

City of Deltona, Florida

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for fiscal year ended
September 30, 2007

"Building Services



... and Expectations"

City of Deltona, Florida
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended September 30, 2007

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, 2007**

Table of Contents

Introductory Section

Letter of Transmittali
Certificate of Achievement.....v
Organizational Chart.....vi
Principal Officialsvii

Financial Section

Independent Auditors' Report 1

Management's Discussion and Analysis3

Basic Financial Statements

Government-Wide Financial Statements:

Statement of Net Assets.....15
Statement of Activities16

Fund Financial Statements:

Balance Sheet - All Governmental Funds.....18
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets.....21
Statement of Revenues, Expenditures, and Changes in Fund
Balances - All Governmental Funds.....22
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of the Governmental Funds to the
Statement of Activities.....25
Statement of Net Assets - Proprietary Funds26
Statement of Revenues, Expenses, and Changes in Fund Net Assets -
Proprietary Funds29
Statement of Cash Flows - Proprietary Funds30
Statement of Fiduciary Net Assets32
Statement of Changes in Fiduciary Net Assets.....33

Notes to Financial Statements.....35

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual - General Fund61
Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual – Solid Waste Fund62
Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual - Stormwater Utility Fund63

CITY OF DELTONA, FLORIDA

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

Table of Contents
(Continued)

Required Supplementary Information (Concluded)

Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual - State Housing Initiative Partnership64
Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual – Transportation Fund65
Schedules of Funding Progress and Contributions from Employer and Others 66

Supplemental Information

Combining Balance Sheet - Nonmajor Governmental Funds68
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds 70
Budget to Actual Comparison Other Major and Nonmajor Governmental Funds
Streetlighting Districts Fund72
Fire/Rescue Service Impact Fees Fund73
Law Enforcement Impact Fees Fund74
Park Impact Fees Fund.....75
Community Development Block Grant Fund76
HHRP Grant Fund.....77
Tree Replacement Impact Fees Fund78
Capital Projects - Municipal Complex(s) Fund79
Capital Projects - Park Projects Fund80

Statistical Section (Unaudited)

Financial Trends:

Net Assets by Component 83
Changes in Net Assets 84
Fund Balances of Governmental Funds 86
Changes in Fund Balances of Governmental Funds 87
Tax Revenues by Source, Governmental Funds 88

Revenue Capacity:

Assessed Value and Estimated Actual Value of Taxable Property 89
Direct and Overlapping Property Tax Rates 90
Principal Taxpayers 91
Property Tax Levies and Collections 92

Debt Capacity:

Ratios of Outstanding Debt by Type 93
Direct and Overlapping Governmental Activities Debt..... 94
Pledged-Revenues Coverage 95

Demographic and Economic Information:

Demographic and Economic Statistics 96

Operating Information:

Full-time Equivalent City Government Employees by Function/Program 99
Various Indicators by Function/Program..... 100
Water Sold by Type of Customer 101
Sewer Sold by Type of Customer 102
Principal Employers 103

Additional Elements of Report Prepared in Accordance with *Government Auditing Standards*, Issued by the Comptroller General of the United States and the *Rules of the Auditor General* of the State of Florida

Schedule of Expenditures of Federal Awards..... 106
Schedule of Expenditures of State Financial Assistance107
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*109
Report on Compliance with Requirements Applicable to Each
Major Federal Program and State Projects and on Internal Control
Over Compliance in Accordance with OMB Circular A-133 and the
Florida Department of Financial Services, *State Compliance Supplement*111
Schedule of Findings and Questioned Costs –Federal Award Programs
And State Financial Assistance Projects.....113
Management Letter115
Management Letter Comments117
Management's Response119

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City of Deltona

March 11, 2008

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

The Comprehensive Annual Financial Report (CAFR) of the City of Deltona, for the fiscal year ended September 20, 2007, 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, 2007. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement 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 86,540. 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, shall be four (4) years. 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, the construction and maintenance of road and street facilities, planning and development services, recreational and cultural activities, and general administrative services. The financial statements of this report include the funds of all the activities under the jurisdiction of the City Commission. The financial reporting entity includes all the funds of the primary government (i.e., the City of Deltona, Florida as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Currently, there are no entities outside the primary government that meet the definition of a component unit of the City.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests to the City Manager. The City Manager uses these requests as the starting point for developing the proposed budget. The City Manager then presents the proposed budget to the City Commission for review during the month of July. The City Commission is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 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 currently enjoys a favorable economic environment. The City's economic outlook is largely impacted by the state and regional economy with a great deal of reliance placed on surrounding communities for work, shopping and entertainment. Area employment consists predominately of service-related activities, retail trade, manufacturing, government and construction. Employment figures for the area have been favorable. The Deltona-Daytona Beach-Ormond Beach Metropolitan area and Volusia County had an unemployment rate of 4.4% in December 2007, compared to 4.2% for the State of Florida and a national rate of 4.5%.

The regional economy has flourished and with it the City continues to experience increased population growth. 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 steady slow down the fourth year in a row from fiscal year 2002/2003. Population in the City has increased by 41% between the years 2000 and 2007 with 4.3% of that increase occurring between 2005 and 2007. Along with the increase in population, the City continues to see a rise in the estimated actual value of real property and has an increasing growth rate as indicated by an approximate growth of 15.69% from 2006 to 2007, 33.54% from 2005 to 2006, 19.02% from 2004 to 2005 and 14.26% from 2003 to 2004.

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

Long-term financial planning

Unreserved, undesignated fund balance in the general fund (59% percent of the total general fund revenues) falls within the policy guidelines set by the City Manager for budgetary and planning purposes (i.e., between 5 and 15 percent 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 both to respond to the needs of the community, while at the same time meeting these needs in a cost-effective and efficient manner. The following items are planned for the next fiscal year and beyond:

Development Services during fiscal year 2007/2008 has budgeted resources for a Comprehensive Plan, a Unified Land Development and an Urban Design Master Plan. The current Comprehensive Plan is dated from 1999 and with the continued growth and expansion it is vital to have current and accurate city plans relating to economic growth in a unified manner. These plans are necessary for a clear vision for future growth and resource allocation. The completion and implementation of all of these plans will be a two year process.

Recreation Programs continue to be important to the residents of the City. A Parks and Recreation Master Plan is expected to be completed within the next year for a 10 year planned growth relating to this function of the City. Projects will be identified in the master planning process for next year.

Planning for increased demands on public safety requirements and improving efficiency of the delivery of these services is also demonstrated through the appropriation of \$2.2 million for construction of a 5th Fire Station (FS65) and appropriations for a Public Safety Complex. This project is estimated with a building construction cost of \$16,500,000 and land acquisition at \$4,000,000 - \$6,000,000, for a total project cost of \$20,500,000 - \$22,500,000. The 2007-2008 budget includes appropriations of \$5,500,000, with the expectation to debt finance the balance of \$17,000,000 during the 2008/2009 budget year. In addition to initial construction cost, the City of Deltona will likely incur significant additional operating cost to operate and maintain the new facility. The City is looking to combine Fire Station 65 and Public Safety Complex for economies of scale into one project.

As population growth continues in the City, the demand on roadways is increasing. Therefore, the City is reviewing and updating the Transportation Element of the Comprehensive Plan to include current prioritization of road construction projects, cost estimates and funding alternatives. The City has \$14.2 million appropriated to continue its road resurfacing and road constructions projects in the next fiscal year.

Relevant financial policies

In anticipation of implementation of Governmental Accounting Standards Board Statement No. 45(Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions) the City during fiscal year 2007/2008 will obtain actuary services for Other Post Employment Benefits for financial reporting purposes. The requirements of Statement 45 are effective for the City starting with the 2008/2009 fiscal year.

Major initiatives

The state legislation enacted new regulations relating to property tax reform, effect for fiscal year 2008/2009. Preliminary projections provided by Volusia County indicate the 2008 property tax reform would result in a revenue reduction for the City of Deltona of \$1,789,447.

Awards and acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial reporting to the City of Deltona, Florida, for its Comprehensive Annual Financial Report for the fiscal year ending September 30, 2007. This was the seventh 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 satisfy both generally accepted accounting principles and applicable legal requirements.

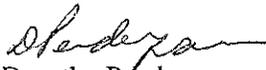
A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated September 30, 2007. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,


Faith Miller, MMC
Acting City Manager


Dorothy Pendergrass,
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, 2006

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.



Oliver S. Cox

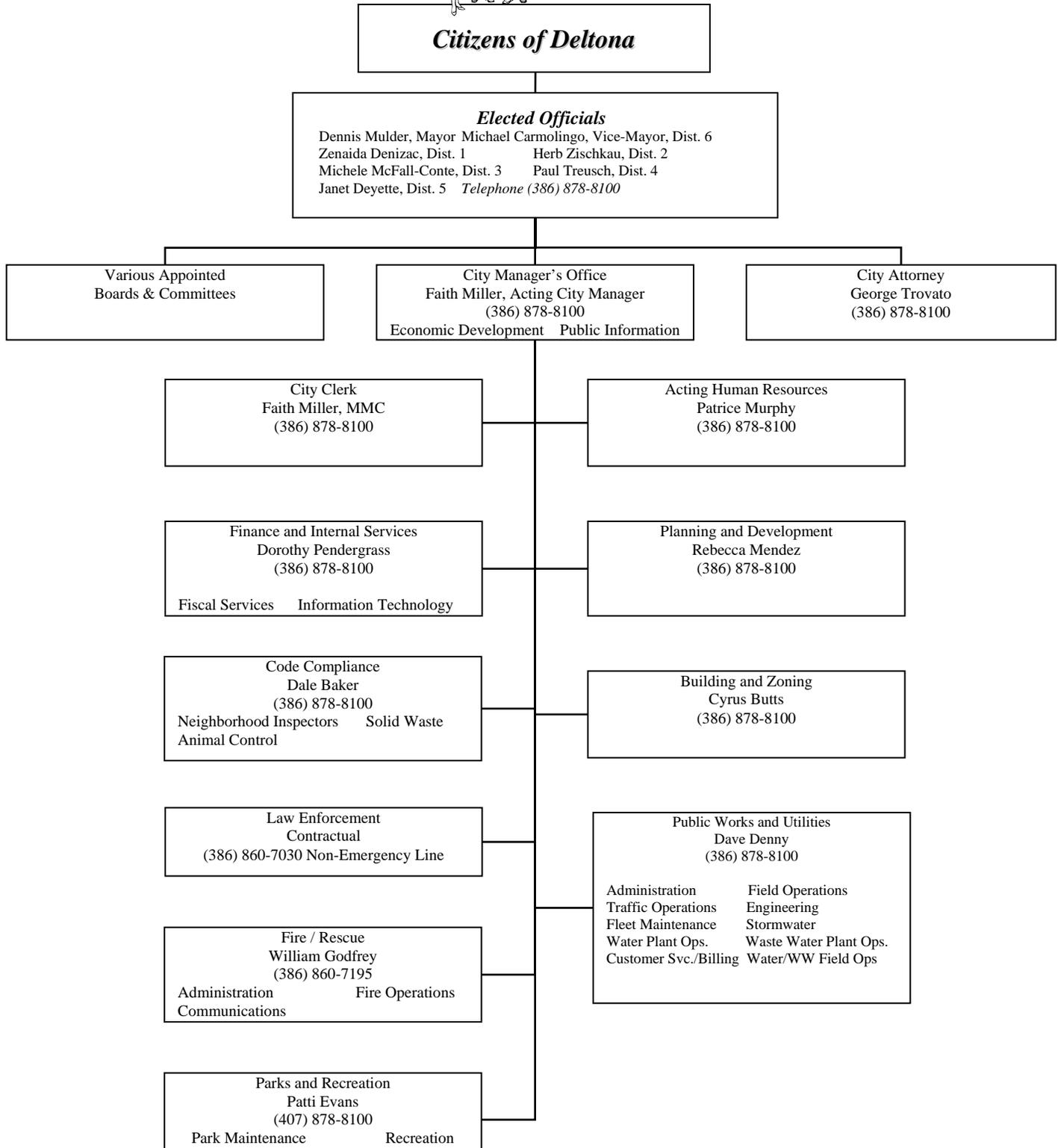
President

Jeffrey R. Emery

Executive Director



Organization Chart



**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

Acting City Manager ----- Faith Miller
City Attorney ----- George Trovato
City Clerk ----- Faith Miller
Finance Director----- Dorothy Pendergrass
Acting Human Resources Director ----- Patrice Murphy
Development Services Director ----- Rebecca Mendez
Construction Services Director----- Cyrus Butts
Enforcement Services Director----- Dale Baker
Fire Chief ----- William Godfrey
Public Works Director----- Dave Denny
Parks & Recreation Director----- Patricia Evans
Utilities Director ----- Dave Denny

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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, 2007, 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, 2007, 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 7, 2008, on our consideration of the City's compliance and on internal control over financial reporting based on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Certified Public Accountants

P.O. Box 23999 • 222 N.E. 1st Street • Gainesville, Florida 32602 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
2201 Cantu Court, Suite #100 • Sarasota, Florida 34232 • (941) 379-2800 • FAX (941) 379-2899

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

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

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

Purvis, Gray and Company, LLP

March 7, 2008
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, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iv.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$147,607,630 (*net assets*). Of this amount, \$25,312,817 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$8,376,668. Approximately \$6.7 million (80%) of this increase in net assets is attributable to governmental activities. Approximately \$1.7 million (20%) of this increase in net assets is attributable to business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$56,530,749; an increase of \$4,617,710 in comparison with the prior year. Approximately 42.1% 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 \$21,077,058 or 68.6% of total general fund expenditures.
- The City did not issue debt during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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, proprietary 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 narrowed 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 government's near-term financing decisions. Both the governmental fund balances sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

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

The basis 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 functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer distribution operation. Internal service funds are an accounting devices used to accumulate and allocate costs internally among the City's various functions. The City used internal service funds to account for its fleet of vehicles. Because this service predominantly benefit governmental rather than business-type functions, it have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The water and sewer utility fund is considered a major fund of the City of Deltona. The basic proprietary fund financial statements can be found on pages 26-30 of this report.

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

The basic fiduciary fund financial statements can be found on pages 32-34 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-60 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 progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 61-67 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 68-79 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$147,607,630 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (67%) reflect its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should still be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

	City of Deltona's Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 60,930,464	\$ 57,018,997	\$ 31,790,903	\$ 36,272,926	\$ 92,721,367	\$ 93,291,923
Capital assets, net of depreciation	100,683,842	98,811,959	66,392,617	59,311,973	167,076,459	158,123,932
Total assets	161,614,306	155,830,956	98,183,520	95,584,899	259,797,826	251,415,855
Current and other liabilities	3,218,262	4,187,305	5,034,227	3,335,498	8,252,489	7,522,803
Long-term liabilities	19,632,817	19,581,302	84,304,890	85,080,788	103,937,707	104,662,090
Total liabilities	22,851,079	23,768,607	89,339,117	88,416,286	112,190,196	112,184,893
Net Assets:						
Investment in capital assets net of related debt	98,227,017	98,811,959	687,601	(4,158,026)	98,914,618	94,653,933
Restricted	17,624,008	12,884,043	5,756,187	5,084,342	23,380,195	17,968,385
Unrestricted	22,912,202	20,366,347	2,400,615	6,242,297	25,312,817	26,608,644
Total net assets	\$ 138,763,227	\$ 132,062,349	\$ 8,844,403	\$ 7,168,613	\$ 147,607,630	\$ 139,230,962

An additional portion of the City's net assets (15.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$25,312,817) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental activities. Governmental activities increased the City's net assets by \$6,700,878, accounting for 80% of the total growth in the net assets of the City. Key elements of this increase are as follows.

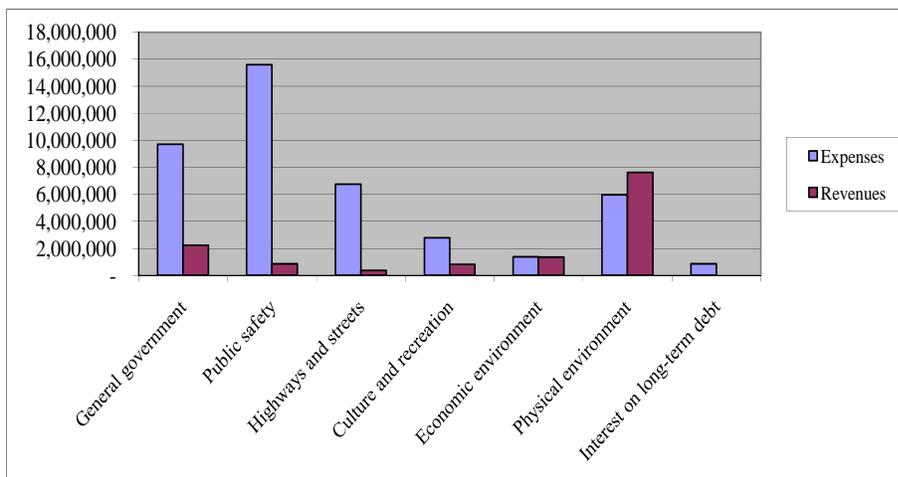
	City of Deltona's Changes in Net Assets					
	Governmental Activities		Business-type Activities		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 6,624,088	\$ 7,946,516	\$ 12,912,860	\$ 12,928,090	\$ 19,536,948	\$ 20,874,606
Operating grants and contributions	1,668,575	2,292,489	-	-	1,668,575	2,292,489
Capital grants and contributions	4,913,892	5,332,206	542,629	1,097,791	5,456,521	6,429,997
General Revenues:						
Property taxes	12,782,901	9,878,462	-	-	12,782,901	9,878,462
Franchise fees	3,788,900	3,963,179	-	-	3,788,900	3,963,179
Other taxes	9,761,861	9,525,123	-	-	9,761,861	9,525,123
State Shared Revenues	6,787,553	7,003,487	-	-	6,787,553	7,003,487
Other	3,405,244	1,971,488	1,520,716	1,261,099	4,925,960	3,232,587
Total Revenues	<u>49,733,014</u>	<u>47,912,950</u>	<u>14,976,205</u>	<u>15,286,980</u>	<u>64,709,219</u>	<u>63,199,930</u>
Expenses:						
Governmental Activities:						
General government	9,703,442	7,934,679	-	-	9,703,442	7,934,679
Public safety	15,601,863	13,059,405	-	-	15,601,863	13,059,405
Physical environment	5,969,928	5,727,828	-	-	5,969,928	5,727,828
Transportation	6,752,773	6,256,676	-	-	6,752,773	6,256,676
Culture & recreation	2,785,735	2,292,825	-	-	2,785,735	2,292,825
Economic environment	1,363,432	2,287,563	-	-	1,363,432	2,287,563
Interest on long-term debt	854,963	190,410	-	-	854,963	190,410
Business-type Activities:						
Water and sewer	-	-	13,300,415	12,916,457	13,300,415	12,916,457
Total Expenses	<u>43,032,136</u>	<u>37,749,386</u>	<u>13,300,415</u>	<u>12,916,457</u>	<u>56,332,551</u>	<u>50,665,843</u>
Change in Net Assets	6,700,878	10,163,564	1,675,790	2,370,523	8,376,668	12,534,087
Net Assets-beginning of year	132,062,349	121,898,785	7,168,613	4,798,090	139,230,962	126,696,875
Net Assets-end of year	<u>\$ 138,763,227</u>	<u>\$ 132,062,349</u>	<u>\$ 8,844,403</u>	<u>\$ 7,168,613</u>	<u>\$ 147,607,630</u>	<u>\$ 139,230,962</u>

- Charges for services in 2007 decreased by \$1,322,428 or 16.6% from 2006. Essentially, \$1,148,045 (87%) of this decrease was the result of decreased permitting and inspection fees.
- Operating grants and contributions received by the City decreased in 2007 by \$623,914 or 27.2% from 2006. Essentially, all of this decrease was the result of no hurricane reimbursements being received in the current year.
- Capital grants and contributions decreased by \$418,313 or 7.8% from 2006. Impact fees decreased by \$370,000.

