

# CITY OF DELTONA, FLORIDA



Campbell Park Overlook



Campbell Park Boardwalk Gazebo

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



Campbell Park Boardwalk

*for fiscal year ended September 30, 2008*

**City of Deltona, Florida**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For The Fiscal Year Ended September 30, 2008

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

**CITY OF DELTONA, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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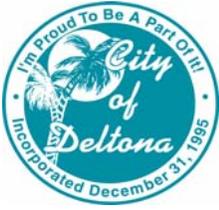
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# Introductory Section



# City of Deltona

March 11, 2008  
To the Honorable Mayor and  
Members of the City Commission and  
Citizens of the City of Deltona, Florida

The Comprehensive Annual Financial Report (CAFR) of the City of Deltona, for the fiscal year ended September 30, 2008, is hereby submitted pursuant to the City Charter, Florida Statutes, and Chapter 10.550, Rules of the Auditor General of the State of Florida.

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

Purvis, Gray & Company, Certified Public Accountants, have issued an unqualified (“clean”) opinion on the City of Deltona’s financial statements for the year ended September 30, 2008. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with it.

## ***Profile of the Government***

The City of Deltona, Florida, incorporated December 31, 1995, is located in the southwest corner of Volusia County, in the eastern central part of the Florida Peninsula. The City is situated along the Interstate 4 corridor approximately 25 miles northeast of Orlando and approximately 25 miles southwest of Daytona Beach. It currently occupies 46 square miles and serves a population of 85,921. The City started as a planned community by the Deltona Corporation in 1962. 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 of Deltona 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 term of office for each member of the City Commission, including the Mayor’s position, is four (4) years. However, the term for the current Commission is five (5) years. The current term was changed so that the City’s elections would coincide with other local elections as well as with the Federal mid-term and Presidential elections. It is anticipated that this change will result in greater voter turn-out for the City in the future. Neither the Mayor

nor any other Commission member may serve more than two successive four (4) year terms of office. The City is governed by the City Charter, 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 of Deltona provides a full range of services including law enforcement and fire/rescue protection, solid waste management, storm water management, water and sewer service, construction and maintenance of road and street facilities, planning and development services, recreational and cultural activities and general administrative services. The financial statements in this report include the funds of all the activities under the jurisdiction of the City Commission. The financial reporting entity includes all the funds of the primary government (i.e., the City of Deltona, Florida as legally defined), as well as all of its component units. The component units are legally separate entities for which the City is financially accountable. Currently, there are no entities outside the primary government that meet the definition of a component unit of the City.

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 of each year. 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. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

### ***Local economy***

The City's economic environment has been declining in recent months, largely attributable to a significant number of foreclosures and residents leaving the City. 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. Unemployment figures for the area have been trending higher than both State and national rates. The Deltona-Daytona Beach-Ormond Beach Metropolitan area and Volusia County had an unemployment rate of 7.2% in December 2008, compared to 6.6% for the State of Florida and a national rate of 6.0%.

The regional economy has suffered and with it the City experienced lower levels of building activity and even experienced a small decrease in population over the previous year. 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 show a slow down for the fifth year in a row from fiscal year 2002/2003. Population in the City increased by 41% between the years 2000 and 2007 with 4.3% of that increase occurring between 2005 and 2007. Recently the City has experienced a small decrease in population and a significant decrease in property values. Property tax revenue for this fiscal year is \$676,889 less than the prior fiscal year, a 5.3% decline. Property tax revenue in the foreseeable future is expected to remain flat or decline.

While residents enjoy the quiet suburban lifestyle of this community and public sentiment is to maintain and preserve its residential character, the City's tax base, because it is almost exclusively residential, will continue to present a significant financial challenge to the City's government with respect to all aspects of service delivery in the coming years unless significant commercial development occurs in the near future.

### ***Long-term financial planning***

Unreserved, undesignated fund balance in the General Fund (39% percent of the total General Fund revenues) falls within the policy guidelines set by the City Manager for budgetary and planning purposes (i.e., between 5% and 15% of total General Fund revenues). The City Commission and the City Manager continue to develop a vision for the City's future. The plan looks to respond to the needs of the community, while at the same time meeting these needs in a cost-effective and efficient manner.

We expect many difficult financial challenges in the next few years as the economy continues to slow down and the slump in the real estate market deepens. For the first time in the City's history, the fiscal year 2008/2009 budget experienced a decline in our tax base and we expect to see this decline continue into the 2009/2010 budget year. The following items are planned for the next fiscal year and beyond:

In the fiscal year 2008/2009 budget, the City reduced General Fund operating expenditures by \$6.0 million; General Fund transfers out to capital project funds by \$6.2 million and General Fund capital outlay by \$0.6 million for total reductions of \$12.8 million or 28%. A large part of the reduction in General Fund operating expenditures is attributable to reduction in staff in various departments due to attrition and/or elimination of open positions. Nearly 90% of the reduction in operating expenditures (\$5.4 million of the \$6.0 million reduction) was in General Government, Transportation, and Culture & Recreation. Law Enforcement & Code Enforcement experienced a modest reduction (13% of total reductions) and Fire & Rescue had a 2% increase. The City recently hired a firm to conduct an employee climate survey and efficiency study. This report has been completed and provides the City a guide for additional opportunity for staff reduction and level of service improvement. Recommendations from this report are being reviewed for possible implementation.

During fiscal year 2007/2008, Development Services budgeted resources for an update to the City's Comprehensive Plan, which is nearing completion. The City's current Comprehensive Plan is dated from 1999 and with the continued growth and expansion, it is vital to have current and accurate City plans relating to economic growth in a unified manner. The Unified Land Development Code is being done in-house by City staff and is still in progress. These plans are necessary for a clear vision for future growth and resource allocation. It is anticipated these plans will be completed in the current year.

Recreation programs continue to be important to the residents of the City. A Parks and Recreation Master Plan was completed in fiscal year 2007/08. This Plan includes a 10-year growth plan relating to this function of the City. The City purchased the historical Thornby property and has budgeted \$900,000 in the fiscal year 2008/2009 budget for an all-inclusive playground.

Planning for increased demands on public safety requirements and improving efficiency for the delivery of these services is also demonstrated through the appropriation of \$7.6 million for the land for a Public Safety Complex to include a 5<sup>th</sup> Fire Station (FS65). This project is estimated at a building construction cost of \$19,700,000 with land acquisition at \$7,600,000, for a total project cost of \$27,300,000. The fiscal year 2008/2009 budget includes appropriations of \$7,600,000 for the land, with the expectation to debt finance the balance during the 2008/2009 budget year. In addition to initial construction costs, the City of Deltona will likely incur significant additional operating costs to operate and maintain the new facility. The City is looking to combine Fire Station 65 and the Public Safety Complex for economies of scale into one project.

The demand on the City's roadways continues to increase. In fiscal year 2008/2009, the City has \$8.6 million appropriated to continue its road resurfacing, Normandy Blvd. and Ft. Smith Blvd. projects.

In fiscal year 2008/2009, the City anticipates it will incur up to \$7.5 million in debt in the Stormwater fund for various stormwater improvement projects.

***Relevant financial policies***

The City plans to implement GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Post Employment Benefits other than Pensions" during the fiscal year ending September 30, 2009. The City engaged an actuary to provide preliminary estimates of the potential liability the City will be required to disclose. The estimated total unfunded actuarial accrued liability as of March 1, 2008 was \$1,362,000 for all governmental and enterprise funds combined. Of that total approximately two-thirds or \$905,000 is Fire & Rescue Services.

***Major initiatives***

The State legislation enacted new regulations relating to property tax reform, effective for fiscal year 2008/2009. The passage of Amendment 1 added a second \$25,000 homestead exemption to homesteaded property as well as adding portability to the "Save Our Homes" benefit in certain circumstances.

***Awards and acknowledgements***

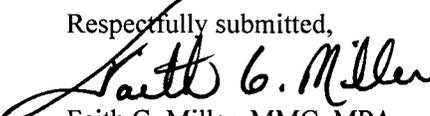
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial reporting to the City of Deltona, Florida, for its Comprehensive Annual Financial Report for the fiscal year ending September 30, 2007. This was the eighth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that satisfies 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 CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated September 30, 2008. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,

  
Faith G. Miller, MMC, MPA  
City Manager

  
Robert Clinger, 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, 2007

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  
 Zenaida Denizac, Dist. 1      Herb Zischkau, Dist. 2  
 Michele McFall-Conte, Dist. 3      Paul Treusch, Dist. 4  
 Janet I. Deyette, Dist. 5      Michael Carmolingo, Vice-Mayor, Dist. 6

**Various Appointed Boards & Committees**      **City Manager's Office**  
 Faith G. Miller, MMC, MPA  
 City Manager

**City Attorney**  
 George Trovato

**City Clerk's Office**  
 Faith G. Miller, MMC, MPA  
 City Clerk

**Information Technology Services**  
 Steve Narvaez  
 Manager

**Finance Department**  
 Robert Clinger, CPA  
 Director  
*Fiscal Services      Purchasing*

**Enforcement Services**  
 Dale Baker  
 Director  
*Animal Control      Code Enforcement  
 Solid Waste*

**Human Resources**  
 Tom Acquaro  
 Director

**Planning & Development Services**  
 Tom Burbank  
 Acting Director

**Building & Zoning Services**  
 Cyrus Butts  
 Director

**Parks & Recreation**  
 Mark Manning  
 Acting Director

**Fire / Rescue Department**  
 Robert Staples  
 Fire Chief  
*Fire Loss Management      Combat  
 Communications      Training*

**Law Enforcement**  
 Capt. John Bonnevier  
 District Commander  
*Contracted services with  
 Volusia County Sheriff's Office*

**Public Works and Utilities**  
 Dave Denny  
 Director  
*Administration      Field Operations  
 Traffic Operations      Engineering  
 Fleet Maintenance      Stormwater  
 Water & Wastewater Operations  
 Customer Service & Billing*

**CITY OF DELTONA, FLORIDA  
PRINCIPAL OFFICIALS**

**ELECTED OFFICIALS**

Mayor----- Dennis Mulder  
Vice Mayor/Commissioner, District 6 ----- Michael Carmolingo  
Commissioner, District 1----- Zenaida Denizac  
Commissioner, District 2----- Herb Zischkau  
Commissioner, District 3----- Michele McFall-Conte  
Commissioner, District 4----- Paul Treusch  
Commissioner, District 5----- Janet Deyette

**OTHER OFFICIALS**

City Manager ----- Faith G. Miller  
City Attorney ----- George Trovato  
City Clerk ----- Faith G. Miller  
Finance Director----- Robert Clinger  
Human Resources Director ----- Thomas Acquaro  
Acting Planning & Development Services Director----- Tom Burbank  
Building & Zoning Services Director ----- Cyrus Butts  
Enforcement Services Director----- Dale Baker  
Fire Chief ----- Robert Staples  
Public Works and Utilities Director ----- Dave Denny  
Acting Parks & Recreation Director----- Mark Manning

## Financial Section

## 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, and 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, 2008, 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, 2008, 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 March 3, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing, 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**

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505  
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542  
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2201 Cantu Court, Suite #100 • Sarasota, Florida 34232 • (941) 379-2800 • FAX (941) 379-2899

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 comprise 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. The combining and individual nonmajor fund statements and schedule of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical sections 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.

*Purvis, Gray and Company, LLP*

March 3, 2009  
Ocala, Florida

## Management's Discussion and Analysis

As management of the City of Deltona (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2008. 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 pages i-iv.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$144,298,039. Of this amount, \$21,061,543 (*unrestricted net assets*) may be used to meet the government's on-going obligations to citizens and creditors.
- The City's total net assets decreased by \$3,309,591. All of this decrease in net assets is attributable to governmental activities. Business-type activities experienced a small increase in net assets.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$43,676,248; a decrease of \$12,854,501 in comparison with the prior year. Approximately 32.4% 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 \$12,977,046 or 36.9% of total General Fund expenditures.
- The City did not issue debt during the current 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) fund financial statements; and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

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

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.

## **Management's Discussion and Analysis** *(Continued)*

The City's government-wide financial statements can be found on pages 14-15 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, enterprise funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balances sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains six individual governmental funds. Information is presented separately in the governmental fund balances sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund. Five of these funds are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The governmental fund financial statements are presented on pages 16-19 of this report.

**Proprietary funds.** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer distribution operation. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles. Because these services predominantly benefit governmental rather than business-type functions, they are included within governmental activities in the government-wide financial statements.

Enterprise fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The water and sewer utility fund is considered a major fund of the City. The basic enterprise fund financial statements can be found on pages 20-24 of this report.

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

The basic fiduciary fund financial statements can be found on pages 25-26 of this report.

**Management's Discussion and Analysis**  
(Continued)

**Notes to the financial statements.** The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-48 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's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 49-54 of this report.

The combining statements referred to earlier in connection with 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 55-65 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 \$144,298,039 at the close of the most recent fiscal year.

By far, the largest portion of the City's net assets (66%) reflect its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment), less any related debt issued 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.

**City of Deltona's Net Assets**

	Governmental Activities		Business-type Activities		Total	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 50,360,154	\$ 60,930,464	\$ 27,796,892	\$ 31,790,903	\$ 78,157,046	\$ 92,721,367
Capital assets, net of depreciation	109,077,926	100,683,842	69,706,689	66,392,617	178,784,615	167,076,459
<b>Total assets</b>	<b>159,438,080</b>	<b>161,614,306</b>	<b>97,503,581</b>	<b>98,183,520</b>	<b>256,941,661</b>	<b>259,797,826</b>
Current and other liabilities	4,790,547	3,218,262	5,046,923	5,034,227	9,837,470	8,252,489
Long-term liabilities	19,378,959	19,632,817	83,427,193	84,304,890	102,806,152	103,937,707
<b>Total liabilities</b>	<b>24,169,506</b>	<b>22,851,079</b>	<b>88,474,116</b>	<b>89,339,117</b>	<b>112,643,622</b>	<b>112,190,196</b>
Net Assets:						
Investment in capital assets net of related debt	100,154,051	98,227,017	(4,554,058)	687,601	95,599,993	98,914,618
Restricted	21,608,876	17,624,008	6,027,627	5,756,187	27,636,503	23,380,195
Unrestricted	13,505,647	22,912,202	7,555,896	2,400,615	21,061,543	25,312,817
<b>Total net assets</b>	<b>\$ 135,268,574</b>	<b>\$ 138,763,227</b>	<b>\$ 9,029,465</b>	<b>\$ 8,844,403</b>	<b>\$ 144,298,039</b>	<b>\$ 147,607,630</b>

**Management's Discussion and Analysis**  
(Continued)

A portion of the City's net assets (19.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$21,061,543) may be used to meet the City's on-going obligations to citizens and creditors.

At the end of the current fiscal year, the City reported positive balances in 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 and sewer utility.

**Governmental activities.** Governmental activities decreased the City's net assets by \$3,494,653, accounting for all of the decrease in the net assets of the City. Business-type activities experienced a small increase in net assets of \$185,062. Key elements of these changes are as follows.

	<b>City of Deltona's Changes in Net Assets</b>					
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 6,115,732	\$ 6,624,088	\$ 12,528,827	\$ 12,912,860	\$ 18,644,559	\$ 19,536,948
Operating grants and contributions	1,394,733	1,668,575	-	-	1,394,733	1,668,575
Capital grants and contributions	5,681,697	4,913,892	420,686	542,629	6,102,383	5,456,521
General Revenues:						
Property taxes	12,106,012	12,782,901	-	-	12,106,012	12,782,901
Franchise fees	3,788,670	3,788,900	-	-	3,788,670	3,788,900
Other taxes	9,509,809	9,761,861	-	-	9,509,809	9,761,861
State Shared Revenues	6,242,075	6,787,553	-	-	6,242,075	6,787,553
Other	2,284,660	3,405,244	1,204,533	1,520,716	3,489,193	4,925,960
<b>Total Revenues</b>	<b>47,123,388</b>	<b>49,733,014</b>	<b>14,154,046</b>	<b>14,976,205</b>	<b>61,277,434</b>	<b>64,709,219</b>
<b>Expenses:</b>						
Governmental Activities:						
General government	11,343,784	9,703,442	-	-	11,343,784	9,703,442
Public safety	18,291,690	15,601,863	-	-	18,291,690	15,601,863
Physical environment	6,790,848	5,969,928	-	-	6,790,848	5,969,928
Transportation	7,402,043	6,752,773	-	-	7,402,043	6,752,773
Culture & recreation	5,386,966	2,785,735	-	-	5,386,966	2,785,735
Economic environment	563,904	1,363,432	-	-	563,904	1,363,432
Interest on long-term debt	838,806	854,963	-	-	838,806	854,963
Business-type Activities:						
Water and sewer	-	-	13,968,984	13,300,415	13,968,984	13,300,415
<b>Total Expenses</b>	<b>50,618,041</b>	<b>43,032,136</b>	<b>13,968,984</b>	<b>13,300,415</b>	<b>64,587,025</b>	<b>56,332,551</b>
Change in Net Assets	(3,494,653)	6,700,878	185,062	1,675,790	(3,309,591)	8,376,668
Net Assets-beginning of year	138,763,227	132,062,349	8,844,403	7,168,613	147,607,630	139,230,962
Net Assets-end of year	<b>\$ 135,268,574</b>	<b>\$ 138,763,227</b>	<b>\$ 9,029,465</b>	<b>\$ 8,844,403</b>	<b>\$ 144,298,039</b>	<b>\$ 147,607,630</b>

- Charges for services in 2008 decreased by \$508,356 or 7.7%. Permitting and inspection fees decreased \$535,394 or 52% and parks and recreation fees decreased by \$87,021 or 36%. Solid waste fees, code enforcement fines, public safety charges and law enforcement fines all experienced modest increases.
- Operating grants and contributions received by the City decreased in 2008 by \$273,842 or 16.4% from 2007. This decrease is primarily contributed to the completion of the HHRP grant.
- Capital grants and contributions increased in 2008 by \$767,805 or 15.6%. This increase was mostly attributable the reimbursement of construction costs on the Normandy Road project. Impact fees decreased by \$263,575.

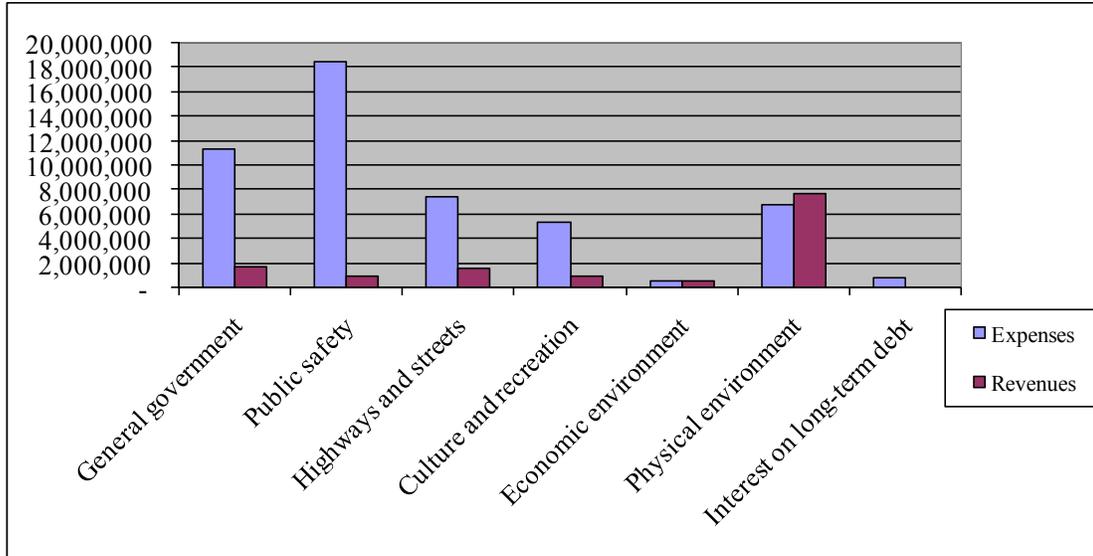
**Management's Discussion and Analysis**  
*(Continued)*

- General revenues decreased in 2008 \$2,595,232 or 7.1% from 2007. The majority of the decrease is attributable to a combination of decreased property taxes, down by \$676,889 or 5.3%, decreased State shared revenues, down by \$545,478 or 8.0% and investment income which was down by \$1,002,822 or 32.5%.
- General government expenses increased by \$1,640,342. Personal service expenses increased by \$947,276 and are attributable to recommendations of the Evergreen salary study that were implemented. Other significant increases were computer software at \$86,345, professional services at \$355,331, other contractual services at \$366,177 and depreciation expense of \$159,546.
- Public Safety expenses increased by \$2,689,827 in 2008. Personal service costs increased by \$770,030 and are attributable to union contracts and recommendations of the Evergreen salary study that were implemented. Law enforcement contract costs increased over 2007 due a contracted increase in administrative costs as well as the addition of eight police officers.
- Transportation expenses increased by \$649,270. Increases were personal service expenses \$303,554 and are attributable to recommendations of the Evergreen salary study that were implemented. Landscaping expenses increased by \$192,087 and depreciation expense increased by \$100,003.
- Culture and Recreation expenses increased by \$2,601,231. 2 million of this was funding provided to Volusia County for the amphitheater. Personal services increased by \$299,583 and are attributable to recommendations of the Evergreen salary study that were implemented. Depreciation expense increased by \$95,542.
- Economic Environment expenses decreased by \$799,258 as the Hurricane Housing Recovery Program (HHRP) came to an end. The State Housing Initiatives Program (SHIP) also experienced a decrease in expenditures.
- Physical environment expenses increased by \$820,920. Personal Service expenditures increased by \$307,560 and are attributable to recommendations of the Evergreen salary study that were implemented as well as the addition of one administrative staff. Tropical Storm Fay expenses were \$148,114 and fuel and oil increased by \$116,729, also attributable to Tropical Storm Fay.

