,000	768,375	1,458,375
2012 – 2016	3,975,000	3,310,075	7,285,075
2017 – 2021	4,990,000	2,301,058	7,291,058
2022 - 2026	<u>6,290,000</u>	<u>999,119</u>	<u>7,289,119</u>
	<u>\$ 18,240,000</u>	<u>\$ 10,910,510</u>	<u>\$ 29,150,510</u>

**Debt Service Forward Delivery Agreement**

The City entered into a Debt Service Forward Delivery Agreement to administer debt service payments and to generate additional cash from the Transportation Capital Improvement Revenue Bonds, Series 2006 transaction. Under this agreement the City will make level monthly payments of approximately \$121,600 to a trustee. The trustee in turn will make all debt service payments (principal and interest) as due. The City received a cash payment of \$333,670 for entering into this agreement. The entire amount was recognized as income in the governmental funds but was deferred in the entity wide statements and will be recognized in the statement of activities on a straight line basis over the life of the bond issue.

**Business-type Activity Liabilities**

The following is a summary of all long-term liabilities of the proprietary funds at September 30, 2006:

**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% 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.

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

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

**Utility System Revenue Bonds (Concluded)**

Debt Service to Maturity Schedule

Fiscal Years Ended	Principal	Interest	Total
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	1,400,000	3,777,813	5,177,813
2012 - 2016	9,960,000	17,936,277	27,896,277
2017 - 2021	12,765,000	15,318,614	28,083,614
2022 - 2026	12,825,000	11,624,038	24,449,038
2027 - 2031	20,060,000	7,789,150	27,849,150
2032 - 2034	19,915,000	2,987,250	22,902,250
	<u>\$ 80,575,000</u>	<u>\$ 74,810,143</u>	<u>\$ 155,385,143</u>

**Option to Enter into an Interest Rate Swap (Swaption)**

On November 6, 2003, the City issued its Utility System Revenue Bonds, Series 2003 in the principal amount of \$81,725,000. Subject to achievement of a minimum present value savings level, the City approved and entered into a contract to grant an option to a swap provider to have the City issue variable rate bonds on or about October 1, 2013, at which time \$67.75 million of the 2003 Utility Bonds should be outstanding, to refund the 2003 Utility Bonds in exchange for an upfront payment of \$3,206,837 estimated to be equal to the estimated present value savings the City would achieve as a result of such a refunding. Should the swap provider exercise the option in 2013, the City would either issue the variable rate bonds and the swap provider would pay to the City an agreed to variable interest rate, and the City would pay the swap provider an agreed to fixed interest rate or the City would have to pay the swap provider a termination payment to cancel the right.

The upfront payment of \$3,206,837 and the related costs of \$441,002 have been deferred on the financial statements until 2013 at which time the revenue and expense will be recognized ratably over the life of the variable rate bonds if the swap provider exercises the option. If the swap provider does not exercise the option then all the revenue and expense will be recognized once it can be determined that the option has lapsed and therefore cannot be exercised. It is not possible at this time for the City to predict if the option will be exercised.

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

**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.

**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, 2006.

**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. 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 \$7,200,000 payable from the City's General Fund.

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

**Note 10 - Commitments (Concluded)**

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 \$3,800,000 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 \$1,500,000. The contract expired September 2007 with all work for specified streets to be completed by that date.

**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. Members with 25 or more years of service will receive an upgrade of their past service credit from 2% to 3%, provided, however, that the total benefit percent cannot exceed 100%.

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

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

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

**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 3 vested terminated members.

For the fiscal year ended September 30, 2006, the City's total covered payroll for employees eligible to participate in the Plan was \$2,875,276 compared with a total payroll for the City of \$11,016,466.

**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. These funds are recorded directly in the pension fund as revenue.

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, 2006 is 11.36% (8.64% by the City, 2.72% by insurance premium excise tax) of annual covered payroll based on an actuarial impact statement dated May 20, 2005. The City has set its actual contribution rate at 10% of covered payroll for 2006. 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, 2005, 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.

**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 (Continued)**

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, 2006, the annual pension cost was \$306,309 and the amount actually contributed by the City was \$286,986 or 10% of covered payroll. The insurance premium tax distribution from the State for calendar year 2005 was \$216,683 or 7.5% of covered payroll. Member contributions for the year totaled \$229,588 or 8% of covered payroll. For the fiscal year ended September 30, 2006, the City has funded in excess of the annual required contribution (10% funded, 8.64% 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:

	<u>September 30, 2006</u>
Actuarially Determine Contribution (A)	\$ 283,177
Interest on Net Pension Obligation (NPO)	(44,809)
Adjustment to (A)	<u>67,941</u>
Annual Pension Cost (APC) (1)	306,309
Employer Contributions Made	<u>945,304</u>
Decrease in NPO	(638,995)
NPO, Beginning of Year	<u>(560,119)</u>
NPO, End of Year	<u>\$ (1,199,114)</u>
Percentage of APC Contributed	<u>309%</u>

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

**Net Pension Asset**

The net pension asset, which is in the nature of a prepayment, represents the cumulative amount by which actual employer contributions exceed required contributions and relates solely to the firefighters pension plan. The net pension asset as of September 30, 2005 was \$560,119. During the current year the net pension asset increased by \$638,995. This increase has been recorded in the statement of activities as a reduction of public safety cost. The net pension asset as of September 30, 2006 was \$1,199,114.

**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

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

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

**City of Deltona General Employees' Pension Plan (Concluded)**

certified firefighters. As of September 30, 2006, there were 103 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, 2006, the City's total covered payroll for employees eligible to participate in the Plan was \$4,147,370 compared with a total payroll for the City of \$11,016,466. The required employer contribution and the contribution actually made amounted to \$414,737 or 10% of covered payroll. Investments are reported at fair value. There have been no revisions to the Plan since its adoption.

**Florida Retirement System (FRS)**

The City passed Resolution #2005-39, which allows all current eligible employees to enroll in FRS with the State of Florida (a defined benefit pension plan) with an effective date of December 1, 2005, or continue to participate in the pre-existing defined contribution pension plan known as the City of Deltona General Employees' Pension Plan. All general employees hired after December 1, 2005 are compulsory members of FRS. General employees electing to participate in FRS with the State of Florida had the option to purchase past service credit back to October 1, 1997. For each general employee opting to purchase past service, their General Employees' Pension Plan assets were transferred directly to FRS with the State of Florida. As of September 30, 2006, there were 122 employees enrolled in FRS.

For the fiscal year ended September 30, 2006, the City's total covered payroll for employees eligible to participate in the Plan was \$2,990,244 compared with a total payroll for the City of \$11,016,466. The required employer contribution and the Contribution actually made amounted to \$252,399 or 8.44% of covered payroll.

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)**

**Florida Retirement System (FRS) (Concluded)**

**SCHEDULE OF PENSION PLAN NET ASSETS AS OF SEPTEMBER 30, 2006**

	<b>Firefighters' Pension Trust Fund</b>	<b>General Employees' Pension Trust Fund</b>	<b>Total</b>
<b>Assets</b>			
Cash and Investments	\$ 7,585,334	\$ 1,968,006	\$ 9,553,340
Due from Other Governmental Units	16,645.00	-	16,645
<b>Total Assets</b>	<u>7,601,979</u>	<u>1,968,006</u>	<u>9,569,985</u>
<b>Liabilities</b>			
Accounts Payable	45,087	12,165	57,252
Due to Other Funds	-	54,574	54,574
<b>Total Liabilities</b>	<u>45,087</u>	<u>66,739</u>	<u>111,826</u>
<b>Net Assets</b>			
Reserved for Employees' Pension Benefits	<u>\$ 7,556,892</u>	<u>\$ 1,901,267</u>	<u>\$ 9,458,159</u>

**SCHEDULE OF CHANGE IN PENSION PLAN NET ASSETS AS OF SEPTEMBER 30, 2006**

	<b>Firefighters' Pension Trust Fund</b>	<b>General Employees' Pension Trust Fund</b>	<b>Total</b>
<b>Additions</b>			
Contributions:			
Employer	\$ 286,986	\$ 414,737	\$ 701,723
State of Florida	216,683	-	216,683
Employee	229,588	-	229,588
<b>Total Contributions</b>	<u>733,257</u>	<u>414,737</u>	<u>1,147,994</u>
Investment Income	612,196	164,847	777,043
(Less) Investment Management Fees	(24,268)	-	(24,268)
Net Investment Income	<u>587,928</u>	<u>164,847</u>	<u>752,775</u>
<b>Total Additions</b>	<u>1,321,185</u>	<u>579,584</u>	<u>1,900,769</u>
<b>Deductions</b>			
Benefit Payments	25,329	-	25,329
Refunds to Employees	42,432	907,957	950,389
Administration	35,329	-	35,329
Forfeitures	-	52,951	52,951
<b>Total Deductions</b>	<u>(103,090)</u>	<u>(960,908)</u>	<u>(1,063,998)</u>
<b>Net Increase</b>	<u>1,218,095</u>	<u>(381,324)</u>	<u>836,771</u>
<b>Net Assets Reserved for Employees' Pension Benefits:</b>			
<b>Beginning of Year</b>	<u>6,338,797</u>	<u>2,282,591</u>	<u>8,621,388</u>
<b>End of Year</b>	<u>\$ 7,556,892</u>	<u>\$ 1,901,267</u>	<u>\$ 9,458,159</u>

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

**Note 12 - Restatement of Net Assets**

To conform to generally accepted governmental accounting principles the beginning balance of net assets shown on the statement of activities has been increased by \$560,119 to reflect the city's net pension asset as of September 30, 2005. See note 11 under Net Pension Asset for more information.