- General revenues increased by \$4,184,720 or 12.9% from 2006. This change is primarily a result in increased property taxes received.
- General government expenses increased by \$1,768,763. Personal service expenses increased by \$1,146,046 and are reflective of the planned growth in staff needed to keep pace with the overall growth of the City. Other increases were computer software \$75,994, insurance \$127,314, other current changes \$261,397 and depreciation expense of \$84,961.
- Public Safety expenses increased by \$2,542,458 in 2007. Personal service costs increased by \$2,208,093 and are primarily the result of planned cost of living increases and increased staffing in the fire department. Other increases were other contractual services \$74,292, law enforcement contract \$60,678 and depreciation \$39,619.
- Transportation expenses increased by \$1,160,650. Increases were road resurfacing \$507,579, personal service expenses \$128,604, interest expense \$664,553 and depreciation \$20,997. Other contractual services decreased by \$226,659.
- Culture and Recreation expenses increased by \$492,910. Personal services increased by \$280,394 and depreciation increased by \$100,737
- Economic Environment expenses decreased by \$924,131 as the Hurricane Housing Recovery Program (HHRP) and State Housing Initiatives Program (SHIP) returned to normal expenditures levels after eliminating backlogs caused by understaffing in prior years.
- Physical environment expenses increased by \$242,100. Personal Service expenditures increased by \$83,534, professional fees by \$44,642, and other contractual services by \$69,981.

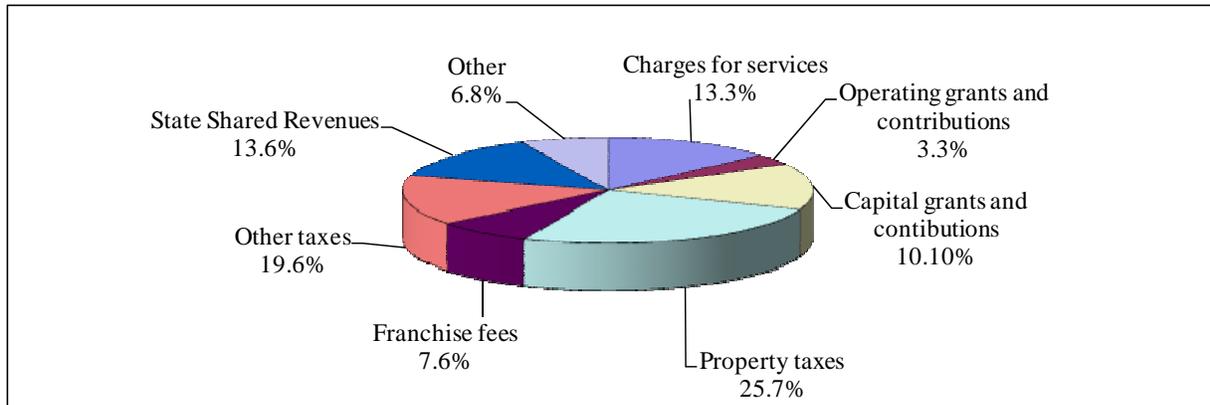
The following chart compares expenses with program revenues for the City’s governmental activities:

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 \$1,675,790 accounting for 20% of the total growth in the City's net assets. Key elements of this increase are as follows:

- Capital grants and contributions decreased by \$555,162 as a result of decreased water and waste water impact fees.
- Other revenues increased by \$259,617. This change is primarily a result of increased investment earnings.
- Water and sewer expenditures increased \$383,958. Increases were personal services expenses \$375,216, operating expenses \$290,855, insurance \$91,767 and interest expense decreased by \$368,788.

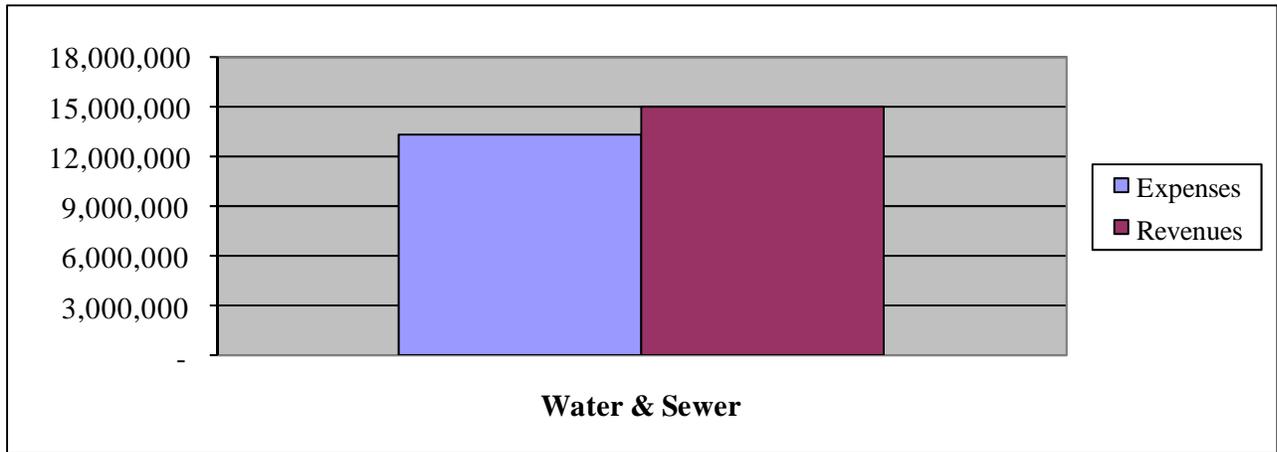
Financial Analysis of the Government's Funds

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 a government's net resources available for spending at the end of the fiscal year.

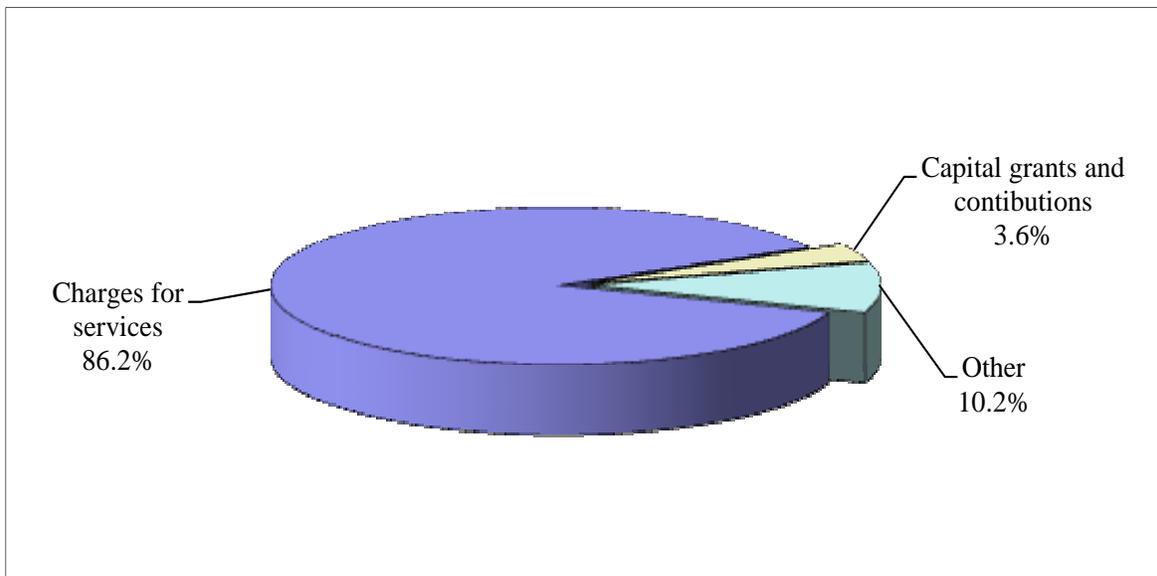
The following chart compares expenses with program revenues for the City's business-type activities:

Expenses and Program Revenues – Business-type Activities



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

Revenues by Source – Business-type Activities



At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$56,530,749 an increase of \$4,617,710 in comparison with the prior year. Approximately 42.2% of this amount (\$23,821,934) constitutes *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to future expenditures for road and street expenditures (\$24,372,336), capital projects (\$7,723,533), debt service (\$605,000) and prepaid items(\$7,946).

The general fund is the chief operating fund for the City. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$21,077,058, while total fund balance reached \$21,303,430. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balances represents 68.6 percent of total general fund expenditure, while total fund balance represents 69.4 percent of the same amount.

The fund balance of the City's general fund increased by \$3,345,667 during the current fiscal year. Key factors in this growth are as follows:

- The City's millage rate for the current year decreased slightly to 4.01451 mills. Although the rate decreased slightly, property tax revenue (ad valorem revenue) increased by \$2,904,435; a 29.4% jump. This increase is the result of a rise in assessed values and the addition of new property through construction.
- The actual transfers out in the general fund for capital projects were \$2,000,000 less than budgeted.

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 \$2,400,615. 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 \$1,033,834 increase in appropriations between the original and final amended budget. Following are the main components of the increase.

- \$716,000 Additional appropriation to cover additional expenditures for the City's HHRP program made possible by State funding.
- \$334,334 Additional appropriation for contributions paid to the Firefighters' pension plan by the State of Florida on behalf of the City's firefighters. This amount was recorded in the Statement of Revenues, Expenditures, and Changes in Fund Balances as intergovernmental revenue and fire rescue expenditures.

General fund revenues exceeded budget by \$609,349. Major revenue items that exceeded budget were:

- Franchise Fees \$259,900
- Public Service tax \$571,153
- State revenue sharing \$106,737
- Interest \$724,534

Major revenue items that came in below budget were:

- Intergovernmental revenue \$372,873
- Charges for services \$760,220
- Impact fees \$217,726

General fund expenditures were \$5,864,655 below budget. The city did not expend \$3,000,000 budgeted for the Volusia County Activity Center. Personal service cost was under budget by \$1,000,000, as all budgeted positions were not filled. Public Works was under budget on Road Materials \$200,000, Repairs and Maintenance \$230,000, and Other Current Charges \$234,000.

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, 2007 is \$167,076,459 (net of accumulated depreciation). This investment in capital assets includes: land, construction-in-progress, buildings and improvements, machinery and equipment, and infrastructure (roads, right-of-ways, stormwater and utility). The total increase (additions less retirements and depreciation) in the City’s investment in capital assets was \$8,952,527; an increase of 5.7%. This consisted of a 1.9% increase for governmental activities and an 11.9% increase for business-type activities.

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

- Renovation of Fire Station 63 on Howland Boulevard - \$380,000
- Renovation of 2nd floor of the DBCC wing at City Hall - \$320,000
- Start up of the Normandy Boulevard Road project - \$1,500,000
- Howland Boulevard Utility Relocation project - \$2,200,000

City of Deltona’s Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	5,909,637	5,580,458	1,638,527	1,638,527	7,548,164	7,218,985
Infrastructure Right of Way	4,372,500	4,372,500	-	-	4,372,500	4,372,500
Construction in Progress	5,649,133	4,006,255	8,767,538	2,872,078	14,107,484	6,878,333
Buildings & Improvements	51,011,313	48,839,315	2,465,367	2,338,774	53,476,680	51,178,089
Machinery & Equipment	16,924,350	15,194,811	9,602,487	8,758,274	26,526,837	23,953,085
Infrastructure	77,811,526	77,387,440	53,151,273	50,395,789	130,962,799	127,783,229
Total	161,678,459	155,380,779	75,625,192	66,003,442	237,303,651	221,384,221

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

Debt. At the end of the current fiscal year the City had total bonded debt outstanding of \$97,665,000. This amount represents \$17,840,000 of transportation revenue bonds and \$79,825,000 of utility system revenue bonds, both secured by specified revenue sources.

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

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
General Obligations Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Obligations Bonds	-	-	-	-	-	-
Revenue Bonds	17,840,000	18,240,000	79,825,000	80,575,000	97,665,000	98,815,000
Total Bonds	17,840,000	18,240,000	79,825,000	80,575,000	97,665,000	98,815,000
Loans Payable	-	-	-	-	-	-
Total Bonds and Loans	\$17,840,000	\$18,240,000	\$79,825,000	\$80,575,000	\$97,665,000	\$98,815,000

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

	<u>Standard & Poor's</u>	<u>Moody's Investors Service</u>	<u>Fitch Ratings</u>
Transportation Revenue Bond	AAA	Aaa	AAA
Water and Sewer Revenue Bond	AAA	Aaa	AAA

Additional information on the City's long-term debt can be found in note F on pages 47-49 of this report.

Economic Factors and Next Year's Budget and Rates

The unemployment rate at the end of fiscal year 2007 for Volusia County was 3.1 % and remains unchanged from the previous year. However, when compared to the State of Florida as a whole, the unemployment rate for Volusia County is lower. The following is a summary of the applicable unemployment rates for Volusia County, the State of Florida, and United States:

<u>Region Name</u>	<u>Current Year 9/2007</u>	<u>Previous Year 9/2006</u>
Volusia County	4.4%	3.1%
State of Florida	4.2%	3.3%
United States	4.5%	4.5%

The tax base for the City is composed of real property, personal property and centrally assessed property. The taxable value of such property increased 22.26% over the previous year.

The City's population increased 1.24% from 85,484 in 2006 to 86,540 in 2007.

The General Fund property tax millage was decreased for the 2006-2007 fiscal year from 4.01451 to 3.2837 mills.

All of these factors were considered in preparing the City of Deltona's budget for the 2007-2008 fiscal year.

During the current fiscal year, unreserved, undesignated fund balance in the general fund increased to \$21,085,004. The City of Deltona has appropriated \$8,232,900 of this amount for spending in the 2007-2008 fiscal year budget. It is intended that this use of available fund balance will avoid the need to raise taxes or charges during the 2007-2008 fiscal year.

Requests for Information

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

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CITY OF DELTONA, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007

Assets	Governmental Activities	Business-Type Activities	Total
Cash and investments	\$ 56,361,912	\$ 24,016,849	\$ 80,378,761
Cash with fiscal agent	121,415	2,778,562	2,899,977
Receivables (net)	1,245,172	1,734,598	2,979,770
Due from other governments	2,012,566	-	2,012,566
Prepaid items	7,946	27,062	35,008
Inventory	-	262,277	262,277
Net pension asset	788,839	-	788,839
Other assets	392,614	2,971,555	3,364,169
Capital assets:			
Assets not being depreciated	15,931,270	10,406,065	26,337,335
Assets being depreciated	145,747,189	65,219,127	210,966,316
(Accumulated depreciation)	(60,994,617)	(9,232,575)	(70,227,192)
Total assets	161,614,306	98,183,520	259,797,826
Liabilities			
Accounts payable	1,683,451	1,991,654	3,675,105
Accrued liabilities	667,999	2,069,107	2,737,106
Contracts/Retainage payable	46,985	-	46,985
Deposits	196,676	973,466	1,170,142
Unearned revenue	623,151	-	623,151
Long-term liabilities:			
Due within one year	1,760,441	986,807	2,747,248
Due in more than one year	17,872,376	83,318,083	101,190,459
Total liabilities	22,851,079	89,339,117	112,190,196
Net assets			
Invested in capital assets,			
Net of related debt	98,227,017	687,601	98,914,618
Restricted for:			
Road and street expenses	9,295,475	-	9,295,475
Capital projects	7,723,533	4,906,187	12,629,720
Debt service	605,000	850,000	1,455,000
Unrestricted	22,912,202	2,400,615	25,312,817
Total net assets	\$ 138,763,227	\$ 8,844,403	\$ 147,607,630

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

CITY OF DELTONA, FLORIDA
STATEMENT OF ACTIVITIES
September 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
General government	\$ 9,703,442	\$ 2,211,608	\$ -	\$ -
Public safety	15,601,863	321,400	334,334	205,763
Highways and streets	6,752,773	-	-	352,241
Culture and recreation	2,785,735	239,614	-	576,530
Economic environment	1,363,432	-	1,334,241	-
Physical environment	5,969,928	3,851,466	-	3,779,358
Interest on long-term debt	854,963	-	-	-
Total governmental activities	<u>43,032,136</u>	<u>6,624,088</u>	<u>1,668,575</u>	<u>4,913,892</u>
Business-type activities				
Water	13,300,415	12,912,860	-	542,629
Total business-type activities	<u>13,300,415</u>	<u>12,912,860</u>	<u>-</u>	<u>542,629</u>

General Revenues:

Taxes:

Property Taxes

Franchise Fees

Public Service Tax

Local Option Gas Taxes

State Shared Revenues

Grants and Contributions - Nonprogram Specific

Investment Income

Miscellaneous

Total General Revenues, Special Items and Transfers

Change in Net Assets

Net Assets, Beginning of Year (As restated)