**Management's Discussion and Analysis**  
(Continued)

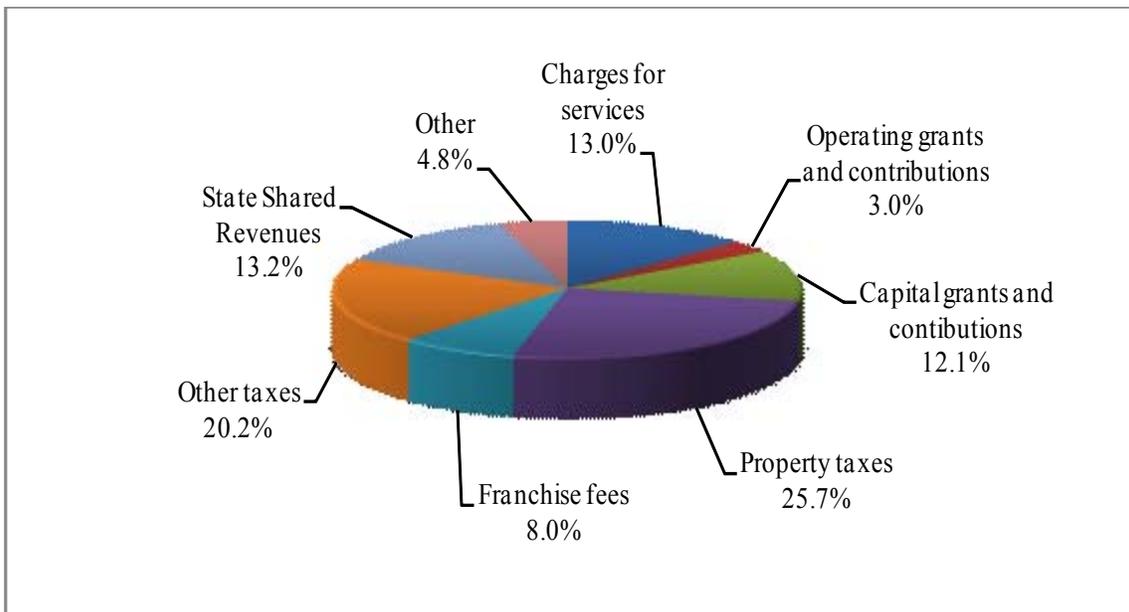
The following chart compares expenses with program revenues for the City's governmental activities:

**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 \$185,062 accounting for all of the total growth in the City's net assets this year. This increase was nearly \$1.5 million less than the increase in net assets last year. Key elements of the \$1.5 million decline (comparing last year to this year) are as follows:

- Capital grants and contributions decreased by \$121,943 as a result of decreased water and waste water impact fees.

**Management’s Discussion and Analysis**  
*(Continued)*

- Charges for services decreased by \$469,033. Other revenues decreased by \$316,183 and are primarily a result of decreased investment earnings.
- Water and sewer expenditures increased \$583,569. Most of this increase was attributable to Tropical Storm Fay and increased cost of chemicals.

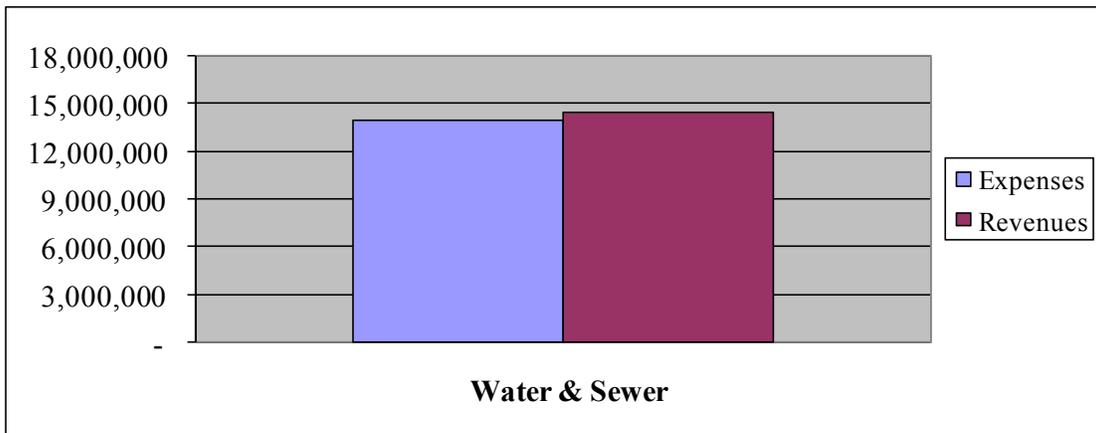
**Financial Analysis of the City’s Funds**

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

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

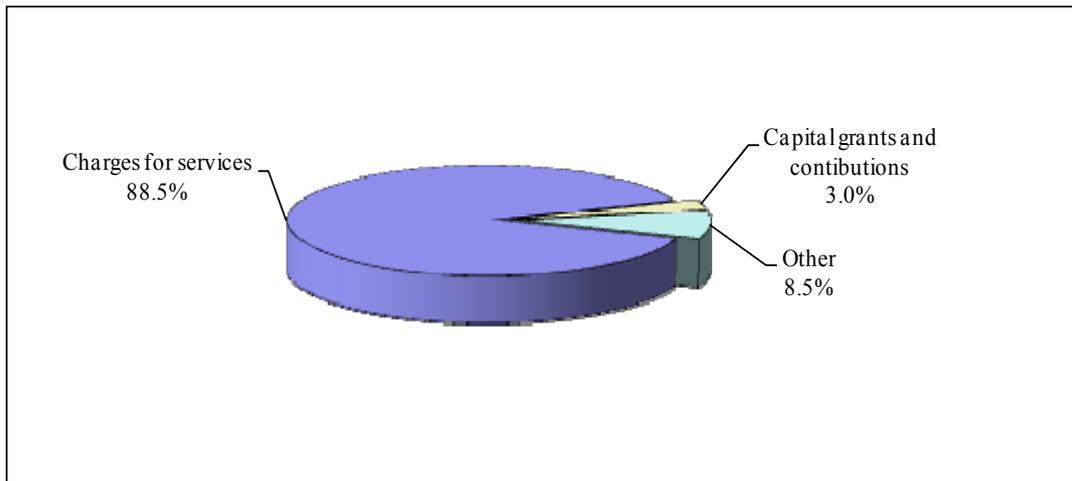
The following chart compares expenses with program revenues for the City’s business-type activities:

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



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

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



## **Management's Discussion and Analysis** *(Continued)*

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$43,676,248 a decrease of \$12,854,501 in comparison with the prior year. Approximately 32.4% of this amount (\$14,157,351) constitutes *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance is *reserved* and is not available for new spending because it has already been committed to future expenditures for road and street expenditures (\$20,043,615), capital projects (\$8,107,974), debt service (\$660,000), and prepaid items (\$707,308).

The General Fund is the chief operating fund for the City. At the end of the current fiscal year, the unreserved, undesignated fund balance of the General Fund was \$12,977,046, while total fund balance reached \$13,684,354. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balances represents 36.9% of total General Fund expenditures, while total fund balance represents 38.9% of the same amount.

The fund balance of the City's General Fund decreased by \$7,619,073, or 35.8%, during the current fiscal year. Key factors in this decrease are as follows:

- The City's millage rate for the FY 2007/08 was decreased significantly to 3.2837 mills, an 18.2% reduction over the prior year, resulting in a 5.3% reduction in property tax (ad valorem) revenue. This is combined with a reduction in virtually all other General Fund revenues.
- The actual transfers out of the general fund for capital projects were \$5,509,000.

*Solid Waste Fund.* The City's Solid Waste fund experiences a decrease in fund balance of \$191,219, which was anticipated. The fund experiences a slight increase in revenue (1.3%) but experienced a slight increase in expenses (2.1%). Part of this increase was attributable to increases in personal services as a result of the implementation of recommendations of the Evergreen salary study. Most of the remaining increase was attributable to an increase in contractual services (\$20,873) and the purchase of a vehicle (\$24,042).

*Stormwater Utility Fund.* The City's Stormwater fund experienced a decrease in fund balance of \$1,390,137. This decrease in fund balance was anticipated. The fund did experience an increase in revenue which was mostly attributable to a grant. The fund spent \$1,607,433 over prior year expenditures; \$572,000 of this increase was attributable to operating expenses, primarily personal services as a result of the implementation of recommendations of the Evergreen salary study. The remaining increase in expenditures was attributable to large capital projects, primarily Tivoli and Sumatra.

*Transportation Fund.* The City's Transportation fund experienced a decrease in fund balance of \$4,108,691. The decrease was anticipated and is mostly attributable to road resurfacing and the Normandy (Section A) road project.

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

Unrestricted net assets of the Water and Sewer Utility fund at the end of the year amounted to \$7,555,896. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities (see page 8-9).

### **General Fund Budgetary Highlights**

During the year there was a \$2,095,933 reduction in General Fund appropriations between the original and final amended budget. This was done in anticipation of revenue shortfalls. Following are the main components of the decrease:

**Management's Discussion and Analysis**  
*(Continued)*

- Personal service cost budget was reduced by \$645,200.
- Operating expenditure budget was reduced by \$1,350,733.
- Capital outlay budget was reduced by \$100,000.

General Fund revenues were below budget by \$4,810,984. Major revenue items that were below budget were:

• Public Service Tax	\$ 1,172,477
• State Revenue Sharing	\$ 815,222
• Intergovernmental Revenue	\$ 1,106,711
• Charges for Services	\$ 1,177,598

Interest income exceeded budget by \$139,857.

General Fund expenditures were \$3,394,708 below budget. Personal service costs were under budget by \$1,100,000 as all budgeted positions were not filled. Public Works was under budget on Road Materials by \$126,000, Landscaping by \$90,000 and Repairs and Maintenance - \$328,000.

**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, 2008 is \$178,784,615 (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 water and wastewater utility). The total increase (additions less retirements and depreciation) in the City's investment in capital assets was \$11,708,156; an increase of 7.0%. This consisted of an 8.3% increase for governmental activities and a 4.99% increase for business-type activities.

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

- Whipple Park Project - \$290,000
- Amphitheater Project with Volusia County - \$2,000,000
- Renovation of Social Services Building - \$725,000
- Normandy Boulevard Road project - \$4,200,000

**City of Deltona's Capital Assets**

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 5,954,749	\$ 5,909,637	\$ 2,829,916	\$ 1,638,527	\$ 8,784,665	\$ 7,548,164
Infrastructure Right of Way	4,372,500	4,372,500	-	-	4,372,500	4,372,500
Construction in Progress	12,046,578	5,649,133	6,387,134	8,767,538	18,433,712	14,416,671
Buildings & Improvements	55,409,944	51,011,313	2,465,367	2,465,367	57,875,311	53,476,680
Machinery & Equipment	17,721,438	16,924,350	58,274,775	9,602,487	75,996,213	26,526,837
Infrastructure	78,450,712	77,811,526	11,698,051	53,151,273	90,148,763	130,962,799
<b>Total</b>	<b>\$ 173,955,921</b>	<b>\$ 161,678,459</b>	<b>\$ 81,655,243</b>	<b>\$ 75,625,192</b>	<b>\$ 255,611,164</b>	<b>\$ 237,303,651</b>

**Management's Discussion and Analysis**  
*(Continued)*

Additional information on the City's capital assets can be found in Note C on pages 35-36 of this report.

**Debt.** At the end of the current fiscal year the City had total bonded debt outstanding of \$96,210,000. This amount represents \$17,235,000 of transportation revenue bonds and \$78,975,000 of utility system revenue bonds, both secured by specified revenue sources.

**City of Deltona's Outstanding Debt**  
General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
General Obligations Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Obligations Bonds		-		-		-
Revenue Bonds	17,235,000	17,840,000	78,975,000	79,825,000	96,210,000	97,665,000
Total Bonds	17,235,000	17,840,000	78,975,000	79,825,000	96,210,000	97,665,000
Loans Payable	-	-	-	-	-	-
Total Bonds and Loans	<u>\$17,235,000</u>	<u>\$17,840,000</u>	<u>\$78,975,000</u>	<u>\$79,825,000</u>	<u>\$ 96,210,000</u>	<u>\$97,665,000</u>

In June 2008 MBIA, the surety (bond insurer) for both bonds lost its AAA rating from S&P and its Aaa rating from Moody's and is currently not rated by Fitch. As required by the Securities and Exchange Commission Rule 15c2-12, the City's dissemination agent filed a material event notice on behalf of the City in reference to the MBIA downgrade. Under the terms of the bond covenants the City will begin to establish a debt service reserve fund for each bond equal to the highest year of debt service for each respective bond. These reserves will be accumulated over ten equal semi-annual installments on each October 1 and April 1 beginning October 1, 2008. The current ratings of the bonds, based on the rating of MBIA, are shown below:

	<u>Standard &amp; Poor's</u>	<u>Moody's Investors Service</u>	<u>Fitch Ratings</u>
Transportation Revenue Bond	AA	Baa1	Not Rated
Water and Sewer Revenue Bond	AA	Baa1	Not Rated

Additional information on the City's long-term debt can be found in Note F on pages 38-40 of this report.

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

The unemployment rate at the end of fiscal year 2008 for Volusia County was 7.2%. 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 9/2008</u>	<u>Previous Year 9/2007</u>
Volusia County	7.2%	4.4%
State of Florida	6.6%	4.2%
United States	6.0%	4.5%

**Management's Discussion and Analysis**  
*(Concluded)*

The tax base for the City is composed of real property, personal property and centrally assessed property. The taxable value of such property increased 27.60% over the previous year.

The City's population decreased 0.72% from 86,540 in 2007 to 85,921 in 2008.

The General Fund property tax millage was decreased for the 2007-2008 fiscal year from 4.01451 to 3.2837 mills.

All of these factors were considered in preparing the City of Deltona's budget for the 2008-2009 fiscal year.

During the current fiscal year, unreserved, undesignated fund balance in the General Fund decreased to \$12,977,046. The City of Deltona has not appropriated any of this fund balance for spending in the 2008-2009 fiscal year budget.

**Requests for Information**

This 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 City'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 Boulevard, Deltona, Florida 32725. You can also access the City's website at [www.deltonafl.gov](http://www.deltonafl.gov).

**CITY OF DELTONA, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2008**

<b>Assets</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Cash and investments	\$ 44,551,308	\$ 19,505,952	\$ 64,057,260
Cash with fiscal agent	121,415	2,868,469	2,989,884
Receivables (net)	1,357,658	1,536,103	2,893,761
Due from other governments	2,365,645	613,073	2,978,718
Prepaid items	707,308	24,418	731,726
Inventory	-	374,651	374,651
Net pension asset	884,870	-	884,870
Other assets	371,950	2,874,226	3,246,176
Capital assets:			
Assets not being depreciated	22,373,827	9,217,050	31,590,877
Assets being depreciated	151,582,094	72,438,193	224,020,287
(Accumulated depreciation)	(64,877,995)	(11,948,554)	(76,826,549)
<b>Total assets</b>	<b>159,438,080</b>	<b>97,503,581</b>	<b>256,941,661</b>
<b>Liabilities</b>			
Accounts payable	2,100,144	1,989,456	4,089,600
Accrued liabilities	1,083,159	2,070,706	3,153,865
Due to other governments	312,910	-	312,910
Contracts/retainage payable	414,975	-	414,975
Deposits	145,912	986,761	1,132,673
Unearned revenue	733,447	-	733,447
Long-term liabilities:			
Due within one year	2,149,546	1,063,930	3,213,476
Due in more than one year	17,229,413	82,363,263	99,592,676
<b>Total liabilities</b>	<b>24,169,506</b>	<b>88,474,116</b>	<b>112,643,622</b>
<b>Net assets</b>			
Invested in capital assets, Net of related debt	100,154,051	(4,554,058)	95,599,993
Restricted for:			
Road and street expenses	11,949,764	-	11,949,764
Capital projects	8,291,804	5,077,627	13,369,431
Prepaid Items	707,308	-	707,308
Debt service	660,000	950,000	1,610,000
Unrestricted	13,505,647	7,555,896	21,061,543
<b>Total net assets</b>	<b>\$ 135,268,574</b>	<b>\$ 9,029,465</b>	<b>\$ 144,298,039</b>

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

**CITY OF DELTONA, FLORIDA  
STATEMENT OF ACTIVITIES  
SEPTEMBER 30, 2008**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Primary government:</b>							
General government	\$ 11,343,784	\$ 1,628,906	\$ -	\$ -	\$ (9,714,878)	\$ -	\$ (9,714,878)
Public Safety	18,291,690	393,525	401,127	63,762	(17,433,276)	-	(17,433,276)
Highways and streets	7,402,043	-	123,276	1,492,550	(5,786,217)	-	(5,786,217)
Culture and recreation	5,386,966	152,592	-	779,528	(4,454,846)	-	(4,454,846)
Economic environment	563,904	-	540,897	-	(23,007)	-	(23,007)
Physical environment	6,790,848	3,940,709	329,433	3,345,857	825,151	-	825,151
Interest on long-term debt	838,806	-	-	-	(838,806)	-	(838,806)
<b>Total governmental activities</b>	<b>50,618,041</b>	<b>6,115,732</b>	<b>1,394,733</b>	<b>5,681,697</b>	<b>(37,425,879)</b>	<b>-</b>	<b>(37,425,879)</b>
<b>Business-type activities</b>							
Water	13,883,984	12,443,827	-	420,686	-	(1,019,471)	(1,019,471)
<b>Total business-type activities</b>	<b>\$ 13,883,984</b>	<b>\$ 12,443,827</b>	<b>\$ -</b>	<b>\$ 420,686</b>	<b>\$ -</b>	<b>\$ (1,019,471)</b>	<b>\$ (1,019,471)</b>
<b>General Revenues:</b>							
Taxes:							
Property taxes					12,106,012	-	12,106,012
Franchise fees					3,788,670	-	3,788,670
Public service tax					7,437,523	-	7,437,523
Local option gas taxes					2,072,286	-	2,072,286
State shared revenues					6,242,075	-	6,242,075
Grants and contributions - nonprogram specific					-	-	-
Investment income					2,083,996	683,262	2,767,258
Miscellaneous					200,664	521,271	721,935
<b>Total general revenues, special items and transfers</b>					<b>33,931,226</b>	<b>1,204,533</b>	<b>35,135,759</b>
<b>Change in net assets</b>					<b>(3,494,653)</b>	<b>185,062</b>	<b>(3,309,591)</b>
<b>Net assets, beginning of year</b>					<b>138,763,227</b>	<b>8,844,403</b>	<b>147,607,630</b>
<b>Net assets, end of year</b>					<b>\$ 135,268,574</b>	<b>\$ 9,029,465</b>	<b>\$ 144,298,039</b>

