

CITY OF DELTONA, FLORIDA



Deltona Amphitheatre
at Lyonia Preserve

Comprehensive Annual Financial Report

for fiscal year ended September 30, 2009

City of Deltona, Florida
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended September 30, 2009

Prepared By:
Department of Finance and Internal Services

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CITY OF DELTONA, FLORIDA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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CITY OF DELTONA, FLORIDA

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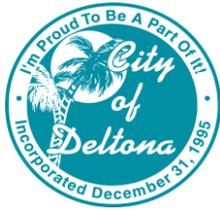
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City of Deltona

March 5, 2010

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, 2009, 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, 2009. The independent auditors’ report is located at the front of the Financial Section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A 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 84,264. 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

DEPARTMENT OF FINANCE & INTERNAL SERVICES

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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 budget 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 30th; 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 the last two to three years, 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 12.5% in December 2009, compared to 11.8% for the State of Florida and a national rate of 10.0%.

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 3/4th of the land being built out. New construction permits for single-family residential housing show a slow down for the sixth year in a row from FY 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. For the second year in a row, the City has experienced a small decrease in population and a significant decrease in property values. Property tax revenue for FY 2008/2009 was \$240,180 – or 2.0% - more than in FY 2007/2008. However, property tax revenue for FY 2008/2009 was \$436,713 less than that collected in FY 2006/2007. The slight increase in FY 2008/2009 over FY 2007/2008 is attributable

to new construction. Property tax revenue in the foreseeable future is expected to continue to decline but at a more modest rate while experiencing only slight growth in new construction.

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 very near future.

Long-term financial planning

Unreserved, undesignated fund balance in the General Fund, which is 48% percent of the total General Fund revenues, falls well above 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 those 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 slowly recovers. The City will continue to face these financial challenges even as the real estate market improves because of the "Save Our Homes" provision which limits the taxable value of a home to maximum annual increase of 3.0%. For the second year in a row, the FY 2009/2010 budget experienced a decline in our tax base and we expect to see this decline continue into the 2010/2011 budget year. The following items are planned for the next fiscal year and beyond:

In the FY 2009/2010 budget, the City reduced General Fund operating expenditures by \$1.66 million, or 5.4%, after a \$6.0 million reduction in budgeted operating expenditures over the prior budget year. General Fund transfers out to capital project funds were increased due to the \$2.55 million transfer for Fire Station 65. A large part of the reduction in budgeted General Fund operating expenditures is attributable to a reduction in staff in various departments due to attrition and/or elimination of open positions. Nearly all of the budgeted reduction in operating expenditures was in General Government, Transportation, and Culture & Recreation. Law Enforcement experienced a small increase in budgeted operating expenditures of \$27,121 while Fire & Rescue had an increase in budgeted operating expenditures of \$124,100. While the City has done a good job overall of reducing operating expenditures, there are certain factors resulting in significant increases that the City has little or no control over. The FY 2009/2010 budget presents significant increases in Fire & Rescue pension contributions as well as City-wide unemployment costs resulting from the City's Voluntary Budget Recovery Program offered to City employees in June of 2009. The FY 2009/2010 budget presents for the first time the City's \$250,000 annual commitment to Volusia County to help maintain the Lyonia Amphitheater.

During FY 2007/2008, the Planning & Development Services Department budgeted resources for an update to the City's Comprehensive Plan, which will be completed in FY 2009/2010. The City's current Comprehensive Plan, circa 1999, includes continued growth management that is vital to policy planning, economic development, and environmental protection in a unified manner; it is being completed by City staff in-house. The Unified Land Development Code is also being finished in-house by City staff and will be completed in FY 2009/2010. Both efforts are anticipated to reduce consultant expenditures and have net savings for the General Fund.

Recreation programs continue to be important to the residents of the City. A Parks and Recreation Master Plan was completed in FY 2007/2008. This Plan includes a 10 year growth plan relating to this function of the City. The City purchased the historical Thornby property and budgeted \$800,000 in the FY 2009/2010 budget for an all-inclusive playground.

Planning for increased demands on public safety requirements and improving efficiency for the delivery of these services is demonstrated through the \$7.6 million purchase of land for a future Public Safety Complex to include a 5th Fire Station (FS65). The FY 2009/2010 budget includes appropriations of \$5,700,000 for the land; the closing of the property occurred on December 30, 2009. The construction of the Public Safety building has been put on indefinite hold until the economic climate improves. However, the FY 2009/2010 budget does include an appropriation of \$2,550,000 for the construction of Fire Station 65. The Public Safety Complex will be built at an undetermined future date with the expectation to debt finance the construction costs at that time. 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 demand on the City's roadways continues to increase. In FY 2009/2010, the City has \$9.9 million appropriated to continue its road resurfacing, the completion of Normandy Boulevard and the continuation of the Ft. Smith Boulevard projects.

In FY 2008/2009, the City incurred \$6.5 million in debt in the Stormwater fund for various stormwater improvement projects. A bank note was obtained from Branch Banking & Trust Company (BB&T) at a fixed interest rate of 5.01% for the funding of the debt.

Relevant financial policies

The City implemented 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 is 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 attributable to Fire & Rescue Services.

Major initiatives

The State legislation enacted new regulations relating to property tax reform, effective for FY 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. The City passed an ordinance for the FY 2010/2011 tax year granting low income seniors an additional \$25,000 homestead exemption.

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, 2008. This was the ninth 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 this 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, 2009. 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 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, 2008

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.



A stylized, handwritten signature in black ink, appearing to be "JHR".

President

A handwritten signature in black ink that reads "Jeffrey R. Enos".

Executive Director

ORGANIZATIONAL CHART



Citizens of Deltona

Elected Officials

Dennis Mulder, Mayor

Zenaida Denizac, District 1

Herb Zischkau, District 2

Michele McFall-Conte, District 3

Paul Treusch, District 4

Janet Deyette, District 5

Michael Carmolingo, Vice Mayor, District 6

Various Appointed Boards & Committees

Building & Zoning Services

Cyrus "Cy" Butts, Director

- *Permitting*

City Clerk's Office

Faith G. Miller, MMC, City Clerk
Joyce Kent, Deputy City Clerk

Enforcement Services

Dale Baker, Director

- *Animal Control*
- *Solid Waste*
- *Code Enforcement*

Finance

Robert "Bob" Clinger, Director

- *Accounting/Payroll*
- *Fiscal Services*
- *Budget & Financial Planning*
- *Purchasing*

City Manager

Faith G. Miller, MMC, MPA

Deputy City Manager

William "Dave" Denny

Public Works

Glenn Whitcomb, Director

- *Traffic Operations*
- *Engineering*
- *Field Operations*
- *Fleet Maintenance*
- *Stormwater*
- *Utilities*
- *Water & Wastewater Operations*
- *Customer Service & Billing*

Parks & Recreation

William "Steve" Moore, Director

Information Technology

Steve Narvaez, IT Manager

Acting City Attorney

James "Skip" Fowler

Fire / Rescue Department

Robert "Bob" Staples, Fire Chief

- *Communications*
- *Combat*
- *Fire Loss Management*
- *Training*

Human Resources

Tom Acquaro, Director

Law Enforcement

Captain David "Dave" Brannon
District Commander

*Contracted services with Volusia
County Sheriff's Office*

Planning & Development Services

Chris Bowley, Director

- *Short Range Planning*
- *Long Range Planning*
- *Community Development*
- *Economic Development*

**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
Deputy City Manager -----Dave Denny
Acting City Attorney -----James Fowler
City Clerk -----Faith G. Miller
Finance Director -----Robert Clinger
Human Resources Director -----Thomas Acquaro
Planning & Development Services Director -----Chris Bowley
Building & Zoning Services Director -----Cyrus Butts
Enforcement Services Director -----Dale Baker
Fire Chief -----Robert Staples
Public Works and Utilities Director -----Glenn Whitcomb
Parks & Recreation Director -----Steve Moore

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

We have audited the accompanying financial statements of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Deltona, Florida (the City), as of and for the year ended September 30, 2009, 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, 2009, 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 5, 2010, 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 considered in assessing the results of our audit.

The management's discussion and analysis and the major fund budgetary comparison information as listed in the table of contents, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Certified Public Accountants

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

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively 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 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 5, 2010
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, 2009. 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-v.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$147,526,392. Of this amount, \$23,818,047 (*unrestricted net assets*) may be used to meet the government's on-going obligations to citizens and creditors.
- The City's total net assets increased by \$3,228,353. This increase in net assets is attributable to both governmental and business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$45,078,859; an increase of \$1,402,611 in comparison with the prior year. Approximately 41.4% 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 \$16,615,905 or 55.2% of total General Fund expenditures.
- The City Stormwater fund secured a bank loan in the amount of \$6,569,345 in order to finance certain of the City's costs of the capital improvements contained in the City's adopted Stormwater Maser Plan.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's 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 law enforcement and fire/rescue protection, solid waste management, stormwater management, construction and maintenance of road and street

facilities, planning and development services, recreational and cultural activities and general administrative services. The business-type activities of the City include services provided by the water and sewer utility.

The City's government-wide financial statements can be found on pages 15-17 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 funds Balance Sheet and the governmental funds 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 fifteen individual governmental funds. Six of these funds are considered to be major funds. Information for the major funds is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund. Data from the non-major governmental funds is 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 all of its governmental funds. 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 18-25 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same type of 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.

Enterprise fund financial statements provide the same type of information as the government-wide financial statements. However the enterprise fund financial statements provide more detail. The water and sewer utility fund is considered a major fund of the City of Deltona. The basic enterprise fund financial statements can be found on pages 26-31 of this report.

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

The basic fiduciary fund financial statements can be found on pages 32-33 of this report.

Notes to the financial statements. The notes to the financial statements provide additional information that is essential in order to obtain a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34-60 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. This required supplementary information presents combining and individual fund statements and schedules and also provides information regarding the City's funding progress in meeting its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 61-71 of this report.

This report also includes supplemental information on non-major funds. The combining statements referred to earlier in regards to 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 74-87 of this report. While this information is not required, it is helpful to the reader in order to gather a complete picture of the whole governmental unit.

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 \$147,526,392 at the close of the most recent fiscal year.

By far, the largest portion of the City's net assets (73%) reflect its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment), less any related debt issued to acquire those capital assets that is still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these capital 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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 51,124,451	\$ 50,360,154	\$ 24,434,894	\$ 27,796,892	\$ 75,559,345	\$ 78,157,046
Capital assets, net of depreciation	117,004,956	109,077,926	72,235,719	69,706,689	189,240,675	178,784,615
Total assets	168,129,407	159,438,080	96,670,613	97,503,581	264,800,020	256,941,661
Current and other liabilities	7,454,470	4,790,547	5,362,624	5,046,923	12,817,094	9,837,470
Long-term liabilities	23,212,065	19,378,959	81,244,469	83,427,193	104,456,534	102,806,152
Total liabilities	30,666,535	24,169,506	86,607,093	88,474,116	117,273,628	112,643,622
Net Assets:						
Investment in capital assets net of related debt	112,872,553	100,154,051	(4,539,555)	(4,554,058)	108,332,998	95,599,993
Restricted	7,985,972	21,608,876	7,389,375	6,027,627	15,375,347	27,636,503
Unrestricted	16,604,347	13,505,647	7,213,700	7,555,896	23,818,047	21,061,543
Total net assets	\$ 137,462,872	\$ 135,268,574	\$ 10,063,520	\$ 9,029,465	\$ 147,526,392	\$ 144,298,039

A portion of the City's net assets (10%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$23,818,047) 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.

Government-Wide Activities. Governmental activities increased the City's net assets by \$2,194,298 while business-type activities experienced an increase in net assets of \$1,034,055. Key elements of these changes are as follows.

City of Deltona's Changes in Net Assets

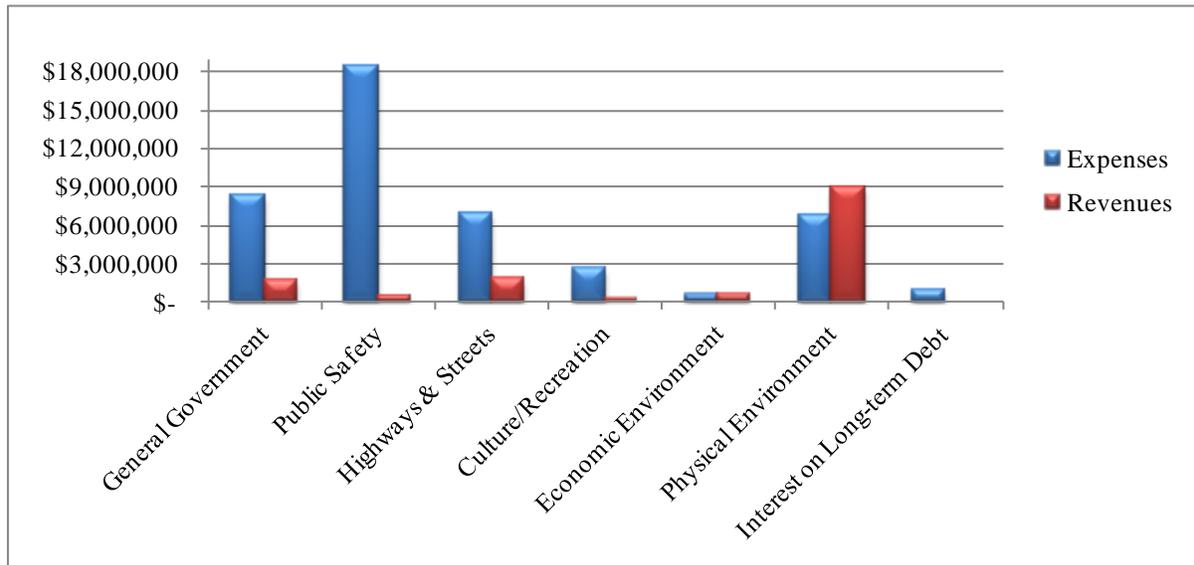
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for services	\$ 9,309,234	\$ 8,235,202	\$ 13,965,454	\$ 12,443,827	\$ 23,274,688	\$ 20,679,029
Operating grants and contributions	1,035,250	1,394,733	102,179	-	1,137,429	1,394,733
Capital grants and contributions	3,701,757	3,279,107	229,554	420,686	3,931,311	3,699,793
General Revenues:						
Property taxes	12,346,188	12,106,012	-	-	12,346,188	12,106,012
Franchise fees	4,040,268	3,788,670	-	-	4,040,268	3,788,670
Other taxes	14,071,227	13,445,237	-	-	14,071,227	13,445,237
State Shared Revenues	1,448,280	2,306,647	-	-	1,448,280	2,306,647
Other	1,014,591	2,567,780	1,023,363	1,204,533	2,037,954	3,772,313
Total Revenues	46,966,795	47,123,388	15,320,550	14,069,046	62,287,345	61,192,434
Expenses:						
Governmental Activities:						
General government	8,403,728	11,343,784	-	-	8,403,728	11,343,784
Public safety	18,356,301	18,291,690	-	-	18,356,301	18,291,690
Physical environment	6,864,133	6,790,848	-	-	6,864,133	6,790,848
Highways and Streets	6,927,195	7,402,043	-	-	6,927,195	7,402,043
Culture & recreation	2,654,365	5,386,966	-	-	2,654,365	5,386,966
Economic environment	593,424	563,904	-	-	593,424	563,904
Interest on long-term debt	973,351	838,806	-	-	973,351	838,806
Business-type Activities:						
Water and sewer	-	-	14,286,495	13,883,984	14,286,495	13,883,984
Total Expenses	44,772,497	50,618,041	14,286,495	13,883,984	59,058,992	64,502,025
Change in Net Assets	2,194,298	(3,494,653)	1,034,055	185,062	3,228,353	(3,309,591)
Net Assets-beginning of year	135,268,574	138,763,227	9,029,465	8,844,403	144,298,039	147,607,630
Net Assets-end of year	\$ 137,462,872	\$ 135,268,574	\$ 10,063,520	\$ 9,029,465	\$ 147,526,392	\$ 144,298,039

- Charges for services in FY 2008/2009 increased by \$1,074,032 or 13.0%. The most significant increases in charges for services were for user fees charged in the Stormwater fund, up by \$636,617 or 10.6% and the Solid Waste fund, up by \$414,095 or 27.9% as a result of increases to the special assessment fees charged to customers effective October 1, 2008. Other significant increases in charges for services include increases in City and County business tax license, up by \$97,904 or 40.3%, tower leases, up by \$81,364 or 56.36%, attributable to an in-depth review of existing leases by staff and recovering monies owed, and permit and inspection fees up by \$59,040 or 14.3%.

- Operating grants and contributions received by the City decreased in FY 2008/2009 by \$359,483 or 25.8% from the prior year. This decrease is primarily attributable to FEMA reimbursements for Tropical Storm Fay that were recognized in the prior year.
- Capital grants and contributions increased in FY 2008/2009 by \$422,650 or 12.9% from the prior year. This increase was mostly attributable to funds received from the TRIP grant.
- General revenues decreased in FY 2008/2009 by \$1,293,792 or 3.8% from the prior year. The majority of the decrease is attributable to a combination of decreased sales tax revenue, down by \$372,590 or 9.5%, State shared revenues, down by \$858,367 or 37.2% and investment income continued on its downward spiral, down by \$1,624,177 or 77.9%. Property tax revenue increased by \$240,176 or 2.0% attributable to new construction, franchise fee revenue increased by \$251,598 or 6.6% and public service tax revenue increased by \$386,200 or 5.2%, both attributable to non-City owed utility rate increases and gas tax revenue increased by \$612,380 attributable to an increase in consumption probably caused by a slight decrease in gas prices from FY 2007/2008 to FY 2008/2009.
- General government expenses decreased by \$2,940,056 or 25.9%. Personal services expenses decreased by \$1,260,591 and are attributable to major cut-backs by management in non-public safety staffing. Other significant decreases were professional services of \$1,124,000 and property and casualty insurance premiums of \$136,000.
- Highways and Streets expenses decreased by \$474,848 or 6.4%. Personal services decreased by \$303,014 as vacant positions were either frozen or eliminated and fuel and oil decreased by \$41,164 due to gas prices falling and holding under \$3.00/gallon. The prior year included landscaping for the Providence/Tivoli median which reduced landscaping expenses from the prior year by \$184,934; the prior year also included \$37,062 in Tropical Storm Fay expenses that were not in FY 2008/2009.
- Culture and Recreation expenses decreased by \$2,732,601 or 50.7%. 2 million of this was funding provided in the prior fiscal year to Volusia County for the amphitheater that was not in the current year. Personal services decreased by \$353,459 as vacant positions were either frozen or eliminated and contractual services decreased by \$235,066, primarily attributable to the Parks Master Plan which was completed in FY 2007/2008.
- Public Safety, Economic Environment, Physical Environment and Interest on Long-term Debt experienced modest increases in expenses. In the aggregate, these functions increased by \$301,961 or 1.1% over the prior fiscal year.