Net Assets, End of Year

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

Net (Expense) Revenue and Change in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (7,491,834)	\$ -	\$ (7,491,834)
(14,740,366)	-	(14,740,366)
(6,400,532)	-	(6,400,532)
(1,969,591)	-	(1,969,591)
(29,191)	-	(29,191)
1,660,896	-	1,660,896
(854,963)	-	(854,963)
<u>(29,825,581)</u>	<u>-</u>	<u>(29,825,581)</u>
-	155,074	155,074
<u>-</u>	<u>155,074</u>	<u>155,074</u>
12,782,901	-	12,782,901
3,788,900	-	3,788,900
7,567,153	-	7,567,153
2,194,708	-	2,194,708
6,787,553	-	6,787,553
-	-	-
3,086,818	990,594	4,077,412
318,426	530,122	848,548
<u>36,526,459</u>	<u>1,520,716</u>	<u>38,047,175</u>
6,700,878	1,675,790	8,376,668
132,062,349	7,168,613	139,230,962
<u>\$ 138,763,227</u>	<u>\$ 8,844,403</u>	<u>\$ 147,607,630</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, 2007

	General Fund	Solid Waste Fund	Stormwater Utility Fund
Assets			
Cash and cash equivalents	\$ 19,833,148	\$ 392,285	\$ 2,456,009
Cash with fiscal agent	-	-	-
Receivables (net of allowance for uncollectibles)	1,220,737	-	-
Due from other funds	325,774	-	-
Due from other governments	1,310,798	795	485
Prepaid items	7,946	-	-
Total assets	22,698,403	393,080	2,456,494
Liabilities and fund balances			
Liabilities			
Accounts payable	565,625	317,677	229,547
Accrued liabilities	632,672	2,161	33,166
Contracts payable	-		
Retainage payable			
Due to other governments	-		
Due to other funds	-		
Deposits	196,676		
Deferred revenues	-	-	
Total liabilities	1,394,973	319,838	262,713
Fund balances			
Reserved for:			
Road and Street Expenditures	165,030	-	-
Capital Projects	53,396	-	-
Debt Service	-	-	-
Prepaid items	7,946	-	-
Unreserved Reported In:			
General Fund	21,077,058	-	-
Special Revenue Funds	-	73,242	2,193,781
Total Fund Balances	21,303,430	73,242	2,193,781
Total Liabilities and Fund Balances	\$ 22,698,403	\$ 393,080	\$ 2,456,494

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

State Housing Initiatives Partnership	Transportation Fund	Other Governmental Funds	Total Governmental Funds
\$ 564,886	\$ 24,794,766	\$ 8,320,818	\$ 56,361,912
-	121,415	-	121,415
-	-	-	1,220,737
-	-	-	325,774
-	349,705	350,783	2,012,566
-	-	-	7,946
<u>564,886</u>	<u>25,265,886</u>	<u>8,671,601</u>	<u>60,050,350</u>
1,014	411,731	157,857	1,683,451
		-	667,999
	41,849	5,136	46,985
		-	-
		301,339	301,339
		-	196,676
<u>563,872</u>	<u>453,580</u>	<u>59,279</u>	<u>623,151</u>
<u>564,886</u>	<u>453,580</u>	<u>523,611</u>	<u>3,519,601</u>
-	24,207,306	-	24,372,336
-	-	7,670,137	7,723,533
-	605,000	-	605,000
-	-	-	7,946
-	-	-	21,077,058
-	-	477,853	2,744,876
<u>-</u>	<u>24,812,306</u>	<u>8,147,990</u>	<u>56,530,749</u>
<u>\$ 564,886</u>	<u>\$ 25,265,886</u>	<u>\$ 8,671,601</u>	<u>\$ 60,050,350</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, 2007

Total fund balances of governmental funds	\$	56,530,749
 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 \$161,678,459 and the accumulated depreciation is \$60,994,617.		100,683,842
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		788,839
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		(1,182,437)
Bonds payable		(17,840,000)
Premium on bonds payable		(293,394)
Bond issue costs		392,614
Deferred revenue - debt service deposit agreement		(316,986)
 Total net assets of governmental activities	 \$	 138,763,227

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

CITY OF DELTONA, FLORIDA
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
September 30, 2007

Revenues	General Fund	Solid Waste Fund	Stormwater Utility Fund
Property taxes	\$ 12,782,897	\$ -	\$ -
Franchise fees	3,788,900	-	-
Public service tax	7,567,153	-	-
State revenue sharing	2,506,737	-	-
Intergovernmental	4,656,298	-	182,812
Charges for services	2,348,030	3,810,726	2,253,608
Fines and forfeitures	257,189	-	-
Impact fees	192,274	-	-
Interest income	1,117,147	72,835	155,102
Miscellaneous	450,758	40,741	-
Total revenues	35,667,383	3,924,302	2,591,522
Expenditures			
Current:			
General government	8,647,566	-	-
Public safety	14,801,650	-	-
Highways and streets	2,397,615	-	-
Culture and recreation	2,231,633	-	-
Economic environment	-	-	-
Physical environment	-	4,083,979	1,473,892
Debt service:			
Principal			
Interest			
Capital outlay:			
General government	768,240		
Culture and recreation	75,000		
Economic environment	-		
Highways and streets	584,359		
Physical environment	-		1,128,388
Public safety	515,000		
(Total expenditures)	(30,021,063)	(4,083,979)	(2,602,280)
Excess (deficiency) of revenues over (under) expenditures	5,646,320	(159,677)	(10,758)
Other financing sources (uses)			
Transfers from other funds	-	-	-
Transfers to other funds	(2,300,653)	-	-
Total other financing (uses) sources	(2,300,653)	-	-
Net change in fund balances	3,345,667	(159,677)	(10,758)
Fund balances, beginning of year	17,957,763	232,919	2,204,539
Fund balances, end of year	\$ 21,303,430	\$ 73,242	\$ 2,193,781

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

State Housing Initiatives Partnership	Transportation Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 12,782,897
-	-	-	3,788,900
-	-	-	7,567,153
-	-	-	2,506,737
654,411	2,194,708	1,937,732	9,625,961
-	-	97,538	8,509,902
-	-	-	257,189
-	352,241	571,443	1,115,958
22,805	1,348,725	370,204	3,086,818
-	-	-	491,499
<u>677,216</u>	<u>3,895,674</u>	<u>2,976,917</u>	<u>49,733,014</u>
-	-	56,998	8,704,564
-	-	-	14,801,650
-	239,000	131,305	2,767,920
-	-	-	2,231,633
677,216	-	686,216	1,363,432
-	-	-	5,557,871
-	400,000	-	400,000
-	1,056,835	-	1,056,835
-	-	328,722	1,096,962
-	-	287,086	362,086
-	-	-	-
-	3,159,715	276,235	4,020,309
-	-	717,351	1,845,739
-	-	391,303	906,303
<u>(677,216)</u>	<u>(4,855,550)</u>	<u>(2,875,216)</u>	<u>(45,115,304)</u>
-	(959,876)	101,701	4,617,710
-	-	2,863,153	2,863,153
-	-	(562,500)	(2,863,153)
-	-	2,300,653	-
-	(959,876)	2,402,354	4,617,710
-	25,772,182	5,745,636	51,913,039
<u>\$ -</u>	<u>\$ 24,812,306</u>	<u>\$ 8,147,990</u>	<u>\$ 56,530,749</u>

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

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**CITY OF DELTONA, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

Net change in fund balances of governmental funds	\$ 4,617,710
 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 \$6,398,640 less net book value of disposals of \$14,793 exceeded depreciation expense of \$4,511,964.	1,871,883
 Revenue deferred last year in the statement of net assets is being amortized in the statement of activities. This adjustment is the current year's amortization:	
Amortization of Debt Service Forward Delivery Agreement Proceeds	16,682
 The issuance of long term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:	
Debt principal repayment	400,000
Change in accrued interest	190,410
Amortization of Transportation Bond Premium	15,442
Amortization of Bond Issue Costs	(20,662)
 Revenues which do not provide current financial resources, and therefore are not available to pay for current period expenditures, are not recorded in the governmental funds. Since the availability criteria does not apply to the statement of activities these revenues are recognized:	
Increase in net pension asset	93,054
 Some expenses reported in the statement of activities such as compensated absences do not require the use of current financial resources and are not reported as expenditures in governmental funds:	
Compensated absences	<u>(483,641)</u>
 Change in net assets of governmental activities	 <u>\$ 6,700,878</u>

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

**CITY OF DELTONA, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2007**

	Business-Type Activities
	Water and Sewer Utility Fund
Assets	
Current assets	
Cash	\$ 5,371,081
Unrestricted portion of bond construction account	3,513,522
Accounts receivable (net)	1,734,598
Inventory	262,277
Prepaid expenses	27,062
Total current assets	10,908,540
Non current assets	
Restricted assets	
Sinking fund - cash with fiscal agent	2,778,562
Renewal and replacement account	708,984
Bond construction account	12,766,115
Customer deposits	973,466
Water impact fees	2,876,662
Sewer impact fees	1,320,541
Less: Unrestricted portion of bond construction account	(3,513,522)
Total restricted assets	17,910,808
Capital assets	
Land	1,638,527
Improvements other than buildings	53,151,273
Buildings	2,465,367
Equipment	9,602,487
Construction in progress	8,767,538
(Accumulated depreciation)	(9,232,575)
Total capital assets - cost less depreciation	66,392,617
Other assets	
Bond issue costs (net)	2,530,553
Swaption issue costs (net)	441,002
Total other assets	2,971,555
Total non current assets	87,274,980
Total assets	\$ 98,183,520

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, 2007
(Concluded)

	Business-Type Activities
	Water and Sewer Utility Fund
Liabilities and fund equity	
Current liabilities payable from current assets:	
Accounts and retainages payable	\$ 1,991,654
Accrued expenses	140,545
Compensated absences - current portion	91,550
Total current liabilities payable from current assets	2,223,749
Current liabilities payable from restricted assets	
Deposits	973,466
Accrued interest payable	1,928,562
Revenue bonds payable - current portion	850,000
Unamortized bond premium - current portion	45,257
Total current liabilities payable from restricted assets	3,797,285
Long-term liabilities	
Revenue bonds payable - long-term portion	78,975,000
Unamortized bond premium	1,131,427
Deferred revenue - swaption	3,206,837
Compensated absences - long-term portion	4,819
Total long-term liabilities	83,318,083
Total liabilities	89,339,117
Net assets	
Invested in capital assets, net of	
Related debt	687,601
Restricted for impact fees	4,197,203
Restricted for debt service	850,000
Restricted for renewal and replacement	708,984
Unreserved	2,400,615
Total net assets	\$ 8,844,403

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

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CITY OF DELTONA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Water and Sewer Utility Fund Current Year
Operating revenues:	
Charges for services - Water	\$ 8,528,101
Charges for services - Waste Water	4,295,944
Connection fees	88,815
Other miscellaneous revenues	520,764
Total operating revenues	13,433,624
Operating expenses:	
Personal services	3,065,372
Operating expenses	3,810,492
Professional services	78,425
Depreciation	2,560,312
Insurance	170,521
Bad debts	58,000
(Total operating expenses)	(9,743,122)
Operating income	3,690,502
Nonoperating revenues (expenses):	
Interest earnings	990,594
Gain on sale of capital assets	9,358
Interest expense and issue cost amortization	(3,557,293)
Total nonoperating revenue (expenses)	(2,557,341)
Income before contributions	1,133,161
Capital contributions - water and wastewater	542,629
Change in net assets	1,675,790
Net assets:	
Beginning of year	7,168,613
End of year	\$ 8,844,403

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

**CITY OF DELTONA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>Business-Type Activities Water and Sewer System Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 13,341,121
Cash payments to suppliers for goods and services	(2,557,233)
Cash payments for employee services	(3,020,620)
Net cash provided by operating activities	<u>7,763,268</u>
Cash flows from capital and related Financing activities	
Acquisition and construction of capital assets	(9,648,550)
Proceeds from sale of capital assets	368,856
Proceeds from bond construction account	6,361,653
Revenue bond principal payment	(750,000)
Revenue bond interest payments	(3,864,625)
Proceeds from capital contributions	542,629
Net cash used in capital and related financing activities	<u>(6,990,037)</u>
Cash flows from investing activities	
Interest	609,819
Net cash provided by investing activities	<u>609,819</u>
Net increase in cash and cash equivalents	1,383,050
Cash and cash equivalents, beginning of year	<u>12,646,246</u>
Cash and cash equivalents, end of year	<u>\$ 14,029,296</u>

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

**CITY OF DELTONA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007
(Concluded)**

	<u>Business-Type Activities Water and Sewer System Fund</u>
Reconciliation of cash and cash equivalents to balance sheet	
Total unrestricted cash and investments per the balance sheet	\$ 5,371,081
Total restricted cash and investments per the balance sheet	21,424,330
Total cash and investments	<u>26,795,411</u>
Less investments not meeting the definition of cash equivalents	<u>(12,766,115)</u>
Cash and cash equivalents, end of year	<u><u>\$ 14,029,296</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 3,690,502
Adjustments to reconcile operating income to cash provided by operating activities:	
Depreciation	2,560,312
Provision for uncollectible accounts	58,000
(Increase) decrease in assets:	
Accounts receivable	(156,159)
Inventories	(107,772)
Prepaid expenses	(7,203)
Increase (decrease) in liabilities:	
Accounts Payable	1,617,180
Utility Deposits	63,656
Accrued Expenses	25,393
Compensated Absences	19,359
Net cash provided by operating activities	<u><u>\$ 7,763,268</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, 2007

	Employee Retirement Funds
Assets	
Cash	\$ 101,776
Equities	8,330,042
Bond & Mortgage Fund	2,315,421
Inflation Protection Fund	152,416
High Yield Bond Fund	183,669
Preferred Securities Fund	480,770
Cash Management Fund	1,512
Plus Fund	123,843
Pimco High Yield Fund	13,381
Short Term Bond Fund	7,175
Core Bond Index Fund	440
	440
Total assets	\$ 11,710,445
Liabilities	
Accounts payable	22,552
Due to other funds	24,435
	46,987
Total liabilities	46,987
Net assets	
Reserved for employees	
Pension benefits	\$ 11,663,458

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

CITY OF DELTONA, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Employee Retirement Funds</u>
Additions	
Contributions:	
Employer	\$ 714,148
Transfer from General Fund - insurance premium surcharges received from State of Florida	334,334
Employee	319,662
Total contributions	<u>1,368,144</u>
Investment income	1,290,103
(Less) investment management fees	<u>(23,868)</u>
Net investment income	<u>1,266,235</u>
Total additions	<u><u>2,634,379</u></u>
Deductions	
Benefit payments	46,351
Refunds to employees	307,958
Administration	38,926
Forfeitures	35,845
Total deductions	<u>(429,080)</u>
Change in net assets	<u>2,205,299</u>
Net assets - beginning	<u>9,458,159</u>
Net assets - ending	<u><u>\$ 11,663,458</u></u>

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

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City of Deltona, Florida
Notes to the Financial Statements
September 30, 2007

I. Summary of significant accounting policies

A. Reporting entity

The City of Deltona (City) is a municipal corporation, incorporated December 31, 1995, governed by an elected mayor and six-member council. The City provides a variety of general government services to residents including fire protection, community development, recreation, and various social services. Additionally, the city has several business-type operations that offer 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, 2007 the City had no component units that meet the criteria for inclusion within the financial reporting entity of the City.

B. Government-wide and fund financial statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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 properly included among program revenues are reported instead as *general revenues*.

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

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 proprietary 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 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, 2007

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

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

The City reports the following major governmental funds:

- **General Fund** - is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Solid Waste Fund** - accounts for the fiscal activities relating to fees and expenditures for garbage and recycled waste pick-up.
- **Stormwater Fund** - accounts for the fiscal activity relating to fees for stormwater utility operation and maintenance activities, i.e., the collection, storage, treatment and dispersal of rainwater.
- **State Housing Initiatives Partnership Grant Fund** - accounts for the fiscal activities of funds received by the City from its share of the state local housing distribution and funds budgeted, received or generated by the City under its Local Housing Assistance Plan.
- **Transportation Fund** - accounts for the fiscal activity relating to the City's share of the County's six-cent and five-cent local option tax on fuel. The six-cent portion can be used for general road improvement and maintenance. However, the five-cent portion can only be utilized to fund capital improvement projects that are necessary to meet the requirements of the City's Comprehensive Plan.

The City reports the following non-major fund types:

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

City of Deltona, Florida
Notes to the Financial Statements
September 30, 2007

- ***Pension Trust Funds*** - are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The pension trust funds account for the assets of the City's employees' pension plans.

The City reports the following major proprietary fund:

- ***Water and Sewer Utility Fund*** - to account 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, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of 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 government's water and sewer function and various other functions of the government. 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.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Utility Fund, of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

City of Deltona, Florida
Notes to the Financial Statements
September 30, 2007

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

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

2. Receivables and payables

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

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

City of Deltona, Florida
Notes to the Financial Statements
September 30, 2007

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 government as assets with an initial, individual cost that equal or exceed \$750 and estimated useful live in excess of one year. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amount spent for the construction or acquisition of infrastructure asset are capitalized and reported in the government-wide financial statements when their initial costs equal or exceed \$25,000 and possess estimated useful live 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 be 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 each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spend in relation to capital assets that do not increase the capacity or efficiency of the item or extend it useful life beyond the original estimate. In the case of donations the government 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 \$854,963 and \$3,811,868 respectively. Of this amount \$351,904 was included as part of the cost of capital assets under construction in connection with the water/sewer utility fund assets.

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

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

City of Deltona, Florida
Notes to the Financial Statements
September 30, 2007

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 proprietary financial statements. Compensated absences for the years ended September 30, 2007 and 2006 are \$1,278,806 and \$775,806, respectively.

7. *Long-term obligations*

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

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

8. *Fund Equity*

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

9. *Comparative data/reclassification*

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

II. Stewardship, compliance, and accountability

A. Budgetary information

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

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

City of Deltona, Florida
Notes to the Financial Statements
September 30, 2007

The budget is prepared and adopted by fund, function, and department. The City Manager may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Commission. Therefore, the legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The City Commission made supplemental budgetary appropriations throughout the year. The supplemental budgetary appropriations made in the general fund were not material.