**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, 2006**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 9,866,792	\$ 9,866,792	\$ 9,878,462	\$ 11,670
Franchise Fees	2,720,000	2,720,000	3,963,179	1,243,179
Public Service Tax	6,333,093	6,333,093	7,360,867	1,027,774
State Revenue Sharing	2,200,000	2,200,000	2,591,215	391,215
Intergovernmental Revenue	4,623,800	5,618,498	5,521,956	(96,542)
Charges for Services	2,231,000	2,231,000	3,638,315	1,407,315
Fines and Forfeitures	225,000	225,000	335,093	110,093
Impact Fees	-	-	425,148	425,148
Interest Income	55,000	55,000	756,326	701,326
Miscellaneous	775,740	775,740	528,596	(247,144)
<b>Total Revenues</b>	<u>29,030,425</u>	<u>30,025,123</u>	<u>34,999,157</u>	<u>4,974,034</u>
<b>Expenditures</b>				
Current:				
General Government and Administration:				
City Commission	449,121	449,121	423,212	25,909
City Manager	335,539	335,539	233,643	101,896
City Clerk	571,852	571,852	502,385	69,467
Finance and Internal Services	1,291,434	1,291,434	1,232,557	58,877
Human Resources	371,270	371,270	412,407	(41,137)
City Attorney	512,454	512,454	446,918	65,536
Development Services	2,687,122	2,687,122	2,176,813	510,309
Enforcement Services	870,738	870,738	758,253	112,485
General Services	754,000	754,000	723,741	30,259
Total General Government and Administration	<u>7,843,530</u>	<u>7,843,530</u>	<u>6,909,929</u>	<u>933,601</u>
Public Safety				
Law Enforcement	7,212,981	7,212,981	7,204,948	8,033
Fire Rescue	5,626,893	5,626,893	5,471,475	155,418
Total Public Safety	<u>12,839,874</u>	<u>12,839,874</u>	<u>12,676,423</u>	<u>163,451</u>
Transportation				
Engineering				
Field Operations	1,942,968	1,942,968	1,564,636	378,332
Maintenance	1,021,240	1,021,240	890,534	130,706
Total Transportation	<u>2,964,208</u>	<u>2,964,208</u>	<u>2,455,170</u>	<u>509,038</u>
Culture and Recreation	2,162,994	2,162,994	1,837,059	325,935
Economic Environment	-	994,698	265,313	729,385
Physical Environment	-	-	-	-
Capital Outlay	1,803,700	2,766,795	2,186,023	580,772
<b>Total Expenditures</b>	<u>(27,614,306)</u>	<u>(29,572,099)</u>	<u>(26,329,917)</u>	<u>(3,242,182)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>1,416,119</u>	<u>453,024</u>	<u>8,669,240</u>	<u>8,216,216</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	-	-	-	-
Transfers to Other Funds	(2,090,000)	(2,408,988)	(2,118,988)	290,000
<b>Total Other Financing (Uses)</b>	<u>(2,090,000)</u>	<u>(2,408,988)</u>	<u>(2,118,988)</u>	<u>290,000</u>
<b>(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing Uses</b>	<u>(673,881)</u>	<u>(1,955,964)</u>	<u>6,550,252</u>	<u>8,506,216</u>
<b>Fund Balance, Beginning of Year (As restated)</b>	<u>8,526,380</u>	<u>11,407,512</u>	<u>11,407,512</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 7,852,499</u>	<u>\$ 9,451,548</u>	<u>\$ 17,957,764</u>	<u>\$ 8,506,216</u>

**CITY OF DELTONA, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**SOLID WASTE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges For Services	\$ 3,803,682	\$ 3,803,682	\$ 3,758,849	\$ (44,833)
Interest Income	10,000	10,000	62,711	52,711
Miscellaneous	50,000	50,000	40,435	(9,565)
<b>Total Revenues</b>	<u>3,863,682</u>	<u>3,863,682</u>	<u>3,861,995</u>	<u>(1,687)</u>
<b>Expenditures</b>				
Current:				
Physical Environment	4,006,061	4,006,061	4,005,948	113
<b>Total Expenditures</b>	<u>(4,006,061)</u>	<u>(4,006,061)</u>	<u>(4,005,948)</u>	<u>113</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(142,379)</u>	<u>(142,379)</u>	<u>(143,953)</u>	<u>(1,574)</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>	<u>-</u>
<b>(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing Uses</b>	<u>(142,379)</u>	<u>(142,379)</u>	<u>(143,953)</u>	<u>(1,574)</u>
<b>Fund Balance, Beginning of Year</b>	<u>518,107</u>	<u>376,872</u>	<u>376,872</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 375,728</u>	<u>\$ 234,493</u>	<u>\$ 232,919</u>	<u>\$ (1,574)</u>

**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, 2006**

	<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	\$ -	\$ -	\$ -	\$ -
Charges for Services	2,338,994	2,338,994	2,222,067	(116,927)
Interest Income	500	500	92,310	91,810
<b>Total Revenues</b>	<u>2,339,494</u>	<u>2,339,494</u>	<u>2,314,377</u>	<u>(25,117)</u>
<b>Expenditures</b>				
Current:				
Physical Environment	1,954,931	1,954,931	1,311,447	643,484
Capital outlay	1,075,000	1,393,988	404,697	989,291
<b>Total Expenditures</b>	<u>(3,029,931)</u>	<u>(3,348,919)</u>	<u>(1,716,144)</u>	<u>1,632,775</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(690,437)</u>	<u>(1,009,425)</u>	<u>598,233</u>	<u>1,607,658</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	-	318,988	318,988	-
Transfers to Other Funds	-	-	-	-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>318,988</u>	<u>318,988</u>	<u>-</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<u>(690,437)</u>	<u>(690,437)</u>	<u>917,221</u>	<u>1,607,658</u>
<b>Fund Balance, Beginning of Year</b>	<u>849,406</u>	<u>1,287,318</u>	<u>1,287,318</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 158,969</u>	<u>\$ 596,881</u>	<u>\$ 2,204,539</u>	<u>\$ 1,607,658</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, 2006**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental Revenue	\$ 570,272	\$ 570,272	\$ 1,985,077	\$ 1,414,805
Interest	-	-	37,173	37,173
<b>Total revenues</b>	<u>570,272</u>	<u>570,272</u>	<u>2,022,250</u>	<u>1,451,978</u>
<b>Expenditures</b>				
Current:				
Economic Environment	570,272	570,272	2,022,250	(1,451,978)
<b>Total Expenditures</b>	<u>(570,272)</u>	<u>(570,272)</u>	<u>(2,022,250)</u>	<u>(1,451,978)</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>	<u>-</u>	<u>-</u>	<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**  
**TRANSPORTATION FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<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	\$ 2,090,000	\$ 2,090,000	\$ 2,164,256	\$ 74,256
Impact Fees	-	-	655,254	655,254
Interest	122,000	122,000	477,043	355,043
<b>Total Revenues</b>	<u>2,212,000</u>	<u>2,212,000</u>	<u>3,296,553</u>	<u>1,084,553</u>
<b>Expenditures</b>				
Current:				
Transportation	231,000	231,000	644,278	(413,278)
Capital Outlay	1,650,000	2,448,681	1,785,623	663,058
<b>Total Expenditures</b>	<u>(1,881,000)</u>	<u>(2,679,681)</u>	<u>(2,429,901)</u>	<u>249,780</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>331,000</u>	<u>(467,681)</u>	<u>866,652</u>	<u>1,334,333</u>
<b>Other Financing Sources (Uses)</b>				
Revenue bonds issued	-	-	18,240,000	18,240,000
Premium on revenue bonds	-	-	308,836	308,836
Revenue bonds proceeds from debt service agreement	-	-	333,670	333,670
Transfers from other funds	300,000	300,000	300,000	-
Transfers to other funds	-	-	-	-
<b>Total Other Financing Sources</b>	<u>300,000</u>	<u>300,000</u>	<u>19,182,506</u>	<u>18,882,506</u>
<b>(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing Uses</b>	<u>631,000</u>	<u>(167,681)</u>	<u>20,049,158</u>	<u>20,216,839</u>
<b>Fund Balance, Beginning of Year</b>	<u>4,029,522</u>	<u>5,723,024</u>	<u>5,723,024</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 4,660,522</u>	<u>\$ 5,555,343</u>	<u>\$ 25,772,182</u>	<u>\$ 20,216,839</u>

**CITY OF DELTONA, FLORIDA**  
**SCHEDULES OF FUNDING PROGRESS AND CONTRIBUTIONS**  
**FROM EMPLOYER AND OTHERS**  
**SEPTEMBER 30, 2006**

**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	
2006	\$ 446,360	\$ 286,986	\$ 216,683	\$ 229,588	164%
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
2006	\$ 7,495,199	\$ 7,862,670	\$ 367,471	95%	\$ 2,875,276
2005	5,897,162	6,302,268	405,106	94%	2,668,839
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, 2006**