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, 2008**

	<b>General Fund</b>	<b>Solid Waste Fund</b>	<b>Stormwater Utility Fund</b>	<b>State Housing Initiatives Partnership</b>	<b>Transportation Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>							
Cash and cash equivalents	\$ 12,671,772	\$ 203,274	\$ 1,154,813	\$ 784,677	\$ 20,963,814	\$ 8,772,958	\$ 44,551,308
Cash with fiscal agent	-	-	-	-	121,415	-	121,415
Receivables (net of allowance for uncollectibles)	1,337,633	-	-	-	-	-	1,337,633
Due from other funds	77,881	-	-	-	-	-	77,881
Due from other governments	1,292,727	-	340,861	-	503,401	228,656	2,365,645
Prepaid items	707,308	-	-	-	-	-	707,308
<b>Total assets</b>	<u>16,087,321</u>	<u>203,274</u>	<u>1,495,674</u>	<u>784,677</u>	<u>21,588,630</u>	<u>9,001,614</u>	<u>49,161,190</u>
<b>Liabilities and fund balances</b>							
<b>Liabilities</b>							
Accounts payable	851,527	316,230	243,626	51,230	395,032	242,499	2,100,144
Accrued liabilities	1,010,172	5,021	66,832	-	-	1,134	1,083,159
Contracts payable	-	-	-	-	-	-	-
Retainage payable	-	-	40,711	-	366,707	7,557	414,975
Due to other governments	312,910	-	-	-	-	-	312,910
Due to other funds	-	-	-	-	-	57,856	57,856
Deposits	145,912	-	-	-	-	-	145,912
Deferred revenues	82,446	-	340,861	733,447	123,276	89,956	1,369,986
<b>Total liabilities</b>	<u>2,402,967</u>	<u>321,251</u>	<u>692,030</u>	<u>784,677</u>	<u>885,015</u>	<u>399,002</u>	<u>5,484,942</u>
<b>Fund balances</b>							
Reserved for:							
Road and street expenditures	-	-	-	-	20,043,615	-	20,043,615
Capital projects	-	-	-	-	-	8,107,974	8,107,974
Debt service	-	-	-	-	660,000	-	660,000
Prepaid items	707,308	-	-	-	-	-	707,308
Unreserved reported in:							
General fund	12,977,046	-	-	-	-	-	12,977,046
Special revenue funds	-	(117,977)	803,644	-	-	494,638	1,180,305
<b>Total fund balances</b>	<u>13,684,354</u>	<u>(117,977)</u>	<u>803,644</u>	<u>-</u>	<u>20,703,615</u>	<u>8,602,612</u>	<u>43,676,248</u>
<b>Total liabilities and fund balances</b>	<u>\$ 16,087,321</u>	<u>\$ 203,274</u>	<u>\$ 1,495,674</u>	<u>\$ 784,677</u>	<u>\$ 21,588,630</u>	<u>\$ 9,001,614</u>	<u>\$ 49,161,190</u>

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

**CITY OF DELTONA, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
AS OF SEPTEMBER 30, 2008**

**Total fund balances of governmental funds** \$ 43,676,248

**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 \$173,955,921 and the accumulated depreciation is \$64,877,995. 109,077,926

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 884,870

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	(1,565,705)
Bonds payable	(17,235,000)
Premium on bonds payable	(277,952)
Bond issue costs	371,950
Deferred revenue	336,237
	336,237

**Total net assets of governmental activities** \$ 135,268,574

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

**CITY OF DELTONA, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2008**

	General Fund	Solid Waste Fund	Stormwater Utility Fund	State Housing Initiatives Partnership	Transportation Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Property taxes	\$ 12,106,008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,106,008
Franchise fees	3,788,670	-	-	-	-	-	3,788,670
Public service tax	7,437,523	-	-	-	-	-	7,437,523
State revenue sharing	1,669,778	-	-	-	-	-	1,669,778
Intergovernmental	4,985,473	-	441,375	490,732	3,282,609	763,479	9,963,668
Charges for service:	1,738,402	3,876,849	2,309,644	-	-	117,946	8,042,841
Fines and forfeiture:	279,582	-	-	-	-	-	279,582
Impact fees	46,071	-	-	-	282,226	355,454	683,751
Interest income	640,857	35,890	68,455	18,481	1,087,570	232,743	2,083,996
Miscellaneous	367,836	63,860	-	-	-	-	431,696
<b>Total revenues</b>	<u>33,060,200</u>	<u>3,976,599</u>	<u>2,819,474</u>	<u>509,213</u>	<u>4,652,405</u>	<u>1,469,622</u>	<u>46,487,513</u>
<b>Expenditures</b>							
Current:							
General government and administration	10,032,177	-	-	-	-	76,046	10,108,223
Public safety	17,678,858	-	-	-	-	-	17,678,858
Highways and street	2,786,472	-	-	-	239,000	127,764	3,153,236
Culture and recreation	2,737,322	-	-	-	-	-	2,737,322
Economic environment	-	-	-	509,213	-	51,792	561,005
Physical environment	-	4,143,776	2,046,191	-	-	-	6,189,967
Debt service:							
Principal	-	-	-	-	605,000	-	605,000
Interest	-	-	-	-	850,268	-	850,268
Capital outlay:							
General government and administration	358,104	-	-	-	-	47,559	405,663
Public Safety	70,313	-	-	-	-	1,773,840	1,844,153
Highways and street	1,348,737	-	-	-	7,066,828	-	8,415,565
Culture and recreation	-	-	-	-	-	3,446,363	3,446,363
Economic environment	158,293	-	-	-	-	725,526	883,819
Physical environment	-	24,042	2,163,420	-	-	275,110	2,462,572
<b>(Total expenditures)</b>	<u>(35,170,276)</u>	<u>(4,167,818)</u>	<u>(4,209,611)</u>	<u>(509,213)</u>	<u>(8,761,096)</u>	<u>(6,524,000)</u>	<u>(59,342,014)</u>
<b>(Deficiency) excess of revenues (under) over expenditures</b>	<u>(2,110,076)</u>	<u>(191,219)</u>	<u>(1,390,137)</u>	<u>-</u>	<u>(4,108,691)</u>	<u>(5,054,378)</u>	<u>(12,854,501)</u>
<b>Other financing sources (uses)</b>							
Transfers from other fund	-	-	-	-	-	6,065,594	6,065,594
Transfers to other fund:	(5,509,000)	-	-	-	-	(556,594)	(6,065,594)
<b>Total other financing (uses) sources</b>	<u>(5,509,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,509,000</u>	<u>-</u>
<b>Net change in fund balances</b>	(7,619,076)	(191,219)	(1,390,137)	-	(4,108,691)	454,622	(12,854,501)
<b>Fund balances, beginning of year</b>	21,303,430	73,242	2,193,781	-	24,812,306	8,147,990	56,530,749
<b>Fund balances, end of year</b>	<u>\$ 13,684,354</u>	<u>\$ (117,977)</u>	<u>\$ 803,644</u>	<u>\$ -</u>	<u>\$ 20,703,615</u>	<u>\$ 8,602,612</u>	<u>\$ 43,676,248</u>

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

**CITY OF DELTONA, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**Net change in fund balances of governmental funds** \$ (12,854,501)

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

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 \$13,424,641 less net book value of disposals of \$64,140 exceeded depreciation expense of \$4,966,417. 8,394,084

Revenue deferred last year in the statement of net assets is being amortized in the statement of activities. This adjustment is the current year's amortization:

Amortization of debt service forward delivery agreement proceeds 16,682

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the 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:

Debt principal repayment 605,000  
Amortization of transportation bond premium 15,442  
Amortization of bond issue costs (20,662)

Revenue not available in the governmental funds is deferred. However, in the statement of activities, this criteria is not relevant and therefore the revenue is recognized. 636,539

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:

Increase in net pension asset 96,031

Some expenses reported in the statement of activities such as compensated absences do not require the use of current financial resources and are not reported as expenditures in governmental funds:

Compensated absences (383,268)

**Change in net assets of governmental activities** \$ (3,494,653)

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, 2008**

	<b>Business-Type Activities</b>
	<b>Water and Sewer Utility Fund</b>
<b>Assets</b>	
<b>Current assets</b>	
Cash	\$ 10,029,109
Restricted assets available for current liabilities	3,855,230
Accounts receivable (net)	1,536,103
Due from other governments	613,073
Inventory	374,651
Prepaid expenses	24,418
<b>Total current assets</b>	<b>16,432,584</b>
<b>Non current assets</b>	
<b>Restricted assets</b>	
Sinking fund - cash with fiscal agent	2,868,469
Renewal and replacement account	684,822
Bond construction account	3,412,455
Customer deposits	986,761
Water impact fees	2,944,847
Sewer impact fees	1,447,958
Less: portion classified as current	(3,855,230)
<b>Total restricted assets</b>	<b>8,490,082</b>
<b>Capital assets</b>	
Land	2,829,916
Improvements other than buildings	58,274,775
Buildings	2,465,367
Equipment	11,698,051
Construction in progress	6,387,134
(Accumulated depreciation)	(11,948,554)
<b>Total capital assets - cost less depreciation</b>	<b>69,706,689</b>
<b>Other assets</b>	
Bond issue costs (net)	2,433,224
Swaption issue costs (net)	441,002
<b>Total other assets</b>	<b>2,874,226</b>
<b>Total noncurrent assets</b>	<b>81,070,997</b>
<b>Total assets</b>	<b>\$ 97,503,581</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, 2008**  
*(Concluded)*

	<b>Business-Type Activities</b> <hr/> <b>Water and Sewer Utility Fund</b> <hr/>
<b>Liabilities and fund equity</b>	
<b>Current liabilities payable from current assets:</b>	
Accounts and retainages payable	\$ 1,989,456
Accrued expenses	152,237
Compensated absences - current portion	113,930
<b>Total current liabilities payable from current assets</b>	2,255,623
<b>Current liabilities payable from restricted assets</b>	
Deposits	986,761
Accrued interest payable	1,918,469
Revenue bonds payable - current portion	950,000
<b>Total current liabilities payable from restricted assets</b>	3,855,230
<b>Long-term liabilities</b>	
Revenue bonds payable - long-term portion	78,025,000
Unamortized bond premium	1,131,426
Deferred revenue	3,206,837
<b>Total long-term liabilities</b>	82,363,263
<b>Total liabilities</b>	88,474,116
<b>Net assets</b>	
Invested in capital assets, net of	
Related debt	(4,554,058)
Restricted for impact fees	4,392,805
Restricted for debt service	950,000
Restricted for renewal and replacement	684,822
Unreserved	7,555,896
<b>Total net assets</b>	\$ 9,029,465

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

**CITY OF DELTONA, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u><b>Water and Sewer Utility Fund</b></u>
<b>Operating revenues:</b>	
Charges for services - Water	\$ 8,172,325
Charges for services - Waste Water	4,182,987
Connection fees	88,515
Other miscellaneous revenues	484,354
<b>Total operating revenues</b>	<u>12,928,181</u>
<b>Operating expenses:</b>	
Personal services	3,065,599
Operating expenses	3,897,427
Professional services	145,653
Depreciation	2,731,455
Insurance	175,812
<b>Total operating expenses</b>	<u>(10,015,946)</u>
<b>Operating income</b>	<u>2,912,235</u>
<b>Nonoperating revenues (expenses):</b>	
Interest earnings	683,262
Miscellaneous Revenues	20,451
Storm related expenses	(746,488)
Grant reimbursements (storm related expenses)	613,072
Gain on sale of capital assets	16,466
Interest expense and issue cost amortization	(3,734,622)
Total nonoperating revenue (expenses)	<u>(3,147,859)</u>
Income before contributions	(235,624)
<b>Capital contributions - water and wastewater</b>	<u>420,686</u>
<b>Change in net assets</b>	185,062
<b>Net assets:</b>	
Beginning of year	<u>8,844,403</u>
End of year	<u>\$ 9,029,465</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, 2008**

	<b>Business-Type Activities</b>
	<b>Water and Sewer System Fund</b>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 13,139,971
Cash payments to suppliers for goods and services	(4,330,820)
Cash payments for employee services	(3,036,346)
<b>Net cash provided by operating activities</b>	<b>5,772,805</b>
<b>Cash flows from capital and related financing activities</b>	
Acquisition and construction of capital assets	(6,057,393)
Proceeds from sale of capital assets	28,332
Proceeds from bond construction account	9,353,660
Reimbursable expenses	(746,488)
Grant revenues	20,450
Revenue bond principal payment	(850,000)
Revenue bond interest payments	(3,692,644)
Proceeds from capital contributions	420,686
<b>Net cash used in capital and related financing activities</b>	<b>(1,523,397)</b>
<b>Cash flows from investing activities</b>	
Interest	683,262
<b>Net cash provided by investing activities</b>	<b>683,262</b>
<b>Net increase in cash and cash equivalents</b>	4,932,670
<b>Cash and cash equivalents, beginning of year</b>	<b>14,029,296</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 18,961,966</b>

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

**CITY OF DELTONA, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**  
*(Concluded)*

	<u><b>Business-Type Activities Water and Sewer System Fund</b></u>
<b><u>Reconciliation of cash and cash equivalents to balance sheet</u></b>	
Total unrestricted cash and investments per the balance sheet	\$ 10,029,109
Total restricted cash and investments per the balance sheet	12,345,312
Total cash and investments	<u>22,374,421</u>
Less investments not meeting the definition of cash equivalents	<u>(3,412,455)</u>
<b>Cash and cash equivalents, end of year</b>	<b><u><u>\$ 18,961,966</u></u></b>
<b><u>Reconciliation of operating income to net cash provided by operating activities</u></b>	
Operating income	\$ 2,912,235
Adjustments to reconcile operating Income to cash provided by operating activities:	
Depreciation	2,731,455
Provision for uncollectible accounts	85,000
(Increase) decrease in assets:	
Accounts receivable	113,495
Inventories	(112,374)
Prepaid expenses	2,644
Accounts payable	(2,198)
Utility deposits	13,295
Accrued expenses	11,692
Compensated absences	<u>17,561</u>
<b>Net cash provided by operating activities</b>	<b><u><u>\$ 5,772,805</u></u></b>

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

**CITY OF DELTONA, FLORIDA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**PENSION TRUST FUNDS**  
**SEPTEMBER 30, 2008**

	<b>Employee Retirement Funds</b>
<b>Assets</b>	
Cash	\$ -
Equities	7,328,769
Bond & Mortgage Fund	2,049,716
Inflation Protection Fund	125,750
High Yield Bond Fund	409,456
Preferred Securities Fund	461,571
Cash Management Fund	8,788
Plus Fund	200,700
Pimco Total Return Fund	7,646
Pimco High Yield Fund	4,618
Short Term Bond Fund	9,299
Core Bond Index Fund	339
Due from other governments	29,646
<b>Total assets</b>	<b>10,636,298</b>
 <b>Liabilities</b>	
Accounts payable	62,593
Due to other funds	20,025
<b>Total liabilities</b>	<b>82,618</b>
 <b>Net assets</b>	
Reserved for employees' pension benefits	<b>\$ 10,553,680</b>

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, 2008**

	<u>Employee Retirement Funds</u>
<b>Additions</b>	
Contributions:	
Employer	\$ 685,980
Transfer from General Fund - insurance premium surcharges received from State of Florida	389,184
Employee	331,341
Total contributions	<u>1,406,505</u>
Investment income (loss)	(2,125,344)
(Less) investment management fees	<u>(19,460)</u>
Net investment income	<u>(2,144,804)</u>
<b>Total additions</b>	<u>(738,299)</u>
<b>Deductions</b>	
Benefit payments	80,141
Refunds to employees	212,433
Administration	58,712
Forfeitures	20,193
Total deductions	<u>(371,479)</u>
Change in net assets	<u>(1,109,778)</u>
Net assets - beginning	<u>11,663,458</u>
Net assets - ending	<u><u>\$ 10,553,680</u></u>

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

City of Deltona, Florida  
**Notes to the Financial Statements**  
**September 30, 2008**

**I. Summary of significant accounting policies**

**A. Reporting entity**

The City of Deltona (City) is a municipal corporation, incorporated December 31, 1995, governed by an elected mayor and six-member council. The City provides a variety of general government services to residents including fire protection, community development, recreation and various social services. Additionally, the City has a business-type operation that offers services associated with water and sewer utilities. The financial reporting entity consists of the primary government and component units, entities for which the government would be considered financially accountable. The determination of financial accountability includes consideration of a number of criteria including: (1) the appointment of a voting majority of an entity's governing authority and the ability of the primary government to impose its will on the entity; (2) the potential for the entity to provide specific financial benefits to, or impose specific financial burdens on, the primary government; and (3) the entity's fiscal dependency on the primary government. As of September 30, 2008, the City had no component units that meet the criteria for inclusion within the financial reporting entity of the City.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

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

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

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

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

City of Deltona, Florida  
**Notes to the Financial Statements**  
**September 30, 2008**

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 in the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and therefore have been recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

- **General Fund** - this is the City's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in other funds.
- **Solid Waste Fund** - accounts for the fiscal activities relating to fees charged and expenditures for garbage and recycled waste pick-up.
- **Stormwater Fund** - accounts for the fiscal activity relating to fees charged and expenditures for the 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 for funds budgeted, received or generated by the City under its Local Housing Assistance Plan.
- **Transportation 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 improvements 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.

The City reports the following non-major fund types:

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

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The City reports the following major enterprise fund:

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with, or contradict, guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

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

Enterprise funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal on-going operations. The principal operating revenues of the Water and Sewer Utility Fund, the City's enterprise fund, are charges to customers for 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 non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, liabilities, and net assets or equity**

*1. Deposits and investments*

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

The City's investment policy is established by local resolution and is governed by State Statutes. Authorized investments include the Local Government Surplus Funds Trust Fund Investment

City of Deltona, Florida  
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Pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency, savings accounts in State certified qualified public depositories, certificates of deposit in State certified qualified public depositories and direct obligations of the U.S. Treasury and Federal agencies and instrumentalities.

Investments for the City are reported at fair value. The State Treasurer's Investment Pool operates in accordance with the appropriate State laws and regulations. The reported value of the Pool is the same as the fair value of the Pool shares.

*2. Receivables and payables*

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

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

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

*3. Inventories and prepaid items*

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventory is composed of material and supplies on hand for the water and sewer utility fund.

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

*4. Restricted assets*

Certain proceeds of the water and sewer utility fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

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5. *Capital Assets*

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost that equals or exceeds \$5,000 and have an estimated useful life in excess of one year. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amount spent for the construction or acquisition of infrastructure assets is capitalized and reported in the government-wide financial statements when the initial costs equal or exceed \$25,000 and they possess estimated useful lives in excess of more than one year.

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

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the General Fund and enterprise fund during the current fiscal year was \$838,806 and \$3,889,010 respectively. Of this amount \$154,388 was included as part of the cost of capital assets under construction in connection with the water and sewer utility fund assets.

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

6. *Compensated Absences*

All vested or accumulated vacation, scheduled holiday leave and vested accumulated sick leave is accrued when incurred in the government-wide and enterprise financial statements. Compensated absences for the years ended September 30, 2008 and 2007 are \$1,679,635 and 1,278,806, respectively.

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*7. Long-term obligations*

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

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

*8. Fund Equity*

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

*9. Comparative data/reclassification*

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

**II. Stewardship, compliance, and accountability**

**A. Budgetary information**

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

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 and department. The City Manager may make transfers of appropriations within a department throughout the year. Transfers of appropriations between departments require the approval of the City Commission. The City Commission made a significant mid-year reduction of General Fund appropriations in anticipation of revenue shortfalls. The revised budget is reflected in this document.

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.