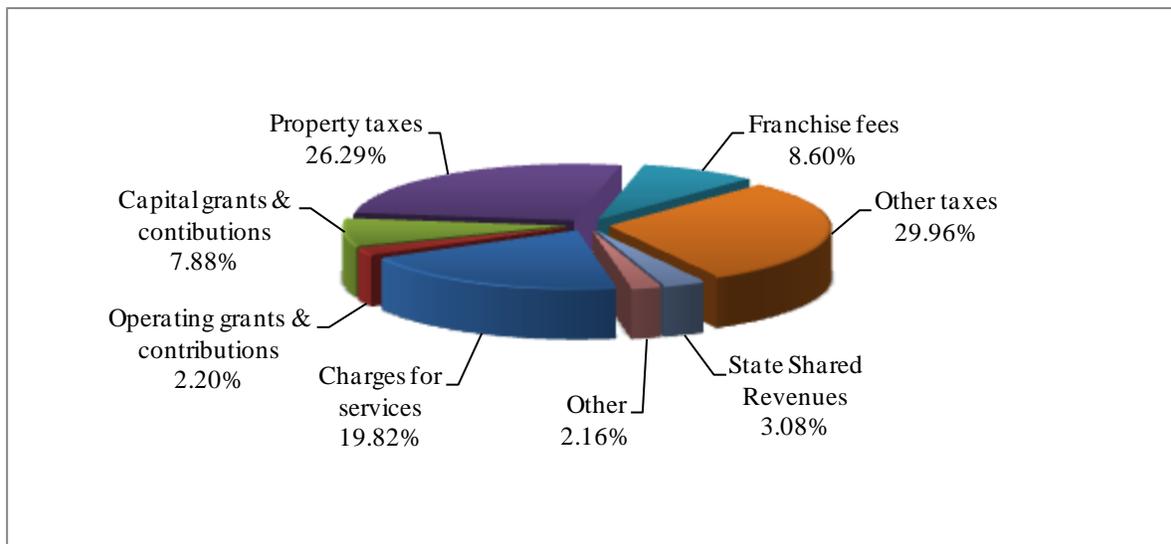
The following chart compares expenses with program revenues for the City’s governmental activities:

Expenses and Program Revenues – Governmental Activities



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

Revenues by Source – Governmental Activities



Business-type Activities

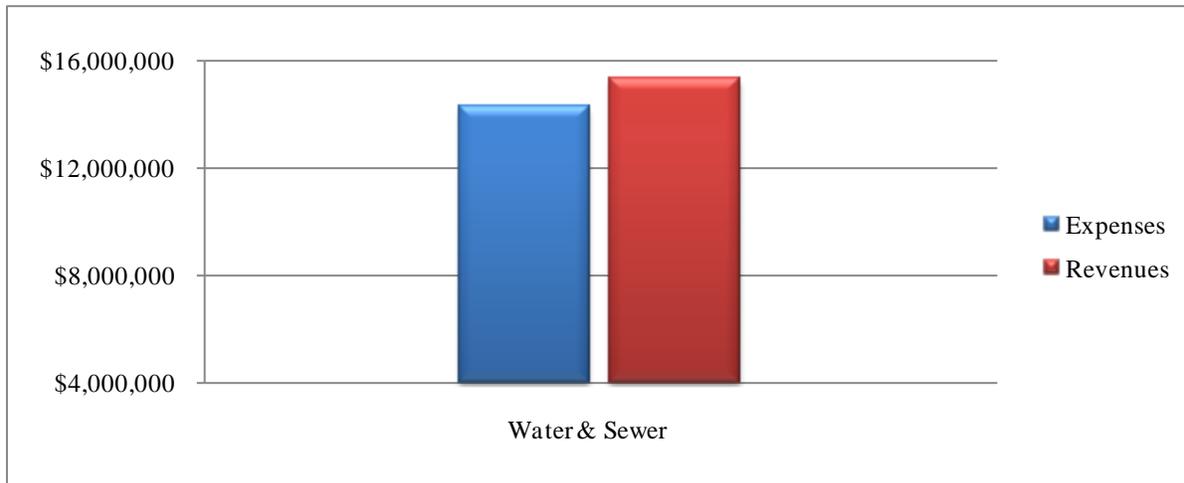
Business-type activities increased the City’s net assets by \$1,034,055 accounting for about one-third of the growth in the City’s net assets this year. This increase in business-type activities was nearly \$850,000 more than the increase in net assets last year. Key elements of the increase in net assets for business-type activities (comparing last year to this year) are as follows:

- Charges for services increased by \$1,521,627 solely contributed to the first year of rate increases in a Commission approved five year rate increase plan.

- Capital grants and contributions decreased by \$398,575 as a result of decreased water and waste water impact fees due to a continued slump in new growth.
- Interest revenue decreased by \$490,642 as a result of continually declining interest rates.
- Operating costs increased by \$443,180 or 4.4%. Essentially all of the increase is attributable to depreciation expense.
- Storm related expenses (net grant reimbursements) decreased by \$443,038.

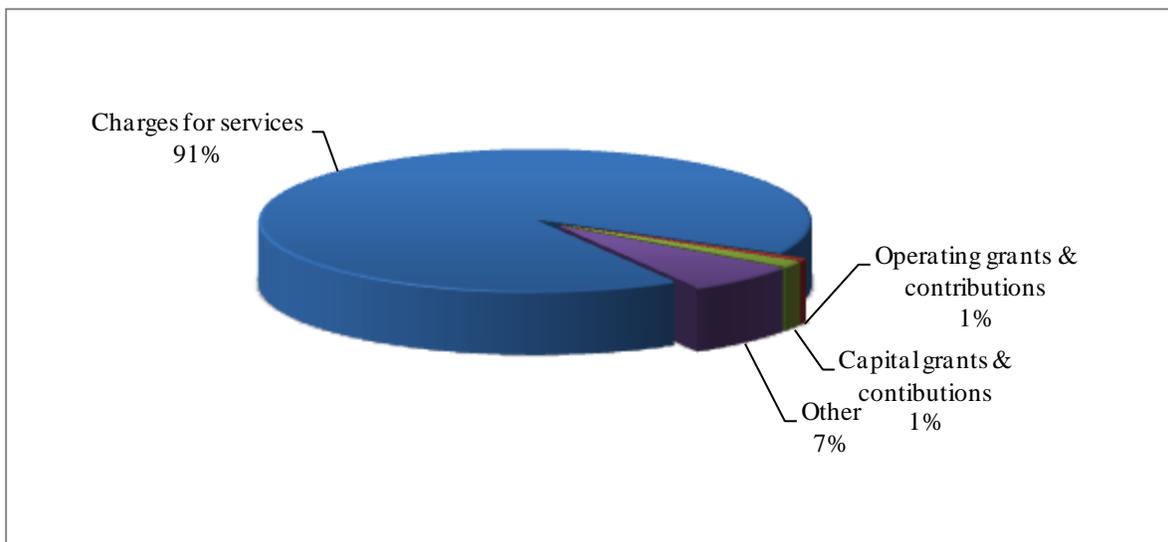
The following chart compares expenses with program revenues for the City’s business-type activities:

Expenses and Program Revenues – Business-type Activities



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

Revenues by Source – Business-type Activities



Financial Analysis of the City’s Funds

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.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$45,078,859 an increase of \$1,402,611 in comparison with the prior year. Approximately 41.4% of this amount (\$18,643,413) constitutes *unreserved fund balance*, which is available for spending at the City's discretion. However, the City Commission has formally adopted a policy that requires the City to set aside, but not formally reserve or restrict, a percentage of this fund balance to provide some fiscal means for the City to respond to potential adversities such as public emergencies or natural disasters. The City currently has set aside \$6,000,000 for this strategic reserve. Since it is not formally reserved or restricted it is not shown separately in the balance sheet for all governmental funds. 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 (\$11,765,045), capital projects (\$13,683,201) and debt service requirements (\$987,200).

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 \$16,615,905, all of which is undesignated and, except for the limitations on the \$6,000,000 strategic reserve discussed above, is available for spending at the City's discretion. 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. As there is no reserved fund balance in the General Fund, both total fund balance and unreserved, undesignated fund balance represent 55.2% of total General Fund expenditures.

The fund balance of the City's General Fund increased by \$2,931,551 or 21.4%, during the current fiscal year. Key factors in this increase are as follows:

- The City received the final FEMA reimbursement in the amount of \$1,555,998 for the 2004 hurricanes.
- Operating expenditures were \$4,322,193 less than the prior year as the City strived to cut expenses in all areas of operations. Many unfilled positions were frozen or eliminated throughout the year due primarily to attrition. As a result of City staff absorbing vacant positions, the General Fund experienced a decrease of \$1,314,987 in personal services over the prior year.
- Capital expenditures were down by \$751,209 over the prior year as projects started in the prior year were completed.
- The transfer out of the General Fund for capital projects was \$4,009,000 less than the prior year. The FY 2007/2008 year included a \$5.5 million dollar transfer from the General Fund to the Municipal Complex Fund to pay for the Howland Crossings land purchased for Fire Station 65 and the future Public Safety building. In FY 2008/2009 the General Fund transferred \$1,500,000 to the Parks Projects Fund for the purchase of the Thornby property, future home of the City's all-inclusive playground.

Solid Waste Fund. The City's Solid Waste fund experienced an increase in fund balance of \$224,548 which was anticipated. The increased special assessment for solid waste, approved by the City Commission, generated an additional \$414,095 of revenue but these gains were offset by decreases in interest and miscellaneous revenues as well as modest increases in operating expenditures.

Stormwater Utility Fund. The City's Stormwater fund experienced an increase in fund balance of \$7,104,813. The majority of the increase was caused by the \$6,569,345 of loan proceeds from the Stormwater bank note. Essentially the rest of the increase is \$611,618 of additional revenue generated by the increase in the Stormwater special assessment approved by the City Commission.

Transportation Fund. The City's Transportation fund experienced a decrease in fund balance of \$7,951,370. This decrease was anticipated and is mostly attributable to road resurfacing and the Normandy (Section A) and Ft. Smith (Section 3) road projects.

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 \$7,213,700. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year there was a \$1,500,000 increase in General Fund appropriations between the original and final amended budget. This increase was solely attributable to the purchase of the Thornby property which was not budgeted in the originally adopted budget.

- General Fund revenues were over budget by \$1,550,978. This is almost solely attributable to the final FEMA reimbursement the City received in the amount of \$1,555,998 for the 2004 hurricanes. This reimbursement was not budgeted. The margin between budgeted revenues and received revenues was slight for virtually all other General Fund revenues.
- The City received \$394,453 from the State of Florida for the Firefighter Pension Insurance Premium Tax. As required by Generally Accepted Accounting Principles (GAAP), this money was recorded in the General Fund as revenue with an offsetting equal expense in public safety. Once received, this money was immediately transferred to the Firefighters pension fund to fund pension benefit enhancements as allowed by State law. This revenue source and resulting transfer was not budgeted and therefore is not presented in the General Fund's budget.

General Fund expenditures were \$2,408,536 below budget. Personal service costs were under budget by \$607,000 as all budgeted positions were not filled. Public Works was under budget on Road Materials by \$127,000, Landscaping by \$91,000 and Repairs and Maintenance by \$332,000.

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, 2009 is \$189,240,675 (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 \$10,456,060; an increase of 5.8%. This consisted of a 7.3% increase for governmental activities and a 3.6% increase for business-type activities.

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

- Fire Station 61 Renovation - \$447,115
- Veterans Museum - \$153,735
- Rubberized Walking Trail at Wes Crile Park - \$149,950
- Completion of Normandy Blvd. Road project - \$5,922,650
- Building Improvements at Water Dept. Admin. Building - \$364,500
- Start of Fort Smith Blvd. (Section 3) Road project- \$8,412,400

City of Deltona's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	7,461,724	5,954,749	2,829,916	2,829,916	10,291,640	8,784,665
Infrastructure Right of Way	4,372,500	4,372,500	-	-	4,372,500	4,372,500
Construction in Progress	12,400,983	12,046,578	6,890,252	6,387,128	19,291,235	18,433,706
Buildings & Improvements	56,391,508	55,409,944	2,847,616	2,465,367	59,239,124	57,875,311
Machinery & Equipment	18,882,434	17,721,438	60,959,486	58,274,775	79,841,920	75,996,213
Infrastructure	87,353,553	78,450,711	13,818,072	11,698,057	101,171,625	90,148,768
Total	<u>186,862,702</u>	<u>173,955,920</u>	<u>87,345,342</u>	<u>81,655,243</u>	<u>274,208,044</u>	<u>255,611,163</u>

Additional information on the City's capital assets can be found in Note C on pages 43-44 of this report.

Debt. At the end of the current fiscal year the City had total bonded debt outstanding of \$94,630,000. This amount represents \$16,605,000 of transportation revenue bonds and \$78,025,000 of utility system revenue bonds, both secured by specified revenue sources.

In addition to the City's bonded debt, the City entered into a loan agreement in the amount of \$6,569,345 with Branch, Banking and Trust Company (BB&T) during the current fiscal year. The loan was obtained in order to finance certain of the City's costs of the capital improvements contained in the City's adopted Stormwater Master Plan. That Note is expected to be paid over a period of twenty years at a fixed interest rate of 5.01%. The Note is payable from, and secured solely by, revenues derived by the City from its stormwater utility assessments and the City's covenant to budget and appropriate legally available non-ad valorem revenues as provided in the agreement.

City of Deltona's Outstanding Debt

General Obligation and Revenue Bonds and Bank Notes

	Governmental Activities		Business-type Activities		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
General Obligations Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Obligations Bonds		-	-	-	-	-
Revenue Bonds	16,605,000	17,235,000	78,025,000	78,975,000	94,630,000	96,210,000
Total Bonds	16,605,000	17,235,000	78,025,000	78,975,000	94,630,000	96,210,000
Loans Payable	6,569,345	-	-	-	6,569,345	-
Total Bonds and Loans	<u>\$ 23,174,345</u>	<u>\$ 17,235,000</u>	<u>\$ 78,025,000</u>	<u>\$ 78,975,000</u>	<u>\$ 101,199,345</u>	<u>\$ 96,210,000</u>

As noted in last year's MD&A document, MBIA, the original bond insurer for both the Transportation and Deltona Water bond issues, lost its AAA rating from S&P and its Aaa rating from Moody's in 2008. As a result, in FY 2008/2009 the City has begun to fund debt service reserve funds as required by the bond covenants. These reserves will be funded evenly over a five year period beginning October 1, 2008 and will total an amount that will approximate the highest year of debt service for the respective bond issue. The debt service reserve balances at September 30, 2009 were \$297,200 for the Transportation Fund and \$1,120,000 for Deltona Water. Final reserve balances are projected to be \$1,486,000 for the

Transportation Fund and \$5,600,000 for Deltona Water by September 30, 2013. The current ratings of the bonds, based on the rating of the current bond insurer National Public Finance Guaranty Corporation, are shown below:

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

Additional information on the City's long-term debt can be found in Note F on pages 45-47 of this report.

Economic Factors and Next Year's Budget and Rates

The unemployment rate at the end of fiscal year 2009 for Volusia County was 11.2%. 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 9/2009</u>	<u>Previous Year 9/2008</u>
Volusia County	11.20%	7.2%
State of Florida	10.51%	6.6%
United States	9.3%	6.0%

The tax base for the City is comprised of real property, personal property and centrally assessed property.

The taxable value of such property decreased 21.04% over the previous year.

The City's population decreased 1.93% from 85,921 in 2008 to 84,264 in 2009.

During the FY 2009/2010 budget process, the Commission decided that it was in the best interest of the City to adopt the "roll-back" rate of 5.43755 mills. This is a 30.9% increase from the FY 2008/2009 millage rate of 4.15329 mills. However, this is **not** a tax increase under the Truth In Millage law since it will generate the same amount of revenue as the prior year.

During the current fiscal year, unreserved, undesignated fund balance in the General Fund increased to \$16,615,905. The City of Deltona has not appropriated any of this fund balance for spending in the FY 2009/2010 budget.

Requests for Information

This financial report is designed to provide a general overview of the City of Deltona, Florida's finances to 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.

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CITY OF DELTONA, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

Assets	Governmental Activities	Business-Type Activities	Total
Cash and investments	\$ 46,286,108	\$ 19,541,817	\$ 65,827,925
Cash with fiscal agent	121,610	-	121,610
Receivables (net)	1,507,166	1,650,890	3,158,056
Due from other funds	-	-	-
Due from other governments	1,920,293	40,502	1,960,795
Prepaid items	-	-	-
Inventory	-	424,788	424,788
Net pension asset	884,870	-	884,870
Other assets	404,404	2,776,897	3,181,301
Capital assets:			
Assets not being depreciated	24,235,207	9,720,168	33,955,375
Assets being depreciated	162,627,495	77,625,174	240,252,669
(Accumulated depreciation)	(69,857,746)	(15,109,623)	(84,967,369)
Total assets	168,129,407	96,670,613	264,800,020
Liabilities			
Accounts payable	1,650,907	874,820	2,525,727
Accrued liabilities	1,242,100	2,124,500	3,366,600
Due to other governments	58,252	-	58,252
Contracts/retainage payable	473,684	-	473,684
Deposits	86,877	1,158,330	1,245,207
Unearned revenue	1,402,498	-	1,402,498
Long-term liabilities:			
Due within one year	2,540,152	1,204,974	3,745,126
Due in more than one year	23,212,065	81,244,469	104,456,534
Total liabilities	30,666,535	86,607,093	117,273,628
Net assets			
Invested in capital assets, Net of related debt	112,872,553	(4,539,555)	108,332,998
Restricted for:			
Road and street expenses	-	-	-
Capital projects	7,156,772	5,169,375	12,326,147
Debt service	829,200	2,220,000	3,049,200
Unrestricted net assets	16,604,347	7,213,700	23,818,047
Total net assets	\$ 137,462,872	\$ 10,063,520	\$ 147,526,392

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

**CITY OF DELTONA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
General government	\$ 8,403,728	\$ 1,708,691	\$ -	\$ -
Public Safety	18,356,301	101,073	394,453	33,842
Highways and streets	6,927,195	145,595	-	1,714,142
Culture and recreation	2,654,365	141,669	-	122,920
Economic environment	593,424	-	640,797	-
Physical environment	6,864,133	7,212,206	-	1,830,853
Interest on long-term debt	973,351	-	-	-
Total governmental activities	<u>44,772,497</u>	<u>9,309,234</u>	<u>1,035,250</u>	<u>3,701,757</u>
Business-type activities				
Water and Sewer Utility	14,286,495	13,965,454	102,179	229,554
Total business-type activities	<u>\$ 14,286,495</u>	<u>\$ 13,965,454</u>	<u>\$ 102,179</u>	<u>\$ 229,554</u>

General Revenues:

Taxes:

- Property taxes
- Franchise fees
- Public service tax
- Sales tax
- Local option gas taxes
- State shared revenues
- Investment income
- Miscellaneous

Total general revenues, special items and transfers

Change in net assets

Net assets, beginning of year

Net assets, end of year

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

Net (Expense) Revenue and Change in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (6,695,037)	\$ -	\$ (6,695,037)
(17,826,933)	-	(17,826,933)
(5,067,458)	-	(5,067,458)
(2,389,776)	-	(2,389,776)
47,373	-	47,373
2,178,926	-	2,178,926
(973,351)	-	(973,351)
<u>(30,726,256)</u>	<u>-</u>	<u>(30,726,256)</u>
-	10,692	10,692
<u>\$ -</u>	<u>\$ 10,692</u>	<u>\$ 10,692</u>
12,346,188	-	12,346,188
4,040,268	-	4,040,268
7,823,723	-	7,823,723
3,562,838	-	3,562,838
2,684,666	-	2,684,666
1,448,280	-	1,448,280
459,819	192,620	652,439
554,772	830,743	1,385,515
<u>32,920,554</u>	<u>1,023,363</u>	<u>33,943,917</u>
2,194,298	1,034,055	3,228,353
135,268,574	9,029,465	144,298,039
<u>\$ 137,462,872</u>	<u>\$ 10,063,520</u>	<u>\$ 147,526,392</u>