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, 2007, the City had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Ratings</u>	<u>Fair Value</u>
State Board of Administration (SBA)			
Local			
Government Surplus Funds Trust Fund	49 Day Average	AAA	\$ 39,984,439
Guaranteed Investment Contract	12 Month Average	Aa1/ AA-/A+	12,766,115
Guaranteed Investment Contract	12 Month Average	Aa1/ AA-/A+	22,055,420
Firefighters' Pension Investments			
Equities	N/A	N/A	6,248,697
Bond & Mortgage Fund	6.90 Years	AAA	2,315,421
Inflation Protection Fund	10.66 Years	AAA	152,416
High Yield Bond Fund	6.51 Years	B	183,669
Preferred Securities Fund	Less than 1 Year	A	480,770
General Employees' Pension Investments			
Cash Management Fund	29 Day Average	A-1+	1,512
Plus Fund	3.36 Years	Aa2	123,843
Pimco Total Return Fund	6.0 Years	AAA	0
Pimco High Yield Fund	6.7 Years	BB	13,381
Short Term Bond Fund	1.9 Years	AAA	7,175
Core Bond Index Fund	6.4 Years	AAA	440
U.S. Government Bond Fund	4.1 Years	AAA	0
Equities	N/A	N/A	<u>2,081,345</u>
Total Investments			86,414,643
Cash Deposits			<u>5,674,563</u>
Total Deposits and Investments			\$ <u>92,089,206</u>
Shown in the accompanying combined balance sheet as follows:			
Entity wide – Deposits and Investments			80,378,761
Fiduciary Funds – Deposits and Investments			<u>11,710,445</u>
Total			\$ <u>92,089,206</u>

City of Deltona, Florida
Notes to the Financial Statements
September 30, 2007

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.

Credit risk

Credit risk is the risk of loss due to the failure of the security issuer. The City's investment policy limits the investments to obligations with the highest credit ratings. Ratings for debt securities are displayed in the above schedule. The City's Firefighters' Pension Fund investments are limited to securities in one of the three highest classification of ratings. Investment ratings are from Moody's Investors Service, Inc. and Standard and Poor's Ratings Group.

Concentration of credit risk

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

Custodial credit risk - deposits

In the case of deposit, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of September 30, 2007, 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
Notes to the Financial Statements
September 30, 2007

B. Receivables

Receivables as of year end for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Water and Sewer Utility	Total
Customers:			
Billed	\$ -	\$ 1,262,070	\$ 1,262,070
Unbilled	-	885,383	885,383
Services tax	716,734	-	716,734
Franchise fees	490,443	-	490,443
Miscellaneous	37,995	-	37,995
Gross receivables	1,245,172	2,147,453	3,392,625
Less: allowance for uncollectibles	-	(412,855)	(412,855)
Net total receivables	<u>\$ 1,245,172</u>	<u>\$ 1,734,598</u>	<u>\$ 2,979,770</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	\$ 150,755
Uncollectible related to sewer charges	<u>262,100</u>
Total uncollectible of the current fiscal year	<u>\$ 412,855</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>Unavailable</u>	<u>Unearned</u>
Prepaid business licenses	\$ -	\$ 50,165
Grant draw downs prior to meeting all eligibility requirements	<u>-</u>	<u>572,986</u>
Total		\$ 623,151

City of Deltona, Florida
Notes to the Financial Statements
September 30, 2007

C. Capital assets

Capital asset activity for the year ended September 30, 2007 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	\$ 5,580,458	\$ 329,179	\$ -	\$ 5,909,637
Infrastructure right of way	4,372,500	-	-	4,372,500
Construction in progress	<u>4,006,255</u>	<u>4,095,762</u>	<u>2,452,884</u>	<u>5,649,133</u>
Total capital assets, not being depreciated	<u>13,959,213</u>	<u>4,424,941</u>	<u>2,452,884</u>	<u>15,931,270</u>
Capital assets, being depreciated:				
Buildings and improvements	48,839,315	2,171,997	-	51,011,312
Machinery and equipment	15,194,811	1,830,500	100,960	16,924,351
Infrastructure (road and streets)	<u>77,387,440</u>	<u>424,086</u>	-	<u>77,811,526</u>
Total capital assets, being depreciated	<u>141,421,566</u>	<u>4,426,583</u>	<u>100,960</u>	<u>145,747,189</u>
Less accumulated depreciation for:				
Buildings and improvements	(18,599,012)	(1,507,015)	-	(20,106,027)
Machinery and equipment	(10,191,695)	(1,422,182)	86,167	(11,527,710)
Infrastructure (roads and streets)	<u>(27,778,114)</u>	<u>(1,582,767)</u>	-	<u>(29,360,881)</u>
Total accumulated depreciation	<u>(56,568,821)</u>	<u>(4,511,964)</u>	<u>86,167</u>	<u>(60,994,618)</u>
Total capital assets, being depreciated, net	84,852,745	(85,381)	14,793	84,752,571
Governmental activities capital asset, net	<u>\$ 98,811,958</u>	<u>\$ 4,339,560</u>	<u>\$ 2,467,677</u>	<u>\$ 100,683,841</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 1,638,527	\$ -	\$ -	\$ 1,638,527
Construction in progress	<u>2,872,078</u>	<u>8,568,104</u>	<u>2,672,644</u>	<u>8,767,538</u>
Total capital assets, not being depreciated	<u>4,510,605</u>	<u>8,568,104</u>	<u>2,672,644</u>	<u>10,406,065</u>
Capital assets, being depreciated:				
Buildings and improvements	2,338,774	126,593	-	2,465,367
Improvements other than buildings	50,395,789	2,755,484	-	53,151,273
Machinery and equipment	<u>8,758,275</u>	<u>871,013</u>	<u>26,800</u>	<u>9,602,488</u>
Total capital assets, being depreciated	<u>61,492,838</u>	<u>3,753,090</u>	<u>26,800</u>	<u>65,219,128</u>
Less accumulated depreciation for:				
Buildings and improvements	(170,535)	(63,744)	-	(234,279)
Improvements other than buildings	(3,606,311)	(1,281,257)	-	(4,887,568)
Machinery and equipment	<u>(2,914,623)</u>	<u>(1,215,311)</u>	<u>19,207</u>	<u>(4,110,727)</u>
Total accumulated depreciation	<u>(6,691,469)</u>	<u>(2,560,312)</u>	<u>19,207</u>	<u>(9,232,574)</u>
Total capital assets, being depreciated, net	<u>54,801,369</u>	<u>1,192,778</u>	<u>7,593</u>	<u>55,986,554</u>
Business-type activities capital assets, net	<u>\$ 59,311,974</u>	<u>\$ 9,760,882</u>	<u>\$ 2,680,237</u>	<u>\$ 66,392,619</u>

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

Governmental activities:	
General government and administration	\$ 840,521
Public safety	558,267
Transportation	2,152,094
Culture and recreation	554,102

City of Deltona, Florida
Notes to the Financial Statements
September 30, 2007

Physical environment	406,980
Total depreciation expense - governmental activities	\$ 4,511,964

Business-type activities

Water and Sewer Utility	2,560,312
Total depreciation expense – business-type activities	\$ 2,560,312

Construction commitments

The City has active construction projects as of September 30, 2007. The projects include street construction, 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	\$ 1,653,259	\$ 4,091,415
Public works	2,490,332	9,079,698
Parks	1,981,839	3,103,511
Facilities	473,387	10,130,515
Water and waste water	1,520,037	17,959,224
Total	\$ 8,118,854	\$ 44,364,363

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

D. Interfund receivable, payables and transfers

The composition of interfund balances as of September 30, 2007, 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	\$ 24,435
General	CDBG Fund	301,339
	Total	\$ 325,774

City of Deltona, Florida
Notes to the Financial Statements
September 30, 2007

Interfund transfers:

Transfer out:	Transfer In:			Total
	Streetlighting Districts Fund	Municipal Complex Fund	Park Projects Fund	
General Fund	\$ 50,653	\$ 2,250,000	\$ -	\$ 2,300,653
Fire/Rescue Service				
Impact Fees fund	-	177,000	-	177,000
Park Impact Fees fund	-	-	350,000	350,000
Law Enforcement				
Impact Fees fund	-	35,500	-	35,500
Total	\$ 50,653	\$ 2,462,500	\$ 350,000	\$ 2,863,153

Transfers are used to 1) move restricted amounts to finance various programs that the governmental must account for in other funds in accordance with budgetary authorizations, 2) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

In the year ending September 30, 2007, the government made the following one-time transfers:

A transfer for the first time of \$50,653 from the general fund to the Streetlighting Districts Fund to forestall the need for street lighting special assessment.

E. Leases

Operating Leases

The government leases building and office facilities and other equipment. Lease payments are payable on a month-to-month basis. Total cost for such leases were \$139,002 for the year ended September 30, 2007. The future minimum lease payment for these leases is as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2008	174,844
2009	154,764
2010	108,272
2011	22,076
2012	- 0 -
Total	<u>\$ 459,956</u>

City of Deltona, Florida
Notes to the Financial Statements
September 30, 2007

F. Long-term debt

Revenue bonds

Transportation Capital Improvement Revenue Bonds

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

Debt Service to Maturity Schedule

Fiscal Years <u>Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 605,000	\$ 850,269	\$ 1,455,269
2009	630,000	825,313	1,455,313
2010	660,000	799,325	1,459,325
2011	690,000	768,375	1,458,375
2012	720,000	735,575	1,455,575
2013 – 2017	4,170,000	3,119,075	7,289,075
2018 – 2022	5,210,000	2,078,844	7,288,844
2022 - 2026	5,155,000	676,756	5,831,756
	<u>\$ 17,840,000</u>	<u>\$ 9,853,531</u>	<u>\$ 27,693,531</u>

Debt service forward delivery agreement

The City entered into a Debt Service Forward Delivery Agreement to administer debt service payments and to generate additional cash from the Transportation Capital Improvement Revenue Bonds, Series 2006 transaction. Under this agreement the City will make level monthly payments of approximately \$121,600 to a trustee. The trustee in turn will make all debt service payments (principal and interest) as due. The City received a cash payment of \$333,670 for entering into this agreement. The entire amount was recognized as income in the fiscal year ended September 30, 2006 in the governmental funds but was deferred in the entity wide statements and will be recognized in the statement of activities on a straight line basis over the life of the bond issue.

Business-type Activity Liabilities

The following is a summary of all long-term liabilities of the proprietary funds at September 30, 2007:

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

City of Deltona, Florida
Notes to the Financial Statements
September 30, 2007

facilities, to fund future capital improvements to the acquired system and to pay the cost of issuance. The bonds are collateralized by a pledge of the net revenues of the system, bear interest ranging from 2.00% to 5.00% and mature in increasing annual amounts ranging from \$500,000 to \$5,350,000 from 2004

through 2033, respectively. Interest is payable semi-annually at April 1, and October 1, with annual principal payments due on October 1.

Debt Service to Maturity Schedule

Fiscal Years Ended	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 850,000	\$ 3,847,031	\$ 4,697,031
2009	950,000	4,773,875	5,723,875
2010	1,100,000	3,794,313	4,894,313
2011	1,400,000	3,755,063	5,155,063
2012	1,700,000	3,700,438	5,400,438
2013-2017	10,560,000	17,286,513	27,846,513
2018-2022	13,430,000	14,295,913	27,725,913
2023-2027	9,860,000	10,717,156	20,577,156
2028-2032	20,060,000	6,295,525	26,355,525
2033-2037	19,915,000	1,493,625	21,408,625
	<u>\$ 79,825,000</u>	<u>\$ 69,959,452</u>	<u>\$ 149,784,452</u>

Option to enter into an interest rate swap (swaption)

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

The upfront payment of \$3,206,837 and the related costs of \$441,002 have been deferred on the financial statements until 2013 at which time the revenue and expense will be recognized ratably over

City of Deltona, Florida
Notes to the Financial Statements
September 30, 2007

the life of the variable rate bonds if the swap provider exercises the option. If the swap provider does not exercise the option then all the revenue and expense will be recognized once it can be determined that the option has lapsed and therefore cannot be exercised. It is not possible at this time for the City to predict if the option will be exercised.

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Transportation Capital Imp					
Revenue Bonds Series 2006	\$ 18,240,000	\$ -	\$ 400,000	\$ 17,840,000	\$ 605,000
Add: Unamortized Premium	308,836		15,442	293,394	15,442
Deferred Revenue, Debt Service	333,670		16,684	316,986	16,684
Forward Delivery Agreement, Revenue Bonds Series 2006					
Compensated Absences	698,796	1,147,497	663,856	1,182,437	1,123,315
Total Governmental Activities	<u>\$ 19,581,302</u>	<u>\$ 1,147,497</u>	<u>\$ 1,095,982</u>	<u>\$ 19,632,817</u>	<u>\$ 1,760,441</u>
Business-type Activities					
Utility System Revenue Bonds, Series 2003	\$ 80,575,000	\$ -	\$ 750,000	\$ 79,825,000	\$ 850,000
Add: Unamortized Premium	1,221,941		45,257	1,176,684	45,257
Swaption	3,206,837	-		3,206,837	-
Subtotal	85,003,778		795,257	84,208,521	895,257
Compensated Absences	77,010	92,519	73,160	96,369	91,550
Total Business-type Activities	<u>\$ 85,080,788</u>	<u>\$ 92,519</u>	<u>\$ 868,417</u>	<u>\$ 84,304,890</u>	<u>\$ 986,807</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, on October 1, 1999, the City became a member of Public Risk Management of Florida (the Pool), a local government liability risk pool. The Pool has approximately 50 local government agency members. The Pool administers activities relating to property, general liability, police professional, automobile liability, public officials liability, workers' compensation, and machinery. The Pool absorbs losses up to a

City of Deltona, Florida
Notes to the Financial Statements
September 30, 2007

specified amount each pool year, and in addition purchases excess and other specific coverage from third-party carriers. The Pool assesses each member its pro rata share of the estimated amount required to meet current year losses and operating expenses. If total member assessments do not produce sufficient funds to meet its obligations, the Pool can make additional limited assessments. Losses, if any, in excess of the Pool's ability to assess its members, revert back to the member that incurred the loss. The cost of the insurance is allocated among the appropriate departments and funds.

There has been no significant reduction in insurance coverage from the prior year and there have been no settlements in excess of insurance coverage in any of the prior three years. There were no additional assessments levied against the City for the fiscal year ended September 30, 2007.

B. Commitments

The City has entered into Interlocal Agreements with the County of Volusia, Florida for the provision of various municipal services. These services include road and bridge services and mosquito control. The agreement is renewable annually based on the mutual agreement of both parties. Either party can terminate the agreement without cause or further liability with 180 days written notice. The annual contractual commitment is approximately \$100,000 payable from both the City's General Fund and Stormwater Utility Fund.

The City has entered into an Interlocal Agreement with the County of Volusia, Florida for the provision of law enforcement services within the City. The agreement term is three years ending September 30, 2009. Either party can terminate the agreement without cause or further liability with 365 days written notice. The annual contractual commitment is approximately \$9,205,672 payable from the City's General Fund.

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

The City has entered into a contract for asphalt paving and resurfacing of roads in an amount not to exceed of \$1,960,000. The contract expires September 2008 with all work for specified streets to be completed by that date.

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

City of Deltona, Florida
Notes to the Financial Statements
September 30, 2007

D. Other postemployment benefits

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

E. Employee retirement systems and pension plans

Firefighters' Pension Plan

Plan Description

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

The Plan provides retirement, disability and survivor benefits to all full-time certified firefighters. The Plan was established and operates within the parameters of Florida Statute Chapter 175, which governs fire pension plans in the State of Florida. The plan's amortization periods are closed. Administration of the Plan is by a five-member Board of Trustees (the Board). Two members of the Board must be members of 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 choose to exercise the option to obtain service credit for years of employment prior to October 1, 1997. The past service credit is at a 2% benefit rate for each year of creditable service. Members with 25 or more years of service will receive an upgrade of their past service credit from 2% to 3%, provided, however, that the total benefit percent cannot exceed 100%.

Membership

As of the actuarial valuation dated October 1, 2006, there are 60 active members in the Plan and 1 retiree, 1 disabled retiree and 2 vested terminated members.

For the fiscal year ended September 30, 2007, the City's total covered payroll for employees eligible to participate in the Plan was \$3,765,402 compared with a total payroll for the City of \$12,474,159.

City of Deltona, Florida
Notes to the Financial Statements
September 30, 2007

Funding Policy

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

The Plan, as approved by the City Commission, requires members to contribute 8% of their annualized compensation. The City is required to fund the plan at the actuarially determined rate with offset for estimated insurance premium receipts and contributions from members. The current contribution rate for fiscal year ended September 30, 2007 is 13.93% (8.38% by the City, 5.55% by insurance premium excise tax) of annual covered payroll based on an actuarial impact statement dated April 4, 2006. The City has set its actual contribution rate at 8.38% of covered payroll for 2007. Insurance premium payments received from the State of Florida are recorded as contributions directly within the Pension Fund.

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

The actuarial valuation, dated October 1, 2006, utilizes the entry age actuarial cost method. Prior years actuarial valuations used the frozen entry age actuarial cost method. Since the actuarial cost method was changed to the entry age actuarial cost method effective October 1, 2002, all prior unfunded frozen actuarial accrued liabilities have been consolidated into an initial UAAL as of October 1, 2002. This initial unfunded actuarial accrued liability is to be amortized over a 15 year period from October 1, 2002 at 4.4%. Unfunded frozen actuarial accrued liability bases established subsequent to October 1, 2002 will be amortized over 30 years as a level dollar amount from the date of inception. Assets of the plan are valued at market. Significant actuarial assumptions used include an 8% investment rate of return, salary rate increases of 3%, inflation at 3.5% and 0% post retirement COLA.

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

Annual Pension Cost

The City Commission establishes, and may amend, the contribution requirements of the plan members and the City. For the year ended September 30, 2007, the annual pension cost was \$230,448 and the amount actually contributed by the City was \$349,735 or 9.29% of covered payroll. The insurance premium tax distribution from the State for fiscal year 2006 was \$334,334 or 8.9% of covered payroll. Member contributions for the year totaled \$301,434 or 8% of covered payroll. For the fiscal year ended September 30, 2007, the City has funded in excess of the annual required contribution (9.29% funded, 8.38% required) and continues to have a negative net pension obligation. The development of the net

City of Deltona, Florida
Notes to the Financial Statements
September 30, 2007

pension obligation to date, the annual pension cost (APC) and the percentage of APC contributed is as follows:

	September 30, 2006	September 30, 2007
Actuarially Determine Contribution (A)	\$ 283,177	\$ 382,936
Interest on Net Pension Obligation (NPO)	(44,809)	(55,663)
Adjustment to (A)	67,941	84,397
Annual Pension Cost (APC) (1)	306,309	411,670
Employer Contributions Made	(441,975)	(504,724)
Decrease in NPO	(135,666)	(93,054)
NPO, Beginning of Year	(560,119)	(695,785)
NPO, End of Year	\$ (695,785)	\$ (788,839)
Percentage of APC Contributed	144%	123%

(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, 2006 was \$695,785. During the current year the net pension asset increased by \$93,054. This increase has been recorded in the statement of activities as a reduction of public safety cost. The net pension asset as of September 30, 2007 was \$788,839.