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**III. Detailed notes on all funds**

**A. Deposits and investments**

As of September 30, 2008, the City had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Ratings</u>	<u>Fair Value</u>
State Board of Administration Local Government Surplus Funds Trust Fund	49 Day Average	AAAm	\$ 27,963
Wells Fargo Money Market Funds	32 Day Average	AAAm	6,330,147
Wells Fargo Government Obligations	44 - 436 Day Range	AAAm	2,003,330
Invesco Aim Investments	28 - 31 Day Average	AAAm	30,523,878
Florida Surplus Asset Fund Trust	23 Day Average	AAAm	20,356,072
Firefighters' Pension Investments			
Equities	N/A	N/A	5,593,267
Bond & Mortgage Fund	6.90 Years	AAA	2,049,716
Inflation Protection Fund	10.66 Years	AAA	125,750
High Yield Bond Fund	6.51 Years	B	409,456
Preferred Securities Fund	Less than 1 Year	A	461,571
General Employees' Pension Investments			
Cash Management Fund	29 Day Average	A-1+	8,788
Plus Fund	3.36 Years	Aa2	200,700
Pimco Total Return Fund	6.0 Years	AAA	7,646
Pimco High Yield Fund	6.7 Years	BB	4,618
Short Term Bond Fund	1.9 Years	AAA	9,299
Core Bond Index Fund	6.4 Years	AAA	339
U.S. Government Bond Fund	4.1 Years	AAA	0
Equities	N/A	N/A	<u>1,735,502</u>
Total Investments			69,848,042
Cash Deposits			<u>4,815,870</u>
<b>Total Deposits and Investments</b>			<b><u>\$ 74,663,912</u></b>
Shown in the accompanying combined balance sheet as follows:			
Entity wide – Deposits and Investments			64,057,260
Fiduciary Funds – Deposits and Investments			<u>10,606,652</u>
<b>Total</b>			<b><u>\$ 74,663,912</u></b>

**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. The City's Investment Policy states that the City will limit interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements of ongoing operations and by investing operating funds primarily in shorter-term securities, money market mutual funds or similar investing pools.

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

**Concentration of credit risk**

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

**Custodial credit risk - deposits**

For deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to the City. As of September 30, 2008, 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."

**Custodial credit risk – investments**

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

**B. Receivables**

Receivables as of year-end shown on the Statement of Net Assets for the City's Governmental Activities and Business-Type Activities, including the applicable allowances for uncollectible accounts, are as follows:

	General	Water and Sewer Utility	Total
Customers:			
Billed	\$ -	\$ 1,229,457	\$ 1,229,457
Unbilled	-	781,027	781,027
Services tax	749,323	-	749,323
Franchise fees	571,213	-	571,213
Miscellaneous	37,122	21,097	58,219
Gross receivables	<u>1,357,658</u>	<u>2,031,581</u>	<u>3,389,239</u>
Less: allowance for uncollectibles	-	(495,478)	(495,478)
Net total receivables	<u>\$ 1,357,658</u>	<u>\$ 1,536,103</u>	<u>\$ 2,893,761</u>

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

Uncollectible related to water sales	\$ 199,040
Uncollectible related to sewer charges	<u>296,438</u>
Total uncollectible of the current fiscal year	<u>\$ 495,478</u>

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

	<u>Unearned</u>
Grant draw downs prior to meeting all Eligibility requirements	\$ 1,369,986
Total	<u>\$ 1,369,986</u>

**C. Capital assets**

Capital asset activity for the year ended September 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 5,909,637	\$ 45,112	\$ -	\$ 5,954,749
Infrastructure right of way	4,372,500	-	-	4,372,500
Construction in progress	<u>5,649,133</u>	<u>10,936,612</u>	<u>4,539,167</u>	<u>12,046,578</u>
Total capital assets, not being depreciated	<u>15,931,270</u>	<u>10,981,724</u>	<u>4,539,167</u>	<u>22,373,827</u>
Capital assets, being depreciated:				
Buildings and improvements	51,011,312	4,398,632	-	55,409,944
Machinery and equipment	16,924,351	1,944,267	1,147,180	17,721,438
Infrastructure (road and streets)	<u>77,811,526</u>	<u>639,186</u>	-	<u>78,450,712</u>
Total capital assets, being depreciated	<u>145,747,189</u>	<u>6,982,085</u>	<u>1,147,180</u>	<u>151,582,094</u>
Less accumulated depreciation for:				
Buildings and improvements	(20,106,027)	(1,781,721)	-	(21,887,748)
Machinery and equipment	(11,527,710)	(1,576,353)	1,083,040	(12,021,023)
Infrastructure (roads and streets)	<u>(29,360,881)</u>	<u>(1,608,343)</u>	-	<u>(30,969,224)</u>
Total accumulated depreciation	<u>(60,994,618)</u>	<u>(4,966,417)</u>	<u>1,083,040</u>	<u>(64,877,995)</u>
Total capital assets, being depreciated, net	<u>84,752,571</u>	<u>2,015,668</u>	<u>64,140</u>	<u>86,704,099</u>
<b>Governmental activities capital asset, net</b>	<u>\$ 100,683,841</u>	<u>\$ 12,997,392</u>	<u>\$ 4,603,307</u>	<u>\$ 109,077,926</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land	\$ 1,638,527	\$ 1,191,389	\$ -	\$ 2,829,916
Construction in progress	<u>8,767,538</u>	<u>4,597,876</u>	<u>6,978,280</u>	<u>6,387,134</u>
Total capital assets, not being depreciated	<u>10,406,065</u>	<u>5,789,265</u>	<u>6,978,280</u>	<u>9,217,050</u>

City of Deltona, Florida  
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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 2,465,367	\$ -	\$ -	\$ 2,465,367
Improvements other than buildings	53,151,273	5,123,502	-	8,274,775
Machinery and equipment	<u>9,602,488</u>	<u>2,154,629</u>	<u>59,066</u>	<u>11,698,051</u>
Total capital assets, being depreciated	<u>65,219,128</u>	<u>7,278,131</u>	<u>59,066</u>	<u>72,438,193</u>
Less accumulated depreciation for:				
Buildings and improvements	(234,279)	(71,129)	-	(305,408)
Improvements other than buildings	(4,887,568)	(1,386,730)	-	(6,274,298)
Machinery and equipment	<u>(4,110,727)</u>	<u>(1,273,596)</u>	<u>15,475</u>	<u>(5,368,848)</u>
Total accumulated depreciation	<u>(9,232,574)</u>	<u>(2,731,455)</u>	<u>15,475</u>	<u>(11,948,554)</u>
Total capital assets, being depreciated, net	<u>55,986,554</u>	<u>4,546,676</u>	<u>43,591</u>	<u>60,489,639</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 66,392,619</u>	<u>\$ 10,335,941</u>	<u>\$ 7,021,871</u>	<u>\$ 69,706,689</u>

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

Governmental activities:	
General government and administration	\$ 1,000,067
Public safety	453,728
Transportation	2,262,097
Culture and recreation	649,644
Physical environment	<u>600,881</u>
Total depreciation expense - governmental activities	<u>\$ 4,966,417</u>
<b>Business-type activities</b>	
Water and sewer utility	<u>2,731,455</u>
Total depreciation expense – business-type activities	<u>\$ 2,731,455</u>

**Construction commitments**

The City has active construction projects as of September 30, 2008. The projects include street construction, public safety facilities, and water and wastewater facilities. At year end, the City's commitments with contractors are as follows:

<u>Projects</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Storm water	\$ 807,061	\$ 137,739
Public works	6,295,780	3,577,159
Parks	110,884	200,629
Facilities	3,306,430	6,365,936
Water and waste water	<u>4,887,094</u>	<u>1,531,586</u>
Total	<u>\$ 15,407,249</u>	<u>\$ 11,813,048</u>

The special revenue fund portion of the commitment for street construction is being financed by special revenue bonds that will be repaid by restricted revenue. The public purpose portion of this same project is being funded by the transfer of existing resources from the General Fund. The commitment for water and sewer facilities is being financed by revenue bonds secured by water and sewer revenues.

**City of Deltona, Florida**  
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**D. Interfund receivable, payables and transfers**

The composition of interfund balances as of September 30, 2008, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	General Employee's Pension Plan	\$ 20,025
General	CDBG Fund	57,856
	<b>Total</b>	<b>\$ 77,881</b>

The pension fund amount due to the General Fund represents forfeited funds that will then be used to fund future pension liabilities.

The CDBG fund amount due to the General Fund represents the amount not yet reimbursed to the CDBG fund from the U.S. Department of Housing and Urban Development under the terms of the CDBG grant.

Interfund transfers:

	Transfer In:			
	Streetlighting Districts Fund	Municipal Complex Fund	Park Projects Fund	Total
Transfer out:				
General Fund	\$ 9,000	\$ 5,500,000	\$ -	\$ 5,509,000
Fire/Rescue Service				
Impact Fees fund	-	83,494	-	83,494
Park Impact Fees fund	-	-	450,190	450,190
Law Enforcement				
Impact Fees fund	-	22,910	-	22,910
<b>Total</b>	<b>\$ 9,000</b>	<b>\$ 5,606,404</b>	<b>\$ 450,190</b>	<b>\$6,065,594</b>

Transfers are used to: (1) move restricted amounts to finance various programs that the City must account for in other funds in accordance with budgetary authorizations; and (2) move unrestricted General Fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

**E. Leases**

Operating Leases

The City leases building and office facilities and other equipment. Lease payments are payable on a month-to-month basis. Total cost for such leases were \$166,884 for the year ended September 30, 2008. The future minimum lease payment for these leases is as follows:

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<u>Year Ending September 30,</u>	<u>Amount</u>
2009	\$ 145,070
2010	98,146
2011	68,630
2012	68,630
2013	68,630
Total	<u>\$ 449,106</u>

**F. Long-term debt**

Revenue bonds

**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, which were \$2,096,925 for the fiscal year ending September 30, 2008, and transportation impact fees which were \$91,332 for the fiscal year ending September 30, 2008. The bonds bear interest ranging from 4.00% to 5.00% and mature in increasing annual amounts ranging from \$400,000 to \$1,385,000 from fiscal year 2007 through fiscal year 2026, respectively. Interest is payable semiannually at April 1, and October 1, with annual principal payments due on October 1. Principal and interest payments for the year were \$607,084 and \$848,184, respectively.

Debt Service to Maturity Schedule			
Fiscal Years <u>Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 630,000	\$ 825,312	\$ 1,455,312
2010	660,000	799,325	1,459,325
2011	690,000	768,375	1,458,375
2012	720,000	735,575	1,455,575
2013	760,000	699,575	1,459,575
2014 – 2018	4,365,000	2,924,044	7,289,044
2019 – 2023	5,450,000	1,838,495	7,288,495
2024 – 2028	3,960,000	412,562	4,372,562
	<u>\$ 17,235,000</u>	<u>\$ 9,003,263</u>	<u>\$ 26,238,263</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 will, in turn, make all debt service payments (principal and interest) as due. The City received a cash payment of \$333,670 for entering into this

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agreement. The entire amount was recognized as income in the fiscal year ended September 30, 2006 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, 2008:

**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, which was \$4,786,938 for the fiscal year end September 30, 2008, 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. The principal and interest payments for the year were \$850,000 and \$3,836,437 respectively.

Debt Service to Maturity Schedule

Fiscal Years <u>Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,700,000	3,732,313	5,432,313
2013	1,945,000	3,668,563	5,613,563
2014-2018	11,035,000	17,050,927	28,085,927
2019-2023	14,135,000	13,943,376	28,078,376
2024-2028	18,175,000	10,466,750	28,641,750
2029-2033	8,620,000	5,797,650	14,417,650
2034-2038	19,915,000	995,750	20,910,750
	<u>\$ 78,975,000</u>	<u>\$ 67,080,893</u>	<u>\$ 146,055,893</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

City of Deltona, Florida  
**Notes to the Financial Statements**  
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\$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 up-front 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. At this time, it is not possible for the City to predict if the option will be exercised.

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Transportation Capital Imp					
Revenue Bonds Series 2006	\$ 17,840,000	\$ -	\$ 605,000	\$ 17,235,000	\$ 630,000
Add: Unamortized Premium	293,394	-	15,442	277,952	15,442
Deferred Revenue, Debt Service	316,986	-	16,682	300,304	16,684
Compensated Absences	<u>1,182,437</u>	<u>1,011,208</u>	<u>627,940</u>	<u>1,565,705</u>	<u>1,487,420</u>
<b>Total Governmental Activities</b>	<u>\$ 19,632,817</u>	<u>\$ 1,011,208</u>	<u>\$ 1,265,064</u>	<u>\$ 19,378,961</u>	<u>\$ 2,149,546</u>
<b>Business-type Activities</b>					
Utility System Revenue Bonds,					
Series 2003	\$ 79,825,000	\$ -	\$ 850,000	\$ 78,975,000	\$ 950,000
Add: Unamortized Premium	1,176,684	-	45,257	1,131,427	-
Swaption	<u>3,206,837</u>	<u>-</u>	<u>-</u>	<u>3,206,837</u>	<u>-</u>
Subtotal	84,208,521	-	895,257	83,313,264	950,000
Compensated Absences	<u>96,369</u>	<u>83,675</u>	<u>66,114</u>	<u>113,930</u>	<u>113,930</u>
<b>Total Business-type Activities</b>	<u>\$ 84,304,890</u>	<u>\$ 83,675</u>	<u>\$ 961,371</u>	<u>\$ 83,427,194</u>	<u>\$ 1,063,930</u>

Governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

City of Deltona, Florida  
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**IV. Other Information**

**A. Risk management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To cover itself against these exposures, the City became a member of Preferred Government Insurance Trust (PGIT), a local government liability risk pool. The Pool has in excess of 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, 2008.

**B. Commitments**

The City has Interlocal Agreements 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 approximately \$100,000 payable from both the City's General Fund and Stormwater Utility Fund.

The City also has 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, 2009. Either party can terminate the agreement without cause or further liability with 365 days written notice. The annual contractual commitment is approximately \$8,709,447 payable from the City's General Fund.

The City provides weekly residential garbage pick-up and curbside recycling to its residents through a contract with a private company. The agreement expires December 31, 2011. Under the contract, the company is compensated \$9.60 per household per month. The City charges an annual assessment for these services on all residential properties. The annual contractual commitment is approximately \$4,000,000 payable from the City's Solid Waste Management Fund.

**C. Contingent liabilities**

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

City of Deltona, Florida  
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The City is often listed as a co-defendant in foreclosure cases when we have a second mortgage or code enforcement lien recorded against the property being foreclosed. These types of cases require the City Attorney to file documents with the Court, but are not overly time-consuming. The cases rarely result in costs to the City. Many of the liens survive the foreclosure action and are eventually paid once the property is sold to a new owner.

In 2007/2008, two cases were filed against the City by petitioners opposing proposed construction projects, one involving the Lake Windsor project and the other involving the Fort Smith road widening project. In each case, the City Attorney and the legal counsel for the St. John's River Water Management District met with the petitioners and answered questions and concerns, which resulted in both cases being dismissed with costs to the City being less than \$2,000.00.

In addition, the City prosecuted three cases under the City's Sex Offender ordinance, which resulted in court-appointed defense counsel. Two of the three cases have been dismissed, due to the Defendant coming into compliance with the ordinance by relocating to an area that is outside of the City's restrictions. The third case is still pending, but expected to be resolved within the next few weeks. The costs of prosecution for these three cases total approximately \$5,535.75. This figure includes the filing fees to file the appeal of the trial court's decision, the cost of transmitting the record from the trial court to the appellate court, the fees charged by the court reporter for recording the executive sessions discussing the litigation strategy, and the attorney's fees awarded to defense counsel by the Court.

**D. Other postemployment benefits**

Pursuant to Section 112.0801, Florida Statutes, the City is required to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees.

**E. Employee retirement systems and pension plans**

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. The plan's amortization periods are closed. Administration of the Plan is by a five-member Board of Trustees (the Board). Two members of the Board must be members of

**City of Deltona, Florida**  
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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. Benefits and refunds of the defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan. 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 chose 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 that the total benefit percent does not exceed 100%.

### **Membership**

As of the actuarial valuation dated October 1, 2007, there are 71 active members in the Plan and 2 retirees, 1 disabled retiree, 2 vested terminated members and 1 drop participant.

For the fiscal year ended September 30, 2008, the City's total covered payroll for employees eligible to participate in the Plan was \$4,149,245 compared with a total payroll for the City of \$14,379,147.

### **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 an offset for estimated insurance premium receipts and contributions from members. The current contribution rate for fiscal year ended September 30, 2008 is 11.28% (6.68% by the City, 4.60% by insurance premium excise tax) of annual covered payroll based on an actuarial valuation dated December 2006. The City has set its actual contribution rate at 8.38% of covered payroll for 2008. 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 at no cost to the Plan.

The actuarial valuation, dated October 1, 2007, 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

**City of Deltona, Florida**  
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accrued liabilities have been consolidated into an initial UAAL as of October 1, 2002. This initial unfunded actuarial accrued liability is to be amortized over a 15 year period from October 1, 2002 at 4.4%. Unfunded frozen actuarial accrued liability bases established subsequent to October 1, 2002 will be amortized over 30 years as a level dollar amount from the date of inception. Assets of the Plan are valued at market. Significant actuarial assumptions used include an 8% investment rate of return, salary rate increases of 3%, inflation at 3.5% and 0% post retirement COLA.

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

**Annual Pension Cost**

The City Commission establishes, and may amend, the contribution requirements of the plan members and the City. For the year ended September 30, 2008, the annual pension cost was \$218,629 and the amount actually contributed by the City was \$347,114 or 8.37% of covered payroll. The insurance premium tax distribution from the State for fiscal year 2007 was \$389,184 or 9.38% of covered payroll. Member contributions for the year totaled \$331,333 or 8% of covered payroll. For the fiscal year ended September 30, 2008, the City has funded in excess of the annual required contribution (8.38% funded, 6.68% 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, 2007</u>	<u>September 30, 2008</u>
Actuarially Determine Contribution (A)	\$ 382,936	\$ 369,366
Interest on Net Pension Obligation (NPO)	(55,663)	(63,107)
Adjustment to (A)	<u>84,397</u>	<u>99,805</u>
Annual Pension Cost (APC) (1)	411,670	406,064
Employer Contributions Made	<u>(504,724)</u>	<u>(502,095)</u>
Decrease in NPO	(93,054)	(96,031)
NPO, Beginning of Year	<u>(695,785)</u>	<u>(788,839)</u>
NPO, End of Year	<u>\$ (788,839)</u>	<u>\$ (884,870)</u>
Percentage of APC Contributed	<u>123%</u>	<u>124%</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, 2007 was \$788,839. During the current year, the net pension asset increased by \$96,031. 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, 2008 was \$884,870.

City of Deltona, Florida  
**Notes to the Financial Statements**  
**September 30, 2008**

**General Employees' Pension Plan**

**Plan Description**

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

**Membership**

As of September 30, 2008, there were 76 employees enrolled in the Plan.

**Funding Policy**

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, 2008, the City's total covered payroll for employees eligible to participate in the Plan was \$3,388,740 compared with a total payroll for the City of \$14,379,147. The required employer contribution and the contribution actually made amounted to \$338,874 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)**

**Plan Description**

The City participates in the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit public employee retirement system, administered by the State of Florida Department of Administration. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Florida Statutes Chapter 121, as may be amended from time to time by the state legislature, provides the methodology for determining contribution rates for the various membership classes of the FRS. The FRS issues a publicly available financial report that includes financial statements, ten-year historical trend information, and other required supplementary information. Benefits and refunds of the defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan.

That report may be obtained by writing to the:

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

**City of Deltona, Florida**  
**Notes to the Financial Statements**  
**September 30, 2008**

**Membership**

The City passed Resolution #2006-39, 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, 2006, or continue to participate in the pre-existing defined contribution pension plan known as the City of Deltona General Employees' Pension Plan. All general employees hired after December 1, 2006 are compulsory members of FRS. General employees 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, 2008, there were 164 employees enrolled in FRS.

**Funding Policy**

The FRS has five classes of membership, of which only two apply to the City, with descriptions and contribution rates in effect at September 30, 2008 as follows (contribution rates are in agreement with the actuarially determined rates):

<u>Regular Class</u> – Members who do not qualify for other classes.	9.85%
<u>Senior Management Service Class</u> – Members of senior management who do not elect the optional annuity retirement program.	13.12%

For the fiscal year ended September 30, 2008, the City's total covered payroll for employees eligible to participate in the Plan was \$6,841,162 compared with a total payroll for the City of \$14,379,147. The contribution actually made amounted to \$705,966.