	<u>Special Revenue Funds</u>				
	<u>Streetlighting Districts</u>	<u>Fire/Rescue Service Impact Fees</u>	<u>Park Impact Fees</u>	<u>Community Development Block Grant</u>	<u>Tree Replacement Fund</u>
<b>Assets</b>					
Cash and Investments	\$ -	\$ 39,530	\$ 159,457	\$ -	\$ 422,065
Receivables	-	-	-	-	-
Due from Other Governments	-	-	-	480,665	-
<b>Total Assets</b>	<u>-</u>	<u>39,530</u>	<u>159,457</u>	<u>480,665</u>	<u>422,065</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	7,589	-	-	179,898	-
Accrued Liabilities	-	-	-	-	-
Contracts/Retainage Payable	-	-	-	-	-
Due to Other Funds	9,445	-	-	300,767	-
Deferred Revenues	-	-	-	-	-
<b>Total Liabilities</b>	<u>17,034</u>	<u>-</u>	<u>-</u>	<u>480,665</u>	<u>-</u>
<b>Fund Balances</b>					
Reserved for:					
Capital Projects	-	39,530	159,457	-	-
Unreserved/Undesignated	(17,034)	-	-	-	422,065
<b>Total Fund Balances</b>	<u>(17,034)</u>	<u>39,530</u>	<u>159,457</u>	<u>-</u>	<u>422,065</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ -</u>	<u>\$ 39,530</u>	<u>\$ 159,457</u>	<u>\$ 480,665</u>	<u>\$ 422,065</u>

<u>Capital Projects - Municipal Complex(s)</u>	<u>Capital Projects - Park Projects Fund</u>	<u>Total</u>
\$ 4,537,684	\$ 670,970	\$ 5,829,706
-	-	-
-	272,574	753,239
<u>4,537,684</u>	<u>943,544</u>	<u>6,582,945</u>
14,162	95,971	297,620
-	-	-
-	45,271	45,271
-	-	310,212
-	184,206	184,206
<u>14,162</u>	<u>325,448</u>	<u>837,309</u>
4,523,522	618,096	5,340,605
-	-	405,031
<u>4,523,522</u>	<u>618,096</u>	<u>5,745,636</u>
<u>\$ 4,537,684</u>	<u>\$ 943,544</u>	<u>\$ 6,582,945</u>

**CITY OF DELTONA, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<u>Special Revenue Funds</u>				
	<u>Streetlighting Districts</u>	<u>Fire/Rescue Service Impact Fees</u>	<u>Park Impact Fees</u>	<u>Community Development Block Grant</u>	<u>Tree Replacement Fund</u>
<b>Revenues</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ 442,462	\$ -
Charges for Services	90,499	-	-	-	-
Impact Fees	-	153,700	405,023	-	165,279
Interest Income	1,081	2,751	9,816	-	12,802
Miscellaneous	-	-	-	-	-
<b>Total Revenues</b>	<u>91,580</u>	<u>156,451</u>	<u>414,839</u>	<u>442,462</u>	<u>178,081</u>
<b>Expenditures</b>					
Current:					
General Government and Administration	-	-	-	108,549	-
Transportation	114,229	-	-	-	-
Capital Outlay	-	-	-	333,913	-
<b>Total Expenditures</b>	<u>(114,229)</u>	<u>-</u>	<u>-</u>	<u>(442,462)</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(22,649)</u>	<u>156,451</u>	<u>414,839</u>	<u>-</u>	<u>178,081</u>
<b>Other Financing Sources (Uses)</b>					
Transfers from Other Funds	-	-	-	-	-
Transfers to Other Funds	-	(153,700)	(405,023)	-	-
<b>Total Other Financing (Uses) Sources</b>	<u>-</u>	<u>(153,700)</u>	<u>(405,023)</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>(22,649)</u>	<u>2,751</u>	<u>9,816</u>	<u>-</u>	<u>178,081</u>
<b>Fund Balances, Beginning of Year</b>	<u>5,615</u>	<u>36,779</u>	<u>149,641</u>	<u>-</u>	<u>243,984</u>
<b>Fund Balances, End of Year</b>	<u>\$ (17,034)</u>	<u>\$ 39,530</u>	<u>\$ 159,457</u>	<u>\$ -</u>	<u>\$ 422,065</u>

<b>Capital Projects - Municipal Complex(s)</b>	<b>Capital Projects - Park Projects</b>	<b>Total</b>
\$ -	\$ 310,649	\$ 753,111
-	-	90,499
-	-	724,002
135,252	40,331	202,033
-	-	-
<u>135,252</u>	<u>350,980</u>	<u>1,769,645</u>
-	-	108,549
-	-	114,229
<u>171,020</u>	<u>1,031,625</u>	<u>1,536,558</u>
<u>(171,020)</u>	<u>(1,031,625)</u>	<u>(1,759,336)</u>
<u>(35,768)</u>	<u>(680,645)</u>	<u>10,309</u>
1,653,700	405,023	2,058,723
-	-	(558,723)
<u>1,653,700</u>	<u>405,023</u>	<u>1,500,000</u>
1,617,932	(275,622)	1,510,309
<u>2,905,590</u>	<u>893,718</u>	<u>4,235,327</u>
<u>\$ 4,523,522</u>	<u>\$ 618,096</u>	<u>\$ 5,745,636</u>

**CITY OF DELTONA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**STREETLIGHTING DISTRICTS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Special Assessments	\$ 90,499	\$ 93,592	\$ (3,093)
Interest Income	1,081	300	781
<b>Total Revenues</b>	<u>91,580</u>	<u>93,892</u>	<u>(2,312)</u>
<b>Expenditures</b>			
Current:			
Transportation	114,229	102,292	(11,937)
<b>Total Expenditures</b>	<u>(114,229)</u>	<u>(102,292)</u>	<u>(11,937)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(22,649)</u>	<u>(8,400)</u>	<u>(14,249)</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>	<u>(22,649)</u>	<u>(8,400)</u>	<u>(14,249)</u>
<b>Fund Balance, Beginning of Year</b>	<u>5,615</u>	<u>5,615</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ (17,034)</u>	<u>\$ (2,785)</u>	<u>\$ (14,249)</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, 2006**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Impact Fees	\$ 153,700	\$ 250,000	\$ (96,300)
Interest	2,751	2,000	751
<b>Total Revenues</b>	<u>156,451</u>	<u>252,000</u>	<u>(95,549)</u>
<b>Expenditures</b>			
Capital Outlay	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues Over Expenditures</b>	<u>156,451</u>	<u>252,000</u>	<u>(95,549)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(153,700)	(250,000)	96,300
<b>Total Other Financing Sources (Uses)</b>	<u>(153,700)</u>	<u>(250,000)</u>	<u>96,300</u>
<b>(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing Uses</b>	2,751	2,000	(95,549)
<b>Fund Balance, Beginning of Year</b>	<u>36,779</u>	<u>36,779</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 39,530</u>	<u>\$ 38,779</u>	<u>\$ 751</u>

**CITY OF DELTONA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**PARK IMPACT FEES FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Impact Fees	\$ 405,023	\$ 520,000	\$ (114,977)
Interest Income	9,816	2,500	7,316
<b>Total Revenues</b>	<u>414,839</u>	<u>522,500</u>	<u>(107,661)</u>
<b>Expenditures</b>			
Capital outlay	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues Over Expenditures</b>	<u>414,839</u>	<u>522,500</u>	<u>(107,661)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(405,023)	(600,000)	194,977
<b>Total Other Financing Sources</b>	<u>(405,023)</u>	<u>(600,000)</u>	<u>194,977</u>
<b>(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing Uses</b>	9,816	(77,500)	87,316
<b>Fund Balance, Beginning of Year</b>	<u>149,641</u>	<u>149,641</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 159,457</u>	<u>\$ 72,141</u>	<u>\$ 87,316</u>

**CITY OF DELTONA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**COMMUNITY DEVELOPMENT BLOCK GRANT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ 442,462	\$ 563,408	\$ (120,946)
<b>Total Revenues</b>	<u>442,462</u>	<u>563,408</u>	<u>(120,946)</u>
<b>Expenditures</b>			
Current:			
General Government and Administration	108,549	101,500	(7,049)
Capital Outlay	333,913	461,908	127,995
<b>Total Expenditures</b>	<u>(442,462)</u>	<u>(563,408)</u>	<u>120,946</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**  
**TREE REPLACEMENT IMPACT FEES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Impact Fees	\$ 165,279	\$ 400,000	\$ (234,721)
Interest	12,802	3,000	9,802
<b>Total Revenues</b>	<u>178,081</u>	<u>403,000</u>	<u>(224,919)</u>
<b>Expenditures</b>			
Capital Outlay	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues Over Expenditures</b>	<u>178,081</u>	<u>403,000</u>	<u>(224,919)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	-	290,000	290,000
Transfers to Other Funds	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>290,000</u>	<u>290,000</u>
<b>(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing Uses</b>	178,081	693,000	(224,919)
<b>Fund Balance, Beginning of Year</b>	<u>243,984</u>	<u>243,984</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 422,065</u>	<u>\$ 936,984</u>	<u>\$ (514,919)</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, 2006**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Interest	\$ 135,252	\$ -	\$ 135,252
<b>Total Revenues</b>	<u>135,252</u>	<u>-</u>	<u>135,252</u>
<b>Expenditures</b>			
Capital Outlay	171,020	4,490,127	4,319,107
<b>Total Expenditures</b>	<u>(171,020)</u>	<u>(4,490,127)</u>	<u>4,319,107</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(35,768)</u>	<u>(4,490,127)</u>	<u>4,454,359</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	1,653,700	1,750,000	96,300
Transfers to Other Funds	-	-	-
<b>Total Other Financing Sources</b>	<u>1,653,700</u>	<u>1,750,000</u>	<u>96,300</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	1,617,932	(2,740,127)	4,358,059
<b>Fund Balance, Beginning of Year</b>	<u>2,905,590</u>	<u>2,905,590</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 4,523,522</u>	<u>\$ 165,463</u>	<u>\$ 4,358,059</u>