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

**CITY OF DELTONA, FLORIDA
BALANCE SHEET
ALL GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009**

	<u>General Fund</u>	<u>Solid Waste Fund</u>	<u>Stormwater Utility Fund</u>	<u>State Housing Initiatives Partnership</u>
Assets				
Cash and cash equivalents	\$ 15,296,046	\$ 430,567	\$ 8,074,784	\$ 1,405,977
Debt service reserve fund	-	-	-	-
Cash with fiscal agent	-	-	-	-
Receivables (net of allowance for uncollectibles)	1,486,097	-	-	-
Due from other funds	113,582	-	-	-
Due from other governments	1,162,648	2,879	4,079	-
Prepaid items	-	-	-	-
Total assets	<u>18,058,373</u>	<u>433,446</u>	<u>8,078,863</u>	<u>1,405,977</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	300,782	321,321	75,966	608
Accrued liabilities	996,557	5,554	69,815	2,871
Contracts payable	-	-	-	-
Retainage payable	-	-	24,625	-
Due to other governments	58,252	-	-	-
Due to other funds	-	-	-	-
Deposits	86,877	-	-	-
Deferred revenues	-	-	-	1,402,498
Total liabilities	<u>1,442,468</u>	<u>326,875</u>	<u>170,406</u>	<u>1,405,977</u>
Fund balances				
Reserved for:				
Road and street expenditures	-	-	-	-
Capital projects	-	-	6,526,429	-
Debt service	-	-	-	-
Prepaid items	-	-	-	-
Unreserved reported in:				
General fund	16,615,905	-	-	-
Special revenue funds	-	106,571	1,382,028	-
Total fund balances	<u>16,615,905</u>	<u>106,571</u>	<u>7,908,457</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 18,058,373</u>	<u>\$ 433,446</u>	<u>\$ 8,078,863</u>	<u>\$ 1,405,977</u>

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

Transportation Fund	Municipal Complex Fund	Other Governmental Funds	Total Governmental Funds
\$ 13,011,291	\$ 6,906,463	\$ 863,780	\$ 45,988,908
297,200	-	-	297,200
121,610	-	-	121,610
-	-	-	-
-	-	-	1,486,097
-	-	-	113,582
648,683	-	102,004	1,920,293
-	-	-	-
<u>14,078,784</u>	<u>6,906,463</u>	<u>965,784</u>	<u>49,927,690</u>
874,805	66,544	10,881	1,650,907
2,675	-	6,628	1,084,100
-	-	-	-
449,059	-	-	473,684
-	-	-	58,252
-	-	92,513	92,513
-	-	-	86,877
-	-	-	1,402,498
<u>1,326,539</u>	<u>66,544</u>	<u>110,022</u>	<u>4,848,831</u>
11,765,045	-	-	11,765,045
-	6,839,919	316,853	13,683,201
987,200	-	-	987,200
-	-	-	-
-	-	-	16,615,905
-	-	538,909	2,027,508
<u>12,752,245</u>	<u>6,839,919</u>	<u>855,762</u>	<u>45,078,859</u>
<u>\$ 14,078,784</u>	<u>\$ 6,906,463</u>	<u>\$ 965,784</u>	<u>\$ 49,927,690</u>

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

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**CITY OF DELTONA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
AS OF SEPTEMBER 30, 2009**

Total fund balances of governmental funds \$ 45,078,859

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 \$186,862,702 and the accumulated depreciation is \$69,857,746. 117,004,956

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	(1,739,207)
Other post employment benefits liability	(292,537)
Bonds and loans payable	(23,174,345)
Accrued interest - Stormwater loan	(158,000)
Premium on bonds payable	(262,510)
Bond and loan issue costs	404,404
Deferred revenue - debt service deposit agreement	(283,618)

Total net assets of governmental activities \$ 137,462,872

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
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	General Fund	Solid Waste Fund	Stormwater Utility Fund
Revenues			
Property taxes	\$ 12,346,188	\$ -	\$ -
Franchise fees	4,040,268	-	-
Public service tax	7,823,723	-	-
State revenue sharing	2,001,350	-	-
Intergovernmental	5,635,397	-	352,507
Charges for services	1,951,433	4,290,944	2,921,262
Fines and forfeitures	299,570	-	-
Impact fees	-	-	-
Interest income	177,424	14,041	33,917
Miscellaneous	253,072	-	12,497
Total revenues	<u>34,528,425</u>	<u>4,304,985</u>	<u>3,320,183</u>
Expenditures			
Current:			
General government and administration	7,211,033	-	-
Public safety	17,520,030	-	-
Highways and streets	2,186,236	-	-
Culture and recreation	1,972,334	-	-
Economic environment	-	-	-
Physical environment	23,003	4,080,437	1,989,108
Debt service:			
Principal	-	-	-
Interest	-	-	-
Capital outlay:			
General government and administration	217,146	-	-
Public Safety	775,745	-	-
Highways and streets	42,023	-	-
Culture and recreation	149,324	-	-
Economic environment	-	-	-
Physical environment	-	-	795,607
(Total expenditures)	<u>(30,096,874)</u>	<u>(4,080,437)</u>	<u>(2,784,715)</u>
(Deficiency) excess of revenues (under) over expenditures	<u>4,431,551</u>	<u>224,548</u>	<u>535,468</u>
Other financing sources (uses)			
Issuance of bank note payable	-	-	6,569,345
Transfers from other funds	-	-	-
Transfers to other funds	(1,500,000)	-	-
Total other financing (uses) sources	<u>(1,500,000)</u>	<u>-</u>	<u>6,569,345</u>
Net change in fund balances	2,931,551	224,548	7,104,813
Fund balances, beginning of year	<u>13,684,354</u>	<u>(117,977)</u>	<u>803,644</u>
Fund balances, end of year	<u>\$ 16,615,905</u>	<u>\$ 106,571</u>	<u>\$ 7,908,457</u>

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

State Housing Initiatives Partnership	Transportation Fund	Municipal Complex Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 12,346,188
-	-	-	-	4,040,268
-	-	-	-	7,823,723
-	-	-	-	2,001,350
581,358	3,836,976	-	371,413	10,777,651
-	-	-	145,595	9,309,234
-	-	-	-	299,570
-	-	-	264,741	264,741
10,951	133,225	80,966	9,295	459,819
-	-	-	15,221	280,790
<u>592,309</u>	<u>3,970,201</u>	<u>80,966</u>	<u>806,265</u>	<u>47,603,334</u>
-	-	-	80,325	7,291,358
-	-	-	-	17,520,030
-	244,075	-	122,598	2,552,909
-	-	-	-	1,972,334
592,309	-	-	-	592,309
-	-	-	59,438	6,151,986
-	630,000	-	-	630,000
-	825,451	-	-	825,451
-	-	-	-	217,146
-	-	1,062,974	-	1,838,719
-	10,336,574	-	-	10,378,597
-	-	-	1,712,603	1,861,927
-	-	-	-	-
-	-	-	141,695	937,302
<u>(592,309)</u>	<u>(12,036,100)</u>	<u>(1,062,974)</u>	<u>(2,116,659)</u>	<u>(52,770,068)</u>
-	(8,065,899)	(982,008)	(1,310,394)	(5,166,734)
-	-	-	-	6,569,345
-	114,529	33,986	1,616,881	1,765,396
-	-	-	(265,396)	(1,765,396)
-	<u>114,529</u>	<u>33,986</u>	<u>1,351,485</u>	<u>6,569,345</u>
-	(7,951,370)	(948,022)	41,091	1,402,611
-	<u>20,703,615</u>	<u>7,787,941</u>	<u>814,671</u>	<u>43,676,248</u>
<u>\$ -</u>	<u>\$ 12,752,245</u>	<u>\$ 6,839,919</u>	<u>\$ 855,762</u>	<u>\$ 45,078,859</u>

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

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CITY OF DELTONA, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

Net change in fund balances of governmental funds \$ 1,402,611

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 \$13,211,803 less net book value of disposals of \$6,200 exceeded depreciation expense of \$5,278,573. 7,927,030

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 16,686

The issuance of long-term debt (bonds or bank loans) 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:

Issuance of bank note payable	(6,569,345)
Stormwater loan issue costs	54,480
Debt principal repayment	630,000
Amortization of transportation bond premium	15,442
Amortization of bond and bank loan issue costs	(22,026)

Revenue deferred last year became available and was recognized in the current year in the governmental funds. Since this revenue was recognized last year in the statement of activities it is not recognized in the current year. (636,539)

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:

Accrued interest - Stormwater loan	(158,002)
Compensated absences	(173,502)
Other Post Employment Benefits	(292,537)

Change in net assets of governmental activities \$ 2,194,298

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, 2009**

	Business-Type Activities
	Water and Sewer Utility Fund
Assets	
Current assets	
Cash	\$ 9,088,706
Restricted assets available for current liabilities	4,163,736
Accounts receivable (net)	1,650,890
Due from other governments	40,502
Inventory	424,788
Prepaid expenses	-
Total current assets	15,368,622
Non current assets	
Restricted assets	
Sinking fund - cash with fiscal agent	3,005,406
Debt service reserve fund	1,120,000
Renewal and replacement account	754,459
Bond construction account	-
Customer deposits	1,158,330
Water impact fees	2,971,610
Sewer impact fees	1,443,306
Less: portion classified as current	(4,163,736)
Total restricted assets	6,289,375
Capital assets	
Land	2,829,916
Improvements other than buildings	60,959,486
Buildings	2,847,616
Equipment	13,818,072
Construction in progress	6,890,252
(Accumulated depreciation)	(15,109,623)
Total capital assets - cost less depreciation	72,235,719
Other assets	
Bond issue costs (net)	2,335,895
Swaption issue costs (net)	441,002
Total other assets	2,776,897
Total noncurrent assets	81,301,991
Total assets	\$ 96,670,613

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, 2009
(Concluded)

	<u>Business-Type Activities</u> <u>Water and Sewer Utility Fund</u>
Liabilities and fund equity	
Current liabilities payable from current assets:	
Accounts and retainages payable	\$ 874,820
Accrued expenses	219,094
Compensated absences - current portion	104,974
Total current liabilities payable from current assets	<u>1,198,888</u>
Current liabilities payable from restricted assets	
Deposits	1,158,330
Accrued interest payable	1,905,406
Revenue bonds payable - current portion	1,100,000
Total current liabilities payable from restricted assets	<u>4,163,736</u>
Long-term liabilities	
Revenue bonds payable - long-term portion	76,925,000
Unamortized bond premium	1,086,169
Other post employment benefits obligation	26,463
Deferred revenue	3,206,837
Total long-term liabilities	<u>81,244,469</u>
Total liabilities	<u>86,607,093</u>
Net assets	
Invested in capital assets, net of	
Related debt	(4,539,555)
Restricted for impact fees	4,414,916
Restricted for debt service	2,220,000
Restricted for renewal and replacement	754,459
Unreserved	7,213,700
Total net assets	<u>\$ 10,063,520</u>

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

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CITY OF DELTONA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Water and Sewer Utility Fund
Operating revenues:	
Charges for services - Water	\$ 9,108,281
Charges for services - Waste Water	4,648,838
Connection fees	208,335
Other miscellaneous revenues	831,501
Total operating revenues	14,796,955
Operating expenses:	
Personal services	3,046,606
Operating expenses	3,936,545
Professional services	146,095
Depreciation	3,166,475
Insurance	163,405
Total operating expenses	(10,459,126)
Operating income	4,337,829
Nonoperating revenues (expenses):	
Interest earnings	192,620
Miscellaneous Revenues	-
Storm related expenses	-
Grant reimbursements (storm related expenses)	102,179
Grant reimbursements	207,443
Gain (loss) on sale of capital assets	(758)
Interest expense and issue cost amortization	(3,827,369)
Total nonoperating revenue (expenses)	(3,325,885)
Income before contributions	1,011,944
Capital contributions - water and wastewater	22,111
Change in net assets	1,034,055
Net assets:	
Beginning of year	9,029,465
End of year	\$ 10,063,520

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 FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	Business-Type Activities
	Water and Sewer System Fund
Cash flows from operating activities	
Cash received from customers	\$ 15,426,308
Cash payments to suppliers for goods and services	(5,386,400)
Cash payments for employee services	(2,962,242)
Net cash provided by operating activities	7,077,666
 Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(5,697,086)
Proceeds from sale of capital assets	823
Proceeds from bond construction account	3,412,455
Reimbursable expenses	0
Grant revenues	309,622
Revenue bond principal payment	(950,000)
Revenue bond interest payments	(3,788,360)
Proceeds from capital contributions	22,111
Net cash used in capital and related financing activities	(6,690,435)
 Cash flows from investing activities	
Interest	192,620
Net cash provided by investing activities	192,620
 Net increase in cash and cash equivalents	579,851
 Cash and cash equivalents, beginning of year	18,961,966
 Cash and cash equivalents, end of year	\$ 19,541,817

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 FISCAL YEAR ENDED SEPTEMBER 30, 2009
(Concluded)

	<u>Business-Type Activities Water and Sewer System Fund</u>
<u>Reconciliation of cash and cash equivalents to balance sheet</u>	
Total unrestricted cash and investments per the balance sheet	\$ 9,088,706
Total restricted cash and investments per the balance sheet	<u>10,453,111</u>
Total cash and investments	19,541,817
Less investments not meeting the definition of cash equivalents	<u>-</u>
Cash and cash equivalents, end of year	<u><u>\$ 19,541,817</u></u>
<u>Reconciliation of operating income to net cash provided by operating activities</u>	
Operating income	\$ 4,337,829
Adjustments to reconcile operating income to cash provided by operating activities:	
Depreciation	3,166,475
Provision for uncollectible accounts	118,032
(Increase) decrease in assets:	
Accounts receivable	339,752
Inventories	(50,137)
Prepaid expenses	24,418
Increase (decrease) in liabilities:	
Accounts payable	(1,114,636)
Utility deposits	171,569
Accrued expenses	66,857
Compensated absences	(8,956)
Other post employment benefits obligation	<u>26,463</u>
Net cash provided by operating activities	<u><u>\$ 7,077,666</u></u>

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

CITY OF DELTONA, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
SEPTEMBER 30, 2009

	Employee Retirement Funds
Assets	
Cash	\$ -
Equities	6,371,164
Bond & Mortgage Fund	2,036,413
Inflation Protection Fund	433,563
High Yield Bond Fund	383,435
U.S. Property Separate	361,080
Stable Value / Money Market Funds	269,598
Bond Funds	19,101
Balanced / Asset Allocation Funds	1,342,334
U.S. Stock Funds	366,883
International Stock Funds	41,879
Due from Other Government	15,151
Prepaid Expenses	2,493
Total Assets	11,643,094
 Liabilities	
Accounts Payable	130,344
Due to Other Funds	21,069
Total Liabilities	151,413
 Net Assets	
Reserved for employees pension benefits	\$ 11,491,681

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 FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Employee Retirement Funds
Additions	
Contributions:	
Employer	\$ 760,228
Transfer from General Fund - insurance premium surcharges received from State of Florida	394,453
Employee	338,393
Total contributions	1,493,074
Investment income (loss)	(89,790)
(Less) investment management fees	(16,476)
Net investment income	(106,266)
Total additions	1,386,808
Deductions	
Benefit payments	91,483
Refunds to employees	264,203
Administration	70,909
Forfeitures	22,212
Total deductions	(448,807)
Change in net assets	938,001
Net assets - beginning	10,553,680
Net assets - ending	\$ 11,491,681

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, 2009

I. Summary of significant accounting policies

A. Reporting entity

The City of Deltona (City) is a municipal corporation, incorporated December 31, 1995, governed by an elected mayor and six-member council. The City provides a full range of services including law enforcement and fire/rescue protection, solid waste management, storm water management, construction and maintenance of road and street facilities, planning and development services, recreational and cultural activities and general administrative 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, 2009, 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 almost exclusively on user fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, 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, 2009

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 incurred for garbage and recycled waste pick-up.
- **Stormwater Fund** - accounts for the fiscal activity relating to fees charged and expenditures incurred 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.
- **Municipal Complex Fund** - accounts for the fiscal activities related to the funding and construction of capital facilities for City operations.

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.

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- ***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.

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 utility sales and services. Operating expenses for the enterprise fund include the cost of utility 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

City Investments

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

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

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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.

Firefighters' Pension Plan Investments

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

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

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 1st (the levy date) of each year or as soon thereafter as the assessment roll is certified by the Volusia County Property Appraiser. The County mails to each property owner on the assessment roll a notice of the taxes due and the County collects the taxes for the City. Taxes may be paid upon receipt of such notice. The following discounts are applied: four percent (4%) if paid in the month of November; three

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percent (3%) if paid in the month of December; two percent (2%) if paid in the month of January; and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount. All unpaid taxes on real and tangible property become delinquent on April 1st (the lien date) of the year following the year in which taxes were assessed. Procedures for collecting delinquent taxes, including applicable tax certificate sales, are provided for by State law.

3. Inventories and prepaid items

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

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 \$973,351 and \$3,862,885 respectively. Of this amount \$35,516 was included as part of the cost of capital assets under construction in connection with the water and sewer utility fund assets.

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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, 2009 and 2008 are \$1,844,181 and 1,679,635 respectively.

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. On-Behalf Payments for Fringe Benefits

The City receives on-behalf payments from the State of Florida to be used for Firefighters' Pension Plan enhancements. On-behalf payments to the City totaled \$394,453 for the fiscal year ended September 30, 2009. Such payments are recorded as intergovernmental revenue and public safety expenditures in the GAAP basis government-wide and General Fund financial statements but were not budgeted in the FY 2008/2009 budget. These on-behalf payments will be budgeted in future years.

9. 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.

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10. 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 1st. Public hearings are held to obtain taxpayer comments. Prior to October 1st, 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.

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.

III. Detailed notes on all funds

A. Deposits and investments

As of September 30, 2009, 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	1 Day	AAAm	\$ 28,131
Certificates of Deposit	7 – 13 Months	N/A	750,999
Wells Fargo Money Market Funds	27 Day Average	AAAm	1,341,455
Wells Fargo Government Obligations	23 - 655 Day Range	AAA	25,349,215
Invesco Aim Investments	48 Day Average	AAAm	8,582,996
Florida Surplus Asset Fund Trust	60 Days or Less	AAAm	22,990,095
Firefighters' Pension Investments			
Equities	N/A	N/A	6,371,164
Real Estate	N/A	N/A	361,080
Bond & Mortgage Fund	7.81 Years	AA	1,022,664
Inflation Protection Fund	8.70 Years	AAA	433,563
High Yield Bond Fund	6.44 Years	B	383,435
Core Plus Bond	6.48 Years	AA	1,013,749

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General Employees' Pension Investments			
Stable Value/Money Market Funds	N/A	N/A	269,598
Bond Funds	Varies	BBB or better	19,101
Balanced /Asset Allocation Funds	N/A	N/A	1,342,334
U.S. Stock Funds	N/A	N/A	366,883
International Stock Funds	N/A	N/A	<u>41,879</u>
Total Investments			70,668,341
Cash Deposits			<u>6,785,034</u>
Total Deposits and Investments			<u>\$ 77,453,375</u>
Shown in the accompanying combined balance sheet as follows:			
Entity wide – Deposits and Investments			65,827,925
Fiduciary Funds – Deposits and Investments			<u>11,625,450</u>
Total			<u>\$ 77,453,375</u>

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.