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

**SCHEDULE OF PENSION PLAN NET ASSETS AS OF SEPTEMBER 30, 2008**

	<b>Firefighters' Pension Trust Fund</b>	<b>General Employees' Pension Trust Fund</b>	<b>Total</b>
<b>Assets</b>			
Cash and Investments	\$ 8,639,760	\$ 1,966,892	\$ 10,606,652
Due From Other Governments	<u>29,646</u>	<u>-</u>	<u>29,646</u>
<b>Total Assets</b>	<u>8,669,406</u>	<u>1,966,892</u>	<u>10,636,298</u>
<b>Liabilities</b>			
Accounts Payable	8,319	-	8,319
Due to Member – DROP Payments	54,274	-	54,274
Due to Other Funds	<u>-</u>	<u>20,025</u>	<u>20,025</u>
<b>Total Liabilities</b>	<u>62,593</u>	<u>20,025</u>	<u>82,618</u>
<b>Net Assets</b>			
Reserved for Employees' Pension Benefits	<u>\$ 8,606,813</u>	<u>\$ 1,946,867</u>	<u>\$ 10,553,680</u>

City of Deltona, Florida  
**Notes to the Financial Statements**  
**September 30, 2008**

**SCHEDULE OF PENSION PLAN NET ASSETS AS OF SEPTEMBER 30, 2008**  
*(Concluded)*

	<b>Firefighters' Pension Trust Fund</b>	<b>General Employees' Pension Trust Fund</b>	<b>Total</b>
<b>Additions</b>			
Contributions:			
Employer	\$ 347,106	\$ 338,874	\$ 685,980
State of Florida	389,184	-	389,184
Employee	331,341	-	331,341
Total Contributions	<u>1,067,631</u>	<u>338,874</u>	<u>1,406,505</u>
Investment Income (Loss)	(1,762,778)	(362,566)	(2,125,344)
(Less) Investment Management Fees	<u>(19,460)</u>	<u>-</u>	<u>(19,460)</u>
Net Investment Income (Loss)	<u>(1,782,238)</u>	<u>(362,566)</u>	<u>(2,144,804)</u>
<b>Total Additions</b>	<u>(714,607)</u>	<u>(23,692)</u>	<u>(738,299)</u>
<b>Deductions</b>			
Benefit Payments	80,141	-	80,141
Refunds to Employees	-	212,433	212,433
Administration	58,637	75	58,712
Forfeitures	<u>-</u>	<u>20,193</u>	<u>20,193</u>
<b>(Total Deductions)</b>	<u>(138,778)</u>	<u>(232,701)</u>	<u>(371,479)</u>
<b>Net Increase (Decrease)</b>	<u>(853,385)</u>	<u>(256,393)</u>	<u>(1,109,778)</u>
<b>Net Assets Reserved for Employees' Pension Benefits:</b>			
<b>Beginning of Year</b>	<u>9,460,199</u>	<u>2,203,259</u>	<u>11,663,458</u>
<b>End of Year</b>	<u>\$ 8,606,814</u>	<u>\$ 1,946,866</u>	<u>\$ 10,553,680</u>

**City of Deltona, Florida**  
**Notes to the Financial Statements**  
**September 30, 2008**

**Other Pension Plan Information**

**Three year trend information**

	<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percent of APC Contributed</u>	<u>Net Pension Obligation</u>
Firefighters	2008	\$ 406,064	116%	(884,870)
	2007	411,670	117%	(788,839)
	2006	306,309	107%	(695,785)

**Firefighters' Retirement Plan**

(1) <u>Valuation Date</u>	(2) <u>Actuarial Value of Assets (AVA)</u>	(3) <u>Entry Age Normal Actuarial Accrued Liability (AAL)</u>	(4) <u>Unfunded Actuarial Accrued Liability (UAAL) (3)-(2)</u>	(5) <u>Funded Ratio (2)/(3)</u>	(6) <u>Annual Covered Payroll</u>	(7) <u>UAAL as Percentage of Payroll (4)/(6)</u>
10/01/08	\$ 12,755,970	\$ 8,992,260	\$ 3,763,710	70.49%	\$ 4,415,758	85.23%

**F. New pronouncements**

The City plans to implement GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Post Employment Benefits other than Pensions" during the fiscal year ending September 30, 2009. The City has engaged an actuary to provide preliminary estimates of the potential liability the City will be required to disclose. The estimated unfunded actuarial accrued liability as of March 1, 2008 is \$1,362,000 for all governmental and enterprise funds combined.

**Subsequent Event**

**Firefighters Pension Fund**

Due to continued declines in the National economy and Financial Markets, the investments of the Firefighters Investment plan have experienced significant fair market value declines subsequent to year-end. It is expected that this condition will ultimately result in increased pension contribution from the City to the plan, although no specific amounts have been determined.

**CITY OF DELTONA, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 12,022,000	\$ 12,022,000	\$ 12,106,008	\$ 84,008
Franchise fees	4,500,000	4,500,000	3,788,670	(711,330)
Public service tax	8,610,000	8,610,000	7,437,523	(1,172,477)
State revenue sharing	2,485,000	2,485,000	1,669,778	(815,222)
Intergovernmental revenue	6,092,184	6,092,184	4,985,473	(1,106,711)
Charges for services	2,916,000	2,916,000	1,738,402	(1,177,598)
Fines and forfeiture:	240,000	240,000	279,582	39,582
Impact fees	-	-	46,071	46,071
Interest income	501,000	501,000	640,857	139,857
Miscellaneous	505,000	505,000	367,836	(137,164)
<b>Total revenues</b>	<u>37,871,184</u>	<u>37,871,184</u>	<u>33,060,200</u>	<u>(4,810,984)</u>
<b>Expenditures</b>				
Current:				
General Government and Administration				
City Commission	429,700	401,300	481,401	(80,101)
City Manager	1,135,100	1,050,100	1,064,615	(14,515)
City Clerk	602,300	543,300	536,307	6,993
Finance and Internal Service:	2,196,400	1,976,067	2,015,124	(39,057)
Human Resources	526,600	462,600	380,979	81,621
City Attorney	517,200	517,200	581,356	(64,156)
Development Services	3,394,900	3,116,800	2,777,976	338,824
Enforcement Service:	1,623,700	1,489,700	1,416,098	73,602
General Services	620,000	620,000	778,321	(158,321)
Total General Government and Administration	<u>11,045,900</u>	<u>10,177,067</u>	<u>10,032,177</u>	<u>144,890</u>
Public Safety:				
Law Enforcement	9,443,000	9,443,000	9,310,954	132,046
Fire Rescue	8,820,084	8,632,084	8,367,904	264,180
Total public safety	<u>18,263,084</u>	<u>18,075,084</u>	<u>17,678,858</u>	<u>396,226</u>
Highways and Streets				
Administration	330,900	298,800	268,132	30,668
Engineering	273,300	213,300	157,012	56,288
Field Operations	2,786,800	2,443,900	1,747,336	696,564
Maintenance	1,011,400	956,600	613,992	342,608
Total Highways and Streets	<u>4,402,400</u>	<u>3,912,600</u>	<u>2,786,472</u>	<u>1,126,128</u>
Culture and Recreation	3,820,500	3,385,800	2,737,322	648,478
Economic Environmen	-	-	-	-
Physical Environmen	-	-	-	-
Capital Outlay				
General Government and Administratio	336,800	395,333	358,104	37,229
Public Safety	972,000	872,000	70,313	801,687
Highways and Streets	1,588,800	1,588,800	1,348,737	240,063
Culture and Recreation	-	-	-	-
Economic Environmen	-	158,300	158,293	7
Physical Environmen	-	-	-	-
<b>Total expenditures</b>	<u>(40,429,484)</u>	<u>(38,564,984)</u>	<u>(35,170,276)</u>	<u>3,394,708</u>
<b>Excess of revenues over expenditures</b>	<u>(2,558,300)</u>	<u>(693,800)</u>	<u>(2,110,076)</u>	<u>(1,416,276)</u>
<b>Other financing sources (uses)</b>				
Transfers from other fund:	-	-	-	-
Transfers to other funds	(5,500,000)	(5,500,000)	(5,509,000)	(9,000)
<b>Total other financing (uses)</b>	<u>(5,500,000)</u>	<u>(5,500,000)</u>	<u>(5,509,000)</u>	<u>(9,000)</u>
<b>Excess (deficiency) of revenues and other financing sources (under) expenditures and other financing uses</b>	<u>(8,058,300)</u>	<u>(6,193,800)</u>	<u>(7,619,076)</u>	<u>(1,425,276)</u>
<b>Fund balance, beginning of year</b>	<u>18,050,032</u>	<u>21,303,430</u>	<u>21,303,430</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 9,991,732</u>	<u>\$ 15,109,630</u>	<u>\$ 13,684,354</u>	<u>\$ (1,425,276)</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 3,926,000	\$ 3,926,000	\$ 3,876,849	\$ (49,151)
Interest income	65,000	65,000	35,890	(29,110)
Miscellaneous	40,000	40,000	63,860	23,860
<b>Total revenues</b>	<u>4,031,000</u>	<u>4,031,000</u>	<u>3,976,599</u>	<u>(54,401)</u>
<b>Expenditures</b>				
Current:				
Physical Environment	4,185,600	4,185,600	4,143,776	41,824
Capital outlay - Physical Environment	-	-	24,042	(24,042)
<b>Total expenditures</b>	<u>(4,185,600)</u>	<u>(4,185,600)</u>	<u>(4,167,818)</u>	<u>17,782</u>
<b>(Deficiency) of revenues (under) expenditures</b>	<u>(154,600)</u>	<u>(154,600)</u>	<u>(191,219)</u>	<u>(36,619)</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>(154,600)</u>	<u>(154,600)</u>	<u>(191,219)</u>	<u>(36,619)</u>
<b>Fund balance, beginning of year</b>	<u>155,519</u>	<u>73,242</u>	<u>73,242</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 919</u>	<u>\$ (81,358)</u>	<u>\$ (117,977)</u>	<u>\$ (36,619)</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 1,000,000	\$ 1,000,000	\$ 441,375	\$ (558,625)
Charges for services	2,293,000	2,293,000	2,309,644	16,644
Interest income	65,000	65,000	68,455	3,455
<b>Total revenues</b>	<u>3,358,000</u>	<u>3,358,000</u>	<u>2,819,474</u>	<u>(538,526)</u>
<b>Expenditures</b>				
Current:				
Physical Environment	2,140,100	2,140,100	2,046,191	93,909
Capital outlay - Physical Environment	3,290,200	3,290,200	2,163,420	1,126,780
<b>Total expenditures</b>	<u>(5,430,300)</u>	<u>(5,430,300)</u>	<u>(4,209,611)</u>	<u>1,220,689</u>
<b>(Deficiency) of revenues (under) expenditures</b>	<u>(2,072,300)</u>	<u>(2,072,300)</u>	<u>(1,390,137)</u>	<u>682,163</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>(2,072,300)</u>	<u>(2,072,300)</u>	<u>(1,390,137)</u>	<u>682,163</u>
<b>Fund balance, beginning of year</b>	<u>2,079,539</u>	<u>2,193,781</u>	<u>2,193,781</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 7,239</u>	<u>\$ 121,481</u>	<u>\$ 803,644</u>	<u>\$ 682,163</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental revenue	\$ 772,000	\$ 772,000	\$ 490,732	\$ (281,268)
Interest	-	-	18,481	18,481
<b>Total revenues</b>	<u>772,000</u>	<u>772,000</u>	<u>509,213</u>	<u>(262,787)</u>
<b>Expenditures</b>				
Current:				
Economic Environment	772,000	772,000	509,213	262,787
<b>Total expenditures</b>	<u>(772,000)</u>	<u>(772,000)</u>	<u>(509,213)</u>	<u>262,787</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 7,375,900	\$ 7,375,900	\$ 3,282,609	\$ (4,093,291)
Impact Fees	450,000	450,000	282,226	(167,774)
Interest	1,138,000	1,138,000	1,087,570	(50,430)
<b>Total revenues</b>	<u>8,963,900</u>	<u>8,963,900</u>	<u>4,652,405</u>	<u>(4,311,495)</u>
<b>Expenditures</b>				
Current:				
Highways and Streets	239,000	239,000	239,000	-
Debt Service:				
Principal	605,000	605,000	605,000	-
Interest	855,000	855,000	850,268	4,732
Capital outlay - Highways and Streets	14,202,000	14,202,000	7,066,828	7,135,172
<b>Total expenditures</b>	<u>(15,901,000)</u>	<u>(15,901,000)</u>	<u>(8,761,096)</u>	<u>7,139,904</u>
<b>(Deficiency) of revenues (under) expenditures</b>	<u>(6,937,100)</u>	<u>(6,937,100)</u>	<u>(4,108,691)</u>	<u>2,828,409</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>(Deficiency) of revenues and other financing sources (under) expenditures and other financing uses</b>	<u>(6,937,100)</u>	<u>(6,937,100)</u>	<u>(4,108,691)</u>	<u>2,828,409</u>
<b>Fund balance, beginning of year</b>	<u>23,493,354</u>	<u>24,812,306</u>	<u>24,812,306</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 16,556,254</u>	<u>\$ 17,875,206</u>	<u>\$ 20,703,615</u>	<u>\$ 2,828,409</u>

**CITY OF DELTONA, FLORIDA**  
**SCHEDULES OF FUNDING PROGRESS AND CONTRIBUTIONS**  
**FROM EMPLOYER AND OTHERS**  
**SEPTEMBER 30, 2008**

**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**

<b>Year Ended September 30,</b>	<b>Annual City Pension Cost</b>	<b>City Contrib.</b>	<b>Premium Tax Refunds</b>	<b>Past Excess Contrib.</b>	<b>Total Employer Contrib.</b>	<b>Employer Contrib. as a % of Required Contrib.</b>	<b>Net Pension Obligation (Asset)</b>
1999	\$ 298,573	\$ 220,554	\$ 98,252	\$ -	\$ 318,806	107%	\$ (136,473)
2000	284,568	252,321	49,126	-	301,447	106%	(201,273)
2001	326,328	283,428	49,126	-	332,554	102%	(254,847)
2002	238,866	284,041	49,126	-	333,167	139%	(276,117)
2003	227,514	313,409	49,126	-	362,535	159%	(315,663)
2004	245,229	355,812	49,126	-	404,938	165%	(475,372)
2005	260,870	267,952	77,664	-	345,616	132%	(560,119)
2006	306,309	286,986	154,989	-	441,975	144%	(695,785)
2007	411,670	349,735	154,989	-	504,724	123%	(788,839)
2008	406,064	347,106	154,989	-	502,095	124%	(884,870)

(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**

<b>Valuation Date October 1,</b>	<b>Actuarial Accrued Liability (AAL)*</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded AAL (UAAL)</b>	<b>Percentage Funded</b>	<b>Annual Covered Payroll</b>	<b>UAAL as Percentage of Payroll</b>
2002	\$ 3,984,413	\$ 3,087,572	\$ 896,841	77.49%	\$ 1,902,335	47.14%
2003	4,433,201	3,755,476	677,725	84.71%	2,118,096	32.00%
2004	5,111,314	4,746,593	364,721	92.86%	2,321,131	15.71%
2005	6,302,268	5,897,162	405,106	93.57%	2,668,839	15.18%
2006	7,862,670	7,495,199	367,471	95.33%	3,180,183	11.56%
2007	11,045,124	9,219,824	1,825,300	83.47%	4,368,725	41.78%
2008	12,755,970	8,992,260	3,763,710	70.49%	4,415,758	85.23%

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

**SUPPLEMENTAL INFORMATION**

**CITY OF DELTONA, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2008**

	Special Revenue Funds							Capital Projects - Municipal Complex(s)	Capital Projects - Park Projects Fund	Total
	Streetlighting Districts	Fire/Rescue Service Impact Fees	Law Enforcement Impact Fees	Park Impact Fees	Community Development Block Grant	HHRP Grant Fund	Tree Replacement Fund			
<b>Assets</b>										
Cash and cash equivalents	\$ 17,974	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 494,458	\$ 7,896,816	\$ 363,710	\$8,772,958
Receivables	-	-	-	-	-	-	-	-	-	-
Due from other government:	-	-	-	-	138,701	-	-	-	89,955	228,656
<b>Total assets</b>	<u>17,974</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,701</u>	<u>-</u>	<u>494,458</u>	<u>7,896,816</u>	<u>453,665</u>	<u>9,001,614</u>
<b>Liabilities and fund balances</b>										
<b>Liabilities</b>										
Accounts payable	17,794	-	-	-	79,711	-	-	101,318	43,676	242,499
Accrued liabilities	-	-	-	-	1,134	-	-	-	-	1,134
Contracts/Retainage payable	-	-	-	-	-	-	-	7,557	-	7,557
Due to other funds	-	-	-	-	57,856	-	-	-	-	57,856
Deferred revenues:	-	-	-	-	-	-	-	-	89,956	89,956
<b>Total liabilities</b>	<u>17,794</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,701</u>	<u>-</u>	<u>-</u>	<u>108,875</u>	<u>133,632</u>	<u>399,002</u>
<b>Fund balances</b>										
Reserved for:										
Capital projects	-	-	-	-	-	-	-	7,787,941	320,033	8,107,974
Unreserved/Undesignated	180	-	-	-	-	-	494,458	-	-	494,638
<b>Total fund balances</b>	<u>180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>494,458</u>	<u>7,787,941</u>	<u>320,033</u>	<u>8,602,612</u>
<b>Total liabilities and fund balances</b>	<u>\$ 17,974</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,701</u>	<u>\$ -</u>	<u>\$ 494,458</u>	<u>\$ 7,896,816</u>	<u>\$ 453,665</u>	<u>\$9,001,614</u>

**CITY OF DELTONA, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Special Revenue Funds						Tree Replacement Fund	Capital Projects - Municipal Complex(s)	Capital Projects - Park Projects	Total
	Streetlighting Districts	Fire/Rescue Service Impact Fees	Law Enforcement Impact Fees	Park Impact Fees	Community Development Block Grant	HHRP Grant Fund				
<b>Revenues</b>										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 351,156	\$ 50,829	\$ -	\$ -	\$ 361,494	\$ 763,479
Charges for services	117,946	-	-	-	-	-	-	-	-	117,946
Impact fees	-	41,193	22,569	281,149	-	-	10,543	-	-	355,454
Interest income	998	1,903	324	9,120	-	963	6,062	180,207	33,166	232,743
Miscellaneous	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<u>118,944</u>	<u>43,096</u>	<u>22,893</u>	<u>290,269</u>	<u>351,156</u>	<u>51,792</u>	<u>16,605</u>	<u>180,207</u>	<u>394,660</u>	<u>1,469,622</u>
<b>Expenditures</b>										
Current:										
General Government and Administration	-	-	-	-	76,046	-	-	-	-	76,046
Highways and Streets	127,764	-	-	-	-	-	-	-	-	127,764
Economic Environment	-	-	-	-	-	51,792	-	-	-	51,792
Physical Environmen	-	-	-	-	-	-	-	-	-	-
Capital Outlay										
General Government and Administration	-	-	-	-	-	-	-	47,559	-	47,559
Public Safety	-	-	-	-	-	-	-	1,773,840	-	1,773,840
Highways and Streets	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	2,000,000	1,446,363	3,446,363
Economic Environment	-	-	-	-	-	-	-	725,526	-	725,526
Physical Environmen	-	-	-	-	275,110	-	-	-	-	275,110
<b>Total expenditures</b>	<u>(127,764)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(351,156)</u>	<u>(51,792)</u>	<u>-</u>	<u>(4,546,925)</u>	<u>(1,446,363)</u>	<u>(6,524,000)</u>
<b>Excess (deficiency) of revenues over (under) expenditure:</b>	<u>(8,820)</u>	<u>43,096</u>	<u>22,893</u>	<u>290,269</u>	<u>-</u>	<u>-</u>	<u>16,605</u>	<u>(4,366,718)</u>	<u>(1,051,703)</u>	<u>(5,054,378)</u>
<b>Other financing sources (uses)</b>										
Transfers from other funds	9,000	-	-	-	-	-	-	5,606,405	450,189	6,065,594
Transfers to other funds	-	(83,494)	(22,910)	(450,190)	-	-	-	-	-	(556,594)
<b>Total other financing (uses) source:</b>	<u>9,000</u>	<u>(83,494)</u>	<u>(22,910)</u>	<u>(450,190)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,606,405</u>	<u>450,189</u>	<u>5,509,000</u>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>180</u>	<u>(40,398)</u>	<u>(17)</u>	<u>(159,921)</u>	<u>-</u>	<u>-</u>	<u>16,605</u>	<u>1,239,687</u>	<u>(601,514)</u>	<u>454,622</u>
<b>Fund balances, beginning of year</b>	<u>-</u>	<u>40,398</u>	<u>17</u>	<u>159,921</u>	<u>-</u>	<u>-</u>	<u>477,853</u>	<u>6,548,254</u>	<u>921,547</u>	<u>8,147,990</u>
<b>Fund balances, end of year</b>	<u>\$ 180</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 494,458</u>	<u>\$ 7,787,941</u>	<u>\$ 320,033</u>	<u>\$ 8,602,612</u>