**CITY OF DELTONA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**CAPITAL PROJECTS - PARK PROJECTS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ 310,649	\$ 240,000	\$ 70,649
Interest	40,331	5,000	35,331
Miscellaneous	-	-	-
<b>Total Revenues</b>	<u>350,980</u>	<u>245,000</u>	<u>105,980</u>
<b>Expenditures</b>			
Capital Outlay	1,031,625	1,730,000	698,375
<b>Total Expenditures</b>	<u>(1,031,625)</u>	<u>(1,730,000)</u>	<u>698,375</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(680,645)</u>	<u>(1,485,000)</u>	<u>804,355</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from Other Funds	405,023	600,000	(194,977)
Transfers to Other Funds	-	-	-
<b>Total Other Financing Sources</b>	<u>405,023</u>	<u>600,000</u>	<u>(194,977)</u>
<b>(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing Uses</b>	<u>(275,622)</u>	<u>(885,000)</u>	<u>609,378</u>
<b>Fund Balance, Beginning of Year</b>	<u>893,718</u>	<u>893,718</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 618,096</u>	<u>\$ 8,718</u>	<u>\$ 609,378</u>

**CITY OF DELTONA, FLORIDA  
STATISTICAL SECTION  
(UNAUDITED)**

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

**CITY OF DELTONA, FLORIDA**  
**NET ASSETS BY COMPONENT**  
**LAST FOUR FISCAL YEARS**  
**(Accrual Basis GASB 34 Beginning 09/30/03)**

	Fiscal Year Ending			
	9/30/2003	9/30/2004	9/30/2005	09/30/06
<b>Governmental Activities</b>				
Invested in Capital Assets, Net of Related Debt	\$ 94,936,779	\$ 95,648,664	\$ 98,180,028	\$ 98,811,959
Restricted	9,780,380	7,636,213	97,088	12,884,043
Unrestricted	9,333,012	12,893,282	\$14,010,005	20,869,676
<b>Total Governmental Activities Net Assets</b>	<b>114,050,171</b>	<b>116,178,159</b>	<b>121,898,785</b>	<b>132,565,678</b>
<b>Business-type Activities</b>				
Invested In Capital Assets, Net of Related Debt	-	(3,589,804)	(2,268,990)	(1,110,093)
Restricted	-	1,670,614	3,777,106	5,084,342
Unrestricted	-	3,305,568	3,289,974	3,194,364
<b>Total Business-type Activities Net Assets</b>	<b>-</b>	<b>1,386,378</b>	<b>4,798,090</b>	<b>7,168,613</b>
<b>Primary Government</b>				
Invested In Capital Assets, Net of Related Debt	94,936,779	92,058,860	95,911,038	97,701,866
Restricted	9,780,380	9,306,827	13,485,858	17,968,385
Unrestricted	9,333,012	16,198,850	17,299,979	24,064,040
<b>Total Primary Government</b>	<b>\$ 114,050,171</b>	<b>\$ 117,564,537</b>	<b>\$ 126,696,875</b>	<b>\$ 139,734,291</b>

**CITY OF DELTONA, FLORIDA**  
**CHANGES IN NET ASSETS**  
**LAST FOUR FISCAL YEARS**  
**(Accrual Basis GASB 34 Beginning 09/30/03)**

	Fiscal Years Ending			
	9/30/2003	9/30/2004	9/30/2005	9/30/2006
<b>Expenses</b>				
<b>Governmental Activities:</b>				
General Government	\$ 5,142,033	\$ 6,163,917	\$ 7,511,985	\$ 7,934,679
Public Safety	9,459,870	11,116,849	11,416,880	12,556,076
Transportation	6,567,642	12,251,123	7,625,589	6,256,676
Culture & Recreation	1,431,971	2,442,211	1,872,250	2,292,825
Economic Environment	361,966	161,787	609,644	2,287,563
Physical Environment	5,845,114	5,484,689	5,702,314	5,727,828
Debt Service	-	-	-	190,410
Total Governmental Activities	<u>28,808,596</u>	<u>37,620,576</u>	<u>34,738,662</u>	<u>37,246,057</u>
<b>Business-type Activities:</b>				
Personal Services	-	1,823,063	2,351,334	2,690,157
Operating Expenses	-	2,423,113	3,519,953	3,519,637
Professional Services	-	718,050	231,610	129,704
Depreciation	-	1,950,983	2,264,714	2,511,124
Insurance	-	119,116	123,838	78,754
Bad Debts	-	59,437	95,000	61,000
Total Business-type Activities	<u>-</u>	<u>7,093,762</u>	<u>8,586,449</u>	<u>8,990,376</u>
Total Primary Government Expenses	<u>28,808,596</u>	<u>44,714,338</u>	<u>43,325,111</u>	<u>46,236,433</u>
<b>Program Revenues</b>				
<b>Governmental Activities:</b>				
Charges for services:				
General government	2,793,752	2,927,245	3,493,022	3,522,887
Public Safety	361,267	291,199	296,238	404,301
Transportation	-	-	-	-
Culture & Recreation	86,323	129,146	-	220,045
Physical Environment	3,076,197	3,186,061	3,722,521	3,799,283
Operating Grants & Contributions	427,917	5,625,081	4,327,207	2,292,489
Capital Grants & Contributions	6,395,670	4,550,222	6,598,260	7,496,462
Total Governmental Activities Program Revenues	<u>13,141,126</u>	<u>16,708,954</u>	<u>18,437,248</u>	<u>17,735,467</u>
<b>Business-type Activities:</b>				
Charges for services				
Water	-	6,511,194	7,995,028	8,558,812
Wastewater	-	3,251,194	4,373,292	4,266,858
Connection Fees	-	818,632	108,299	102,420
Operating Grants & Contributions	-	-	277,746	-
Capital Grants & Contributions	-	642,214	2,042,282	1,097,791
Total Business-type Activities Program Revenues	<u>-</u>	<u>11,223,234</u>	<u>14,796,647</u>	<u>14,025,881</u>
Total Primary Government Program Revenues	<u>13,141,126</u>	<u>27,932,188</u>	<u>33,233,895</u>	<u>31,761,348</u>
<b>Net (Expenditures) Revenues</b>				
Governmental Activities	(15,667,470)	(20,911,622)	(16,301,414)	(19,510,590)
Business-type Activities	-	4,129,472	6,210,198	5,035,505
Total Primary Government Net (Expenses) Revenues	<u>(15,667,470)</u>	<u>(16,782,150)</u>	<u>(10,091,216)</u>	<u>(14,475,085)</u>

**CITY OF DELTONA, FLORIDA**  
**NET ASSETS BY COMPONENT**  
**LAST FOUR FISCAL YEARS**  
**(Accrual Basis GASB 34 Beginning 09/30/03)**

	Fiscal Years Ending			
	9/30/2003	9/30/2004	9/30/2005	9/30/2006
<b>General Revenues &amp; Other Changes in Net Assets</b>				
<b>Governmental Activities:</b>				
Taxes:				
Property taxes	6,626,383	7,334,228	8,394,332	9,878,462
Franchise fees	2,717,373	2,815,567	3,168,855	3,963,179
Public Service Tax	6,298,994	6,411,966	6,874,286	7,360,867
State Revenue Sharing	5,721,785	5,841,122	6,807,016	7,003,487
Investment Earnings	262,395	160,013	531,582	1,627,596
Miscellaneous Income	270,166	476,714	279,929	343,892
Total Governmental Activities	<u>21,897,096</u>	<u>23,039,610</u>	<u>26,056,000</u>	<u>30,177,483</u>
<b>Business-type activities:</b>				
Investment Earnings	-	463,551	460,360	716,327
Gain on Sale of Capital Assets	-	-	32,536	9,505
Interest Expense and Issue Costs	-	(3,568,504)	(3,949,749)	(3,926,081)
Miscellaneous Income	-	361,859	658,367	535,267
Total Business-type Activities	<u>-</u>	<u>(2,743,094)</u>	<u>(2,798,486)</u>	<u>(2,664,982)</u>
Total Primary Government	<u>21,897,096</u>	<u>20,296,516</u>	<u>23,257,514</u>	<u>27,512,501</u>
<b>Change in Net Assets</b>				
Governmental Activities	6,229,626	2,127,988	9,754,586	10,666,893
Business-type Activities	-	1,386,378	3,411,712	2,370,523
Total Primary Government	<u>\$ 6,229,626</u>	<u>\$ 3,514,366</u>	<u>\$ 13,166,298</u>	<u>\$ 13,037,416</u>

**CITY OF DELTONA, FLORIDA  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

	Fiscal Years Ending September 30									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>General Fund</b>										
Reserved	\$ 1,746,404	\$ 929,084	\$ 1,031,285	\$ 301,898	\$ 562,505	\$ 655,259	\$ -	\$ -	\$ -	\$ 430,894
Unreserved	4,236,975	8,073,441	4,045,341	5,345,147	6,942,402	11,349,366	9,154,920	1,549,689	11,407,512	17,526,869
Total General Fund	<u>5,983,379</u>	<u>9,002,525</u>	<u>5,076,626</u>	<u>5,647,045</u>	<u>7,504,907</u>	<u>12,004,625</u>	<u>9,154,920</u>	<u>1,549,689</u>	<u>11,407,512</u>	<u>17,957,763</u>
<b>All Other Governmental Funds</b>										
Reserved	73,125	80,705	185,050	624,165	4,131,730	1,251,487	9,780,380	8,085,040	9,708,752	31,112,787
Unreserved Reported in:										
Special Revenue Funds	638,915	954,253	2,001,799	3,069,224	5,380,854	4,534,261	648,309	2,082,722	1,913,789	2,842,489
Capital Projects Funds	-	-	5,190,013	5,961,912	1,059,234	2,461,734	-	-	-	-
Total All Other Governmental Funds	<u>\$ 712,040</u>	<u>\$ 1,034,958</u>	<u>\$ 7,376,862</u>	<u>\$ 9,655,301</u>	<u>\$ 10,571,818</u>	<u>\$ 8,247,482</u>	<u>\$ 10,428,689</u>	<u>\$ 10,167,762</u>	<u>\$ 11,622,541</u>	<u>\$ 33,955,276</u>

- (1) The large decrease in General Fund balance in fiscal year ended 2004 was the result of hurricane debris removal expenditures that were reimbursed in fiscal year 2005.  
(2) The transportation revenue bond issue accounts for \$18.5 million of the increase in other Governmental Funds reserved fund balance during the fiscal year ended 2006.