General Employees' Pension Plan

Plan Description

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

Membership

As of September 30, 2007, there were 98 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

City of Deltona, Florida
Notes to the Financial Statements
September 30, 2007

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, 2007, the City's total covered payroll for employees eligible to participate in the Plan was \$3,522,390 compared with a total payroll for the City of \$12,474,159. The required employer contribution and the contribution actually made amounted to \$352,239 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, 2007, there were 176 employees enrolled in FRS.

Funding Policy

The FRS has five classes of membership, which only two apply to the City, with descriptions and contribution rates in effect at September 30, 2007 as follows (contribution rates are in agreement with the actuarially determined rates):

City of Deltona, Florida
Notes to the Financial Statements
September 30, 2007

<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, 2007, the City’s total covered payroll for employees eligible to participate in the Plan was \$5,186,367 compared with a total payroll for the City of \$12,474,159. The contribution actually made amounted to \$519,439.

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

SCHEDULE OF PENSION PLAN NET ASSETS AS OF SEPTEMBER 30, 2007

	Firefighters' Pension Trust Fund	General Employees' Pension Trust Fund	Total
Assets			
Cash and Investments	\$ 9,482,749	\$ 2,227,696	\$ 11,710,445
Total Assets	9,482,749	2,227,696	11,710,445
Liabilities			
Accounts Payable	9,189	-	9,189
Due to Member - DROP Payments	13,363	-	13,363
Due to Other Funds	-	24,435	24,435
Total Liabilities	22,552	24,435	46,987
Net Assets			
Reserved for Employees' Pension Benefits	\$ 9,460,197	\$ 2,203,261	\$ 11,663,458

City of Deltona, Florida
Notes to the Financial Statements
September 30, 2007

SCHEDULE OF CHANGE IN PENSION PLAN NET ASSETS AS OF SEPTEMBER 30, 2007

	Firefighters' Pension Trust Fund	General Employees' Pension Trust Fund	Total
Additions			
Contributions:			
Employer	\$ 349,735	\$ 364,413	\$ 714,148
State of Florida	334,334	-	334,334
Employee	301,434	18,228	319,662
Total Contributions	<u>985,503</u>	<u>382,641</u>	<u>1,368,144</u>
Investment Income	1,026,934	263,169	1,290,103
(Less) Investment Management Fees	<u>(23,868)</u>	<u>-</u>	<u>(23,868)</u>
Net Investment Income	<u>1,003,066</u>	<u>263,169</u>	<u>1,266,235</u>
Total Additions	<u>1,988,569</u>	<u>645,810</u>	<u>2,634,379</u>
Deductions			
Benefit Payments	46,351	-	46,351
Refunds to Employees	-	307,958	307,958
Administration	38,911	15	38,926
Forfeitures	<u>-</u>	<u>35,845</u>	<u>35,845</u>
(Total Deductions)	<u>(85,262)</u>	<u>(343,818)</u>	<u>(429,080)</u>
Net Increase	<u>1,903,307</u>	<u>301,992</u>	<u>2,205,299</u>
Net Assets Reserved for Employees' Pension Benefits:			
Beginning of Year	<u>7,556,892</u>	<u>1,901,267</u>	<u>9,458,159</u>
End of Year	<u>\$ 9,460,199</u>	<u>\$ 2,203,259</u>	<u>\$ 11,663,458</u>

City of Deltona, Florida
Notes to the Financial Statements
September 30, 2007

F. New pronouncements

The City plans to implement GASB Statement No. 45 “Accounting and Financial Reporting by Employers for Post Employment Benefits other than Pensions” during the fiscal year ending September 30, 2009. The City will engage an actuary to provide preliminary estimates of the potential liability the City will be required to disclose. This project is scheduled to be completed during the summer of 2008.

G. Restatement of Net Assets

Due to an actuarial error the amount reported as Net Pension Asset in the statement of net assets in last year’s Comprehensive Annual Financial Report was overstated by \$503,329. As a result, the beginning balance of net assets shown in the statement of activities for this year has been restated to reflect the correct amount.

H. Subsequent Events

State Board of Administration

As discussed in Note III, A, at September 30, 2007, the City had \$39,984,439 invested in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (Pool). On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub prime mortgage risk.

On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately \$12 billion or 86% of Pool assets. Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately \$2 billion or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B.

Currently Pool A participants may withdraw 37% of their balance of \$4 million, whichever is greater, without penalty. Withdrawals from Pool A in excess of the above limit are subject to 2% redemption fee. New investments in Pool A are not subject tot the redemption fee or withdrawal restrictions. Future withdrawal from Pool A will be subject to further evaluation based on the maturities of existing investments and the liquidity requirements of the pool.

Currently Pool B participants are prohibited from withdrawing any amount from the pool and a formal withdrawal policy has not yet been developed.

City of Deltona, Florida
Notes to the Financial Statements
September 30, 2007

As of January 1, 2008, the City had \$896 and \$26,832 invested in Pool A and Pool B. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

Amendment 1 – Florida Constitution

On January 29, 2008 the Florida electorate approved an amendment to the Florida Constitution relative to property taxation by local governments, which is expected to limit or reduce the amount of property taxes available to the City in future years.

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 YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 12,688,000	\$ 12,688,000	\$ 12,782,897	\$ 94,897
Franchise fees	3,529,000	3,529,000	3,788,900	259,900
Public service tax	6,996,000	6,996,000	7,567,153	571,153
State revenue sharing	2,400,000	2,400,000	2,506,737	106,737
Intergovernmental revenue	4,993,000	5,709,000	4,656,298	(1,052,702)
Charges for services:	3,108,250	3,108,250	2,348,030	(760,220)
Fines and forfeitures:	280,000	280,000	257,189	(22,811)
Impact fees	410,000	410,000	192,274	(217,726)
Interest income	399,000	399,000	1,117,147	718,147
Miscellaneous	225,000	225,000	450,758	225,758
Total revenues	<u>35,028,250</u>	<u>35,744,250</u>	<u>35,667,383</u>	<u>(76,867)</u>
Expenditures				
Current:				
General government and administration				
City Commissioner	299,600	314,600	314,562	38
City Manager	926,900	789,400	772,015	17,385
City Clerk	516,300	526,100	514,498	11,602
Finance and Internal Services:	1,480,700	1,558,800	1,558,427	373
Human Resources	528,000	560,100	559,905	195
City Attorney	509,400	533,500	441,432	92,068
Development Services	3,140,000	3,232,400	2,373,396	859,004
Enforcement Services:	1,187,200	1,269,300	1,185,409	83,891
General Services	5,001,000	3,882,100	927,922	2,954,178
Total general government and administration	<u>13,589,100</u>	<u>12,666,300</u>	<u>8,647,566</u>	<u>4,018,734</u>
Public Safety:				
Law Enforcement	7,268,700	7,304,800	7,304,747	53
Fire Rescue	6,569,500	7,499,134	7,496,903	2,231
Total public safety	<u>13,838,200</u>	<u>14,803,934</u>	<u>14,801,650</u>	<u>2,284</u>
Highways and streets				
Engineering				-
Field Operations	2,399,700	2,419,800	1,507,895	911,905
Maintenance	1,180,300	1,187,200	889,720	297,480
Total transportation	<u>3,580,000</u>	<u>3,607,000</u>	<u>2,397,615</u>	<u>1,209,385</u>
Culture and recreation	2,655,200	2,703,100	2,231,633	471,467
Economic environment	-	-	-	-
Physical environment	-	-	-	-
Capital outlay				-
General Government	734,600	834,600	768,240	66,360
Culture and recreation	75,000	75,000	75,000	-
Highways and streets	500,500	600,500	584,359	16,141
Physical environment	50,500	50,500	-	50,500
Public safety	515,000	515,000	515,000	-
Total expenditures	<u>(35,538,100)</u>	<u>(35,855,934)</u>	<u>(30,021,063)</u>	<u>(5,834,871)</u>
Excess of revenues over expenditures	<u>(509,850)</u>	<u>(111,684)</u>	<u>5,646,320</u>	<u>5,758,004</u>
Other financing sources (uses)				
Transfers from other fund:	-	-	-	-
Transfers to other fund:	(4,500,000)	(4,500,000)	(2,300,653)	2,199,347
Total other financing (uses)	<u>(4,500,000)</u>	<u>(4,500,000)</u>	<u>(2,300,653)</u>	<u>2,199,347</u>
Excess (deficiency) of revenues and other financing sources (under) expenditures and other financing uses	<u>(5,009,850)</u>	<u>(4,611,684)</u>	<u>3,345,667</u>	<u>7,957,351</u>
Fund balance, beginning of year as restated)	<u>13,788,546</u>	<u>17,957,763</u>	<u>17,957,763</u>	<u>-</u>
Fund balance, end of year	<u>\$ 8,778,696</u>	<u>\$ 13,346,079</u>	<u>\$ 21,303,430</u>	<u>\$ 7,957,351</u>

This schedule is prepared on the basis of Generally Accepted Accounting Principles.

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SOLID WASTE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 4,045,000	\$ 4,045,000	\$ 3,810,726	\$ (234,274)
Interest income	4,000	4,000	72,835	68,835
Miscellaneous	50,000	50,000	40,741	(9,259)
Total revenues	<u>4,099,000</u>	<u>4,099,000</u>	<u>3,924,302</u>	<u>(174,698)</u>
Expenditures				
Current:				
Physical environment	4,170,400	4,176,400	4,083,979	92,421
Total expenditures	<u>(4,170,400)</u>	<u>(4,176,400)</u>	<u>(4,083,979)</u>	<u>92,421</u>
(Deficiency) of revenues (under) expenditures	<u>(71,400)</u>	<u>(77,400)</u>	<u>(159,677)</u>	<u>(82,277)</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>(71,400)</u>	<u>(77,400)</u>	<u>(159,677)</u>	<u>(82,277)</u>
Fund balance, beginning of year	<u>248,403</u>	<u>232,919</u>	<u>232,919</u>	<u>-</u>
Fund balance, end of year	<u>\$ 177,003</u>	<u>\$ 155,519</u>	<u>\$ 73,242</u>	<u>\$ (82,277)</u>

This schedule is prepared on the basis of Generally Accepted Accounting Principles.

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STORMWATER UTILITY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 255,000	\$ 1,368,724	\$ 182,812	\$ (1,185,912)
Charges for services	2,349,900	2,349,900	2,253,608	(96,292)
Interest income	30,000	30,000	155,102	125,102
Total revenues	<u>2,634,900</u>	<u>3,748,624</u>	<u>2,591,522</u>	<u>(1,157,102)</u>
Expenditures				
Current:				
Physical environment	2,166,100	2,123,100	1,473,892	649,208
Capital outlay - Physical environment	1,000,000	2,177,724	1,128,388	1,049,336
Total expenditures	<u>(3,166,100)</u>	<u>(4,300,824)</u>	<u>(2,602,280)</u>	<u>1,698,544</u>
(Deficiency) of revenues (under) expenditures	<u>(531,200)</u>	<u>(552,200)</u>	<u>(10,758)</u>	<u>541,442</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	(531,200)	(552,200)	(10,758)	541,442
Fund balance, beginning of year	<u>1,088,401</u>	<u>2,204,539</u>	<u>2,204,539</u>	<u>-</u>
Fund balance, end of year	<u>\$ 557,201</u>	<u>\$ 1,652,339</u>	<u>\$ 2,193,781</u>	<u>\$ 541,442</u>

This schedule is prepared on the basis of Generally Accepted Accounting Principles.

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STATE HOUSING INITIATIVE PARTNERSHIP
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenue	\$ 767,357	\$ 767,357	\$ 654,411	\$ (112,946)
Interest	-	-	22,805	22,805
Total revenues	<u>767,357</u>	<u>767,357</u>	<u>677,216</u>	<u>(90,141)</u>
Expenditures				
Current:				
Economic environment	767,357	767,357	677,216	90,141
Total expenditures	<u>(767,357)</u>	<u>(767,357)</u>	<u>(677,216)</u>	<u>90,141</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>

This schedule is prepared on the basis of Generally Accepted Accounting Principles.

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TRANSPORTATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 2,293,000	\$ 2,293,000	\$ 2,194,708	\$ (98,292)
Impact Fees	826,000	826,000	352,241	(473,759)
Interest	766,000	766,000	1,348,725	582,725
Total revenues	<u>3,885,000</u>	<u>3,885,000</u>	<u>3,895,674</u>	<u>10,674</u>
Expenditures				
Current:				
Highways and streets	239,000	239,000	239,000	-
Debt service:				
Principal	400,000	400,000	400,000	-
Interest	1,056,976	1,056,976	1,056,835	141
Capital outlay - highways and streets	18,239,852	18,239,852	3,159,715	15,080,137
Total expenditures	<u>(19,935,828)</u>	<u>(19,935,828)</u>	<u>(4,855,550)</u>	<u>15,080,278</u>
(Deficiency) of revenues (under) expenditures	<u>(16,050,828)</u>	<u>(16,050,828)</u>	<u>(959,876)</u>	<u>15,090,952</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>
(Deficiency) of revenues and other Financing sources (under) expenditures and other financing uses	<u>(16,050,828)</u>	<u>(16,050,828)</u>	<u>(959,876)</u>	<u>15,090,952</u>
Fund balance, beginning of year	<u>24,773,013</u>	<u>25,772,182</u>	<u>25,772,182</u>	<u>-</u>
Fund balance, end of year	<u>\$ 8,722,185</u>	<u>\$ 9,721,354</u>	<u>\$ 24,812,306</u>	<u>\$ 15,090,952</u>

This schedule is prepared on the basis of Generally Accepted Accounting Principles.

CITY OF DELTONA, FLORIDA
SCHEDULES OF FUNDING PROGRESS AND CONTRIBUTIONS
FROM EMPLOYER AND OTHERS
SEPTEMBER 30, 2007

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)
1998	\$ 280,425	\$ 298,573	\$ -	\$ -	\$ 298,573	106%	\$ (18,148)
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)

- (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%

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

SUPPLEMENTAL INFORMATION

**CITY OF DELTONA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2007**

	Special Revenue Funds				
	Streetlighting Districts	Fire/Rescue Service Impact Fees	Law Enforcement Impact Fees	Park Impact Fees	Community Development Block Grant
Assets					
Cash and cash equivalents	\$ 8,533	\$ 40,398	\$ 17	\$ 159,921	\$ -
Receivables	-	-	-	-	-
Due from other governments	14	-	-	-	341,655
Total assets	8,547	40,398	17	159,921	341,655
Liabilities and fund balances					
Liabilities					
Accounts payable	8,547	-	-	-	40,316
Accrued liabilities	-	-	-	-	-
Contracts/Retainage payable	-	-	-	-	-
Due to other funds	-	-	-	-	301,339
Deferred revenues	-	-	-	-	-
Total liabilities	8,547	-	-	-	341,655
Fund balances					
Reserved for:					
Capital projects	-	40,398	17	159,921	-
Unreserved/Undesignated	-	-	-	-	-
Total fund balances	-	40,398	17	159,921	-
Total liabilities and fund balances	\$ 8,547	\$ 40,398	\$ 17	\$ 159,921	\$ 341,655

HHRP Grant Fund	Tree Replacement Fund	Capital Projects - Municipal Complex(s)	Capital Projects - Park Projects Fund	Total
\$ 50,165	\$ 477,853	\$ 6,596,270	\$ 987,661	\$ 8,320,818
-	-	-	-	-
-	-	-	9,114	350,783
<u>50,165</u>	<u>477,853</u>	<u>6,596,270</u>	<u>996,775</u>	<u>8,671,601</u>
-	-	48,016	60,978	157,857
-	-	-	-	-
-	-	-	5,136	5,136
-	-	-	-	301,339
50,165	-	-	9,114	59,279
<u>50,165</u>	<u>-</u>	<u>48,016</u>	<u>75,228</u>	<u>523,611</u>
-	-	6,548,254	921,547	7,670,137
-	477,853	-	-	477,853
-	477,853	6,548,254	921,547	8,147,990
<u>\$ 50,165</u>	<u>\$ 477,853</u>	<u>\$ 6,596,270</u>	<u>\$ 996,775</u>	<u>\$ 8,671,601</u>

CITY OF DELTONA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Special Revenue Funds				
	Streetlighting Districts	Fire/Rescue Service Impact Fees	Law Enforcement Impact Fees	Park Impact Fees	Community Development Block Grant
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 1,196,951
Charges for services	97,538	-	-	-	-
Impact fees	-	170,696	35,067	332,710	-
Interest income	148	7,172	450	17,754	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>97,686</u>	<u>177,868</u>	<u>35,517</u>	<u>350,464</u>	<u>1,196,951</u>
Expenditures					
Current:					
General government and administration	-	-	-	-	56,998
Economic environment	-	-	-	-	-
Physical Environment	-	-	-	-	-
Highways and streets	131,305	-	-	-	-
Capital outlay					
General government	-	-	-	-	-
Culture and recreation	-	-	-	-	146,367
Economic environment	-	-	-	-	-
Highways and streets	-	-	-	-	276,235
Physical Environment	-	-	-	-	717,351
Public safety	-	-	-	-	-
Total expenditures	<u>(131,305)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,196,951)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33,619)</u>	<u>177,868</u>	<u>35,517</u>	<u>350,464</u>	<u>-</u>
Other financing sources (uses)					
Transfers from other funds	50,653	-	-	-	-
Transfers to other funds	-	(177,000)	(35,500)	(350,000)	-
Total other financing (uses) sources	<u>50,653</u>	<u>(177,000)</u>	<u>(35,500)</u>	<u>(350,000)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	17,034	868	17	464	-
Fund balances, beginning of year	<u>(17,034)</u>	<u>39,530</u>	<u>-</u>	<u>159,457</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 40,398</u>	<u>\$ 17</u>	<u>\$ 159,921</u>	<u>\$ -</u>

<u>HHRP Grant Fund</u>	<u>Tree Replacement Fund</u>	<u>Capital Projects - Municipal Complex(s)</u>	<u>Capital Projects - Park Projects</u>	<u>Total</u>
\$ 679,829	\$ -	\$ -	\$ 60,952	\$ 1,937,732
-	-	-	-	97,538
-	32,970	-	-	571,443
6,387	22,818	282,257	33,218	370,204
-	-	-	-	-
<u>686,216</u>	<u>55,788</u>	<u>282,257</u>	<u>94,170</u>	<u>2,976,917</u>
-	-	-	-	56,998
686,216	-	-	-	686,216
-	-	-	-	-
-	-	-	-	131,305
-	-	328,722	-	328,722
-	-	-	140,719	287,086
-	-	-	-	-
-	-	-	-	276,235
-	-	-	-	717,351
-	-	391,303	-	391,303
<u>(686,216)</u>	<u>-</u>	<u>(720,025)</u>	<u>(140,719)</u>	<u>(2,875,216)</u>
-	55,788	(437,768)	(46,549)	101,701
-	-	2,462,500	350,000	2,863,153
-	-	-	-	(562,500)
<u>-</u>	<u>-</u>	<u>2,462,500</u>	<u>350,000</u>	<u>2,300,653</u>
-	55,788	2,024,732	303,451	2,402,354
-	422,065	4,523,522	618,096	5,745,636
<u>\$ -</u>	<u>\$ 477,853</u>	<u>\$ 6,548,254</u>	<u>\$ 921,547</u>	<u>\$ 8,147,990</u>

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
STREETLIGHTING DISTRICTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues			
Special assessments	\$ 97,538	\$ 100,765	\$ (3,227)
Interest income	148	-	148
Total revenues	<u>97,686</u>	<u>100,765</u>	<u>(3,079)</u>
Expenditures			
Current:			
Highways and streets	131,305	131,365	60
Total expenditures	<u>(131,305)</u>	<u>(131,365)</u>	<u>60</u>
Excess of revenues			
Over expenditures	<u>(33,619)</u>	<u>(30,600)</u>	<u>(3,019)</u>
Other financing sources (uses)			
Transfers from other funds	50,653	21,600	29,053
Transfers to other funds	-	-	-
Total other financing sources	<u>50,653</u>	<u>21,600</u>	<u>29,053</u>
Excess of revenues and other			
Financing sources over expenditures			
and other financing uses	17,034	(9,000)	26,034
Fund balance, beginning of year	<u>(17,034)</u>	<u>(17,034)</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ (26,034)</u>	<u>\$ 26,034</u>

This schedule is prepared on the basis of Generally Accepted Accounting Principles.