**CITY OF DELTONA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**STREETLIGHTING DISTRICTS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>			
Special assessments	\$ 117,946	\$ 108,400	\$ 9,546
Interest income	998	1,000	(2)
<b>Total revenues</b>	<u>118,944</u>	<u>109,400</u>	<u>9,544</u>
<b>Expenditures</b>			
Current:			
Highways and Streets	127,764	116,900	(10,864)
<b>Total expenditures</b>	<u>(127,764)</u>	<u>(116,900)</u>	<u>(10,864)</u>
<b>Excess of revenues Over expenditures</b>	<u>(8,820)</u>	<u>(7,500)</u>	<u>(1,320)</u>
<b>Other financing sources (uses)</b>			
Transfers from other funds	9,000	35,000	(26,000)
Transfers to other funds	-	-	-
<b>Total other financing sources</b>	<u>9,000</u>	<u>35,000</u>	<u>(26,000)</u>
<b>Excess of revenues and other financing sources over expenditures and other financing uses</b>	180	27,500	(27,320)
<b>Fund balance, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 180</u>	<u>\$ 27,500</u>	<u>\$ (27,320)</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, 2008**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>			
Impact fees	\$ 41,193	\$ 194,700	\$ (153,507)
Interest	1,903	4,500	(2,597)
<b>Total revenues</b>	<u>43,096</u>	<u>199,200</u>	<u>(156,104)</u>
<b>Expenditures</b>			
Capital Outlay	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of revenues over     expenditures</b>	<u>43,096</u>	<u>199,200</u>	<u>156,104</u>
<b>Other financing sources (uses)</b>			
Transfers from other funds	-	-	-
Transfers to other funds	(83,494)	(238,800)	155,306
<b>Total other financing sources (uses)</b>	<u>(83,494)</u>	<u>(238,800)</u>	<u>155,306</u>
<b>(Deficiency) of revenues and other     financing sources (under) expenditures     and other financing uses</b>	(40,398)	(39,600)	(798)
<b>Fund balance, beginning of year</b>	<u>40,398</u>	<u>40,398</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ 798</u>	<u>\$ (798)</u>

**CITY OF DELTONA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**LAW ENFORCEMENT IMPACT FEES FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>			
Impact Fees	\$ 22,569	\$ 16,500	\$ 6,069
Interest	324	200	124
<b>Total revenues</b>	<u>22,893</u>	<u>16,700</u>	<u>6,193</u>
<b>Expenditures</b>			
Capital Outlay	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of revenues over     expenditures</b>	<u>22,893</u>	<u>16,700</u>	<u>6,193</u>
<b>Other financing sources (Uses)</b>			
Transfers from other funds	-	-	-
Transfers to other funds	(22,910)	(16,700)	(6,210)
<b>Total other financing sources (uses)</b>	<u>(22,910)</u>	<u>(16,700)</u>	<u>(6,210)</u>
<b>(Deficiency) of revenues and other     financing sources (under) expenditures     and other financing uses</b>	(17)	-	(17)
<b>Fund balance, beginning of year</b>	<u>17</u>	<u>17</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ (17)</u>

**CITY OF DELTONA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**PARK IMPACT FEES FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>			
Impact fees	\$ 281,149	\$ 485,400	\$ (204,251)
Interest income	9,120	11,000	(1,880)
<b>Total revenues</b>	<u>290,269</u>	<u>496,400</u>	<u>(206,131)</u>
<b>Expenditures</b>			
Capital Outlay	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of revenues Over expenditures</b>	<u>290,269</u>	<u>496,400</u>	<u>(206,131)</u>
<b>Other financing sources (uses)</b>			
Transfers from other funds	-	-	-
Transfers to other funds	(450,190)	(655,900)	205,710
<b>Total other financing sources</b>	<u>(450,190)</u>	<u>(655,900)</u>	<u>205,710</u>
<b>(Deficiency) of revenues and other financing sources (under) expenditures and other financing uses</b>	(159,921)	(159,500)	(421)
<b>Fund balance, beginning of year</b>	<u>159,921</u>	<u>159,921</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ 421</u>	<u>\$ (421)</u>

**CITY OF DELTONA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**COMMUNITY DEVELOPMENT BLOCK GRANT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>			
Intergovernmental	\$ 351,156	\$ 510,000	\$ (158,844)
<b>Total revenues</b>	<u>351,156</u>	<u>510,000</u>	<u>(158,844)</u>
<b>Expenditures</b>			
Current:			
General Government and Administration	76,046	75,000	(1,046)
Capital outlay:			
Highways and Streets	-	-	-
Culture and Recreation	-	-	-
Physical Environment	275,110	435,000	159,890
<b>Total expenditures</b>	<u>(351,156)</u>	<u>(510,000)</u>	<u>158,844</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**  
**HHRP GRANT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>			
Intergovernmental	\$ 50,165	\$ -	\$ 50,165
Interest income	963	-	963
<b>Total revenues</b>	<u>51,128</u>	<u>-</u>	<u>51,128</u>
<b>Expenditures</b>			
Current:			
Economic Environment	51,128	-	(51,128)
<b>Total expenditures</b>	<u>(51,128)</u>	<u>-</u>	<u>(51,128)</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 FEES FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>			
Impact Fees	\$ 10,543	\$ -	\$ 10,543
Interest	6,062	-	6,062
<b>Total revenues</b>	<u>16,605</u>	<u>-</u>	<u>16,605</u>
<b>Expenditures</b>			
Capital Outlay	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of revenues over     expenditures</b>	<u>16,605</u>	<u>-</u>	<u>16,605</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>	16,605	-	16,605
<b>Fund balance, beginning of year</b>	<u>477,853</u>	<u>477,853</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 494,458</u></u>	<u><u>\$ 477,853</u></u>	<u><u>\$ 16,605</u></u>

**CITY OF DELTONA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**CAPITAL PROJECTS - MUNICIPAL COMPLEX(S) FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>			
Interest	\$ 180,207	\$ 191,000	\$ (10,793)
<b>Total revenues</b>	<u>180,207</u>	<u>191,000</u>	<u>(10,793)</u>
<b>Expenditures</b>			
Capital outlay:			
General Government and Administration	47,559	80,000	32,441
Public Safety	1,773,840	8,520,000	6,746,160
Culture and Recreation	2,000,000	2,000,000	-
Economic Environment	725,526	500,000	(225,526)
<b>Total expenditures</b>	<u>(4,546,925)</u>	<u>(11,100,000)</u>	<u>6,553,075</u>
<b>(Deficiency) of revenues (under) expenditures</b>	<u>(4,366,718)</u>	<u>(10,909,000)</u>	<u>6,542,282</u>
<b>Other financing sources (uses)</b>			
Transfers from other funds	5,606,405	5,755,500	(149,095)
Transfers to other funds	-	-	-
<b>Total other financing sources</b>	<u>5,606,405</u>	<u>5,755,500</u>	<u>(149,095)</u>
<b>Excess of revenues and other financing sources over expenditures and other financing uses</b>	1,239,687	(5,153,500)	6,393,187
<b>Fund balance, beginning of year</b>	<u>6,548,254</u>	<u>6,548,254</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 7,787,941</u>	<u>\$ 1,394,754</u>	<u>\$ 6,393,187</u>

**CITY OF DELTONA, FLORIDA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**CAPITAL PROJECTS - PARK PROJECTS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>			
Intergovernmental	\$ 361,494	\$ 441,000	\$ (79,506)
Interest	33,166	29,000	4,166
Miscellaneous	-	-	-
<b>Total revenues</b>	<u>394,660</u>	<u>470,000</u>	<u>(75,340)</u>
<b>Expenditures</b>			
Capital Outlay - Culture and Recreation	1,446,363	1,895,700	449,337
<b>Total expenditures</b>	<u>(1,446,363)</u>	<u>(1,895,700)</u>	<u>449,337</u>
<b>(Deficiency) of revenues (under) expenditures</b>	<u>(1,051,703)</u>	<u>(1,425,700)</u>	<u>373,997</u>
<b>Other financing sources (uses)</b>			
Transfers from other funds	450,189	655,900	(205,711)
Transfers to other funds	-	-	-
<b>Total other financing sources</b>	<u>450,189</u>	<u>655,900</u>	<u>(205,711)</u>
<b>(Deficiency) of revenues and other financing sources (under) expenditures and other financing uses</b>	<u>(601,514)</u>	<u>(769,800)</u>	<u>168,286</u>
<b>Fund balance, beginning of year</b>	<u>921,547</u>	<u>921,547</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 320,033</u></u>	<u><u>\$ 151,747</u></u>	<u><u>\$ 168,286</u></u>

**Statistical  
Section**

**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 FIVE FISCAL YEARS**  
**(Accrual Basis GASB 34 Beginning 09/30/04)**

	<b>Fiscal Year Ending</b>				
	<b>9/30/2004</b>	<b>9/30/2005</b>	<b>9/30/2006</b>	<b>09/30/07</b>	<b>09/30/08</b>
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 95,648,664	\$ 98,180,028	\$ 98,811,959	\$ 98,227,017	\$ 100,154,051
Restricted	7,636,213	97,088	12,884,043	17,624,008	21,608,876
Unrestricted	12,893,282	\$14,010,005	20,869,676	22,912,202	13,505,647
<b>Total governmental activities net assets</b>	<b>116,178,159</b>	<b>121,898,785</b>	<b>132,565,678</b>	<b>138,763,227</b>	<b>135,268,574</b>
<b>Business-type activities</b>					
Invested In capital assets, net of related debt	(3,589,804)	(2,268,990)	(1,110,093)	687,601	(4,554,058)
Restricted	1,670,614	3,777,106	5,084,342	5,756,187	6,027,627
Unrestricted	3,305,568	3,289,974	3,194,364	2,400,615	7,555,896
<b>Total business-type activities net assets</b>	<b>1,386,378</b>	<b>4,798,090</b>	<b>7,168,613</b>	<b>8,844,403</b>	<b>9,029,465</b>
<b>Primary government</b>					
Invested In capital assets, net of related debt	92,058,860	95,911,038	97,701,866	98,914,618	95,599,993
Restricted	9,306,827	13,485,858	17,968,385	23,380,195	27,636,503
Unrestricted	16,198,850	17,299,979	24,064,040	25,312,817	21,061,543
<b>Total primary government net assets</b>	<b>\$117,564,537</b>	<b>\$126,696,875</b>	<b>\$139,734,291</b>	<b>\$147,607,630</b>	<b>\$ 144,298,039</b>

**CITY OF DELTONA, FLORIDA**  
**CHANGES IN NET ASSETS**  
**LAST FIVE FISCAL YEARS**  
**(Accrual Basis GASB 34 Beginning 09/30/04)**

	Fiscal Years Ending				
	9/30/2004	9/30/2005	9/30/2006	9/30/2007	9/30/2008
<b>Expenses</b>					
Governmental activities:					
General government	\$ 6,163,917	\$ 7,511,985	\$ 7,934,679	\$ 9,703,442	\$ 11,343,784
Public safety	11,116,849	11,416,880	13,059,405	15,601,863	18,291,690
Highways and Streets	12,251,123	7,625,589	6,256,676	6,752,773	7,402,043
Culture and recreation	2,442,211	1,872,250	2,292,825	2,785,735	5,386,966
Economic environment	161,787	609,644	2,287,563	1,363,432	563,904
Physical environment	5,484,689	5,702,314	5,727,828	5,969,928	6,790,848
Interest on long-term debt	-	-	190,410	854,963	838,806
Total governmental activities	<u>37,620,576</u>	<u>34,738,662</u>	<u>37,749,386</u>	<u>43,032,136</u>	<u>50,618,041</u>
Business-type activities:					
Personal services	1,823,063	2,351,334	2,690,157	3,065,373	3,065,599
Operating expenses	2,423,113	3,519,953	3,519,637	3,810,492	3,897,427
Professional services	718,050	231,610	129,704	78,425	145,653
Depreciation	1,950,983	2,264,714	2,511,124	2,560,312	2,731,455
Insurance	119,116	123,838	78,754	170,521	175,812
Bad debts	59,437	95,000	61,000	58,000	85,000
Total business-type activities	<u>7,093,762</u>	<u>8,586,449</u>	<u>8,990,376</u>	<u>9,743,123</u>	<u>10,100,946</u>
Total primary government expenses	<u>44,714,338</u>	<u>43,325,111</u>	<u>46,739,762</u>	<u>52,775,259</u>	<u>60,718,987</u>
<b>Program revenues</b>					
Governmental activities:					
Charges for services:					
General government	2,927,245	3,493,022	3,522,887	2,211,608	1,628,906
Public safety	291,199	296,238	404,301	321,400	393,525
Transportation	-	-	-	-	-
Culture and recreation	129,146	-	220,045	239,614	152,592
Physical environment	3,186,061	3,722,521	3,799,283	3,851,466	3,940,709
Operating grants and contributions	5,625,081	4,327,207	2,292,489	1,668,575	1,394,733
Capital grants and contributions	2,396,807	4,275,697	5,332,206	4,913,892	5,681,697
Total governmental activities program revenues	<u>14,555,539</u>	<u>16,114,685</u>	<u>15,571,211</u>	<u>13,206,555</u>	<u>13,192,162</u>
Business-type activities:					
Charges for services:					
Water	6,511,194	7,995,028	8,558,812	8,528,101	8,228,992
Wastewater	3,251,194	4,373,292	4,266,858	4,295,944	4,211,320
Connection fees	818,632	108,299	102,420	88,815	88,515
Operating grants and contributions	-	277,746	-	-	-
Capital grants and contributions	642,214	2,042,282	1,097,791	542,629	420,686
Total business-type activities program revenues	<u>11,223,234</u>	<u>14,796,647</u>	<u>14,025,881</u>	<u>13,455,489</u>	<u>12,949,513</u>
Total primary government program revenues	<u>25,778,773</u>	<u>30,911,332</u>	<u>29,597,092</u>	<u>26,662,044</u>	<u>26,141,675</u>
<b>Net (expenditures) revenues</b>					
Governmental activities	(23,065,037)	(18,623,977)	(22,178,175)	(29,825,581)	(37,425,879)
Business-type activities	4,129,472	6,210,198	5,035,505	3,712,366	2,848,567
Total primary government net (expenses) revenues	<u>\$ (18,935,565)</u>	<u>\$ (12,413,779)</u>	<u>\$ (17,142,670)</u>	<u>\$ (26,113,215)</u>	<u>\$ (34,577,312)</u>

**CITY OF DELTONA, FLORIDA**  
**CHANGES IN NET ASSETS**  
**LAST FIVE FISCAL YEARS**  
**(Accrual Basis GASB 34 Beginning 09/30/04)**  
*(Concluded)*

	<b>Fiscal Years Ending</b>				
	<u>9/30/2004</u>	<u>9/30/2005</u>	<u>9/30/2006</u>	<u>9/30/2007</u>	<u>9/30/2008</u>
<b>General revenues &amp; other changes in net assets</b>					
<b>Governmental activities:</b>					
Taxes:					
Property taxes	\$ 7,334,228	\$ 8,394,332	\$ 9,878,462	\$ 12,782,901	\$ 12,106,012
Franchise fees	2,815,567	3,168,855	3,963,179	3,788,900	3,788,670
Public service tax	6,411,966	6,874,286	7,360,867	7,567,153	7,437,523
Local Option Gas Taxes	2,153,415	2,322,563	2,164,256	2,194,708	2,072,286
State revenue sharing	5,841,122	6,807,016	7,003,487	6,787,553	6,242,075
Investment earnings	160,013	531,582	1,627,596	3,086,818	2,083,996
Miscellaneous income	476,714	279,929	343,892	318,426	200,664
Total governmental activities	<u>25,193,025</u>	<u>28,378,563</u>	<u>32,341,739</u>	<u>36,526,459</u>	<u>33,931,226</u>
<b>Business-type activities:</b>					
Investment earnings	463,551	460,360	716,327	990,594	683,262
Gain on sale of capital assets	-	32,536	9,505	9,358	16,466
Storm related expenses net of grant reimbursement	-	-	-	-	(133,416)
Interest expense and issue costs	(3,568,504)	(3,949,749)	(3,926,081)	(3,557,293)	(3,734,622)
Miscellaneous income	361,859	658,367	535,267	520,764	504,805
Total business-type activities	<u>(2,743,094)</u>	<u>(2,798,486)</u>	<u>(2,664,982)</u>	<u>(2,036,577)</u>	<u>(2,663,505)</u>
Total primary government	<u>22,449,931</u>	<u>25,580,077</u>	<u>29,676,757</u>	<u>34,489,882</u>	<u>31,267,721</u>
<b>Change in net assets</b>					
Governmental activities	2,127,988	9,754,586	10,163,564	6,700,878	(3,494,653)
Business-type activities	1,386,378	3,411,712	2,370,523	1,675,789	185,062
Total primary government	<u>\$ 3,514,366</u>	<u>\$ 13,166,298</u>	<u>\$ 12,534,087</u>	<u>\$ 8,376,667</u>	<u>\$ (3,309,591)</u>

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

	Fiscal Years Ending September 30									
	1999	2000	2001	2002	2003	2004 (1)	2005	2006 (2)	2007	2008
<b>General fund</b>										
Reserved	\$ 1,031,285	\$ 301,898	\$ 562,505	\$ 655,259	\$ -	\$ -	\$ -	\$ 430,894	\$ 226,372	\$ 707,308
Unreserved	4,045,341	5,345,147	6,942,402	11,349,366	9,154,920	1,549,689	11,407,512	17,526,869	21,077,058	12,977,046
Total general fund	<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>	<u>21,303,430</u>	<u>13,684,354</u>
<b>All other governmental funds</b>										
Reserved	185,050	624,165	4,131,730	1,251,487	9,780,380	8,085,040	9,708,752	31,112,787	32,482,443	28,811,589
Unreserved reported in:										
Special revenue funds	2,001,799	3,069,224	5,380,854	4,534,261	648,309	2,082,722	1,913,789	2,842,489	2,744,876	1,180,305
Capital projects funds	5,190,013	5,961,912	1,059,234	2,461,734	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 35,227,319</u>	<u>\$ 29,991,894</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)**