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Revenues:</b>										
Property Taxes	\$ 9,286,754	(1) \$ 10,316,886	(1) \$ 5,319,728	\$ 5,464,575	\$ 5,950,617	\$ 6,139,833	\$ 6,626,383	\$ 7,334,228	\$ 8,394,332	\$ 9,878,462
Franchise Fees	n/a	n/a	(1) 229,717	342,044	370,123	1,428,238	2,717,374	2,815,567	3,168,855	3,963,179
Public Service Tax	n/a	n/a	(1) 3,461,674	3,586,462	4,038,130	6,143,085	6,298,994	6,411,966	6,874,286	7,360,867
State Revenue Sharing	n/a	n/a	(1) 1,334,263	1,472,313	1,539,215	1,554,947	1,786,901	1,956,265	2,473,587	2,591,215
Intergovernmental	3,705,511	(1) 4,361,851	(1) 4,153,054	4,910,233	5,703,269	6,332,558	7,712,493	6,683,930	15,887,440	10,424,400
Charges for Services	4,555,345	(1) 4,453,585	4,578,034	4,730,935	5,210,704	5,848,103	7,123,832	7,421,216	9,262,321	9,709,730
Fines and Forfeitures	138,377	136,389	203,606	225,853	394,552	289,326	330,006	258,376	296,238	335,093
Impact Fees	-	397,424	358,780	450,243	464,715	581,659	736,595	755,063	1,523,928	1,804,404
Interest Income	276,184	538,613	584,192	966,679	818,361	389,794	262,395	160,013	531,582	1,627,596
Miscellaneous	147,514	378,991	603,716	831,236	1,282,014	885,030	1,443,249	598,987	670,429	569,030
<b>Total Revenues</b>	<b>18,109,685</b>	<b>20,583,739</b>	<b>20,826,764</b>	<b>22,980,573</b>	<b>25,771,700</b>	<b>29,592,573</b>	<b>35,038,222</b>	<b>34,395,611</b>	<b>49,082,998</b>	<b>48,263,976</b>
<b>Expenditures:</b>										
General Government	2,583,112	2,501,083	3,013,293	3,024,952	3,445,370	3,973,662	4,748,270	5,689,764	6,759,888	7,018,478
Public Safety	5,805,534	6,347,580	7,032,924	7,073,864	7,416,040	7,890,927	9,085,907	10,687,423	11,597,713	12,676,423
Transportation	2,002,097	2,228,091	2,847,399	2,980,492	2,136,737	2,798,241	4,693,392	11,464,814	4,516,203	3,213,677
Culture/Recreation	668,315	672,906	706,550	816,165	821,153	986,472	1,253,886	1,462,220	1,853,925	1,837,059
Economic Environment	112,490	128,315	138,644	154,151	-	233,196	361,966	161,787	609,644	2,287,563
Physical Environment	3,079,467	2,895,686	3,061,880	3,038,069	3,381,239	4,477,589	5,169,043	4,738,776	5,418,280	5,317,395
Capital Outlay	-	2,193,302	1,348,146	2,464,896	5,796,782	7,057,104	10,394,255	8,056,985	7,014,743	5,912,901
Debt Service	-	-	-	-	-	-	-	-	-	-
Interest	-	46,333	33,543	10,305	-	-	-	-	-	-
Principal	113,899	228,379	228,380	568,821	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>14,364,914</b>	<b>17,241,675</b>	<b>18,410,759</b>	<b>20,131,715</b>	<b>22,997,321</b>	<b>27,417,191</b>	<b>35,706,719</b>	<b>42,261,769</b>	<b>37,770,396</b>	<b>38,263,496</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>3,744,771</b>	<b>3,342,064</b>	<b>2,416,005</b>	<b>2,848,858</b>	<b>2,774,379</b>	<b>2,175,382</b>	<b>(668,497)</b>	<b>(7,866,158)</b>	<b>11,312,602</b>	<b>10,000,480</b>
<b>Other Financing Sources (Uses):</b>										
Proceeds from Issuance of Debt	1,143,171	-	-	-	-	-	-	-	-	18,240,000
Premium on Revenue Bonds	-	-	-	-	-	-	-	-	-	308,836
Revenue Bonds Proceeds From Debt Service Agreement	-	-	-	-	-	-	-	-	-	333,670
Transfers From Other Funds	-	45,000	5,605,015	1,112,500	2,567,500	2,125,000	10,000,000	5,015,000	4,103,887	2,677,711
Transfers to Other Funds	-	(45,000)	(5,605,015)	(1,112,500)	(2,567,500)	(2,125,000)	(10,000,000)	(5,015,000)	(4,103,887)	(2,677,711)
<b>Total Other Financing Sources (Uses)</b>	<b>1,143,171</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,567,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,882,506</b>
<b>Net Change In Fund Balances</b>	<b>\$ 4,887,942</b>	<b>\$ 3,342,064</b>	<b>\$ 2,416,005</b>	<b>\$ 2,848,858</b>	<b>\$ 2,774,379</b>	<b>\$ 2,175,382</b>	<b>\$ (668,497)</b>	<b>\$ (7,866,158)</b>	<b>\$ 11,312,602</b>	<b>\$ 28,882,986</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>0.8%</b>	<b>1.6%</b>	<b>1.4%</b>	<b>3.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

(1) Data is not available in the format shown on this schedule for fiscal years ended 1997 and 1998. Taxes include franchise fees and public service tax. Intergovernmental includes State Revenue Sharing.  
(2) The large decrease in fund balance in fiscal year ended 2004 was the result of hurricane debris removal expenditures that were reimbursed in fiscal year 2005.  
(3) The transportation revenue bond issue accounts for \$18.5 million of the increase in fund balance during the fiscal year ended 2006.

**CITY OF DELTONA, FLORIDA**  
**TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**  
 (Modified Accrual Basis of Accounting)  
 (Amounts Expressed in Thousands)

Fiscal Year	Ad Valorem Tax	Franchise Fees			Public Service Tax			Total
		Electric	Cable Television	Other	Electric	Telecom-munication	Gas	
1997	\$ 5,319	\$ -	\$ -	\$ -	\$ 2,415	\$ 404	\$ 62	\$ 8,200
1998	5,209	-	375	-	2,798	505	69	8,956
1999	5,320	-	221	8	2,799	600	63	9,011
2000	5,465	-	252	90	2,815	701	70	9,393
2001	5,951	-	315	55	2,935	1,021	82	10,359
2002	6,140	1,424	-	4	3,349	2,715	79	13,711
2003	6,626	2,650	-	68	3,398	2,811	90	15,643
2004	7,334	2,763	-	53	3,271	3,047	94	16,562
2005	8,394	3,116	-	53	3,564	3,200	110	18,437
2006	9,879	3,883	-	80	3,847	3,405	109	21,203

Change 1997-2006      85.7%      N/A      N/A      59.3%      742.8%      75.8%      158.6%

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

Fiscal Year	Real Property	Personal Property	Total Assessed Valuation	Total Direct Rate	Total Estimated Actual Value	Assessed Value as a Percentage of Actual Value
1997	\$ 1,667,802	\$ 94,915	\$ 1,762,717	4.198	\$ 1,778,077	99.1%
1998	1,708,300	107,140	1,815,440	4.198	1,823,844	99.5%
1999	1,757,122	105,934	1,863,056	4.198	1,875,545	99.3%
2000	1,827,743	88,246	1,915,989	4.198	1,938,417	98.8%
2001	1,942,488	100,571	2,043,059	4.198	2,088,523	97.8%
2002	2,068,642	101,735	2,170,377	4.198	2,235,510	97.1%
2003	2,209,069	104,265	2,313,334	4.198	2,448,027	94.5%
2004	2,415,849	110,081	2,525,930	4.198	2,732,846	92.4%
2005	2,734,204	110,888	2,845,092	4.198	3,199,018	88.9%
2006	3,171,520	101,215	3,272,735	4.150	3,865,228	84.7%

Source: County of Volusia Property Appraiser. Due to the increasing number of exemptions the percentage has declined over the years and will likely continue to do so.