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, in the case of directly held securities, to securities in one of the three highest classification ratings. For indirect or comingled investments such as mutual funds, the weighted average of all such investments combined must A/Aa or higher. Investment ratings are from Moody's Investors Service, Inc. and Standard & Poor's Ratings Group.

Concentration of credit risk

The City's investment policy states that securities will be diversified by maturity, issuer and class of security to avoid over-concentration of assets in any one area. The City's Firefighters' Pension Fund investment policy limits the investment in common stock, capital stock or convertible securities to 5% for any issuing company. Common stock, capital stock or convertible securities shall 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, 2009, 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.

City of Deltona, Florida
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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:

	Governmental Activities	Water and Sewer Utility	Total
Customers:			
Billed	\$ -	\$ 1,435,445	\$ 1,435,445
Unbilled	-	795,564	795,564
Services tax	825,426	-	825,426
Franchise fees	549,199	-	549,199
Miscellaneous	132,541	28,714	161,255
Gross receivables	<u>1,507,166</u>	<u>2,259,723</u>	<u>3,766,889</u>
Less: allowance for uncollectibles	-	(608,833)	(608,833)
Net total receivables	<u>\$ 1,507,166</u>	<u>\$ 1,650,890</u>	<u>\$ 3,158,056</u>

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	\$ 245,362
Uncollectible related to sewer charges	<u>363,471</u>
Total uncollectible of the current fiscal year	<u>\$ 608,833</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 funds advanced by grant authority	
Prior to meeting all eligibility requirements	\$ 1,402,498
Total	<u>\$ 1,402,498</u>

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C. Capital assets

Capital asset activity for the year ended September 30, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 5,954,749	\$ 1,506,975	\$ -	\$ 7,461,724
Infrastructure right of way	4,372,500	-	-	4,372,500
Construction in progress	<u>12,046,578</u>	<u>10,251,424</u>	<u>(9,897,019)</u>	<u>12,400,983</u>
Total capital assets, not being depreciated	<u>22,373,827</u>	<u>11,758,399</u>	<u>(9,897,019)</u>	<u>24,235,207</u>
Capital assets, being depreciated:				
Buildings and improvements	55,409,944	981,564	-	56,391,508
Machinery and equipment	17,721,438	1,466,017	(305,021)	18,882,434
Infrastructure (roads and streets)	<u>78,450,711</u>	<u>8,902,842</u>	<u>-</u>	<u>87,353,553</u>
Total capital assets, being depreciated	<u>151,582,093</u>	<u>11,350,423</u>	<u>(305,021)</u>	<u>162,627,495</u>
Less accumulated depreciation for:				
Buildings and improvements	(21,887,748)	(1,981,384)	-	(23,869,132)
Machinery and equipment	(12,021,023)	(1,661,255)	298,821	(13,383,457)
Infrastructure (roads and streets)	<u>(30,969,223)</u>	<u>(1,635,934)</u>	<u>-</u>	<u>(32,605,157)</u>
Total accumulated depreciation	<u>(64,877,994)</u>	<u>(5,278,573)</u>	<u>298,821</u>	<u>(69,857,746)</u>
Total capital assets, being depreciated, net	<u>86,704,099</u>	<u>6,071,850</u>	<u>(6,200)</u>	<u>92,769,749</u>
Governmental activities capital asset, net	<u>109,077,926</u>	<u>17,830,249</u>	<u>(9,903,219)</u>	<u>117,004,956</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 2,829,916	\$ -	\$ -	\$ 2,829,916
Construction in progress	<u>6,387,128</u>	<u>4,649,418</u>	<u>(4,146,294)</u>	<u>\$ 6,890,252</u>
Total capital assets, not being depreciated	<u>9,217,044</u>	<u>4,649,418</u>	<u>(4,146,294)</u>	<u>\$ 9,720,168</u>
Capital assets, being depreciated:				
Buildings and improvements	2,465,367	382,249	-	2,847,616
Improvements other than buildings	58,274,775	2,684,711	-	60,959,486
Machinery and equipment	<u>11,698,057</u>	<u>2,127,002</u>	<u>(6,987)</u>	<u>13,818,072</u>
Total capital assets, being depreciated	<u>72,438,199</u>	<u>5,193,962</u>	<u>(6,987)</u>	<u>77,625,174</u>
Less accumulated depreciation for:				
Buildings and improvements	(305,408)	(71,129)	-	(376,537)
Improvements other than buildings	(6,274,298)	(2,450,184)	-	(8,724,482)
Machinery and equipment	<u>(5,368,848)</u>	<u>(645,162)</u>	<u>5,406</u>	<u>(6,008,604)</u>
Total accumulated depreciation	<u>(11,948,554)</u>	<u>(3,166,475)</u>	<u>5,406</u>	<u>(15,109,623)</u>
Total capital assets, being depreciated, net	<u>60,489,645</u>	<u>2,027,487</u>	<u>(1,581)</u>	<u>62,515,551</u>
Business-type activities capital assets, net	<u>69,706,689</u>	<u>6,676,905</u>	<u>(4,147,875)</u>	<u>72,235,719</u>

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

Governmental activities:	
General government and administration	\$ 959,031
Public safety	556,368
Highways and Streets	2,351,343
Culture and recreation	669,746
Physical environment	<u>742,085</u>
Total depreciation expense - governmental activities	<u>\$ 5,278,573</u>
 Business-type activities:	
Water and sewer utility	<u>3,166,475</u>
Total depreciation expense – business-type activities	<u>\$ 3,166,475</u>

Construction commitments

The City has active construction projects as of September 30, 2009. 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	\$ 854,086	\$ 35,069
CDBG (Stormwater project)	1,195	805
Public works	8,024,904	3,506,454
Facilities	183,670	87,303
Water and waste water	<u>1,773,641</u>	<u>749,204</u>
Total	<u>\$ 10,837,496</u>	<u>\$ 4,378,835</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 commitment for water and sewer facilities is being financed by revenue bonds secured by water and sewer revenues.

D. Interfund receivable, payables and transfers

The composition of interfund balances as of September 30, 2009, 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	\$ 21,069
General	CDBG Fund	29,233
General	NSP Fund	<u>63,280</u>
	Total	<u>\$ 113,582</u>

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.

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

Interfund transfers:

	Transfer In:			Total
	Transportation Fund	Municipal Complex Fund	Park Projects Fund	
Transfer out:				
General Fund	\$ -	\$ -	\$ 1,500,000	\$ 1,500,000
Transportation Impact Fees fund	114,529	-	-	114,529
Fire/Rescue Service Impact Fees fund	-	22,044	-	22,044
Park Impact Fees fund	-	-	116,881	116,881
Law Enforcement Impact Fees fund	-	11,942	-	11,942
Total	\$ 114,529	\$ 33,986	\$ 1,616,881	\$ 1,765,396

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 \$188,892 for the year ended September 30, 2009. The future minimum lease payment for these leases is as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2010	\$ 135,530
2011	135,530
2012	68,629
2013	68,629
2014	0
Total	<u>\$ 408,318</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

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to pay the cost of issuance. The bonds are collateralized by a pledge of gas tax revenues, which were \$2,113,741 for the fiscal year ending September 30, 2009, and transportation impact fees which were \$114,184 for the fiscal year ending September 30, 2009. 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 on April 1, and October 1, with annual principal payments due on October 1. Principal and interest payments for the year were \$630,000 and \$825,451 respectively.

Transportation - Debt Service to Maturity Schedule

Fiscal Years <u>Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	795,000	661,575	1,456,575
2015 – 2019	4,565,000	2,725,231	7,290,231
2020 – 2024	5,710,000	1,578,683	7,288,683
2025 – 2029	2,705,000	209,612	2,914,612
	<u>\$ 16,605,000</u>	<u>\$ 8,177,951</u>	<u>\$ 24,782,951</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 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.

Bank notes

Stormwater Bank Note

On April 8, 2009 the City entered into a loan agreement in the amount of \$6,569,345 with Branch Banking and Trust Company (BB&T). The loan was obtained in order to finance certain of the City's costs of the capital improvements contained in the City's adopted Stormwater Master Plan. The Note is expected to be paid over a period of twenty years at a fixed interest rate of 5.01%. The Note is payable from, and secured solely by, revenues derived by the City from its stormwater utility assessments and the City's covenant to budget and appropriate legally available non-ad valorem revenues as provided in the agreement. The City collected \$2,921,262 in stormwater utility assessments in the fiscal year ended September 30, 2009.

City of Deltona, Florida
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Stormwater - Debt Service to Maturity Schedule

Fiscal Years Ended	Principal	Interest	Total
2010	\$ 195,779	\$ 350,152	\$ 545,931
2011	205,839	319,316	525,155
2012	216,417	309,003	525,420
2013	227,538	298,161	525,699
2014	239,231	286,761	525,992
2015 – 2019	1,393,685	1,241,220	2,634,905
2020 – 2024	1,790,517	854,330	2,644,847
2025 – 2029	2,300,339	357,278	2,657,617
	<u>\$ 6,569,345</u>	<u>\$ 4,016,221</u>	<u>\$ 10,585,566</u>

Business-type Activity Liabilities

The following is a summary of all long-term liabilities of the proprietary funds at September 30, 2009:

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 \$7,622,336 for the fiscal year end September 30, 2009, 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 \$950,000 and \$3,788,360 respectively.

Utility System - Debt Service to Maturity Schedule

Fiscal Years Ended	Principal	Interest	Total
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	2,025,000	3,590,763	5,615,763
2015 – 2019	11,555,000	16,530,502	28,085,502
2020 – 2024	14,875,000	13,201,288	28,076,288
2025 – 2029	14,890,000	9,543,700	24,433,700
2030 – 2034	28,535,000	5,388,200	33,923,200
	<u>\$ 78,025,000</u>	<u>\$ 63,243,955</u>	<u>\$ 141,268,955</u>

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Option to enter into an interest rate swap (swaption)

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

The 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. In accordance with GASB 53, the fair market value of the swaption at year end was (\$1,031,911). At this time, it is not possible for the City to predict if the option will be exercised.

Pledged Revenue

Governmental Activities - Transportation Fund

The City has pledged future gas tax and Transportation Impact Fee revenues to repay the Transportation Capital Improvement Revenue Bonds, Series 2006. If, in any given year, the gas tax and Transportation Impact Fee revenues collected are not sufficient to cover the principal and interest debt obligation of the Transportation Bond, the Bond Covenants require the City to appropriate any short fall from non-Ad Valorem revenue collected in the General Fund. The annual principal and interest on the bonds are expected to require approximately 65% of such gas tax and Transportation Impact Fee revenues. The bonds are payable through 2026. Principal and interest for the current year was \$1,455,451 and gas tax and Transportation Impact Fees revenue totaled \$2,227,925 for the current year. At year end, pledged future revenues totaled \$24,782,951, which was the amount of the remaining principal and interest on the bonds as of September 30, 2009.

Governmental Activities - Stormwater Utility

The City has pledged future stormwater utility assessments revenue to repay the Stormwater Bank Note secured in 2009. The annual principal and interest on the Note is expected to require approximately 18% of such stormwater utility assessments revenue. The Note is payable through 2029. As the Note was obtained in FY 2008/2009, no principal or interest payments were made in the current year. Stormwater utility assessments for the current year totaled \$2,921,262. At year end, pledged future revenues totaled \$10,585,566 which was the amount of the remaining principal and interest on the Note as of September 30, 2009.

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Business-type Activities – Water/Wastewater Utility

The City has pledged future water and sewer customer Net Revenues to repay the Utility System Revenue Bonds, Series 2003. Net Revenues are Gross Revenues less Operating Expenses as defined in the Bond Covenants. Annual principal and interest on the bonds are expected to require approximately 62% of such revenue. The bonds are payable through 2034. Principal and interest for the current year was \$4,738,360 and net water and sewer revenues totaled \$7,622,336 for the year. At year end, pledged future revenues totaled \$141,268,955, which was the amount of the remaining principal and interest on the bonds as of September 30, 2009.

Debt Service Reserve Funds

In June of 2008, MBIA, the surety (bond insurer) for both the Transportation Capital Improvement Revenue Bonds and the Utility System Revenue Bonds lost its AAA rating from S&P and its Aaa rating from Moody's and was not rated by Fitch at the time. Under the terms of the bond covenants, the City began to establish the required debt service reserve fund in FY 2008/2009 for each bond in an amount that closely approximates the highest year of debt service for each respective bond. The five year reserve funding requirement for the Transportation bond is \$1,486,000 and the five year reserve funding requirement for the Utility bond is \$5,600,000. These reserves will be accumulated over a period of five (5) years until the Debt Service Reserve requirements are met for each respective bond, per the terms of the bond covenants. The Stormwater loan is a bank loan and not a bond issue and therefore is not subject to the debt service reserve funding requirements.

While the funding of these debt service reserves does not require the City to actually expend the funds, it does move available fund balance funds from unreserved to reserved so that those funds may not be used for any purpose other than to meet debt service requirements.

The funding schedule of establishing the debt service reserve funds for both bond issues is presented below.

<u>Bond Issue</u>	<u>FY 08/09</u> <u>Required</u> <u>Funding</u>	<u>FY 09/10</u> <u>Required</u> <u>Funding</u>	<u>FY 10/11</u> <u>Required</u> <u>Funding</u>	<u>FY 11/12</u> <u>Required</u> <u>Funding</u>	<u>FY 12/13</u> <u>Required</u> <u>Funding</u>	<u>Total</u> <u>Required</u> <u>Funding</u>
Utility Bond	\$ 1,120,000	\$ 1,120,000	\$ 1,120,000	\$ 1,120,000	\$ 1,120,000	\$ 5,600,000
Transportation Bond	\$ 297,200	\$ 297,200	\$ 297,200	\$ 297,200	\$ 297,200	\$ 1,486,000

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Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Transportation Capital Imp.					
Revenue Bonds Series 2006	\$ 17,235,000	\$ -	\$ 630,000	\$ 16,605,000	\$ 660,000
Add: Unamortized Premium	277,952	-	15,442	262,510	15,442
Deferred Revenue, Debt Service	300,304	-	16,686	283,618	16,684
Stormwater Bank Note	-	6,569,345	-	6,569,345	195,779
OPEB Obligation	-	292,537	-	292,537	-
Compensated Absences	1,565,705	1,596,495	1,422,993	1,739,207	1,652,247
Total Governmental Activities	<u>19,378,961</u>	<u>8,458,377</u>	<u>2,085,121</u>	<u>25,752,217</u>	<u>2,540,152</u>
Business-type Activities					
Utility system Revenue Bonds					
Series 2003	\$ 78,975,000	\$ -	\$ 950,000	\$ 78,025,000	\$ 1,100,000
Add: Unamortized Premium	1,131,427	-	45,258	1,086,169	-
Swaption	3,206,837	-	-	3,206,837	-
Subtotal	83,313,264	-	995,258	82,318,006	1,100,000
OPEB Obligation	-	26,463	-	26,463	-
Compensated Absences	113,930	169,464	178,420	104,974	104,974
Total Business-type Activities	<u>83,427,194</u>	<u>195,927</u>	<u>1,173,678</u>	<u>82,449,443</u>	<u>1,204,974</u>

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

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 projected losses and operating expenses. If total member assessments do not produce sufficient funds to meet its obligations, the Pool can make additional limited assessments. Losses, if any, in excess of the Pool's ability to assess its members, revert back to the member that incurred the loss. The cost of the insurance is allocated among the appropriate City departments and funds.

There has been a reduction in insurance coverage from the prior year with the increase in retained exposure by increasing the City's deductible for property loss. It should be noted, however, that the City's experience

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modifier value has been significantly lowered by a reduction in claim numbers and severity. This reduction in the experience modifier resulted in a lower premium cost. There have been no settlements in excess of insurance coverage in any of the prior three years and as such, no additional assessments were levied against the City for the fiscal year ended September 30, 2009.

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 \$40,000 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 renewable annually each year on October 1. Either party can terminate the agreement without cause or further liability with 180 days written notice. The annual contractual commitment is approximately \$8,729,714 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 was entered into on January 1, 2005 and 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.

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 2006, an inverse condemnation suit was filed against the City of Deltona by a homeowner who alleges an illegal 'taking' of his property due to rising waters associated with the historical rainfall experienced from three hurricanes passing through the City. The potential liability to the City could be as much as \$2,000,000. The City Attorney's office questions the validity of the allegation and is in the process of filing a motion requesting the Court dismiss the suit.

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.

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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.

In June 2005, the City entered into an agreement with CopyFax to provide copy machines, service and maintenance. CopyFax then assigned the agreement to Great America Leasing. In September 2009, the City notified Great America of its intention to terminate their services effective October 1, 2009. As a result of the early termination notification, we now face significant legal issues in regard to Great America Leasing. There is significant City exposure of up to \$250,000+ on this issue. However, staff has been working diligently to manage a much better settlement result.

D. Other postemployment benefits (OPEB) Plans

Plan Description

Effective for FY 2008/2009, the City implemented GASB statement No. 45, *Accounting and Reporting for Postemployment Benefits Other than Pensions*, for certain post employment healthcare benefits provided by the City. The requirements of this statement are being implemented prospectively, with the actuarially determined liability of \$1,362,000 at October 1, 2008, the date of transition amortized over 30 years. Accordingly, for financial reporting purposes, no liability is reported for the postemployment healthcare benefit liability at the date of transition.

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

The City has 332 active OPEB members with a total unfunded liability of \$1,362,000. Of the 332 total active members, 78 members are in the City's Firefighters retirement plan with a total liability of \$905,000. There are 86 members in the City's General Employees' retirement plan with a total liability of \$114,000. The remaining 168 members are in the Florida Retirement System (FRS) retirement plan with a total liability of \$343,000. All active members are active employees and there are no spouses or retirees who are currently active members of OPEB.

