City of Deltona

Mayor
John Masiarczyk

Vice Mayor
Zenaida Denizac
District 1

Commissioners:

Webster Barnaby
District 2

Heidi Herzberg
District 3

Nancy Schleicher
District 4

Fred Lowry
District 5

Chris Nabicht
District 6

Acting City Manager
Dave Denny

REGULAR CITY COMMISSION MEETING
MONDAY, MARCH 18, 2013
6:30 P.M.

DELTONA COMMISSION CHAMBERS
2345 PROVIDENCE BLVD.
DELTONA, FLORIDA

AGENDA

1. CALL TO ORDER:

2. ROLL CALL – CITY CLERK:

3. INVOCATION AND PLEDGE TO THE FLAG:

A. Invocation Presented by Vice Mayor Denizac's son, Joed Denizac.

4. APPROVAL OF MINUTES & AGENDA:

A. Approval of Minutes - Regular City Commission Meeting of March 4, 2013.

B. Additions or Deletions to Agenda.

5. PRESENTATIONS/AWARDS/REPORT:

A. Certificate of Recognition - Barbara Sanchez has been selected as Volusia's 2012-2013 Sunshine State Scholar.

B. Certificates of Recognition - Harris Saxon Boys and Girls Club, staff, and youth for winning three awards.

C. **Annual Audit Presentation: Comprehensive Annual Financial Report for the Year Ended September 30, 2012 - Tim Westrate and Laurie Walker of Purvis Gray and Company.**

6. **PUBLIC FORUM - Citizen comments for any items. (4 minute maximum length)**

CONSENT AGENDA: **All items marked with an ✻ will be considered by one motion unless removed from the Consent Agenda by a member of the City Commission.**

7. CONSENT AGENDA:

8. ORDINANCES AND PUBLIC HEARINGS:

A. **Public Hearing - Ordinance No. 05-2013, reinstating the Affordable Housing Advisory Committee (AHAC), at second and final reading.**

B. **Ordinance No. 07-2013, Emergency ordinance permitting a one-time Flea Market to take place on April 20, 2013, at Deltona Plaza parking lot for a 501(c)(3) non-profit organization.**

C. **Ordinance No. 20-2012, Revising Section 14-2 and 14-3 regarding public nuisance animals and prohibited animals; Adding Article VII, "Responsible Pet Ownership and Licensing Standards", to Chapter 14, "Animals", of the City's Code of Ordinances, at first reading and to schedule second and final reading on April 1, 2013.**

D. **Request for approval of Resolution No. 2013-09, Vacation of plats for Enterprise Heights First Division, MB 21, Page 107; Second Subdivision, MB 21, Page 108; and Third Division MB 10, Page 54.**

9. OLD BUSINESS:

10. NEW BUSINESS:

A. **Request for a Waiver of all Fees - SE 13-003, American Cancer Society-Relay For Life 2013.**

B. **Discussion and provide direction to staff as a result of the recent Rate Study Workshops.**

11. CITY COMMISSION COMMENTS:

12. CITY ATTORNEY COMMENTS:

13. CITY MANAGER COMMENTS:

14. ADJOURNMENT:

NOTE: If any person decides to appeal any decision made by the City Commission with respect to any matter considered at this meeting or hearing, he/she will need a record of the proceedings, and for such purpose he/she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based (F.S. 286.0105).

Individuals with disabilities needing assistance to participate in any of these proceedings should contact the City Clerk, Joyce Kent 48 hours in advance of the meeting date and time at (386) 878-8500.

AGENDA MEMO

TO: Mayor & City Commission **AGENDA DATE:** 3/18/2013

FROM: William "Dave" Denny, Acting City Manager **AGENDA ITEM:** 3 - A

SUBJECT: Invocation Presented by Vice Mayor Denizac's son, Joed Denizac.

LOCATION:	N/A
BACKGROUND:	At the Regular City Commission Meeting on Monday, October 17, 2011, the City Commission approved to have each Commissioner by District schedule someone to present the invocation at each Regular City Commission meeting rotating each Commissioner by District starting with District #1, #2, #3, #4, #5, #6 and the Mayor.
ORIGINATING DEPARTMENT:	City Clerk's Office
SOURCE OF FUNDS:	N/A
COST:	N/A
REVIEWED BY:	City Clerk
STAFF RECOMMENDATION PRESENTED BY:	N/A - Invocation Only.
POTENTIAL MOTION:	N/A - Invocation Only.
AGENDA ITEM APPROVED BY:	_____ William "Dave" Denny, Acting City Manager

AGENDA MEMO

TO: Mayor & City Commission **AGENDA DATE:** 3/18/2013

FROM: William "Dave" Denny, Acting City Manager **AGENDA ITEM:** 4 - A

SUBJECT: Approval of Minutes - Regular City Commission Meeting of March 4, 2013.

LOCATION:	N/A
BACKGROUND:	N/A
ORIGINATING DEPARTMENT:	City Clerk's Office
SOURCE OF FUNDS:	N/A
COST:	N/A
REVIEWED BY:	City Clerk's Office
STAFF RECOMMENDATION PRESENTED BY:	City Clerk Joyce Raftery - To approve the minutes of the Regular City Commission Meeting of March 4, 2013.
POTENTIAL MOTION:	"To approve the minutes of the Regular City Commission Meeting of March 4, 2013."
AGENDA ITEM APPROVED BY:	William "Dave" Denny, Acting City Manager
ATTACHMENTS:	• Minutes of March 4, 2013

CITY OF DELTONA, FLORIDA
REGULAR CITY COMMISSION MEETING
MONDAY, MARCH 4, 2013

A Regular Meeting of the Deltona City Commission was held on Monday, March 4, 2013 at the City Hall Commission Chambers, 2345 Providence Boulevard, Deltona, Florida.

1. CALL TO ORDER:

The meeting was called to order at 6:30 p.m. by Mayor Masiarczyk.

2. ROLL CALL:

Mayor	John Masiarczyk	Present
Vice Mayor	Zenaida Denizac	Present
Commissioner	Webster Barnaby	Present
Commissioner	Heidi Herzberg	Present
Commissioner	Fred Lowry	Present
Commissioner	Chris Nabicht	Present
Commissioner	Nancy Schleicher	Present
Acting City Manager	Dave Denny	Present
City Attorney	Becky Vose	Present
City Clerk	Joyce Raftery	Present

Also present: Planning and Development Services Director Chris Bowley; Public Works/Deltona Water Director Glenn Whitcomb; and VCSO Captain David Brannon.

3. INVOCATION AND PLEDGE TO THE FLAG:

Silent Invocation presented by Mayor Masiarczyk.

The National Anthem was sung by the Timbercrest Tiger Choir.

4. APPROVAL OF MINUTES & AGENDA:

A. Minutes:

1. Regular City Commission Meeting – February 18, 2013.

Motion by Commissioner Barnaby, seconded by Commissioner Nabicht to approve the minutes of the Regular City Commission Meeting of February 18, 2013 as presented.

Motion carried unanimously with members voting as follows: Commissioner Barnaby, For; Commissioner Herzberg, For; Commissioner Nabicht, For; Commissioner Schleicher, For; Commissioner Lowry, For; Vice Mayor Denizac, For; and Mayor Masiarczyk, For.

B. Additions or Deletions to Agenda: None.

5. PRESENTATIONS/AWARDS/REPORTS:

A. Presentation – Super Star Student of the Month Certificates for February, 2013.

The Commission presented Super Star Students of the Month certificates for February, 2013.

B. Presentation of Certificates – Pine Ridge High School Boys' Soccer Team for winning the 4A Boys Soccer District Championship. (Requested by Vice Mayor Denizac.)

Mayor Masiarczyk and Commissioners presented certificates to the Pine Ridge High School Boys Soccer Team, Head Coach Mike Menard, Assistant Coach Martin Flores, and Assistant Coach Mike Dunlap for winning the 4A Boys Soccer District Championship.

Mayor Masiarczyk and the Commission also recognized and thanked "Team Mom" Laura Hirst, not only for her contributions to the Pine Ridge High School Boys Soccer Team but for her many contributions over the years in helping make Deltona "Florida's Bright Spot".

6. PUBLIC FORUM – Citizen comments for items not on the agenda.

a) Austin Guirlinger, 2231 Florida Avenue, provided a water and sewer rate comparison for residential and multi-family apartments. He stated that the additional cost for a multi-family home using three (3) thousand gallons is approximately 45% more than a single family residential home, and he asked for relief.

Mayor Masiarczyk stated that the commercial rates are used for a profit making business such as multi-family apartments because it is a business, but that he would have staff look into the rates and that either himself, the Acting City Manager or someone from staff would contact him.

7. CONSENT AGENDA:

8. ORDINANCES AND PUBLIC HEARINGS:

A. Ordinance No. 05-2013, reinstating the Affordable Housing Advisory Committee (AHAC) at first reading and to schedule second and final reading for March 18, 2013.

Commissioner Schleicher stated that Board members terms should be staggered and Mr. Bowley replied that it is a sun setting committee and there would not be a need to stagger appointments.

Motion by Commissioner Nabicht, seconded by Commissioner Herzberg to adopt Ordinance No. 05-2013 at first reading and to schedule second and final reading for March 18, 2013.

Mayor Masiarczyk opened and closed the public hearing as there were no public comments.

Mrs. Vose read the title of Ordinance No. 05-2013.

AN ORDINANCE OF THE CITY OF DELTONA, VOLUSIA COUNTY, FLORIDA, RE-INSTATING THE AFFORDABLE HOUSING ADVISORY COMMITTEE, AND PROVIDING AN EFFECTIVE DATE.

Motion carried unanimously with members voting as follows: Commissioner Barnaby, For; Commissioner Herzberg, For; Commissioner Lowry, For; Commissioner Nabicht, For; Commissioner Schleicher, For; Vice Mayor Denizac, For; and Mayor Masiarczyk, For.

Ordinance No. 05-2013 was adopted at first reading at 6:57 p.m.

9. OLD BUSINESS:

10. NEW BUSINESS:

B. Request for approval of Resolution No. 2013-07 declaring certain property of the City as surplus and authorizing the sale or disposal of such property.

Mayor Masiarczyk opened and closed the public hearing as there were no public comments.

Vice Mayor Denizac brought it the Mayor's attention that he skipped over Item 10-A and the Commission agreed to finish with Agenda Item 10-B first, and then go back to Agenda Item 10-A.

Motion by Commissioner Schleicher, seconded by Commissioner Herzberg to adopt Resolution No. 2013-07 declaring certain property of the City as surplus and authorizing the sale or disposal of such property.

Mayor Masiarczyk read the title of Resolution No. 2013-07.

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DELTONA, FLORIDA, PERTAINING TO THE SALE OF SURPLUS PROPERTY; DECLARING CERTAIN PROPERTY OF THE CITY AS SURPLUS AND AUTHORIZING THE SALE OR DISPOSAL OF SUCH PROPERTY; PROVIDING FOR AN EFFECTIVE DATE.

Motion carried unanimously with members voting as follows: Commissioner Barnaby, For; Commissioner Herzberg, For; Commissioner Lowry, For; Commissioner Nabicht, For; Commissioner Schleicher, For; Vice Mayor Denizac, For; and Mayor Masiarczyk, For.

Resolution No. 2013-07 was adopted as presented at 7:06 p.m.

Mayor Masiarczyk reopened the public hearing as a member of the public asked to speak.

Mavis Campbell, 1260 Section Line Trail, stated that the director of Haven Recovery wondered if the property could be used to house veterans or homeless. Mayor Masiarczyk replied that the property being disposed of was not housing.

Mayor Masiarczyk closed the public hearing.

A. Consideration of appointment or re-appointment of three (3) members to the City's Planning and Zoning Advisory Board.

Mayor Masiarczyk and Vice Mayor Denizac stated that they would like to re-appoint board members Michael Keipert and Victor Ramos.

Commissioner Barnaby stated that based on the experience of former Commissioner Zischkau as compared to other candidates that he would like to nominate Mr. Herb Zischkau to be his

Planning and Zoning Board appointment and he asked for the unanimous support of the Commission for his nomination.

Commissioner Nabicht asked that the appointments be voted on separately.

Motion by Commissioner Barnaby, seconded by Vice Mayor Denizac to confirm all three (3) of the Commission member's appointment(s) or re-appointment(s) as one motion and one vote to the Planning and Zoning Board.

Commissioner Herzberg asked the City Attorney for her opinion on whether the Commission should vote on all three (3) board member appointments at once or individually. Mrs. Vose stated if there are some of the Commissioners who want to vote for one as opposed to another, she recommended voting on the appointments individually otherwise there would be split votes.

Commissioner Schleicher asked if there would be a problem with a recent former Commissioner being a member of a board and Mrs. Vose replied that she did not see a problem.

Vice Mayor Denizac stated that in the history of her tenure with the City, the Commission has always made one motion for all candidates and that she would like to continue with the way board member appointments have always been done.

The Commission discussed various aspects of voting on all appointments at once or voting on one appointment at a time.

The Commission discussed the exact wording of the motion and could not come to an agreement on Commissioner Barnaby's exact wording or his intent of the original motion.

Mayor Masiarczyk asked to have the motion read again. Deputy City Clerk read the motion as; **Motion to vote on all three applications at one time.**

Commission Herzberg asked that Commissioner Barnaby restate his motion and its intent and then she called the question.

Commissioner Barnaby stated that his intention was that the Commission have one vote for the three (3) appointments of Mr. Ramos, Mr. Kiepert and Mr. Zischkau to the Planning and Zoning Board.

Motion carried with members voting as follows:

Commissioner Barnaby	**For**
Commissioner Herzberg	**For**
Commissioner Lowry	**For**
Commissioner Nabicht	**Against**
Commissioner Schleicher	**For**
Vice Mayor Denizac	**For**
Mayor Masiarczyk	**For**

C. Request for approval of Resolution No. 2013-08.

Mayor Masiarczyk read the title of Resolution No. 2013-08.

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF DELTONA, FLORIDA, GRANTING AND CONVEYING TO THE ST. JOHNS RIVER WATER MANAGEMENT DISTRICT A CONSERVATION EASEMENT ON PROPERTY LOCATED IN VOLUSIA COUNTY, MORE PARTICULARLY DESCRIBED IN EXHIBIT "A", AS A CONDITION OF PERMIT NO. 4-127-126863-1, TO ASSURE THAT THE PROPERTY WILL BE RETAINED FOREVER IN ITS EXISTING NATURAL CONDITION AND TO PREVENT ANY USE OF THE PROPERTY THAT WILL IMPAIR OR INTERFERE WITH THE ENVIRONMENTAL VALUE OF THE PROPERTY; PROVIDING FOR AN EFFECTIVE DATE.

Motion by Vice Mayor Denizac, seconded by Commissioner Schleicher to adopt Resolution No. 2013-08 and authorization that the Acting City Manager executes any and all necessary documents for the granting of the conservation easement to the St. Johns River Water Management District.

Mayor Masiarczyk opened and closed the public hearing as there were no public comments.

Motion carried unanimously with members voting as follows: Commissioner Barnaby, For; Commissioner Herzberg, For; Commissioner Lowry, For; Commissioner Nabicht, For; Commissioner Schleicher, For; Vice Mayor Denizac, For; and Mayor Masiarczyk, For.

Resolution No. 2013-08 was adopted as presented at 7:22 p.m.

11. CITY COMMISSION COMMENTS:

a) Commissioner Lowry stated that Deltona Little League Opening Day Parade is this Saturday from Deltona Middle School to Vann Park, the Deltona Job Fair was coming up, a lot of good things were happening in Deltona, and that it was great to see another sports team doing well and being recognized at a Commission meeting.

b) Commissioner Schleicher stated that it was a busy but pleasurable week. She attended the Ribbon Cutting ceremony for Representative Santiago's office and that it is an honor to have a District office in Deltona. She participated in the Dr. Seuss birthday event "Read Across America", she represented the City at the Deltona Youth Soccer opening game ceremony and that it is delightful to see so many of Deltona's young children getting active in sports, and she applauded the Parks and Recreation personnel for the work they do with the youth in Deltona. She reminded everyone that at the May 13th Workshop the Commission will discuss the review of Ordinances and at the March 11th Workshop the Commission will discuss communication issues and she asked residents to let her know if they have any suggestions on ways to improve communications. She stated that a resident asked her about the code requirement to have their house number on either the mailbox or the house. Mayor Masiarczyk replied that due to a federal government requirement, the ordinance requires the numbers to be on the front of the house, not the mailbox. She also asked for an update on Thornby Park trails and botanical gardens.

c) Commissioner Nabicht stated that last Tuesday he attended the Transportation Planning Organization (TPO) meeting and that on Wednesday from 9:00 a.m. until 12:30 p.m. there will be a trails meeting in DeBary at DeBary Hall and he asked staff to confirm where the meeting is being held. He stated Wednesday of last week he attended the grand opening of the Volusia County Combined Emergency Operations Center (EOC), a 43,000 square foot facility. He commented on their state of the art equipment and gave kudos to Volusia County Sheriff Ben Johnson for orchestrating the "user friendly" design of the EOC. He also thanked Mrs. Vose for the City Attorney weekly report and thanked her for all she is doing.

d) Commissioner Herzberg stated that ever since the City announced that it is going to have the spay and neuter days in Deltona that many residents are calling asking when it will be scheduled. She gave thanks to Mrs. Vose and to Acting City Manager Dave Denny for all the work they have done, and she commented that Mr. Denny has really hit the ground running.

e) Commissioner Barnaby stated that he was a guest of Mayor Laputka's at the Orange City celebration of the African American Heritage Festival last Saturday and he was asked to speak. He was proud to represent Deltona with honor at the event and he was well received. He stated that he is looking to obtain a seat at the West Volusia State of the Region luncheon meeting being held on Wednesday, March 13, 2013 at John Knox Village but, he was told that there are no more seats available. He asked how he could get a seat at the event which is scheduled to discuss the State of the Region and the Region's Economic Development. Mayor Masiarczyk suggested contacting Mayor Apgar or Chamber President Nick Conte and let them know that he wanted the first seat available if someone cancelled. He also stated that he wants to see a change in Deltona's code and restrictions so the residents can see large buildings that employ 200 to 300 people going up in Deltona. Commissioner Barnaby stated that he will be on the bus to Tallahassee for Volusia Day on March 20, 2013. The event is sponsored by Volusia Council of Governments (VCOG) and they asked for all newly elected officials to attend with VCOG picking up the costs.

f) Vice Mayor Denizac stated to remember that nothing is ever free (referring to VCOG paying for new Commissioners to attend Volusia Day). She stated that there was a very positive article in the paper about Deltona's Youth Advisory Sub-Committee concerning its very successful night at the Harris Saxon Community Center and she thanked the members as well as Mrs. Armon for all they do for the youth of Deltona. She mentioned the Job Fair on March 15, 2013 and the letter that went out to Walmart requesting their support for the Job Fair; Wal-Mart donated $1,000 to assist with the cost of running the Job Fair. She thanked the City Attorney's office for their Weekly Report and for all that Mrs. Vose has done. She inquired as to the status of the "Think Before You Throw" anti-littering signs and Mr. Denny replied that the sign shop is being replaced so it is out of commission for three (3) to four (4) weeks. Vice Mayor Denizac stated that Mr. Denny did not hit the ground running as the Acting City Manager, but that he has been running and carrying the City on his shoulders for many years and she thanked him for all that he has done for Deltona.

g) Mayor Masiarczyk stated that the new Volusia County EOC absolutely has all the state of the art equipment from top to bottom and is an excellent EOC facility. He mentioned staff looking into the process and timeline on exactly what Deltona has to do to complete a Charter Review process. He mentioned that he really enjoyed honoring the young people in the community during the Commission meeting.

Commissioner Schleicher reminded everyone about daylight savings time coming up this week, and to remember to move the clocks ahead.

12. CITY ATTORNEY COMMENTS:

Mrs. Vose thanked Dave Denny for making her job much easier and better.

13. ACTING CITY MANAGER COMMENTS:

Mr. Denny stated he appreciated the Commission comments. He stated that Deltona has 14 confirmed employers attending the Job Fair, seven (7) pending employers, and three (3) resource providers (Daytona State College, Webster University, and Mid-Florida Housing Partnership). He also stated that he would check into the availability of a ticket for Commissioner Barnaby to attend the West Volusia State of the Region luncheon meeting.

Mayor Masiarczyk mentioned that he received an email concerning a National program asking for yellow ribbons to be placed around trees in parks honoring Veterans and those serving on active duty, and that he approved yellow ribbons to be placed at Veteran's Memorial Park by the requestor and a Junior Reserve Officer Training Corps (ROTC) group will be out next week putting up yellow ribbons.

14. ADJOURNMENT:

There being no further business, the meeting adjourned at 7:46 p.m.

_____
John Masiarczyk Sr., Mayor

ATTEST:

_____
Mitch Honaker, Deputy City Clerk

AGENDA MEMO

TO: Mayor & City Commission **AGENDA DATE:** 3/18/2013

FROM: William "Dave" Denny, Acting City Manager **AGENDA ITEM:** 5 - A

SUBJECT: Certificate of Recognition - Barbara Sanchez has been selected as Volusia's 2012-2013 Sunshine State Scholar.

LOCATION:	N/A
BACKGROUND:	Barbara Sanchez, a Deltona High School Junior has been named Volusia's 2012-2013 Sunshine State Scholar. The program recognizes top high school students in science, technology, engineering and math (STEM), and introduces them to Florida college and career opportunities in those fields. Some of the academic criteria for the Sunshine State Scholars program includes: weighted GPA of 4.0 or higher; expressed interest in a STEM degree; currently qualifies to meet Florida Bright Futures Scholarship Program requirements; enrollment in AP science and math courses; and plans to attend a Florida university.
ORIGINATING DEPARTMENT:	Deputy City Manager
SOURCE OF FUNDS:	N/A
COST:	N/A
REVIEWED BY:	Acting City Manager
STAFF RECOMMENDATION PRESENTED BY:	N/A - Presentation Only.
POTENTIAL MOTION:	N/A - Presentation Only.
AGENDA ITEM APPROVED BY:	_____

	William "Dave" Denny, Acting City Manager
ATTACHMENTS:	• Barbara Sanchez-Sunshine State Scholar Certificate of Recognition

City of Deltona Certificate of Recognition

I'm Proud To Be A Part Of It! City of Deltona Incorporated December 31, 1995

Presented to

Barbara Sanchez

In recognition of being selected as Volusia's 2012-13 Sunshine State Scholar.

March 18, 2013

John Masiarczyk, Mayor

AGENDA MEMO

TO: Mayor & City Commission **AGENDA DATE:** 3/18/2013

FROM: William "Dave" Denny, Acting City Manager **AGENDA ITEM:** 5 - B

SUBJECT: Certificates of Recognition - Harris Saxon Boys and Girls Club, staff, and youth for winning three awards.

LOCATION: N/A

BACKGROUND:

On February 27, at the Boys and Girls Clubs of Volusia/Flagler Counties annual meeting, the City of Deltona Club, staff, and youth were recognized in three categories. Deanne "Dee" James, Unit Director of the Harris Saxon Boys and Girls Club, located in the Harris Saxon Community Center, received the Gold award for 10 years of service with Boys & Girls Clubs of Volusia/Flagler Counties. This award honors her for exceptional leadership and mentoring skills with the organization. Dee started as a junior staff right after high school and worked her way up the ranks to supervising her own Club in 2008. She has been the supervisor of 2 different sites, one in Edgewater and the other here in Deltona.

The Harris Saxon Club received the "Leader of the Pack" Award. This award honors the Club that exceeded goals for their site over the year. This year the Harris Saxon Club lost a staff, Marcel Pearson. Dee was able to help rally the staff together and help the youth of their center to get through this tough time. Over the course of the Harris Saxon Club's existence they have had 5 directors. She has come in and picked this club up and now runs a program with 70 kids daily, For the first time in years the Harris Saxon Club is serving not just Elementary youth, but Middle School and High School youth as well.

Carina Pitter is a 16 year old junior at Pine Ridge High School and has been a member of the Harris Saxon Boys and Girls

	Club for two years. She comes every day to the Club to mentor the youth and help them with their homework. Carina was selected as the Harris Saxon Youth of the year for these reasons and was won the votes from a panel of local judges to represent the Boys and Girls Clubs of Volusia/Flagler Counties as their Overall Youth of the Year earlier this month. Carina will now go on to compete at the Florida Youth of the Year Competition in Ft. Lauderdale from April 14-16.
ORIGINATING DEPARTMENT:	Deputy City Manager
SOURCE OF FUNDS:	N/A
COST:	N/A
REVIEWED BY:	Acting City Manager
STAFF RECOMMENDATION PRESENTED BY:	N/A - Presentation Only.
POTENTIAL MOTION:	N/A - Presentation Only.
AGENDA ITEM APPROVED BY:	_____ William "Dave" Denny, Acting City Manager
ATTACHMENTS:	• Boys & Girls Club Winners Certificates

City of Deltona Certificate of Recognition

I'm Proud To Be A Part Of It! City of Deltona Incorporated December 31, 1995

Presented to

Deanne "Dee" James

In recognition of receiving the Gold Award for 10 years of service

With Boys & Girls Clubs of Volusia/Flagler Counties

March 18, 2013

John Masiarczyk, Mayor

City of Deltona Certificate of Recognition

I'm Proud To Be A Part Of It! City of Deltona Incorporated December 31, 1995

Presented to

Harris Saxon Club

In recognition of receiving the "Leader of the Pack" Award for exceeding goals for their site over the year.

March 18, 2013

John Masiarczyk, Mayor

City of Deltona Certificate of Recognition

I'm Proud To Be A Part Of It! City of Deltona Incorporated December 31, 1995

Presented to

Carina Pitter

In recognition of being selected Harris Saxon Youth of the Year.

March 18, 2013

John Masiarczyk, Mayor

AGENDA MEMO

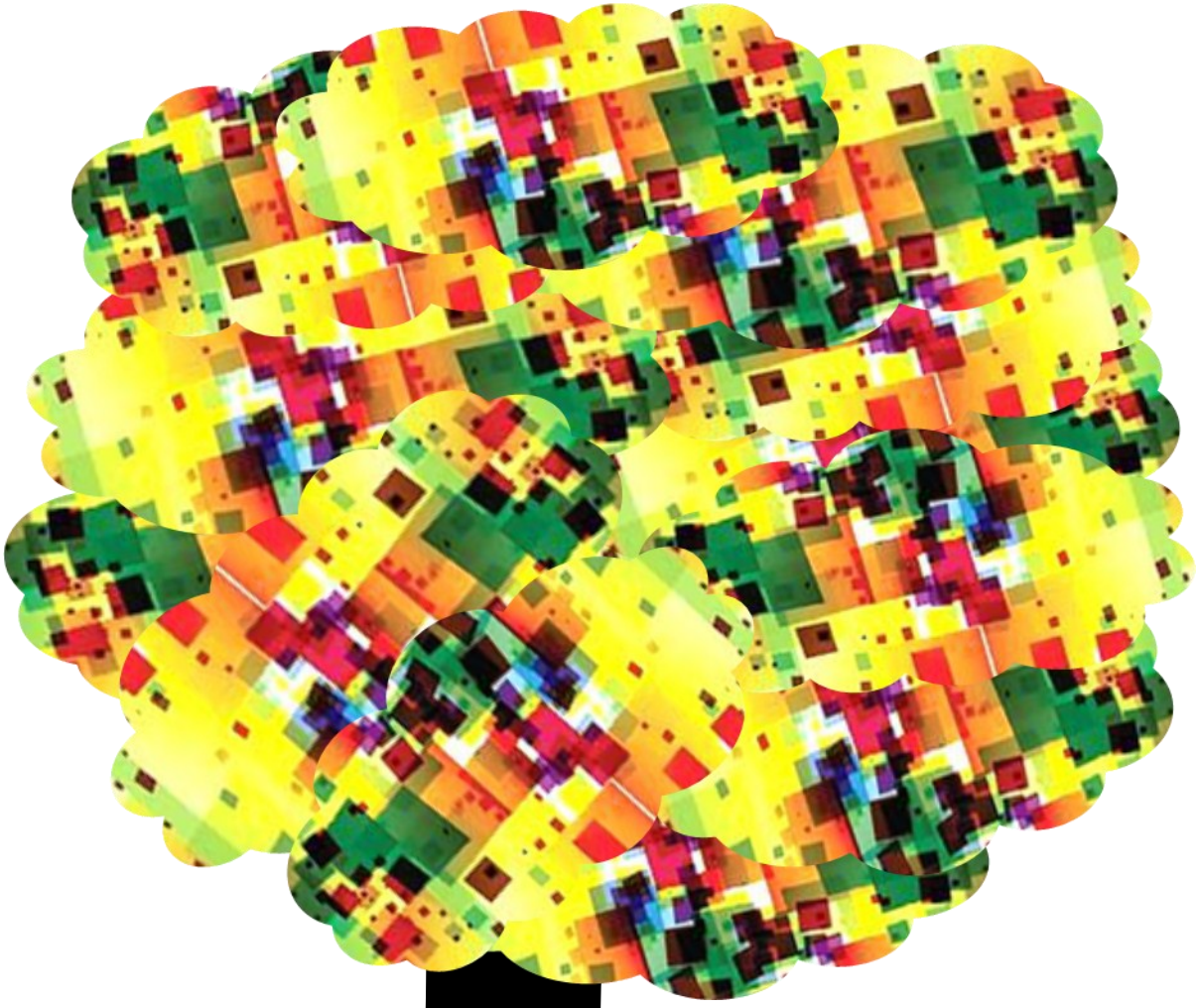
TO: Mayor & City Commission **AGENDA DATE:** 3/18/2013

FROM: William "Dave" Denny, Acting City Manager **AGENDA ITEM:** 5 - C

SUBJECT: Annual Audit Presentation: Comprehensive Annual Financial Report for the Year Ended September 30, 2012 - Tim Westrate and Laurie Walker of Purvis Gray and Company.

LOCATION:	City Hall
BACKGROUND:	The City's Auditors, Purvis Gray & Company, will make a presentation of the City's audit for the fiscal year ended September 30, 2012. **NOTE: The audit document was previously distributed to the Commission. Please bring your copy of the Audit document to the meeting. The Auditors may make reference to it during the presentation.**
ORIGINATING DEPARTMENT:	Finance
SOURCE OF FUNDS:	N/A
COST:	N/A
REVIEWED BY:	William "Dave" Denny, Acting City Manager
STAFF RECOMMENDATION PRESENTED BY:	Robert Clinger, Finance Director - To accept the City's annual CAFR for FY 2011/2012 as presented.
POTENTIAL MOTION:	"I move to accept the City of Deltona's *Comprehensive Annual Financial Report* (CAFR) for the fiscal year ended September 30, 2012."
AGENDA ITEM APPROVED BY:	_____

	William "Dave" Denny, Acting City Manager
ATTACHMENTS:	• CAFR for FY 11/12 • Auditor Reports



Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

City of Deltona, Florida

City of Deltona, Florida

Building Deltona's Future Through Continued Efficiencies and Effectiveness

Comprehensive Annual Financial Report

For the year ended
September 30, 2012

Prepared By:
Finance Department

Submitted By:
William "Dave" Denny
Acting City Manager

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CITY OF DELTONA, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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CITY OF DELTONA, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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CITY OF DELTONA, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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City of Deltona

March 13, 2013

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

Ladies and Gentlemen:

State law and local Charter require that every general-purpose local government publish a set of audited financial statements each year. This report is published to fulfill that requirement for the year ended September 30, 2012. The Comprehensive Annual Financial Report (CAFR) of the City of Deltona, for the fiscal year ended September 30, 2012, 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.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the City of Deltona, Florida (the "City").

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, 2012. The independent auditors' report is located at the front of the Financial Section of this report.

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

DEPARTMENT OF FINANCE & INTERNAL SERVICES
2345 Providence Boulevard, Deltona, Florida 32725
(386) 878-8100 • Fax (386) 878-8551
Webpage: www.deltonafl.gov

Our History

The City of Deltona, Florida is located in the southwest corner of Volusia County, in the eastern central part of the Florida Peninsula. The City is situated along the Interstate 4 corridor approximately 25 miles northeast of Orlando and approximately 25 miles southwest of Daytona Beach. It currently occupies 46 square miles and serves a population of 85,281. The City started as a planned community by the Deltona Corporation in 1962 and was incorporated on December 31, 1995. 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 first inhabitants of southwest Volusia County were Nomadic Timucuans who found fish and fresh water plentiful in the area. After Florida became a state in 1845, steamboats began to make regular trips up the St. Johns River to Lake Monroe.

St. Johns River tourists, about 1890

Visitors and residents poured into Florida and a community grew up on the shores of Lake Monroe at the steamboat landing. Named Enterprise, the little town soon boasted a schoolhouse, built in 1863, and two churches.

About the same time, Baron Frederick DeBary, a New York agent for Mumm's Champagne, arrived in the area. Baron DeBary bought several hundred acres near Enterprise to use as a hunting and fishing preserve. In 1871 Baron DeBary built a winter home where he entertained such notables as Presidents Grant and Cleveland as well as members of Europe's royalty. Baron DeBary died in 1898 at the age of 84.

Southwest Volusia remained rather quiet from the turn of the century until 1962 when the Mackle Brothers – Elliott, Robert and Frank, Jr. - bought 17,203 acres, filed a planned unit development plan for a community of 35,143 lots and named the area Deltona. Construction started almost immediately and the first Deltonans took up residence in April of 1963. By the end of 1963, Deltona had a population of 180 people comprising of 78 families.

The Mackle Brothers

In 1970, the U.S. Census recorded 4,868 inhabitants; by 1980 Deltona's population was 15,710. The growth of the community continued at the amazing rate of about 130 new families per month to reach more than 52,000 people in 1991, cumulating in a population of 85,182 as of the U.S. Census in 2010.

After two failed attempts, one in 1987 and one in 1990, in 1995 the residents of the unincorporated Deltona community voted to incorporate as the City of Deltona. A seven member Commission was elected. As part of the referendum for incorporation, the Deltona Fire District was dissolved as the City provides fire protection services.