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

Fiscal Year	Direct Rate		Overlapping Rates							Total
	City of Deltona	County of Volusia	Volusia County School Board	St. Johns River Water Management District	Florida Inland Navigation District	West Volusia Hospital Authority	County of Volusia	County of Volusia		
1997	4.19800	6.21700	10.82100	0.48200	0.03800	1.90000	6.21700	6.21700	23.65600	
1998	4.19800	6.38100	10.48700	0.48200	0.05000	1.87206	6.38100	6.38100	23.47006	
1999	4.19800	6.37800	10.37600	0.48200	0.04700	1.60000	6.37800	6.37800	23.08100	
2000	4.19800	6.37300	9.91700	0.48200	0.04400	1.56918	6.37300	6.37300	22.58318	
2001	4.19800	6.36700	9.15800	0.47200	0.04100	1.59681	6.36700	6.36700	21.83281	
2002	4.19800	6.60400	9.01500	0.46200	0.03850	1.59680	6.60400	6.60400	21.91430	
2003	4.19800	6.60400	8.89900	0.46200	0.03850	1.59680	6.60400	6.60400	21.79830	
2004	4.19800	6.60400	8.69900	0.46200	0.03850	1.80000	6.60400	6.60400	21.80150	
2005	4.19800	6.60400	8.51700	0.46200	0.03850	1.80000	6.60400	6.60400	21.61950	
2006	4.15000	6.29400	8.25900	0.46200	0.03850	1.55000	6.29400	6.29400	20.75350	

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

CITY OF DELTONA, FLORIDA  
 PRINCIPAL TAXPAYERS  
 CURRENT AND TEN YEARS AGO  
 FISCAL YEARS ENDING

Taxpayer	September 30, 1997			September 30, 2006		
	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Florida Power & Light Company	\$ -		0.0%	\$ 15,332	1	0.5%
D O T Properties N V	-		0.0%	10,591	2	0.3%
Bright House Networks LLC	4,425	7	0.3%	10,550	3	0.3%
Bellsouth Telecommunication, Inc.	10,887	3	0.6%	9,398	4	0.3%
Maronda Homes Inc. of Florida	-		0.0%	8,687	5	0.3%
Publix Super Markets, Inc.	5,438	5	0.3%	8,290	6	0.3%
I-4 Howland Investment LLC	-		0.0%	7,143	7	0.2%
Sprint Florida, Inc.	9,018	4	0.5%	7,117	8	0.2%
Florida Power Corporation	36,564	1	2.1%	7,090	9	0.2%
Albertson's, Inc.	4,836	6	0.3%	6,667	10	0.2%
Florida Water Services	22,521	2	1.3%	-		0.0%
Prime-Muben Partners	4,020	8	0.2%	-		0.0%
Deltona Associates	3,879	9	0.2%	-		0.0%
Beverly Enterprises	2,722	10	0.2%	-		0.0%
All Other	1,658,407		94.1%	3,181,870		97.2%
	<u>\$ 1,762,717</u>		<u>100.0%</u>	<u>\$ 3,272,735</u>		<u>100.0%</u>

Source: County of Volusia Property Appraiser.

**CITY OF DELTONA, FLORIDA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year	Total Tax Levy	Current Levy Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent Total Collections To Levy
1997	\$ 5,222,553	\$ 5,318,507	101.8%	n/a	\$ 5,318,507	101.8%
1998	5,386,434	5,209,402	96.7%	n/a	5,209,402	96.7%
1999	5,504,990	5,319,728	96.6%	n/a	5,319,728	96.6%
2000	5,664,939	5,464,575	96.5%	n/a	5,464,575	96.5%
2001	6,094,183	5,950,617	97.6%	n/a	5,950,617	97.6%
2002	6,341,059	6,139,833	96.8%	n/a	6,139,833	96.8%
2003	6,845,840	6,626,383	96.8%	n/a	6,626,383	96.8%
2004	7,609,418	7,334,228	96.4%	n/a	7,334,228	96.4%
2005	8,694,704	8,385,492	96.4%	8,840	8,394,332	96.5%
2006	10,230,420	9,862,225	96.4%	16,237	9,878,462	96.6%

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

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

**CITY OF DELTONA, FLORIDA  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

	Governmental Activities		Business- Type Activities		Total Primary Government	Per Capita
	Revenue Bonds	General Obligation Notes Payable	Utility System Revenue Bonds			
1997	\$ -	\$ 1,143,171	\$ -	\$ -	1,143,171	\$ 20
1998	-	800,893	-	-	800,893	14
1999	-	572,514	-	-	572,514	10
2000	-	-	-	-	-	-
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	-	-	81,725,000	-	81,725,000	1,021
2005	-	-	81,225,000	-	81,225,000	979
2006	18,240,000	-	80,575,000	-	98,815,000	1,156

**CITY OF DELTONA, FLORIDA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF SEPTEMBER 30, 2006**

Taxing Authority	Debt Outstanding	Percentage Applicable to Deltona	Amount Applicable to Deltona
City of Deltona	\$ 18,240,000	100%	\$ 18,240,000
County of Volusia (1)	-	8.65%	-
Volusia County School Board (2)	<u>9,780,000</u>	8.65%	<u>845,970</u>
Total Direct and Overlapping Debt	<u>\$ 28,020,000</u>		<u>\$ 19,085,970</u>

(1) Source: County of Volusia Finance Department.

(2) Source: Volusia County School Board.

**CITY OF DELTONA, FLORIDA  
PLEDGED-REVENUE COVERAGE  
LAST THREE FISCAL YEARS**

Fiscal Year	Water and Sewer Revenue Bonds						Coverage
	(1)		(2)		2003 Revenue Bonds		
	Utility Revenues	Less Operating Expenses	Net Available Revenue	Principal	Interest		
2004	\$ 11,585,093	\$ 5,142,779	\$ 6,442,314	\$ 500,000	\$ 3,570,531	1.58	
2005	15,177,268	6,321,735	8,855,533	650,000	3,885,125	1.95	
2006	14,561,148	6,479,252	8,081,896	750,000	3,872,125	1.75	

(1) For purposes of debt coverage the following is a list of revenues included: All water and sewer revenues and water and sewer impact fees. Interest income is not included.

(2) Direct operating expenses does not include depreciation.

Note: The city purchased the water and sewer utility in the 2003/2004 fiscal year.

**CITY OF DELTONA, FLORIDA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

Year	Per Capita Income (1)					Median Household Income (1)								
	Florida	Lake	Orange	Seminole	Sumter	Marion	Volusia	Florida	Lake	Orange	Seminole	Sumter	Marion	Volusia
1996-97	23,655	21,255	21,951	24,932	13,913	18,784	19,600	30,641	24,883	31,812	37,574	20,055	23,266	26,260
1997-98	24,502	22,295	22,760	26,258	14,099	19,496	20,387	32,455	28,327	34,558	41,428	24,024	26,950	28,253
1998-99	25,987	23,698	24,173	27,996	14,714	20,724	21,293	34,909	30,768	36,979	43,061	25,601	28,244	29,843
1999-00	26,894	24,610	25,493	29,416	15,023	21,562	21,988	35,831	32,898	38,327	44,113	27,360	29,498	31,269
2000-01	28,509	25,651	27,084	30,294	15,422	22,640	23,327	38,856	35,170	39,401	46,559	30,090	30,537	33,016
2001-02	29,268	26,048	26,890	32,050	16,800	23,234	24,253	46,421	37,354	42,656	50,122	31,730	32,532	35,278
2002-03	29,700	25,937	27,400	32,750	17,255	23,106	24,730	38,024	36,585	41,202	49,287	30,559	31,490	34,740
2003-04	30,116	26,389	28,203	33,670	18,220	23,803	25,062	38,972	37,398	40,697	48,957	31,673	31,851	35,010
2004-05	31,469	27,122	29,748	35,716	19,400	24,749	26,118	40,554	39,013	40,604	49,199	34,050	33,177	36,038
2005-06	33,219	27,122	29,748	35,716	19,400	24,749	26,118	40,554	39,013	40,604	49,199	34,050	33,177	36,038

(1) Source US Department of Commerce, Bureau of Economic Analysis (Florida Research Economic Database)  
(2) Source University of South Florida College of Business Administration. Provides relative costs of living. The Average is set at 100%  
(3) Source Inflation Data . Com Average CPI or Calendar Year  
(4) Source Lake County School Board, Tavares, Florida  
(5) Source US Census Bureau, 2000

**CITY OF DELTONA, FLORIDA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

Year	Cost of Living Index Lake and Surrounding Counties (2)					Unemployment Lake and Surrounding Counties (2)					
	Lake	Orange	Seminole	Sumter	Marion	Volusia	Lake	Orange	Seminole	Marion	Volusia
1996-97	95.45	99.42	98.09	91.29	92.56	97.30	4.60	3.50	3.20	4.40	4.00
1997-98	94.21	101.88	98.38	92.49	93.15	96.38	3.80	3.20	2.70	3.00	3.30
1998-99	96.14	99.04	99.48	89.66	94.16	95.64	3.20	2.80	2.70	2.90	3.20
1999-00	94.48	99.21	100.00	88.57	93.30	94.75	3.90	3.20	3.10	4.30	3.50
2000-01	95.13	98.69	97.39	92.58	93.25	94.50	4.30	3.90	3.70	4.90	4.00
2001-02	95.57	97.67	95.87	92.42	93.75	956.20	5.50	5.40	5.20	5.70	5.20
2002-03	90.53	96.71	96.52	91.72	97.31	95.06	5.20	5.20	5.00	5.40	5.10
2003-04	98.79	101.63	100.01	95.14	95.99	96.16	4.30	4.40	4.00	4.50	4.60
2004-05	98.13	101.17	99.99	95.50	96.02	95.53	3.40	3.50	3.20	3.20	3.40
2005-06	97.50	10.99	99.56	95.33	94.30	94.90	3.30	3.00	2.80	3.30	3.10