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FIRE/RESCUE SERVICE IMPACT FEES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues			
Impact fees	\$ 170,696	\$ 177,000	\$ (6,304)
Interest	7,172	2,000	5,172
Total revenues	<u>177,868</u>	<u>179,000</u>	<u>(1,132)</u>
Expenditures			
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>177,868</u>	<u>179,000</u>	<u>1,132</u>
Other financing sources (uses)			
Transfers from other funds	-	-	-
Transfers to other funds	(177,000)	(177,000)	-
Total other financing sources (uses)	<u>(177,000)</u>	<u>(177,000)</u>	<u>-</u>
(Deficiency) of revenues and other Financing sources (under) expenditures and other financing uses	868	2,000	(1,132)
Fund balance, beginning of year	<u>39,530</u>	<u>39,530</u>	<u>-</u>
Fund balance, end of year	<u>\$ 40,398</u>	<u>\$ 41,530</u>	<u>\$ (1,132)</u>

This schedule is prepared on the basis of Generally Accepted Accounting Principles.

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
LAW ENFORCEMENT IMPACT FEES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues			
Impact Fees	\$ 35,067	\$ 96,000	\$ (60,933)
Interest	450	-	450
Total revenues	<u>35,517</u>	<u>96,000</u>	<u>(60,483)</u>
Expenditures			
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>35,517</u>	<u>96,000</u>	<u>(60,483)</u>
Other financing sources (Uses)			
Transfers from other funds	-	-	-
Transfers to other funds	(35,500)	(96,000)	60,500
Total other financing sources (uses)	<u>(35,500)</u>	<u>(96,000)</u>	<u>60,500</u>
(Deficiency) of revenues and other Financing sources (under) expenditures and other financing uses	17	-	17
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ 17</u>

This schedule is prepared on the basis of Generally Accepted Accounting Principles.

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
PARK IMPACT FEES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues			
Impact fees	\$ 332,710	\$ 882,500	\$ (549,790)
Interest income	17,754	8,900	8,854
Total revenues	<u>350,464</u>	<u>891,400</u>	<u>(540,936)</u>
Expenditures			
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues Over expenditures	<u>350,464</u>	<u>891,400</u>	<u>(540,936)</u>
Other financing sources (uses)			
Transfers from other funds	-	-	-
Transfers to other funds	(350,000)	(882,000)	532,000
Total other financing sources	<u>(350,000)</u>	<u>(882,000)</u>	<u>532,000</u>
(Deficiency) of revenues and other Financing sources (under) expenditures and other financing uses	464	9,400	(8,936)
Fund balance, beginning of year	<u>159,457</u>	<u>159,457</u>	<u>-</u>
Fund balance, end of year	<u>\$ 159,921</u>	<u>\$ 168,857</u>	<u>\$ (8,936)</u>

This schedule is prepared on the basis of Generally Accepted Accounting Principles.

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 1,196,951	\$ 1,197,156	\$ (205)
Total revenues	<u>1,196,951</u>	<u>1,197,156</u>	<u>(205)</u>
Expenditures			
Current:			
General government and administration	56,998	57,050	52
Capital outlay:			
Culture and recreation	146,367	146,400	33
Physical environment	717,351	717,406	55
Highways and streets	276,235	276,300	65
Total expenditures	<u>(1,196,951)</u>	<u>(1,197,156)</u>	<u>205</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	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

This schedule is prepared on the basis of Generally Accepted Accounting Principles.

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
HHRP GRANT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 679,829	\$ 716,000	\$ (36,171)
Interest income	6,387	-	6,387
Total revenues	<u>686,216</u>	<u>716,000</u>	<u>(29,784)</u>
Expenditures			
Current:			
Economic Environment	686,216	716,000	29,784
Total expenditures	<u>(686,216)</u>	<u>(716,000)</u>	<u>29,784</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>

This schedule is prepared on the basis of Generally Accepted Accounting Principles.

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
TREE REPLACEMENT FEES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues			
Impact Fees	\$ 32,970	\$ 225,000	\$ (192,030)
Interest	22,818	-	22,818
Total revenues	<u>55,788</u>	<u>225,000</u>	<u>(169,212)</u>
Expenditures			
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>55,788</u>	<u>225,000</u>	<u>(169,212)</u>
Other financing sources (Uses)			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
(Deficiency) of revenues and other Financing sources (under) expenditures and other financing uses	55,788	225,000	(169,212)
Fund balance, beginning of year	<u>422,065</u>	<u>422,065</u>	<u>-</u>
Fund balance, end of year	<u>\$ 477,853</u>	<u>\$ 647,065</u>	<u>\$ (169,212)</u>

This schedule is prepared on the basis of Generally Accepted Accounting Principles.

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
CAPITAL PROJECTS - MUNICIPAL COMPLEX(S) FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues			
Interest	\$ 282,257	\$ 27,000	\$ 255,257
Total revenues	<u>282,257</u>	<u>27,000</u>	<u>255,257</u>
Expenditures			
Capital outlay:			
General government	328,722	330,000	1,278
Public safety	391,303	3,470,000	3,078,697
Total expenditures	<u>(720,025)</u>	<u>(3,800,000)</u>	<u>3,079,975</u>
(Deficiency) of revenues (under) expenditures	<u>(437,768)</u>	<u>(3,773,000)</u>	<u>3,335,232</u>
Other financing sources (uses)			
Transfers from other funds	2,462,500	2,523,000	(60,500)
Transfers to other funds	-	-	-
Total other financing sources	<u>2,462,500</u>	<u>2,523,000</u>	<u>(60,500)</u>
Excess of revenues and other Financing sources over expenditures and other financing uses	2,024,732	(1,250,000)	3,274,732
Fund balance, beginning of year	<u>4,523,522</u>	<u>4,523,522</u>	<u>-</u>
Fund balance, end of year	<u>\$ 6,548,254</u>	<u>\$ 3,273,522</u>	<u>\$ 3,274,732</u>

This schedule is prepared on the basis of Generally Accepted Accounting Principles.

CITY OF DELTONA, FLORIDA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
CAPITAL PROJECTS - PARK PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 60,952	\$ 470,500	\$ (409,548)
Interest	33,218	30,000	3,218
Miscellaneous	-	-	-
Total revenues	<u>94,170</u>	<u>500,500</u>	<u>(406,330)</u>
Expenditures			
Capital outlay - culture and recreation	140,719	2,825,000	2,684,281
Total expenditures	<u>(140,719)</u>	<u>(2,825,000)</u>	<u>2,684,281</u>
(Deficiency) of revenues (under) expenditures	<u>(46,549)</u>	<u>(2,324,500)</u>	<u>2,277,951</u>
Other financing sources (uses)			
Transfers from other funds	350,000	3,132,000	(2,782,000)
Transfers to other funds	-	-	-
Total other financing sources	<u>350,000</u>	<u>3,132,000</u>	<u>(2,782,000)</u>
(Deficiency) of revenues and other Financing sources (under) expenditures and other financing uses	303,451	807,500	(504,049)
Fund balance, beginning of year	<u>618,096</u>	<u>618,096</u>	<u>-</u>
Fund balance, end of year	<u>\$ 921,547</u>	<u>\$ 1,425,596</u>	<u>\$ (504,049)</u>

This schedule is prepared on the basis of Generally Accepted Accounting Principles.

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

CONTENTS

Page

Financial Trends

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

Net Assets by Component	83
Changes in Net Assets	84
Fund Balances of Governmental Funds	86
Changes in Fund Balances of Governmental Funds.....	87
Tax Revenues by Source, Governmental Funds.....	88

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Assessed Value and Estimated Actual Value of Taxable Property	89
Direct and Overlapping Property Tax Rates	90
Principal Taxpayers.....	91
Property Tax Levies and Collections	92

Debt Capacity

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

Ratios of Outstanding Debt by Type	93
Direct and Overlapping Governmental Activities Debt	94
Pledged-Revenues Coverage	95

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.

Demographic and Economic Statistics	96
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Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the city provides and the activities it performs.

Full-time Equivalent City Government Employees by Function/Program	99
Various Indicators by Function/Program	100
Water Sold by Type of Customer	101
Sewer Sold by Type of Customer.....	102
Principal Employers	103

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 09/30/03)

	Fiscal Year Ending				
	<u>9/30/2003</u>	<u>9/30/2004</u>	<u>9/30/2005</u>	<u>09/30/06</u>	<u>09/30/07</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 94,936,779	\$ 95,648,664	\$ 98,180,028	\$ 98,811,959	\$ 98,227,017
Restricted	9,780,380	7,636,213	97,088	12,884,043	17,624,008
Unrestricted	9,333,012	12,893,282	\$14,010,005	20,869,676	22,912,202
Total governmental activities net assets	<u>114,050,171</u>	<u>116,178,159</u>	<u>121,898,785</u>	<u>132,565,678</u>	<u>138,763,227</u>
Business-type activities					
Invested In capital assets, net of related debt	-	(3,589,804)	(2,268,990)	(1,110,093)	687,601
Restricted	-	1,670,614	3,777,106	5,084,342	5,756,187
Unrestricted	-	3,305,568	3,289,974	3,194,364	2,400,615
Total business-type activities net assets	<u>-</u>	<u>1,386,378</u>	<u>4,798,090</u>	<u>7,168,613</u>	<u>8,844,403</u>
Primary government					
Invested In capital assets, net of related debt	94,936,779	92,058,860	95,911,038	97,701,866	98,914,618
Restricted	9,780,380	9,306,827	13,485,858	17,968,385	23,380,195
Unrestricted	9,333,012	16,198,850	17,299,979	24,064,040	25,312,817
Total primary government net assets	<u>\$114,050,171</u>	<u>\$117,564,537</u>	<u>\$126,696,875</u>	<u>\$ 139,734,291</u>	<u>\$ 147,607,630</u>

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

	Fiscal Years Ending				
	9/30/2003	9/30/2004	9/30/2005	9/30/2006	9/30/2007
Expenses					
Governmental activities:					
General government	\$ 5,142,033	\$ 6,163,917	\$ 7,511,985	\$ 7,934,679	\$ 9,703,442
Public safety	9,459,870	11,116,849	11,416,880	13,059,405	15,601,863
Highways and Streets	6,567,642	12,251,123	7,625,589	6,256,676	6,752,773
Culture and recreation	1,431,971	2,442,211	1,872,250	2,292,825	2,785,735
Economic environment	361,966	161,787	609,644	2,287,563	1,363,432
Physical environment	5,845,114	5,484,689	5,702,314	5,727,828	5,969,928
Interest on long-term debt	-	-	-	190,410	854,963
Total governmental activities	<u>28,808,596</u>	<u>37,620,576</u>	<u>34,738,662</u>	<u>37,749,386</u>	<u>43,032,136</u>
Business-type activities:					
Personal services	-	1,823,063	2,351,334	2,690,157	3,065,373
Operating expenses	-	2,423,113	3,519,953	3,519,637	3,810,492
Professional services	-	718,050	231,610	129,704	78,425
Depreciation	-	1,950,983	2,264,714	2,511,124	2,560,312
Insurance	-	119,116	123,838	78,754	170,521
Bad debts	-	59,437	95,000	61,000	58,000
Total business-type activities	<u>-</u>	<u>7,093,762</u>	<u>8,586,449</u>	<u>8,990,376</u>	<u>9,743,123</u>
Total primary government expenses	<u>28,808,596</u>	<u>44,714,338</u>	<u>43,325,111</u>	<u>46,739,762</u>	<u>52,775,259</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	2,793,752	2,927,245	3,493,022	3,522,887	2,211,608
Public safety	361,267	291,199	296,238	404,301	321,400
Transportation	-	-	-	-	-
Culture and recreation	86,323	129,146	-	220,045	239,614
Physical environment	3,076,197	3,186,061	3,722,521	3,799,283	3,851,466
Operating grants and contributions	427,917	5,625,081	4,327,207	2,292,489	1,668,575
Capital grants and contributions	3,977,971	2,396,807	4,275,697	5,332,206	4,913,892
Total governmental activities program revenues	<u>10,723,427</u>	<u>14,555,539</u>	<u>16,114,685</u>	<u>15,571,211</u>	<u>13,206,555</u>
Business-type activities:					
Charges for services:					
Water	-	6,511,194	7,995,028	8,558,812	8,528,101
Wastewater	-	3,251,194	4,373,292	4,266,858	4,295,944
Connection fees	-	818,632	108,299	102,420	88,815
Operating grants and contributions	-	-	277,746	-	-
Capital grants and contributions	-	642,214	2,042,282	1,097,791	542,629
Total business-type activities program revenues	<u>-</u>	<u>11,223,234</u>	<u>14,796,647</u>	<u>14,025,881</u>	<u>13,455,489</u>
Total primary government program revenues	<u>10,723,427</u>	<u>25,778,773</u>	<u>30,911,332</u>	<u>29,597,092</u>	<u>26,662,044</u>
Net (expenditures) revenues					
Governmental activities	(18,085,169)	(23,065,037)	(18,623,977)	(22,178,175)	(29,825,581)
Business-type activities	-	4,129,472	6,210,198	5,035,505	3,712,366
Total primary government net (expenses) revenues	<u>(18,085,169)</u>	<u>(18,935,565)</u>	<u>(12,413,779)</u>	<u>(17,142,670)</u>	<u>(26,113,215)</u>

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

	Fiscal Years Ending				
	9/30/2003	9/30/2004	9/30/2005	9/30/2006	9/30/2007
General revenues & other changes in net assets					
Governmental activities:					
Taxes:					
Property taxes	6,626,383	7,334,228	8,394,332	9,878,462	12,782,901
Franchise fees	2,717,373	2,815,567	3,168,855	3,963,179	3,788,900
Public service tax	6,298,994	6,411,966	6,874,286	7,360,867	7,567,153
Local Option Gas Taxes	2,417,699	2,153,415	2,322,563	2,164,256	2,194,708
State revenue sharing	5,721,785	5,841,122	6,807,016	7,003,487	6,787,553
Investment earnings	262,395	160,013	531,582	1,627,596	3,086,818
Miscellaneous income	270,166	476,714	279,929	343,892	318,426
Total governmental activities	<u>24,314,795</u>	<u>25,193,025</u>	<u>28,378,563</u>	<u>32,341,739</u>	<u>36,526,459</u>
Business-type activities:					
Investment earnings	-	463,551	460,360	716,327	990,594
Gain on sale of capital assets	-	-	32,536	9,505	9,358
Interest expense and issue costs	-	(3,568,504)	(3,949,749)	(3,926,081)	(3,557,293)
Miscellaneous income	-	361,859	658,367	535,267	520,764
Total business-type activities	<u>-</u>	<u>(2,743,094)</u>	<u>(2,798,486)</u>	<u>(2,664,982)</u>	<u>(2,036,577)</u>
Total primary government	<u>24,314,795</u>	<u>22,449,931</u>	<u>25,580,077</u>	<u>29,676,757</u>	<u>34,489,882</u>
Change in net assets					
Governmental activities	6,229,626	2,127,988	9,754,586	10,163,564	6,700,878
Business-type activities	-	1,386,378	3,411,712	2,370,523	1,675,789
Total primary government	<u>\$ 6,229,626</u>	<u>\$ 3,514,366</u>	<u>\$ 13,166,298</u>	<u>\$ 12,534,087</u>	<u>\$ 8,376,667</u>

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

	Fiscal Years Ending September 30									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General fund										
Reserved	\$ 929,084	\$ 1,031,285	\$ 301,898	\$ 562,505	\$ 655,259	\$ -	\$ -	\$ -	\$ 430,894	\$ 226,372
Unreserved	8,073,441	4,045,341	5,345,147	6,942,402	11,349,366	9,154,920	1,549,689	11,407,512	17,526,869	21,077,058
Total general fund	<u>9,002,525</u>	<u>5,076,626</u>	<u>5,647,045</u>	<u>7,504,907</u>	<u>12,004,625</u>	<u>9,154,920</u>	<u>1,549,689</u>	<u>11,407,512</u>	<u>17,957,763</u>	<u>21,303,430</u>
All other governmental funds										
Reserved	80,705	185,050	624,165	4,131,730	1,251,487	9,780,380	8,085,040	9,708,752	31,112,787	32,482,443
Unreserved reported in:										
Special revenue funds	954,253	2,001,799	3,069,224	5,380,854	4,534,261	648,309	2,082,722	1,913,789	2,842,489	2,744,876
Capital projects funds	-	5,190,013	5,961,912	1,059,234	2,461,734	-	-	-	-	-
Total all other governmental funds	<u>\$ 1,034,958</u>	<u>\$ 7,376,862</u>	<u>\$ 9,655,301</u>	<u>\$ 10,571,818</u>	<u>\$ 8,247,482</u>	<u>\$ 10,428,689</u>	<u>\$ 10,167,762</u>	<u>\$ 11,622,541</u>	<u>\$ 33,955,276</u>	<u>\$ 35,227,319</u>

(1) The large decrease in General fund balance in fiscal year ended 2004 was the result of hurricane debris removal expenditures that were reimbursed in fiscal year 2005.