The City has grown to almost 300 employees and continues to contract with the Volusia County Sheriff's Department via an interlocal agreement for law enforcement services in the City.

On November 7, 2003, the City realized the long-term goal of owning its own utility. The City purchased the Deltona water and wastewater system from Florida Water Services after two years of negotiations. This purchase encompassed hiring many former Florida Water Services employees as well as acquiring all of the assets of Florida Water Services.

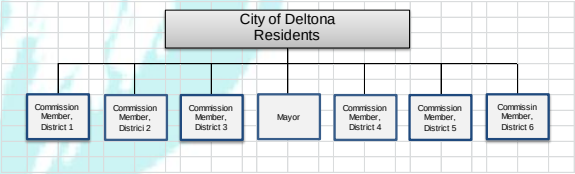
Profile of the Government

The City of Deltona operates under a Commission-Manager form of government consisting of a seven member Commission. Residents select, through non-partisan elections, a Mayor who represents the City at large and six Commissioners who each represent a specific district of the community.

The term of office for each member of the City Commission, including the Mayor's position, is four (4) years.

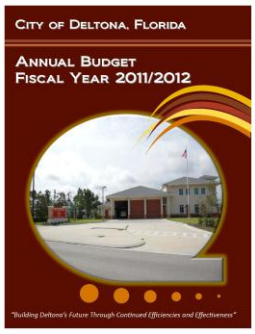
Neither the Mayor nor any other Commission member may serve more than two consecutive four (4) year terms in office.

The City is governed by the City Charter, State and local laws and regulations. The Commission is responsible for the establishment and adoption of City policy and appointing a City Manager and City Attorney. The City Manager serves as the Chief Executive Officer of the City and is responsible for the execution of City policy and oversight of the day-to-day operations of the City.



The City of Deltona provides a full range of services including law enforcement and fire/rescue protection, solid waste management, storm water management, water and sewer service, construction and maintenance of road and street facilities, planning and development services, recreational and cultural activities as well as general administrative services. The financial statements in this report include the funds of all the activities under the jurisdiction of the City Commission. The financial reporting entity includes all the funds of the primary government (i.e., the City of Deltona, Florida as legally defined), as well as all of its component units. The component units are legally separate entities for which the City is financially accountable. Currently, there are no entities outside the primary government that meet the definition of a component unit of the City.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit budget requests to the City Manager. The City Manager uses these requests as the starting point for developing the proposed budget. The City Manager then presents the proposed budget to the City Commission for review during the month of July of each year. The City Commission is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30th; the close of the City of Deltona's fiscal year. The appropriated budget is prepared by fund and department. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is at 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 'great recession' has caused the City's economic situation to decline in the last several years. The evidence of economic headwinds is manifest by a significant number of foreclosures, vacant and underutilized commercial space and slower migration rates. To help address these economic challenges, in FY 2008/2009, the City was awarded $6.6 million in Neighborhood Stabilization program (NSP) federal funds to purchase, rehabilitate and sell foreclosed homes within the City.

By the end of FY 2009/2010 the City had purchased 53 foreclosed properties - 2 vacant lots and 51 homes. During FY 2010/2011 the City assigned to Habitat for Humanity, through a sub-recipient agreement, two vacant lots and one home. All of the homes (50) not assigned to Habitat for Humanity have been rehabilitated. In addition, through the provisions of the sub-recipient agreement the City did re-obtain one of the vacant lots given to Habitat for Humanity. That lot has since been redeveloped with a new single family dwelling unit. By the end of 2012 all but four of the properties, including Habitat for Humanity houses had been sold. The City has used program income from the sale of these homes to purchase, rehabilitate and sell more homes. Currently, the City has bought seven homes utilizing NSP 1 program income. Of the seven NSP 1 program income homes, the City has already sold one.

In FY 2010/2011 the City was awarded an additional approximately $1.9 million from the Neighborhood Stabilization Program, Phase 3 (NSP3) to continue the purchase, rehabilitation and sale of foreclosed properties in a target area of Deltona. As of the end of FY 2011/2012 eleven homes had been purchased with NSP 3 funds; two of those homes have been rehabilitated and have been sold as of year-end. One NSP 3 home has already been redeveloped and another home is in the process of being built as per the City's redevelopment strategy. The remaining homes are either rehabilitated and for sale or are in the process of being rehabilitated.

These programs have generated almost $1,000,000 in program income which, in turn, allows the City to reinvest more funds into the program. The NSP I program ends March of 2013. At that time, any remaining

funds will revert to a Community Development Block Grant (CDBG) type program.

The City's economic outlook is largely impacted by the State and regional economy with a great deal of reliance placed on surrounding communities for work, shopping and entertainment. Area employment consists predominately of service-related activities, retail trade, manufacturing, government and construction. Unemployment figures for the area had been and still trend higher than both State and national rates but have decreased dramatically in 2012. In the 4th quarter of 2012, Deltona's unemployment rate dropped from 10.7% (4th quarter of 2011) to 8.6% in the 4th quarter of 2012, an overall reduction of 2.1%.

Deltona experienced a net gain of new jobs in 2012, quite a success in this current economic climate.

Business Closings:
2011- six businesses closed: 58 lost jobs
2012- seven businesses closed: 29 lost jobs
50% fewer jobs lost in 2012 - TREND: POSITIVE

Business Openings:
2011- twenty-two businesses opened: 133 jobs created
2012– twenty-nine businesses opened: 198 jobs created
67% more jobs created in 2012 - TREND: POSITIVE

Business retention and sustainability are promoted by the development of the Deltona Business Assistance Center. The D-BAC provides consulting and a classroom setting to assist future and existing business owners in learning the best practices and "how-to" elements of running a successful business. The expectation is that these classes will assist businesses to remain solvent and lower the number of future business closings.

In the past several years, the regional economy has suffered and with it the City experienced lower levels of building activity while population remained essentially unchanged over the previous year. The City's land use is almost entirely residential with over 3/4th of available land being built out. New construction permits for single-family residential housing show a slow down for the ninth year in a row from FY 2002/2003.

Population in the City increased by 41% between the years 2000 and 2007 with 4.3% of that increase occurring between 2005 and 2007. The City's population remained virtually flat from FY 2008/2009 to FY 2011/2012 while experiencing a significant decrease in property values over the same time period.

Property tax revenue for FY 2011/2012 was $183,243 or 1.6% more than in the prior fiscal year. Additionally, property tax revenue for FY 2011/2012 was $926,214 less than that collected in FY 2006/2007, the City's peak year for property tax collection.

The City's economic environment has continued to be somewhat flat this past year with total property values essentially unchanged. Preliminary estimates from the Volusia County Property Appraiser indicate a modest, if any, increase in property values of up to 1% in FY 2013/2014. We continue to be hopeful that the housing market has finally reached bottom so that future revenues will level off. We expect only very minimal growth in new construction in FY 2012/2013.

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

In an effort to promote nonresidential development activity, the City hired a Business Development Administrator in FY 2010/2011 to help advance sustainable economic growth for the purpose of achieving a more balanced residential-to-nonresidential tax base and to provide more job opportunities with higher wages.

The assistance of in-city job creation and the increase of ad valorem revenue are the City's primary economic development goals. In 2012 Deltona's Office of Economic Development assisted with the following:

- New development / construction:
  - Dollar General on Stratford Commons / Deltona Boulevard
  - Dunkin' Donuts-Baskin Robbins on Roseapple / Howland Boulevard
  - Dollar General on Howland Boulevard
  - McDonald's on Howland Boulevard
  - Family Dollar on Doyle / Braddock Roads

- Redevelopment
  - Save-A-Lot at Howland / Courtland Boulevards
  - Academy for Career Training on Stratford Commons / Deltona Boulevard

The objective for the Office of Economic Development in 2012 was to assist the continuation of the in-fill of existing vacant properties and redevelop existing retail space. New development was always a work-in-progress and it was determined that continued new development would be hindered by excessive vacant retail space within the City. The success of the 2011 initiative is shown by the City of Deltona celebrating five new commercial construction starts in 2012. The majority of the 2012 jobs and business openings were the result of redevelopment and retail in-fill. In 2013 this will be heavily supplemented by new job development via commercial construction openings.

While in-fill and redevelopment will continue to be a part of Deltona's economic development, in 2013 Deltona will celebrate additional new construction projects.

Long-term financial planning

In September, 2011 the City Commission adopted a Resolution creating a minimum fund balance policy. This policy is comprised of two components: 1) a Natural Disaster reserve equal to $6,000,000 for the purpose of providing the means to respond to public emergencies and/or natural disasters and; 2) an operating reserve equal to two (2) months of General Fund annual operating expenditures for the purpose of providing the City with the fiscal means to respond to unexpected operational changes, legislative impacts, or other economic events affecting the City's operations that could not have easily been anticipated at the time the budget was prepared.

In September of 2012, the City adopted Resolution No. 2012-29 establishing two additional fund balance reserves. Resolution No. 2012-29 adds an Economic Development reserve equal to $1,000,000 as well as a City Infrastructure reserve equal to $1,000,000. These are both one-time only reserves intended to assist with economic development within the City until such time these reserves are depleted.

As of September 30, 2012, the total fund balance of the General Fund is $19,507,644. With the adoption of GASB 54, as of September 30, 2011 the City designed certain portions of fund balance as Restricted, Committed or Assigned with the remaining amount being Unassigned and able to be used for any legal purpose. Of the total $19,507,644 fund balance, no funds are designated as Restricted. $12,931,713 is designated as Committed - $6,000,000 for natural disasters, $4,892,000 for an operating reserve, $1,000,000 for economic development, $1,000,000 for City infrastructure and $39,713 for wetland mitigation. $2,827,899 is designated as Assigned and is to be used for equipment in the Capital Equipment Fund. The remaining fund balance of $3,748,032 is unassigned and may be used for any legal general purpose.

The City Commission and the City Manager continue to develop a vision for the City's future and have created goals and objectives toward that vision. The plan looks to respond to the needs of the community, while at the same time meeting those needs in a cost-effective and efficient manner.

The Vision

Deltona is a premier City that takes pride in our neighborhoods and embraces the diversity of our residents. The caring community provides a high quality of life where people live, work and play in a safe and secure environment.

The City's location along the St. John's River, along with an appreciation for our history, insures a sustainable future through the careful stewardship of our resources.

The Mission

It is the mission of the City's Government to anticipate and provide for the needs of its residents with quality service, innovation and leadership for today and in the future.

The Goals and Objectives

Goal & Objective # 1 – Overall Development

- Assure a variety of housing options in the City
- Create an overall development plan for the City, including a strategic plan with citizen input
- Develop a financially feasible strategic capital projects list

Goal & Objective # 2 – Infrastructure

- Develop plans for City-wide expansion of the sewer system
- Build a sewer treatment plant
- Continue road program improvements and build new roads
- Continue to upgrade the water distribution system

Goal & Objective # 3 – Financial Sustainability

- Develop strategies to kick-start development of activity centers
- Review the budget process for possible improvements

Goal & Objective # 4 – Internal and External Communication

- Protect home rule powers
- Improve proactive efforts to get information to the public, media, etc.

Goal & Objective # 5 – Economic Development and Redevelopment

- Redevelopment plans for Deltona Blvd. and Saxon Blvd.
- Develop overall economic development plan
- Expansion of medical facilities on east side (SR 415)

Goal & Objective # 6 – Public Services

- Develop additional parks and recreational facilities
- Assess social service needs and appropriate role of the City in provision of them
- Build a public safety complex

Goal & Objective # 7 – Beautification

- Develop a comprehensive, City-wide beautification plan

We expect to continue to face financial challenges in the next few years as the economy continues to remain relatively flat and the slump in the real estate market slowly recovers. The City will continue to face these financial challenges even as the real estate market improves because of the "Save Our Homes" provision which limits the maximum annual increase in taxable value of a homesteaded home to 3.0%. For the fifth year in a row, the FY 2012/2013 budget experienced a slight decline in our tax base. However, it is quite possible that the City may experience a slight increase in our tax base for the FY 2013/2014 budget year.

In the FY 2012/2013 budget, the City kept operating expenditures essentially flat, quite an accomplishment given that over the previous five years General Fund operating expenditures were reduced by nearly $8 million saving the residents of Deltona nearly $80 million per decade. Approximately 94% of this savings came from General Government and not Public Safety in keeping with public and Commission priorities. A large part of the reduction in operating expenditures over the previous five years is attributable to a reduction in staff in various departments due to attrition and/or elimination of open positions.

General Fund transfers out to capital project funds decreased by $365,800 as no funds were transferred out of the General Fund other than the annual $1,050,000 transfer to the Capital Equipment Fund for funding of vehicles and equipment.

In 2010, the Florida Department of Economic Affairs (DEO), formerly known as the Florida Department of Community Affairs (DCA), approved the City's Comprehensive Plan review to find the City in compliance with State Growth Management Law. This process, known as the EAR-Based Amendment cycle, is required to be undertaken by all communities within Florida to ensure that the goals, objectives, and policies that govern the long-range planning horizon (20-year plan) are being adhered to and followed systematically. The City is also required to update the Capital Improvements Element of the Comprehensive Plan on an annual basis and was found in compliance by DEO for that document, as well. Thus, the City of Deltona is current with the required updates to the Comprehensive Plan and is implementing that plan, as adopted.

A second component for land use regulations within the City is to ensure that the Land Development Code (LDC) is consistent and compatible with the Comprehensive Plan. The City's Planning and Development Services Department has worked diligently in 2012 and reorganized the LDC in advance of major amendments to the document within 2013. The LDC has been updated both on an individual ordinance and chapter update basis for specific land use regulations. Staff is bringing forward a large scale amendment process to the City Commission in 2013 that will complete the cycle of amendments and make the City's land use regulations as current as possible. Following 2013, the LDC will be amendment from time to time for minor amendments; however, the document as a whole will be complete.

Recreation programs continue to be important to the residents of the City. A Parks and Recreation Master Plan was completed in FY 2007/2008. This Plan includes a 10 year growth plan relating to this function of the City. The City purchased the historical Thornby property and the all-inclusive playground project on the property was completed in February, 2011.

Planning for increased demands on public safety requirements and improving efficiency for the delivery of these services is demonstrated through the $7.6 million purchase of land for a future Public Safety Complex and now includes a 5th Fire Station (FS65).

The land purchase was finalized in FY 2009/2010 and Fire Station 65 was completed in FY 2010/2011. The Public Safety Complex has been put on indefinite hold as a result of the failing economy and may be built at an undetermined future date with the expectation to debt finance the construction costs at that time. In addition to initial construction costs, the City of Deltona will likely incur significant additional operating costs to operate and maintain the new facility. Due to a recognized need in the City and the realization that the City's ratio of police officers to residents is well below acceptable levels, the City added 3 Sergeants and one Deputy in FY 2010/2011 and three additional Deputies in the FY 2011/2012 budget, as directed by the Commission.

The demand and resulting deterioration on the City's roadways continues to increase. In the FY 2012/2013 budget, the City appropriated $4.93 million to continue road resurfacing and to complete various road widening projects.

Relevant financial policies

The City implemented GASB Statement No. 53 "Accounting and Reporting for Derivative Instruments" during the fiscal year ended September 30, 2010. The City engages a Financial Consultant on an annual basis to provide the required Mark-to-market calculations GASB 53 Effectiveness Test in order to comply with this statement. The findings are presented in the Notes section of this document.

The City implemented GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Post Employment Benefits other than Pensions" during the fiscal year ended September 30, 2009. The City engaged an actuary to provide estimates of the potential liability the City is required to disclose. The estimated total unfunded actuarial accrued liability as of March 1, 2011 was $1,934,000 for all governmental and enterprise funds combined. Of that total approximately 60%, or $1,162,000, is attributable to Fire & Rescue Services.

Major initiatives

The State legislation enacted new regulations relating to property tax reform, effective for FY 2008/2009. The passage of Amendment 1 added a second $25,000 homestead exemption to homesteaded property as well as adding portability to the "Save Our Homes" benefit in certain circumstances. The City passed an ordinance for the FY 2010/2011 tax year granting low income seniors an additional $25,000 homestead exemption. This resulted in a $96,800 reduction in property tax revenue in the first year the exemption was implemented. The November, 2012 ballot included several property tax amendments. It is unknown at this time the

revenue loss impact on the City although it is anticipated the impact will be minimal.

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, 2011. This was the twelfth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that satisfies both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year ended September 30, 2012. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,

William D Denny

William "Dave" Denny
Acting City Manager

Robert Clinger

Robert Clinger, CPA
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Deltona Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

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

President

Executive Director

ORGANIZATIONAL CHART

Citizens of Deltona

Elected Officials
John C. Masiarczyk, Sr., Mayor
Zenaida Denizac, District 1
Herb Zischkau, District 2
Heidi Herzberg, District 3
Paul Treusch, District 4, Vice Mayor
Fred Lowry, Jr., District 5
Michael Carmolingo, District 6

Various Appointed Boards & Committees

Acting City Manager
William "Dave" Denny

City Attorney
Gretchen "Becky" Vose

City Clerk's Office
Joyce Kent, CMC, City Clerk

Building & Enforcement Services Department
Dale Baker, Director
- *Enforcement Services Division*
- *Solid Waste Division*
- *Construction Services Division*

Finance
Robert "Bob" Clinger, CPA, Director
- *Accounting/Payroll*
- *Budget & Operational Services*
- *Fiscal Services*
- *Purchasing*

Human Resources
Tom Acquaro, MPA, IPMA-CP, Director
- *Human Resources*
- *Risk management*

Deputy City Manager
William "Dave" Denny

Information Technology
Steve Narvaez, IT Manager

Parks & Recreation
William "Steve" Moore, Director
- *Facilities Maintenance*
- *LEC/Amphitheatre Scheduling*
- *Community/Special Events*

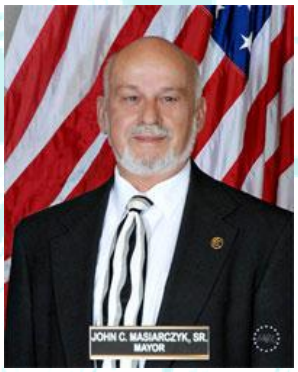
Public Works
Glenn Whitcomb, Director
- *Utilities*
- *Engineering*
- *Field Operations*
- *Fleet Maintenance*
- *Stormwater*
- *Traffic Operations*
- *Water & Wastewater Operations*

Fire / Rescue Department
Robert "Bob" Staples, CMO
Fire Chief
- *Operations/Combat*
- *Emergency Management/ Administration*
- *Fire Loss Management*

Law Enforcement
Captain David "Dave" Brannon
District Commander
Contracted services with Volusia County Sheriff's Office

Planning & Development Services
Chris Bowley, Director
- *Economic Development*
- *Short Range Planning*
- *Long Range Planning*
- *Community Development*

Elected Officials
As of September 30, 2012



John C. Masiarczyk
Mayor

Paul Treusch
Vice Mayor
District 4

Zenaida Denizac
District 1

Herb Zischkau
District 2

Heidi Herzberg
District 3

Fred Lowry, Jr.
District 5

Michael Carmolingo
District 6

CITY OF DELTONA, FLORIDA

OTHER OFFICIALS

Acting City Manager/Deputy City Manager ---------- William "Dave" Denny

City Attorney ---------- Gretchen "Becky" Vose

City Clerk ---------- Joyce Kent

Finance Director ---------- Robert Clinger

Human Resources Director ---------- Thomas Acquaro

Planning & Development Services Director ---------- Chris Bowley

Building & Enforcement Services ---------- Dale Baker

Fire Chief ---------- Robert Staples

Public Works and Utilities Director ---------- Glenn Whitcomb

Parks & Recreation Director ---------- Steve Moore

Purvis Gray & Company

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

We have audited the accompanying financial statements of the governmental activities, the 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, 2012, 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 opinions 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 the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of September 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the major budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial schedules, budget and actual, and statistical section are presented for the purpose of additional analysis, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and Chapter 69I-5, *Rules of the Florida Department of Financial Services*; and Chapter 10.550, *Rules of the Auditor General*, and is also not a required part of the financial statements. The combining and individual nonmajor fund schedules, budget and actual, and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Purvis, Gray and Company, LLP

March 13, 2013
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, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the letter of transmittal, which can be found on pages i-x.

Financial Highlights

- The net assets of the City exceeded its liabilities at the close of the most recent fiscal year by $158,003,134. Of this amount, $25,740,789 (*unrestricted net assets*) may be used to meet the government's on-going obligations to citizens and creditors.

- The City's total net assets increased by $3,646,092 or 2.4%. This increase in net assets is attributable solely to business-type activities.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $32,719,176; a decrease of $3,262,802, or 9.1%, in comparison with the prior year. Approximately 11.5% is *available for spending* at the government's discretion (*unassigned fund balance*).

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $3,748,032 or 12.8% of total General Fund expenditures.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of its costs through user fees and charges (*business-type activities*). The governmental activities of the City include law enforcement and fire/rescue protection,

solid waste management, stormwater management, construction and maintenance of road and street facilities, planning and development services, recreational and cultural activities and general administrative services. The business-type activities of the City include services provided by the water and sewer utility.

The City's government-wide financial statements can be found on pages 19-20 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, objectives or legal reasons. The City, like other State and local governments, uses fund accounting to demonstrate and ensure compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, enterprise funds and fiduciary funds.

Governmental funds

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

Because the focus of governmental funds is narrower than that of the governmental-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances for the governmental funds provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains fifteen individual governmental funds. Six of these funds are considered to be major funds. Information for the major funds is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances. Data from the non-major governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

The governmental fund financial statements are presented on pages 21-24 of this report.

Proprietary funds

The City maintains one proprietary, or enterprise, fund. Enterprise funds are used to report the same type of functions presented as business-type activities in the governmental-wide financial statements. The City uses an enterprise fund to account for its water and sewer distribution operation.

Enterprise fund financial statements provide the same type of information as the government-wide financial statements. However, the enterprise fund financial statements provide more detail. The water and sewer utility fund is considered a major

fund of the City of Deltona. The basic enterprise fund financial statements can be found on pages 25-29 of this report.

Fiduciary funds

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

The basic fiduciary fund financial statements can be found on pages 30-31 of this report.

Notes to the financial statements

The Notes to the Financial Statements provide additional information that is essential in order to obtain a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-64 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City. This required supplementary information presents combining and individual fund statements and schedules and also provides information regarding the City's funding progress in meeting its obligation to provide pension benefits to the City's firefighters. It also provides information regarding the City's obligation to provide certain Other Post-Employment Benefits.

Required supplementary information can be found on pages 65-74 of this report.

This report also includes supplemental information on the City's non-major funds. The combining statements referred to earlier in regards to non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 75-90 of this report. While this information is not required, it is helpful to the reader in order to gather a complete picture of the governmental unit in its entirety.

Government-wide Financial Analysis

As noted earlier, net assets may serve as a useful indicator of a government's financial position over time. In the case of the City, assets exceeded liabilities by $158,003,134 at the close of the fiscal year reported.

By far, the largest portion of the City's net assets (77.0%) reflect its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment), less any related debt issued to acquire those capital assets that is still outstanding. The City uses these capital assets to provide services to its citizens and therefore, these capital assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should still be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

City of Deltona's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	$ 38,326,961	$ 42,042,292	$ 41,562,116	$ 37,472,747	$ 79,889,077	$ 79,515,039
Capital assets, net of depreciation	128,145,367	126,292,841	78,251,260	73,565,865	206,396,627	199,858,706
Total assets	166,472,328	168,335,133	119,813,376	111,038,612	286,285,704	279,373,745
Current and other liabilities	3,621,780	2,848,446	5,999,007	4,692,263	9,620,787	7,540,709
Long-term liabilities	24,005,359	24,682,157	94,656,424	92,793,837	118,661,783	117,475,994
Total liabilities	27,627,139	27,530,603	100,655,431	97,486,100	128,282,570	125,016,703
Net Assets:						
Invetment in capital assets net of related debt	116,190,035	117,988,044	5,519,770	(813,553)	121,709,805	117,174,491
Restricted	2,064,877	2,079,749	8,487,663	7,860,401	10,552,540	9,940,150
Unrestricted	20,590,277	20,736,737	5,150,512	6,505,664	25,740,789	27,242,401
Total net assets	$ 138,845,189	$ 140,804,530	$ 19,157,945	$ 13,552,512	$ 158,003,134	$ 154,357,042

A portion of the City's net assets (6.7%) represents resources that are subject to external restrictions on how they may be used. Only $25,740,789, or 16.3%, of the City's total net assets are considered unrestricted and may be used to meet the City's on-going obligations to citizens and creditors.

At the end of the current fiscal year, the City reported positive balances in net assets for both governmental activities and restricted and unrestricted assets for business-type activities.

Government-Wide Activities

Governmental activities decreased the City's net assets by $1,959,341 while business-type activities experienced an increase in net assets of $5,605,433. Key elements of these changes are as follows.

City of Deltona's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for services	$ 8,741,561	$ 8,895,423	$ 18,720,844	$ 17,075,252	$ 27,462,405	$ 25,970,675
Operating grants and contributions	2,736,446	1,923,505	-	-	2,736,446	1,923,505
Capital grants and contibutions	1,482,553	4,013,670	43,178	157,152	1,525,731	4,170,822
General Revenues:					-	-
Property taxes	11,856,683	11,673,440	-	-	11,856,683	11,673,440
Franchise fees	3,474,383	3,924,731	-	-	3,474,383	3,924,731
Other taxes	12,927,191	13,112,406	-	-	12,927,191	13,112,406
State Shared Revenues	1,668,923	1,512,497	-	-	1,668,923	1,512,497
Other	790,873	591,009	1,167,705	18,877	1,958,578	609,886
Total Revenues	43,678,613	45,646,681	19,931,727	17,251,281	63,610,340	62,897,962
Expenses:						
Governmental Activities:						
General government	8,618,729	7,970,347	-	-	8,618,729	7,970,347
Public safety	18,000,160	18,946,170	-	-	18,000,160	18,946,170
Physical environment	7,560,685	6,920,661	-	-	7,560,685	6,920,661
Highways and Streets	5,209,626	5,544,071	-	-	5,209,626	5,544,071
Culture & recreation	2,726,161	2,577,658	-	-	2,726,161	2,577,658
Economic environment	2,491,265	4,341,857	-	-	2,491,265	4,341,857
Interest on long-term debt	1,031,328	1,074,661	-	-	1,031,328	1,074,661
Business-type Activities:						
Water and sewer	-	-	14,326,294	14,318,447	14,326,294	14,318,447
Total Expenses	45,637,954	47,375,425	14,326,294	14,318,447	59,964,248	61,693,872
Change in Net Assets	(1,959,341)	(1,728,744)	5,605,433	2,932,834	3,646,092	1,204,090
Net Assets-beginning of year	140,804,530	142,533,274	13,552,512	10,619,678	154,357,042	153,152,952
Net Assets-end of year	$ 138,845,189	$ 140,804,530	$ 19,157,945	$ 13,552,512	$ 158,003,134	$ 154,357,042

- In FY 2011/2012 charges for services in governmental activities decreased by $153,862 or 1.7%. This decrease is representative of an economy that has, for the most part, bottomed out and is, hopefully, beginning to level off.

- In FY 2011/2012 operating grants and contributions received by the City for governmental activities increased by $812,941, or 42.3%, over the prior year. This increase is primarily attributable to increased activity in the Neighborhood Stabilization Program 3 (NSP3) fund. As this grant got off the ground, the City began to purchase and rehabilitate homes within the Fund.

- In FY 2011/12 capital grants and contributions received by the City decreased by $2,531,117 or 63.1% over the prior year. This decrease is almost solely attributable to the completion of two major projects - the Lake Windsor project in the Stormwater Fund and Thornby Park in the Parks Projects Fund, both of which were grant funded with all of the grant reimbursement funds having been received in prior years.

- In FY 2011/2012 general revenues decreased by $96,030, 0.3%. This is believed to be a clear indication that the economy has finally bottomed out and is leveling off. This modest decline represents both increases and decreases in varying general revenue categories. As anticipated, electric franchise fees decreased by $450,348 and Public Service Tax decreased by $445,718 as the area experienced a more mild winter than in the previous two years. Surprisingly, sales tax increased by $237,032 and State Shared Revenues increased by $156,426, both of which could possibly indicate a move toward economic recovery. Additionally, Property Taxes increased by $183,243 primarily due to new construction.

- Overall, Governmental Activities expenses experienced a decrease of $1.74 million, or 3.7%, largely attributable to a large reduction in the City's inventory of Neighborhood Stabilization Program (NSP I) Fund homes purchased but not yet sold as well as the restructuring of the administration within the Fire Department which included the transfer of Telecommunications to the County.

- General Government expenses increased by $648,382 or 8.1%. Approximately $105,000 is attributable to two new positions in the City Manager Department (Grants Coordinator and Public Information Specialist). $80,000 was attributable to increased IT allocation costs due to both rising IT costs as well as a City-wide reallocation of IT expenses due to the restructuring of the Fire Department. There was an approximately $72,000 overall increase in the Legal Department due to the use of a contracted City Attorney instead of using an in-house City Attorney. There was a $60,000 increase in the Litigation line item of the City Commission Department due to a legal payment that was not covered under insurance. Lastly, $17,600 was spent on a scrub-jay mitigation project that was not spent in prior years.

- Public Safety expenses in FY 2011/2012 decreased by almost $950,000. The bulk of this was attributable to a restructuring of the Administration division of the Fire Department as well as the transfer of Telecommunications to Volusia County.

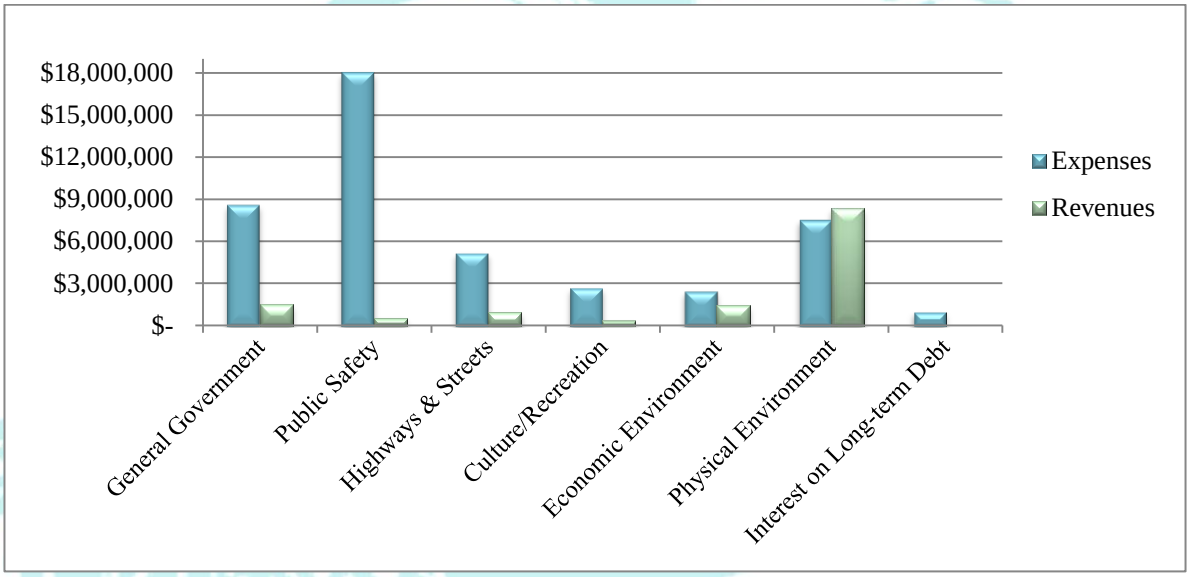
- Highways and Streets expenses decreased by almost $335,000, mostly attributable to reduced spending for sidewalks compared to the prior year.

- Culture and Recreation expenses increased by almost $150,000 largely attributable to an increase in Utility Services due to Deltona Water charging the City parks for water consumption effective October 1, 2011; additionally, depreciation expense increased slightly as Thornby Park was completed and became a depreciable asset.

- Physical Environment experienced an increase of just over $640,000 mostly attributable to increased depreciation activity as many stormwater projects were completed.

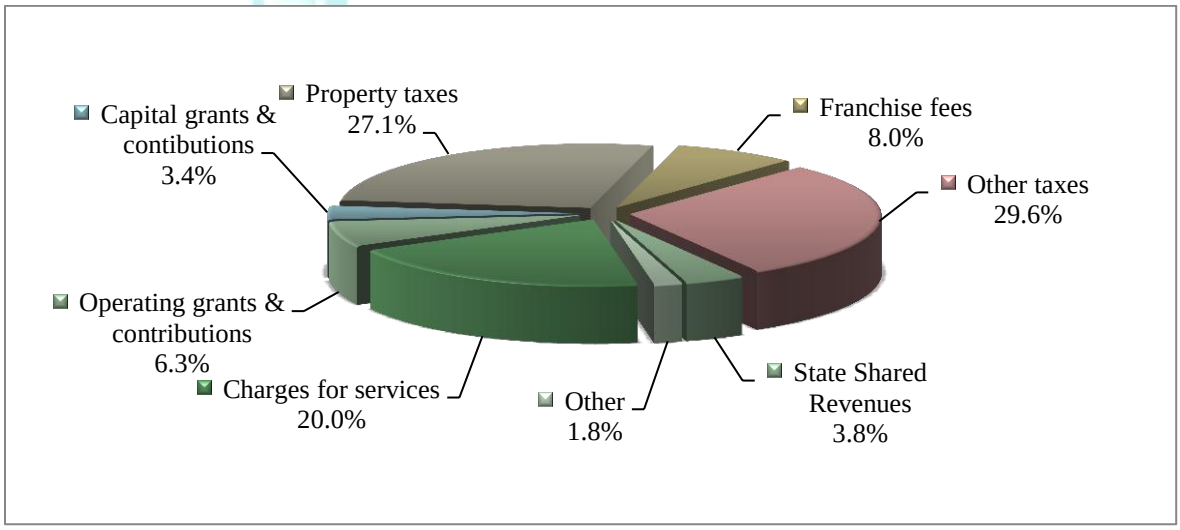
The following chart compares expenses with program revenues for the City's governmental activities:

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, which accounted for all of the total growth in the City's net assets this year, increased the City's net assets by $5.6 million, $2.7 million more than last year's increase in net assets. The key elements of this increase are explained below (comparing last year to this year):

- Charges for services increased by $1.65 million, or 9.6%. This increase was anticipated as the Enterprise Fund entered into year four of a six year scheduled rate increase plan. During the first two years of the rate increases, anticipated revenues were not achieved because of significant water conservation efforts made by customers in response to a decline in the local economy in addition to the water conservation rate structure imposed by St. John's River Water Management District. FY 2010/2011, year three of the rate increases, was the first year the utility experienced any revenue increases associated with the rate increases. The City's revenue pattern over the first two years is evidence that the conservation rates imposed by St John's River Water Management District did exactly what they were intended to do – reduce water consumption.