(1) Source US Department of Commerce, Bureau of Economic Analysis (Florida Research Economic Database)  
(2) Source University of South Florida College of Business Administration, Provides relative costs of living. The Average is set at 100%  
(3) Source Inflation Data . Com Average CPI or Calendar Year  
(4) Source Lake County School Board, Tavares, Florida  
(5) Source US Census Bureau, 2000

**CITY OF DELTONA, FLORIDA  
 DEMOGRAPHIC STATISTICS  
 LAST TEN YEARS**

Fiscal Year	Population (1)		Unemployment Rate (2)	School (3)	
	Deltona	County % of City		Enrollment	Attendance
2006	85,484	503,844	3.0%	16,465	96.5%
2005	82,973	494,649	2.9%	16,228	96.4%
2004	80,052	484,080	4.8%	15,994	96.3%
2003	76,332	470,770	5.1%	15,376	96.0%
2002	71,599	459,569	5.4%	14,920	96.6%
2001	69,543	452,050	4.3%	14,583	96.6%
2000	61,191	443,343	2.8%	14,058	96.7%
1999	59,717	426,815	3.1%	13,530	96.2%
1998	58,434	420,431	3.4%	12,845	96.0%
1997	56,148	413,668	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  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
 LAST TEN FISCAL YEARS

Function/Program	Full-Time Equivalent Employees									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
City Manager	4.0	5.0	5.0	5.0	3.0	3.0	3.0	3.0	3.0	3.0
City Clerk	1.0	2.0	3.0	3.0	4.0	4.0	4.0	5.5	6.0	7.5
Finance	2.0	4.0	6.0	7.0	7.0	8.0	14.0	17.5	14.0	17.5
City Attorney	-	-	-	1.0	1.0	1.0	3.0	5.0	6.0	7.0
Development Services	3.0	13.0	16.0	16.0	22.0	31.0	37.0	42.0	51.0	60.5
Human Resources	-	1.0	2.0	2.0	2.0	2.0	3.0	4.5	3.5	6.0
Parks & Recreation	-	-	-	1.0	17.0	20.0	25.0	29.0	29.0	32.0
Total General Government	10.0	25.0	32.0	35.0	56.0	69.0	89.0	106.5	112.5	133.5
Police Officers	n/a	n/a	n/a	55.0	56.0	58.0	65.0	66.0	72.0	72.0
Fire & Rescue:										
Firefighters	39.0	42.0	45.0	45.0	45.0	45.0	51.0	51.0	54.0	66.0
Administration & Communication	18.0	20.0	20.5	20.5	17.5	16.5	16.5	19.0	20.5	21.5
Total Fire & Rescue	57.0	62.0	65.5	65.5	62.5	61.5	67.5	70.0	74.5	87.5
Total Public Safety	57.0	62.0	65.5	120.5	118.5	119.5	132.5	136.0	146.5	159.5
Public Works	3.0	24.0	28.0	28.0	28.5	28.0	29.0	25.0	31.5	28.0
Storm Water	-	-	-	-	8.0	14.0	18.0	26.0	23.0	23.0
Total Public Services	3.0	24.0	28.0	28.0	36.5	42.0	47.0	51.0	54.5	51.0
Water/Sewer Utility	-	-	-	-	-	-	-	42.5	55.5	64.0
Solid Waste	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total Public Services	-	-	-	1.0	1.0	1.0	1.0	43.5	56.5	65.0
Total Government Employees	70.0	111.0	125.5	184.5	212.0	231.5	269.5	337.0	370.0	409.0

**CITY OF DELTONA, FLORIDA**  
**VARIOUS INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN YEARS**

Function/Program	1997	1998	1999	2000	2001	2003	2004	2005	2006
<b>General</b>									
Last Charter Amendment					November 6, 2001				
Number of Commissioners	7	7	7	7	7	7	7	7	7
Form of Government			Commissioner: 4 Year Term of Office - Appointed City Manager						
Municipal Boundaries (1)	46	46	46	46	46	46	46	47.8	48.86
Number of Vehicles									
Number of Buildings									
<b>Police</b>									
Number of Stations	1	1	1	1	1	1	1	1	1
Protection Per 1,000									
Number of Police Officers	n/a	n/a	n/a	55	56	65	66	72	72
Number of Patrol Vehicles	n/a	n/a	n/a	n/a	n/a	n/a	40	40	40
Number of Arrests	n/a	n/a	n/a	n/a	n/a	n/a	5,068	9,386	6,544
<b>Fire</b>									
Number of Stations	4	4	4	4	4	4	4	4	4
Protection per 1,000									
Number of Fire Vehicles	4	4	4	4	4	4	5	5	6
Number of Calls	5,626	6,230	6,336	6,501	6,983	7,430	8,713	7,782	7,804
<b>Building</b>									
Building Permits Issued	n/a	1,577	3,226	3,066	3,382	5,397	5,952	9,593	5,858
Average Price of Single Family Residential Construction	n/a	62,315	73,206	72,593	101,590	156,416	160,779	161,903	204,202
Value of Permits Issued (\$1,000's of dollars)	n/a	\$ 62,315	\$ 73,206	\$ 72,593	\$ 101,590	\$ 235,906	\$ 322,118	\$ 423,408	\$ 212,063
Number of Vehicles									
<b>Recreation</b>									
Number of Parks	n/a	n/a	n/a	14	14	14	14	14	15
Acres Maintained	n/a	n/a	n/a	115	148	202	202	202	216
Number of Vehicles	n/a	n/a	n/a						
Number of Buildings	n/a	n/a	n/a	11	11	11	13	14	15
Number of People Served	n/a	n/a	n/a	n/a	n/a	n/a	90,041	168,428	223,533
<b>Library</b>									
Number of Libraries	1	1	1	1	1	1	1	1	1
<b>Public Works</b>									
Miles of Streets	423.54	423.54	423.54	423.54	423.54	423.54	423.54	423.54	423.54
Number of Street Lighting Districts	6	8	10	14	18	23	26	26	29
Number of City Maintained Traffic Signals	3	3	3	3	3	4	4	4	5
Number of School Signals	21	22	22	22	22	22	22	25	25
Number of Vehicles									
Number of Buildings	1	1	1	1	1	1	1	1	1
<b>Water (3)</b>									
Number of Units Served	n/a	n/a	n/a	n/a	n/a	n/a	30,295	30,981	31,811
Average Daily Flow (2)	n/a	n/a	n/a	n/a	n/a	n/a	12.26	11.06	12.71
Miles of Water Main	n/a	n/a	n/a	n/a	n/a	n/a	475	480	480
Number of Plants	n/a	n/a	n/a	n/a	n/a	n/a	17	17	17
Number of Vehicles	n/a	n/a	n/a	n/a	n/a	n/a	26	27	22
Number of Buildings	n/a	n/a	n/a	n/a	n/a	n/a	28	28	28
<b>Wastewater (3)</b>									
Miles of Sanitary Sewers	n/a	n/a	n/a	n/a	n/a	n/a	75	75	75
Number of Vehicles	n/a	n/a	n/a	n/a	n/a	n/a	11	11	9
Number of Buildings	n/a	n/a	n/a	n/a	n/a	n/a	4	4	4
Number of Plants	n/a	n/a	n/a	n/a	n/a	n/a	1	1	1

(1) Square miles.

(2) millions of gallons.

(3) Water and Wastewater Utility purchased in fiscal year 2004.

**CITY OF DELTONA, FLORIDA**  
**WATER SOLD BY TYPE OF CUSTOMER**  
**AND ASSOCIATED RATES LAST THREE YEARS**  
(In Millions of Gallons)

Type of Customer	Fiscal Year		
	2004	2005	2006
Single Family Residences	1,702.75	3,333.14	4,012.24
Multi Family Residences	0.89	1.93	2.19
Commercial	55.77	115.48	116.08
Multi Family Commercial	0.89	2.08	2.42
Hydrant	-	0.79	6.19
Bulk	18.78	37.29	41.93
Irrigation	16.18	31.11	48.32
Totals	<u>1,795.26</u>	<u>3,521.82</u>	<u>4,229.37</u>

Water Rates (Per 1,000 gallons consumed)

<b>All Customers</b>			
Rates apply to all usage - no cap	\$	1.27	\$
		1.27	\$
			1.27

Note: The City of Deltona purchased the water & sewer utility in the 2003/2004 fiscal year.

**CITY OF DELTONA, FLORIDA**  
**SEWER SOLD BY TYPE OF CUSTOMER**  
**AND ASSOCIATED RATES LAST THREE YEARS**  
(In Millions of Gallons)

Type of Customer	Fiscal Year		
	2004	2005	2006
Single Family Residences	98.77	238.77	248.25
Multi Family Residences	0.08	0.19	0.19
Commercial	28.91	70.18	69.64
Multi Family Commercial	0.46	1.04	1.18
Bulk	-	13.11	14.59
Totals	128.22	323.29	333.85

Sewer Rates (Per 1,000 gallons consumed)			
<b>Residential</b>			
0 - 6,000	\$ 7.32	\$ 7.32	\$ 7.32
over 6,000 (no charge)	\$ -	\$ -	\$ -
<b>Commercial</b>			
Rates apply to all usage - no cap	\$ 8.79	\$ 8.79	\$ 8.79
<b>Bulk</b>			
0 - 1,800,000	\$ 8.79	\$ 8.79	\$ 8.79
over 1,800,000 (no cap)	\$ 9.67	\$ 9.67	\$ 9.67

Note: The City of Deltona purchased the water & sewer utility in the 2003/2004 fiscal year.