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

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

	Fiscal Years Ending September 30									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues:										
Property taxes	(1) \$ 10,316,886	(1) \$ 5,319,728	\$ 5,464,575	\$ 5,950,617	\$ 6,139,833	\$ 6,626,383	\$ 7,334,228	\$ 8,394,332	\$ 9,878,462	\$ 12,782,897
Franchise fees	(1) n/a	(1) 229,717	342,044	370,123	1,428,238	2,717,374	2,815,567	3,168,855	3,963,179	3,788,900
Public service tax	(1) n/a	(1) 3,461,674	3,586,462	4,038,130	6,143,085	6,298,994	6,411,966	6,874,286	7,360,867	7,567,153
State revenue sharing	(1) n/a	(1) 1,334,263	1,472,313	1,539,215	1,554,947	1,786,901	1,956,265	2,473,587	2,591,215	2,506,737
Intergovernmental	(1) 4,361,851	(1) 4,153,054	4,910,233	5,703,269	6,332,558	7,712,493	6,683,930	15,887,440	10,424,400	9,625,961
Charges for services	4,453,585	4,578,034	4,730,935	5,210,704	5,848,103	7,123,832	7,421,216	9,262,321	9,709,730	8,509,902
Fines and forfeitures	136,389	203,606	225,853	394,552	289,326	330,006	258,376	296,238	335,093	257,189
Impact fees	397,424	358,780	450,243	464,715	581,659	736,595	755,063	1,523,928	1,804,404	1,115,958
Interest income	538,613	584,192	966,679	818,361	389,794	262,395	160,013	531,582	1,627,596	3,086,818
Miscellaneous	378,991	603,716	831,236	1,282,014	885,030	1,443,249	598,987	670,429	569,030	491,499
Total revenues	<u>20,583,739</u>	<u>20,826,764</u>	<u>22,980,573</u>	<u>25,771,700</u>	<u>29,592,573</u>	<u>35,038,222</u>	<u>34,395,611</u>	<u>49,082,998</u>	<u>48,263,976</u>	<u>49,733,014</u>
Expenditures:										
General government	2,501,083	3,013,293	3,024,952	3,445,370	3,973,662	4,748,270	5,689,764	6,759,888	7,018,478	8,704,564
Public safety	6,347,580	7,032,924	7,073,864	7,416,040	7,890,927	9,085,907	10,687,423	11,597,713	12,676,423	14,801,650
Transportation	2,228,091	2,847,399	2,980,492	2,136,737	2,798,241	4,693,392	11,464,814	4,516,203	3,213,677	2,767,920
Culture/Recreation	672,906	706,550	816,165	821,153	986,472	1,253,886	1,462,220	1,853,925	1,837,059	2,231,633
Economic environment	128,315	138,644	154,151	-	233,196	361,966	161,787	609,644	2,287,563	1,363,432
Physical environment	2,895,686	3,061,880	3,038,069	3,381,239	4,477,589	5,169,043	4,738,776	5,418,280	5,317,395	5,557,871
Capital outlay	2,193,302	1,348,146	2,464,896	5,796,782	7,057,104	10,394,255	8,056,985	7,014,743	5,912,901	8,231,399
Debt service										
Interest	46,333	33,543	10,305	-	-	-	-	-	-	1,056,835
Principal	228,379	228,380	568,821	-	-	-	-	-	-	400,000
Total expenditures	<u>17,241,675</u>	<u>18,410,759</u>	<u>20,131,715</u>	<u>22,997,321</u>	<u>27,417,191</u>	<u>35,706,719</u>	<u>42,261,769</u>	<u>37,770,396</u>	<u>38,263,496</u>	<u>45,115,304</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,342,064</u>	<u>2,416,005</u>	<u>2,848,858</u>	<u>2,774,379</u>	<u>2,175,382</u>	<u>(668,497)</u>	<u>(7,866,158)</u>	<u>11,312,602</u>	<u>10,000,480</u>	<u>4,617,710</u>
Other financing sources (uses):										
Proceeds from issuance of debt	-	-	-	-	-	-	-	-	18,240,000	-
Premium on revenue bonds	-	-	-	-	-	-	-	-	308,836	-
Revenue bonds proceeds from debt service agreement	-	-	-	-	-	-	-	-	333,670	-
Transfers from other funds	45,000	5,605,015	1,112,500	2,567,500	2,125,000	10,000,000	5,015,000	4,103,887	2,677,711	2,863,153
Transfers to other funds	(45,000)	(5,605,015)	(1,112,500)	(2,567,500)	(2,125,000)	(10,000,000)	(5,015,000)	(4,103,887)	(2,677,711)	(2,863,153)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,882,506</u>	<u>-</u>
Net change in fund balances	<u>\$ 3,342,064</u>	<u>\$ 2,416,005</u>	<u>\$ 2,848,858</u>	<u>\$ 2,774,379</u>	<u>\$ 2,175,382</u>	<u>\$ (668,497)</u>	<u>\$ (7,866,158)</u>	<u>\$ 11,312,602</u>	<u>\$ 28,882,986</u>	<u>\$ 4,617,710</u>
Debt service as a percentage of noncapital expenditures	<u>1.6%</u>	<u>1.4%</u>	<u>3.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>4.1%</u>

(1) Data is not available in the format shown on this schedule for fiscal years ended 1997 and 1998. Taxes include franchise fees and public service tax. Intergovernmental includes State Revenue Sharing.

(2) The large decrease in fund balance in fiscal year ended 2004 was the result of hurricane debris removal expenditures that were reimbursed in fiscal year 2005.

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

CITY OF DELTONA, FLORIDA
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

Fiscal Year	Ad Valorem Tax	Franchise Fees			Public Service Tax			Total
		Electric	Cable Television	Other	Electric	Telecom- munication	Gas	
1998	\$ 5,209	\$ -	\$ 375	\$ -	\$ 2,798	\$ 505	\$ 69	\$ 8,956
1999	5,320	-	221	8	2,799	600	63	9,011
2000	5,465	-	252	90	2,815	701	70	9,393
2001	5,951	-	315	55	2,935	1,021	82	10,359
2002	6,140	1,424	-	4	3,349	2,715	79	13,711
2003	6,626	2,650	-	68	3,398	2,811	90	15,643
2004	7,334	2,763	-	53	3,271	3,047	94	16,562
2005	8,394	3,116	-	53	3,564	3,200	110	18,437
2006	9,879	3,883	-	80	3,847	3,405	109	21,203
2007	12,783	3,731	-	58	3,870	3,590	107	24,139
Change 1998-2007	145.4%	N/A	N/A	N/A	38.3%	610.9%	55.1%	169.5%

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

Fiscal Year	Real Property	Personal Property	Total Assessed Valuation	Total Direct Rate	Total Estimated Actual Value	Assessed Value as a Percentage of Actual Value
1997	\$ 1,667,802	\$ 94,915	\$ 1,762,717	4.198	\$ 1,778,077	99.1%
1998	1,708,300	107,140	1,815,440	4.19800	1,823,844	99.5%
1999	1,757,122	105,934	1,863,056	4.19800	1,875,545	99.3%
2000	1,827,743	88,246	1,915,989	4.19800	1,938,417	98.8%
2001	1,942,488	100,571	2,043,059	4.19800	2,088,523	97.8%
2002	2,068,642	101,735	2,170,377	4.19800	2,235,510	97.1%
2003	2,209,069	104,265	2,313,334	4.19800	2,448,027	94.5%
2004	2,415,849	110,081	2,525,930	4.19800	2,732,846	92.4%
2005	2,734,204	110,888	2,845,092	4.19800	3,199,018	88.9%
2006	3,171,520	101,215	3,272,735	4.15000	3,865,228	84.7%
2007	4,066,569	109,340	4,175,909	4.01451	5,490,449	76.1%

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

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

Fiscal Year	Direct Rate	Overlapping Rates					Total
	City of Deltona	County of Volusia	Volusia County School Board	St. Johns River Water Management District	Florida Inland Navigation District	West Volusia Hospital Authority	
1998	4.19800	6.38100	10.48700	0.48200	0.05000	1.87206	23.47006
1999	4.19800	6.37800	10.37600	0.48200	0.04700	1.60000	23.08100
2000	4.19800	6.37300	9.91700	0.48200	0.04400	1.56918	22.58318
2001	4.19800	6.36700	9.15800	0.47200	0.04100	1.59681	21.83281
2002	4.19800	6.60400	9.01500	0.46200	0.03850	1.59680	21.91430
2003	4.19800	6.60400	8.89900	0.46200	0.03850	1.59680	21.79830
2004	4.19800	6.60400	8.69900	0.46200	0.03850	1.80000	21.80150
2005	4.19800	6.60400	8.51700	0.46200	0.03850	1.80000	21.61950
2006	4.15000	6.29400	8.25900	0.46200	0.03850	1.55000	20.75350
2007	4.01451	5.13330	7.68500	0.46200	0.03850	1.26190	18.59521

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

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

Taxpayer	September 30, 1997			September 30, 2007		
	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Florida Power & Light Company	\$ -		0.0%	\$ 15,912	1	0.4%
D O T Properties N V	-		0.0%	10,591	2	0.3%
Bright House Networks LLC	4,425	7	0.3%	9,819	3	0.2%
Progress Energy				8,598	4	0.2%
Bellsouth Telecommunication, Inc.	10,887	3	0.6%	7,712	5	0.2%
Maronda Homes Inc. of Florida	-		0.0%	7,475	6	0.2%
I-4 Howland Investment LLC	-		0.0%	7,090	7	0.2%
Trafalgar Holdings LLC	-		0.0%	6,829	8	0.2%
Embarq Florida, Inc.	9,018	4	0.5%	6,398	9	0.2%
Deltona Associates	3,879	9	0.2%	6,260	10	0.1%
Publix Super Markets, Inc.	5,438	5	0.3%	-		0.0%
Florida Power Corporation	36,564	1	2.1%	-		0.0%
Albertson's, Inc.	4,836	6	0.3%	-		0.0%
Florida Water Services	22,521	2	1.3%	-		0.0%
Prime-Muben Partners	4,020	8	0.2%	-		0.0%
Beverly Enterprises	2,722	10	0.2%	-		0.0%
All Other	1,658,407		94.1%	4,089,225		97.9%
	<u>\$ 1,762,717</u>		<u>100.0%</u>	<u>\$ 4,175,909</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
1998	5,386,434	5,209,402	96.7%	n/a	5,209,402	96.7%
1999	5,504,990	5,319,728	96.6%	n/a	5,319,728	96.6%
2000	5,664,939	5,464,575	96.5%	n/a	5,464,575	96.5%
2001	6,094,183	5,950,617	97.6%	n/a	5,950,617	97.6%
2002	6,341,059	6,139,833	96.8%	n/a	6,139,833	96.8%
2003	6,845,840	6,626,383	96.8%	n/a	6,626,383	96.8%
2004	7,609,418	7,334,228	96.4%	n/a	7,334,228	96.4%
2005	8,694,704	8,385,492	96.4%	8,840	8,394,332	96.5%
2006	10,230,420	9,862,225	96.4%	16,237	9,878,462	96.6%
2007	13,663,075	12,760,664	93.4%	22,233	12,782,897	93.6%

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-</u>	<u>Total</u>	<u>Per</u>
	<u>Revenue</u>	<u>General</u>	<u>Type Activities</u>		
	<u>Bonds</u>	<u>Obligation</u>	<u>Utility System</u>	<u>Primary</u>	<u>Capita</u>
		<u>Notes Payable</u>	<u>Revenue Bonds</u>	<u>Government</u>	
1998	-	800,893	-	800,893	14
1999	-	572,514	-	572,514	10
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	81,725,000	81,725,000	1,021
2005	-	-	81,225,000	81,225,000	979
2006	18,240,000	-	80,575,000	98,815,000	1,156
2007	17,840,000	-	79,825,000	97,665,000	1,142

CITY OF DELTONA, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2007

<u>Taxing Authority</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to Deltona</u>	<u>Amount Applicable to Deltona</u>
City of Deltona	\$ 17,840,000	100%	\$ 17,840,000
County of Volusia (1)	-	8.65%	-
Volusia County School Board (2)	<u>9,780,000</u>	8.65%	<u>845,970</u>
Total Direct and Overlapping Debt	<u><u>\$ 27,620,000</u></u>		<u><u>\$ 18,685,970</u></u>

(1) Source: County of Volusia Finance Department.

(2) Source: Volusia County School Board.

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

Fiscal Year	Water and Sewer Revenue Bonds					
	(1)	(2)	(3)	(3)		Coverage
	Utility Revenues	Less Operating Expenses	Net Available Revenue	2003 Revenue Bonds		
			Principal	Interest		
2004	\$ 11,585,093	\$ 5,142,779	\$ 6,442,314	\$ 500,000	\$ 3,570,531	1.58
2005	15,177,268	6,321,735	8,855,533	650,000	3,885,125	1.95
2006	14,561,148	6,479,252	8,081,896	750,000	3,872,125	1.75
2007	\$ 13,976,253	\$ 7,182,810	6,793,443	850,000	3,857,125	1.44

- (1) For purposes of debt coverage the following is a list of revenues included: All water and sewer revenues and water and sewer impact fees. Interest income is not included.
- (2) Direct operating expenses does not include depreciation.
- (3) Interest expense has not been reduced by capitalized interest.

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

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

Year	Per Capita Income (1)							Median Household Income (1)						
	Florida	Lake	Orange	Seminole	Sumter	Marion	Volusia	Florida	Lake	Orange	Seminole	Sumter	Marion	Volusia
1997-98	24,502	22,295	22,760	26,258	14,099	19,496	20,387	32,455	28,327	34,558	41,428	24,024	26,950	28,253
1998-99	25,987	23,698	24,173	27,996	14,714	20,724	21,293	34,909	30,768	36,979	43,061	25,601	28,244	29,843
1999-00	26,894	24,610	25,493	29,416	15,023	21,562	21,988	35,831	32,898	38,327	44,113	27,360	29,498	31,269
2000-01	28,509	25,651	27,084	30,294	15,422	22,640	23,327	38,856	35,170	39,401	46,559	30,090	30,537	33,016
2001-02	29,268	26,048	26,890	32,050	16,800	23,234	24,253	46,421	37,354	42,656	50,122	31,730	32,532	35,278
2002-03	29,700	25,937	27,400	32,750	17,255	23,106	24,730	38,024	36,585	41,202	49,287	30,559	31,490	34,740
2003-04	30,116	26,389	28,203	33,670	18,220	23,803	25,062	38,972	37,398	40,697	48,957	31,673	31,851	35,010
2004-05	31,469	27,122	29,748	35,716	19,400	24,749	26,118	40,554	39,013	40,604	49,199	34,050	33,177	36,038
2005-06	33,219	27,122	29,748	35,716	19,400	24,749	26,118	40,554	39,013	40,604	49,199	34,050	33,177	36,038
2006-07	35,798	28,942	31,569	38,838	21,878	26,893	28,347	42,990	40,745	41,725	50,842	37,523	34,948	37,247

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

(2) Source University of South Florida College of Business Administration. Provides relative costs of living. The Average is set at 100%

(3) Source Inflation Data . Com Average CPI or Calendar Year

(4) Source Lake County School Board, Tavares, Florida

(5) Source US Census Bureau, 2000

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

Cost of Living Index Lake and Surrounding Counties							Unemployment Lake and Surrounding Counties				
Year	Lake	Orange	Seminole	Sumter	Marion	Volusia	Lake	Orange	Seminole	Marion	Volusia
(1) 1997-98	94.21	101.88	98.38	92.49	93.15	96.38	3.80	3.20	2.70	3.00	3.30
1998-99	96.14	99.04	99.48	89.66	94.16	95.64	3.20	2.80	2.70	2.90	3.20
1999-00	94.48	99.21	100.00	88.57	93.30	94.75	3.90	3.20	3.10	4.30	3.50
2000-01	95.13	98.69	97.39	92.58	93.25	94.50	4.30	3.90	3.70	4.90	4.00
2001-02	95.57	97.67	95.87	92.42	93.75	956.20	5.50	5.40	5.20	5.70	5.20
2002-03	90.53	96.71	96.52	91.72	97.31	95.06	5.20	5.20	5.00	5.40	5.10
2003-04	98.79	101.63	100.01	95.14	95.99	96.16	4.30	4.40	4.00	4.50	4.60
2004-05	98.13	101.17	99.99	95.50	96.02	95.53	3.40	3.50	3.20	3.20	3.40
2005-06	97.50	100.99	99.56	95.33	94.30	94.90	3.30	3.00	2.80	3.30	3.10
(2) 2006-07	97.69	101.19	99.98	95.52	94.82	94.77	4.40	3.90	3.70	4.80	4.30

(1) Source US Department of Commerce, Bureau of Economic Analysis (Florida Research Economic Database) (For years 1997-2006)

(2) Source University of South Florida College of Business Administration. Provides relative costs of living. The Average is set at 100%

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

Fiscal Year	Population (1)			Unemployment Rate (2)	School (3)	
	Deltona	County	% of City		Enrollment	Attendance
1998	58,434	420,431	13.90%	3.4%	12,845	96.0%
1999	59,717	426,815	13.99%	3.1%	13,530	96.2%
2000	61,191	443,343	13.80%	2.8%	14,058	96.7%
2001	69,543	452,050	15.38%	4.3%	14,583	96.6%
2002	71,599	459,569	15.58%	5.4%	14,920	96.6%
2003	76,332	470,770	16.21%	5.1%	15,376	96.0%
2004	80,052	484,080	16.54%	4.8%	15,994	96.3%
2005	82,973	494,649	16.77%	2.9%	16,228	96.4%
2006	85,484	503,844	16.97%	3.0%	16,465	96.5%
2007	86,540	508,014	17.03%	3.1%	16,116	96.6%

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

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

(3) Source: Volusia County School Board.