- Capital grants and contributions decreased by $113,974 as assessment fees remain low and the ECGB grant funding received in the prior year was exhausted.

- Interest revenue increased by almost $64,000 as the utility continues to have significant restricted reserves that cannot be spent due to various legal requirements.

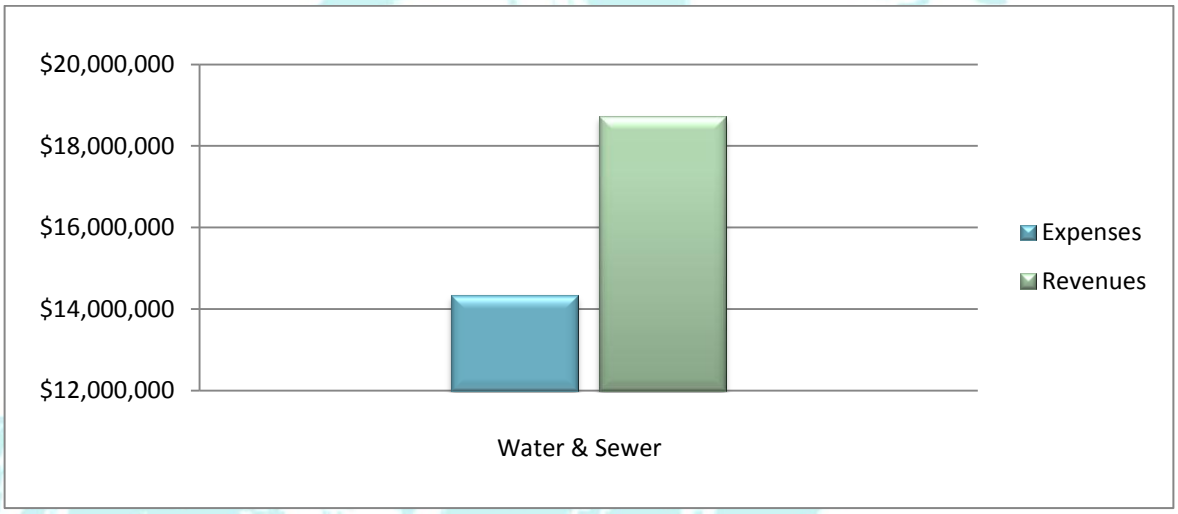
- The special accounting treatment required by the implementation of GASB 53 for the utility's swaption agreement resulted in an increase of $1,021,531 compared to last year in reported revenue from "Changes in Fair Value of Derivative Instruments". See Note III F. under Derivative Instruments – Option to enter into an interest rate swap (swaption) for more information.

- Operating costs increased by $70,500, a mere 0.7%, as the utility strives very hard to maintain expenses.

- Gain on sale of capital assets increased by $72,518 as the utility was able to sell some obsolete equipment. Interest expense decreased by almost $63,000 as the annual interest expense decreases at the bonds mature.

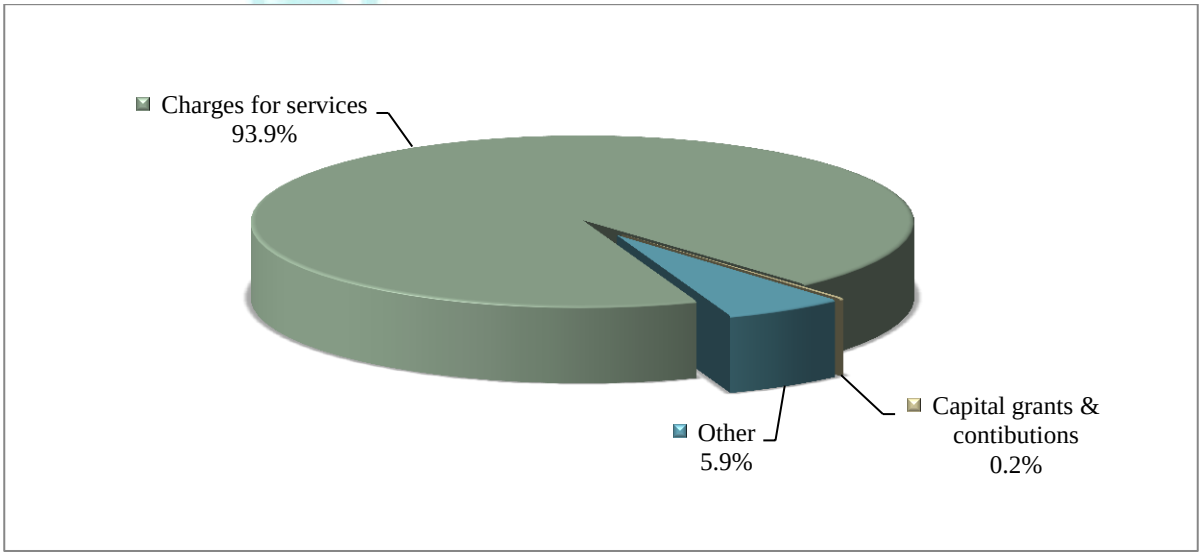
The following chart compares expenses with program revenues for the City's business-type activities:

Expenses and Program Revenues – Business-type Activities



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

Revenues by Source – Business-type Activities



Financial Analysis of the City's Funds

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

Governmental funds

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $32,719,176, a decrease of $3,262,802, or 9.1% in comparison with the prior year. Approximately 11.5% of this amount, or $3.7 million, constitutes *unassigned fund balance*, which is available for spending at the City's discretion for any legal purpose. This is almost $700,000 less than at the close of FY 2010/2011. While the City's General Fund total fund balance increased, the unassigned portion of that fund balance decreased because of the adoption of two additional fund balance reserves, each in the amount of $1,000,000.

In September 2011, the City Commission adopted Resolution No. 2011-31 creating a minimum fund balance policy. This policy is comprised of two components: 1) a Natural Disaster reserve equal to $6,000,000 for the purpose of providing the means to respond to public emergencies and/or natural disasters and; 2) an operating reserve equal to two (2) months of General Fund annual operating expenditures for the purpose of providing the City with the fiscal means to respond to unexpected operational changes, legislative impacts, or other economic events affecting the City's operations that could not have easily been anticipated at the time the budget was prepared.

Additionally, in September of 2012, the City adopted Resolution No. 2012-29 establishing two additional fund balance reserves. Resolution No. 2012-29 adds an Economic Development reserve equal to $1,000,000 as well as a City Infrastructure reserve equal to $1,000,000. These are both one-time only reserves intended to assist with economic development within the City until such time as these reserves are depleted.

As to the components of fund balance reported in accordance with GASB Statement No. 54, $10,711,371 is *restricted,* $13,486,752 *is committed, $4,773,021* is *assigned, and* $3,748,032 is unassigned. Only the $3.7 million unassigned is available for general expenditures.

The General Fund is the chief operating fund for the City. At the end of the current fiscal year, the fund balance of the General Fund was $19,507,644, with all but $3,748,032 either restricted, committed or assigned. Unreserved funds are available for spending for any general purpose. 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. The General Fund's committed and assigned fund balances represent 53% of total General Fund expenditures. The General Fund's unassigned fund balance represents 12.6% of total General Fund expenditures.

The total fund balance of the City's General Fund increased by $1,539,377 or 8.6%, during the current fiscal year. This increase in fund balance is $1.3 million more than the increase last year. The key factors in this $1.3 million swing (compared to last year) are as follows:

- $1,750,000 was transferred to the Transportation Fund in FY 2010/2011, compared with a $365,800 transfer to

the Transportation Fund in FY 2011/2012.

- Non public safety operating expenditures were $481,798 more than the prior year, while public safety decreased $891,466 with the bulk of that attributable to the restructuring of the Fire Department which included the transfer of Telecommunications to Volusia County. Staff continues to respond to the struggling economy, increasing expenses only when absolutely necessary or for costs out of their control (insurance, fuel, utilities, etc.). In an effort to contain personnel costs, the City continued to freeze or eliminate unfilled positions throughout the year as positions become vacant.

- Capital expenditures experienced an increase of $295,237 attributable to the purchase of a new fire engine.

- The changes in capital and operating combined resulted in a net decrease of $114,431 in all expenditures.

- Transfers out of the General Fund were $1,374,600 less than in the prior year because the City transferred only $365,800 this year for road projects, versus $1.75 million last year.

Solid Waste Fund

The City's Solid Waste fund experienced an increase in fund balance of $89,915. This was $26,392 less than the increase in fund balance of the prior year. The fund balance increase has become smaller and smaller which was anticipated as the City neared the end of the current rate plan structure. Compared to the prior year, the fund experienced an increase in revenues of only $6,949 and an increase in expenses of $33,341.

Stormwater Utility Fund

The City's Stormwater fund experienced a decrease in fund balance of $1,355,457. Revenues increased by $693,701, virtually all attributable to a DCA grant through Volusia County.

Capital expenditures in the Stormwater Fund increased by $505,062 as the City continued construction and completion of several planned projects that were funded by the Bank Note obtained in FY 2008/2009, including the Lake Gleason/Cloverleaf Outfall, Lake Windsor and Piedmont Pump Station projects.

Transportation Fund

The City's Transportation fund experienced a decrease in fund balance of $3,380,998. This was anticipated as construction activity increased considerably compared to last year resulting in an increase in capital expenditures of just under $2.5 million. This increase was primarily attributable to the Ft. Smith widening (sec. 2) Providence to Primrose and Ft. Smith 4A Rookery – Stallings.

Municipal Complex Fund

The City's Municipal Complex Fund experienced an increase in fund balance of $25,627. $10,930 was interest and the remaining was a credit from the contractor for FS65 due to performance issues.

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 were $5,150,512, $1.4 million higher than last year as the Utility finally realized anticipated revenues from the scheduled rate increases. 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

Budgeted revenues and expenditures were increased (amended), and the net shortfall was taken from fund balance to cover unanticipated expenditures, primarily in the area of General Government. These unanticipated expenditures include law suit expenditures, higher than anticipated contracted City Attorney fees as well as scrub jay mitigation fees. The scrub jay mitigation fees were partially off-set by contributions from outside sources.

- General Fund revenues were over budget by $275,883. The largest component was Intergovernmental Revenue which came in $321,219 over budget and was completely unexpected as this is mostly comprised of Half Cent Sales Tax, possibly signaling an improving economy. Charges for services came in over budget by $313,589, also possibly indicating an improvement in the economy. Property taxes came in $139,583 over budget, also indicating the possibility of an economy that is starting to recover. Franchise fees came in $195,217 under budget attributable to a winter that was warmer than the prior two years.

- General Fund operating expenditures were $1,065,212 under budget and capital outlay was $145,682 under budget for a total of $1,210,894 under budget on all spending. Personal service costs were under budget by $594,717, or 4.1%. This is attributable to several factors including, but not limited to: the loss of two positions in the City Attorney office (one transferred, one eliminated through attrition), significantly less unemployment benefits paid than budgeted, significantly less outsourcing of both a budgeted building inspector and fire inspector than budgeted, higher than anticipated grant reimbursements to General Fund for grant specific work performed as well as some budgeted positions that were not filled.

- General Services, which provides funding for general City services not associated with a specific department, came in under budget by a total of $166,500. This is a result of both unemployment insurance costs and utility services coming in under budget.

- Total General Government and Administration (which includes General Services) came in $568,843 under budget on operating expenditures. Every department successfully cut spending in order to finish the year under budget.

- Public Safety (Police and Fire) came in under budget by $239,542. $106,000 of this was attributable to personal service costs coming in under budget. The remainder is from various line item operating costs coming in slightly under budget.

- Public Works (Highways & Streets) came in under budget by a total of $227,655 for all divisions. The most significant lines items were: $96,000 – Personal Services under budget, Road Materials & Supplies - $24,000 under budget, Fuel & Oil - $22,000 under budget, Utility Services - $22,000 under budget and Sidewalks - $20,000 under budget.

- Parks and Recreation came in under budget by $22,772. This was attributable to various line items in the Parks and Recreation Department coming in under budget. The most

significant line item under budget was Chemicals at $13,000 under budget.

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, 2012 was $206,396,627 (net of accumulated depreciation). This investment in capital assets includes land, construction-in-progress, buildings and improvements, machinery and equipment, and infrastructure (roads, right-of-ways, stormwater and water and wastewater utility). The total increase (additions less retirements and depreciation) in the City's investment in capital assets was $6,537,921; an increase of 3.3%. This represents a 1.5% increase for governmental activities and a 6.4% increase for business-type activities.

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

- SR 415 Utility Lines - $3,760,000 (Deltona Water project)
- Ft. Smith (Sec2) Road Widening - Providence to Primrose - $2,658,000 (Transportation project)
- Ft. Smith 4A Road Widening - Rookery to Stallings - $1,200,000 (Transportation project)
- Magdalena WTP 1 MG Storage Tank - $662,000 (Deltona Water project)
- Piedmont Pump Station Improvements - $633,000 (Stormwater project)
- Lake Windsor – $430,000 (Stormwater project)
- Fire Engine – $375,000 (Fire Department)

City of Deltona's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	13,642,445	13,761,105	3,150,693	2,829,916	16,793,138	16,591,021
Infrastructure Right of Way	4,372,500	4,372,500	-	-	4,372,500	4,372,500
Construction in Progress	7,834,068	6,352,140	5,662,477	8,815,537	13,496,545	15,167,677
Buildings & Improvements	66,826,516	62,956,153	2,847,616	2,847,616	69,674,132	65,803,769
Machinery & Equipment	20,210,867	20,068,893	14,324,445	14,272,294	34,535,312	34,341,187
Infrastructure	100,336,887	98,410,476	75,827,501	65,721,012	176,164,388	164,131,488
Total	213,223,283	205,921,267	101,812,732	94,486,375	315,036,015	300,407,642

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

Debt. At the end of the current fiscal year the City had total bonded debt outstanding of $88,360,000. This amount represents $14,535,000 of transportation revenue bonds and $73,825,000 of utility system revenue bonds, both secured by specified revenue sources.

In addition to the City's bonded debt, the City entered into a loan agreement in the amount of $6,569,345 with Branch, Banking and Trust Company (BB&T) during FY 2009/2010. The loan was obtained in order to finance certain of the City's costs of the capital improvements contained in the City's adopted Stormwater Master Plan. That Note is expected to be paid over a period of twenty years at a fixed interest rate of 5.01%. The Note is payable from, and secured solely by, revenues derived by the City from its stormwater utility assessments and the City's covenant to budget and appropriate legally available non-ad valorem revenues as provided in the agreement. At the end of the fiscal year, the outstanding balance of the Note is $5,951,310.

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligations Bonds	$ -	$ -	$ -	$ -	$ -	$ -
Special Obligations Bonds	-	-	-	-	-	-
Revenue Bonds	14,535,000	15,255,000	73,825,000	75,525,000	88,360,000	90,780,000
Total Bonds	14,535,000	15,255,000	73,825,000	75,525,000	88,360,000	90,780,000
Loans Payable	5,951,310	6,167,727	-	-	5,951,310	6,167,727
Total Bonds and Loans	$ 20,486,310	$ 21,422,727	$ 73,825,000	$ 75,525,000	$ 94,311,310	$ 96,947,727

As a result of the downgrade of the City's bond insurer, the City has now fully funded the debt service reserve requirements established by the bond covenants. Both of the debt service reserve funds were fully funded as of December of 2011. Those reserve amounts are shown in the table below:

Bond Issue	Total Required Debt Service Reserve Funding
Utility Bond	$ 5,600,000
Transportation Bond	$ 1,486,000

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

Economic Factors and Next Year's Budget and Rates

The unemployment rate at the end of fiscal year 2012 for Volusia County was 10.8%. The following is a summary of the applicable unemployment rates for Volusia County, the State of Florida, and United States:

Region Name	Current Year 9/2012	Previous Year 9/2011
Volusia County	10.8%	10.9%
State of Florida	8.7%	10.5%
United States	8.1%	8.9%

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

For FY 2011-2012 the taxable value of such property decreased 22.7% over the previous year. For the following fiscal year, FY 2012/2013, the decrease in taxable value was only 0.4%.

The City's population increased 0.17% from 85,182 in 2011 to 85,281 in 2012.

During the FY 2012/2013 budget process, the Commission decided that it was in the best interest of the City to adopt a millage rate of 7.99 which is 4.4% less than the roll-back rate of 8.3591. In continuing to respond to these difficult economic times, staff was able to reduce expenditures significantly enough that the City was able to include two (2) additional Code Enforcement officers in the FY 12/13 budget as well as provide a small amount of funding toward the City's on-going sidewalks program. Throughout the budget process, as well as all year long, staff continues to work diligently to overcome concerns regarding ever increasing costs, reduced property values and an overall reduction in City-wide revenues.

The beginning total fund balance in the General Fund for FY 2012/2013 was $19,507,644. The City budgeted to consume $400,100 of this fund balance in FY 2012/2013 in order to resurrect the City's sidewalks program but does not expect to use any of that fund balance for operations or inter-fund transfers.

Requests for Information

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

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STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	$ 32,292,083	$ 20,276,837	$ 52,568,920
Cash with fiscal agent	121,631	-	121,631
Receivables (net)	1,551,384	2,164,256	3,715,640
Due from other governments	2,251,692	-	2,251,692
Inventory	859,463	409,189	1,268,652
Total Current Assets	37,076,253	22,850,282	59,926,535
Net pension asset	916,468	-	916,468
Other assets	334,240	18,711,834	19,046,074
Capital assets:			
Assets not being depreciated	25,849,013	8,813,170	34,662,183
Assets being depreciated	187,374,270	92,999,562	280,373,832
(Accumulated deprecation)	(85,077,916)	(23,561,472)	(108,639,388)
Total assets	166,472,328	119,813,376	286,285,704
Liabilities			
Accounts payable	1,648,249	2,449,610	4,097,859
Accrued liabilities	722,137	2,016,351	2,738,488
Contracts/retainage payable	295,254	-	295,254
Deposits	29,435	1,533,046	1,562,481
Unearned revenue	926,705	-	926,705
Long-term liabilities:			
Due within one year	1,781,294	2,022,437	3,803,731
Due in more than one year	22,224,065	92,633,987	114,858,052
Total liabilities	27,627,139	100,655,431	128,282,570
Net assets			
Invested in capital assets,			
Net of related debt	116,190,035	5,519,770	121,709,805
Restricted for:			
Road and street expenses	10,453	-	10,453
Capital projects	568,424	942,663	1,511,087
Debt service	1,486,000	7,545,000	9,031,000
Unrestricted net assets	20,590,277	5,150,512	25,740,789
Total net assets	$ 138,845,189	$ 19,157,945	$ 158,003,134

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Assets – Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
Primary government:							
General government	$ 8,618,729	$ 1,386,206	$ 86,716	$ -	$ (7,145,807)	$ -	$ (7,145,807)
Public Safety	18,000,160	46,263	464,293	9,261	(17,480,343)	-	(17,480,343)
Highways and streets	5,209,626	-	756,301	182,016	(4,271,309)	-	(4,271,309)
Culture and recreation	2,726,161	96,620	-	215,254	(2,414,287)	-	(2,414,287)
Economic environment	2,491,265	-	1,405,363	-	(1,085,902)	-	(1,085,902)
Physical environment	7,560,685	7,212,472	23,773	1,076,022	751,582	-	751,582
Interest on long-term debt	1,031,328	-	-	-	(1,031,328)	-	(1,031,328)
Total governmental activities	45,637,954	8,741,561	2,736,446	1,482,553	(32,677,394)	-	(32,677,394)
Business-type activities							
Water and Sewer Utility	14,326,294	18,720,844	-	43,178	-	4,437,728	4,437,728
Total business-type activities	$ 14,326,294	$ 18,720,844	$ -	$ 43,178	$ -	$ 4,437,728	$ 4,437,728
General Revenues:							
Taxes:							
Property taxes					11,856,683	-	11,856,683
Franchise fees					3,474,383	-	3,474,383
Public service tax					7,111,064	-	7,111,064
Sales tax					3,728,339	-	3,728,339
Local option gas taxes					2,087,788	-	2,087,788
State shared revenues - non program specific					1,668,923	-	1,668,923
Investment income:							
Interest earnings					137,133	94,272	231,405
Changes in Fair Value of Derivative Instruments					-	1,004,679	1,004,679
Miscellaneous					653,740	68,754	722,494
Total general revenues, special items and transfers					30,718,053	1,167,705	31,885,758
Change in net assets					(1,959,341)	5,605,433	3,646,092
Net assets, beginning of year					140,804,530	13,552,512	154,357,042
Net assets, end of year					$ 138,845,189	$ 19,157,945	$ 158,003,134

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

BALANCE SHEET
ALL GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	General Fund	Solid Waste Fund	Stormwater Utility Fund	Neighborhood Stabilization Grants	Transportation Fund	Municipal Complex Fund	Other Governmental Funds	Total Governmental Funds
Assets								
Cash and cash equivalents	$ 17,742,622	$ 835,889	$ 4,474,127	$ 732,692	$ 4,343,191	$ 1,945,122	$ 732,440	$ 30,806,083
Debt service reserve fund	-	-	-	-	1,486,000	-	-	1,486,000
Cash with fiscal agent	-	-	-	-	121,631	-	-	121,631
Receivables (net of allowance for uncollectibles)	1,527,769	-	5,715	-	-	-	-	1,533,484
Due from other funds	113,724	-	-	-	-	-	-	113,724
Due from other governments	1,127,309	-	409,749	251,355	332,490	-	130,789	2,251,692
Total assets	20,511,424	835,889	4,889,591	984,047	6,283,312	1,945,122	863,229	36,312,614
Liabilities and fund balances								
Liabilities								
Accounts payable	407,323	332,205	424,589	101,351	291,933	-	90,848	1,648,249
Accrued liabilities	567,022	2,316	26,273	-	2,360	-	-	597,971
Contracts payable	-	-	-	-	-	-	-	-
Retainage payable	-	-	8,144	-	287,110	-	-	295,254
Due to other funds	-	-	-	-	-	-	95,824	95,824
Deposits	29,435	-	-	-	-	-	-	29,435
Deferred revenues	-	-	-	882,696	-	-	44,009	926,705
Total liabilities	1,003,780	334,521	459,006	984,047	581,403	-	230,681	3,593,438
Fund balances								
Restricted:								
Public safety	-	-	-	-	-	-	17,087	17,087
Highways and streets	-	-	-	-	4,215,909	-	10,453	4,226,362
Culture and recreation	-	-	-	-	-	-	49,969	49,969
Physical environment	-	501,368	4,430,585	-	-	-	-	4,931,953
Debt service	-	-	-	-	1,486,000	-	-	1,486,000
Total restricted fund balances	-	501,368	4,430,585	-	5,701,909	-	77,509	10,711,371
Committed:								
Natural disasters	6,000,000	-	-	-	-	-	-	6,000,000
Operating reserve	4,892,000	-	-	-	-	-	-	4,892,000
Economic Development	2,000,000	-	-	-	-	-	-	2,000,000
Culture and Recreation	-	-	-	-	-	-	76,507	76,507
Physical environment	39,713	-	-	-	-	-	478,532	518,245
Total committed fund balances	12,931,713	-	-	-	-	-	555,039	13,486,752
Assigned:								
Capital outlay/projects	2,827,899	-	-	-	-	1,945,122	-	4,773,021
Total assigned fund balances	2,827,899	-	-	-	-	1,945,122	-	4,773,021
Unassigned fund balances	3,748,032	-	-	-	-	-	-	3,748,032
Total fund balances	19,507,644	501,368	4,430,585	-	5,701,909	1,945,122	632,548	32,719,176
Total liabilities and fund balances	$ 20,511,424	$ 835,889	$ 4,889,591	$ 984,047	$ 6,283,312	$ 1,945,122	$ 863,229	$ 36,312,614

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

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS AS OF SEPTEMBER 30, 2012

Total fund balances of governmental funds	$ 32,719,176
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 $213,223,283 and the accumulated depreciation is $85,077,916.	128,145,367
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	916,468
Inventories, 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:	
Inventories - Investment in NSP housing	859,463
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	(1,912,137)
Other post employment benefits liability	(1,157,156)
Bonds and loans payable	(20,486,310)
Accrued interest - Stormwater loan	(124,166)
Premium on bonds payable	(216,184)
Bond and loan issue costs	334,240
Deferred revenue - debt service deposit agreement	(233,572)
Total net assets of governmental activities	$ 138,845,189

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

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Revenues	General Fund	Solid Waste Fund	Stormwater Utility Fund	Neighborhood Stabilization Grants	Transportation Fund	Municipal Complex Fund	Other Governmental Funds	Total Governmental Funds
Property taxes	$ 11,856,683	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,856,683
Franchise fees	3,474,383	-	-	-	-	-	-	3,474,383
Public service tax	7,111,064	-	-	-	-	-	-	7,111,064
State revenue sharing	2,330,382	-	-	-	-	-	-	2,330,382
Intergovernmental	4,504,858	-	1,042,163	557,584	2,087,788	-	554,514	8,746,907
Charges for services	1,529,089	4,293,806	2,918,665	-	-	-	117,747	8,859,307
Fines and forfeitures	148,511	-	-	-	-	-	-	148,511
Impact fees	-	-	-	-	-	-	170,831	170,831
Interest income	100,038	8,509	2,032	4,073	7,262	10,930	4,292	137,136
Miscellaneous	218,314	950	13,150	590,550	-	14,697	5,748	843,409
Total revenues	31,273,322	4,303,265	3,976,010	1,152,207	2,095,050	25,627	853,132	43,678,613
Expenditures								
Current:								
General government and administration	7,119,042	-	-	128,384	-	-	89,114	7,336,540
Public safety	17,343,256	-	-	-	-	-	-	17,343,256
Highways and streets	1,714,145	-	-	-	123,747	-	136,814	1,974,706
Culture and recreation	2,041,728	-	-	-	-	-	-	2,041,728
Economic environment	-	-	-	1,023,823	-	-	241,998	1,265,821
Physical environment	1,200	4,213,350	1,913,298	-	-	-	49,106	6,176,954
Debt service:								
Principal	-	-	216,417	-	720,000	-	-	936,417
Interest	-	-	309,003	-	735,576	-	-	1,044,579
Capital outlay:								
General government and administration	247,945	-	-	-	-	-	-	247,945
Public Safety	572,938	-	-	-	-	-	-	572,938
Highways and streets	168,941	-	-	-	4,396,725	-	-	4,565,666
Culture and recreation	-	-	-	-	-	-	372,844	372,844
Physical environment	140,950	-	2,892,749	-	-	-	28,322	3,062,021
(Total expenditures)	(29,350,145)	(4,213,350)	(5,331,467)	(1,152,207)	(5,976,048)	-	(918,198)	(46,941,415)
(Deficiency) excess of revenues (under) over expenditures	1,923,177	89,915	(1,355,457)	-	(3,880,998)	25,627	(65,066)	(3,262,802)
Other financing sources (uses)								
Transfers from other funds	-	-	-	-	491,577	-	18,000	509,577
Transfers to other funds	(383,800)	-	-	-	-	-	(125,777)	(509,577)
Total other financing (uses) sources	(383,800)	-	-	-	491,577	-	(107,777)	-
Net change in fund balances	1,539,377	89,915	(1,355,457)	-	(3,389,421)	25,627	(172,843)	(3,262,802)
Fund balances, beginning of year	17,968,267	411,453	5,786,042	-	9,091,330	1,919,495	805,391	35,981,978
Fund balances, end of year	$ 19,507,644	$ 501,368	$ 4,430,585	$ -	$ 5,701,909	$ 1,945,122	$ 632,548	$ 32,719,176

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Net change in fund balances of governmental funds	$ (3,262,802)
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 $8,284,345 less net book value of disposals and transfers of $177,627 exceeded depreciation expense of $6,254,190.	1,852,528
In the governmental funds, as payments are made for the purchase and rehabilitation of certain grant funded housing, they are reported as expenditures in the affected grant fund. However, in the entity-wide financial statements these costs are added to inventory and then expensed in the Statement of Activities in the year in which they are sold to qualified homeowners. This reconciling item represents the net difference between the total cost of houses sold in the current fiscal year and current year expenditures to purchase and/or rehabilitate houses that remained in inventory at year-end.	(1,224,068)
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 (bonds or bank loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:	
Debt principal repayment	936,417
Amortization of transportation bond premium	15,442
Amortization of bond and bank loan issue costs	(23,388)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Decrease in accrued interest - Stormwater loan	4,515
Increase in net pension asset	17,076
Increase in compensated absences	(11,000)
Increase in other post employment benefits	(280,743)
Change in net assets of governmental activities	$ (1,959,341)

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

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2012

	Business-Type Activities Water and Sewer Utility Fund
Assets	
Current assets	
Cash	$ 8,421,847
Restricted assets available for current liabilities	5,312,327
Accounts receivable (net)	2,164,256
Inventory	409,189
Total current assets	16,307,619
Non current assets	
Restricted assets	
Sinking fund - Revenue bonds payable	3,779,281
Debt service reserve fund	5,600,000
Renewal and replacement account	942,663
Customer deposits	1,533,046
Less: portion classified as current	(5,312,327)
Total restricted assets	6,542,663
Capital assets	
Land	3,150,692
Improvements other than buildings	75,827,500
Buildings	2,847,617
Equipment	14,324,445
Construction in progress	5,662,478
(Accumulated depreciation)	(23,561,472)
Total capital assets - cost less depreciation	78,251,260
Other assets	
Bond issue costs (net)	2,043,908
Deferred Outflow - Swaption	15,448,839
Deferred Inflow - Option Component	778,085
Swaption issue costs (net)	441,002
Total other assets	18,711,834
Total noncurrent assets	103,505,757
Total assets	$ 119,813,376

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

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2012
(Concluded)

	Business-Type Activities Water and Sewer Utility Fund
Liabilities and fund equity	
Current liabilities payable from current assets:	
Accounts and retainages payable	$ 2,449,610
Accrued expenses	182,070
Compensated absences - current portion	77,437
Total current liabilities payable from current assets	2,709,117
Current liabilities payable from restricted assets	
Deposits	1,533,046
Accrued interest payable	1,834,281
Revenue bonds payable - current portion	1,945,000
Total current liabilities payable from restricted assets	5,312,327
Total current liabilities payable from current and restricted assets	8,021,444
Long-term liabilities	
Revenue bonds payable - long-term portion	71,880,000
FDEP State Revolving Fund loan - long-term portion	943,230
Unamortized bond premium	950,398
Derivative Instruments:	
Fair Value - Swaption	15,448,839
Historical Cost of Borrowing	3,206,837
Compensated absences	73,839
Other post employment benefits obligation	130,844
Total long-term liabilities	92,633,987
Total liabilities	100,655,431
Net assets	
Invested in capital assets, net of Related debt	5,519,770
Restricted for debt service	7,545,000
Restricted for renewal and replacement	942,663
Unrestricted	5,150,512
Total net assets	$ 19,157,945

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Water and Sewer Utility Fund
Operating revenues:	
Charges for services - Water	$ 10,548,127
Charges for services - Waste Water	7,028,123
Connection fees	245,670
Other miscellaneous revenues	898,924
Total operating revenues	18,720,844
Operating expenses:	
Personal services	3,564,796
Operating expenses	3,903,485
Professional services	41,722
Depreciation	2,980,008
Insurance	114,552
Total operating expenses	(10,604,563)
Operating income	8,116,281
Nonoperating revenues (expenses):	
Investment Income:	
Interest earnings	94,272
Changes in Fair Value of Derivative Instruments	1,004,679
Grants	14,228
Gain (loss) on sale of capital assets	68,754
Interest expense and issue cost amortization	(3,721,731)
Total nonoperating revenue (expenses)	(2,539,798)
Income before contributions	5,576,483
Capital contributions - water and wastewater	28,950
Change in net assets	5,605,433
Net assets:	
Beginning of year	13,552,512
End of year	$ 19,157,945

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Business-Type Activities Water and Sewer System Fund
Cash flows from operating activities	
Cash received from customers	$ 18,579,261
Cash payments to suppliers for goods and services	(2,881,185)
Cash payments for employee services	(3,507,803)
Net cash provided by operating activities	12,190,273
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(7,724,687)
Proceeds from sale of capital assets	128,038
Proceeds from FDEP State Revolving Fund Loan	672,952
Grant revenues	14,228
Revenue bond principal payment	(1,700,000)
Revenue bond interest payments	(3,700,438)
Proceeds from capital contributions	28,950
Net cash used in capital and related financing activities	(12,280,957)
Cash flows from investing activities	
Interest	94,272
Net cash provided by investing activities	94,272
Net increase (decrease) in cash and cash equivalents	3,588
Cash and cash equivalents, beginning of year	20,273,249
Cash and cash equivalents, end of year	$ 20,276,837

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012
(Concluded)

	Business-Type Activities Water and Sewer System Fund
Reconciliation of cash and cash equivalents to balance sheet	
Total unrestricted cash and investments per the balance sheet	$ 8,421,847
Total restricted cash and investments per the balance sheet	11,854,990
Total cash and investments	20,276,837
Less investments not meeting the definition of cash equivalents	-
Cash and cash equivalents, end of year	$ 20,276,837
Reconciliation of operating income to net cash provided by operating activities	
Operating income	$ 8,116,281
Adjustments to reconcile operating Income to cash provided by operating activities:	
Depreciation	2,980,008
Provision for uncollectible accounts	97,790
(Increase) decrease in assets:	
Accounts receivable	(346,178)
Inventories	(51,360)
Increase (decrease) in liabilities:	
Accounts payable	1,257,305
Utility deposits	106,805
Accrued expenses	(25,490)
Compensated absences	17,855
Other post employment benefits obligation	37,257
Net cash provided by operating activities	$ 12,190,273

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

STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
SEPTEMBER 30, 2012

	Employee Retirement Funds
Assets	
Equities	$ 5,312,226
Bond & Mortgage Funds	3,795,293
Money Market	2,601,904
U.S. Government or Agency Obligations	631,608
Mutual Funds	3,221,533
Balanced/Asset Allocation Fund	1,901,210
U.S. Stock Funds	352,876
International Stock Funds	81,065
Specialty Funds	7,045
Due from other governments	37,267
Total Assets	17,942,027
Liabilities	
Accounts payable	55,262
Due to Members - DROP Payments	-
Due to other funds	17,901
Total liabilities	73,163
Net assets	
Reserved for employees' pension benefits	17,868,864
Total net assets	$ 17,868,864

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Employee Retirement Funds
Additions	
Contributions:	
Employer	$ 892,222
Transfer from General Fund - insurance premium surchages received from the State of Florida	438,089
Employee	392,535
Total Contributions	1,722,846
Investment income (loss)	2,240,425
Net investment income	2,240,425
Total additions	3,963,271
Deductions	
Benefit payments	459,853
Refunds to employees	203,063
DROP plan payments	1,268
Administration	124,195
Forfeitures	-
Total deductions	(788,379)
Change in net assets	3,174,892
Net assets - beginning	14,693,972
Net assets - ending	$ 17,868,864

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

Notes to the Financial Statements
September 30, 2012

I. Summary of significant accounting policies

A. Reporting entity

The City of Deltona (City) is a municipal corporation, incorporated December 31, 1995, governed by an elected mayor and six-member council. The City provides a full range of services including law enforcement and fire/rescue protection, solid waste management, storm water management, construction and maintenance of road and street facilities, planning and development services, recreational and cultural activities and general administrative services. Additionally, the City has a business-type operation that offers water and sewer utilities services. 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, 2012, 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 non-fiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely almost exclusively on user fees and charges for services.