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

**CITY OF DELTONA, FLORIDA  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

<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-4243
Campbell Park Overlook Project	F06230
Total Florida Recreation Development Assistance Programs	
Statewide Surface Water Restoration and Wastewater Projects:	
McGarity-Kirkhill Regional Stormwater Retrofit	S0262
<b>Total Florida Department of Environmental Protection</b>	
<b>Florida Housing Finance Corporation</b>	
State Housing Initiatives Partnership Program	N/A
Hurricane Housing Recovery Program	N/A
<b>Total Florida Housing Finance Corporation</b>	
<b>Fish and Wildlife Conservation Commission</b>	
Florida Boating Improvement Programs	
Lake Monroe Floating Dock Project	5114
<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	\$ 200,000	\$ 12,525
37.017	400,000	25,627
	<u>600,000</u>	<u>38,152</u>
37.039	<u>2,227,448</u>	<u>40,097</u>
	<u>2,827,448</u>	<u>78,249</u>
52.901	2,022,450	2,022,450
52.902	565,000	265,313
	<u>2,587,450</u>	<u>2,287,763</u>
77.006	<u>150,050</u>	<u>11,492</u>
	<u>\$ 5,564,948</u>	<u>\$ 2,377,504</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 accompanying financial statements of the 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, 2006, which comprise the City's basic financial statements and have issued our report thereon dated February 9, 2007. 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.

**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 an opinion 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 reportable 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 caused by error or fraud 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.

**Compliance and Other Matters**

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

We noted other matters that we have reported to the City Commission in a separate letter dated February 9, 2007.

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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.

February 9, 2007  
Ocala, Florida

*Durvis, Gray, and Company, LLP*

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND  
INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO  
EACH 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 Florida Department of Financial Services, *State Projects Compliance Supplement* that are applicable to its major state financial assistance project for the year ended September 30, 2006. The City's major state financial assistance project is 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 its major state financial assistance project 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 Chapter 10.550, *Rules of the Auditor General*. Those standards 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 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 its major state financial assistance project for the year ended September 30, 2006.

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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 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 state projects. 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 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 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 reportable 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 caused by error or fraud that would be material in relation to a major 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 State Financial Assistance**

We have audited the basic financial statements of the City. As of and for the year ended September 30, 2006, and have issued our report dated February 9, 2007. 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 state financial assistance is presented for purposes of additional analysis as required by 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 state awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Davis, Gray and Company, LLP*

February 9, 2007  
Ocala, Florida

**CITY OF DELTONA, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
STATE FINANCIAL ASSISTANCE PROJECTS**

1. **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 Financial Assistance Project**

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

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

Unqualified Opinion

VI. **Audit Findings Relative to State Financial Assistance Projects**

The audit disclosed no findings required to be reported under Chapter 10.550, *Rules of the Auditor General*.

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

■ **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**  
**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

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 State Projects Required to be Reported Under Chapter 10.550, Rules of the Auditor General**

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS -  
STATE FINANCIAL ASSISTANCE PROJECTS  
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 -  
STATE FINANCIAL ASSISTANCE PROJECTS  
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, 2006, and have issued our report thereon dated February 9, 2007.

We have issued our independent auditors' report on compliance and on internal control over financial reporting dated February 9, 2007. 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. All recommendations previously made have been addressed by the City.

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.

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 9, 2007.

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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 did not meet any of the conditions 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, 2006, 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, 2006.

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.

February 9, 2007  
Ocala, Florida

*Durvis, Gray and Company*

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, 2006, 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 9, 2007, on the basic financial statements of the City. Our comments are summarized as follows:

**Current Year Recommendations**

**2006 Financing Transactions**

The City entered into two significant financing transactions during 2006: the issuance of \$18 million of transportation bonds for road improvements and a forward interest rate swap agreement relating to Water and Sewer Fund 2003 bonds. In exchange for a current payment of \$2.7 million (net of \$ 441,000 of issue costs), the forward interest rate swap agreement grants the right to the swap counterparty to require the City to refund the remaining balance of the 2003 fixed rate Utility System bonds at the 2013 call date from the proceeds of variable rate refunding bonds, which would be synthetically converted to fixed rate via the forward interest rate swap agreement. This is a relatively new and complex financing type transaction.

The City was unable to provide us with documentation that some of the significant areas of these two financing transactions were competitively bid, primarily underwriter discounts, consultant's fees and swap rates. Also, it does not appear that the City used an independent Financial Advisor to advise the City in structuring and negotiating terms for either of the two financing arrangements. Thus, it is difficult to determine if the City received market interest and discount rates, competitive underwriters and other consultant's fees and given the complex nature of the forward interest rate swap agreement, whether it was advisable at all.

The negotiated issuance of bonds through an underwriter, instead of a competitive issuance, is provided for in the Florida Statutes; however, it may not always yield the lowest net cost to the City. Accordingly, we recommend that the City review the provisions of Florida Statutes, Section 218.385, regarding competitive selection of underwriters and consider competitive selection of other high cost professionals associated with future debt offering such as swap advisors and others associated with future debt offerings. Also, we recommend that the City engage an independent financial advisor to assist in the evaluation of future financing transactions.

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Honorable Mayor and City Commissioners  
City of Deltona  
Deltona, Florida

**MANAGEMENT LETTER COMMENTS**  
*(Concluded)*

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

**2006 Financing Transactions** *(Concluded)*

**Grant Administration**

During our audit, we noted a lack of communication between the Finance Department and the Community Development Department regarding the SHIP and CDBG grants administered by Community Programs. It appeared that the funds accounting for those grants have not been analyzed all year and had only been accumulating expenditures and revenue; the accounts receivable and/or deferred revenue in each fund had not been adjusted until the time of fieldwork to reflect the correct year-end amounts. We recommend the Finance Department review these funds on a monthly or quarterly basis to determine proper revenue recognition. We also recommend that a contact person in accounting be designated to oversee the accounting required for all federal, state, and local grants. This person should reconcile grant revenue and expenditures for the year, determine applicable federal or state catalog numbers, and send grant confirmations to grantor agencies at year-end for purposes of the City's Single Audit.

**Capital Asset Accounting**

At the time of fieldwork, the Capital Asset subsidiary records were not reconciled to the general ledger, which required numerous journal entry postings after year-end. This was primarily caused by new purchases during the year not being added and recorded to the subsidiary records until after year-end.

Because capital asset purchases can be the largest expenditure both in dollar and volume to the City, we recommend that the City record and reconcile these subsidiary records on an ongoing basis. Additionally, we recommend that the City perform a physical inventory of all capital assets to be in compliance with property control requirements.

**Journal Entries**

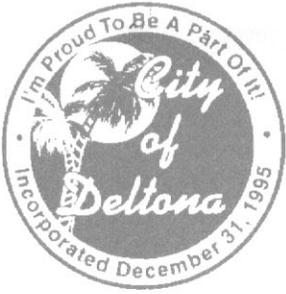
As part of our testing, we evaluated the procedures over the posting of journal entries. We noted that the entries of the Accounting Manager (Chief Accountant) were not reviewed before posting to the general ledger. The Accounting Manager reviews all other journal entries being posted. To strengthen internal controls in this area, we recommend that another individual review and approve the Accounting Manager's journal entries before they are posted to the general ledger.

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 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.

February 9, 2007  
Ocala, Florida

*Durvis, Gray and Company, LLP*



# City of Deltona

## RESPONSES TO MANAGEMENT LETTER COMMENTS

Honorable Mayor and City Commissioners  
City of Deltona  
Deltona, Florida

### Prior Year Recommendations

- **Fraud Policy and Monitoring Activities**  
Management recognized the importance to develop antifraud processes and controls. Effective April 16, 2007, the City adopted a Fraud Policy, CW07-01. City's staff will be proactive in performing periodical audit ensuring that antifraud processes and controls are followed.
- **Taxation of Benefits and Other Related Items**  
The City's Finance and Internal Services Department has created a new staff position for internal control review. The City's payroll staff strives to assure taxation compliance by periodic internal reviews and by attending annual payroll training to stay current with payroll related issues.
- **Firefighters' Pension – City Contributions**  
The City's Firefighters' Pension Plan annually engages an actuary to prepare an actuarial report. This actuarial report expresses the required contributions in dollars and percent of payroll. Effective April 26, 2007, the City's Firefighter's Pension contributions will be limited to the rate calculated in the actuarial report.

### Current Year Recommendations

- **2006 Financing Transactions**  
The City recognizes the importance of competitive selection of professionals associated with debt offerings and has entered into contract negotiations for an independent financial advisor to assist in the evaluation of future financing transactions.

- **Grant Administration**

The City's Finance and Internal Service Department will complete necessary monthly journal entries and provide monthly financial reports to directors and the City Manager for review. Also, the City's Financial and Internal Services will periodically reconcile revenues and expenditures for the year, determine applicable federal or state catalog numbers, and send grant confirmations to grantor agencies at year-end for purposes of the City's Single Audit.

- **Capital Asset Accounting**

The City's Finance and Internal Service Department will periodically reconcile subsidiary records on an ongoing basis. The City will carefully consider the recommendations presented and will perform physical inventory of capital assets as time and resources allow. The City is currently applying additional duties to the fixed asset function to ensure accurate and timely information is recorded in the financial accounting system.

- **Journal Entries**

The City's has taken a proactive approach in strengthening internal controls. To improve accuracy and internal controls, another individual will review and approve the Accounting Manager's journal entries.

April 25, 2007  
Deltona, FL