Funding Policy

For the OPEB Plan, contribution requirements of the City are established and may be amended through action from the City Commission. Currently, the City's OPEB benefits are unfunded. The required contributions are based on pay-as-you-go financing requirements. The City has not established a Trust Account Fund for this liability, nor is there an equivalent arrangement into which the City makes

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contributions to advance-fund the obligation as it does for its pension plans. Therefore, subsidies which are provided over time are financed directly by the general assets of the City, which are invested in short-term fixed income instruments according to the City's current investment policy. The interest rate used to calculate the present values and costs of OPEB must be the long-range expected return on such short-term fixed income instruments. The City selected an interest discount rate of 4% for this purpose.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the Annual Required Contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The Unfunded Actuarial Accrued Liability represents an actuarial measurement of the obligation that has accrued so far based on the promise that has been made to current retirees and to current employees. Since the City's OPEB liability is currently unfunded, the offset to that expense comes from actual subsidies paid on behalf of the current retirees and their dependents for the current year. This offset is called Employer Contribution and equals the total age-adjusted costs paid by the City for coverage for the retirees and their dependents for the year (net of the retiree's own payments for the year). The following table shows the components of the City's net OPEB obligation to the OPEB Plan:

	FY Ending 09/30/09
Annual Required Contribution	\$ 334,000
Interest on Net OPEB Obligation	-
Net OPEB Obligation Adjustment	-
Annual OPEB Cost (Expense)	334,000
Employer Contributions Made	(15,000)
Increase (Decrease) in Net OPEB Obligation	\$ 319,000
Net OPEB Obligation at Beginning of Year	-
Net OPEB Obligation at End of Year	\$ 319,000

The City's annual OPEB cost, the percentage of annual expected employer contribution toward OPEB cost, and the net OPEB obligation for 2009 with no applicable preceding years was as follows:

Annual OPEB Cost Summary

Year Ended	Annual OPEB Cost	Employer Contributions Toward OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Contribution
09/30/09	\$ 334,000	\$ 15,000	4.0%	\$ 319,000

Funding Status and Funding Progress

As of September 30, 2009, the most recent actuarial valuation date of March 1, 2008, the Plan was unfunded. The actuarial accrued liability for benefits was \$1,362,000 and the actuarial value of assets was \$0.00, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,362,000. The covered payroll (annual payroll of active employees covered by the Plan) was \$13,602,000 and the ratio of the UAAL to the covered payroll was 10.01%.

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Actuarial valuations of an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, termination, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information following the Notes to the Financial Statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

In any long-term Actuarial Valuation, certain demographic, economic and behavioral assumptions are made concerning the population, the investment discount rates, inflation rates, and the benefits provided. These Actuarial Assumptions form the basis for the actuarial model which is used to project the future population, the future benefits provided and the contributions collected. Then the investment discount rate assumption is used to discount those projected net OPEB benefits to a present value. This and other related present values are used to calculate the annual OPEB cost. The actuarial assumptions also include a payroll growth rate of 2.5%, and an annual healthcare cost trend rate of 9% initially, reduced annually to an ultimate rate of 5% after four years. The remaining amortization period at September 30, 2009, was 30 years.

The results presented as of the Actuarial Valuation date have been derived using the Entry Age Normal Cost Method with an amortization of the Unfunded Actuarial Accrued Liability as a level percent of projected payroll over a closed period of thirty years from 2008. This is the most common method used for government Pension Valuations (and likely so for OPEB valuations) and spreads the cost evenly as a percent of pay throughout the collective careers of those in the covered workforce. Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employees and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

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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, 2008, 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, 2009, the City's total covered payroll for employees eligible to participate in the Plan was \$4,232,032 compared with a total payroll for the City of \$13,351,865.

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, 2009 is 15.17% (11.24% by the City, 3.93% by insurance premium excise tax) of annual covered payroll based on an actuarial valuation dated December 2007. The City has set its actual contribution rate at 11.24% of covered payroll for 2009. Insurance premium payments received from the State of Florida are recorded as revenue in the General Fund and immediately transferred to the Pension Fund. The transfer is recorded in the General Fund as an additional pension contribution.

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, 2008, 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

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changed to the entry age actuarial cost method effective October 1, 2002, all prior unfunded frozen actuarial accrued liabilities have been consolidated into an initial UAAL as of October 1, 2002. This initial unfunded actuarial accrued liability is to be amortized over a 15 year period from October 1, 2002 at 4.4%. Unfunded frozen actuarial accrued liability bases established subsequent to October 1, 2002 will be amortized over 30 years using amortization periods that are closed 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, 2009, the annual pension cost was \$505,793 and the amount contributed by the City (including the Insurance Premium Tax of \$394,453) was \$870,110 or 20.56% of covered payroll. Member contributions for the year totaled \$338,393 or 8% of covered payroll. For the fiscal year ended September 30, 2009, the City 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 Determined Contribution (A)	\$ 382,936	\$ 369,366
Interest on Net Pension Obligation (NPO)	(55,663)	(63,107)
Adjustment to (A)	84,397	99,805
Annual Pension Cost (APC) (1)	411,670	406,064
Employer Contributions Made	(504,724)	(502,095)
Decrease in NPO	(93,054)	(96,031)
NPO, Beginning of Year	(695,785)	(788,839)
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, 2008 was \$884,870.

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.

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Membership

As of September 30, 2009, there were 66 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, 2009, the City's total covered payroll for employees eligible to participate in the Plan was \$2,852,055 compared with a total payroll for the City of \$13,351,865. The required employer contribution and the contribution actually made amounted to \$284,571 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

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, 2009, there were 148 employees enrolled in FRS.

City of Deltona, Florida
Notes to the Financial Statements
September 30, 2009

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, 2009 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, 2009, the City's total covered payroll for employees eligible to participate in the Plan was \$6,267,778 compared with a total payroll for the City of \$13,351,865. The contribution actually made amounted to \$647,218.

City of Deltona, Florida
Notes to the Financial Statements
September 30, 2009

Following 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, 2009

	Firefighters' Pension Trust Fund	General Employees' Pension Trust Fund	Total
Assets			
Cash and Investments	\$ 9,585,655	\$ 2,039,795	\$ 11,625,450
Due From Other Government	15,151	-	\$ 15,151
Prepaid	2,493	-	\$ 2,493
Total Assets	<u>9,603,299</u>	<u>2,039,795</u>	<u>11,643,094</u>
Liabilities			
Accounts Payable	23,817	-	23,817
Due to Member - DROP Payments	106,527	-	106,527
Due to Other Funds	-	21,069	21,069
Total Liabilities	<u>130,344</u>	<u>21,069</u>	<u>151,413</u>
Net Assets			
Reserved for Employees' Pension Benefits	<u>9,472,955</u>	<u>2,018,726</u>	<u>11,491,681</u>
Additions			
Contributions:			
Employer	\$ 475,657	\$ 284,571	\$ 760,228
State of Florida	394,453	-	\$ 394,453
Employee	338,393	-	\$ 338,393
Total Contributions	<u>1,208,503</u>	<u>284,571</u>	<u>1,493,074</u>
Investment Income (Loss)	(124,658)	34,868	(89,790)
(Less) Investment Management Fees	(16,476)	-	(16,476)
Net Investment Income (Loss)	<u>(141,134)</u>	<u>34,868</u>	<u>(106,266)</u>
Total Additions	<u>1,067,369</u>	<u>319,439</u>	<u>1,386,808</u>
Deductions			
Benefit Payments	\$ 91,483	\$ -	\$ 91,483
Refunds to Employees	38,835	225,368	\$ 264,203
Administration	70,909	-	\$ 70,909
Forfeitures	-	22,212	\$ 22,212
(Total Deductions)	<u>(201,227)</u>	<u>(247,580)</u>	<u>(448,807)</u>
Net Increase (Decrease)	<u>866,142</u>	<u>71,859</u>	<u>938,001</u>
Net Assets Reserved for Employees' Pension Benefits			
Beginning of Year	<u>8,606,813</u>	<u>1,946,867</u>	<u>\$ 10,553,680</u>
End of Year	<u>\$ 9,472,955</u>	<u>\$ 2,018,726</u>	<u>\$ 11,491,681</u>

City of Deltona, Florida
Notes to the Financial Statements
September 30, 2009

Other Pension Plan Information

Three year trend information

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

Firefighters' Retirement Plan

(1) Valuation Date	(2) Actuarial Value of Assets (AVA)	(3) Entry Age Normal Actuarial Accrued Liability (AAL)	(4) Unfunded Actuarial Accrued Liability (UAAL) (3)-(2)	(5) Funded Ratio(2)/(3)	(6) Annual Covered Payroll	(7) UAAL as Percentage of Payroll (4)/(6)
10/01/08	\$13,385,926	\$10,328,173	\$3,057,753	77.16%	\$3,981,771	76.79%

F. Subsequent Event

Howland Crossings Land Purchase

On September 3, 2008, the City entered into an agreement with Howland Crossings, LLC to purchase 19.14 acres of land with certain improvements for a purchase price of \$7,502,156 with an earnest money deposit of \$1,892,500. This property was purchased in order to build an additional fire station, FS65, which went out to bid in January of 2010 as well as a police and fire Public Safety building to be built sometime in the future. On December 30, 2009 the City closed on the property, submitting payment of \$5,293,481 to Howland Crossings, LLC, retaining a balance of \$316,297 for certain items that had not yet been completed as of closing date per the terms of the agreement.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 12,097,422	\$ 12,097,422	\$ 12,346,188	\$ 248,766
Franchise fees	3,900,000	3,900,000	4,040,268	140,268
Public service tax	7,567,000	7,567,000	7,823,723	256,723
State revenue sharing	2,286,000	2,286,000	2,001,350	(284,650)
Intergovernmental revenue	3,972,000	3,972,000	5,635,397	1,663,397 (1)
Charges for services	1,910,000	1,910,000	1,951,433	41,433
Fines and forfeitures	227,000	227,000	299,570	72,570
Impact fees	-	-	-	-
Interest income	306,000	306,000	177,424	(128,576)
Miscellaneous	319,578	319,578	253,072	(66,506)
Total revenues	<u>32,585,000</u>	<u>32,585,000</u>	<u>34,528,425</u>	<u>1,943,425</u>
Expenditures				
Current:				
General Government and Administration:				
City Commission	402,900	402,900	321,688	81,212
City Manager	625,000	625,000	576,019	48,981
City Clerk	538,800	538,800	410,849	127,951
Finance and Internal Services	1,114,300	1,114,300	1,023,906	90,394
Human Resources	432,400	432,400	403,462	28,938
City Attorney	511,200	536,200	534,898	1,302
Development Services	2,014,300	2,014,300	1,737,668	276,632
Enforcement Services	1,488,600	1,488,600	1,270,551	218,049
General Services	1,029,800	974,800	931,992	42,808
Total General Government and Administration	<u>8,157,300</u>	<u>8,127,300</u>	<u>7,211,033</u>	<u>916,267</u>
Public Safety:				
Law Enforcement	8,802,400	8,832,400	8,830,578	1,822
Fire Rescue	8,640,300	8,640,300	8,689,451	(49,151) (1)
Total public safety	<u>17,442,700</u>	<u>17,472,700</u>	<u>17,520,030</u>	<u>(47,330)</u>
Highways and Streets:				
Traffic Operations	715,700	732,700	595,874	136,826
Administration	409,600	409,600	293,427	116,173
Engineering	186,000	211,000	209,154	1,846
Field Operations	976,700	934,700	581,390	353,310
Maintenance	862,400	862,400	506,391	356,009
Total Highways and Streets	<u>3,150,400</u>	<u>3,150,400</u>	<u>2,186,236</u>	<u>964,164</u>
Culture and Recreation	2,569,100	2,569,100	1,972,334	596,766
Economic Environment				-
Physical Environment	50,000	50,000	23,003	26,997
Capital Outlay				
General Government and Administration	128,000	228,000	217,146	10,854
Public Safety	120,000	300,000	775,745	(475,745)
Highways and Streets	254,500	254,500	42,023	212,477
Culture and Recreation	353,410	353,410	149,324	204,086
Economic Environment	-	-	-	-
Physical Environment	-	-	-	-
Total expenditures	<u>(32,225,410)</u>	<u>(32,505,410)</u>	<u>(30,096,874)</u>	<u>2,408,536</u>
Excess of revenues over expenditures	<u>359,590</u>	<u>79,590</u>	<u>4,431,551</u>	<u>4,351,961</u>
Other financing sources (uses)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	(1,500,000)	(1,500,000)	-
Total other financing (uses)	<u>-</u>	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources (under) expenditures and other financing uses	<u>359,590</u>	<u>(1,420,410)</u>	<u>2,931,551</u>	<u>4,351,961</u>
Fund balance, beginning of year	<u>12,921,014</u>	<u>12,921,014</u>	<u>13,684,354</u>	<u>763,340</u>
Fund balance, end of year	<u>\$ 13,280,604</u>	<u>\$ 11,500,604</u>	<u>\$ 16,615,905</u>	<u>\$ 5,115,301</u>

Required Supplementary Information

(1) See Note 8 Page 39

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SOLID WASTE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 4,228,900	\$ 4,228,900	\$ 4,290,944	\$ 62,044
Interest income	32,300	32,300	14,041	(18,259)
Miscellaneous	-	-	-	-
Total revenues	<u>4,261,200</u>	<u>4,261,200</u>	<u>4,304,985</u>	<u>43,785</u>
Expenditures				
Current:				
Physical Environment	4,160,100	4,160,100	4,080,437	79,663
Capital outlay - Physical Environment	-	-	-	-
Total expenditures	<u>(4,160,100)</u>	<u>(4,160,100)</u>	<u>(4,080,437)</u>	<u>79,663</u>
(Deficiency) of revenues (under) expenditures	<u>101,100</u>	<u>101,100</u>	<u>224,548</u>	<u>123,448</u>
Other financing sources (uses)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Deficiency) of revenues and other Financing sources (under) expenditures and other financing uses	<u>101,100</u>	<u>101,100</u>	<u>224,548</u>	<u>123,448</u>
Fund balance, beginning of year	<u>(81,358)</u>	<u>(81,358)</u>	<u>(117,977)</u>	<u>(36,619)</u>
Fund balance, end of year	<u>\$ 19,742</u>	<u>\$ 19,742</u>	<u>\$ 106,571</u>	<u>\$ 86,829</u>

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STORMWATER UTILITY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 352,507	\$ 352,507
Charges for services	3,293,000	3,293,000	2,921,262	(371,738)
Interest income	8,000	8,000	33,917	25,917
Miscellaneous	-	-	12,497	12,497
Total revenues	<u>3,301,000</u>	<u>3,301,000</u>	<u>3,320,183</u>	<u>19,183</u>
Expenditures				
Current:				
Physical Environment	2,774,300	2,774,300	1,989,108	785,192
Capital outlay - Physical Environment	2,023,500	2,023,500	795,607	1,227,893
Total expenditures	<u>(4,797,800)</u>	<u>(4,797,800)</u>	<u>(2,784,715)</u>	<u>2,013,085</u>
(Deficiency) of revenues (under) expenditures	<u>(1,496,800)</u>	<u>(1,496,800)</u>	<u>535,468</u>	<u>2,032,268</u>
Other financing sources (uses)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Proceeds from bank loan	6,850,000	6,850,000	6,569,345	(280,655)
Bank loan issue costs	-	-	-	-
Total other financing sources	<u>6,850,000</u>	<u>6,850,000</u>	<u>6,569,345</u>	<u>(280,655)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	5,353,200	5,353,200	7,104,813	1,751,613
Fund balance, beginning of year	<u>121,481</u>	<u>121,481</u>	<u>803,644</u>	<u>682,163</u>
Fund balance, end of year	<u>\$ 5,474,681</u>	<u>\$ 5,474,681</u>	<u>\$ 7,908,457</u>	<u>\$ 2,433,776</u>

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STATE HOUSING INITIATIVE PARTNERSHIP
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenue	\$ 764,500	\$ 764,500	\$ 581,358	\$ (183,142)
Interest	9,000	9,000	10,951	1,951
Total revenues	<u>773,500</u>	<u>773,500</u>	<u>592,309</u>	<u>(181,191)</u>
Expenditures				
Current:				
Economic Environment	773,500	773,500	592,309	181,191
Total expenditures	<u>(773,500)</u>	<u>(773,500)</u>	<u>(592,309)</u>	<u>181,191</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<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 FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 2,069,764	\$ 2,069,764	\$ 3,836,976	\$ 1,767,212
Impact Fees	-	-	-	-
Interest	524,000	524,000	133,225	(390,775)
Total revenues	<u>2,593,764</u>	<u>2,593,764</u>	<u>3,970,201</u>	<u>1,376,437</u>
Expenditures				
Current:				
Highways and Streets	239,000	239,000	244,075	(5,075)
Debt Service:				
Principal	630,000	630,000	630,000	-
Interest	825,312	825,312	825,451	(139)
Capital outlay - Highways and Streets	8,678,800	11,189,800	10,336,574	853,226
Total expenditures	<u>(10,373,112)</u>	<u>(12,884,112)</u>	<u>(12,036,100)</u>	<u>848,012</u>
(Deficiency) of revenues (under) expenditures	<u>(7,779,348)</u>	<u>(10,290,348)</u>	<u>(8,065,899)</u>	<u>2,224,449</u>
Other financing sources (uses)				
Transfers from other funds	350,000	350,000	114,529	(235,471)
Transfers to other funds	-	-	-	-
Total other financing sources	<u>350,000</u>	<u>350,000</u>	<u>114,529</u>	<u>(235,471)</u>
(Deficiency) of revenues and other Financing sources (under) expenditures and other financing uses	<u>(7,429,348)</u>	<u>(9,940,348)</u>	<u>(7,951,370)</u>	<u>1,988,978</u>
Fund balance, beginning of year	<u>17,461,802</u>	<u>17,461,802</u>	<u>20,703,615</u>	<u>3,241,813</u>
Fund balance, end of year	<u>\$ 10,032,454</u>	<u>\$ 7,521,454</u>	<u>\$ 12,752,245</u>	<u>\$ 5,230,791</u>

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
CAPITAL PROJECTS - MUNICIPAL COMPLEX(S) FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 200,000	\$ 200,000	\$ 80,966	\$ (119,034)
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>80,966</u>	<u>(119,034)</u>
Expenditures				
Capital outlay:				
General Government and Administration				-
Public Safety	8,040,000	6,492,000	1,062,974	5,429,026
Culture and Recreation				-
Economic Environment				-
Total expenditures	<u>(8,040,000)</u>	<u>(6,492,000)</u>	<u>(1,062,974)</u>	<u>5,429,026</u>
(Deficiency) of revenues (under) expenditures	<u>(7,840,000)</u>	<u>(6,292,000)</u>	<u>(982,008)</u>	<u>5,309,992</u>
Other financing sources (uses)				
Transfers from other funds	55,000	55,000	33,986	(21,014)
Transfers to other funds	-	-	-	-
Total other financing sources	<u>55,000</u>	<u>55,000</u>	<u>33,986</u>	<u>(21,014)</u>
Excess of revenues and other Financing sources over expenditures and other financing uses	<u>(7,785,000)</u>	<u>(6,237,000)</u>	<u>(948,022)</u>	<u>5,288,978</u>
Fund balance, beginning of year	<u>9,199,954</u>	<u>9,199,954</u>	<u>7,787,941</u>	<u>(1,412,013)</u>
Fund balance, end of year	<u>\$ 1,414,954</u>	<u>\$ 2,962,954</u>	<u>\$ 6,839,919</u>	<u>\$ 3,876,965</u>

CITY OF DELTONA, FLORIDA
SCHEDULES OF FUNDING PROGRESS AND CONTRIBUTIONS
FROM EMPLOYER AND OTHERS
SEPTEMBER 30, 2009

DEFINED BENEFIT PENSION PLAN TREND INFORMATION

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

Schedule of Contributions from Employer and Others

Year Ended September 30,	Annual City Pension Cost	City Contrib.	Premium Tax Refunds	Past Excess Contrib.	Total Employer Contrib.	Employer Contrib. as a % of Required Contrib.	Net Pension Obligation (Asset)
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	369,366	347,106	154,989	-	502,095	162%	(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

Valuation Date October 1,	Actuarial Accrued Liability (AAL)*	Actuarial Value of Assets	Unfunded AAL (UAAL)	Percentage Funded	Annual Covered Payroll	UAAL as Percentage of Payroll
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	13,385,926	10,328,173	3,057,753	77.16%	3,981,771	76.79%

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

**CITY OF DELTONA, FLORIDA
SCHEDULE OF FUNDING PROGRESS
FROM EMPLOYER AND OTHERS
SEPTEMBER 30, 2009**

OTHER POST EMPLOYMENT BENEFITS (OPEB) TREND INFORMATION

A. Schedule of Funding Progress

Valuation Date	(A) Actuarial Value of Assets (AVA)	(B) Actuarial Accrued Liability (AAL)	(C) Unfunded Actuarial Accrued Liability (UAAL) (B)-(A)	Funded Ratio (A)/(B)	(D) Annual Covered Payroll	UAAL as Percentage of Payroll (C)/(D)
3/1/2008	\$ -	\$ 1,362,000	\$ 1,362,000	0%	\$ 13,602,000	10.01%

City of Deltona, Florida
Notes to the Required Supplementary Information
September 30, 2009

Note 1

Budgetary information

Budgetary comparisons are presented as part of the Required Supplementary Information (RSI) and the basis of budgeting is the same as GAAP.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all major 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 1st. Public hearings are held to obtain taxpayer comments. Prior to October 1st, 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.