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

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

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

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

items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The City reports the following major governmental funds:

- ***General Fund*** - this is the City's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in other funds.
- ***Solid Waste Fund*** - accounts for the fiscal activities relating to fees charged and expenditures incurred for garbage and recycled waste pick-up.
- ***Stormwater Fund*** - accounts for the fiscal activity relating to fees charged and expenditures incurred for the stormwater utility operation and maintenance activities, i.e., the collection, storage, treatment and dispersal of rainwater.
- ***Neighborhood Stabilization Program Funds (NSP1 & NSP3)*** – account for the fiscal activities of funds received by the City from the Housing and Recovery Act (HERA) of 2008 to address the problems of abandoned and foreclosed homes.
- ***Transportation Fund*** - accounts for the fiscal activity relating to the City's share of the County's six-cent and five-cent local option tax on fuel. The six-cent portion can be used for general road improvements and maintenance. However, the five-cent portion can only be utilized to fund capital improvement projects that are necessary to meet the requirements of the City's Comprehensive Plan.
- ***Municipal Complex Fund*** - accounts for the fiscal activities related to the funding and construction of capital facilities for City operations.

The City reports the following non-major fund types:

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

The City reports the following major enterprise fund:

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

The City reports the following fiduciary fund types:

- ***Pension Trust Funds*** - account for the assets of the City employees' pension plans. These 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with, or contradict, guidance of the Governmental Accounting Standards Board (GASB). 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, charges incurred for water and sewer used by other City functions, and other charges between the City's transportation, solid waste and stormwater functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

In September of 2011, the City adopted Resolution No. 2011-31 creating a General Fund Minimum Fund Balance Policy. Under this policy two (2) reserves are to be maintained; 1) a natural Disaster Reserve equal to $6,000,000 and, 2) a Minimum Operating Reserve equal to two (2) months of General Fund operating expenditures. In September of 2012, the City adopted Resolution No. 2012-29 establishing two additional fund balance reserves. Resolution No. 2012-29 adds an Economic Development reserve equal to $1,000,000 as well as a City Infrastructure reserve equal to $1,000,000. These are both one-time only reserves intended to assist with economic development within the City until such time these reserves are depleted.

The adopted General Fund Minimum reserves are not intended to function as a contingency fund to address unfunded expenditures or over-expenditures related to the normal provision of City services. When both restricted and unrestricted resources are legally available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets or equity

1. *Deposits and investments*

City Investments

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

The City's investment policy is established by resolution and is governed by Florida Statute 218.415. 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 and direct obligations of the U.S. Treasury and Federal agencies and instruments.

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

Firefighters' Pension Plan Investments

The investments of the Firefighters' Pension Plan are directed by the Firefighters' Pension Board of Trustees. The Trustees have adopted an Investment Policy Statement for the Firefighters' Pension Plan to provide parameters for investments. The general investment objective is to obtain a reasonable total rate of return commensurate with the Prudent Investor Rule and Florida Statute 218.415.

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

2. *Receivables and payables*

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

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 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. For the water and sewer utility fund, inventory is comprised of material and supplies on hand. Government-wide inventory is $859,463 which is attributable to homes purchased and rehabilitated, or in the process of being rehabilitated, but not yet sold, through the Neighborhood Stabilization Program (NSP I & III) funds through September 30, 2012.

The City utilizes the purchase method of inventory to account for governmental fund inventory. Home purchases and rehabilitation costs are first recorded as expenditures; those expenditures are transferred to inventory for any homes not sold at the end of the fiscal year.

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

4. *Restricted assets*

Certain proceeds of the water and sewer utility fund are classified as restricted assets on the balance sheet because their use is limited by bond covenants or some other legal restriction and certain of these proceeds may be used only for debt service, renewal and replacement and/or expansion related capital projects. Certain proceeds of other funds are also classified as restricted assets on the balance sheet. Examples of restricted assets include loan proceeds for certain Stormwater capital improvement projects and related debt service payments and gas tax and transportation impact fee proceeds for capital road projects and related debt service.

5. *Capital Assets*

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental

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

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

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by Governmental Funds and the Enterprise Fund during the current fiscal year was $1,031,328 and $3,721,731 respectively. The capitalized interest expense associated with the cost of capital assets under construction in connection with the water and sewer utility fund assets was $1,097 attributable to the loan obtained through the State Revolving Loan Program for the engineering and design of the eastern wastewater treatment plant.

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

	Useful Lives
Buildings	10 - 40 Years
Improvements Other Than Buildings	15 - 50 Years
Equipment	3 - 40 Years
Infrastructure	15 - 50 Years

6. *Compensated Absences*

All vested or accumulated vacation, scheduled holiday leave and vested accumulated sick leave is accrued when incurred in the government-wide and enterprise financial statements. Compensated absences, government-wide and enterprise funds combined, for the years ended September 30, 2012 and 2011 are $2,063,413 and $2,034,558 respectively.

7. *Long-term obligations*

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

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

8. *On-Behalf Payments for Fringe Benefits*

The City receives on-behalf payments from the State of Florida to be used for Firefighters' Pension Plan enhancements. On-behalf payments to the City totaled $438,089 for the fiscal year ended September 30, 2012. Such payments are recorded as inter-governmental revenue and public safety expenditures in the GAAP basis government-wide and General Fund financial statements. Funds received are recorded as revenue in the General Fund and immediately transferred to the Firefighters' Pension Plan as an expense to the General Fund.

9. *Fund Equity*

The City implemented GASB Statement No. 54 effective September 30, 2011. The purpose of GASB Statement No. 54 is to more clearly disclose the extent to which various components of fund balance are inherently non-spendable, restricted, committed, assigned or unassigned. In accordance with this Statement, governmental funds report separate classifications of fund balance.

The City adopted GASB Statement No. 54 effective FYE September 30, 2011. In September, 2011 the City Commission adopted a Resolution creating a minimum fund balance policy. This policy is comprised of two components: 1) a Natural Disaster reserve equal to $6,000,000 for the purpose of providing the means to respond to public emergencies and/or natural disasters and ; 2) an operating reserve equal to two (2) months of General Fund annual operating expenditures for the purpose of providing the City with the fiscal means to respond to unexpected operational changes, legislative impacts, or other economic events affecting the City's operations that could not have easily been anticipated at the time the budget was prepared.

In September of 2012, the City adopted Resolution No. 2012-29 establishing an additional fund balance commitment. Resolution No. 2012-29 adds an Economic Development commitment equal to $1,000,000 as well as a City Infrastructure commitment equal to $1,000,000. These are both one-time only commitments intended to assist with economic development within the City until such time these reserves are depleted.

As per GASB Statement No. 54, there are five types of fund balances:

- Nonspendable fund balance is defined as resources that are inherently nonspendable and include such things as inventories, prepaids and non-financial assets held for resale.

- Restricted fund balance is defined as having restrictions (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed fund balance is defined as amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Commission as established through ordinances, resolutions or City policy.

- Assigned fund balance is defined as amounts that are constrained by the City with the intent to be used for specific purposes, but are neither Restricted nor Committed. Assignment of fund balance may be a) made for a specific purpose that is narrower than the general purpose of the City itself; and/or b) used to reflect the appropriation of a portion of existing unassigned fund balance to eliminate a projected excess of expected expenditures over expected revenues. Assigned fund balance may or may not be appropriated for expenditure in the subsequent year depending on the timing of the project/reserve for which it was assigned. Assigned fund balance is established by the City Commission, typically through adoption or amendment of the budget, as intended for a specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

- Unassigned fund balance represents the City's fund balance of funds that are neither Restricted, Committed or Assigned and may be used for any legal general purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Commission has provided direction to the contrary.

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.

On an annual basis 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 adopted through City Commission resolution.

The budget is prepared and adopted by fund, function and department. The City Manager may make transfers of appropriations within a department throughout the year. Transfers of appropriations between departments require the approval of the City Commission. Budget amendments that actually change the total revenue and/or expenses as legally adopted as part of the budget are also brought forth to the City Commission for approval.

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 re-appropriated and honored during the subsequent year.

III. Detailed notes on all funds

A. Deposits and investments

As of September 30, 2012, the City had the following investments:

Investment	Maturities	Ratings	Fair Value
State Board of Administration Local Government Surplus Funds Trust Fund	1 Day	AAAm	$ 28,138
Certificates of Deposit	192 – 1,320 Day Range	N/A	9,795,028
Fidelity Prime Money Market	1 Day	N/A	1,500,000
Wells Fargo Money Market Funds	1 Day Average	AAAm	1,492,914
Wells Fargo Government Obligations (Federal Agency Coupon Securities and Corporate Coupon Securities)	99 - 1,061 Day Range	A-1 to AA+	14,572,211
Wells Fargo Commercial Paper	Less than 1 year	A-1	995,360
Florida Surplus Asset Fund Trust	1 Day or Less	AAAm	12,029,442
Firefighters' Pension Investments			
Money Market	N/A	N/A	2,262,396
U.S. Treasury Obligations	1 – 30 Years	N/A	631,608
U.S. Government Agency Bonds	1 - 10 Years	AA+	1,727,707
Corporate & Foreign Bonds	1 - 29 Years	A- to BBB+	2,033,499
Equities			5,312,226
Equity Mutual Funds	1 Day or Less	N/A	2,544,007
Fixed Income Mutual Funds	1 Day or Less	N/A	677,526
General Employees' Pension Investments			
Stable Value/Money Market Funds	N/A	N/A	339,508
Bond Funds	Varies	BBB or better	34,087
Balanced /Asset Allocation Funds	N/A	N/A	1,901,210
U.S. Stock Funds	N/A	N/A	352,876
International Stock Funds	N/A	N/A	81,065
Specialty	N/A	N/A	7,045
Total Investments			58,317,853
Cash Deposits			12,155,827
Total Deposits and Investments			$70,473,680
Shown in the accompanying combined balance sheet as follows:			
Entity wide – Deposits and Investments			52,568,920
Fiduciary Funds–Deposits and Investments			17,904,760
Total			$70,473,680

The City's General Employees' Pension Plan was established with the adoption of Resolution No. 97-64. The City is the Trustee for the plan, however assets are held in employees' names and therefore the City is not exposed to any investment risk within the General Employees' Pension Plan.

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

Credit risk
Credit risk is the risk of loss due to the failure of the security issuer. The City's investment policy limits the investments to obligations with the highest credit ratings. Ratings for debt securities are displayed in the preceding schedule. The City's Firefighters' Pension Fund investments are limited, in the case of directly held securities, to securities in one of the three highest classification ratings. For indirect or comingled investments such as mutual funds, the weighted average of all such investments combined must be A/Aa or higher. Investment ratings are from Moody's Investors Service, Inc. and Standard & Poor's Ratings Group.

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

Custodial credit risk - deposits
For deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to the City. As of September 30, 2012, 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.

Investments in the City's defined contribution general employee's pension plan are held by a counterparty not in the name of the City which creates custodial risk for all investments of this pension plan. The City has no formal policy relating to custodial credit risk for pension investments.

Investments in the City's Firefighter's Pension Plan have no custodial credit risk.

Foreign currency risk – investments
The City does not invest in foreign markets. However, there are foreign market options available to employees through the General Employees' Pension to which the City has no exposure. All of these pension investments are denominated in U.S. dollars.

B. Receivables

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

	Governmental Activities	Business-type Activities	Total
Customers:			
Billed	$ -	$ 1,715,505	$ 1,715,505
Unbilled	-	996,828	996,828
Services tax	824,679	-	824,679
Franchise fees	645,447	-	645,447
Miscellaneous	81,258	11,728	92,986
Gross receivables	1,551,384	2,724,061	4,275,445
Less: allowance for uncollectibles	-	(559,805)	(559,805)
Net total receivables	$ 1,551,384	$ 2,164,256	$ 3,715,640

Revenues of the Water and Sewer Utility Fund are reported net of estimated uncollectible amounts. Total esitmated uncollectible amounts related to revenues of the current period are as follows:

	As of 9/30/12
Uncollectible related to water sales	$ 223,922
Uncollectible related to sewer sales	335,883
Total uncollectible in the current fiscal year	$ 559,805

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:

	Unearned
SHIP Grant funds advanced by grant authority	
Prior to meeting all eligibility requirements	$ 44,009
NSP Program Income received but not expended	882,696
Total	$ 926,705

C. Capital assets

Capital asset activity for the year ended September 30, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 13,761,105	$ -	$ (118,660)	$ 13,642,445
Infrastructure right of way	4,372,500	-	-	4,372,500
Construction in progress	6,352,140	7,247,408	(5,765,480)	7,834,068
Total capital assets, not being depreciated	24,485,745	7,247,408	(5,884,140)	25,849,013
Capital assets, being depreciated:				
Buildings and improvements	62,956,153	3,884,185	(13,823)	66,826,515
Machinery and equipment	20,068,894	991,818	(849,844)	20,210,868
Infrastructure (roads and streets)	98,410,476	1,926,411	-	100,336,887
Total capital assets, being depreciated	181,435,523	6,802,414	(863,667)	187,374,270
Less accumulated depreciation for:				
Buildings and improvements	(28,049,333)	(2,657,606)	9,482	(30,697,457)
Machinery and equipment	(15,331,117)	(1,505,680)	795,218	(16,041,579)
Infrastructure (roads and streets)	(36,247,976)	(2,090,904)	-	(38,338,880)
Total accumulated depreciation	(79,628,426)	(6,254,190)	804,700	(85,077,916)
Total capital assets, being depreciated, net	101,807,097	548,224	(58,967)	102,296,354
Governmental activities capital asset, net	$ 126,292,842	$ 7,795,632	$ (5,943,107)	$ 128,145,367
Business-type activities				
Capital assets, not being depreciated:				
Land	$ 2,829,917	$ 323,206	$ (2,430)	$ 3,150,693
Construction in progress	8,815,531	7,412,154	(10,565,208)	5,662,477
Total capital assets, not being depreciated	11,645,448	7,735,360	(10,567,638)	8,813,170
Capital assets, being depreciated:				
Buildings and improvements	2,847,616	-	-	2,847,616
Improvements other than buildings	65,721,012	10,106,489	-	75,827,501
Machinery and equipment	14,272,294	448,047	(395,896)	14,324,445
Total capital assets, being depreciated	82,840,922	10,554,536	(395,896)	92,999,562
Less accumulated depreciation for:				
Buildings and improvements	(595,657)	(108,023)	-	(703,680)
Improvements other than buildings	(11,793,914)	(1,817,044)	-	(13,610,958)
Machinery and equipment	(8,530,940)	(1,054,941)	339,047	(9,246,834)
Total accumulated depreciation	(20,920,511)	(2,980,008)	339,047	(23,561,472)
Total capital assets, being depreciated, net	61,920,411	7,574,528	(56,849)	69,438,090
Business-type activities capital assets, net	$ 73,565,859	$ 15,309,888	$ (10,624,487)	$ 78,251,260

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

Governmental Activities:		
General government and administration	$	934,612
Public safety		562,724
Highways and streets		2,753,276
Culture and recreation		657,668
Physical environment		1,345,910
Total depreciation expense - governmental activities	$	6,254,190
Business-type activities:		
Water and sewer utility - total depreciation expense	$	2,980,008
Total additions to accumulated depreciation - business-type activities	$	2,980,008

Construction commitments

The City has active construction projects as of September 30, 2012. The projects include street construction, public safety facilities, housing rehabilitations and water and wastewater facilities. At year end, the City's commitments with contractors are as follows:

Projects	Spent-to-Date	Remaining Commitment
Stormwater	$ 374,153	$ 163,947
SHIP (Housing Rehabs)	-	31,970
Neighborhood Stabilization Program (NSP)	279,705	220,523
Public Works	4,466,262	1,555,171
Water and waste water	10,056,685	1,001,074
Total	$ 15,176,805	$ 2,972,685

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, as well as through pledged gas taxes. The commitment for water and sewer facilities is being financed by impact fees to the extent those funds are available for those projects that are expansion related and through a pay-as-you-go program as funds received by the utility become available. The commitment for stormwater projects is being financed by proceeds received by the 2009 Stormwater Bank Note.

D. Interfund receivable, payables and transfers

The composition of interfund balances as of September 30, 2012, is as follows:

Due from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	General Employees' Pension Plan	$ 17,900
General Fund	CDBG Fund	95,824
Total		$ 113,724

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

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

The Neighborhood Stabilization Program (NSP III) Fund amount due to the General Fund represents the amount not yet reimbursed to the NSP III Fund from the U.S. Department of Housing and Urban Development under the terms of the NSP III grant.

The composition of interfund transfers for the year ended September 30, 2012 is:

Interfund transfers:	**Transfers in:**		
	Transportation Fund	Nonmajor Governmental Funds	Total
Transfer out:			
General Fund	$ 365,800	$ 18,000	$ 383,800
Nonmajor governmental funds	125,777	-	125,777
Total	$ 491,577	$ 18,000	$ 509,577

Transfers are used to: (1) move restricted amounts to finance various programs that the City must account for in other funds in accordance with budgetary authorizations; and (2) move unrestricted General Fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs. While some parks, fire and law enforcement impact fees were collected during the year, they were not transferred and will continue to accumulate until such time a qualified expansion project is budgeted.

E. Leases

Operating Leases

The City leases office equipment when it is more beneficial to lease than to purchase certain equipment. Most lease payments are payable on a month-to-month basis. The total cost for such leases was $261,326 for the year ended September 30, 2012. This figure includes the $250,000 paid annually to Volusia County for the maintenance and use of the Lyonia Amphitheater. The City was able to do away with outside storage rental units as a result of the classrooms on the 1st floor of City Hall becoming vacant. The future minimum lease payment for existing leases is as follows:

Year Ending September 30,	Amount
2013	$ 257,032
2014	257,032
2015	257,032
2016	254,058
2017	250,840
Total	$ 1,275,994

F. Long-term debt

Revenue bonds

Transportation Capital Improvement Revenue Bonds

On July 12, 2006, the City issued $18,240,000 of Transportation Capital Improvement Revenue Bonds, Series 2006, the proceeds of which will be used to provide funding for road improvement projects and to pay the cost of issuance. The bonds are collateralized by a pledge of gas tax revenues, which were $2,087,788 for the fiscal year ending September 30, 2012, and transportation impact fees which were $125,777 for the fiscal year ending September 30, 2012. The bonds bear interest ranging from 4.00% to 5.00% and mature in increasing annual amounts ranging from $400,000 to $1,385,000 from fiscal year 2007 through fiscal year 2026, respectively. Interest is payable semiannually on April 1, and October 1, with annual principal payments due on October 1. Principal and interest payments for the year were $720,000 and $735,576 respectively.

Transportation - Debt Service to Maturity Schedule			
Fiscal Years	Principal	Interest	Total
2013	$ 760,000	$ 699,575	$ 1,459,575
2014	795,000	661,575	1,456,575
2015	830,000	627,425	1,457,425
2016	870,000	585,925	1,455,925
2017	915,000	544,575	1,459,575
2018 – 2022	5,210,000	2,078,845	7,288,845
2023 – 2026	5,155,000	676,756	5,831,756
Total	$ 14,535,000	$ 5,874,676	$ 20,409,676

Debt service forward delivery agreement

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

Bank notes

Stormwater Bank Note

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

and appropriate legally available non-ad valorem revenues as provided in the agreement. The City collected $2,918,665 in stormwater utility assessments in the fiscal year ended September 30, 2012. Principal and interest payments for the year were $216,417 and $309,003 respectively.

Stormwater - Debt Service to Maturity Schedule			
Fiscal Years	**Principal**	**Interest**	**Total**
2013	$ 227,538	$ 298,161	$ 525,699
2014	239,231	286,761	525,992
2015	251,524	274,775	526,299
2016	264,449	262,174	526,623
2017	278,038	248,925	526,963
2018 – 2022	1,619,769	1,020,801	2,640,570
2023 – 2027	2,080,973	571,150	2,652,123
2028 – 2029	989,788	75,004	1,064,792
Total	$ 5,951,310	$ 3,037,751	$ 8,989,061

Business-type Activity Liabilities

The following is a summary of long-term liabilities of the proprietary fund at September 30, 2012:

Utility System Revenue Bonds

On November 6, 2003, the City issued $81,725,000 of Utility System Revenue Bonds, Series 2003, the proceeds of which were used to provide funding for the acquisition of water and wastewater facilities, to fund future capital improvements to the acquired system and to pay the cost of issuance. The bonds are collateralized by a pledge of the net revenues of the system, which was $12,293,030 for the fiscal year end September 30, 2012 including connection fees of $245,670 as well as the changes in fair value of derivative instruments of $1,004,679. The bonds bear interest rates ranging from 2.00% to 5.00% and mature in increasing annual amounts ranging from $500,000 to $5,350,000 from 2004 through 2033, respectively. Interest is payable semi-annually at April 1, and October 1, with annual principal payments due on October 1. The principal and interest payments for the year were $1,700,000 and $3,700,438 respectively.

Utility System - Debt Service to Maturity Schedule			
Fiscal Years	**Principal**	**Interest**	**Total**
2013	$ 1,945,000	$ 3,629,662	$ 5,574,662
2014	2,025,000	3,551,275	5,576,275
2015	2,105,000	3,472,319	5,577,319
2016	2,185,000	3,375,494	5,560,494
2017	2,300,000	3,257,763	5,557,763
2018 – 2022	13,430,000	14,295,914	27,725,914
2023 – 2027	17,295,000	10,340,852	27,635,852
2028 – 2032	22,095,000	5,437,279	27,532,279
2033 - 2034	10,445,000	528,625	10,973,625
Total	$ 73,825,000	$ 47,889,183	$ 121,714,183

Derivative Instruments – 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 with a swap provider to grant an option to have the City issue variable rate bonds on or about October 1, 2013, at which time $71,880,000 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. If the swap provider exercises the option in 2013, the swap provider has agreed to pay the City $781,000 for anticipated costs of issuance of the new debt.

In February of 2012 the City put out an RFP for Financial Advisory Services and the Commission selected FirstSouthwest to provide these services. In June of 2012 the City put out an RFP for Bond Counsel and Disclosure Counsel Services. Three firms, Akerman, Senterfitt & Eidson, P.A., Broad & Cassel and Greenberg, Traurig, P.A. were approved by the Commission to provide these services. Staff has met with the newly appointed Financial Advisor and is working on assembling a team of experts to include Bond Counsel and Disclosure Counsel to assist and guide the City through the swaption process. Staff will begin holding meetings and/or workshops to educate the City Commission on the process starting in early 2013.

The up-front payment of $3,206,837 and the related costs of $441,002 have been deferred on the financial statements until 2013 at which time they will be amortized ratably over the life of the variable rate bonds if the swap provider exercises the option. If the swap provider does not exercise the option, all the revenue and expense will be recognized once it can be determined that the option has lapsed and therefore can no longer be exercised. In accordance with GASB 53, the fair market value of the derivative instrument at year end is presented in the following table.

The fair value balance and notional amount of the derivative instruments outstanding as of September 30, 2012, classified by type, and the change in fair value of the derivative instrument for the year then ended as reported in the 2012 financial statement is as follows; debit (credit):

	8/15/2006	9/30/2010	9/30/2011	09/30/2012
Hybrid Instrument	$ (3,206,837)	$ (14,436,767)	$ (19,226,208)	$ (22,488,560)
Fair Value of Borrowing	(3,206,837)	(5,266,057)	(6,656,052)	(7,817,806)
Time Value (Option Component)	-	(218,742)	(226,594)	778,085
Change in Fair Value (Time Value)	-	813,169	(7,852)	1,004,679
Fair Value of ATM Swap (ATM Rate 3.805%)	-	(8,951,968)	(12,343,562)	(15,448,839)
Change in Fair Value (ATM Swap)	-	(3,725,527)	(3,391,595)	(3,105,277)

The fair value of the derivative instruments was estimated using the estimated price or spread level at which an agent for the City might find liquidity for a round lot transaction within the relevant market. Valuations are based in part upon historical cash and asset information furnished to our agent by third parties.

The change in the time value option component of the swaption has changed from a liability to a deferred inflow as a result of the above valuation as of September 30, 2012.

The City's objective and terms of the hedging derivative instrument as of September 30, 2012 were as follows:

Objective	Terms
Type:	Pay-fixed interest rate swap
Objective:	To provide a fix rate on the Series 2003 Bonds
Original Notional Amount:	$81,725,000
2013 Notional Amount:	$71,880,000
Date of Agreement:	2006
Effective Date:	2013
Maturity Date:	2033
Terms:	Pay 4.77% Fixed Rate with the underlying variable rate at 61.5% of London Interbank Offered Rate (LIBOR) plus 0.32% and the variable rate of the interest rate is the same as the bonds
Adjustment Period:	First of each month
Counterparty Credit Rating:	A1/A+/A+

Hedging Derivative Instrument Risks

Credit Risk
The agreement is subject to termination if there is a credit event due to merger or bankruptcy of either party. In such an event, a close-out netting provision permits the non-defaulting party to terminate the agreement and pay or receive a single amount. The table above indicates the maximum liability that the City would have if there was an early termination of the bond agreement.

Interest rate risk
The City is exposed to interest rate risk on the hedging instrument. A pay-fix interest rate swap, the amount that may be payable due to early termination, will increase or decrease in direct relationship to the change in the LIBOR rate.

Basis risk
The City is exposed to basis risk with this pay-fix interest rate swap only if there is an early termination. The amount of risk is dependent on the prevailing current market rate at that time.

Termination Risk
The City may terminate the pay-fix interest rate swap at any time and be subject to pay or receive payment based upon Net Settlement Amount equal to the market value of the derivative.

Rollover Risk
The City has no rollover risk as the derivative instrument has an identical maturity date to that of the outstanding bonds.

Pledged Revenue

Governmental Activities - Transportation Fund

The City has pledged future gas tax and Transportation Impact Fee revenues to repay the Transportation Capital Improvement Revenue Bonds, Series 2006. If, in any given year, the gas tax and Transportation Impact Fee revenues collected are not sufficient to cover the principal and interest debt obligation of the Transportation Bond, the Bond Covenants require the City to appropriate any short fall from non-Ad Valorem revenue collected in the General Fund. The annual principal and interest on the bonds are expected to require approximately 65% of such gas tax and Transportation Impact Fee revenues. The bonds are payable through 2026. Principal and interest for the current year was $1,455,576 and gas tax and Transportation Impact Fees revenue totaled $2,213,565 for the current year. At year end, pledged future revenues totaled $20,409,676, which was the amount of the remaining principal and interest on the bonds as of September 30, 2012.

The current Local Option Gas Tax agreement with Volusia County expires October 1, 2013. This is an agreement negotiated between all the cities within Volusia County as well as the County itself. Discussions between the cities and the County began in February, 2013. It is anticipated an agreement will be reached and submitted to the State on or around June 1, 2013.

Governmental Activities - Stormwater Utility

The City has pledged future stormwater utility assessments revenue to repay the Stormwater Bank Note secured in 2009. The annual principal and interest on the Note is expected to require approximately 18% of such stormwater utility assessments revenue. The Note is payable through 2029. Principal and interest for the current year was $525,420. Stormwater utility assessments for the current year totaled $2,918,665. At year end, pledged future revenues totaled $8,989,061 which was the amount of the remaining principal and interest on the Note as of September 30, 2012.

Business-type Activities – Water/Wastewater Utility

The City has pledged future water and sewer customer Net Revenues to repay the Utility System Revenue Bonds, Series 2003. Net Revenues are Gross Revenues less Operating Expenses as defined in the Bond Covenants. Annual principal and interest on the bonds are expected to require approximately 44% of such revenue. The bonds are payable through 2033. Principal and interest for the current year was $5,400,438 and net water and sewer revenues totaled $12,293,030 for the year including $245,670 of connection fees and $1,004,679 of changes in fair value of derivative instruments. At year end, pledged future revenues totaled $121,714,183, which was the amount of the remaining principal and interest on the bonds as of September 30, 2012.

Debt Service Reserve Funds

In June of 2008, MBIA, the surety (bond insurer) for both the Transportation Capital Improvement Revenue Bonds and the Utility System Revenue Bonds lost its AAA rating from S&P and its Aaa rating from Moody's and was not rated by Fitch at the time. Under the terms of the bond covenants, the City began to establish the required debt service reserve fund in FY 2008/2009 for each bond in an amount that closely approximates the highest year of debt service for each respective bond. The total reserve funding requirement for the Transportation bond is $1,486,000 and the reserve funding requirement for the Utility bond is $5,600,000. As a result of the June, 2008 bond insurer downgrade, the bond covenants required that the City accumulate the required debt service reserves over a five year period. As of September 30, 2010, the City was in the second year of the five year funding schedule. However, on December 22, 2010, the City's current bond insurer, National Public Finance Guaranty Corporation was downgraded to BBB by Standard & Poor's. As a result of that downgrading of the bond insurer, the City had twelve months from the qualifying date of the most recent downgrade to fully fund the debt service reserve requirement. The required debt service reserve funds for both bond issues were fully accumulated by December, 2011. There is no such requirement on the Stormwater Bank Note and therefore no reserve funding is required.

Funding these debt service reserves does not require the City to actually expend the funds, however it does move available fund balance funds from unreserved to restricted so that those funds may not be used for any purpose other than to meet debt service requirements. This is a very important distinction as it reduces the City's ability to fund infrastructure on a "pay as you go" basis resulting in either delaying or cancelling projects or evaluating other financing alternatives.

Total funding for the debt service reserve for both bond issues was obtained in December, 2012 as required under the terms of the respective bond covenants. The total funding for the required debt service reserve funds for both bond issues is as follows:

Bond Issue	Total Required Funding
Utility Bond	$ 5,600,000
Transportation Bond	$ 1,486,000

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Transportation Capital Imp.					
Revenue Bonds Series 2006	$ 15,255,000	$ -	$ 720,000	$ 14,535,000	$ 760,000
Add: Unamortized Premium	231,626	-	15,442	216,184	-
Deferred Revenue, Debt Service	250,254	-	16,682	233,572	-
Stormwater Bank Note	6,167,727	-	216,417	5,951,310	227,538
OPEB Obligation	876,413	280,743	-	1,157,156	-
Compensated Absences	1,901,137	1,534,245	1,523,245	1,912,137	793,756
Total Governmental Activities	$ 24,682,157	$ 1,814,988	$ 2,491,786	$ 24,005,359	$ 1,781,294
Business-type Activites					
Utility system Revenue Bonds					
Series 2003	$ 75,525,000	$ -	$ 1,700,000	$ 73,825,000	$ 1,945,000
Add: Unamortized Premium	995,655	-	45,257	950,398	-
Option Component - Swaption	226,594	-	226,594	-	-
Fair Value - Swaption	12,343,562	3,105,277	-	15,448,839	-
Swaption	3,206,837	-	-	3,206,837	-
Subtotal	92,297,648	3,105,277	1,971,851	93,431,074	1,945,000
FDEP State Revolving Fund Loan	269,181	674,049	-	943,230	-
OPEB Obligation	93,587	37,257	-	130,844	-
Compensated Absences	133,421	207,565	189,710	151,276	77,437
Total Business-type Activities	$ 92,793,837	$ 4,024,148	$ 2,161,561	$ 94,656,424	$ 2,022,437

Governmental activities, claims and judgment, net OPEB obligation, net pension obligation and compensated absences are generally liquidated by the General Fund**.**

IV. Other Information

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of, assets; errors and omissions; injuries to employees; and natural disasters. To cover itself against these exposures, the City became a member of Preferred Government Insurance Trust (PGIT), a local government liability risk pool. The Pool has in excess of 150 local government agency members. The Pool administers insurance activities relating to property loss (including boilers/machinery) and general, professional, automobile and public officials' liability. Additionally, Workers' Compensation coverage and petroleum storage tank coverage are provided. The Pool absorbs losses up to a specified amount each pool year and, in addition, purchases excess and other specific coverage from third-party carriers. The Pool assesses each member its' pro rata share of the estimated amount required to meet current year projected losses and operating expenses. If total member assessments do not produce sufficient funds to meet its obligations, the Pool can make additional limited assessments. Losses, if any, in excess of the Pool's ability to assess its members, revert back to the member that incurred the loss. The City's cost of the insurance is allocated among the appropriate City departments and funds.