	Fiscal Years Ending September 30									
	1999	2000	2001	2002	2003	2004 (1)	2005	2006 (2)	2007	2008 (3)
<b>Revenues:</b>										
Property taxes	\$ 5,319,728	\$ 5,464,575	\$ 5,950,617	\$ 6,139,833	\$ 6,626,383	\$ 7,334,228	\$ 8,394,332	\$ 9,878,462	\$ 12,782,897	\$ 12,106,008
Franchise fees	229,717	342,044	370,123	1,428,238	2,717,374	2,815,567	3,168,855	3,963,179	3,788,900	3,788,670
Public service tax	3,461,674	3,586,462	4,038,130	6,143,085	6,298,994	6,411,966	6,874,286	7,360,867	7,567,153	7,437,523
State revenue sharing	1,334,263	1,472,313	1,539,215	1,554,947	1,786,901	1,956,265	2,473,587	2,591,215	2,506,737	1,669,778
Intergovernmental	4,153,054	4,910,233	5,703,269	6,332,558	7,712,493	6,683,930	15,887,440	10,424,400	9,625,961	9,963,668
Charges for services	4,578,034	4,730,935	5,210,704	5,848,103	7,123,832	7,421,216	9,262,321	9,709,730	8,509,902	8,042,841
Fines and forfeitures	203,606	225,853	394,552	289,326	330,006	258,376	296,238	335,093	257,189	279,582
Impact fees	358,780	450,243	464,715	581,659	736,595	755,063	1,523,928	1,804,404	1,115,958	683,751
Interest income	584,192	966,679	818,361	389,794	262,395	160,013	531,582	1,627,596	3,086,818	2,083,996
Miscellaneous	603,716	831,236	1,282,014	885,030	1,443,249	598,987	670,429	569,030	491,499	431,696
Total revenues	<u>20,826,764</u>	<u>22,980,573</u>	<u>25,771,700</u>	<u>29,592,573</u>	<u>35,038,222</u>	<u>34,395,611</u>	<u>49,082,998</u>	<u>48,263,976</u>	<u>49,733,014</u>	<u>46,487,513</u>
<b>Expenditures:</b>										
General government	3,013,293	3,024,952	3,445,370	3,973,662	4,748,270	5,689,764	6,759,888	7,018,478	8,704,564	10,108,223
Public safety	7,032,924	7,073,864	7,416,040	7,890,927	9,085,907	10,687,423	11,597,713	12,676,423	14,801,650	17,678,858
Transportation	2,847,399	2,980,492	2,136,737	2,798,241	4,693,392	11,464,814	4,516,203	3,213,677	2,767,920	3,153,236
Culture/Recreation	706,550	816,165	821,153	986,472	1,253,886	1,462,220	1,853,925	1,837,059	2,231,633	2,737,322
Economic environment	138,644	154,151	-	233,196	361,966	161,787	609,644	2,287,563	1,363,432	561,005
Physical environment	3,061,880	3,038,069	3,381,239	4,477,589	5,169,043	4,738,776	5,418,280	5,317,395	5,557,871	6,189,967
Capital outlay	1,348,146	2,464,896	5,796,782	7,057,104	10,394,255	8,056,985	7,014,743	5,912,901	8,231,399	17,458,135
Debt service										
Interest	33,543	10,305	-	-	-	-	-	-	1,056,835	850,268
Principal	228,380	568,821	-	-	-	-	-	-	400,000	605,000
Total expenditures	<u>18,410,759</u>	<u>20,131,715</u>	<u>22,997,321</u>	<u>27,417,191</u>	<u>35,706,719</u>	<u>42,261,769</u>	<u>37,770,396</u>	<u>38,263,496</u>	<u>45,115,304</u>	<u>59,342,014</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>2,416,005</u>	<u>2,848,858</u>	<u>2,774,379</u>	<u>2,175,382</u>	<u>(668,497)</u>	<u>(7,866,158)</u>	<u>11,312,602</u>	<u>10,000,480</u>	<u>4,617,710</u>	<u>(12,854,501)</u>
<b>Other financing sources (uses):</b>										
Proceeds from issuance of debt	-	-	-	-	-	-	-	18,240,000	-	-
Premium on revenue bonds	-	-	-	-	-	-	-	308,836	-	-
Revenue bonds proceeds from debt service agreement	-	-	-	-	-	-	-	333,670	-	-
Transfers from other funds	5,605,015	1,112,500	2,567,500	2,125,000	10,000,000	5,015,000	4,103,887	2,677,711	2,863,153	6,065,594
Transfers to other funds	(5,605,015)	(1,112,500)	(2,567,500)	(2,125,000)	(10,000,000)	(5,015,000)	(4,103,887)	(2,677,711)	(2,863,153)	(6,065,594)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,882,506</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ 2,416,005</u>	<u>\$ 2,848,858</u>	<u>\$ 2,774,379</u>	<u>\$ 2,175,382</u>	<u>\$ (668,497)</u>	<u>\$ (7,866,158)</u>	<u>\$ 11,312,602</u>	<u>\$ 28,882,986</u>	<u>\$ 4,617,710</u>	<u>\$ (12,854,501)</u>
<b>Debt service as a percentage of noncapital expenditures</b>	<u>1.4%</u>	<u>3.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>4.1%</u>	<u>3.6%</u>

(1) 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.

(2) The transportation revenue bond issue accounts for \$18.5 million of the increase in fund balance during the fiscal year ended 2006.

(3) Entity-wide capital purchases were \$13,424,641. The difference from the \$17,458,135 presented on schedule is \$2,000,000 for a joint venture property with Volusia County of which the City does not have ownership, \$1,986,710 for road resurfacing which is not capitalized and \$46,784 for a minor write-off to General Government.

**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	
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
2007	12,783	3,731	-	58	3,870	3,590	107	24,139
2008	12,106	3,733	-	56	3,799	3,525	113	23,332
Change 1999-2008	127.6%	N/A	N/A	600.0%	35.7%	487.5%	79.4%	158.9%

**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)**

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Total Assessed Valuation</b>	<b>Total Direct Rate</b>	<b>Total Estimated Actual Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
1999	1,757,122	105,934	1,863,056	4.19800	1,875,545	99.3%
2000	1,827,743	88,246	1,915,989	4.19800	1,938,417	98.8%
2001	1,942,488	100,571	2,043,059	4.19800	2,088,523	97.8%
2002	2,068,642	101,735	2,170,377	4.19800	2,235,510	97.1%
2003	2,209,069	104,265	2,313,334	4.19800	2,448,027	94.5%
2004	2,415,849	110,081	2,525,930	4.19800	2,732,846	92.4%
2005	2,734,204	110,888	2,845,092	4.19800	3,199,018	88.9%
2006	3,171,520	101,215	3,272,735	4.15000	3,865,228	84.7%
2007	4,066,569	109,340	4,175,909	4.01451	5,490,449	76.1%
2008	4,632,470	111,543	4,744,013	4.15329	6,404,587	74.1%

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)**

<b>Fiscal Year</b>	<b>Direct Rate</b>	<b>Overlapping Rates</b>					<b>Total</b>
	<b>City of Deltona</b>	<b>County of Volusia</b>	<b>Volusia County School Board</b>	<b>St. Johns River Water Management District</b>	<b>Florida Inland Navigation District</b>	<b>West Volusia Hospital Authority</b>	
1999	4.19800	6.37800	10.37600	0.48200	0.04700	1.60000	23.08100
2000	4.19800	6.37300	9.91700	0.48200	0.04400	1.56918	22.58318
2001	4.19800	6.36700	9.15800	0.47200	0.04100	1.59681	21.83281
2002	4.19800	6.60400	9.01500	0.46200	0.03850	1.59680	21.91430
2003	4.19800	6.60400	8.89900	0.46200	0.03850	1.59680	21.79830
2004	4.19800	6.60400	8.69900	0.46200	0.03850	1.80000	21.80150
2005	4.19800	6.60400	8.51700	0.46200	0.03850	1.80000	21.61950
2006	4.15000	6.29400	8.25900	0.46200	0.03850	1.55000	20.75350
2007	4.01451	5.13330	7.68500	0.46200	0.03850	1.26190	18.59521
2008	4.15329	5.40373	7.45900	0.41580	0.03450	1.46724	18.93356

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**

<b>Taxpayer</b>	<b>September 30, 1999</b>			<b>September 30, 2008</b>		
	<b>Assessed Valuation</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>	<b>Assessed Valuation</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
Florida Power & Light Company	N/A		N/A	\$ 16,304	1	0.3%
Wal-Mart Stores East LP	N/A		N/A	15,767	2	0.3%
D O T Properties N V	N/A		N/A	10,591	3	0.2%
Progress Energy	N/A		N/A	8,689	4	0.2%
Embarq Florida, Inc.	N/A		N/A	8,195	5	0.2%
Bellsouth Telecommunication, Inc.	N/A		N/A	8,002	6	0.2%
Bright House Networks LLC	N/A		N/A	7,755	7	0.2%
Trafalgar Holdings LLC	N/A		N/A	7,742	8	0.2%
Deutsche Bank Natl Tr Co Tr	N/A		N/A	7,012	9	0.1%
Deltona Associates	N/A		N/A	6,017	10	0.1%
All Other				4,647,939		98.0%
	<u>\$ -</u>		<u>\$ -</u>	<u>\$ 4,744,013</u>		<u>100.0%</u>

Source: County of Volusia Property Appraiser.

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

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Levy Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent Total Collections To Levy</b>
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%
2007	13,663,075	12,760,664	93.4%	22,233	12,782,897	93.6%
2008	12,489,846	12,087,519	96.8%	18,488	12,106,007	96.9%

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			
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
2007	17,840,000	-	79,825,000		97,665,000	1,142
2008	17,235,000	-	78,975,000		96,210,000	1,120

**CITY OF DELTONA, FLORIDA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF SEPTEMBER 30, 2008**

<u>Taxing Authority</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to Deltona</u>	<u>Amount Applicable to Deltona</u>
City of Deltona	\$ 17,235,000	100%	\$ 17,235,000
County of Volusia (1)	36,245,000	0.00%	-
Volusia County School Board (2)	-	0.00%	-
Total Direct and Overlapping Debt	<u>\$ 53,480,000</u>		<u>\$ 17,235,000</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)	Net	2003 Revenue Bonds			
	Utility Revenues	Less Operating Expenses	Available Revenue	Principal	Interest		
2006	\$ 14,561,148	\$ 6,479,252	\$ 8,081,896	\$ 750,000	\$ 3,872,125	1.75	
2007	13,976,253	7,182,810	6,793,443	850,000	3,857,125	1.44	
2008	12,924,666	7,369,491	5,555,175	950,000	3,836,938	1.16	

(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.

(3) Interest expense has not been reduced by capitalized interest.

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 (2)						
	Florida	Lake	Orange	Seminole	Sumter	Marion	Volusia	Florida	Lake	Orange	Seminole	Sumter	Marion	Volusia
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
2006-07	35,798	28,942	31,569	38,838	21,878	26,893	28,347	42,990	40,745	41,725	50,842	37,523	34,948	37,247
2007-08	36,720	29,815	33,335	40,946	24,135	29,012	29,615	46,602	43,443	49,768	57,318	39,387	39,295	41,772

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

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

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

<b>Cost of Living Index Lake and Surrounding Counties (1)</b>							<b>Unemployment Lake and Surrounding Counties (2)</b>				
<b>Year</b>	<b>Lake</b>	<b>Orange</b>	<b>Seminole</b>	<b>Sumter</b>	<b>Marion</b>	<b>Volusia</b>	<b>Lake</b>	<b>Orange</b>	<b>Seminole</b>	<b>Marion</b>	<b>Volusia</b>
1998-99	96.14	99.04	99.48	89.66	94.16	95.64	3.30	3.10	2.90	4.30	3.60
1999-00	94.48	99.21	100.00	88.57	93.30	94.75	2.70	2.90	2.80	3.80	3.20
2000-01	95.13	98.69	97.39	92.58	93.25	94.50	3.60	3.10	3.00	4.00	3.40
2001-02	95.57	97.67	95.87	92.42	93.75	95.62	4.40	4.20	4.00	5.00	4.30
2002-03	94.64	96.71	96.52	91.72	97.31	95.06	5.70	5.60	5.50	5.90	5.50
2003-04	98.79	101.63	100.01	95.14	95.99	96.16	5.20	5.10	5.10	5.40	5.20
2004-05	98.13	101.17	99.99	95.50	96.02	95.53	4.50	4.40	4.20	4.60	4.50
2005-06	97.50	100.99	99.56	95.33	94.30	94.90	3.80	3.60	3.40	3.90	3.70
2006-07	97.69	101.19	99.98	95.52	94.82	94.77	3.40	3.20	3.00	3.60	3.40
2007-08	97.70	101.20	99.95	95.53	94.73	94.74	4.20	3.80	3.50	4.60	4.20

(1) Source University of Florida, Bureau of Economic and Business Research

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

**CITY OF DELTONA, FLORIDA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN YEARS**  
*(Concluded)*

<b>Fiscal Year</b>	<b>Population (1)</b>			<b>Unemployment Rate (2)</b>	<b>School (3)</b>	
	<b>Deltona</b>	<b>County</b>	<b>% of City</b>		<b>Enrollment</b>	<b>Attendance</b>
1999	59,717	426,815	13.99%	3.1%	13,530	96.2%
2000	61,191	443,343	13.80%	2.8%	14,058	96.7%
2001	69,543	452,050	15.38%	4.3%	14,583	96.6%
2002	71,599	459,569	15.58%	5.4%	14,920	96.6%
2003	76,332	470,770	16.21%	5.1%	15,376	96.0%
2004	80,052	484,080	16.54%	4.8%	15,994	96.3%
2005	82,973	494,649	16.77%	2.9%	16,228	96.4%
2006	85,484	503,844	16.97%	3.0%	16,465	96.5%
2007	86,540	508,014	17.03%	3.1%	16,116	96.6%
2008	85,921	508,014	16.91%	4.2%	14,885	94.2%

(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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
City Manager	5.0	5.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0
City Clerk	3.0	3.0	4.0	4.0	4.0	5.5	6.0	7.5	8.0	6.0
Finance	6.0	7.0	7.0	8.0	14.0	17.5	14.0	17.5	17.5	19.0
City Attorney	-	1.0	1.0	1.0	3.0	5.0	6.0	7.0	6.0	6.0
Development Services	16.0	16.0	22.0	31.0	37.0	42.0	51.0	60.5	69.0	45.0
Human Resources	2.0	2.0	2.0	2.0	3.0	4.5	3.5	6.0	6.0	4.5
Parks & Recreation	-	1.0	17.0	20.0	25.0	29.0	29.0	32.0	37.5	43.5
Total general government	<u>32.0</u>	<u>35.0</u>	<u>56.0</u>	<u>69.0</u>	<u>89.0</u>	<u>106.5</u>	<u>112.5</u>	<u>133.5</u>	<u>148.0</u>	<u>128.0</u>
Police Officers	n/a	55.0	56.0	58.0	65.0	66.0	72.0	72.0	72.0	69.0
Fire & Rescue:										
Firefighters	45.0	45.0	45.0	45.0	51.0	51.0	54.0	66.0	69.0	69.0
Administration & Communication	20.5	20.5	17.5	16.5	16.5	19.0	20.5	21.5	24.5	26.0
Total Fire & Rescue	<u>65.5</u>	<u>65.5</u>	<u>62.5</u>	<u>61.5</u>	<u>67.5</u>	<u>70.0</u>	<u>74.5</u>	<u>87.5</u>	<u>93.5</u>	<u>95.0</u>
Total public safety	<u>65.5</u>	<u>120.5</u>	<u>118.5</u>	<u>119.5</u>	<u>132.5</u>	<u>136.0</u>	<u>146.5</u>	<u>159.5</u>	<u>165.5</u>	<u>164.0</u>
Public Works	28.0	28.0	28.5	28.0	29.0	25.0	31.5	28.0	31.0	39.5
Storm Water	-	-	8.0	14.0	18.0	26.0	23.0	23.0	25.0	21.0
Total public services	<u>28.0</u>	<u>28.0</u>	<u>36.5</u>	<u>42.0</u>	<u>47.0</u>	<u>51.0</u>	<u>54.5</u>	<u>51.0</u>	<u>56.0</u>	<u>60.5</u>
Water/Sewer utility	-	-	-	-	-	42.5	55.5	64.0	67.5	68.5
Solid Waste	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0
Total public services	<u>-</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>43.5</u>	<u>56.5</u>	<u>65.0</u>	<u>68.5</u>	<u>70.5</u>
Total government employees	<u>125.5</u>	<u>184.5</u>	<u>212.0</u>	<u>231.5</u>	<u>269.5</u>	<u>337.0</u>	<u>370.0</u>	<u>409.0</u>	<u>438.0</u>	<u>423.0</u>

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	
<b>General</b>											
Last charter amendment				November 6, 2001							
Number of Commissioners	7	7	7	7	7	7	7	7	7	7	
Form of government				Commissioner: 4 Year Term of Office - Appointed City Manager							
Municipal boundaries (1)	46	46	46	46	46	46	46	46	46	46	
<b>Police</b>											
Number of stations	1	1	1	1	1	1	1	1	1	1	
Number of Police officers	n/a	55	56	58	65	66	72	72	72	69	
Number of patrol vehicles	n/a	n/a	n/a	n/a	n/a	40	40	40	40	69	
Number of arrests	n/a	n/a	n/a	n/a	n/a	5,068	9,386	6,544	3,435	3,879	
<b>Fire</b>											
Number of stations	4	4	4	4	4	4	4	4	4	4	
Number of vehicles	4	4	4	4	4	5	5	6	6	6	
Number of calls	6,336	6,501	6,983	7,199	7,430	8,713	7,782	7,804	8,180	7,087	
<b>Building</b>											
Building permits issued	3,226	3,066	3,382	4,217	5,036	5,662	10,294	5,857	5,062	3,787	
Average price of single family Residential construction	73,206	72,593	101,590	134,625	151,862	157,440	164,428	204,176	243,510	238,640	
Value of permits issued (\$1,000's of dollars)	n/a	n/a	n/a	170,116	235,369	234,744	435,386	211,986	97,110	55,653	
<b>Recreation</b>											
Number of parks	n/a	14	14	14	14	14	14	15	15	16	
Acres maintained	n/a	115	148	148	202	202	202	216	216	226	
Number of buildings	n/a	11	11	11	11	13	14	15	15	16	
Number of people served	n/a	n/a	n/a	n/a	n/a	90,041	168,428	223,533	235,105	220,122	
<b>Library</b>											
Number of libraries	1	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	423.54	
Number of street lighting districts	10	14	18	23	23	26	26	29	31	37	
Number of city maintained traffic signals	3	3	3	4	4	4	4	5	7	9	
Number of school signals	22	22	22	22	22	22	25	25	25	37	
Number of buildings	1	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	30,295	30,981	31,811	32,419	31,778	
Average daily flow (2)	n/a	n/a	n/a	n/a	n/a	12.26	11.06	12.71	12.94	11.90	
Miles of water main	n/a	n/a	n/a	n/a	n/a	475	480	480	500	500	
Number of plants	n/a	n/a	n/a	n/a	n/a	17	17	17	17	17	
Number of vehicles	n/a	n/a	n/a	n/a	n/a	26	27	22	34	34	
Number of buildings	n/a	n/a	n/a	n/a	n/a	28	28	28	28	28	
<b>Wastewater (3)</b>											
Miles of sanitary sewers	n/a	n/a	n/a	n/a	n/a	75	75	75	75	93	
Number of vehicles	n/a	n/a	n/a	n/a	n/a	11	11	9	15	15	
Number of buildings	n/a	n/a	n/a	n/a	n/a	4	4	4	4	4	
Number of plants	n/a	n/a	n/a	n/a	n/a	1	1	1	1	1	

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

<u>Type of Customer</u>	<u>2006</u>	<u>Fiscal Year 2007</u>	<u>2008</u>
Single Family Residences	4,012.24	4,068.18	3,719.95
Multi Family Residences	2.19	2.61	2.39
Commercial	116.08	118.60	102.50
Multi Family Commercial	2.42	1.89	2.76
Hydrant	6.19	4.03	1.57
Bulk	41.93	47.99	39.58
Irrigation	48.32	60.29	67.95
Totals	<u>4,229.37</u>	<u>4,303.59</u>	<u>3,936.70</u>

Water Rates (Per 1,000 gallons consumed)

**All Customers**

Rates apply to all usage - no cap                      \$            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)**

<u>Type of Customer</u>	<u>2006</u>	<u>Fiscal Year 2007</u>	<u>2008</u>
Single Family Residences	248.25	246.97	236.95
Multi Family Residences	0.19	0.97	0.93
Commercial	69.64	79.40	75.84
Multi Family Commercial	1.18	0.87	0.83
Bulk	14.59	15.67	15.39
Totals	<u>333.85</u>	<u>343.88</u>	<u>329.94</u>

**Sewer Rates (Per 1,000 gallons consumed)**

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

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

**CITY OF DELTONA, FLORIDA  
PRINCIPAL EMPLOYERS  
CURRENT AND NINE YEARS AGO**

<b>Employer</b>	<b>2008</b>			<b>1999</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Publix Supermarkets	410	1	3.83%	n/a	1	n/a
Winn Dixie Stores, Inc.	398	2	3.72%	n/a	2	n/a
City of Deltona	341	3	3.19%	n/a	3	n/a
Deltona High School	300	4	2.80%	n/a	4	n/a
Pine Ridge High School	250	5	2.34%	n/a	5	n/a
Albertsons	200	6	1.87%	n/a	6	n/a
Deltona Middle School	200	7	1.87%	n/a	7	n/a
Galaxy Middle School	160	8	1.50%	n/a	8	n/a
Friendship Elementary	150	9	1.40%	n/a	9	n/a
Deltona Health Care Center	140	10	1.31%	n/a	10	n/a
Total	<u>2549</u>		<u>23.82%</u>	<u>n/a</u>		<u>n/a</u>