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.

The City received \$394,453 from the State of Florida for the Firefighter Pension Insurance Premium Tax. This is money charged to all homeowners on their homeowners' insurance bill to provide additional pension benefits to firefighters. As required by Generally Accepted Accounting Principles (GAAP), this money was recorded in the General Fund as revenue with an offsetting equal expense in public safety. Once received, this money was immediately transferred to the Firefighters pension fund to fund pension benefits above and beyond what the City provides. This revenue source and resulting transfer was not budgeted and therefore not presented in the General Fund's budget. However, this revenue and resulting expenditure is presented in the Actual Amounts presented on page xxx, resulting in an over-budget situation for Fire Rescue on both revenue (Intergovernmental Revenue) and expenditures (Fire Rescue) with the net result equal to zero. In FY 2009/2010 this pass-through amount will be formally budgeted.

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SUPPLEMENTAL INFORMATION

**CITY OF DELTONA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009**

	Special Revenue Funds				
	Streetlighting Districts	Fire/Rescue Service Impact Fees	Law Enforcement Impact Fees	Park Impact Fees	Transportation Impact Fees
Assets					
Cash and cash equivalents	\$ 31,741	\$ -	\$ -	\$ -	\$ -
Debt service reserve fund				-	-
Receivables	-	-	-	-	-
Due from other governments	1,084	-	-	-	-
Total assets	32,825	-	-	-	-
Liabilities and fund balances					
Liabilities					
Accounts payable	9,102	-	-	-	-
Accrued liabilities	-	-	-	-	-
Contracts/Retainage payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenues	-	-	-	-	-
Total liabilities	9,102	-	-	-	-
Fund balances					
Reserved for:					
Capital projects	-	-	-	-	-
Unreserved/Undesignated	23,723	-	-	-	-
Total fund balances	23,723	-	-	-	-
Total liabilities and fund balances	\$ 32,825	\$ -	\$ -	\$ -	\$ -

Community Development Block Grant	Neighborhood Stabilization Grant	Tree Replacement Fund	Capital Projects - Park Projects Fund	Total
\$ -	\$ -	\$ 515,186	\$ 316,853	\$ 863,780
-	-	-	-	-
-	-	-	-	-
31,012	69,908	-	-	102,004
<u>31,012</u>	<u>69,908</u>	<u>515,186</u>	<u>316,853</u>	<u>965,784</u>
1,779	-	-	-	10,881
-	6,628	-	-	6,628
-	-	-	-	-
29,233	63,280	-	-	92,513
-	-	-	-	-
<u>31,012</u>	<u>69,908</u>	<u>-</u>	<u>-</u>	<u>110,022</u>
-	-	-	316,853	316,853
-	-	515,186	-	538,909
-	-	<u>515,186</u>	<u>316,853</u>	<u>855,762</u>
<u>\$ 31,012</u>	<u>\$ 69,908</u>	<u>\$ 515,186</u>	<u>\$ 316,853</u>	<u>\$ 965,784</u>

CITY OF DELTONA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Special Revenue Funds</u>				
	<u>Streetlighting Districts</u>	<u>Fire/Rescue Service Impact Fees</u>	<u>Law Enforcement Impact Fees</u>	<u>Park Impact Fees</u>	<u>Transportation Impact Fees</u>
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	145,595	-	-	-	-
Impact fees	-	21,950	11,892	116,715	114,184
Interest income	546	94	50	166	345
Miscellaneous	-	-	-	-	-
Total revenues	<u>146,141</u>	<u>22,044</u>	<u>11,942</u>	<u>116,881</u>	<u>114,529</u>
Expenditures					
Current:					
General Government and Administration	-	-	-	-	-
Highways and Streets	122,598	-	-	-	-
Economic Environment	-	-	-	-	-
Physical Environment	-	-	-	-	-
Capital Outlay:					
General Government and Administration	-	-	-	-	-
Public Safety	-	-	-	-	-
Highways and Streets	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Economic Environment	-	-	-	-	-
Physical Environment	-	-	-	-	-
Total expenditures	<u>(122,598)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>23,543</u>	<u>22,044</u>	<u>11,942</u>	<u>116,881</u>	<u>114,529</u>
Other financing sources (uses)					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	(22,044)	(11,942)	(116,881)	(114,529)
Total other financing (uses) sources	<u>-</u>	<u>(22,044)</u>	<u>(11,942)</u>	<u>(116,881)</u>	<u>(114,529)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>23,543</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 23,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Community Development Block Grant	Neighborhood Stabilization Grant	Tree Replacement Fund	Capital Projects - Park Projects	Total
\$ 211,550	\$ 69,908	\$ -	\$ 89,955	\$ 371,413
-	-	-	-	145,595
-	-	-	-	264,741
-	-	5,507	2,587	9,295
-	-	15,221	-	15,221
<u>211,550</u>	<u>69,908</u>	<u>20,728</u>	<u>92,542</u>	<u>806,265</u>
10,417	69,908	-	-	80,325
-	-	-	-	122,598
-	-	-	-	-
59,438	-	-	-	59,438
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	1,712,603	1,712,603
-	-	-	-	-
141,695	-	-	-	141,695
<u>(211,550)</u>	<u>(69,908)</u>	<u>-</u>	<u>(1,712,603)</u>	<u>(2,116,659)</u>
-	-	20,728	(1,620,061)	(1,310,394)
-	-	-	1,616,881	1,616,881
-	-	-	-	(265,396)
-	-	-	1,616,881	1,351,485
-	-	20,728	(3,180)	41,091
-	-	494,458	320,033	814,671
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 515,186</u>	<u>\$ 316,853</u>	<u>\$ 855,762</u>

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
STREETLIGHTING DISTRICTS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget</u>
Revenues			
Special assessments	\$ 145,595	\$ 150,700	\$ (5,105)
Interest income	546	1,000	(454)
Total revenues	<u>146,141</u>	<u>151,700</u>	<u>(5,559)</u>
Expenditures			
Current:			
Highways and Streets	122,598	150,700	28,102
Total expenditures	<u>(122,598)</u>	<u>(150,700)</u>	<u>28,102</u>
Excess of revenues			
Over expenditures	<u>23,543</u>	<u>1,000</u>	<u>22,543</u>
Other financing sources (uses)			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other			
Financing sources over expenditures			
and other financing uses	23,543	1,000	22,543
Fund balance, beginning of year	<u>180</u>	<u>27,500</u>	<u>(27,320)</u>
Fund balance, end of year	<u>\$ 23,723</u>	<u>\$ 28,500</u>	<u>\$ (4,777)</u>

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FIRE/RESCUE SERVICE IMPACT FEES FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget</u>
Revenues			
Impact fees	\$ 21,950	\$ 37,000	\$ (15,050)
Interest	94	1,800	(1,706)
Total revenues	<u>22,044</u>	<u>38,800</u>	<u>(16,756)</u>
Expenditures			
Capital Outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>22,044</u>	<u>38,800</u>	<u>16,756</u>
Other financing sources (uses)			
Transfers from other funds	-	-	-
Transfers to other funds	(22,044)	(39,000)	16,956
Total other financing sources (uses)	<u>(22,044)</u>	<u>(39,000)</u>	<u>16,956</u>
(Deficiency) of revenues and other Financing sources (under) expenditures and other financing uses	-	(200)	200
Fund balance, beginning of year	<u>-</u>	<u>798</u>	<u>(798)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 598</u>	<u>\$ (598)</u>

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
LAW ENFORCEMENT IMPACT FEES FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget</u>
Revenues			
Impact Fees	\$ 11,892	\$ 16,500	\$ (4,608)
Interest	50	200	(150)
Total revenues	<u>11,942</u>	<u>16,700</u>	<u>(4,758)</u>
Expenditures			
Capital Outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>11,942</u>	<u>16,700</u>	<u>(4,758)</u>
Other financing sources (Uses)			
Transfers from other funds	-	-	-
Transfers to other funds	(11,942)	(16,000)	4,058
Total other financing sources (uses)	<u>(11,942)</u>	<u>(16,000)</u>	<u>4,058</u>
(Deficiency) of revenues and other Financing sources (under) expenditures and other financing uses	-	700	(700)
Fund balance, beginning of year	<u>-</u>	<u>17</u>	<u>(17)</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ 717</u></u>	<u><u>\$ (717)</u></u>

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
PARK IMPACT FEES FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget</u>
Revenues			
Impact fees	\$ 116,716	\$ 250,000	\$ (133,284)
Interest income	166	8,000	(7,835)
Total revenues	<u>116,881</u>	<u>258,000</u>	<u>(141,119)</u>
Expenditures			
Capital Outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues Over expenditures	<u>116,881</u>	<u>258,000</u>	<u>(141,119)</u>
Other financing sources (uses)			
Transfers from other funds	-	-	-
Transfers to other funds	(116,881)	(258,000)	141,119
Total other financing sources	<u>(116,881)</u>	<u>(258,000)</u>	<u>141,119</u>
(Deficiency) of revenues and other Financing sources (under) expenditures and other financing uses	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>421</u>	<u>(421)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 421</u>	<u>\$ (421)</u>

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
TRANSPORTATION IMPACT FEES FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget</u>
Revenues			
Impact fees	\$ 114,184	\$ 350,000	\$ (235,816)
Interest income	345	1,000	(655)
Total revenues	<u>114,529</u>	<u>351,000</u>	<u>(236,471)</u>
Expenditures			
Capital Outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues Over expenditures	<u>114,529</u>	<u>351,000</u>	<u>(236,471)</u>
Other financing sources (uses)			
Transfers from other funds	-	-	-
Transfers to other funds	(114,529)	(350,000)	235,471
Total other financing sources	<u>(114,529)</u>	<u>(350,000)</u>	<u>235,471</u>
(Deficiency) of revenues and other Financing sources (under) expenditures and other financing uses	-	1,000	(1,000)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ (1,000)</u>

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget</u>
Revenues			
Intergovernmental	\$ 211,550	\$ 504,900	\$ (293,350)
Total revenues	<u>211,550</u>	<u>504,900</u>	<u>(293,350)</u>
Expenditures			
Current:			
General Government and Administration	10,417	85,400	74,983
Capital outlay:			
Highways and Streets	59,438	169,500	110,062
Culture and Recreation	-	-	-
Physical Environment	141,695	250,000	108,305
Total expenditures	<u>(211,550)</u>	<u>(504,900)</u>	<u>293,350</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other Financing sources over expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NEIGHBORHOOD STABILIZATION PROGRAM FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Actual Amounts</u>	<u>Final Budget</u>	<u>Variance With Final Budget</u>
Revenues			
Intergovernmental revenue	\$ 69,908	\$ 6,635,909	\$ (6,566,001)
Total revenues	<u>69,908</u>	<u>6,635,909</u>	<u>(6,566,001)</u>
Expenditures			
Current:			
General Government and Administration	69,908	635,909	566,001
Economic Environment	-	1,500,000	1,500,000
Physical Environment	-	4,500,000	4,500,000
Total expenditures	<u>(69,908)</u>	<u>(6,635,909)</u>	<u>6,566,001</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other Financing sources over expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
TREE REPLACEMENT FEES FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget</u>
Revenues			
Impact Fees	\$ 15,221	\$ 8,000	\$ 7,221
Interest	5,507	4,000	1,507
Total revenues	<u>20,728</u>	<u>12,000</u>	<u>8,728</u>
Expenditures			
Physical Environment	-	250,000	250,000
Total expenditures	<u>-</u>	<u>(250,000)</u>	<u>250,000</u>
Excess of revenues over expenditures	<u>20,728</u>	<u>(238,000)</u>	<u>258,728</u>
Other financing sources (Uses)			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other Financing sources over expenditures and other financing uses	20,728	(238,000)	258,728
Fund balance, beginning of year	<u>494,458</u>	<u>477,853</u>	<u>16,605</u>
Fund balance, end of year	<u>\$ 515,186</u>	<u>\$ 239,853</u>	<u>\$ 275,333</u>

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
CAPITAL PROJECTS - PARK PROJECTS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget</u>
Revenues			
Intergovernmental	\$ 89,955	\$ 700,000	\$ (610,045)
Interest	2,587	3,000	(413)
Miscellaneous			-
Total revenues	<u>92,542</u>	<u>703,000</u>	<u>(610,458)</u>
Expenditures			
Capital Outlay - Culture and Recreation	1,712,603	2,654,364	941,761
Total expenditures	<u>(1,712,603)</u>	<u>(2,654,364)</u>	<u>941,761</u>
(Deficiency) of revenues (under) expenditures	<u>(1,620,061)</u>	<u>(1,951,364)</u>	<u>331,303</u>
Other financing sources (uses)			
Transfers from other funds	1,616,881	1,758,000	(141,119)
Transfers to other funds			-
Total other financing sources	<u>1,616,881</u>	<u>1,758,000</u>	<u>(141,119)</u>
(Deficiency) of revenues and other Financing sources (under) expenditures and other financing uses	(3,180)	(193,364)	190,184
Fund balance, beginning of year	<u>320,033</u>	<u>9,297</u>	<u>310,736</u>
Fund balance, end of year	<u>\$ 316,853</u>	<u>\$ (184,067)</u>	<u>\$ 500,920</u>

City of Deltona, Florida
Notes to the Supplemental Information
September 30, 2009

Note 1

Budgetary information

Budgetary comparisons are presented as part of the Supplemental Information and the basis of budgeting is the same as GAAP.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all non-major 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 1st. Public hearings are held to obtain taxpayer comments. Prior to October 1st, 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.

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

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

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Demographic and Economic Information

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

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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.

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CITY OF DELTONA, FLORIDA
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS
(Accrual Basis GASB 34 Beginning 09/30/05)

	Fiscal Year Ending				
	<u>9/30/2005</u>	<u>9/30/2006</u>	<u>09/30/07</u>	<u>09/30/08</u>	<u>9/30/2009</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 98,180,028	\$ 98,811,959	\$ 98,227,017	\$ 100,154,051	\$ 112,872,553
Restricted	97,088	12,884,043	17,624,008	21,608,876	7,985,972
Unrestricted	<u>14,010,005</u>	<u>20,869,676</u>	<u>22,912,202</u>	<u>13,505,647</u>	<u>16,604,347</u>
Total governmental activities net assets	<u>121,898,785</u>	<u>132,565,678</u>	<u>138,763,227</u>	<u>135,268,574</u>	<u>137,462,872</u>
Business-type activities					
Invested In capital assets, net of related debt	(2,268,990)	(1,110,093)	687,601	(4,554,058)	(4,539,555)
Restricted	3,777,106	5,084,342	5,756,187	6,027,627	7,389,375
Unrestricted	<u>3,289,974</u>	<u>3,194,364</u>	<u>2,400,615</u>	<u>7,555,896</u>	<u>7,213,700</u>
Total business-type activities net assets	<u>4,798,090</u>	<u>7,168,613</u>	<u>8,844,403</u>	<u>9,029,465</u>	<u>10,063,520</u>
Primary government					
Invested In capital assets, net of related debt	95,911,038	97,701,866	98,914,618	95,599,993	108,332,998
Restricted	13,485,858	17,968,385	23,380,195	27,636,503	15,375,347
Unrestricted	<u>17,299,979</u>	<u>24,064,040</u>	<u>25,312,817</u>	<u>21,061,543</u>	<u>23,818,047</u>
Total primary government net assets	<u>\$ 126,696,875</u>	<u>\$ 139,734,291</u>	<u>\$ 147,607,630</u>	<u>\$ 144,298,039</u>	<u>\$ 147,526,392</u>

CITY OF DELTONA, FLORIDA
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(Accrual Basis GASB 34 Beginning 09/30/05)

	Fiscal Years Ending				
	9/30/2005	9/30/2006	9/30/2007	9/30/2008	9/30/2009
Expenses					
Governmental activities:					
General government	\$ 7,511,985	\$ 7,934,679	\$ 9,703,442	\$ 11,343,784	\$ 8,403,728
Public safety	11,416,880	13,059,405	15,601,863	18,291,690	18,356,301
Highways and Streets	7,625,589	6,256,676	6,752,773	7,402,043	6,927,195
Culture and recreation	1,872,250	2,292,825	2,785,735	5,386,966	2,654,365
Economic environment	609,644	2,287,563	1,363,432	563,904	593,424
Physical environment	5,702,314	5,727,828	5,969,928	6,790,848	6,864,133
Interest on long-term debt	-	190,410	854,963	838,806	973,351
Total governmental activities	<u>34,738,662</u>	<u>37,749,386</u>	<u>43,032,136</u>	<u>50,618,041</u>	<u>44,772,497</u>
Business-type activities:					
Personal services	2,351,334	2,690,157	3,065,373	3,065,599	3,046,606
Operating expenses	3,519,953	3,519,637	3,810,492	3,897,427	3,818,513
Professional services	231,610	129,704	78,425	145,653	146,095
Depreciation	2,264,714	2,511,124	2,560,312	2,731,455	3,166,475
Insurance	123,838	78,754	170,521	175,812	163,405
Bad debts	95,000	61,000	58,000	85,000	118,032
Total business-type activities	<u>8,586,449</u>	<u>8,990,376</u>	<u>9,743,123</u>	<u>10,100,946</u>	<u>10,459,126</u>
Total primary government expenses	<u>43,325,111</u>	<u>46,739,762</u>	<u>52,775,259</u>	<u>60,718,987</u>	<u>55,231,623</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	3,493,022	3,522,887	2,211,608	1,628,906	1,708,691
Public safety	296,238	404,301	321,400	110,405	101,073
Transportation	-	-	-	117,946	145,595
Culture and recreation	-	220,045	239,614	152,592	141,669
Physical environment	3,722,521	3,799,283	3,851,466	6,225,353	7,212,206
Operating grants and contributions	4,327,207	2,292,489	1,668,575	1,394,733	1,035,250
Capital grants and contributions	4,275,697	5,332,206	4,913,892	3,279,107	3,701,757
Total governmental activities program revenues	<u>16,114,685</u>	<u>15,571,211</u>	<u>13,206,555</u>	<u>12,909,042</u>	<u>14,046,241</u>
Business-type activities:					
Charges for services:					
Water	7,995,028	8,558,812	8,528,101	8,228,992	9,108,281
Wastewater	4,373,292	4,266,858	4,295,944	4,211,320	4,648,838
Connection fees	108,299	102,420	88,815	88,515	208,335
Operating grants and contributions	277,746	-	-	-	102,179
Capital grants and contributions	2,042,282	1,097,791	542,629	420,686	229,554
Total business-type activities program revenues	<u>14,796,647</u>	<u>14,025,881</u>	<u>13,455,489</u>	<u>12,949,513</u>	<u>14,297,187</u>
Total primary government program revenues	<u>30,911,332</u>	<u>29,597,092</u>	<u>26,662,044</u>	<u>25,858,555</u>	<u>28,343,428</u>
Net (expenses) revenues					
Governmental activities	(18,623,977)	(22,178,175)	(29,825,581)	(37,708,999)	(30,726,256)
Business-type activities	6,210,198	5,035,505	3,712,366	2,848,567	3,838,061
Total primary government net (expenses) revenues	<u>\$ (12,413,779)</u>	<u>\$ (17,142,670)</u>	<u>\$ (26,113,215)</u>	<u>\$ (34,860,432)</u>	<u>\$ (26,888,195)</u>