It should be noted that the City's experience modifier value has been lowered from the previous year due improvements in the City's loss ratio. Even with the lowering of the experience modifier, Worker's Comp rate increases and a hardening of the insurance market resulted in a higher premium rate but the Pool was able to maintain a minimal premium cost increase for this coming year.

Although the City's total insured property value decreased by 1%, the City's property insurance premium has increased $45,000 due to a hardened property insurance market driven by multiple natural disasters. The purchase of NSP homes accounts for a significant portion of this increase. NSP insurance costs are typically recovered from HUD, therefore direct City costs will be reduced accordingly. The continuation of property blanket coverage instead of scheduled coverage has helped offset some resulting increased premium costs. Moreover, there has been an increase in insurance coverage value from the prior year with the reduction in retained exposure by decreasing the City's deductible for property loss, which did not significantly increase premium costs.

There have been no settlements in excess of insurance coverage in any of the prior three years and as such, no additional assessments were levied against the City for the fiscal year ended September 30, 2012.

B. Commitments

The City has Interlocal Agreements with the County of Volusia, Florida for the provision of various municipal services. These services include road and bridge services and mosquito control. The agreement is renewable annually based on the mutual agreement of both parties. Either party can terminate the agreement without cause or further liability with 180 days written notice. The annual contractual commitment is approximately $14,000 with the applicable portion payable from both the City's General Fund and Stormwater Utility Fund.

The City also has an Interlocal Agreement with the County of Volusia, Florida for the provision of law enforcement services within the City. The agreement term is renewable annually each year on October 1. Either party can terminate the agreement without cause or further liability with 180 days written notice. The annual contractual commitment is just over nine million dollars payable from the City's General Fund. The contract was expanded upon effective January 1, 2013 with the addition of an additional K-9 unit. Total staffing includes 76 sworn officers and three administrative personnel.

The City provides weekly residential garbage pick-up and curbside recycling to its residents through a contract with a private company. The agreement was for a term of seven years commencing on January 1, 2005, with the option to renew for one additional seven year term. The Commission chose the renewal option of the contract with a rate increase. Under the new contract, the company is compensated $10.22 per household per month. Tipping fees charged by the County are additional fees incurred for waste disposal. Solid waste fees are considered pass-through fees and therefore, the City charges an annual assessment of $173.96 for once a week garbage, yard waste and recycling services on all residential properties. The annual contractual commitment to both the waste hauler and the County is approximately $5.3 million payable from the City's Solid Waste Management Fund.

C. Contingent liabilities

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

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

A suit in inverse condemnation was filed against the City in 2011. The suit alleges damage to property due to road construction. The City's insurance carrier is providing coverage and a defense. The inverse condemnation case has been settled with prejudice. The court will be / has been petitioned for Summary Judgment dismissal of the business interruption case.

There is a pending appeal of a suit by a citizen against the City for alleged violation of the Sunshine Law due to the City not permitting a citizen to comment about a matter prior to a vote by the City Commission. The City won the case at the circuit court level and an appeal is now pending at the Florida Fifth District Court of Appeals. The City is vigorously defending that appeal.

D. Other postemployment benefits (OPEB) Plans

Plan Description

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

As of March 1, 2011, the City had 282 OBEP members, 280 active and 2 inactive, with a total unfunded liability of $1,934,000. Of the 280 total active members, 71 members are in the City's Firefighters retirement plan with a total liability of $1,127,000. There were 58 members in the City's General Employees' retirement plan with a total liability of $134,000. The remaining 151 members were in the Florida Retirement System (FRS) retirement plan with a total liability of $638,000. All active members are active employees. There are two inactive members who are retired employees. Both of these inactive members were in the City's Firefighters retirement plan and have a total OPEB liability of $35,000.

Funding Policy

For the OPEB Plan, contribution requirements of the City are established and may be amended through action from the City Commission. Currently, the City's OPEB benefits are unfunded. The required contributions are based on pay-as-you-go financing requirements. The City has not established a Trust Account Fund for this liability, nor is there an equivalent arrangement into which the City makes contributions to advance-fund the obligation as it does for its pension plans. Therefore, subsidies which are provided over time are financed directly by the general assets of the City, which are invested in short-term fixed income instruments according to the City's current investment policy. The interest rate used to calculate the present values and costs of OPEB must be the long-range expected return on such short-term fixed income instruments. The City selected an interest discount rate of 4% for this purpose. There are no post-retirement benefit increases assumed.

Annual OPEB Cost and Net OPEB Obligation

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

Entity-wide OPEB Obligation	FY Ending 09/30/12
Annual Required Contribution	403,000
Interest on Net OPEB Obligation	39,000
Prior Net OPEB Obligation Adjustment	(40,000)
Annual OPEB Cost (Expense)	402,000
Employer Contributions Made	(84,000)
Increase (Decrease) in Net OPEB Obligation	318,000
Net OPEB Obligation at Beginning of Year	970,000
Net OPEB Obligation at End of Year	1,288,000

The City's annual OPEB cost, the percentage of annual expected employer contribution toward OPEB cost, and the net OPEB obligation for 2012, with the two most recent preceding years, was as follows:

Annual OPEB Cost Summary

Year Ended	Annual OPEB Cost	Employer Contributions Toward OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
09/30/10	$ 359,000	$ 37,000	10.3%	$ 641,000
09/30/11	$ 380,000	$ 51,000	13.4%	$ 970,000
09/30/12	$ 402,000	$ 84,000	20.9%	$ 1,288,000

Funding Status and Funding Progress

As of September 30, 2012, using the most recent actuarial valuation dated March 1, 2011, the Plan was unfunded. The actuarial accrued liability for benefits was $1,934,000 and the actuarial value of assets was $0.00, resulting in an unfunded actuarial accrued liability (UAAL) of $1,934,000. The covered payroll (annual payroll of active employees covered by the Plan) was $12,210,000 and the ratio of the UALL to the covered payroll was 15.84%.

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

Actuarial Methods and Assumptions

In any long-term Actuarial Valuation, certain demographic, economic and behavioral assumptions are made concerning the population, the investment discount rates, inflation rates, and the benefits provided. These Actuarial Assumptions form the basis for the actuarial model which is used to project the future population, the future benefits provided and the contributions collected. Then the investment discount rate assumption is used to discount those projected net OPEB benefits to a present value. This and other related present values are used to calculate the annual OPEB cost. The actuarial assumptions also include an interest rate of 4.0%, an inflation rate (payroll growth rate) of 2.5%, an annual healthcare cost trend rate of 6% initially, reduced annually to an ultimate rate of 5% beginning September 30, 2012. The amortization period used is 30 years.

The results presented as of the Actuarial Valuation date have been derived using the Entry Age Normal Cost Method with an amortization of the Unfunded Actuarial Accrued Liability as a level percent of projected payroll over a closed period of thirty years from 2008. This is the most common method used for government Pension Valuations (and likely so for OPEB valuations) and spreads the cost evenly as a percent of pay throughout the collective careers

of those in the covered workforce. Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employees and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

E. Employee retirement systems and pension plans

Firefighters' Pension Plan

Plan Description

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

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

Members are vested after 10 years of creditable service. Benefits established by the City Commission are determined by length of service and average final compensation. Benefits and refunds of the defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan. Average final compensation is the average of the employee's highest 5 years of the previous 10 years of compensation. Normal retirement is reached at age 55 and 10 years or 25 years of creditable service. Employees earn benefits at the rate of 3% for each year of creditable service since October 1, 1997. The Plan includes a one-time past service credit option that allowed members who chose to exercise the option to obtain service credit for years of employment prior to October 1, 1997. The past service credit is at a 2% benefit rate for each year of creditable service. Members with 25 or more years of service will receive an upgrade of their past service credit from 2% to 3% provided that the total benefit percent does not exceed 100%.

Membership

As of the actuarial valuation dated October 1, 2012, there are 73 active members in the Plan and 9 retirees, 3 disabled retirees, 3 vested terminated members, 1 beneficiary and no DROP participants.

For the fiscal year ended September 30, 2012, the City's total covered payroll for employees eligible to participate in the Plan was $3,973,039 compared with a total covered payroll for the City of $12,499,564.

Funding Policy

The Florida Constitution requires local governments to make the actuarially determined contributions. The Florida Division of Retirement reviews and approves each local government's 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 in the General Fund and then immediately transferred to the pension fund as revenue, with an off-setting expense in the General Fund.

The Plan, as approved by the City Commission, requires members to contribute 8% of their annualized compensation. The City is required to fund the plan at the actuarially determined rate with an offset for estimated insurance premium receipts and contributions from members. The contribution rate for fiscal year ended September 30, 2012 is 20.7% (17.2% by the City, 3.5% by insurance premium excise tax) of annual covered payroll based on an actuarial valuation dated April 2011. The City has set its actual contribution rate at 17.2% of covered payroll for 2012. Insurance premium payments received from the State of Florida are recorded as revenue in the General Fund and immediately transferred to the Pension Fund. The transfer is recorded in the General Fund as an additional pension contribution.

Direct costs for Plan administration are paid from Plan assets. However, City staff performs certain administrative functions at no cost to the Plan.

The actuarial valuation, dated October 1, 2012, 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 using amortization periods that are closed as a level dollar amount from the date of inception. Assets of the Plan are valued at fair value. Significant actuarial assumptions used include an 8% investment rate of return, salary rate increases of 2.2%, inflation at 3.5% and 0% post retirement COLA.

Investments are reported at fair 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, 2012, the required annual pension cost was $805,342 and the amount contributed by the City (including the Insurance Premium Tax of $438,089) was $1,120,536 or 28.2% of covered payroll. Member contributions for the year totaled $317,843 or 8% of covered payroll. For the fiscal year ended September 30, 2012 the City continues to have a negative net pension obligation.

The development of the net pension obligation to date, the annual pension cost (APC) and the percentage of APC contributed is as follows as of the Actuarial Valuation report dated:

	October 1, 2010	October 1, 2011	October 1, 2012 *
Actuarially Determined Contribution (ARC)	$ 641,004	$ 683,071	$ 822,418
Interest on Net Pension Obligation (NPO)	(69,700)	(70,817)	(71,951)
Adjustment to (ARC)	55,739	56,632	54,875
Annual Pension Cost (APC) 1)	627,042	668,886	805,342
Employer Contributions Made	(641,004)	(683,070)	822,418
Increase (Decrease) in NPO	(13,961)	(14,184)	(17,076)
NPO, Beginning of Year	(871,247)	(885,208)	(899,392)
NPO, End of Year	$ (885,208)	$ (899,392)	$ (916,468)

* For 9/30/12 this includes both City and State contributions.

(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, 2012 was $916,468.

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, 2012, there were 53 employees enrolled in the Plan.

Funding Policy

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

For the fiscal year ended September 30, 2012, the City's total covered payroll for employees eligible to participate in the Plan was $2,102,140 compared with a total payroll for the City of $12,499,564. The required employer contribution and the contribution actually made amounted to $210,214 or 10% of covered payroll. Investments are reported at fair value. There have been no revisions to the Plan since its adoption.

The City is the Trustee for the plan, however assets are held in employees' names and therefore the City is not exposed to custodial risk.

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, 2012, there were 160 employees enrolled in FRS.

Funding Policy

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

	September 30,		
	2010	2011	2012
Regular Class Members who do not qualify for other classes	10.77%	4.91%	5.18%
Senior Management Service Class Members of senior management who do elect the optional annuity retirement program	14.57%	6.27%	6.30%
FRS Report Only Retiree not eligible for FRS retirement	1.11%	1.60%	1.60%

Effective July 1, 2011 the Florida Legislature passed Senate Bill 2100 requiring all FRS Investment Plan and Pension Plan members (except those in DROP) to make a 3% employee contribution on a pre-tax basis. However, this has been vigorously challenged and is making its way through the Florida court system. Depending on how the courts decide, employees may be refunded the 3% they have contributed since July 1, 2011 and it is likely that employers would be required to make up that difference over time so that the plan is adequately funded.

For the fiscal year ended September 30, 2012, the City's total covered payroll for employees eligible to participate in the Plan was $6,424,385 compared with a total covered payroll for the City of $12,499,564. Employer contributions to the plan were $329,143, $617,977 and $687,380 for the fiscal years ended September 30, 2012, 2011 and 2010, respectively. These contributions represent 100% of required contributions for each of the three years presented.

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

SCHEDULE OF PENSION PLAN NET ASSETS AS OF SEPTEMBER 30, 2012

	Firefighters' Pension Trust Fund	General Employees' Pension Trust Fund	Total
Assets			
Cash and Investments	$ 15,188,969	$ 2,715,791	$ 17,904,760
Due From Other Governments	37,267	-	37,267
Prepaid	-	-	-
Total Assets	15,226,236	2,715,791	17,942,027
Liabilities			
Accounts Payable	55,262	-	55,262
Due to Member - DROP Payments	-	-	-
Due to Other Funds	-	17,901	17,901
Total Liabilities	55,262	17,901	73,163
Net Assets			
Reserved for Employees' Pension Benefits	$ 15,170,974	$ 2,697,890	$ 17,868,864
Additions			
Contributions			
Employer	$ 682,446	$ 209,776	$ 892,222
State of Florida	438,089	-	438,089
Employee	317,843	-	317,843
Employee Roll-Ins	-	74,692	74,692
Total Contributions	1,438,378	284,468	1,722,846
Investment Income (Loss)	1,874,624	365,801	2,240,425
Total Additions	3,313,002	650,269	3,963,271
Deductions			
Benefit Payments – Retirement	342,695	-	342,695
Benefit Payments – Disability	102,308	-	102,308
Benefit Payments - Beneficiary	14,850	-	14,850
Refunds to Employees	22,475	180,588	203,063
DROP Plan Payments	1,268	-	1,268
Administration	123,524	671	124,195
Forfeitures	-	-	-
(Total Deductions)	607,120	181,259	788,379
Net Increase (Decrease)	2,705,882	469,010	3,174,892
Net Assets Reserved for Employees' Pension Benefits			
Beginning of Year	12,465,093	2,228,879	14,693,972
End of Year	$ 15,170,975	$ 2,697,889	$ 17,868,864

Other Pension Plan Information

The information presented below is taken from the City's most current Firefighters' Pension Plan Actuarial Valuation as of October 1, 2012 and represents the most current information available.

Three year trend information

	Fiscal Year Ended	Annual Pension Cost (APC)	Percent of APC Contributed	Net Pension Obligation
Firefighters	2012	$ 805,342	102%	$ (916,468)
Firefighters	2011	$ 668,886	102%	$ (899,392)
Firefighters	2010	$ 627,042	102%	$ (885,208)

Firefighters' Retirement Plan

(1) Valuation Date	(2) Actuarial Value of Assets (AVA)	(3) Entry Age Normal Actuarial Accrued Liability(AAL)	(4) Unfunded Actuarial Accrued Liability (UAAL) (3)-(2)	(5) Funded Ratio(2)/(3)	(6) Annual Covered Payroll	(7) UAAL as Percentage of Payroll (4)/(6)
10/01/12	$ 15,488,008	$ 20,442,874	$ 4,954,866	75.76%	$ 4,127,685	120.04%
10/01/11	$ 14 351,538	$ 19,038,851	$ 4,687,744	75.38%	$ 4,125,753	113.62%
10/01/10	$ 13,082,304	$ 17,807,076	$ 4,724,772	73.47%	$ 4,455,835	106.04%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

F. Subsequent Events

Utility Rates

At the urging of residents, the City Commission held numerous, lengthy meetings and workshops in October, 2012 to discuss the City's water and sewer rates as well as the future of the City's planned Eastern Wastewater Treatment Plant.

Ultimately, the Commission adopted Resolutions providing for

- a rate study to be completed by a professional rate consultant
- approval to apply for low interest funding from the State for the future wastewater plant
- freezing both water and sewer rates at the October 1, 2011 level
- a $25.00 monthly reduction in the base sewer charge

The rate consultant presented their findings in January, 2013 and will present further requested information in February, 2013 in order for the Commission to formally adopt future rates.

Fire Union Negotiations

The City and the Fire Union are currently in contract negotiations and are working off a status quo contract that expired on September 30, 2009 which includes imposed articles from an April 2011 and an April 2012 legislative hearing. The City and Union re-opened formal contract negotiations immediately after the April 2012 legislative hearing and the negotiations continue to date.

City Manager

City Manager Faith Miller resigned effective February 4, 2013. The City Commission unanimously appointed Deputy City Manager Dave Denny as Acting City Manager until further action and discussions take place.

REQUIRED SUPPLEMENTARY INFORMATION

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30,2012

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Property taxes	$ 11,717,100	$ 11,717,100	$ 11,856,683	$ 139,583
Franchise fees	3,669,600	3,669,600	3,474,383	(195,217)
Public service tax	7,133,000	7,133,000	7,111,064	(21,936)
State revenue sharing	2,270,000	2,270,000	2,330,382	60,382
Intergovernmental revenue	4,145,017	4,183,639	4,504,858	321,219
Charges for services	1,215,500	1,215,500	1,529,089	313,589
Fines and forfeitures	301,000	301,000	148,511	(152,489)
Interest income	88,600	88,600	100,038	11,438
Miscellaneous	399,000	419,000	218,314	(200,686)
Total revenues	30,938,817	30,997,439	31,273,322	275,883
Expenditures				
Current:				
General Government and Administration:				
City Commission	304,100	364,100	343,403	20,697
City Manager	727,100	777,100	711,089	66,011
City Clerk	455,900	455,900	439,311	16,589
Finance and Internal Services	997,800	997,800	966,672	31,128
Human Resources	474,800	474,800	410,463	64,337
City Attorney	572,000	609,100	609,005	95
Development Services	1,588,100	1,588,100	1,436,833	151,267
Enforcement Services	1,199,200	1,199,200	1,146,981	52,219
General Services	1,264,106	1,221,785	1,055,285	166,500
Total General Government and Administration	7,583,106	7,687,885	7,119,042	568,843
Public Safety:				
Law Enforcement	9,122,000	9,127,600	9,127,506	94
Fire Rescue	8,450,000	8,455,198	8,215,750	239,448
Total public safety	17,572,000	17,582,798	17,343,256	239,542
Highways and Streets:				
Administration	220,000	220,000	195,475	24,525
Engineering	147,700	147,700	108,594	39,106
Field Operations	1,272,000	1,272,000	1,130,627	141,373
Maintenance	302,100	302,100	279,449	22,651
Total Highways and Streets	1,941,800	1,941,800	1,714,145	227,655
Culture and Recreation	2,054,500	2,064,500	2,041,728	22,772
Economic Environment	-	-	-	-
Physical Environment	-	7,600	1,200	6,400
Capital Outlay				
General Government and Administration	360,000	360,000	247,945	112,055
Culture and Recreation	-	-	-	-
Highways and Streets	191,823	191,823	168,941	22,882
Physical Environment	172,188	169,633	140,950	28,683
Public Safety	555,000	555,000	572,938	(17,938)
Economic Environment	-	-	-	-
Total expenditures	(30,430,417)	(30,561,039)	(29,350,145)	(1,210,894)
Excess of revenues over expenditures	508,400	436,400	1,923,177	1,486,777
Other financing sources (uses)				
Transfers from other funds	-	-	-	-
Transfers to other funds	(365,800)	(383,800)	(383,800)	-
Total other financing (uses)	(365,800)	(383,800)	(383,800)	-
Excess (deficiency) of revenues and other Financing sources (under) expenditures and other financing uses	142,600	52,600	1,539,377	1,486,777
Fund balance, beginning of year	17,008,338	17,008,338	17,968,267	959,929
Fund balance, end of year	$ 17,150,938	$ 17,060,938	$ 19,507,644	$ 2,446,706

Required Supplementary Information

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SOLID WASTE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts			
	Original	Final	Actual	Variance With Final Budget
Revenues				
Charges for services	$ 4,421,000	$ 4,302,000	$ 4,293,806	$ (8,194)
Interest income	2,500	2,500	8,509	6,009
Miscellaneous	-	-	950	950
Total revenues	4,423,500	4,304,500	4,303,265	(1,235)
Expenditures				
Current:				
Physical Environment	4,198,700	4,213,700	4,213,350	350
Capital outlay - Physical Environment	-	-	-	-
Total expenditures	(4,198,700)	(4,213,700)	(4,213,350)	350
(Deficiency) of revenues (under) expenditures	224,800	90,800	89,915	(885)
Other financing sources (uses)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	224,800	90,800	89,915	(885)
Fund balance, beginning of year	397,164	397,164	411,453	14,289
Fund balance, end of year	$ 621,964	$ 487,964	$ 501,368	$ 13,404

Required Supplementary Information

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STORMWATER UTILITY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	$ 1,309,225	$ 1,309,225	$ 1,042,163	$ (267,062)
Charges for services	3,025,000	3,025,000	2,918,665	(106,335)
Miscellaneous	5,000	5,000	13,150	8,150
Interest income	10,500	10,500	2,032	(8,468)
Total revenues	4,349,725	4,349,725	3,976,010	(373,715)
Expenditures				
Current:				
Physical Environment	2,181,500	2,181,500	1,913,298	268,202
Debt service:				
Principal	216,417	216,417	216,417	-
Interest	309,003	309,003	309,003	-
Capital outlay - Physical Environment	4,482,799	4,482,799	2,892,749	1,590,050
Total expenditures	(7,189,719)	(7,189,719)	(5,331,467)	1,858,252
(Deficiency) of revenues (under) expenditures	(2,839,994)	(2,839,994)	(1,355,457)	1,484,537
Other financing sources (uses)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-		-
Total other financing sources	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	(2,839,994)	(2,839,994)	(1,355,457)	1,484,537
Fund balance, beginning of year	5,649,020	5,649,020	5,786,042	137,022
Fund balance, end of year	$ 2,809,026	$ 2,809,026	$ 4,430,585	$ 1,621,559

Required Supplementary Information

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NEIGHBORHOOD STABILIZATION GRANT FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	$ 2,739,066	$ 2,739,066	$ 557,584	$ (2,181,482)
Program Revenue	2,000,000	2,000,000	590,550	(1,409,450)
Interest income	-	-	4,073	4,073
Miscellaneous	-	-	-	-
Total revenues	4,739,066	4,739,066	1,152,207	(3,586,859)
Expenditures				
Current:				
General Government and Administration	473,906	473,906	128,384	345,522
Economic Environment	4,265,160	4,265,160	1,023,823	3,241,337
Total expenditures	(4,739,066)	(4,739,066)	(1,152,207)	3,586,859
(Deficiency) of revenues (under) expenditures	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ -	$ -

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TRANSPORTATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	$ 1,600,000	$ 1,600,000	$ 2,087,788	$ 487,788
Impact Fees	-	-	-	-
Interest	15,000	15,000	7,262	(7,738)
Total revenues	1,615,000	1,615,000	2,095,050	480,050
Expenditures				
Current:				
Highways and Streets	127,800	127,800	123,747	4,053
Debt Service:				
Principal	720,000	720,000	720,000	-
Interest	735,575	735,575	735,576	(1)
Capital outlay - Highways and Streets	6,585,000	6,585,000	4,396,725	2,188,275
Total expenditures	(8,168,375)	(8,168,375)	(5,976,048)	2,192,327
(Deficiency) of revenues (under) expenditures	(6,553,375)	(6,553,375)	(3,880,998)	2,672,377
Other financing sources (uses)				
Transfers from other funds	487,300	487,300	491,577	(4,277)
Transfers to other funds	-	-	-	-
Total other financing sources	487,300	487,300	491,577	(4,277)
Revenues and other financing sources over (under) expenditures and other financing uses	(6,066,075)	(6,066,075)	(3,389,421)	2,676,654
Fund balance, beginning of year	8,796,385	8,796,385	9,091,330	294,945
Fund balance, end of year	$ 2,730,310	$ 2,730,310	$ 5,701,909	$ 2,971,599

Required Supplementary Information

SCHEDULES OF FUNDING PROGRESS AND CONTRIBUTIONS FROM EMPLOYER AND OTHERS SEPTEMBER 30, 2012

DEFINED BENEFIT PENSION PLAN TREND INFORMATION

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

Schedule of Contributions from Employer and Other Contributing Entities

Year Ended September 30,	Annual Required Contribution	City Contrib.	State Contrib.	Total Employer Contrib.	Percentage Contrib.	Net Pension Obligation (Asset)
2003	227,514	313,409	49,126	362,535	159%	(315,663)
2004	245,229	355,812	49,126	404,938	165%	(475,372)
2005	260,870	267,952	77,664	345,616	132%	(560,119)
2006	306,309	286,986	154,989	441,975	144%	(695,785)
2007	411,670	349,735	154,989	504,724	123%	(788,839)
2008	369,366	347,106	154,989	502,095	136%	(884,870)
2009	658,280	503,291	154,990	658,281	100%	(871,247)
2010	795,994	641,004	154,990	795,994	100%	(885,208)
2011	838,061	683,070	154,990	838,060	100%	(899,392)
2012	822,418	667,428	154,990	822,418	100%	(916,468)

(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
2003	4,433,201	3,755,476	677,725	84.71%	2,118,096	32.00%
2004	5,111,314	4,746,593	364,721	92.86%	2,321,131	15.71%
2005	6,302,268	5,897,162	405,106	93.57%	2,668,839	15.18%
2006	7,862,670	7,495,199	367,471	95.33%	3,180,183	11.56%
2007	11,045,124	9,219,824	1,825,300	83.47%	4,368,725	41.78%
2008	13,385,926	9,890,318	3,057,753	73.89%	3,981,771	76.79%
2009	15,733,675	11,396,506	4,337,169	72.43%	4,270,527	101.56%
2010	17,807,076	13,082,304	4,724,772	73.47%	4,455,835	106.04%
2011	18,998,282	14,310,538	4,687,744	75.33%	4,125,753	113.62%
2012	20,442,874	15,488,008	4,954,866	75.76%	4,127,685	120.04%

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

SCHEDULE OF FUNDING PROGRESS
FROM EMPLOYER AND OTHERS
SEPTEMBER 30, 2012

OTHER POST EMPLOYMENT BENEFITS (OPEB) TREND INFORMATION

A. Schedule of Funding Progress

Valuation Date	(A) Actuarial Value of Assets (AVA)	(B) Actuarial Accrued Liability (AAL)	(B-A) Unfunded Actuarial Accrued Liability (UAAL)	(C) Normal Cost	(A)/(B) Funded Ratio	(D) Annual Covered Payroll	((B-A)/D) UAAL as Percentage of Payroll
3/1/2008	$ -	$ 1,362,000	$ 1,362,000	$ 272,000	0%	$13,602,000	10.01%
3/1/2011	$ -	$ 1,934,000	$ 1,934,000	$ 295,000	0%	$ 12,210,000	15.84%

B. Schedule of Employer Contributions

FYE	Actuarial Valuation Date	Annual OPEB Cost	Actual Contribution	% Contributed	Contribution as % of Payroll	Net Ending OPEB Liability / (Asset)
9/30/2009	3/1/2008	$ 334,000	$ 15,000	4.5%	0.1%	319,000
9/30/2010	3/1/2008	$ 359,000	$ 37,000	10.3%	0.3%	641,000
9/30/2011	3/1/2011	$ 380,000	$ 51,000 *	13.4%	0.4%	970,000
9/30/2012	3/1/2011	$ 402,000	$ 84,000 *	20.9%	0.7%	1,288,000

* Estimate for FY 2010/2011 and FY 2011/2012

NOTE: Actuarial report is required only every two years, therefore only information fo update years (odd years) is presented. The City adopted GASB 45 effective October 1, 2008.

Notes to the Required Supplementary Information
September 30, 2012

Note 1

Budgetary information

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

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

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

The budget is prepared and adopted by fund, function and department. The City Manager may make transfers of appropriations within a department throughout the year. Transfers of appropriations between departments require the approval of the City Commission.

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

The City received $438,089 from the State of Florida for the Firefighter Pension Insurance Premium Tax. This is money charged to all homeowners on their homeowners' insurance bill to provide additional pension benefits to firefighters. As required by Generally Accepted Accounting Principles (GAAP), this money was recorded in the General Fund as revenue with an offsetting equal expense in public safety. Once received, this money was immediately transferred to the Firefighters pension fund to fund pension benefits above and beyond what the City provides.

SUPPLEMENTAL INFORMATION

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SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAPITAL PROJECTS - MUNICIPAL COMPLEX(S) FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Interest income	$ 7,000	$ 7,000	$ 10,930	$ 3,930
Miscellaneous	-	-	14,697	14,697
Total revenues	7,000	7,000	25,627	18,627
Expenditures				
Capital outlay:				
General Government and Administration	-	-	-	-
Public Safety	-	-	-	-
Culture and Recreation	-	-	-	-
Economic Environment	-	-	-	-
Total expenditures	-	-	-	-
(Deficiency) of revenues (under) expenditures	7,000	7,000	25,627	18,627
Other financing sources (uses)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total other financing sources	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	7,000	7,000	25,627	18,627
Fund balance, beginning of year	1,733,019	1,733,019	1,919,495	186,476
Fund balance, end of year	$ 1,740,019	$ 1,740,019	$ 1,945,122	$ 205,103

Required Supplementary Information

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	Special Revenue Funds									
	Streetlighting Districts	Fire/Rescue Service Impact Fees	Law Enforcement Impact Fees	Park Impact Fees	Transportation Impact Fees	Community Development Block Grant	State Housing Initiatives Partnership	Tree Replacement Fund	Capital Projects - Park Projects Fund	Total
Assets										
Cash and cash equivalents	$ 19,320	$ 6,025	$ 11,062	$ 49,969	$ -	$ -	$ 44,409	$ 479,861	$ 121,794	$ 732,440
Due from other governments	-	-	-	-	-	130,789	-	-	-	130,789
Total assets	19,320	6,025	11,062	49,969	-	130,789	44,409	479,861	121,794	863,229
Liabilities and fund balances										
Liabilities										
Accounts payable	8,867	-	-	-	-	34,965	400	1,329	45,287	90,848
Accrued liabilities	-	-	-	-	-	-	-	-	-	-
Contracts/Retainage payable	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	95,824	-	-	-	95,824
Deferred revenues	-	-	-	-	-	-	44,009	-	-	44,009
Total liabilities	8,867	-	-	-	-	130,789	44,409	1,329	45,287	230,681
Fund balances										
Nonspendable:										
Prepaid items	-	-	-	-	-	-	-	-	-	-
Restricted:										
Public safety	-	6,025	11,062	-	-	-	-	-	-	17,087
Highways and streets	10,453	-	-	-	-	-	-	-	-	10,453
Culture and recreation	-	-	-	49,969	-	-	-	-	-	49,969
Economic environment		-	-	-	-	-	-		-	-
Physical environment		-	-	-	-	-	-		-	-
Debt service		-	-	-	-	-	-	-	-	-
Total restricted fund balance	10,453	6,025	11,062	49,969	-	-	-	-	-	77,509
Committed:										
Natural disasters	-	-	-	-	-	-	-	-	-	-
Operating reserve	-	-	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	76,507	76,507
Physical environment	-	-	-	-	-	-	-	478,532	-	478,532
Capital projects	-	-	-	-	-	-		-	-	-
Total committed fund balan	-	-	-	-	-	-	-	478,532	76,507	555,039
Assigned:										
FY 2011/2012 Budget		-	-	-	-	-	-	-	-	-
Culture and recreation		-	-	-	-	-	-	-	-	-
Physical environment		-	-	-	-	-	-	-	-	-
Capital outlay/projects	-	-	-	-	-	-	-	-	-	-
Total assigned fund balance	-	-	-	-	-	-		-	-	-
Unassigned fund balances	-	-	-	-	-	-	-	-	-	-
Total fund balances	10,453	6,025	11,062	49,969	-	-		478,532	76,507	632,548
Total liabilities and fund balances	$ 19,320	$ 6,025	$ 11,062	$ 49,969	$ -	$ 130,789	$ 44,409	$ 479,861	$ 121,794	$ 863,229

Supplemental Information

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue Funds									
	Streetlighting Districts	Fire/Rescue Service Impact Fees	Law Enforcement Impact Fees	Park Impact Fees	Transportation Impact Fees	Community Development Block Grant	State Housing Initiatives Partnership	Tree Replacement Fund	Capital Projects - Park Projects	Total
Revenues										
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ 345,437	$ 209,406	$ -	$ (329)	$ 554,514
Charges for services	117,747	-	-	-	-	-		-	-	117,747
Impact fees	-	6,005	3,256	35,793	125,777	-		-	-	170,831
Interest income	198	20	49	149	-	-	768	2,749	359	4,292
Miscellaneous	-	-	-	-	-	-		5,748	-	5,748
Total revenues	117,945	6,025	3,305	35,942	125,777	345,437	210,174	8,497	30	853,132
Expenditures										
Current:										
General Government and Administration	-	-	-	-	-	73,116	15,998	-	-	89,114
Highways and Streets	136,814	-	-	-	-	-	-	-	-	136,814
Culture and Recreation	-	-	-	-	-	-	-	-	-	-
Economic Environment	-	-	-	-	-	47,822	194,176	-	-	241,998
Physical Environment	-	-	-	-	-	16,387	-	32,719	-	49,106
Capital Outlay:						-	-			-
General Government and Administration	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-
Highways and Streets	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	179,790	-	-	193,054	372,844
Economic Environment	-	-	-	-	-	-	-	-	-	-
Physical Environment	-	-	-	-	-	28,322	-	-	-	28,322
Total expenditures	(136,814)	-	-	-	-	(345,437)	(210,174)	(32,719)	(193,054)	(918,198)
Excess (deficiency) of revenues over (under) expenditures	(18,869)	6,025	3,305	35,942	125,777	-	-	(24,222)	(193,024)	(65,066)
Other financing sources (uses)										
Transfers from other funds	18,000	-	-	-	-	-	-	-	-	18,000
Transfers to other funds	-	-	-	-	(125,777)	-	-	-	-	(125,777)
Total other financing (uses) sources	18,000	-	-	-	(125,777)	-	-	-	-	(107,777)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(869)	6,025	3,305	35,942	-	-	-	(24,222)	(193,024)	(172,843)
Fund balances, beginning of year	11,322	-	7,757	14,027	-	-	-	502,754	269,531	805,391
Fund balances, end of year	$ 10,453	$ 6,025	$ 11,062	$ 49,969	$ -	$ -	$ -	$ 478,532	$ 76,507	$ 632,548