Source: InfoUSA (Reference USA Database) V2008.1

Other  
Reports

**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***

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE PROJECTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
CITY OF DELTONA, FLORIDA**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Grant Number</u>	<u>CFDA/ CFSA Number</u>	<u>Program or Award Amount</u>	<u>Expenditures</u>
<b>U.S. Department of Housing and Urban Development</b>				
Community Development Block Grant	B-07-MC-12-0049	14.218	\$ 516,124	\$ 351,277
<b>Total Department of Housing and Urban Development</b>			<u>516,124</u>	<u>351,277</u>
<b>Federal Emergency Management Agency</b>				
Passed Through State of Florida, Division of Emergency Management (DEM):				
Sumatra Avenue Drainage Project	07HM-4@-06-74-02-063	97.039	479,732	385,585
Passed Through State of Florida, Division of Emergency Management (DEM):				
Disaster Grants - Public Assistance	08-FA-B9-06-74-00-513	97.036	942,538	940,130
<b>Total Federal Emergency Management Agency</b>			<u>1,422,270</u>	<u>1,325,715</u>
<b>Total Expenditures of Federal Assistance</b>			<u>\$ 1,938,394</u>	<u>\$ 1,676,992</u>
<b><u>State Financial Assistance</u></b>				
<b>Florida Department of Environmental Protection</b>				
Florida Recreation Development Assistance Programs:				
Campbell Park Overlook Project	F06230	37.017	\$ 200,000	\$ 172,553
<b>Total Florida Department of Environmental Protection</b>			<u>200,000</u>	<u>172,553</u>
<b>Florida Housing Finance Corporation</b>				
State Housing Initiatives Partnership Program	N/A	52.901	1,918,895	677,216
Hurricane Housing Recovery Program	N/A	52.902	994,698	50,464
<b>Total Florida Housing Finance Corporation</b>			<u>2,913,593</u>	<u>727,680</u>
<b>Florida Department of Community Affairs</b>				
Passed through County of Volusia, Department of Growth & Resource				
Management Housing and Community Development Program				
Florida Local Update of Census Addresses	08-DD-J3-06-74-01-029	52.038	5,100	2,982
<b>Total Florida Department of Community Affairs</b>			<u>5,100</u>	<u>2,982</u>
<b>Fish and Wildlife Conservation Commission</b>				
Florida Boating Improvement Programs				
Lake Monroe Floating Dock Project	5114	77.006	130,000	78,550
<b>Total Fish and Wildlife Conservation Commission</b>			<u>130,000</u>	<u>78,550</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE PROJECTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
CITY OF DELTONA, FLORIDA  
(Concluded)**

<u>Federal Grantor/Pass-Through Grantor/Program Title (Concluded)</u>	<u>Grant Number</u>	<u>CFDA/ CFSA Number</u>	<u>Program or Award Amount</u>	<u>Expenditures</u>
<b>Florida Department of Transportation</b>				
Transportation Systems Operations, Transportation System Development Programs				
Transportation Regional Incentive Program	AP066	55.026	\$ 5,151,890	\$ 1,740,824
<b>Total Florida Department of Transportation</b>			<u>5,151,890</u>	<u>1,740,824</u>
<b>Total Expenditures of State Assistance</b>			<u>\$ 8,400,583</u>	<u>\$ 2,722,589</u>

**Note to the Schedule of Expenditures of Federal Awards and State Financial Assistance Projects**

**Basis of Presentation**

The accompanying schedule of federal awards and state projects is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organization*, and Chapter 10.550.

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

Honorable Mayor and City Commissioners  
City of Deltona  
Deltona, Florida

We have audited the financial statements of the governmental activities, business-type activities, and each major fund and the remaining aggregate fund information of the City of Deltona (the City), as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 3, 2009. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted certain matters that we reported to management of the City in a separate letter dated March 3, 2009.

**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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's basic 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Honorable Mayor and City Commissioners, management, and the Florida Auditor General. It is not intended to be used and should not be used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

March 3, 2009  
Ocala, Florida

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
FEDERAL PROGRAM AND STATE PROJECTS AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE FLORIDA  
DEPARTMENT OF FINANCIAL SERVICES, *STATE COMPLIANCE SUPPLEMENT***

Honorable Mayor and City Commissioners  
City of Deltona  
Deltona, Florida

**Compliance**

We have audited the compliance of the City of Deltona, Florida (the City), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, and the requirements described in the Florida Department of Financial Service's *State Projects Compliance Supplement*, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2008. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*. Those standards, OMB Circular A-133, and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or the state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2008.

**Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs

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Honorable Mayor and City Commissioners  
City of Deltona  
Deltona, Florida

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
FEDERAL PROGRAM AND STATE PROJECTS AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE FLORIDA  
DEPARTMENT OF FINANCIAL SERVICES, *STATE COMPLIANCE SUPPLEMENT*  
(Concluded)**

**Internal Control Over Compliance (Concluded)**

and state financial assistance 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 major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal controls over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

We have audited the basic financial statements of the City, as of and for the year ended September 30, 2008, and have issued our report thereon dated March 3, 2009. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133, and Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Honorable Mayor and City Commissioners, management, and specific legislative or regulatory bodies, and is not intended to be and should not be used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

March 3, 2009  
Ocala, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
CITY OF DELTONA, FLORIDA**

**PART A - SUMMARY OF AUDIT RESULTS**

1. The independent auditors' report expresses an unqualified opinion on the basic financial statements of the City of Deltona, Florida.
2. No significant deficiencies were disclosed during the audit of the basic financial statements of the City of Deltona, Florida.
3. No instances of noncompliance material to the basic financial statements of the City of Deltona, Florida, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal programs and state projects were disclosed.
5. The auditors' report on compliance for the major federal award programs and state projects the City of Deltona, Florida, expresses an unqualified opinion.
6. No audit findings were disclosed relative to the major federal award programs and state projects for the City of Deltona, Florida.
7. The programs/projects tested as major programs/projects included the following:
  - **Federal Programs**
    - Federal Emergency Management Agency – Passed Through State of Florida, Division of Emergency Management – Sumatra Avenue Drainage Program, CFDA No. 97.039.
    - Federal Emergency Management Agency – Passed Through State of Florida, Division of Emergency Management – Disaster Grants, Public Assistance CFDA No. 97.036.
  - **State Projects**
    - Florida Department of Transportation, Transportation Systems Operations, Transportation System Development Programs - Transportation Regional Incentive Program, CFSFA No. 55.026.
8. The threshold for distinguishing Type A and Type B programs/projects was \$300,000 for major federal award programs and major state financial assistance projects.
9. The City of Deltona, Florida, did qualify as a low-risk auditee pursuant to OMB Circular A-133.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008  
CITY OF DELTONA, FLORIDA  
(Concluded)**

**PART B - FINDINGS - FINANCIAL STATEMENTS**

1. No matters were reported.

**PART C - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS**

1. No matters were reported.

**PART D - FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECTS**

1. No matters were reported.

**PART E - OTHER ISSUES**

1. No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to federal programs or state projects.
2. No Corrective Action Plan is required because there were no findings required to be reported under the Federal or Florida Single Audit Acts.

**MANAGEMENT LETTER**

Honorable Mayor and City Commissioners  
City of Deltona  
Deltona, Florida

We have audited the accompanying basic financial statements of the governmental activities, business-type activities, and each major fund and the remaining aggregate fund information of the City of Deltona, Florida (the City), as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated March 3, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB A-133, *Audits of States, Local Governments and Non-Profit Organizations*. We have issued our independent auditors' report on internal control over financial reporting and compliance and other matters, independent auditors' report on compliance with requirements applicable to each major federal program and state project and on internal control over compliance, and schedule of findings and questioned costs. Disclosures in those reports and schedule, which are dated March 3, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors reports or schedule:

- Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective action has been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report (see attached management letter comments).
- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding investment of public funds. In connection with our audit, we noted no instance of noncompliance with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve the City's financial management, accounting procedures, and internal controls (see attached management letter comments).
- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

**Certified Public Accountants**

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
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Honorable Mayor and City Commissioners  
City of Deltona  
Deltona, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

- Section 10.554(1)(i)5., *Rules of the Auditor General*, requires that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, and contracts or grant agreements, or abuse that have occurred, or are likely to have occurred; and (2) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., *Rules of the Auditor General*, also requires that the name or official title and legal authority for the primary government be disclosed in the management letter, unless disclosed in the notes to the financial statements. See note 1 of the September 30, 2008, the City's basic financial statements for this information; there were no component units related to the City.
- Section 10.554(1)(i)7.a., *Rules of the Auditor General*, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., *Rules of the Auditor General*, we determined that the annual financial report for the City for the fiscal year ended September 30, 2008, 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, 2008. In connection with our audit, we determined that these two reports were in agreement.
- Sections 10.554(1)(i)7.c. and 10.556(7), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same (see attached management letter comments).

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of Honorable Mayor and City Commissioners, management, and the Florida Auditor General, and is not intended to be and should be used by anyone other than these specific parties.

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

*Purvis, Gray and Company, LLP*

March 3, 2009  
Ocala, Florida

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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, 2008, 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 March 3, 2009, on the basic financial statements of the City. Our comments are summarized as follows:

**Prior Year Recommendations**

The prior year recommendations have all been addressed by the City, however the following items are in progress and not complete as of the date of this report:

■ **Transportation Fund**

The Transportation Fund (the Fund) accounts for the use of three revenue sources, each of which have different restrictions on the use of the revenues: transportation impact fees, local option gas tax, and transportation bond proceeds. The Fund combines impact fees and local option gas tax revenues in the same cash account and does not identify expenses as to funding source so that the unspent balance of each can be identified as fund balance reserves. We recommend that the City either account for the impact fees in a separate fund or adjust the chart of accounts in the existing Transportation Fund to distinguish expenditures from each revenue source so that Fund Balance reservations can be computed to keep track of unspent amounts.

■ **Administrative Cost Allocation**

The City uses a cost allocation formula to allocate administrative costs incurred by the general fund to the various other operating funds of the City. The allocation formula currently being used has not changed in several years. During 2008 the City had a study performed to update the allocation, which recommends a significant increase in the amount of administrative overhead allocated to Deltona Water. The new study has not been implemented pending further review of the study and the ability of Deltona Water to absorb the increase within its existing rate structure. We recommend that the City completes its review of the study and modify the existing cost allocations as deemed appropriate.

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Honorable Mayor and City Commissioners  
City of Deltona  
Deltona, Florida

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

**Prior Year Recommendations** *(Concluded)*

■ **Information Technology (IT) General Controls**

We noted that the City's IT Department has operated informally as a "small shop" since its inception and has recently hired a new IT Manager. We noted that the City does not have formal IT general control policies and procedures. IT is playing an integral role in the City's control environment and operations and we expect that this role will only increase in the future. We believe that the hiring of the new IT Manager represents an opportunity for the City to review, implement, and document formal IT general controls with the hiring of the new IT Director (see additional IT General Control items dealing with review of user access and environmental controls under Current Year Recommendations below).

**Current Year Recommendations**

■ **Deltona Water Debt Service Coverage**

Deltona Water had a small increase in net assets for the year and barely met the debt service coverage/rate requirements of the bond resolution that financed the acquisition of the system. The bond resolution requires the City to charge rates sufficient to generate net revenues that correspond to minimum debt service coverage ratios. We are aware that the City has implemented a series of rate increases becoming effective in each of the upcoming several years which should generate net revenues sufficient to comfortably meet the debt service coverage called for by the bond resolution. We recommend that the City reviews the effects of the rate changes closely each year to ensure coverage ratios are met.

■ **Account Reconciliations**

The City's financial reporting process would benefit from improved timeliness of account reconciliations and general ledger activity review for capital assets, grant accounting (specifically the SHIP program), developer escrows, health insurance withholdings and other key accounts throughout the year.

Improved timeliness of these reconciliations and reviews would help make the interim and year-end closing process easier and more efficient to complete. Instituting this process should help to improve the quality and timeliness of the financial reporting process.

■ **Review of User Access-Key Financial Applications**

Best internal control practices governing user access to key financial applications calls for periodic review of user access to those applications within the various user departments of the City to ensure that such access is necessary and does not compromise internal controls. Inadequate security administration of these important controls presents risks that personnel have unauthorized levels of access to the City's systems and/or unauthorized individuals may gain access to the City's systems. We recommend that the City review and implement formal security administration controls such as the following:

- Approval of User Access (including the user's level of access)
- Removal of User Access
- Periodic Review of User Access for Appropriateness
- Access to the Data Center
- Logging and Monitoring of User Access
- Stronger Password and Security Configurations

Honorable Mayor and City Commissioners  
City of Deltona  
Deltona, Florida

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

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

■ **Information Technology Environmental Controls**

Virtually all of the City's operating and accounting applications are computerized with total reliance on the City's server and network system located in City Hall. During our audit we noted that the City's computer server room in City Hall is cooled by the basic building HVAC system coupled with a small room-sized air conditioner. Because servers generate significant heat in the normal course of operation and require a cool operating environment, the current cooling system has proven inadequate as evidenced by a major over-heating event during 2008 that resulted in the City having to replace a significant amount of server equipment. This condition has persisted into 2009 with additional server room overheating resulting in temporary operational shutdowns. Because of the day-to-day reliance on the computer system for all areas of financial operations, we recommend that the City review this issue to determine the best method to cool the servers so as not to disrupt operations from overheated equipment.

■ **Firefighters Defined Benefit Pension Plan**

The Firefighters Defined Benefit Pension Plan (the Plan) has experienced significant investment losses (nearly 40% of the portfolio) as the result of nation-wide economic slow-down and declining financial market conditions. Additionally, the most recent actuarial report indicates that the Unfunded Actuarial Accrued Liability of the Plan, (the measure of promised benefits, less existing plan assets) has grown from \$367,471 in 2006 to \$3,763,710 in 2008.

Defined benefit plans promise a specific benefit to the retiree based upon years of service and compensation levels during the working years, with employer's responsible for funding to pay those benefits. The Plan's actuary uses a multiple year smoothing technique in valuing plan assets to determine funding requirements so that short-term changes in the financial markets do not cause constant fluctuations in employer funding of the Plan. Depending upon the length and severity of the current economic slowdown, the City will likely soon begin to see significant increases in the funding requirements of the Plan. We recommend that the City review this area with the Plan actuary to determine if any of the plan benefits or actuarial assumptions require modifications and to plan for higher pension contributions to the Plan that will adversely affect the City's budget.

■ **Financial Condition Assessment**

The City's General Fund, Solid Waste Fund and Stormwater Utility Fund all budgeted for and actually experienced significant decreases in fund balance for the year ended September 30, 2008, resulting in depletion of financial reserves available for future years. We are aware of the City's on going budgetary cuts reflecting shrinking available revenues and urge the City to adopt and follow balanced budgets in all operating funds so that operating reserves are not further reduced.

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

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

*Purvis, Gray and Company, LLP*

March 3, 2009  
Ocala, Florida



# City of Deltona

## RESPONSES TO MANAGEMENT LETTER COMMENTS

Honorable Mayor and City Commissioners  
City of Deltona  
Deltona, Florida

### Prior Year Recommendations

- **Transportation Fund**

The City has begun accounting for transportation revenues and expenditures in a separate fund effective in fiscal year 2008/2009. This will allow for better tracking of expenditures for each individual revenue source.

- **Administrative Cost Allocation**

The City hired a firm to develop a cost allocation formula in fiscal year 2007/2008 to be used in distributing administrative costs incurred by the General Fund to various other departments and funds throughout the City. This formula was completed in early fiscal year 2008/2009 and the City expects to implement the formula in the 2009/2010 budget year. The City will conduct a periodic review of the model to insure the allocation for each individual department and fund remains fair and equitable.

- **Information Technology (IT) General Controls**

The City hired a new IT Manager in fiscal year 2007/2008. IT has identified the areas within the City needing new and updated policies and procedures relating to IT controls. IT is currently in the process of completing, documenting and implementing these policies and procedures.

### Current Year Recommendations

- **Deltona Water Debt Service Coverage**

The prior Commission made a pledge not to increase utility rates for five years. As a result, during fiscal year 2007/2008, the last year of this five-year pledge, the utility experienced a near miss in meeting the minimum required debt service coverage ratio. Per the bond covenant, the City must meet or exceed a debt service coverage ratio of 110%. For fiscal year 2007/2008, this ratio is calculated at 116%. A multi-year rate increase was approved in fiscal year 2007/2008 and implementation was started in early fiscal year 2008/2009. This increase clearly illustrates the Commissions' foresightedness for having approved the utility rate increase in these hard economic times. Revenues and revenue projections will be closely monitored to insure continued adequate debt ratio coverage.

- **Account Reconciliations**

Staff agrees there are areas needing improvement regarding the timeliness of general ledger review and account reconciliations. Action has already been taken to implement improved and streamlined processes. There have been major accounting staff changes, and for the first time since these changes occurred, the department is now fully staffed. Appropriate City personnel have met regarding proper and timely accounting for the SHIP program and all parties fully understand their level of responsibility in regards to SHIP. In addition, a year-end time line has been developed in order to reconcile year-end SHIP accounting in a more timely manner. Financial statements for the City are being prepared monthly beginning with the first quarter of the new fiscal year. The preparation of these financial statements includes checklists for completion in addition to an analytical review that will be performed

DEPARTMENT OF FINANCE & INTERNAL SERVICES

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Honorable Mayor and City Commissioners  
City of Deltona  
Deltona, Florida

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

- **Account Reconciliations (Concluded)**  
each month. Balance sheet accounts have been assigned to various staff for monthly and/or quarterly review and reconciliation, which will lend itself to more timely year-end processing and review. It is agreed that the timeliness of fixed asset accounting has been lacking in the past. Fixed assets have now been assigned to a dedicated staff member who is currently being trained to process, review and monitor fixed assets on an on-going basis throughout the year.
- **Review of User Access-Key Financial Applications**  
IT is working in conjunction with Human Resources to implement procedures and controls for all incoming and outgoing employees, including interns and those on temporary assignments. This procedure will include periodic review of access levels to insure that access is limited to only those individuals who have a need for specific software and hardware. Department heads are required to sign off on all employee access requests. No non-IT personnel have access to server room or equipment closets and all access is documented through IT. IT is currently working with Human Resources to investigate the feasibility of moving to an in-house security platform that would incorporate door control/department access with a time reporting component.
- **IT Environmental Controls**  
IT is currently working with Facilities and an outside HVAC contractor to install an auxiliary AC unit designed to augment in-house cooling should the City experience an HVAC incident or malfunction.
- **Firefighters Defined Benefit Pension Plan**  
Staff concurs completely with this comment. The more than significant jump in the Unfunded Actuarial Accrued Liability from \$367,471 in 2006 to \$3,763,710 highlights the immediate and serious need to gain control of pension losses. In the sixteen months ending January 2009, the pension has experienced losses of 39% and the fund has begun eroding principal. In the future, unless the fund achieves an investment rate of return greater than the actuarially assumed rate of 8.0%, the City will ultimately be required to assume the liability for funding these losses. It is likely that the plan's next actuarial report will require that the City begin the funding to cover these losses as early as the 2009/2010 budget.
- **Financial Condition Assessment**  
Although a reduction in some fund balances was budgeted for in fiscal 2007/2008, staff does concur that the financial condition of these funds, as well as all other funds, must be closely monitored so as not to further erode fund balances. Staff has since taken action not to further erode fund balances and a balanced budget was presented for fiscal year 2008/2009, meaning that existing fund balances were not used and were preserved. Additionally, both the stormwater and solid waste funds experienced rate increases in the fiscal 2008/2009 budget. These rate increases were implemented in order to recover some of the recent decline in the fund balance of these two funds, exhibiting the Commissions' proactive approach to the deteriorating economy. Staff is continually monitoring revenues and expenditures and is vigorously researching and reviewing potential cost savings. In fiscal year 2007/2008, the City hired Matrix Consulting to conduct an employee climate survey and efficiency study. This report has been completed and provides the City a guide for additional opportunity for staff reduction and level of service improvement. Many of the recommendations from this report have already been implemented while other recommendations are being reviewed more closely for possible implementation.