CITY OF DELTONA, FLORIDA
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(Accrual Basis GASB 34 Beginning 09/30/05)
(Concluded)

	Fiscal Year Ending				
	9/30/2005	9/30/2006	9/30/2007	9/30/2008	9/30/2009
General revenues & other changes in net assets					
Governmental activities:					
Taxes:					
Property taxes	\$ 8,394,332	\$ 9,878,462	\$ 12,782,901	\$ 12,106,012	\$ 12,346,188
Franchise fees	3,168,855	3,963,179	3,788,900	3,788,670	4,040,268
Public service tax	6,874,286	7,360,867	7,567,153	7,437,523	7,823,723
Sales tax	4,594,128	4,397,122	4,263,700	3,935,428	3,562,838
Local Option Gas Taxes	2,322,563	2,164,256	2,194,708	2,072,286	2,684,666
State revenue sharing	2,212,888	2,606,365	2,523,853	2,306,647	1,448,280
Investment earnings	531,582	1,627,596	3,086,818	2,083,996	459,819
Miscellaneous income	279,929	343,892	318,426	483,784	554,772
Total governmental activities	<u>28,378,563</u>	<u>32,341,739</u>	<u>36,526,459</u>	<u>34,214,346</u>	<u>32,920,554</u>
Business-type activities:					
Investment earnings	460,360	716,327	990,594	683,262	192,620
Gain on sale of capital assets	32,536	9,505	9,358	16,466	(758)
Grant reimbursements	-	-	-	(133,416)	-
Interest expense and issue costs	(3,949,749)	(3,926,081)	(3,557,293)	(3,734,622)	(3,827,369)
Miscellaneous income	658,367	535,267	520,764	504,805	831,501
Total business-type activities	<u>(2,798,486)</u>	<u>(2,664,982)</u>	<u>(2,036,577)</u>	<u>(2,663,505)</u>	<u>(2,804,006)</u>
Total primary government	<u>25,580,077</u>	<u>29,676,757</u>	<u>34,489,882</u>	<u>31,550,841</u>	<u>30,116,548</u>
Change in net assets					
Governmental activities	9,754,586	10,163,564	6,700,878	(3,494,653)	2,194,298
Business-type activities	3,411,712	2,370,523	1,675,789	185,062	1,034,055
Total primary government	<u>\$ 13,166,298</u>	<u>\$ 12,534,087</u>	<u>\$ 8,376,667</u>	<u>\$ (3,309,591)</u>	<u>\$ 3,228,353</u>

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

	Fiscal Years Ending September 30				
	2000	2001	2002	2003	2004 (1)
General fund					
Reserved	\$ 301,898	\$ 562,505	\$ 655,259	\$ -	\$ -
Unreserved	5,345,147	6,942,402	11,349,366	9,154,920	1,549,689
Total general fund	<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>
All other governmental funds					
Reserved	624,165	4,131,730	1,251,487	9,780,380	8,085,040
Unreserved reported in:					
Special revenue funds	3,069,224	5,380,854	4,534,261	648,309	2,082,722
Capital projects funds	5,961,912	1,059,234	2,461,734	-	-
Total all other governmental funds	<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>

- (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.

<u>2005</u>	<u>2006 (2)</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ -	\$ 430,894	\$ 226,372	\$ 707,308	\$ -
11,407,512	17,526,869	21,077,058	12,977,046	16,615,905
<u>11,407,512</u>	<u>17,957,763</u>	<u>21,303,430</u>	<u>13,684,354</u>	<u>16,615,905</u>
9,708,752	31,112,787	32,482,443	28,811,589	26,435,446
1,913,789	2,842,489	2,744,876	1,180,305	2,027,508
-	-	-	-	-
<u>\$ 11,622,541</u>	<u>\$ 33,955,276</u>	<u>\$ 35,227,319</u>	<u>\$ 29,991,894</u>	<u>\$ 28,462,954</u>

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

	Fiscal Years Ending September 30				
	2000	2001	2002	2003	2004 (1)
Revenues:					
Property taxes	\$ 5,464,575	\$ 5,950,617	\$ 6,139,833	\$ 6,626,383	\$ 7,334,228
Franchise fees	342,044	370,123	1,428,238	2,717,374	2,815,567
Public service tax	3,586,462	4,038,130	6,143,085	6,298,994	6,411,966
State revenue sharing	1,472,313	1,539,215	1,554,947	1,786,901	1,956,265
Intergovernmental	4,910,233	5,703,269	6,332,558	7,712,493	6,683,930
Charges for services	4,730,935	5,210,704	5,848,103	7,123,832	7,421,216
Fines and forfeitures	225,853	394,552	289,326	330,006	258,376
Impact fees	450,243	464,715	581,659	736,595	755,063
Interest income	966,679	818,361	389,794	262,395	160,013
Miscellaneous	831,236	1,282,014	885,030	1,443,249	598,987
Total revenues	<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>
Expenditures:					
General government	3,024,952	3,445,370	3,973,662	4,748,270	5,689,764
Public safety	7,073,864	7,416,040	7,890,927	9,085,907	10,687,423
Highways and Streets	2,980,492	2,136,737	2,798,241	4,693,392	11,464,814
Culture/Recreation	816,165	821,153	986,472	1,253,886	1,462,220
Economic environment	154,151	-	233,196	361,966	161,787
Physical environment	3,038,069	3,381,239	4,477,589	5,169,043	4,738,776
Capital outlay	2,464,896	5,796,782	7,057,104	10,394,255	8,056,985
Debt service					
Interest	10,305	-	-	-	-
Principal	568,821	-	-	-	-
Total expenditures	<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>
Excess (deficiency) of revenues over (under) expenditures	<u>2,848,858</u>	<u>2,774,379</u>	<u>2,175,382</u>	<u>(668,497)</u>	<u>(7,866,158)</u>
Other financing sources (uses):					
Proceeds from issuance of debt	-	-	-	-	-
Premium on revenue bonds	-	-	-	-	-
Revenue bonds proceeds from debt service agreement	-	-	-	-	-
Transfers from other funds	1,112,500	2,567,500	2,125,000	10,000,000	5,015,000
Transfers to other funds	(1,112,500)	(2,567,500)	(2,125,000)	(10,000,000)	(5,015,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 2,848,858</u>	<u>\$ 2,774,379</u>	<u>\$ 2,175,382</u>	<u>\$ (668,497)</u>	<u>\$ (7,866,158)</u>
Debt service as a percentage of noncapital expenditures	<u>3.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</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.

<u>2005</u>	<u>2006 (2)</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 8,394,332	\$ 9,878,462	\$ 12,782,897	\$ 12,106,008	\$ 12,346,188
3,168,855	3,963,179	3,788,900	3,788,670	4,040,268
6,874,286	7,360,867	7,567,153	7,437,523	7,823,723
2,473,587	2,591,215	2,506,737	1,669,778	2,001,350
15,887,440	10,424,400	9,625,961	9,963,668	10,777,651
9,262,321	9,709,730	8,509,902	8,042,841	9,083,500
296,238	335,093	257,189	279,582	299,570
1,523,928	1,804,404	1,115,958	683,751	264,741
531,582	1,627,596	3,086,818	2,083,996	459,819
670,429	569,030	491,499	431,696	506,524
<u>49,082,998</u>	<u>48,263,976</u>	<u>49,733,014</u>	<u>46,487,513</u>	<u>47,603,334</u>
6,759,888	7,018,478	8,988,364	10,155,007	7,291,358
11,597,713	12,676,423	14,801,650	17,678,858	17,520,030
4,516,203	3,213,677	4,316,879	5,139,946	4,574,797
1,853,925	1,837,059	2,231,633	4,737,322	1,972,334
609,644	2,287,563	1,363,432	561,005	592,309
5,418,280	5,317,395	5,557,871	6,189,967	6,151,986
7,014,743	5,912,901	6,398,640	13,424,641	13,211,803
-	-	1,056,835	850,268	825,451
-	-	400,000	605,000	630,000
<u>37,770,396</u>	<u>38,263,496</u>	<u>45,115,304</u>	<u>59,342,014</u>	<u>52,770,068</u>
<u>11,312,602</u>	<u>10,000,480</u>	<u>4,617,710</u>	<u>(12,854,501)</u>	<u>(5,166,734)</u>
-	18,240,000	-	-	6,569,345
-	308,836	-	-	-
-	333,670	-	-	-
4,103,887	2,677,711	2,863,153	6,065,594	1,765,396
<u>(4,103,887)</u>	<u>(2,677,711)</u>	<u>(2,863,153)</u>	<u>(6,065,594)</u>	<u>(1,765,396)</u>
<u>-</u>	<u>18,882,506</u>	<u>-</u>	<u>-</u>	<u>6,569,345</u>
<u>\$ 11,312,602</u>	<u>\$ 28,882,986</u>	<u>\$ 4,617,710</u>	<u>\$ (12,854,501)</u>	<u>\$ 1,402,611</u>
<u>0.0%</u>	<u>0.0%</u>	<u>3.9%</u>	<u>3.3%</u>	<u>3.8%</u>

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	Telecommunication	Gas	
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
2009	12,346	3,967	-	73	4,072	3,647	105	24,210
Change 2000-1999	125.9%	N/A	N/A	-18.9%	44.7%	420.3%	50.0%	157.7%

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

Fiscal Year Beginning	Real Property	Personal Property	Total Assessed Valuation	Total Direct Rate	Total Estimated Actual Value	Assessed Value as a Percentage of Actual Value
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	4.15000	3,199,018	88.9%
2006	3,171,520	101,215	3,272,735	4.01451	3,865,228	84.7%
2007	4,066,569	109,340	4,175,909	3.28370	5,490,449	76.1%
2008	4,632,470	111,543	4,744,013	4.15329	6,404,587	74.1%
2009	3,715,742	131,743	3,847,485	5.43755	4,083,032	94.2%

Source: County of Volusia Property Appraiser.

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

Fiscal Year Beginning	Direct Rate		Overlapping Rates				Total
	City of Deltona	County of Volusia	Volusia County School Board	St. Johns River Water Management District	Florida Inland Navigation District	West Volusia Hospital Authority	
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	4.15000	6.60400	8.51700	0.46200	0.03850	1.80000	21.57150
2006	4.01451	6.29400	8.25900	0.46200	0.03850	1.55000	20.61801
2007	3.28370	5.13330	7.68500	0.46200	0.03850	1.26190	17.86440
2008	4.15329	5.40373	7.45900	0.41580	0.03450	1.46724	18.93356
2009	5.43755	6.37434	7.80500	0.41580	0.03450	1.74500	21.81219

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

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

Taxpayer	September 30, 2000			September 30, 2009		
	Assessed Valuation (in 1000's)	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation (in 1,000's)	Rank	Percentage of Total Taxable Assessed Value
Wal-Mart Stores East LP	N/A		N/A	\$ 18,406	1	0.5%
Florida Power & Light Company	17,077	2	0.9%	16,656	2	0.4%
Publix Super Markets, Inc.	7,144	5	0.4%	13,731	3	0.4%
Florida Power Corporation	N/A		N/A	9,359	4	0.2%
D O T Properties N V	N/A		N/A	9,254	5	0.2%
Bright House Networks LLC	N/A		N/A	7,884	6	0.2%
Deltona Retirement Residence	N/A		N/A	7,782	7	0.2%
Deltona Partners LLC	N/A		N/A	7,634	8	0.2%
Bellsouth Telecommunication, Inc.	11,450	3	0.6%	7,396	9	0.2%
Embarq Florida, Inc.	N/A		N/A	7,394	10	0.2%
Florida Water Services, Co.	20,283	1	1.1%	N/A		N/A
Sprint Florida, Inc.	8,585	4	0.4%	N/A		N/A
Albertsons, Inc.	6,953	6	0.4%	N/A		N/A
Deltona Associates, LTD	5,377	7	0.3%	N/A		N/A
Winn Dixie Stores, Inc.	4,554	8	0.2%	N/A		N/A
Prime-Muben Partners	4,155	9	0.2%	N/A		N/A
Ling TZI, LLC	4,065	10	0.2%	N/A		N/A
All Other	1,826,346		95.3%	3,741,989		97.3%
	<u>\$ 1,915,989</u>		<u>100.0%</u>	<u>\$ 3,847,485</u>		<u>100.0%</u>

Source: County of Volusia Property Appraiser.

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

Fiscal Year	Total Tax Levy	Current Levy Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent Total Collections To Levy
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%
2009	12,779,905	12,320,999	96.4%	25,189	12,346,188	96.6%

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

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

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

	<u>Governmental Activities</u>		<u>Business- Type Activities</u>	<u>Total Primary Government</u>	<u>Per Capita</u>
	<u>Revenue Bonds</u>	<u>Stormwater Bank Note</u>	<u>Utility System Revenue Bonds</u>		
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
2009	16,605,000	6,569,345	78,025,000	101,199,345	1,201

**CITY OF DELTONA, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2009**

<u>Taxing Authority</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to Deltona</u>	<u>Amount Applicable to Deltona</u>
City of Deltona	\$ 23,174,345	100%	\$ 23,174,345
County of Volusia (1)	32,145,000	7.91%	2,542,670
Volusia County School Board (2)	<u>-</u>	0.00%	<u>-</u>
Total Direct and Overlapping Debt	<u>\$ 55,319,345</u>		<u>\$ 25,717,015</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**

Water and Sewer Revenue Bonds						
Fiscal Year	(1)	(2)	Net	2003 Revenue Bonds		Coverage
	Utility Revenues	Less Operating Expenses	Available Revenue	Principal	Interest	
2007	13,976,253	7,182,810	6,793,443	750,000	3,872,125	1.47
2008	12,928,181	7,369,491	5,558,690	850,000	3,836,437	1.19
2009	14,796,955	7,292,651	7,504,304	950,000	3,788,360	1.58

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

Per Capita Income (1)							
Year	Florida	Lake	Orange	Seminole	Sumter	Marion	Volusia
1999-00	26,894	24,610	25,493	29,416	15,023	21,562	21,988
2000-01	28,509	25,651	27,084	30,294	15,422	22,640	23,327
2001-02	29,268	26,048	26,890	32,050	16,800	23,234	24,253
2002-03	29,700	25,937	27,400	32,750	17,255	23,106	24,730
2003-04	30,116	26,389	28,203	33,670	18,220	23,803	25,062
2004-05	31,469	27,122	29,748	35,716	19,400	24,749	26,118
2005-06	33,219	27,122	29,748	35,716	19,400	24,749	26,118
2006-07	35,798	28,942	31,569	38,838	21,878	26,893	28,347
2007-08	36,720	29,815	33,335	40,946	24,135	29,012	29,615
2008-09	38,417	30,460	35,303	42,223	26,481	30,322	30,374

Median Household Income (2)							
Year	Florida	Lake	Orange	Seminole	Sumter	Marion	Volusia
1999-00	35,831	32,898	38,327	44,113	27,360	29,498	31,269
2000-01	38,856	35,170	39,401	46,559	30,090	30,537	33,016
2001-02	46,421	37,354	42,656	50,122	31,730	32,532	35,278
2002-03	38,024	36,585	41,202	49,287	30,559	31,490	34,740
2003-04	38,972	37,398	40,697	48,957	31,673	31,851	35,010
2004-05	40,554	39,013	40,604	49,199	34,050	33,177	36,038
2005-06	40,554	39,013	40,604	49,199	34,050	33,177	36,038
2006-07	42,990	40,745	41,725	50,842	37,523	34,948	37,247
2007-08	46,602	43,443	49,768	57,318	39,387	39,295	41,772
2008-09	48,637	45,945	52,133	59,317	44,213	41,128	44,304

(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)

Cost of Living Index Lake and Surrounding Counties (1)

Year	Lake	Orange	Seminole	Sumter	Marion	Volusia
1999-00	94.48	99.21	100.00	88.57	93.30	94.75
2000-01	95.13	98.69	97.39	92.58	93.25	94.50
2001-02	95.57	97.67	95.87	92.42	93.75	95.62
2002-03	94.64	96.71	96.52	91.72	97.31	95.06
2003-04	98.79	101.63	100.01	95.14	95.99	96.16
2004-05	98.13	101.17	99.99	95.50	96.02	95.53
2005-06	97.50	100.99	99.56	95.33	94.30	94.90
2006-07	97.69	101.19	99.98	95.52	94.82	94.77
2007-08	97.70	101.20	99.95	95.53	94.73	94.74
2008-09	97.64	101.13	100.07	95.46	94.79	95.23

Unemployment Lake and Surrounding Counties (2)

Year	Lake	Orange	Seminole	Marion	Volusia
1999-00	2.70	2.90	2.80	3.80	3.20
2000-01	3.60	3.10	3.00	4.00	3.40
2001-02	4.40	4.20	4.00	5.00	4.30
2002-03	5.70	5.60	5.50	5.90	5.50
2003-04	5.20	5.10	5.10	5.40	5.20
2004-05	4.50	4.40	4.20	4.60	4.50
2005-06	3.80	3.60	3.40	3.90	3.70
2006-07	3.40	3.20	3.00	3.60	3.40
2008-09	6.40	5.80	5.60	7.70	6.60

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

(2) 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)**

Fiscal Year	Population (1)			Unemployment Rate (2)	School (3)		Personal Income (4)	
	Deltona	County	% of City		Enrollment	Attendance	Deltona/Daytona Beach/ Ormond Beach (thousands of dollars)	
2000	61,191	443,343	13.80%	2.8%	14,058	96.7%	\$	9,206,431
2001	69,543	452,050	15.38%	4.3%	14,583	96.6%	\$	9,638,706
2002	71,599	459,569	15.58%	5.4%	14,920	96.6%	\$	10,380,740
2003	76,332	470,770	16.21%	5.1%	15,376	96.0%	\$	10,949,705
2004	80,052	484,080	16.54%	4.8%	15,994	96.3%	\$	11,356,533
2005	82,973	494,649	16.77%	2.9%	16,228	96.4%	\$	11,812,530
2006	85,484	503,844	16.97%	3.0%	16,465	96.5%	\$	12,963,749
2007	86,540	508,014	17.03%	3.1%	16,116	96.6%	\$	13,730,032
2008	85,921	508,014	16.91%	4.2%	14,885	94.2%	\$	14,695,256
2009	84,264	510,750	16.50%	10.5%	14,508	94.1%	\$	15,179,102

(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.