Supplemental Information

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
STREETLIGHTING DISTRICTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Actual	Final Budget	Variance With Final Budget
Revenues			
Special assessments	$ 117,747	$ 117,600	$ 147
Interest income	198	300	(102)
Total revenues	117,945	117,900	45
Expenditures			
Current:			
Highways and Streets	136,814	136,900	86
Total expenditures	(136,814)	(136,900)	86
Excess of revenues over (under) expenditures	(18,869)	(19,000)	131
Other financing sources (uses)			
Transfers from other funds	18,000	18,000	-
Transfers to other funds	-	-	-
Total other financing sources	18,000	18,000	-
Revenues and other financing sources over (under) expenditures and other financing uses	(869)	(1,000)	131
Fund balance, beginning of year	11,322	22,700	(11,378)
Fund balance, end of year	$ 10,453	$ 21,700	$ (11,247)

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
FIRE/RESCUE SERVICE IMPACT FEES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Actual	Final Budget	Variance With Final Budget
Revenues			
Impact fees	$ 6,005	$ 1,200	$ 4,805
Interest	20	-	20
Total revenues	6,025	1,200	4,825
Expenditures			
Capital Outlay	-	-	-
Total expenditures	-	-	-
Excess of revenues over expenditures	6,025	1,200	(4,825)
Other financing sources (uses)			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Total other financing sources (uses)	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	6,025	1,200	4,825
Fund balance, beginning of year	-	-	-
Fund balance, end of year	$ 6,025	$ 1,200	$ 4,825

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
LAW ENFORCEMENT IMPACT FEES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Actual	Final Budget	Variance With Final Budget
Revenues			
Impact Fees	$ 3,256	$ 650	$ 2,606
Interest	49	25	24
Total revenues	3,305	675	2,630
Expenditures			
Capital Outlay	-	-	-
Total expenditures	-	-	-
Excess of revenues over expenditures	3,305	675	2,630
Other financing sources (Uses)			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Total other financing sources (uses)	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	3,305	675	2,630
Fund balance, beginning of year	7,757	7,704	53
Fund balance, end of year	$ 11,062	$ 8,379	$ 2,683

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
PARK IMPACT FEES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Actual	Final Budget	Variance With Final Budget
Revenues			
Impact fees	$ 35,793	$ 8,500	$ 27,293
Interest income	149	25	124
Total revenues	35,942	8,525	27,417
Expenditures			
Capital Outlay	-	-	-
Total expenditures	-	-	-
Excess of revenues Over expenditures	35,942	8,525	27,417
Other financing sources (uses)			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Total other financing sources	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	35,942	8,525	27,417
Fund balance, beginning of year	14,027	12,000	2,027
Fund balance, end of year	$ 49,969	$ 20,525	$ 29,444

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
TRANSPORTATION IMPACT FEES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Actual	Final Budget	Variance With Final Budget
Revenues			
Impact fees	$ 125,777	$ 121,500	$ 4,277
Interest income	-	-	-
Total revenues	125,777	121,500	4,277
Expenditures			
Capital Outlay	-	-	-
Total expenditures	-	-	-
Excess of revenues Over expenditures	125,777	121,500	4,277
Other financing sources (uses)			
Transfers from other funds	-	-	-
Transfers to other funds	(125,777)	(121,500)	(4,277)
Total other financing sources	(125,777)	(121,500)	(4,277)
Revenues and other financing sources over (under) expenditures and other financing uses	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	$ -	$ -	$ -

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Actual	Final Budget	Variance With Final Budget
Revenues			
Intergovernmental	$ 345,437	$ 758,019	$ (412,582)
Total revenues	345,437	758,019	(412,582)
Expenditures			
Current:			
General Government and Administration	73,116	89,997	16,881
Culture and Recreation	-		-
Economic Environment	47,822	51,659	3,837
Physical Environment	16,387	238,323	221,936
Capital outlay:			-
Highways and Streets	-	-	-
Culture and Recreation	179,790	30,000	(149,790)
Physical Environment	28,322	348,040	319,718
Total expenditures	(345,437)	(758,019)	412,582
Excess of revenues over expenditures	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	$ -	$ -	$ -

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
STATE HOUSING INITIATIVE PARTNERSHIP
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Actual	Final Budget	Variance With Final Budget
Revenues			
Intergovernmental revenue	$ 209,406	$ 251,500	$ (42,094)
Interest	768	-	768
Total revenues	210,174	251,500	(41,326)
Expenditures			
Current:			
General government and administration	15,998	8,000	(7,998)
Economic Environment	194,176	243,500	49,324
Total expenditures	(210,174)	(251,500)	41,326
Excess of revenues over expenditures	-	-	-
Other financing sources (uses)			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Total other financing sources	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	$ -	$ -	$ -

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
TREE REPLACEMENT FEES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Actual	Final Budget	Variance With Final Budget
Revenues			
Tree Replacement Fees	$ 5,748	$ 1,000	$ 4,748
Interest	2,749	1,200	1,549
Miscellaneous	-	-	-
Total revenues	8,497	2,200	6,297
Expenditures			
Physical Environment	32,719	275,000	242,281
Total expenditures	(32,719)	(275,000)	242,281
Excess of revenues over expenditures	(24,222)	(272,800)	248,578
Fund balance, beginning of year	502,754	502,761	(7)
Fund balance, end of year	$ 478,532	$ 229,961	$ 248,571

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
CAPITAL PROJECTS - PARK PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Actual	Final Budget	Variance With Final Budget
Revenues			
Intergovernmental	$ (329)	$ -	$ (329)
Interest	359	550	(191)
Miscellaneous	-	-	-
Total revenues	30	550	(520)
Expenditures			
Capital Outlay - Culture and Recreation	193,054	237,500	44,446
Total expenditures	(193,054)	(237,500)	44,446
(Deficiency) of revenues (under) expenditures	(193,024)	(236,950)	43,926
Other financing sources (uses)			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Total other financing sources	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	(193,024)	(236,950)	43,926
Fund balance, beginning of year	269,531	226,050	43,481
Fund balance, end of year	$ 76,507	$ (10,900)	$ 87,407

Notes to the Supplemental Information
September 30, 2012

Note 1

Budgetary information

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

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

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

The budget is prepared and adopted by fund, function and department. The City Manager may make transfers of appropriations within a department throughout the year. Transfers of appropriations between departments require the approval of the City Commission.

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

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This part of the City of Deltona's comprehensive annual financial report presents unaudited detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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.

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

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NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS

	Fiscal Year Ending			
	09/30/03	9/30/2004	9/30/2005	9/30/2006
Governmental activities				
Invested in capital assets, net of related debt	$ 94,936,779	$ 95,648,664	$ 98,180,028	$ 98,811,959
Restricted	9,780,380	7,636,213	97,088	12,884,043
Unrestricted	9,333,012	12,893,282	14,010,005	20,869,676
Total governmental activities net assets	114,050,171	116,178,159	121,898,785	132,565,678
Business-type activities *				
Invested In capital assets, net of related debt	-	(3,589,804)	(2,268,990)	(1,110,093)
Restricted	-	1,670,614	3,777,106	5,084,342
Unrestricted	-	3,305,568	3,289,974	3,194,364
Total business-type activities net assets	-	1,386,378	4,798,090	7,168,613
Primary government				
Invested In capital assets, net of related debt	94,936,779	92,058,860	95,911,038	97,701,866
Restricted	9,780,380	9,306,827	13,485,858	17,968,385
Unrestricted	9,333,012	16,198,850	17,299,979	24,064,040
Total primary government net assets	$ 114,050,171	$ 117,564,537	$ 126,696,875	$ 139,734,291

* The City had no business-type activities until FY 03/04 when the water/sewer utility was purchased.

09/30/07	09/30/08	9/30/2009	9/30/2010	9/30/2011	9/30/2012
$ 98,227,017	$ 100,154,051	$ 112,872,553	$ 116,238,698	$ 117,988,044	$ 116,190,035
17,624,008	21,608,876	7,985,972	5,178,367	2,079,749	2,064,877
22,912,202	13,505,647	16,604,347	21,116,209	20,736,737	20,590,277
138,763,227	135,268,574	137,462,872	142,533,274	140,804,530	138,845,189
687,601	(4,554,058)	(4,539,555)	(2,093,842)	(813,553)	5,519,770
5,756,187	6,027,627	7,389,375	6,551,855	7,860,401	8,487,663
2,400,615	7,555,896	6,053,916	6,161,665	6,505,664	5,150,512
8,844,403	9,029,465	8,903,736	10,619,678	13,552,512	19,157,945
98,914,618	95,599,993	108,332,998	114,144,856	117,174,491	121,709,805
23,380,195	27,636,503	15,375,347	11,730,222	9,940,150	10,552,540
25,312,817	21,061,543	22,658,263	27,277,874	27,242,401	25,740,789
$ 147,607,630	$ 144,298,039	$ 146,366,608	$ 153,152,952	$ 154,357,042	$ 158,003,134

CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS

	Fiscal Years Ending			
	9/30/2003	9/30/2004	9/30/2005	9/30/2006
Expenses				
Governmental activities:				
General government	$ 5,142,033	$ 6,163,917	$ 7,511,985	$ 7,934,679
Public safety	9,459,870	11,116,849	11,976,999	12,556,076
Highways and Streets	6,567,642	12,251,123	7,625,589	6,256,676
Culture and recreation	1,431,971	2,442,211	1,872,250	2,292,825
Economic environment	361,966	161,787	609,644	2,287,563
Physical environment	5,845,114	5,484,689	5,702,314	5,727,828
Interest on long-term debt	-	-	-	190,410
Total governmental activities	28,808,596	37,620,576	35,298,781	37,246,057
Business-type activities: *				
Personal services	-	1,823,063	2,351,334	2,690,157
Operating expenses	-	2,423,113	3,519,953	3,519,637
Professional services	-	718,050	231,610	129,704
Depreciation	-	1,950,983	2,264,714	2,511,124
Insurance	-	119,116	123,838	78,754
Bad debts	-	59,437	95,000	61,000
Total business-type activities	-	7,093,762	8,586,449	8,990,376
Total primary government expenses	28,808,596	44,714,338	43,885,230	46,236,433
Program revenues				
Governmental activities:				
Charges for services:				
General government	2,793,752	2,927,245	3,493,022	3,522,887
Public safety	361,267	291,199	296,238	404,301
Transportation	-	-	-	-
Culture and recreation	86,323	129,146	-	220,045
Physical environment	3,076,197	3,186,061	3,722,521	3,799,283
Operating grants and contributions	427,917	5,625,081	4,327,207	2,292,489
Capital grants and contributions	6,395,670	2,396,807	4,275,697	5,332,206
Total governmental activities program revenues	13,141,126	14,555,539	16,114,685	15,571,211
Business-type activities: **				
Charges for services:				
Water	-	6,511,194	7,995,028	8,558,812
Wastewater	-	3,251,194	4,373,292	4,266,858
Connection fees	-	818,632	108,299	102,420
Operating grants and contributions	-	-	277,746	-
Capital grants and contributions	-	642,214	2,042,282	1,097,791
Total business-type activities program revenues	-	11,223,234	14,796,647	14,025,881
Total primary government program revenues	13,141,126	25,778,773	30,911,332	29,597,092
Net (expenses) revenues				
Governmental activities	(15,667,470)	(23,065,037)	(19,184,096)	(21,674,846)
Business-type activities **	-	4,129,472	6,210,198	5,035,505
Total primary government net (expenses) revenues	$ (15,667,470)	$ (18,935,565)	$ (12,973,898)	$ (16,639,341)

* The City had no business-type activites until FY 03/04 when the water/sewer utility was purchased

9/30/2007	9/30/2008	9/30/2009	9/30/2010	9/30/2011	9/30/2012
$ 9,703,442	$ 11,343,784	$ 8,403,728	$ 8,608,657	$ 7,970,347	$ 8,618,729
15,601,863	18,291,690	18,356,301	18,442,646	18,946,170	18,000,160
6,752,773	7,402,043	6,927,195	5,333,601	5,544,071	5,209,626
2,785,735	5,386,966	2,713,803	2,626,028	2,577,658	2,726,161
1,363,432	563,904	593,424	1,069,663	4,341,857	2,491,265
5,969,928	6,790,848	6,804,695	6,982,097	6,920,661	7,560,685
854,963	838,806	973,351	1,115,716	1,074,661	1,031,328
43,032,136	50,618,041	44,772,497	44,178,408	47,375,425	45,637,954
3,065,373	3,065,599	3,046,606	3,011,767	3,413,640	3,564,796
3,810,492	3,897,427	3,818,513	3,692,854	4,015,494	3,805,695
78,425	145,653	146,095	84,869	55,909	41,722
2,560,312	2,731,455	3,166,475	3,399,136	2,854,935	2,980,008
170,521	175,812	163,405	175,458	133,395	114,552
58,000	85,000	118,032	57,812	60,690	97,790
9,743,123	10,100,946	10,459,126	10,421,896	10,534,063	10,604,563
52,775,259	60,718,987	55,231,623	54,600,304	57,909,488	56,242,517
2,211,608	1,628,906	1,708,691	1,492,531	1,434,657	1,386,206
321,400	393,525	101,073	104,092	123,265	46,263
-	-	145,595	139,905	-	-
239,614	152,592	141,669	129,885	112,156	96,620
3,851,466	3,940,709	7,212,206	7,230,865	7,225,345	7,212,472
1,668,575	1,394,733	1,105,105	2,055,276	1,923,505	2,736,446
4,913,892	5,681,697	3,631,902	4,950,675	4,013,670	1,482,553
13,206,555	13,192,162	14,046,241	16,103,229	14,832,598	12,960,560
8,528,101	8,172,325	9,108,281	8,921,006	10,021,881	10,548,127
4,295,944	4,182,987	4,648,838	5,185,602	5,992,664	7,028,123
88,815	88,515	208,335	261,670	242,000	245,670
-	-	102,179	-	-	-
542,629	420,686	229,554	22,839	157,152	43,178
13,455,489	12,864,513	14,297,187	14,391,117	16,413,697	17,865,098
26,662,044	26,056,675	28,343,428	30,494,346	31,246,295	30,825,658
(29,825,581)	(37,425,879)	(30,726,256)	(28,075,179)	(32,542,827)	(32,677,394)
3,712,366	2,763,567	3,838,061	3,969,221	5,879,634	7,260,535
$ (26,113,215)	$ (34,662,312)	$ (26,888,195)	$ (24,105,958)	$ (26,663,193)	$ (25,416,859)

CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Concluded)

	Fiscal Year Ending			
	9/30/2003	9/30/2004	9/30/2005	9/30/2006
General revenues & other changes in net assets				
Governmental activities:				
Taxes:				
Property taxes	$ 6,626,383	$ 7,334,228	$ 8,394,332	$ 9,878,462
Franchise fees	2,717,373	2,815,567	3,168,855	3,963,179
Public service tax	6,298,994	6,411,966	6,874,286	7,360,867
Sales tax	-		4,594,128	4,397,122
Local Option Gas Taxes	-	2,153,415	2,322,563	2,164,256
State revenue sharing	5,721,785	5,841,122	2,212,888	2,606,365
Investment earnings	262,395	160,013	531,582	1,627,596
Miscellaneous income	270,166	476,714	279,929	343,892
Total governmental activities	21,897,096	25,193,025	28,378,563	32,341,739
Business-type activities: **				
Investment earnings	-	463,551	460,360	716,327
Gain on sale of capital assets	-	-	32,536	9,505
Changes in FV of Derivative Instruments	-	-	-	-
Grant reimbursements	-	-	-	-
Interest expense and issue costs	-	(3,568,504)	(3,949,749)	(3,926,081)
Miscellaneous income	-	361,859	658,367	535,267
Total business-type activities	-	(2,743,094)	(2,798,486)	(2,664,982)
Total primary government	21,897,096	22,449,931	25,580,077	29,676,757
Change in net assets				
Governmental activities	6,229,626	2,127,988	9,194,467	10,666,893
Business-type activities	-	1,386,378	3,411,712	2,370,523
Total primary government	$ 6,229,626	$ 3,514,366	$ 12,606,179	$ 13,037,416

* The City has statistical information dating back to FY 2003 only.

** The City had no business-type activites until FY 03/04 when the water/sewer utility was purchased

9/30/2007	9/30/2008	9/30/2009	9/30/2010	9/30/2011	9/30/2012
$ 12,782,901	$ 12,106,012	$ 12,346,188	$ 12,568,945	$ 11,673,440	$ 11,856,683
3,788,900	3,788,670	4,040,268	4,106,081	3,924,731	3,474,383
7,567,153	7,437,523	7,823,723	8,059,245	7,556,782	7,111,064
4,263,700	3,935,428	3,562,838	3,462,212	3,491,307	3,728,339
2,194,708	2,072,286	2,113,741	2,089,575	2,064,317	2,087,788
2,523,853	2,306,647	2,019,205	2,006,079	1,512,497	1,668,923
3,086,818	2,083,996	459,819	270,540	92,463	137,133
318,426	200,664	554,772	582,904	498,546	653,740
36,526,459	33,931,226	32,920,554	33,145,581	30,814,083	30,718,053
990,594	683,262	192,620	135,643	30,493	94,272
9,358	16,466	(758)	(106,296)	(3,764)	68,754
-	-	(1,031,911)	813,169	(7,852)	1,004,679
-	(133,416)	-	-	-	-
(3,557,293)	(3,734,622)	(3,827,369)	(3,829,885)	(3,784,384)	(3,721,731)
520,764	589,805	831,501	734,090	818,707	898,924
(2,036,577)	(2,578,505)	(3,835,917)	(2,253,279)	(2,946,800)	(1,655,102)
34,489,882	31,352,721	29,084,637	30,892,302	27,867,283	29,062,951
6,700,878	(3,494,653)	2,194,298	5,070,402	(1,728,744)	(1,959,341)
1,675,789	185,062	2,144	1,715,942	2,932,834	5,605,433
$ 8,376,667	$ (3,309,591)	$ 2,196,442	$ 6,786,344	$ 1,204,090	$ 3,646,092

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Years Ending September 30			
	2003	2004 (1)	2005	2006 (2)
General fund				
Reserved	$ -	$ -	$ -	$ 430,894
Non-spendable / prepaid items	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unreserved	9,154,920	1,549,689	11,407,512	17,526,869
Total general fund	9,154,920	1,549,689	11,407,512	17,957,763
All other governmental funds				
Reserved	9,780,380	8,085,040	9,708,752	31,112,787
Restricted				
Special revenue funds	-	-	-	-
Committed				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Assigned				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Unreserved reported in:				
Special revenue funds	648,309	2,082,722	1,913,789	2,842,489
Capital projects funds	-	-	-	-
Total all other governmental funds	$ 10,428,689	$ 10,167,762	$ 11,622,541	$ 33,955,276

(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.

(3) The City adopted GASB Statement No. 54 effective 09/30/11.

2007	2008	2009	2010	2011 (3)	2012
$ 226,372	$ 707,308	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	10,948,884	12,931,713
-	-	-	-	2,584,986	2,827,899
21,077,058	12,977,046	16,615,905	17,738,795	4,434,397	3,748,032
21,303,430	13,684,354	16,615,905	17,738,795	17,968,267	19,507,644
32,482,443	28,811,589	26,435,446	19,737,565	-	-
-	-	-	-	15,321,931	10,711,371
-	-	-	-	502,754	478,532
-	-	-	-	269,531	76,507
-	-	-	-	-	-
-	-	-	-	1,919,495	1,945,122
2,744,876	1,180,305	2,027,508	1,645,254	-	-
-	-	-	-	-	-
$ 35,227,319	$ 29,991,894	$ 28,462,954	$ 21,382,819	$ 18,013,711	$ 13,211,532

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

	Fiscal Years Ending September 30			
	2003	2004 (1)	2005	2006 (2)
Revenues:				
Property taxes	$ 6,626,383	$ 7,334,228	$ 8,394,332	$ 9,878,462
Franchise fees	2,717,374	2,815,567	3,168,855	3,963,179
Public service tax	6,298,994	6,411,966	6,874,286	7,360,867
State revenue sharing	1,786,901	1,956,265	2,473,587	2,591,215
Intergovernmental	7,712,493	6,683,930	15,887,440	10,424,400
Charges for services	7,123,832	7,421,216	9,262,321	9,709,730
Fines and forfeitures	330,006	258,376	296,238	335,093
Impact fees	736,595	755,063	1,523,928	1,804,404
Interest income	262,395	160,013	531,582	1,627,596
Miscellaneous	1,443,249	598,987	670,429	569,030
Total revenues	35,038,222	34,395,611	49,082,998	48,263,976
Expenditures:				
General government	4,748,270	5,689,764	6,759,888	7,018,478
Public safety	9,085,907	10,687,423	11,597,713	12,676,423
Highways and Streets	4,693,392	11,464,814	4,516,203	3,213,677
Culture/Recreation	1,253,886	1,462,220	1,853,925	1,837,059
Economic environment	361,966	161,787	609,644	2,287,563
Physical environment	5,169,043	4,738,776	5,418,280	5,317,395
Capital outlay	10,394,255	8,056,985	7,014,743	5,912,901
Debt service				
Interest	-	-	-	-
Principal	-	-	-	-
Total expenditures	35,706,719	42,261,769	37,770,396	38,263,496
Excess (deficiency) of revenues over (under) expenditures	(668,497)	(7,866,158)	11,312,602	10,000,480
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	10,000,000	5,015,000	4,103,887	2,677,711
Transfers to other funds	(10,000,000)	(5,015,000)	(4,103,887)	(2,677,711)
Total other financing sources (uses)	-	-	-	18,882,506
Net change in fund balances	$ (668,497)	$ (7,866,158)	$ 11,312,602	$ 28,882,986
*** Debt service as a percentage of noncapital expenditures**	0.0%	0.0%	0.0%	0.0%

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

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

* Note: Calculation excludes non-capitalized capital

2007	2008	2009	2010	2011	2012
$ 12,782,897	$ 12,106,008	$ 12,346,188	$ 12,568,945	$ 11,673,440	$ 11,856,683
3,788,900	3,788,670	4,040,268	4,106,081	3,924,731	3,474,383
7,567,153	7,437,523	7,823,723	8,059,245	7,556,782	7,111,064
2,506,737	1,669,778	2,001,350	2,006,079	2,145,303	2,330,382
9,625,961	9,963,668	10,777,651	12,154,051	9,903,521	8,746,907
8,509,902	8,042,841	9,309,234	9,097,278	9,019,674	8,859,307
257,189	279,582	299,570	235,849	286,221	148,511
1,115,958	683,751	264,741	412,079	76,160	170,831
3,086,818	2,083,996	459,819	270,539	92,462	137,136
491,499	431,696	280,790	338,663	968,387	843,409
49,733,014	46,487,513	47,603,334	49,248,809	45,646,681	43,678,613
8,988,364	10,155,007	7,291,358	7,287,498	6,884,007	7,336,540
14,801,650	17,678,858	17,520,030	17,605,770	18,234,722	17,343,256
4,316,879	5,139,946	4,574,797	2,921,960	2,222,222	1,974,706
2,231,633	4,737,322	2,031,772	2,008,762	1,942,278	2,041,728
1,363,432	561,005	592,309	4,326,670	3,166,069	1,265,821
5,557,871	6,189,967	6,092,548	6,106,061	6,141,542	6,176,954
6,398,640	13,424,641	13,211,803	12,944,077	8,211,947	8,821,414
1,056,835	850,268	825,451	855,779	895,839	1,044,579
400,000	605,000	630,000	1,149,477	1,087,691	936,417
45,115,304	59,342,014	52,770,068	55,206,054	48,786,317	46,941,415
4,617,710	(12,854,501)	(5,166,734)	(5,957,245)	(3,139,636)	(3,262,802)
-	-	6,569,345	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,863,153	6,065,594	1,765,396	2,992,756	1,817,385	509,577
(2,863,153)	(6,065,594)	(1,765,396)	(2,992,756)	(1,817,385)	(509,577)
-	-	6,569,345	-	-	-
$ 4,617,710	$ (12,854,501)	$ 1,402,611	$ (5,957,245)	$ (3,139,636)	$ (3,262,802)
3.9%	3.3%	3.8%	5.0%	5.1%	5.4%

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

		Franchise Fees			Public Service Tax			
Fiscal Year	Ad Valorem Tax	Electric	Cable Television	Other	Electric	Telecom-munication	Gas	Total
2003	6,626	2,650	-	68	3,398	2,811	90	15,643
2004	7,334	2,763	-	53	3,271	3,047	94	16,562
2005	8,394	3,116	-	53	3,564	3,200	110	18,437
2006	9,879	3,883	-	80	3,847	3,405	109	21,203
2007	12,783	3,731	-	58	3,870	3,590	107	24,139
2008	12,106	3,733	-	56	3,799	3,525	113	23,332
2009	12,346	3,967	-	73	4,071	3,647	105	24,209
2010	12,569	4,052	-	54	4,556	3,382	121	24,734
2011	11,635	3,893	-	32	4,324	3,122	111	23,117
2012	11,817	4,052	-	62	4,033	2,976	102	23,042
Change 2003-2012	78.3%	52.9%	N/A	-8.8%	18.7%	5.9%	13.3%	47.3%

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

Fiscal Year Beginning	Real Property	Personal Property	Total Assessed Valuation	Total Direct Rate	Total Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2003	2,415,849	110,081	2,525,930	4.19800	2,732,846	92.4%
2004	2,734,204	110,888	2,845,092	4.19800	3,199,018	88.9%
2005	3,171,520	101,215	3,272,735	4.15000	3,865,228	84.7%
2006	4,066,569	109,340	4,175,909	4.01451	5,490,449	76.1%
2007	4,632,470	111,543	4,744,013	3.28370	6,404,587	74.1%
2008	4,448,069	131,933	4,580,002	4.15329	5,558,225	82.4%
2009	3,715,742	131,743	3,847,485	5.43755	4,083,032	94.2%
2010	3,153,624	129,655	3,283,279	6.3776	3,305,013	99.3%
2011	2,514,783	136,842	2,651,625	8.2995	2,655,628	99.8%
2012	2,478,869	134,375	2,613,244	7.9900	2,635,068	99.2%

Source: County of Volusia Property Appraiser.

DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Per One Thousand Dollars of Taxable Value)

	* Direct Rate	** Overlapping Rates					
Fiscal Year Beginning	City of Deltona	County of Volusia	Volusia County School Board	St. Johns River Water Management District	Florida Inland Navigation District	West Volusia Hospital Authority	Total
2003	4.19800	6.60400	8.89900	0.46200	0.03850	1.59680	21.79830
2004	4.19800	6.60400	8.69900	0.46200	0.03850	1.80000	21.80150
2005	4.15000	6.60400	8.51700	0.46200	0.03850	1.80000	21.57150
2006	4.01451	6.29400	8.25900	0.46200	0.03850	1.55000	20.61801
2007	3.28370	5.13330	7.68500	0.46200	0.03850	1.26190	17.86440
2008	4.15329	5.40373	7.45900	0.41580	0.03450	1.46724	18.93356
2009	5.43755	6.37434	7.80500	0.41580	0.03450	1.74500	21.81219
2010	6.37760	6.30250	8.23700	0.41580	0.03450	2.08180	23.44920
2011	8.29950	6.77910	8.06300	0.33130	0.03450	2.38490	25.89230
2012	7.99000	6.88090	7.88800	0.33130	0.03450	2.46660	25.59130

* The City of Deltona has no G.O. debt, therefore the direct rate has no components.

** '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.

PRINCIPAL TAXPAYERS
CURRENT AND TEN YEARS AGO
FISCAL YEARS ENDING

	September 30, 2003			September 30, 2012		
Taxpayer	Assessed Valuation (in 1000's)	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation (in 1,000's)	Rank	Percentage of Total Taxable Assessed Value
Florida Power Corporation	$ 17,069	2	1.0%	$ 23,519	1	1.6%
Florida Power & Light Company	9,404	4	0.6%	16,739	2	1.1%
Wal-Mart Stores East LP			N/A	13,043	3	0.9%
Publix Super Markets, Inc.	8,200	6	0.5%	9,443	4	0.6%
Lowe's Home Centers, Inc.			N/A	9,141	5	0.6%
Bright House Networks, LLC			N/A	8,238	6	0.6%
D O T Properties N V			N/A	6,941	7	0.5%
EPIC Properties			N/A	6,233	8	0.4%
Deltona Partners, LLC			N/A	5,853	9	0.4%
Bellsouth Telecommunication, Inc.	10,821	3	0.7%	5,302	10	0.4%
Florida Water Services, Co.	23,567	1	1.4%			0.0%
Time Warner Entertainment	8,457	5	0.5%			0.0%
Sprint Florida, Inc.	6,753	7	0.4%			0.0%
Deltona Associates, LTD	4,764	8	0.3%			0.0%
Tiger Partner, LLC	4,364	9	0.3%			0.0%
Albertsons, Inc.	4,319	10	0.3%			0.0%
All Other	1,533,020		94.0%	1,365,374		92.9%
	$ 1,630,738		100.0%	$ 1,469,826		100.0%

Source: County of Volusia Property Appraiser.

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended	Total Tax Levy	Current Levy Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent Total Collections To Levy
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	13,216,062	12,760,664	96.6%	22,233	12,782,897	96.7%
2008	12,489,846	12,087,519	96.8%	18,488	12,106,007	96.9%
2009	12,779,905	12,320,999	96.4%	25,189	12,346,188	96.6%
2010	12,990,671	12,513,417	96.3%	55,528	12,568,945	96.8%
2011	12,171,823	11,635,431	95.6%	38,010	11,673,441	95.9%
2012	12,205,320	11,816,523	96.8%	40,161	11,856,684	97.1%

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.

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Year	Governmental Activities		Business-Type Activities	Total Primary Government Debt	Per Capita Debt	Debt as a Percentage of Personal Income (1)
	Revenue Bonds	Stormwater Bank Note	Utility System Revenue Bonds			
2002	-	-	-	-	-	
2003	-	-	-	-	-	
2004	-	-	81,725,000	81,725,000	$ 1,021	4.21%
2005	-	-	81,225,000	81,225,000	979	3.96%
2006	18,240,000	-	80,575,000	98,815,000	1,156	4.61%
2007	17,840,000	-	79,825,000	97,665,000	1,142	4.37%
2008	17,235,000	-	78,975,000	96,210,000	1,120	4.29%
2009	16,605,000	6,569,345	78,025,000	101,199,345	1,201	4.24%
2010	15,945,000	6,373,566	76,925,000	99,243,566	1,176	3.97%
2011	15,255,000	6,167,727	75,525,000	96,947,727	1,138	3.75%
2012	14,535,000	5,951,310	73,825,000	94,311,310	1,106	3.45%

(1) Source for Per Capita Income - US Dept. of Commece, Bureau of Economic Analysis (Florida Research Economic Database)

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2012

Taxing Authority	Debt Outstanding	Percentage Applicable to Deltona	Amount Applicable to Deltona
City of Deltona	$ 20,486,310	100%	$ 20,486,310
County of Volusia (1)	$ 25,430,000	6.22%	1,581,746
Volusia County School Board (2)	$ -	0%	-
Total Direct and Overlapping Debt	$ 45,916,310		$ 22,068,056

(1) Source: County of Volusia Finance Department.

(2) Source: Volusia County School Board.

PLEDGED-REVENUE COVERAGE
LAST THREE FISCAL YEARS

	Water and Sewer Revenue Bonds					
	(1)	(2)			(3)	
Fiscal Year Ended	Utility Revenues	Less Operating Expenses	Net Available Revenue	2003 Revenue Bonds Principal	2003 Revenue Bonds Interest	Coverage
2010	16,051,180	6,964,948	9,086,232	1,100,000	3,829,885	1.84
2011	17,075,252	7,595,797	9,479,455	1,400,000	3,784,384	1.83
2012	18,720,844	6,427,814	12,293,030	1,700,000	3,700,436	2.28

	Transportation Capital Improvement Revenue Bonds					
	Gas Tax Revenues	Impact Fee Revenues	Net Available Revenue	2006 Transportation Bonds Principal	2006 Transportation Bonds Interest	Coverage
2010	2,089,575	251,334	2,340,909	660,000	799,325	1.60
2011	2,064,317	53,141	2,117,458	690,000	768,375	1.45
2012	2,087,788	125,777	2,213,565	720,000	735,576	1.52

	Stormwater Bank Note					
	Stormwater Assessments Improved	Stormwater Assessments Unimproved	Net Available Revenue	2009 Bank Note Principal	2009 Bank Note Interest	Coverage
2010	2,671,300	262,039	2,933,339	195,779	350,152	5.37
2011	2,680,791	250,350	2,931,141	205,839	319,316	5.58
2012	2,678,658	240,008	2,918,666	216,417	309,003	5.55

(1) For purposes of debt coverage the following revenues are included: All water and sewer revenues and water and sewer impact fees. Interest income is 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.