CITY OF DELTONA, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Full-Time Equivalent Employees									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
City Manager	5.0	5.0	5.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0
City Clerk	2.0	3.0	3.0	4.0	4.0	4.0	5.5	6.0	7.5	8.0
Finance	4.0	6.0	7.0	7.0	8.0	14.0	17.5	14.0	17.5	17.5
City Attorney	-	-	1.0	1.0	1.0	3.0	5.0	6.0	7.0	6.0
Development Services	13.0	16.0	16.0	22.0	31.0	37.0	42.0	51.0	60.5	69.0
Human Resources	1.0	2.0	2.0	2.0	2.0	3.0	4.5	3.5	6.0	6.0
Parks & Recreation	-	-	1.0	17.0	20.0	25.0	29.0	29.0	32.0	37.5
Total general government	<u>25.0</u>	<u>32.0</u>	<u>35.0</u>	<u>56.0</u>	<u>69.0</u>	<u>89.0</u>	<u>106.5</u>	<u>112.5</u>	<u>133.5</u>	<u>148.0</u>
Police Officers	n/a	n/a	55.0	56.0	58.0	65.0	66.0	72.0	72.0	72.0
Fire & Rescue:										
Firefighters	42.0	45.0	45.0	45.0	45.0	51.0	51.0	54.0	66.0	69.0
Administration & Communication	20.0	20.5	20.5	17.5	16.5	16.5	19.0	20.5	21.5	24.5
Total Fire & Rescue	<u>62.0</u>	<u>65.5</u>	<u>65.5</u>	<u>62.5</u>	<u>61.5</u>	<u>67.5</u>	<u>70.0</u>	<u>74.5</u>	<u>87.5</u>	<u>93.5</u>
Total public safety	<u>62.0</u>	<u>65.5</u>	<u>120.5</u>	<u>118.5</u>	<u>119.5</u>	<u>132.5</u>	<u>136.0</u>	<u>146.5</u>	<u>159.5</u>	<u>165.5</u>
Public Works	24.0	28.0	28.0	28.5	28.0	29.0	25.0	31.5	28.0	31.0
Storm Water	-	-	-	8.0	14.0	18.0	26.0	23.0	23.0	25.0
Total public services	<u>24.0</u>	<u>28.0</u>	<u>28.0</u>	<u>36.5</u>	<u>42.0</u>	<u>47.0</u>	<u>51.0</u>	<u>54.5</u>	<u>51.0</u>	<u>56.0</u>
Water/Sewer utility	-	-	-	-	-	-	42.5	55.5	64.0	67.5
Solid Waste	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total public services	<u>-</u>	<u>-</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>43.5</u>	<u>56.5</u>	<u>65.0</u>	<u>68.5</u>
Total government employees	<u>111.0</u>	<u>125.5</u>	<u>184.5</u>	<u>212.0</u>	<u>231.5</u>	<u>269.5</u>	<u>337.0</u>	<u>370.0</u>	<u>409.0</u>	<u>438.0</u>

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

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General										
Last charter amendment					November 6, 2001					
Number of Commissioners	7	7	7	7	7	7	7	7	7	7
Form of government			Commissioner: 4 Year Term of Office - Appointed City Manager							
Municipal boundaries (1)	46	46	46	46	46	46	46	46	46	46
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of Police officers	n/a	n/a	55	56	58	65	66	72	72	72
Number of patrol vehicles	n/a	n/a	n/a	n/a	n/a	n/a	40	40	40	40
Number of arrests	n/a	n/a	n/a	n/a	n/a	n/a	5,068	9,386	6,544	3,435
Fire										
Number of stations	4	4	4	4	4	4	4	4	4	4
Number of vehicles	4	4	4	4	4	4	5	5	6	6
Number of calls	6,230	6,336	6,501	6,983	7,199	7,430	8,713	7,782	7,804	8,180
Building										
Building permits issued	1,577	3,226	3,066	3,382	4,217	5,036	5,662	10,294	5,857	5,062
Average price of single family Residential construction	62,315	73,206	72,593	101,590	134,625	151,862	157,440	164,428	204,176	243,510
Value of permits issued (\$1,000's of dollars)	n/a	n/a	n/a	n/a	\$ 170,116	\$ 235,369	\$ 234,744	\$ 435,386	\$ 211,986	\$ 97,110
Recreation										
Number of parks	n/a	n/a	14	14	14	14	14	14	15	15
Acres maintained	n/a	n/a	115	148	148	202	202	202	216	216
Number of buildings	n/a	n/a	11	11	11	11	13	14	15	15
Number of people served	n/a	n/a	n/a	n/a	n/a	n/a	90,041	168,428	223,533	235,105
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	8	10	14	18	23	23	26	26	29	31
Number of city maintained traffic signals	3	3	3	3	4	4	4	4	5	7
Number of school signals	22	22	22	22	22	22	22	25	25	25
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	n/a	n/a	30,295	30,981	31,811	32,419
Average daily flow (2)	n/a	n/a	n/a	n/a	n/a	n/a	12.26	11.06	12.71	12.94
Miles of water main	n/a	n/a	n/a	n/a	n/a	n/a	475	480	480	500
Number of plants	n/a	n/a	n/a	n/a	n/a	n/a	17	17	17	17
Number of vehicles	n/a	n/a	n/a	n/a	n/a	n/a	26	27	22	34
Number of buildings	n/a	n/a	n/a	n/a	n/a	n/a	28	28	28	28
Wastewater (3)										
Miles of sanitary sewers	n/a	n/a	n/a	n/a	n/a	n/a	75	75	75	75
Number of vehicles	n/a	n/a	n/a	n/a	n/a	n/a	11	11	9	15
Number of buildings	n/a	n/a	n/a	n/a	n/a	n/a	4	4	4	4
Number of plants	n/a	n/a	n/a	n/a	n/a	n/a	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 YEARS
(In Millions of Gallons)

<u>Type of Customer</u>	<u>Fiscal Year</u>			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Single Family Residences	1,702.75	3,333.14	4,012.24	4,068.18
Multi Family Residences	0.89	1.93	2.19	2.61
Commercial	55.77	115.48	116.08	118.60
Multi Family Commercial	0.89	2.08	2.42	1.89
Hydrant	-	0.79	6.19	4.03
Bulk	18.78	37.29	41.93	47.99
Irrigation	16.18	31.11	48.32	60.29
Totals	<u>1,795.26</u>	<u>3,521.82</u>	<u>4,229.37</u>	<u>4,303.59</u>

Water Rates (Per 1,000 gallons consumed)

All Customers

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

<u>Type of Customer</u>	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Single Family Residences	98.77	238.77	248.25	246.97
Multi Family Residences	0.08	0.19	0.19	0.97
Commercial	28.91	70.18	69.64	79.40
Multi Family Commercial	0.46	1.04	1.18	0.87
Bulk	-	13.11	14.59	15.67
Totals	<u>128.22</u>	<u>323.29</u>	<u>333.85</u>	<u>343.88</u>

Sewer Rates (Per 1,000 gallons consumed)

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

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

**City of Deltona
Principal Employers
Current Year and Nine Years Ago**

Employer	2007			1998		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Winn Dixie Stores, Inc.	390	1	3.68%	n/a	1	n/a
City of Deltona	380	2	3.59%	n/a	2	n/a
Publix Supermarkets	314	3	2.96%	n/a	3	n/a
Pine Ridge High School	250	4	2.36%	n/a	4	n/a
Walmart	220	5	2.08%	n/a	5	n/a
Albertsons	200	6	1.89%	n/a	6	n/a
Deltona Middle School	200	7	1.89%	n/a	7	n/a
Galaxy Middle School	160	8	1.51%	n/a	8	n/a
Friendship Elementary	150	10	1.42%	n/a	10	n/a
Total	2264		21.37%	n/a		n/a

Source: InfoUSA (Reference USA Database) V2008.1

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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 FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	CFDA Number	Program or Award Amount	Expenditures
U.S. Department of Housing and Urban Development				
Community Development Block Grant	B-06-MC-12-0049	14.218	\$ 512,156	\$ 365,524
Community Development Block Grant	B-05-MC-12-0049	14.218	563,408	515,144
Community Development Block Grant	B-04-MC-12-0049	14.218	589,000	311,716
Community Development Block Grant	B-03-MC-12-0049	14.218	596,000	4,566
Total Department of Housing and Urban Development			<u>2,260,564</u>	<u>1,196,950</u>
Federal Emergency Management Agency				
Passed Through State of Florida, Division of Emergency Management (DEM):				
Sumatra Avenue Drainage Project	07HM-4@-06-74-02-063	97.039	479,732	7,344
Passed Through State of Florida, Department of Community Affairs (DCA):				
2200 Hawks Landing Acquisition	06HM-4@-06-74-02-052	97.039	247,350	237,203
Total Federal Emergency Management Agency			<u>727,082</u>	<u>244,547</u>
Department of Homeland Security				
Passed Through State of Florida, Division of State Fire Marshal:				
Technical Rescue Team Reimbursement (USAR)		97.067	10,824	3,600
Total Department of Homeland Security			<u>10,824</u>	<u>3,600</u>
Total Expenditures of Federal Awards			<u>\$ 2,998,470</u>	<u>\$ 1,445,097</u>

Note to the Schedule of Expenditures of Federal Awards

Basis of Presentation

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

CITY OF DELTONA, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2007

<u>State Grantor/Program Title</u>	<u>Grant Number</u>	<u>CSFA Number</u>	<u>Program or Award Amount</u>	<u>Expenditures</u>
Florida Department of Environmental Protection				
Florida Recreation Development Assistance Programs: Campbell Park Overlook Project	F06230	37.017	\$ 200,000	\$ 20,076
Statewide Surface Water Restoration and Wastewater Projects: McGarity-Kirkhill Regional Stormwater Retrofit	S0262	37.039	1,113,724	76,402
Total Florida Department of Environmental Protection			<u>1,313,724</u>	<u>96,478</u>
Florida Housing Finance Corporation				
State Housing Initiatives Partnership Program	N/A	52.901	1,918,895	677,216
Hurricane Housing Recovery Program	N/A	52.902	994,698	686,216
Total Florida Housing Finance Corporation			<u>2,913,593</u>	<u>1,363,432</u>
Fish and Wildlife Conservation Commission				
Florida Boating Improvement Programs Lake Monroe Floating Dock Project	5114	77.006	130,000	4,952
Total Expenditures of State Awards			<u>\$ 4,357,317</u>	<u>\$ 1,464,862</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*.

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**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, 2007, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 7, 2008. 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 7, 2008.

Certified Public Accountants

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

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

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

Compliance and Other Matters

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

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

Purvis, Gray and Company, LLP

March 7, 2008
Ocala, Florida

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

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

Compliance

We have audited the compliance of the City of Deltona, Florida (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, and the requirements described in the Florida Department of Financial Service's State Projects Compliance Supplement that are applicable to each of its major federal programs and state projects for the year ended September 30, 2007. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2007.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and state financial assistance projects. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of

Certified Public Accountants

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

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

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

Internal Control Over Compliance (*Concluded*)

expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal controls over compliance.

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

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

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

Schedule of Expenditures of Federal Awards and State Financial Assistance

We have audited the basic financial statements of the City as of and for the year ended September 30, 2007, and have issued our report thereon dated March 7, 2008. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133, and Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Purvis, Gray and Company, LLP

March 7, 2008
Ocala, Florida

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2007
 CITY OF DELTONA, FLORIDA**

PART A - SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unqualified opinion on the basic financial statements of the City of Deltona, Florida.
2. No significant deficiencies were disclosed during the audit of the basic financial statements of the City of Deltona, Florida.
3. No instances of noncompliance material to the basic financial statements of the City of Deltona, Florida were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal programs and state projects were disclosed.
5. The auditors' report on compliance for the major federal award programs and state projects the City of Deltona, Florida expresses an unqualified opinion.
6. No audit findings were disclosed relative to the major federal award programs and state projects for the City of Deltona, Florida.
7. The programs/projects tested as major programs/projects included the following:

■ Federal Programs	<u>CFDA</u>
• Department of Housing and Urban Development: CDBG – Urban Entitlement	14.218
■ State Projects	
• Florida Housing Finance Corporation SHIP Program	52.901
• Hurricane Housing Recovery Program	52.902
8. The threshold for distinguishing Type A and Type B programs/projects was \$300,000 for major federal award programs and major state financial assistance projects.
9. The City of Deltona, Florida did not qualify as a low-risk auditee pursuant to OMB Circular A-133.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007
CITY OF DELTONA, FLORIDA
(Concluded)**

PART B - FINDINGS - FINANCIAL STATEMENTS

1. No matters were reported.

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

1. No matters were reported.

PART D - FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECTS

1. No matters were reported.

PART E - OTHER ISSUES

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

MANAGEMENT LETTER

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

We have audited the accompanying basic financial statements of the governmental activities, business-type activities, and each major fund and the remaining aggregate fund information of the City of Deltona, Florida (the City), as of and for the fiscal year ended September 30, 2007, and have issued our report thereon dated March 7, 2008.

We have issued our report on compliance and on internal control over financial reporting and on compliance and other matters dated March 7, 2008. Disclosures in this report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB A-133 and the State Single Audit Act. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the state of Florida and require that certain items be addressed in this letter.

The *Rules of the Auditor General* [Section 10.554(1)(i)1.] requires that we comment as to whether or not corrective action has been taken to address significant findings and recommendations made in the preceding annual financial audit report (see attached management letter comments).

The *Rules of the Auditor General* [Section 10.554(1)(i)2.] requires that we determine whether the City complied with Section 218.415, Florida Statutes, regarding investment of public funds. Our audit disclosed no matters requiring comment as outlined in Section 218.415, Florida Statutes.

The *Rules of the Auditor General* [Section 10.554(1)(i)3.] 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).

The *Rules of the Auditor General* [Section 10.554(1)(i)4.] requires that we address violations of provisions of contracts and 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.

Certified Public Accountants

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Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

MANAGEMENT LETTER
(Concluded)

The *Rules of the Auditor General* [Section 10.554(1)(i)5.] requires, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; (3) control deficiencies that are not significant deficiencies, including, but not limited to (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. In connection with our audit, we did not have any such findings.

The *Rules of the Auditor General* [Section 10.554(1)(i)6.] also requires that the name or official title and legal authority for the government be disclosed in the management letter, unless disclosed in the notes to the financial statements. See note 1 of the September 30, 2007, City of Deltona, Florida basic financial statements for this information.

As required by the *Rules of the Auditor General* [Section 10.554(1)(i)7.(a)], the scope of our audit included a review of the provisions of Section 218.503(1)(a), Florida Statutes, "Determination of Financial Emergency." In connection with our audit, we determined that the City did not meet one or more of the financial emergency criteria described in Section 218.503(1), Florida Statutes.

As required by the *Rules of the Auditor General* [Section 10.554(1)(i)7.(b)], we determined that the annual financial report for the City for the fiscal year ended September 30, 2007, 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, 2007.

As required by the *Rules of the Auditor General* [Sections 10.554(1)(i)7.(c) and 10.556(7)], we applied financial condition assessment procedures pursuant to Rule 10.556(7). There were no findings of deteriorating financial condition, which were required to be reported.

This management letter is intended solely for the information and use of the Honorable Mayor and City Commissioners, management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified 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 7, 2008
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, 2007, 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 7, 2008, on the basic financial statements of the City. Our comments are summarized as follows:

Prior Year Recommendations

The Prior Year Recommendations have already been addressed by the City.

Current Year Recommendations

Transportation Fund

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

Payroll Costs

The City's payroll costs have risen significantly over the past couple of years and appear to be headed higher based upon our review of the 2008 budget and the "Evergreen" pay study that raised pay scales across the City starting October 1, 2007. Our analysis in this area indicates that the increase in total payroll costs is a combination of the hiring of additional personnel as well as significant rate increases

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Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

MANAGEMENT LETTER COMMENTS
(Concluded)

Current Year Recommendations *(Concluded)*

Payroll Costs *(Concluded)*

that have been implemented during 2006 through 2008. The department with the highest payroll cost and the most significant increases from 2005 to 2007 is Fire and Rescue in spite of no new fire stations in recent years. Increases in Fire and Rescue payroll costs have a compounding effect due to the effect the Firefighters Defined Benefit Pension Plan (the Plan) as evidenced by the Unfunded Accrued Actuarial Liability of the Plan growing from \$405,106 in 2005 to \$1,825,300 in 2007, primarily as the result of higher payroll which will require additional future City funding to the Plan.

We recommend that the City review its payroll costs and staffing levels across all functions to determine if adjustments are required.

Administrative Cost Allocation

The City uses a cost allocation formula to allocate administrative costs incurred by the general fund to the various other operating funds of the City. The allocation formula has not been updated in several years and should be reviewed and recalculated in light of current conditions.

Payroll Controls

Our audit of payroll indicates that one of the two employees in the Accounting Department that regularly process payroll have access to the employee master files which allows them to add employees and change pay rates. It is the City's policy that all changes to employee master file data are updated by the Human Resource Department (HR), not the Payroll Processing Department, and we are aware that the Finance Department randomly samples employee data, which mitigates this condition somewhat. However, we recommend that the City review this area to implement additional preventative and detective controls, which might include Information Technology (IT) access changes or a payroll system edit report to HR for any employee's master file changes made through the payroll processors.

Information Technology (IT) General Controls

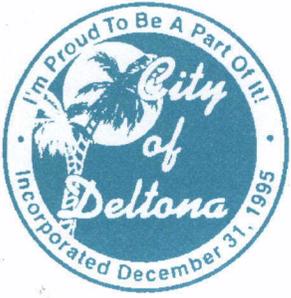
We noted that the City's IT Department has operated informally as a "small shop" since its inception and is in the process of hiring a new IT Director. We noted that the City does not have formal IT general control policies and procedures. IT is playing an integral role in the City's control environment and operations and we expect that this role will only increase in the future. Due to these circumstances, we believe this represents an opportunity for the City to review, implement, and document formal IT general controls with the hiring of the new IT Director.

The management letter comments are intended solely for the information and use of the City Commission, management, the State of Florida, and other governmental agencies, and 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 7, 2008
Ocala, Florida



City of Deltona

RESPONSES TO MANAGEMENT LETTER COMMENTS

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

Prior Year Recommendations

The Prior Year Recommendations have already been addressed by the City.

Current Year Recommendations

- **Transportation Fund**

The City recognizes the importance of the restricted use of impact fees associated with transportation. The City will account for transportation impact fees in a separate fund.

- **Payroll Costs**

The City, during fiscal year 2007/2008, has taken a proactive approach in reviewing its payroll costs and staffing levels across all functions to determine if adjustments are required.

- **Administrative Cost Allocation**

The City, during fiscal year 2007/2008, expects completion of a current cost allocation formula to be implemented during fiscal year 2008/2009.

- **Payroll Controls**

The City has taken a proactive approach in strengthening internal controls by randomly sampling employee data each payroll cycle. To improve preventative and detective controls, the City will continue to work on implementing approval history within the work flow administrative software.

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

The City has taken a proactive approach in strengthening internal controls. With the hiring of a new IT Director, the City will review, implement and document formal IT general controls.

March 18, 2008
Deltona, FL