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

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

Function/Program	Full-Time Equivalent Employees				
	2000	2001	2002	2003	2004
City Commission	1.0	1.0	1.0	1.0	1.0
City Manager	5.0	3.0	3.0	3.0	3.0
City Clerk	3.0	4.0	4.0	4.0	5.5
Finance	7.0	7.0	8.0	14.0	16.5
Information Technology Services	-	-	-	-	-
City Attorney	1.0	1.0	1.0	4.0	5.0
Planning & Development Services	10.0	13.0	20.0	11.0	14.0
Building & Zoning Services	-	-	-	15.0	16.0
Human Resources	2.0	2.0	2.0	5.0	4.5
Enforcement Services	9.0	9.0	11.0	11.0	12.0
Parks & Recreation	1.0	24.0	20.0	21.0	29.0
Total general government	<u>39.0</u>	<u>64.0</u>	<u>70.0</u>	<u>89.0</u>	<u>106.5</u>
Police Officers	<u>55.0</u>	<u>58.0</u>	<u>58.0</u>	<u>60.0</u>	<u>66.0</u>
Fire & Rescue:					
Firefighters	45.0	45.0	45.0	51.0	51.0
Administration & Communication	<u>17.5</u>	<u>17.5</u>	<u>16.5</u>	<u>16.5</u>	<u>19.0</u>
Total Fire & Rescue	<u>62.5</u>	<u>62.5</u>	<u>61.5</u>	<u>67.5</u>	<u>70.0</u>
Total public safety	<u>117.5</u>	<u>120.5</u>	<u>119.5</u>	<u>127.5</u>	<u>136.0</u>
Public Works	28.0	27.0	28.0	29.0	25.0
Storm Water	-	8.0	14.0	18.0	26.0
Grant funded positions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public services	<u>28.0</u>	<u>35.0</u>	<u>42.0</u>	<u>47.0</u>	<u>51.0</u>
Water/Sewer utility	-	-	-	-	48.5
Solid Waste	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Total public services	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>49.5</u>
Total government employees	<u>185.5</u>	<u>220.5</u>	<u>232.5</u>	<u>264.5</u>	<u>343.0</u>

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
1.0	1.0	1.0	1.0	1.0
3.0	3.0	4.0	4.0	4.0
6.0	7.5	8.0	6.0	5.0
14.0	17.5	17.5	19.0	12.0
-	-	-	-	5.0
6.0	7.0	6.0	6.0	4.0
18.0	21.5	25.0	15.0	10.0
21.0	24.0	24.0	11.0	9.0
3.5	6.0	7.5	4.5	4.5
12.0	15.0	19.0	19.0	15.0
<u>29.0</u>	<u>32.0</u>	<u>37.5</u>	<u>43.5</u>	<u>31.0</u>
<u>113.5</u>	<u>134.5</u>	<u>149.5</u>	<u>129.0</u>	<u>100.5</u>
<u>72.0</u>	<u>72.0</u>	<u>72.0</u>	<u>69.0</u>	<u>69.0</u>
54.0	66.0	69.0	69.0	69.0
<u>20.5</u>	<u>21.5</u>	<u>24.5</u>	<u>26.0</u>	<u>25.0</u>
<u>74.5</u>	<u>87.5</u>	<u>93.5</u>	<u>95.0</u>	<u>94.0</u>
<u>146.5</u>	<u>159.5</u>	<u>165.5</u>	<u>164.0</u>	<u>163.0</u>
31.5	28.0	30.5	39.5	29.0
23.0	23.0	25.0	21.0	26.0
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3.0</u>
<u>54.5</u>	<u>51.0</u>	<u>55.5</u>	<u>60.5</u>	<u>58.0</u>
58.0	65.0	68.5	68.5	64.0
<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>2.0</u>	<u>2.0</u>
<u>59.0</u>	<u>66.0</u>	<u>69.5</u>	<u>70.5</u>	<u>66.0</u>
<u>373.5</u>	<u>411.0</u>	<u>440.0</u>	<u>424.0</u>	<u>387.5</u>

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General										
Last charter amendment					November 4, 2008					
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
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of Police officers	55	56	58	65	66	72	72	72	69	69
Number of patrol vehicles	n/a	n/a	n/a	n/a	40	40	40	40	69	69
Number of arrests	n/a	n/a	n/a	n/a	5,068	9,386	6,544	3,435	3,879	3,229
Fire										
Number of stations	4	4	4	4	4	4	4	4	4	4
Number of vehicles	4	4	4	4	5	5	6	6	6	6
Number of calls	6,501	6,983	7,199	7,430	8,713	7,782	7,804	8,180	7,087	7,872
Building										
Building permits issued	3,066	3,382	4,217	5,036	5,662	10,294	5,857	5,062	3,787	3,216
Average price of single family Residential construction	72,593	101,590	134,625	151,862	157,440	164,428	204,176	243,510	238,640	222,361
Value of permits issued (\$1,000's of dollars)	n/a	n/a	170,116	235,369	234,744	435,386	211,986	97,110	55,653	50,534
Recreation										
Number of parks	14	14	14	14	14	14	15	15	16	16
Acres maintained	115	148	148	202	202	202	216	216	226	226
Number of buildings	11	11	11	11	13	14	15	15	16	16
Number of people served	n/a	n/a	n/a	n/a	90,041	168,428	223,533	235,105	220,122	238,521
Library										
Number of libraries	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of streets	423.54	423.54	423.54	423.54	423.54	423.54	423.54	423.54	423.54	423.54
Number of street lighting districts	14	18	23	23	26	26	29	31	37	41
Number of city maintained traffic signals	3	3	4	4	4	4	5	7	9	9
Number of school signals	22	22	22	22	22	25	25	25	37	38
Number of buildings	1	1	1	1	1	1	1	1	1	1
Water (3)										
Number of units served	n/a	n/a	n/a	n/a	30,295	30,981	31,811	32,419	31,778	31,610
Average daily flow (2)	n/a	n/a	n/a	n/a	12.26	11.06	12.71	12.94	11.90	10.89
Miles of water main	n/a	n/a	n/a	n/a	475	480	480	500	500	500
Number of plants	n/a	n/a	n/a	n/a	17	17	17	17	17	17
Number of vehicles	n/a	n/a	n/a	n/a	26	27	22	34	34	34
Number of buildings	n/a	n/a	n/a	n/a	28	28	28	28	28	28
Wastewater (3)										
Miles of sanitary sewers	n/a	n/a	n/a	n/a	75	75	75	75	93	93
Number of vehicles	n/a	n/a	n/a	n/a	11	11	9	15	15	15
Number of buildings	n/a	n/a	n/a	n/a	4	4	4	4	4	4
Number of plants	n/a	n/a	n/a	n/a	1	1	1	1	1	1

(1) Square miles.

(2) millions of gallons.

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

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

<u>Type of Customer</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Single Family Residences	4,068.18	3,719.95	3,303.02
Multi Family Residences	2.61	2.39	2.12
Commercial	118.60	102.50	91.47
Multi Family Commercial	1.89	2.76	3.31
Hydrant	4.03	1.57	3.43
Bulk	47.99	39.58	53.54
Irrigation	60.29	67.95	68.07
Totals	<u>4,303.59</u>	<u>3,936.70</u>	<u>3,524.96</u>

Water Rates (Per 1,000 gallons consumed)

Residential

0 - 6,000	\$ 1.02
6,000 - 12,000	\$ 1.43
12,000 - 18,000	\$ 2.50
over 18,000	\$ 5.00

Commercial

Rates apply to all usage - no cap	\$ 1.43
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All Customers

Rates apply to all usage - no cap	\$ 1.27
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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 FISCAL YEARS
(In Millions of Gallons)

<u>Type of Customer</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Single Family Residences	246.97	236.95	216.02
Multi Family Residences	0.97	0.93	0.85
Commercial	79.40	75.84	67.60
Multi Family Commercial	0.87	0.83	0.74
Bulk	15.67	15.39	21.68
Totals	<u>343.88</u>	<u>329.94</u>	<u>306.88</u>

Sewer Rates (Per 1,000 gallons consumed)

Residential			
0 - 6,000	\$ 7.32	\$ 7.32	\$ 9.20
over 6,000 (no charge)	\$ -	\$ -	\$ -
Commercial			
Rates apply to all usage - no cap	\$ 8.79	\$ 8.79	\$ 11.04
Bulk			
0 - 1,800,000	\$ 8.79	\$ 8.79	\$ 8.79
over 1,800,000 (no cap)	\$ 9.67	\$ 9.67	\$ 9.67

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

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

Employer	2009			2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
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) V2009.1

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

CITY OF DELTONA, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

<u>State Grantor/Program Title</u>	<u>Grant Number</u>	<u>CSFA Number</u>	<u>Program or Award Amount</u>	<u>Expenses</u>
Florida Department of Environmental Protection				
Statewide Surface Water Restoration and Wastewater Projects:				
McGarity-Kirkhill Regional Stormwater Retrofit	S0262	37.039	1,113,724	58,420
Total Florida Department of Environmental Protection			<u>1,113,724</u>	<u>58,420</u>
Florida Housing Finance Corporation				
State Housing Initiatives Partnership Program	N/A	52.901	2,883,072	581,358
Total Florida Housing Finance Corporation			<u>2,883,072</u>	<u>581,358</u>
Florida Department of Transportation				
Transportation Systems Operations, Transportation System Development Programs:				
Transportation Regional Incentive Program	AP066	55.026	5,151,890	1,647,017
Total Expenditures of State Awards			<u>\$ 9,148,686</u>	<u>\$ 2,286,795</u>

Note to the Schedule of Expenditures of State Financial Assistance

Basis of Presentation

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

**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, 2009, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 5, 2010. 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 5, 2010.

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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*.

The City's response to the findings identified in our audit are described in the accompanying response to management letter comments. We did not audit the City's response and, accordingly, we express no opinion on it.

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 5, 2010
Ocala, Florida

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE FLORIDA DEPARTMENT OF
FINANCIAL SERVICES, *STATE PROJECTS FINANCIAL ASSISTANCE PROJECTS***

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

Compliance

We have audited the compliance of the City of Deltona, Florida (the City), with the types of compliance requirements described in the Florida Department of Financial Services, *State Projects Compliance Supplement*, that are applicable to each of its major state projects for the year ended September 30, 2009. The City's major 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 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; Chapter 69I-5, *Rules of the Florida Department of Financial Services*; and Chapter 10.650, *Rules of the Auditor General*. Those standards, rules, and Chapter 10.650 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state 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 state projects for the year ended September 30, 2009.

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 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 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.

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Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE FLORIDA DEPARTMENT OF
FINANCIAL SERVICES, STATE PROJECTS FINANCIAL ASSISTANCE PROJECTS
(Concluded)**

Internal Control Over Compliance (Concluded)

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 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 state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a 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 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 State Financial Assistance

We have audited the basic financial statements of the City, as of and for the year ended September 30, 2009, and have issued our report thereon dated March 5, 2010. 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 state financial assistance is presented for purposes of additional analysis as required by Chapter 69I-5, *Rules of the Florida Department of Financial Services*, 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 5, 2010
Ocala, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009
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 relating to the audit of the financial statements are reported in the report on internal control over financial reporting and on compliance and other matters based on an 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 state projects are reported in the report on compliance with requirements applicable to each major state project on internal control over compliance in accordance with the Florida Department of Financial Services, *State Projects Compliance Supplement*.
5. The auditors' report on compliance for the major state projects the City of Deltona, Florida, expresses an unqualified opinion.
6. The audit disclosed no findings required to be reported in accordance with Chapter 69I-5, *Rules of the Florida Department of Financial Services*, or Chapter 10.650, *Rules of the Auditor General*, for the City of Deltona, Florida.
7. The programs/projects tested as major programs/projects included the following:
 - **State Projects**
 - Florida Department of Transportation - Transportation Regional Incentive Program, CFSFA No. 55.026.
8. The threshold for distinguishing Type A and Type B projects was \$300,000 for major state financial assistance projects.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009
CITY OF DELTONA, FLORIDA
(Concluded)**

PART B - FINDINGS - FINANCIAL STATEMENTS

1. No matters were reported.

PART C - FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECTS

1. No matters were reported.

PART D - 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, 2009, and have issued our report thereon dated March 5, 2010.

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 Circular 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 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 5, 2010, 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 auditor' 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 provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

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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*, provides 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 provisions of contracts or grant agreements, fraud, illegal acts or abuse; and (2) control deficiencies that are not significant deficiencies. 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, 2009, 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, 2009, 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, 2009. 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.

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 5, 2010
Ocala, Florida

MANAGEMENT LETTER COMMENTS

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

In planning and performing our audit of the financial statements of the City of Deltona, Florida (the City) for the year ended September 30, 2009, 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 5, 2010, 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, except for the recommendation regarding Administrative Cost Allocation, which has been updated and included as a current year comment and reflects current conditions.

Current Year Recommendations

Investment Policy

The City has developed an Investment Policy in accordance with Florida Statute 218.415, which also states the City is responsible for designing and implementing a written system of internal controls over investments and quarterly reporting on investments to the City Manager and the City Commission. To-date, these two aspects of the policy have not been implemented by the City. We recommend that the City develop and implement a written system of internal controls and also develop a system of quarterly reporting.

Interlocal Agreement with the Sheriff's Department

The City has entered into an interlocal agreement with the Volusia County Sheriff's Department, to provide police services to the City. The interlocal agreement defines the number of officers and nonofficers that will be provided to the City and that there will be staffing 24 hours per day. During our audit, we were unable to identify any type of monitoring tools in place to ensure that the number of staff allocated to the City has remained constant and the services are being provided around the clock. We recommend that the City work with the Sheriff's department to establish a reporting system of the services provided to ensure that the City is receiving all law enforcement services provided for in the agreement.

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Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

MANAGEMENT LETTER COMMENTS
(Concluded)

Current Year Recommendations *(Concluded)*

Cost Allocation

During the fiscal year 2008, the City hired an outside consultant to perform a cost allocation study to allocate costs borne by the City's general fund that benefit and are allocable to other funds. These costs were based on the City's expenditures for the fiscal year 2006-2007. The full recommendations of the cost allocation study have not been formally adopted by the City during the fiscal year 2009, and there appeared to be no formal plans to adopt the recommendations as of February 2010.

During the fiscal year 2008, the City also hired an outside consultant to perform a rate study to evaluate the rates utilized by Deltona Water, the City's Water and Sewer utility. The rate-study consultant factored in a cost allocation of \$1.1 million from Deltona Water to the General Fund for each fiscal year beginning in October 1, 2008 (based on the assumption that the recommendations of the cost allocation study noted above would be implemented). The \$1.1 million cost allocation served as part of the basis for the consultant's recommendation of rate increases of 17.25% each year for five consecutive years.

The City has implemented the first two years of rate increases of 17.25% each year as of October 1, 2008 and 2009. It should be noted that even with the rate increase of October 1, 2008, the City's debt service coverage ratio would not have been met had the initial rate increase not been implemented.

Because of significant restructuring at the City since the initial cost allocation was performed, we recommend that the City consider updating the cost allocation study to reflect current economic conditions, consider formally implementing the updated cost allocation plan, and determine the effect, if any, of this on the remaining three scheduled water and sewer rate increases.

Fixed Assets

During our audit, we noted that the City did not complete a physical inventory of its fixed assets. This presents a risk that assets on the City's books may no longer be in the City's possession or that impaired assets may not have been identified, which could result in an overstatement of fixed assets.

We recommend that the City complete a physical inventory of its fixed assets on an annual basis.

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 5, 2010
Ocala, Florida



City of Deltona

RESPONSES TO MANAGEMENT LETTER COMMENTS

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

Prior Year Recommendations

See Below For Discussion Related To Cost Allocation

Current Year Recommendations

- **Investment Policy**

The City currently has an investment policy that includes a section on Settlement, Safekeeping and Internal Controls. This policy was developed in 2005. The requirements related to documentation of internal controls and quarterly reporting were not implemented at that time and have been overlooked ever since. Unfortunately when not initially implemented such requirements are not part of a regular routine and therefore these issues are often discovered by audits as opposed to staff.

We do have internal controls in place for investments but they are not formally documented. City staff has begun developing this documentation and will present it to the independent auditor upon its completion. Effective March 31, 2010, the Finance Director will implement regular investment reporting to the City Manager as well as the City Commission. The minimum requirement is quarterly but we will strive for monthly reporting.

- **Interlocal Agreement with the Sheriff's Department**

Once again, as with our Investment Policy, this is a long standing agreement and the reporting mentioned by the auditors was not initially implemented and therefore did not become part of a routine. City Finance staff will coordinate with the Sheriff's Finance staff to determine what their reporting capabilities are and then will work to ensure that suitable reports to verify staffing are provided to the City on a monthly basis.

- **Cost Allocation**

The Cost Allocation study conducted in 2008 has not yet been implemented because the actual financial results for Deltona Water were worse than projected by the rate consultant and therefore did not permit implementation. The delay has been caused by Deltona Water's inability to pay the administrative costs, not by any illegitimacy of the cost allocation.

DEPARTMENT OF FINANCE & INTERNAL SERVICES

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Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

By far the largest single component of costs to be allocated, estimated at the time to be about \$1.1 million per year, is allocable to Deltona Water. In FY 2007/2008 Deltona Water had an increase in net assets (operating surplus) of less than \$200,000 and barely made the required debt coverage ratio. This meant that Deltona Water under no circumstances could have paid the annual allocation figure of \$1.1 million, or any significant portion thereof, to the General Fund in that year. In FY 2008/2009, after the first annual rate increase, Deltona Water experienced significantly improved financial results and net assets increased by just over \$1 million. Even so it was still by no means in a position to pay \$1.1 million in administrative costs to the General Fund and still maintain the required debt coverage ratio and any pay-as-you-go capacity for capital projects.

Based on our projections we hope, subject to Commission approval, to incorporate an administrative charge in the FY 2010/2011 budget. As part of that process staff will revisit the calculation of the amount of the charge and develop a figure acceptable to all parties concerned. The administrative charge must meet the following requirements: a) the allocation must be in conformity with OMB Circular A-87, b) Deltona Water must be able to pay the costs and maintain the required debt coverage ratio, c) Deltona Water must be able to pay the costs and maintain the appropriate operating surplus (increase in net assets) to fund new debt service related to capital expansion projects, to fund pay-as-you-go capital outlay, to fund ongoing operations, and to accumulate the additional reserves appropriate for a utility the size of Deltona Water.

Whether Deltona Water can pay all or only some portion of the administrative fee in FY 2010/2011 is yet to be determined. When Deltona Water is able to pay its share of administrative costs and meet the above requirements, any decision to not charge such costs to Deltona Water would constitute a taxpayer subsidy of those costs.

- **Fixed Assets**

The Finance Department originally planned and partially performed a fixed asset inventory during FY 2007/2008. The mid-year budget adjustment made during that year reduced staffing in the Finance Department by four positions. Consequently the inventory process was not completed. As a result of reduced staffing we are looking for creative ways to accomplish more but it is becoming progressively more difficult to accomplish more and maintain appropriate separation of duties. We will make it a priority to perform a physical inventory of fixed assets during the current year and establish a set schedule for future inventories.

March 5, 2010
Deltona, FL