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DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

	Per Capita Income (1)						
Year	Florida	Lake	Orange	Seminole	Sumter	Marion	Volusia
2002-03	29,700	25,937	27,400	32,750	17,255	23,106	24,730
2003-04	30,116	26,389	28,203	33,670	18,220	23,803	25,062
2004-05	31,469	27,122	29,748	35,716	19,400	24,749	26,118
2005-06	33,219	27,122	29,748	35,716	19,400	24,749	26,118
2006-07	35,798	28,942	31,569	38,838	21,878	26,893	28,347
2007-08	36,720	29,815	33,335	40,946	24,135	29,012	29,615
2008-09	38,417	30,460	35,303	42,223	26,481	30,322	30,374
2009-10	39,064	31,520	36,639	43,439	27,504	31,225	32,098
2010-11	38,965	30,785	36,400	42,340	30,259	31,097	32,255
2011-12	38,345	32,554	34,916	39,596	26,699	31,475	32,339

	Median Household Income (2)						
Year	Florida	Lake	Orange	Seminole	Sumter	Marion	Volusia
2001-02	46,421	37,354	42,656	50,122	31,730	32,532	35,278
2002-03	38,024	36,585	41,202	49,287	30,559	31,490	34,740
2003-04	38,972	37,398	40,697	48,957	31,673	31,851	35,010
2004-05	40,554	39,013	40,604	49,199	34,050	33,177	36,038
2005-06	40,554	39,013	40,604	49,199	34,050	33,177	36,038
2006-07	42,990	40,745	41,725	50,842	37,523	34,948	37,247
2007-08	46,602	43,443	49,768	57,318	39,387	39,295	41,772
2008-09	48,637	45,945	52,133	59,317	44,213	41,128	44,304
2009-10	47,051	45,191	49,933	57,302	43,376	39,998	43,580
2010-11	46,077	44,738	47,448	57,741	45,382	39,238	44,133
2011-12	45,736	44,978	46,769	57,962	45,516	38,258	41,766

(1) Source US Department of Commerce, Bureau of Economic Analysis (Florida Research Economic Database)
(2) Source U. S. Census Bureau American FactFinder, American Community Survey

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Continued)

Cost of Living Index Volusia and Surrounding Counties (1)						
Year	**Volusia**	**Lake**	**Orange**	**Seminole**	**Sumter**	**Marion**
2001-02	95.62	95.57	97.67	95.87	92.42	93.75
2002-03	95.06	94.64	96.71	96.52	91.72	97.31
2003-04	96.16	98.79	101.63	100.01	95.14	95.99
2004-05	95.53	98.13	101.17	99.99	95.50	96.02
2005-06	94.90	97.50	100.99	99.56	95.33	94.30
2006-07	94.77	97.69	101.19	99.98	95.52	94.82
2007-08	94.74	97.70	101.20	99.95	95.53	94.73
2008-09	95.23	97.64	101.13	100.07	95.46	94.79
2009-10	95.39	97.51	101.00	99.81	95.34	94.71
2010-11	96.13	97.49	100.98	99.64	96.39	96.28
2011-12	96.19	96.95	100.42	99.35	95.49	95.83

	Unemployment Volusia and Surrounding Counties (2)				
Year	**Volusia**	**Lake**	**Orange**	**Seminole**	**Marion**
2000-01	3.40	3.60	3.10	3.00	4.00
2001-02	4.30	4.40	4.20	4.00	5.00
2002-03	5.50	5.70	5.60	5.50	5.90
2003-04	5.20	5.20	5.10	5.10	5.40
2004-05	4.50	4.50	4.40	4.20	4.60
2005-06	3.70	3.80	3.60	3.40	3.90
2006-07	3.40	3.40	3.20	3.00	3.60
2007-08	4.20	4.20	3.80	3.50	4.60
2008-09	6.60	6.40	5.80	5.60	7.70
2009-10	11.00	11.10	10.50	9.80	12.90
2010-11	12.50	12.00	11.40	10.70	13.80
2011-12	10.80	11.20	10.30	9.70	12.30

(1) Source University of Florida, Bureau of Economic and Business Research
(2) U. S. Dept. of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
(Concluded)

Fiscal Year	Population (1) Deltona	Population (1) County	Population (1) % of City	Unemployment Rate (2)	School (3) Enrollment	School (3) Attendance	Personal Income (4) Deltona / Daytona Beach / Ormond Beach (thousands of dollars)
2002	71,599	459,569	15.58%	5.4%	14,920	96.6%	$ 10,380,740
2003	76,332	470,770	16.21%	5.1%	15,376	96.0%	$ 10,949,705
2004	80,052	484,080	16.54%	4.8%	15,994	96.3%	$ 11,356,533
2005	82,973	494,649	16.77%	2.9%	16,228	96.4%	$ 11,812,530
2006	85,484	503,844	16.97%	3.0%	16,465	96.5%	$ 12,963,749
2007	86,540	508,014	17.03%	3.1%	16,116	96.6%	$ 14,260,500
2008	85,921	508,014	16.91%	4.2%	14,885	94.2%	$ 15,292,177
2009	84,264	510,750	16.50%	10.5%	14,508	94.1%	$ 15,895,098
2010	84,385	507,105	16.64%	11.5%	13,535	94.1%	$ 15,963,663
2011	85,182	494,593	17.22%	10.5%	12,747	96.5%	$ 15,994,714
2012	85,281	497,145	17.15%	8.7%	12,406	95.9%	$ 16,544,186

(1) Source: Office of Economic & Demographic Research.
(2) Source: U. S. Dept. of Labor, Bureau of Labor Statistics.
(3) Source: Volusia County School Board.
(4) Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

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

	Full-Time Equivalent Employees				
Function/Program	**2003**	**2004**	**2005**	**2006**	**2007**
City Commission	1.0	1.0	1.0	1.0	1.0
City Manager	3.0	3.0	3.0	3.0	4.0
City Clerk	4.0	5.5	6.0	7.5	8.0
Finance	14.0	16.5	14.0	17.5	17.5
Information Technology Services	-	-	-	-	-
City Attorney	4.0	5.0	6.0	7.0	6.0
Planning & Development Services	11.0	14.0	18.0	21.5	25.0
Building & Zoning Services	15.0	16.0	21.0	24.0	24.0
Human Resources	5.0	4.5	3.5	6.0	7.5
General Government	-	-	-	-	-
Enforcement Services	11.0	12.0	12.0	15.0	19.0
Parks & Recreation	21.0	29.0	29.0	32.0	37.5
Total general government	89.0	106.5	113.5	134.5	149.5
*Police Officers	60.0	66.0	72.0	72.0	72.0
Fire & Rescue:					
Firefighters	51.0	51.0	54.0	66.0	69.0
Administration & Communication	16.5	19.0	20.5	21.5	24.5
Total Fire & Rescue	67.5	70.0	74.5	87.5	93.5
Total public safety	127.5	136.0	146.5	159.5	165.5
Public Works	29.0	25.0	31.5	28.0	30.5
Storm Water	18.0	26.0	23.0	23.0	25.0
Grant funded positions	-	-	-	-	-
Total public services	47.0	51.0	54.5	51.0	55.5
Water/Sewer utility	-	48.5	58.0	65.0	68.5
Solid Waste	1.0	1.0	1.0	1.0	1.0
Total public services	1.0	49.5	59.0	66.0	69.5
Total government employees	264.5	343.0	373.5	411.0	440.0

* Law enforcement services contracted with Volusia County Sheriff's Office

Source: City Finance Department

2008	2009	2010	2011	2012
1.0	1.0	1.0	0.5	1.0
4.0	4.0	4.0	6.5	6.5
6.0	5.0	5.0	5.5	5.5
19.0	12.0	11.0	11.0	11.0
-	5.0	5.0	5.0	5.0
6.0	4.5	4.0	5.0	2.0
15.0	10.0	7.0	8.0	8.0
11.0	9.0	9.0	8.0	10.5
4.5	4.5	4.5	4.5	4.5
-	1.0	1.0	-	-
19.0	15.0	15.0	13.0	14.0
43.5	30.0	30.0	26.0	25.0
129.0	101.0	96.5	93.0	93.0
77.0	69.0	69.0	73.0	76.0
69.0	69.0	69.0	69.0	69.0
26.0	26.0	25.0	24.0	9.5
95.0	95.0	94.0	93.0	78.5
172.0	164.0	163.0	166.0	154.5
39.5	30.5	31.0	27.0	27.0
21.0	26.0	26.0	26.0	26.0
-	3.0	2.0	1.5	2.5
60.5	59.5	59.0	54.5	55.5
68.5	65.0	65.0	64.0	64.0
2.0	2.0	2.0	2.0	2.0
70.5	67.0	67.0	66.0	66.0
432.0	391.5	385.5	379.5	369.0

VARIOUS INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General										
Last charter amendment	November 4, 2008									
Number of Commissioners	7	7	7	7	7	7	7	7	7	7
Form of government	Commissioner: 4 Year Term of Office - Appointed City Manager									
Municipal boundaries (1)	46	46	46	46	46	46	46	46	46	46
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of Police officers	65	66	72	72	72	69	69	73	76	76
Number of patrol vehicles	n/a	40	40	40	40	69	69	73	73	76
Number of arrests	n/a	5,068	9,386	6,544	3,435	3,879	3,229	4,091	4,131	3,947
Fire										
Number of stations	4	4	4	4	4	4	4	4	5	5
Number of vehicles	4	5	5	6	6	6	6	8	8	8
Number of calls	7,430	8,713	7,782	7,804	8,180	7,087	7,872	8,134	8,311	8,844
Building										
Building permits issued	5,036	5,662	10,294	5,857	5,062	3,787	3,216	3,551	3,143	3,022
Average price of single family Residential construction	151,862	157,440	164,428	204,176	243,510	238,640	222,361	209,572	295,597	281,498
Value of permits issued ($1,000's of dollars)	235,369	234,744	435,386	211,986	97,110	55,653	50,534	30,894	32,549	24,893
Recreation										
Number of parks	14	14	14	15	15	16	16	19	19	19
Acres maintained	202	202	202	216	216	226	226	230	244	304
Number of buildings	11	13	14	15	15	16	16	17	29	29
Number of people served	n/a	90,041	168,428	223,533	235,105	220,122	238,521	223,882	250,000	260,000
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	23	26	26	29	31	37	41	40	40	40
Number of city maintained traffic signals	4	4	4	5	7	9	9	12	16	16
Number of school signals	22	22	25	25	25	37	38	35	35	35
Number of buildings	1	1	1	1	1	1	1	1	1	1
Water (3)										
Number of units served	n/a	30,295	30,981	31,811	32,419	31,778	31,610	31,731	31,195	31,250
Average daily flow (2)	n/a	12.26	11.06	12.71	12.94	11.90	10.89	9.59	9.59	8.41
Miles of water main	n/a	475	480	480	500	500	500	500	500	500
Number of plants	n/a	17	17	17	17	17	17	17	17	17
Number of vehicles	n/a	26	27	22	34	34	34	34	34	34
Number of buildings	n/a	28	28	28	28	28	28	28	28	28
Wastewater (3)										
Miles of sanitary sewers	n/a	75	75	75	75	93	93	93	93	93
Number of vehicles	n/a	11	11	9	15	15	15	15	15	15
Number of buildings	n/a	4	4	4	4	4	4	4	4	4
Number of plants	n/a	1	1	1	1	1	1	1	1	1

(1) Square miles.

(2) Millions of gallons.

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

Source: Various City Departments

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

	Fiscal Year		
Type of Customer	**2010**	**2011**	**2012**
Single Family Residences	2,810.85	2,753.18	2455.33
Multi Family Residences	2.27	2.22	1.87
Commercial	90.90	90.45	86.74
Multi Family Commercial	2.03	2.11	2.07
Hydrant	2.55	1.97	3.92
Bulk	49.54	68.40	55.91
Irrigation	45.09	28.56	30.47
Totals	3,003.23	2,946.89	2,636.31
Water Rates (Per 1,000 gallons consumed)			
Residential			
0 - 6,000	$ 1.20	$ 1.41	$ 1.65
6,000 - 12,000	$ 1.68	$ 1.97	$ 2.31
12,000 - 18,000	$ 2.93	$ 3.44	$ 4.03
over 18,000	$ 5.86	$ 6.87	$ 8.06
Commercial			
Rates apply to all usage - no cap	$ 1.68	$ 1.97	$ 2.31
All Customers			
Rates apply to all usage - no cap	$ 1.27	$ 1.27	$ 2.31

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

WASTEWATER SOLD BY TYPE OF CUSTOMER AND ASSOCIATED RATES LAST THREE FISCAL YEARS
(In Millions of Gallons)

Type of Customer	Fiscal Year 2010	2011	2012
Single Family Residences	212.01	210.39	206.06
Multi Family Residences	0.66	0.66	0.65
Commercial	65.70	25.79	65.96
Multi Family Commercial	1.17	1.24	1.24
Bulk	20.43	21.61	21.80
Totals	299.97	259.69	295.71
Sewer Rates (Per 1,000 gallons consumed)			
Residential			
0 - 6,000	$ 10.79	$ 12.65	$ 14.83
over 6,000 (no charge)	$ -	$ -	$ -
Commercial			
Rates apply to all usage - no cap	$ 12.94	$ 15.17	$ 17.79
Bulk			
0 - 1,800,000	$ 8.79	$ 8.79	$ 10.31
over 1,800,000 (no cap)	$ 9.67	$ 9.67	$ 11.34

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

PRINCIPAL EMPLOYERS
CURRENT AND TEN YEARS AGO

	2012			2007 *		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Daytona State College	1,256	1	12.12%	N/A		N/A
Publix Supermarkets	442	2	4.27%	314	3	2.96%
City of Deltona	302	3	2.91%	383	2	3.59%
Pine Ridge High School	250	4	2.41%	250	4	2.36%
Methodist Children's Home	180	5	1.74%	N/A		N/A
Winn Dixie Stores	174	6	1.68%	390	1	3.68%
Deltona Health Care Center	160	7	1.54%	N/A		N/A
Galaxy Middle School	160	8	1.54%	160	8	1.51%
Deltona Middle School	153	9	1.48%	200	7	1.89%
Deltona Lakes Elementary	150	10	1.45%	N/A		N/A
Wal-Mart				220	5	2.08%
Albertson's				200	6	1.89%
Friendship Elementary				150	10	1.42%
Total	3,227		31.14%	2,267		21.38%

Source: InfoGroup Employer Database 2013 ed.1

* NOTE: The City does not have Principal Employer information further back than 2007;
Source - City's Comprehensive Annual Financial Report for FYE 09/30/07

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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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE FOR THE YEAR ENDED SEPTEMBER 30, 2012

Grantor/Pass-Through Grantor/Program Title	Grant Number	CFDA / CSFA Number
FEDERAL AWARDS		
U.S. Department of Housing and Urban Development		
Community Development Block Grant	B-10-MC-12-0049	14.218
Community Development Block Grant	B-11-MC-12-0049	14.218
Community Development Block Grant - NSP	B-08-MN-12-0006	14.218
Community Development Block Grant - NSP #3	B-11-MN-12-0006	14.218
Total Community Development Block Grant		
Passed Through County of Volusia		
Community Development Block Grant/State's Program	10DB-K4-06-74-01-K36	14.228
U.S. Department of Energy		
Energy Efficiency and Conservation Block Grant, Recovery	DE-SC0003127	81.128
U.S. Department of Homeland Security		
Passed Through State of Florida, Department of Financial Services		
Homeland Security Grant Program	010-DS-39-13-0-16-414	97.067
Homeland Security Grant Program	11-DS-9Z-13-00-16-436	97.067
Total Homeland Security Grant Program		
Federal Emergency Management Agency		
Passed Through State of Florida, Division of Emergency Management (DEM)		
Hazard Mitigation Grant	09HM-12-06-74-02-005	97.039
U.S. Department of Transportation		
Passed Through State of Florida, Department of Transportation		
Highway Planning and Construction	AQ 791	20.205
Highway Planning and Construction	AQD 56	20.205
Total Highway Planning and Construction		
TOTAL FEDERAL AWARDS		
STATE FINANCIAL ASSISTANCE		
Florida Department of Environmental Protection		
Statewide Surface Water Restoration and Wastewater Projects	S0262	37.039
Statewide Surface Water Restoration and Wastewater Projects	WW641800	37.077
Total Florida Department of Environmental Protection		
Florida Housing Finance Corporation		
State Housing Initiatives Partnership Program	FY11/12	52.901
State Housing Initiatives Partnership Program	FY10/11	52.901
State Housing Initiatives Partnership Program	FY09/10	52.901
Total Florida Housing Finance Corporation		
TOTAL STATE FINANCIAL ASSISTANCE		
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE		

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 and Chapter 10.550, Rules of the Auditor General, Local Governmental Entity Audits.*

Program or Award Amount	Expenses	Subrecipient Award Amount
543,184	345,349	47,822
449,986	-	-
6,635,909	548,532	-
1,964,066	603,675	-
	1,497,556	47,822
937,500	730,096	-
730,200	281,409	-
9,000	2,801	-
9,000	2,080	-
	4,881	-
308,833	297,625	-
39,749	39,749	-
16,500	16,490	-
	56,239	-
	2,867,806	47,822
1,113,724	1,870	-
1,445,904	400,533	-
	402,403	-
90,989	37,909	-
-	83	-
92,321	172,182	-
	210,175	-
	612,578	-
	3,480,384	47,822

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Purvis Gray & Company

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, the 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, 2012, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 13, 2013. 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

The City management is responsible for establishing and maintaining effective 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 *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

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

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

We noted certain matters that we reported to management of the City in a separate letter dated March 13, 2013.

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

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

Purvis, Gray and Company, LLP

March 13, 2013
Ocala, Florida

Purvis Gray & Company

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES,
STATE PROJECTS 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 Department of Financial Services, *State Projects Compliance Supplement*, that could have a direct and material effect on the City's major federal programs and state projects for the year ended September 30, 2012. 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 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*. Those standards, OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal program and state projects for the year ended September 30, 2012.

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Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES,
STATE PROJECTS COMPLIANCE SUPPLEMENT
(Concluded)

Internal Control Over Compliance
The City management 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 the requirements that could have a direct and material effect on a major federal program or state project to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over 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 *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

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 13, 2013
Ocala, Florida

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
CITY OF DELTONA, FLORIDA

PART A - SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unqualified opinion on the basic financial statements of the City of Deltona, Florida.

2. No significant deficiencies relating to the audit of the financial statements are reported in the report on internal control over financial reporting and on compliance and other matters based on an audit of the basic financial statements of the City of Deltona, Florida.

3. No instances of noncompliance material to the basic financial statements of the City of Deltona, Florida, were disclosed during the audit.

4. No significant deficiencies relating to the audit of the major federal programs and state projects are reported in the report on compliance with requirements applicable to each major federal program and state project on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*.

5. The auditors' report on compliance for the major state projects the City of Deltona, Florida, expresses an unqualified opinion.

6. The audit disclosed no findings required to be reported related to federal programs under Section 510(a) of OMB Circular A-133, or did out audit disclose any findings related to State projects required to be disclosed under Chapter 10.557.

7. The programs/projects tested as major programs/projects included the following:

   - **Federal Program**
     - U.S. Department of Housing and Urban Development:
       - Community Development Block Grant; CFDA No. 14.218
       - CDBG Disaster Recovery; CFDA No. 14.228

   - **State Projects**
     - Florida Department of Environmental Protection
       - Statewide Surface Water Restoration and Wastewater Projects, CSFA No. 37.077

8. The threshold for distinguishing Type A and Type B projects was $300,000 for major federal programs and $183,733 state financial assistance projects.

9. The City of Deltona qualified as a low-risk auditee pursuant to OMB Circular A-133.

PART B - FINDINGS - FINANCIAL STATEMENTS

1. No matters were reported.

PART C - FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECTS

1. No matters were reported.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
CITY OF DELTONA, FLORIDA
(Concluded)

PART D - OTHER ISSUES

1. No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to federal programs or state projects.

2. No Corrective Action Plan is required because there were no findings required to be reported under the *Federal* or Florida *Single Audit Acts.*

Purvis Gray & Company

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, 2012, and have issued our report thereon dated March 13, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, *Rules of the Florida Auditor General*. We have issued our Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and State Financial Assistance Project and on Internal Control over Compliance in Accordance with OMB Circular A-133 and the Florida Department of Financial Services, *State Projects Compliance Supplement*, Chapter 10.550, *Rules of the Florida Auditor General*, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 13, 2013, should be considered in conjunction with this management letter.

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

- Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective action has been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

- Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding investment of public funds. In connection with our audit, we noted no instance of noncompliance with Section 218.415, Florida Statutes.

- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

MANAGEMENT LETTER
(Concluded)

- Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred or are likely to have occurred, 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.

- Section 10.554(1(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts or abuse; and (2) deficiencies in internal control that are not significant deficiencies (see attached management letter comments).

- Section 10.554(1)(i)6., *Rules of the Auditor General*, also requires that the name or official title and legal authority for the primary government be disclosed in the management letter, unless disclosed in the notes to the financial statements (see Note 1 of the, the City's basic financial statements as of and for the year ended September 30, 2012 for this information). There were no component units included in the City's basic financial statements as of and for the year ended September 30, 2012.

- Section 10.554(1)(i)7.a., *Rules of the Auditor General*, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

- Section 10.554(1)(i)7.b., *Rules of the Auditor General*, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2012, 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, 2012. In connection with our audit, we determined that these two reports were in agreement.

- Sections 10.554(1)(i)7.c. and 10.556(7), *Rules of the Auditor General*, require that we apply financial condition assessment procedures. Pursuant to these rules, we applied these financial condition assessment procedures as of and for the City's year ended September 30, 2012. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Honorable Mayor and City Commissioners, and management, 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 13, 2013
Ocala, Florida

Purvis Gray & Company

MANAGEMENT LETTER COMMENTS

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

In planning and performing our audit of the financial statements of the City of Deltona, Florida (the City) for the year ended September 30, 2012, 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 13, 2013, on the basic financial statements of the City.

Our comments are summarized as follows:

Current Year Recommendations

Capital Assets

During our audit, we noted that the capital asset subsidiary records and general ledger control accounts were not in agreement due to the timing of current and prior year capital projects close outs that were not properly classified in the City's capital asset system. As a result, the reconciliation of Governmental and Business capital assets was an unnecessarily time consuming and cumbersome process.

The current capital asset process utilizes different departments to record their own departmental additions, make adjustments and dispose of assets in the capital assets system. This decentralized approach did not have appropriate central accounting review, which led to the unreconiled capital asset condition.

We recommend that the City review their policies and procedures for capital asset processing and develop a central accounting review function that will ensure timely and accurate reporting of the City's capital assets.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Honorable Mayor and City Commissioners, and management, and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountants
P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
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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

Current Year Recommendations *(Concluded)*

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, our accompanying reports, or other matters.

Purvis, Gray and Company, LLP

March 13, 2013
Ocala, Florida

City of Deltona

RESPONSES TO MANAGEMENT LETTER COMMENTS

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

Current Year Recommendations:

Capital Assets
The Finance Director and Acting City Manager have conducted a meeting with all employees involved in the accounting side of the fixed assets process. It was determined that access to add/change/delete information in the fixed assets system will be limited to only pertinent employees. Further, those employees with access will be thoroughly trained in the system as well as fixed assets in general with emphasis on the ramifications of certain types of errors. While information being input into the system was previously being reviewed, it was not being reviewed to an adequate level. The Accounting Manager will more thoroughly train staff adding/changing/removing fixed assets.

Additionally, with Acting City Manager support, all Department Heads and Departmental Fixed Asset Custodians will be participating in a mandatory fixed assets training at the end of March, 2013.

March 13, 2013
Deltona, FL

DEPARTMENT OF FINANCE & INTERNAL SERVICES
2345 Providence Boulevard, Deltona, Florida 32725
(386) 878-8100 • Fax (386) 878-8551
webpage: www.deltonafl.gov

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Purvis Gray & Company

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

We have audited the financial statements of the governmental activities, the 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, 2012. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and Chapter 69I-5, *Rules of the Florida Department of Financial Services*; and Chapter 10.550, *Rules of the Auditor General*, as well as information related to the planned scope and timing of our audit. We have communicated such information in our letter dated August 13, 2012. Professional standards also require that we communicate the following information related to our audit.

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2012.

We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Estimation of the Allowance for Doubtful Accounts—As discussed in Note III B, the allowance for uncollectible receivables was $559,805 at September 30, 2012. Management's estimate for the allowance uncollectible delinquent utility accounts is based on historical collection rates and an analysis of the collectibility of individual receivables.

- Estimation of Unbilled Revenue—As discussed in Note III B, the unbilled revenue was $996,828 at September 30, 2012. Management's estimate of the unbilled revenue is reported as part of Accounts Receivable (Net) on the statement of net assets and consists of an accrual for actual cycle billings read in September and October 2012, and billed in October and November 2012. Estimating the revenue involves calculating a percentage of each cycle's total number of days in September 2012 and applying each cycle's percentage to the billed revenue for each cycle to come up with the estimated September 2012 unbilled revenue.

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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

Qualitative Aspects of Accounting Practices *(Concluded)*

- Depreciation—As discussed in Note III C, depreciation expense totaled $9,234,197 for 2012, and accumulated depreciation was $108,639,389 at September 30, 2012. As discussed in Note I of the financial statements, the City uses straight-line depreciation and industry useful lives. The useful lives are reviewed annually by management for reasonableness.

- Pension Actuarial Methods and Assumptions—As discussed in Note IV E, the City has reported a net pension asset of $916,468 as of September 30, 2012. Management's estimates are based upon risk and market factors effecting governmental entities of similar sizes and employee census information. Management also uses the assistance of an actuary hired by the City to project estimated contributions.

- Other Postemployment Benefits (OPEB)—As discussed in Note IV D, the City has reported an unfunded accrued actuarial liability for OPEB of $1,934,000 as of September 30, 2012. The unfunded accrued actuarial liability for OPEB is determined by an actuarial report based on employee census data and assumptions selected by management, based on industry trend. There are significant underlying assumptions in the actuarial report, which if changed would significantly affect the reported amounts.

- Derivative Instrument—As discussed in note III F of the financial statements; during 2006, the City entered into a swaption agreement with a national bank, that provided for an upfront payment to the City of approximately $2.8 million (net of $441 thousand of closing costs), in exchange for giving the bank the right in 2013 to compel the City to refund its existing fixed rate 2003 utility bonds and issue variable rate utility bonds that would be subject to an interest rate swap agreement. With 2013 rapidly approaching, the City has assembled a team, including an external financial advisor, to determine the best course of action for the City. Management utilized an independent consultant to determine the value of the derivative instrument associated with the Water and Sewer Debt Issue.

- Compensated Absences—Management utilizes assumptions to best estimate the value of the balance for employee vacation and sick time available at year-end.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements have been identified above.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Honorable Mayor and City Commissioners
City of Deltona
Deltona, Florida

Disagreements with Management
For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations
We have requested certain representations from management that are included in the management representation letter dated March 13, 2012.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Purvis, Gray and Company, LLP

March 13, 2012
Ocala, Florida

AGENDA MEMO

TO: Mayor & City Commission **AGENDA DATE:** 3/18/2013

FROM: William "Dave" Denny, Acting City Manager **AGENDA ITEM:** 8 - A

SUBJECT: Public Hearing - Ordinance No. 05-2013, reinstating the Affordable Housing Advisory Committee (AHAC), at second and final reading.

LOCATION: N/A

BACKGROUND:

Through the adoption of Ordinance No. 08-2001 on May 7, 2001, the City of Deltona became eligible to receive funding from the Florida Housing Finance Corporation, State Housing Initiatives Partnership (SHIP) Program.

In July 2007, the Florida Legislature passed House Bill 1375 requiring cities and counties receiving SHIP funds to appoint an "Affordable Housing Advisory Committee" (AHAC).

The SHIP Act and Rule requirement has been reinstated per SHIP statute (420.9076 F.S. and Rule 67-37.010) that in order to continue to quality for funding, the local government must appoint the Affordable Housing Advisory Committee members by resolution.

The City of Deltona adopted Ordinance No. 07-2008 on March 3, 2008 which, in part, created an Affordable Housing Advisory Committee.

Revisions to Ordinance No. 07-2008 which were adopted by the City Commission on March 17, 2008 included increasing the AHAC membership from 8 to 11 members and additional reporting requirements.

In 2009, after their one (1) year term and finishing their work, the Affordable Housing Advisory Committee was sunset.

The Affordable Housing Advisory Committee shall be

comprised of eleven (11) persons and shall recommend specific initiatives to encourage or facilitate affordable housing while protecting the ability of the property to appreciate in value. See attached Florida Statutes 420.9076 that establishes criteria for the 11 member Affordable Housing Advisory Committee (AHAC).

It is in the best interest of the City of Deltona to reinstate the Affordable Housing Advisory Committee upon the conditions (except for its ending term) under which it existed just prior to its sunset.

ORIGINATING DEPARTMENT: City Attorney's Office

SOURCE OF FUNDS: N/A

COST: N/A

REVIEWED BY: City Attorney

STAFF RECOMMENDATION PRESENTED BY: Becky Vose, City Attorney - That the City Commission approve Ordinance No. 05-2013 at second and final reading.

POTENTIAL MOTION: "I move to adopt Ordinance No. 05-2013 at second and final reading."

AGENDA ITEM APPROVED BY:

_____

William "Dave" Denny, Acting City Manager

ATTACHMENTS:

- Ordinance 05-2013
- F.S. 420.9076 Adoption of affordable housing incentives strategies; committees.

ORDINANCE NO. 05-2013

AN ORDINANCE OF THE CITY OF DELTONA, VOLUSIA COUNTY, FLORIDA, RE-INSTATING THE AFFORDABLE HOUSING ADVISORY COMMITTEE, AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, through the adoption of Ordinance No. 08-2001 on May 7, 2001, the City of Deltona became eligible to receive funding from the Florida Housing Finance Corporation, State Housing Initiatives Partnership (SHIP) Program.; and

WHEREAS, in July 2007, the Florida Legislature passed House Bill 1375 requiring cities and counties receiving SHIP funds to appoint an "Affordable Housing Advisory Committee" (AHAC); and

WHEREAS, the SHIP Act and Rule requirement has been reinstated per SHIP statute (420.9076 F.S. and Rule 67-37.010) that in order to continue to quality for funding, the local government must appoint the Affordable Housing Advisory Committee members by resolution; and

WHEREAS, the City of Deltona adopted Ordinance No. 07-2008 on March 3, 2008 which, in part, created an Affordable Housing Advisory Committee; and

WHEREAS, revisions to Ordinance No. 07-2008 which were adopted by the City Commission on March 17, 2008 included increasing the AHAC membership from 8 to 11 members and additional reporting requirements; and

WHEREAS, in 2009, after their one (1) year term and finishing their work the Affordable Housing Advisory Committee was sunset; and

WHEREAS, the Affordable Housing Advisory Committee shall be comprised of eleven (11) persons and shall recommend specific initiatives to encourage or facilitate affordable housing while protecting the ability of the property to appreciate in value; and

WHEREAS, it is in the best interest of the City of Deltona to reinstate the Affordable Housing Advisory Committee upon the conditions (except for its ending term) under which it existed just prior to its sunset.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF DELTONA, VOLUSIA COUNTY, FLORIDA, as follows:

SECTION 1. The Affordable Housing Advisory Committee is hereby reinstated.

SECTION 2. The Affordable Housing Advisory Committee shall make recommendations to the City Commission concerning the local housing incentive strategies.

SECTION 3. The Affordable Housing Advisory Committee shall finalize all recommendations and submit them to the City Commission as appropriate.

SECTION 4. The Affordable Housing Advisory Committee members shall be appointed by resolution of the City Commission.

SECTION 5. SEVERABILITY. In the event that any portion or section of this Ordinance is determined to be invalid, illegal or unconstitutional by a court of competent jurisdiction, such decision shall in no manner affect the remaining portions or sections of this Ordinance which shall remain in full force and effect.

SECTION 6. EFFECTIVE DATE. This Ordinance shall take effect immediately upon its final passage and adoption.

PASSED AND ADOPTED BY THE CITY COMMISSION OF THE CITY OF DELTONA, FLORIDA, THIS _____ DAY OF _____, 2013.

FIRST READING: _____

ADVERTISED: _____

SECOND READING: _____

BY: _____
JOHN C. MASIARCZYK, SR., Mayor

ATTEST:

_____
JOYCE KENT, City Clerk

Approved as to form and legality for use and reliance by the City of Deltona, Florida

_____
GRETCHEN R.H. VOSE, City Attorney

The Florida Senate

2012 Florida Statutes

TITLE XXX SOCIAL WELFARE	CHAPTER 420 HOUSING	VIEW ENTIRE CHAPTER

420.9076 Adoption of affordable housing incentive strategies; committees.
—

(1) Each county or eligible municipality participating in the State Housing Initiatives Partnership Program, including a municipality receiving program funds through the county, or an eligible municipality must, within 12 months after the original adoption of the local housing assistance plan, amend the plan to include local housing incentive strategies as defined in s. 420.9071(16).

(2) The governing board of a county or municipality shall appoint the members of the affordable housing advisory committee by resolution. Pursuant to the terms of any interlocal agreement, a county and municipality may create and jointly appoint an advisory committee to prepare a joint plan. The ordinance adopted pursuant to s. 420.9072 which creates the advisory committee or the resolution appointing the advisory committee members must provide for 11 committee members and their terms. The committee must include:

(a) One citizen who is actively engaged in the residential home building industry in connection with affordable housing.

(b) One citizen who is actively engaged in the banking or mortgage banking industry in connection with affordable housing.

(c) One citizen who is a representative of those areas of labor actively engaged in home building in connection with affordable housing.

(d) One citizen who is actively engaged as an advocate for low-income persons in connection with affordable housing.

(e) One citizen who is actively engaged as a for-profit provider of affordable housing.

(f) One citizen who is actively engaged as a not-for-profit provider of affordable housing.

(g) One citizen who is actively engaged as a real estate professional in connection with affordable housing.

(h) One citizen who actively serves on the local planning agency pursuant to s. 163.3174. If the local planning agency is comprised of the governing board of the county or municipality, the governing board may appoint a designee who is knowledgeable in the local planning process.

(i) One citizen who resides within the jurisdiction of the local governing body making the appointments.

(j) One citizen who represents employers within the jurisdiction.

(k) One citizen who represents essential services personnel, as defined in the local housing assistance plan.

If a county or eligible municipality whether due to its small size, the presence of a conflict of interest by prospective appointees, or other reasonable factor, is

unable to appoint a citizen actively engaged in these activities in connection with affordable housing, a citizen engaged in the activity without regard to affordable housing may be appointed. Local governments that receive the minimum allocation under the State Housing Initiatives Partnership Program may elect to appoint an affordable housing advisory committee with fewer than 11 representatives if they are unable to find representatives who meet the criteria of paragraphs (a)-(k).

(3) All meetings of the advisory committee are public meetings, and all committee records are public records. Staff, administrative, and facility support to the advisory committee shall be provided by the appointing county or eligible municipality.

(4) Triennially, the advisory committee shall review the established policies and procedures, ordinances, land development regulations, and adopted local government comprehensive plan of the appointing local government and shall recommend specific actions or initiatives to encourage or facilitate affordable housing while protecting the ability of the property to appreciate in value. The recommendations may include the modification or repeal of existing policies, procedures, ordinances, regulations, or plan provisions; the creation of exceptions applicable to affordable housing; or the adoption of new policies, procedures, regulations, ordinances, or plan provisions, including recommendations to amend the local government comprehensive plan and corresponding regulations, ordinances, and other policies. At a minimum, each advisory committee shall submit a report to the local governing body that includes recommendations on, and triennially thereafter evaluates the implementation of, affordable housing incentives in the following areas:

(a) The processing of approvals of development orders or permits, as defined in s. 163.3164, for affordable housing projects is expedited to a greater degree than other projects.

(b) The modification of impact-fee requirements, including reduction or waiver of fees and alternative methods of fee payment for affordable housing.

(c) The allowance of flexibility in densities for affordable housing.

(d) The reservation of infrastructure capacity for housing for very-low-income persons, low-income persons, and moderate-income persons.

(e) The allowance of affordable accessory residential units in residential zoning districts.

(f) The reduction of parking and setback requirements for affordable housing.

(g) The allowance of flexible lot configurations, including zero-lot-line configurations for affordable housing.

(h) The modification of street requirements for affordable housing.

(i) The establishment of a process by which a local government considers, before adoption, policies, procedures, ordinances, regulations, or plan provisions that increase the cost of housing.

(j) The preparation of a printed inventory of locally owned public lands suitable for affordable housing.

(k) The support of development near transportation hubs and major employment centers and mixed-use developments.

The advisory committee recommendations may also include other affordable housing incentives identified by the advisory committee. Local governments that receive the minimum allocation under the State Housing Initiatives Partnership Program shall perform the initial review but may elect to not perform the triennial review.

(5) The approval by the advisory committee of its local housing incentive strategies recommendations and its review of local government implementation of previously recommended strategies must be made by affirmative vote of a majority of the membership of the advisory committee taken at a public hearing. Notice of the time, date, and place of the public hearing of the advisory committee to adopt its evaluation and final local housing incentive strategies recommendations must be published in a newspaper of general paid circulation in the county. The notice must contain a short and concise summary of the evaluation and local housing incentives strategies recommendations to be considered by the advisory committee. The notice must state the public place where a copy of the evaluation and tentative advisory committee recommendations can be obtained by interested persons. The final report, evaluation, and recommendations shall be submitted to the corporation.

(6) Within 90 days after the date of receipt of the evaluation and local housing incentive strategies recommendations from the advisory committee, the governing body of the appointing local government shall adopt an amendment to its local housing assistance plan to incorporate the local housing incentive strategies it will implement within its jurisdiction. The amendment must include, at a minimum, the local housing incentive strategies required under s. 420.9071(16). The local government must consider the strategies specified in paragraphs (4)(a)-(k) as recommended by the advisory committee.

(7) The governing board of the county or the eligible municipality shall notify the corporation by certified mail of its adoption of an amendment of its local housing assistance plan to incorporate local housing incentive strategies. The notice must include a copy of the approved amended plan.

(a) If the corporation fails to receive timely the approved amended local housing assistance plan to incorporate local housing incentive strategies, a notice of termination of its share of the local housing distribution shall be sent by certified mail by the corporation to the affected county or eligible municipality. The notice of termination must specify a date of termination of the funding if the affected county or eligible municipality has not adopted an amended local housing assistance plan to incorporate local housing incentive strategies. If the county or the eligible municipality has not adopted an amended local housing assistance plan to incorporate local housing incentive strategies by the termination date specified in the notice of termination, the local distribution share terminates; and any uncommitted local distribution

funds held by the affected county or eligible municipality in its local housing assistance trust fund shall be transferred to the Local Government Housing Trust Fund to the credit of the corporation to administer the local government housing program.

(b) If a county fails to timely adopt an amended local housing assistance plan to incorporate local housing incentive strategies but an eligible municipality receiving a local housing distribution pursuant to an interlocal agreement within the county does timely adopt an amended local housing assistance plan to incorporate local housing incentive strategies, the corporation, after receipt of a notice of termination, shall thereafter distribute directly to the participating eligible municipality its share calculated in the manner provided in s. 420.9072.

(c) Any county or eligible municipality whose local distribution share has been terminated may subsequently elect to receive directly its local distribution share by adopting an amended local housing assistance plan to incorporate local housing incentive strategies in the manner and according to the procedure provided in this section and by adopting an ordinance in the manner required in s. 420.9072.

(8) The advisory committee may perform other duties at the request of the local government, including:

(a) The provision of mentoring services to affordable housing partners including developers, banking institutions, employers, and others to identify available incentives, assist with applications for funding requests, and develop partnerships between various parties.

(b) The creation of best practices for the development of affordable housing in the community.

(9) The advisory committee shall be cooperatively staffed by the local government department or division having authority to administer local planning or housing programs to ensure an integrated approach to the work of the advisory committee.

History.—s. 32, ch. 92-317; s. 15, ch. 93-181; s. 38, ch. 97-167; s. 24, ch. 2006-69; s. 19, ch. 2007-198; s. 117, ch. 2008-4; s. 30, ch. 2009-96; s. 16, ch. 2011-15; s. 67, ch. 2011-139.

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AGENDA MEMO

TO: Mayor & City Commission **AGENDA DATE:** 3/18/2013

FROM: William "Dave" Denny, Acting City Manager **AGENDA ITEM:** 8 - B

SUBJECT: Ordinance No. 07-2013, Emergency ordinance permitting a one-time Flea Market to take place on April 20, 2013, at Deltona Plaza parking lot for a 501(c)(3) non-profit organization.

LOCATION:	N/A
BACKGROUND:	At the Workshop on Monday, March 11, 2013 the Commission directed the City Attorney to create an emergency ordinance to allow for a one-time Flea Market to take place on April 20, 2013 at Deltona Plaza parking lot for a 501(c)(3) non-profit organization. This emergency ordinance does not need to be advertised and must pass by a two thirds (2/3)vote of the City Commission.
ORIGINATING DEPARTMENT:	City Attorney's Office
SOURCE OF FUNDS:	N/A
COST:	N/A
REVIEWED BY:	City Attorney
STAFF RECOMMENDATION PRESENTED BY:	Becky Vose, City Attorney - That the City Commission adopt emergency Ordinance No. 07-2013.
POTENTIAL MOTION:	"I move to adopt emergency Ordinance No. 07-2013."
AGENDA ITEM APPROVED BY:	_____ William "Dave" Denny, Acting City Manager
ATTACHMENTS:	• Ordinance No. 07-2013

ORDINANCE NO. 07–2013

AN EMERGENCY ORDINANCE OF THE CITY OF DELTONA, FLORIDA, PERMITTING A ONE-TIME FLEA MARKET TO TAKE PLACE ON APRIL 20, 2013, AT DELTONA PLAZA PARKING LOT FOR A 501(c)(3) NON-PROFIT ORGANIZATION, PROVIDING FOR CONFLICTS AND AN EFFECTIVE DATE.

WHEREAS, Deltona Spring Fest, Inc., a federal 501(c)(3) non-profit organization was provided incomplete information by the City which resulted in the expenditure of donated funds to plan a City-Wide Flea Market to take place on Saturday, April 20, 2013, at the Deltona Plaza Parking Lot ("Activity");

WHEREAS, the City of Deltona finds it in the public interest of its citizens to permit the already scheduled Activity; and

WHEREAS, the City Commission of the City of Deltona find that there is not sufficient time to enact a regular ordinance to accomplish the purposes of this ordinance, and find that the subject matter of this ordinance constitutes an emergency sufficient to justify the enactment of an Emergency Ordinance under Florida Statutes, Section 166.041 (3)(b);

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF DELTONA, FLORIDA:

SECTION 1. A one-time flea market shall be permitted to be conducted by Deltona Spring Fest, Inc. on April 20, 2013, at the Deltona Plaza Parking Lot, at 1200 Deltona Boulevard, Deltona, Florida.

SECTION 2. CONFLICTS. All Ordinances or parts of Ordinances insofar as they are inconsistent or in conflict with the provisions of this Ordinance are hereby repealed to the extent of any conflict.

<u>SECTION 3.</u> EFFECTIVE DATE. This Ordinance shall take effect immediately upon its final passage and adoption.

PASSED AND ADOPTED THIS ____ DAY OF _____, 2013.

FIRST READING: _____

ADVERTISED: _____

SECOND READING: _____

_____
JOHN C. MASIARCZYK SR., MAYOR

ATTEST:

_____
JOYCE RAFTERY, CITY CLERK

Approved as to form and legality for use
and reliance by the City of Deltona, Florida

_____
GRETCHEN R. H. VOSE, CITY ATTORNEY

AGENDA MEMO

TO: Mayor & City Commission **AGENDA DATE:** 3/18/2013

FROM: William "Dave" Denny, Acting City Manager **AGENDA ITEM:** 8 - C

SUBJECT: Ordinance No. 20-2012, Revising Section 14-2 and 14-3 regarding public nuisance animals and prohibited animals; Adding Article VII, "Responsible Pet Ownership and Licensing Standards", to Chapter 14, "Animals", of the City's Code of Ordinances, at first reading and to schedule second and final reading on April 1, 2013.

LOCATION:	Citywide
BACKGROUND:	This is a re-write of the previously read "spay and neuter" ordinance. Because of the change in the title, it must go through first reading again. This ordinance provides an additional exception to the requirement for spaying or neutering for those dogs and cats that have been cited by code enforcement, and that are not allowed to run at large.
ORIGINATING DEPARTMENT:	City Attorney's Office
SOURCE OF FUNDS:	N/A
COST:	N/A
REVIEWED BY:	City Attorney
STAFF RECOMMENDATION PRESENTED BY:	Becky Vose, City Attorney - That the Commission approve Ordinance No. 20-2012 at first reading and to schedule second and final reading for April 1, 2013.
POTENTIAL MOTION:	"I move to approve Ordinance No. 20-2012 at first reading and to schedule second and final reading for April 1, 2013."
AGENDA ITEM APPROVED BY:	_____

	William "Dave" Denny, Acting City Attorney
ATTACHMENTS:	• Ordinance No. 20-2012

ORDINANCE NO. 20- 2012

AN ORDINANCE OF THE CITY OF DELTONA, FLORIDA, REVISING SECTION 14-2 AND 14-3 REGARDING PUBLIC NUISANCE ANIMALS AND PROHIBITED ANIMALS; ADDING ARTICLE VII, "RESPONSIBLE PET OWNERSHIP AND LICENSING STANDARDS," TO CHAPTER 14, "ANIMALS," OF THE CODE OF ORDINANCES OF THE CITY OF DELTONA; PROVIDING EXCEPTIONS, PROVIDING FOR CONFLICTS, CODIFICATION, SEVERABILITY AND FOR AN EFFECTIVE DATE.

WHEREAS, The City of Deltona has determined that the unintended or uncontrolled breeding of dogs and cats within the city leads to many dogs, cats, puppies, and kittens being unwanted, becoming strays, suffering privation and death, being impounded and euthanized at great expense to the community, and constituting a public nuisance and public health hazard; and

WHEREAS, The City of Deltona declares that every feasible means of reducing the number of unwanted dogs, cats, puppies, and kittens be encouraged.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF DELTONA, FLORIDA:

SECTION 1. Chapter 14, *"Animals*", of the Code of Ordinances of the City of Deltona is hereby amended by amending Section 14-2, "Public Nuisance Animals" to read as follows:

Sec. 14-2. - Public nuisance animals.

It is unlawful for a person to permit animals to become a public nuisance. An animal shall be declared a public nuisance animal if such animal:

(1) Is repeatedly found at large, unless such animal is a cat or kitten that has been spayed or neutered;
(2) Repeatedly damages the property of anyone other than its owner;
(3) Is vicious;
(4) Causes offensive odors, which disturb the comfort, peace or repose of any person residing in the vicinity;

(5) Is on property in such numbers as exceeds the number limits placed on animals in this chapter;

(6) Barks, chirps, howls, meows, or makes other such prolonged and disturbing noises which interfere with the peace and quietude of the neighboring property when such noises continue for periods longer than 15 minutes;

(7) Harasses passersby or passing vehicles;

(8) Has attacked other domestic animals;

(9) Has been designated by the animal control officer to be a public nuisance animal, by virtue of being a menace to public health, welfare or safety; or

(10) Has otherwise been determined to be a stray dog.

This section is not intended to apply to dogs that are considered "dangerous dogs" pursuant to the definition in section 14-1 of this chapter.

SECTION 2. Chapter 14, *"Animals*", of the Code of Ordinances of the City of Deltona is hereby amended by amending Section 14-3, "Prohibited Animals" to read as follows:

Sec. 14-3. - Prohibited animals.

(a) *Specific animals.* It shall be unlawful to keep, maintain or raise in the city the following animals:

(1) Any artiodactyla (even toed) or Perissodactyla (odd toed) ungulate, including but not limited to animals in the genus Bos (cows), all species; Ovis (sheep), all species; and Capra (goats), all species; and all other hoofed animals.

(2) Any animal belonging to the family Phasianidae or family Anatidae, all species, including but not limited to, chickens, roosters, turkeys, peacocks, geese and ducks.

(3) Any dangerous animal.

(4) Venomous reptiles.

(5) Animals that have been declared "public nuisance animals" more than once.

(b) *Exceptions.* Subsection (a) of this section is not intended to apply and it is an exception to those provisions regarding the keeping of prohibited animals if:

(1) The prohibited animals are being kept at a zoological park or animal shelter licensed and operating in accordance with this Code.

(2) The prohibited animals are trained guard animals or trained law enforcement animals and are maintained by a law enforcement agency and used exclusively by the law enforcement agency in fulfilling its duties.

(3) The prohibited animals consist only of livestock, ungulates and poultry, and are being kept on a farm located in an agriculturally zoned area of the city.

(4) The prohibited animals are being kept in an area zoned rural residential (RR) and are in compliance with the permitted use in that district as hobby breeder or personal use and not for resale, accessory to a single-family dwelling.

(5) The animal is a dog that has been declared a "dangerous dog" pursuant to the procedure established in section 14-166, of division 3 of this chapter, and the owner is in compliance with the requirements of subsection 14-166(f).

(6) A permit for the animal has been issued by the Florida Fish and Wildlife Conservation Commission in accordance with F.S. § 372.922, but this exception shall only be to the extent that such statutes preempt this section.

(c) *Number of dogs and cats.* It shall be unlawful to keep, maintain or raise in the city more than five dogs and/or cats on one parcel of land of one acre or less.

(1) For parcels of land larger than one acre, the number of dogs and/or cats permitted shall increase by one animal for each one-fifth acre over one acre until the parcel reaches two acres in size. Parcels of land two acres or greater shall be permitted to have up to ten dogs and/or cats, but no more than ten such dogs or cats or combination of such animals shall be permitted in non-agriculturally zoned areas of the city without a kennel license.

(2) Agriculturally zoned areas of the city shall have no restrictions on the number of dogs and/or cats on a parcel of land.

(3) This restriction of the number of dogs and cats shall not apply if the number is exceeded due to the birth of puppies and/or kittens and the violation of this section is temporary in nature and does not extend past 16 weeks after the birth of the puppies and/or kittens.

<u>(4) This restriction on the number of cats on the parcel of land shall not apply if all cats are spayed or neutered as applicable.</u>

(d) *Restrictions for certain animals.* The keeping of hamsters, gerbils, ferrets, mice, guinea pigs, non-vicious and non-venomous reptiles, parrots and other small birds and rabbits shall be permitted in the city; however, the restrictions

upon cats and dogs found in subsection (c) of this section shall also apply to other domesticated animals being kept upon a parcel of land.

SECTION 3. Chapter 14, *"Animals*", of the Code of Ordinances of the City of Deltona is hereby amended by creating Article VII, "Mandatory Spay and Neuter" to read as follows:

ARTICLE VII. RESPONSIBLE PET OWNERSHIP AND LICENSING STANDARDS.

Sec. 14-275. Requirement.

No person may harbor a dog or cat six months of age or older within the City of Deltona that has not been spayed or neutered unless such person holds an unaltered animal permit for each unaltered dog or cat, unless the dog or cat is otherwise exempt under this section. The animal control officer shall be responsible for the issuance of unaltered animal permits. Such permits shall be in addition to the license required under Section 14-141 of this Code.

Sec. 14-276. Unaltered animal permit.

An owner of an unaltered dog or cat shall qualify for an unaltered animal permit upon the payment of a $25 permit fee only if one of the following is satisfied:

(a) *Shows and competitions*. The dog or cat is used to show, to compete or to breed, and is of a breed recognized by and registered with the American Kennel Club (AKC), United Kennel Club (UKC), American Dog Breeders Association (ADBA), Cat Fanciers' Association (CFA), or other bona fide registry and meets one of the following requirements:

(i) The dog or cat has competed in at least one show or sporting competition sanctioned by a bona fide national registry within the last 365 days;

(ii) The dog earned conformation, obedience, agility, carting, herding, hunting, protection, rally, sporting, working or other title from a purebred dog registry, referenced above, or other registry or dog sport association; or

(iii) The owner of the dog or cat is a member of, and the dog or cat is registered with, a bona fide purebred dog breed club or cat fancier's association, which maintains and enforces a code of ethics for dog or cat breeding that includes restrictions from breeding dogs or cats with genetic

defects and life threatening health problems that commonly threaten the breed, or

(iv) The owner signs a statement under oath attesting that the dog or cat is being trained to comply with subsections (i) or (ii) above.

(b) *Medical fitness*. A veterinarian licensed in the State of Florida certifies in writing that a dog or cat is medically unfit to undergo the required spay or neuter procedure because of a medical condition, including but not limited to age, and such condition would be substantially aggravated by the procedure, or the procedure would likely result in the death of the dog or cat. The certification must state the date, if any, by which the dog or cat may be spayed or neutered. As soon as the medical condition that prevents a dog or cat from being spayed or neutered ceases to exist, it shall be the duty of the owner to have it spayed or neutered within 30 days.

(c) *Law enforcement*. The dog is currently used by a law enforcement agency for law enforcement purposes or is part of a bona fide law enforcement animal breeding program.

(d) *Service animals*. A dog or cat that is a service animal as defined in F.S. § 413.08, or is part of a bona fide service animal breeding program.

(e) *Breeders*. The owner demonstrates to the animal control officer proof of a breeding contract for a particular dog or cat, membership in a bona fide national, state or local organization for the perpetuation of a given breed of dog or cat or proof of a litter produced by breeding of the dog or cat within the last 365 days.

(f) *Hunting and herding dogs*. The dog is currently used as, or trained to be, a hunting or herding dog and the dog is registered with a bona fide national, state or local hunting or herding dog association. Alternatively, the owner of the dog signs a statement under oath attesting that the dog is used, trained, or will be trained to be a hunting or herding dog. None of the aforementioned qualifications shall be construed to authorize the breeding or harboring of dogs or cats in violation of the Zoning Code of the City of Deltona, or exempt the owner or his dog or cat from any other provision of this chapter.

(g) *Never been cited.* The dog or cat has never been cited by code enforcement for any reason, including, but not limited to violations of this Code Chapter, and such dog or cat will not be permitted to run at large, as defined in section 14-121. At the time of applying for an unaltered animal permit, the owner must sign an affidavit stating that he or she will ensure that their dog or cat will not run at large as defined in section 14.121, and that if their dog or cat is found running at large, the owner agrees to have the dog or cat spayed or neutered as applicable.

Sec. 14-277. Deadline.

A dog or cat governed by this section shall be spayed or neutered by its owner or, if eligible, the owner shall obtain an unaltered animal permit within 30 days of the dog or cat becoming six months of age or, in the case of an owner who acquired a dog or cat after it becoming six months of age, 30 days after acquisition.

Sec. 14-278. Microchipping.

As a condition to obtaining an unaltered animal permit, an eligible dog or cat must be implanted with an identifying microchip and the owner must provide the microchip number to the animal control officer. This requirement shall not apply to hunting or herding dogs.

Sec. 14-279. Place of residence.

The address of the owner, (or the address of the caregiver of the dog or cat, if different from the address of the owner), shall be presumed to be the residence of the dog or cat. All changes of address must be reported to the animal control officer within 30 calendar days following such change.

Sec. 14-280. Change in ownership or residence.

A permit holder shall notify the animal control officer and the national registry applicable to the implanted microchip in writing of any change in ownership or residence of a dog or cat within 30 calendar days of the change.

Sec. 14-281. Term of permit.

An unaltered animal permit shall be valid for the life of the dog or cat.

Sec. 14-282. Revocation.

Upon receipt of information of violation of this section, the animal control officer may issue a notice of revocation to a permit holder. The notice of revocation shall provide a summary of the information of the violation and shall be sent by certified mail, return receipt requested, by hand delivery by the sheriff, or animal control officer, or upon posting of the property at the address listed in the permit application. Any request for hearing shall be filed by the permit holder with the animal control officer within ten days after the permit holder's receipt of said notice. The permit holder shall set forth the reasons why the permit holder believes the revocation would be an error. Failure to timely request a hearing shall render the revocation final. All hearings shall be conducted by the special master within 30 days after the receipt of a request for hearing. The original of the special master's written decision shall be filed with the animal control officer, and copies shall be mailed to the permit holder.

Sec. 14-283. Penalty.

Any person who violates any provision of this section is subject to the enforcement procedures of section 14-39 and penalties prescribed in sections 14-6 and 14-64. These penalties shall not preclude the issuance of a notice of revocation to a holder of an unaltered animal permit for violations of this section.

Sec. 14-284. Exemptions.

A dog or cat that meets the following criteria shall be exempt from this section and not be required to obtain an unaltered animal permit:

(a) A dog or cat temporarily harbored within the city limits of the City of Deltona for less than thirty (30) days within any calendar year.

(b) The dog or cat is being harbored by a lawful humane society/animal shelter under the provisions of the Zoning Code of Deltona, Florida, whether public or private, whose principal purpose is securing the adoption of dogs or cats or offering sanctuary for dogs or cats and certifies in writing to the animal control officer that it does not engage in the breeding of dogs or cats, provided that the requirements of F.S. § 823.15, are satisfied.

SECTION 4. CONFLICTS. All Ordinances or parts of Ordinances insofar as they are inconsistent or in conflict with the provisions of this Ordinance are hereby repealed to the extent of any conflict.

SECTION 5. CODIFICATION. The provisions of this Ordinance shall be codified as and become and be made a part of the Code of Ordinances of the City of Deltona. The sections of this Ordinance may be renumbered or relettered to accomplish such intention.

SECTION 6. SEVERABILITY. In the event that any portion or section of this Ordinance is determined to be invalid, illegal or unconstitutional by a court of competent jurisdiction, such decision shall in no manner affect the remaining portions or sections of this Ordinance which shall remain in full force and effect.

SECTION 7. EFFECTIVE DATE. This Ordinance shall take effect immediately upon its final passage and adoption.

PASSED AND ADOPTED THIS ____ DAY OF _____, 2012.

FIRST READING: _____

ADVERTISED: _____

SECOND READING: _____

_____
JOHN C. MASIARCZYK SR., MAYOR

ATTEST:

_____
JOYCE KENT, CITY CLERK

Approved as to form and legality for use
and reliance by the City of Deltona, Florida

_____
GRETCHEN R. H. VOSE, CITY ATTORNEY

AGENDA MEMO

TO: Mayor & City Commission **AGENDA DATE:** 3/18/2013

FROM: William "Dave" Denny, Acting City Manager **AGENDA ITEM:** 8 - D

SUBJECT: Request for approval of Resolution No. 2013-09, Vacation of plats for Enterprise Heights First Division, MB 21, Page 107; Second Subdivision, MB 21, Page 108; and Third Division MB 10, Page 54.

LOCATION:

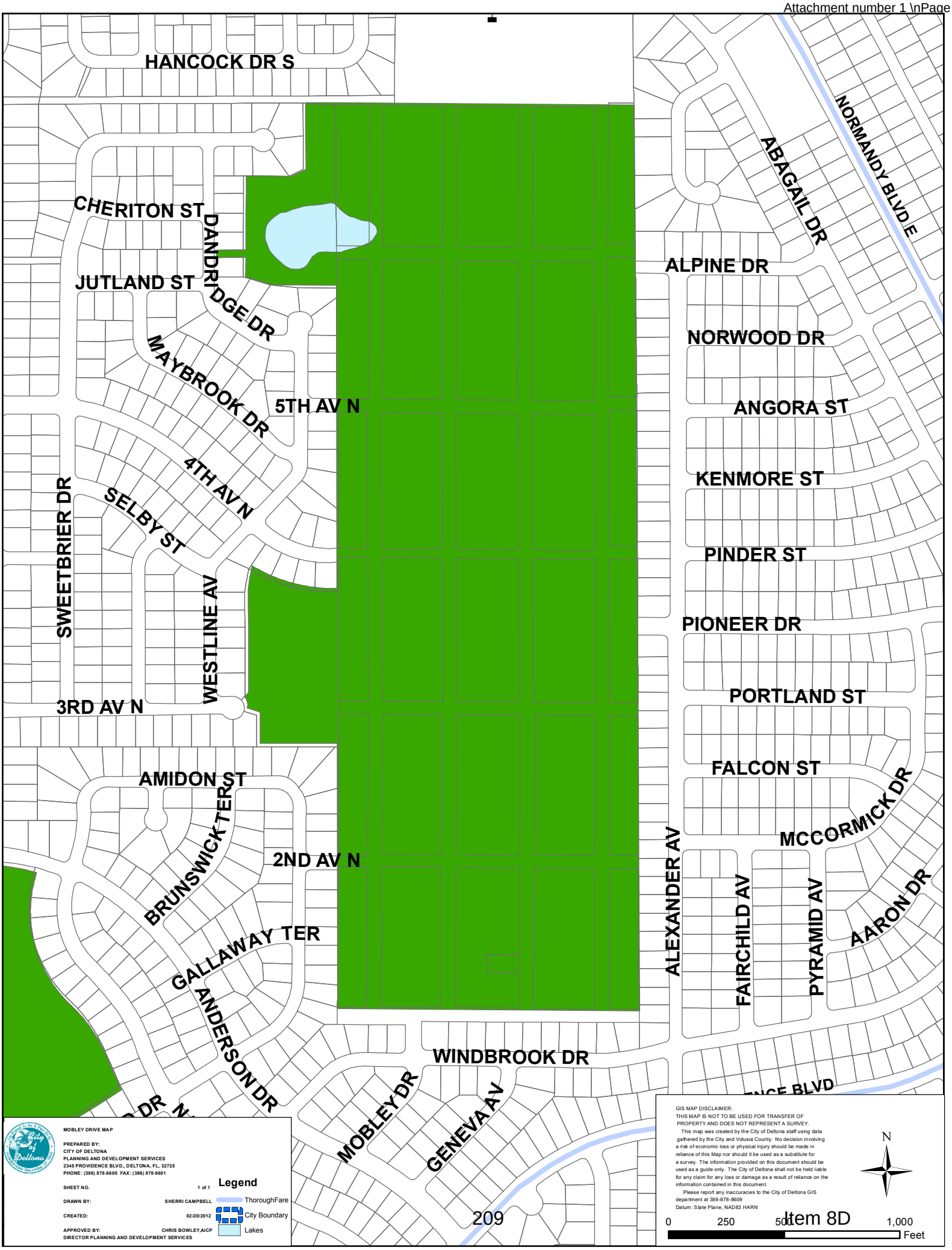
The property is generally located west of Providence Boulevard, north of Anderson Street, and south of Normandy Boulevard.

BACKGROUND:

In 2000, the City bought several large tracts of land located in the southwestern section of the City. One tract, located off of Saxon Boulevard, was developed as Dewey O. Boster Park. The other property, consisting of ±120 acres was never developed and is currently forested with dense vegetation. The site is associated with three (3) subdivision plats that were recorded in 1925: Enterprise Heights, First Division, MB 21, Page 107, Enterprise Heights, Second Subdivision, MB 21, Page 108, and Enterprise Heights, Third Division, MB 10, Page 54. However, none of the lots or roads that were platted as part of the subdivisions were ever developed and are thus considered paper rights-of-way.

The intent of Resolution No. 2013-08 is to vacate the subdivisions, including all of the paper rights-of-way and lots, consistent with Section 106-32 of the City's Land Development Code (LDC) and revert the subdivisions back to unplatted acreage. Upon vacation, the City Legal Department will record two (2) deeds as an exempt subdivision as per Section 106-27(a)(1) of the LDC. One deed will be for an approximately 40-acre parcel located in the southern area of the ±120 acre tract and the other parcel will account for the balance of that tract. The approximately 40-acre parcel is earmarked for water management projects, including rapid infiltration basins, to be undertaken by the City's Public Works Department. Use of the remaining property is yet to be determined and will be reserved for future public benefit uses.

ORIGINATING DEPARTMENT:	Planning and Development Services
SOURCE OF FUNDS:	N/A
COST:	N/A
REVIEWED BY:	Planning Director, Finance Director, City Attorney
STAFF RECOMMENDATION PRESENTED BY:	Presented by Ron A. Paradise, Assistant Director, Planning and Development Services. Staff recommends that the City Commission approve Resolution No. 2013-08 to vacate the following plats: Enterprise Heights, First Division, MB 21, Page 107, Enterprise Heights, Second Subdivision, MB 21, Page 108, and Enterprise Heights, Third Division, MB 10, Page 54.
POTENTIAL MOTION:	"I hereby move to approve the vacation of the following plats: Enterprise Heights, First Division, MB 21, Page 107, Enterprise Heights, Second Subdivision, MB 21, Page 108, and Enterprise Heights, Third Division, MB 10, Page 54."
AGENDA ITEM APPROVED BY:	_____ William "Dave" Denny, Acting City Manager
ATTACHMENTS:	• Map of ±120-Acre Area • 2013-09 Resolution


HANCOCK DR S
CHERITON ST
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2ND AV N
GALLAWAY TER
ANDERSON DR
WINDBROOK DR
MOBLEY DR
GENEVA AV
ABAGAIL DR
NORMANDY BLVD E
ALPINE DR
NORWOOD DR
ANGORA ST
KENMORE ST
PINDER ST
PIONEER DR
PORTLAND ST
FALCON ST
MCCORMICK DR
ALEXANDER AV
FAIRCHILD AV
PYRAMID AV
AARON DR
MOBLEY DRIVE MAP
PREPARED BY:
CITY OF DELTONA
PLANNING AND DEVELOPMENT SERVICES
2345 PROVIDENCE BLVD., DELTONA, FL, 32725
PHONE: (386) 878-8600 FAX: (386) 878-8601
SHEET NO. 1 of 1
DRAWN BY: SHERRI CAMPBELL
CREATED: 02/20/2012
APPROVED BY: CHRIS BOWLEY,AICP
DIRECTOR PLANNING AND DEVELOPMENT SERVICES
Legend
ThoroughFare
City Boundary
Lakes
GIS MAP DISCLAIMER:
THIS MAP IS NOT TO BE USED FOR TRANSFER OF PROPERTY AND DOES NOT REPRESENT A SURVEY.
This map was created by the City of Deltona staff using data gathered by the City and Volusia County. No decision involving a risk of economic loss or physical injury should be made in reliance of this Map nor should it be used as a substitute for a survey. The information provided on this document should be used as a guide only. The City of Deltona shall not be held liable for any claim for any loss or damage as a result of reliance on the information contained in this document.
Please report any inaccuracies to the City of Deltona GIS department at 386-878-8609
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RESOLUTION NO. 2013-09

A RESOLUTION OF THE CITY OF DELTONA, FLORIDA, VACATING THE FOLLOWING SUBDIVISIONS INCLUDING ALL LOTS AND RIGHTS OF WAY: FIRST DIVISION OF ENTERPRISE HEIGHTS, MB 21 PAGE 107; SECOND SUBDIVISION OF ENTERPRISE HEIGHTS, MB 21 PAGE 108; AND THE THIRD DIVISION OF ENTERPRISE HEIGHTS, MB 10 PAGE 54; AUTHORIZING THE VACATION OF PLAT AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Deltona, Volusia County, Florida, is a political subdivision of the State; and

WHEREAS, the City of Deltona is the fee simple owner of the land known as the First Division of Enterprise Heights, MB 21, Page 107, the Second Subdivision of Enterprise Heights, MB 21, Page 108 and the Third Division of Enterprise Heights MB 10 page 54; and

WHEREAS, the City of Deltona, consistent with Section 106-32 of the City Land Development Code and applicable State law, intends to vacate the above referenced plats including all rights of way and lots;

WHEREAS, the vacation of the plats is consistent with the City of Deltona Comprehensive Plan.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF DELTONA, FLORIDA, as follows:

Section 1. The First Division of Enterprise Heights, MB 21, Page 107, the Second Subdivision of Enterprise Heights, MB 21, Page 108, and the Third Division of Enterprise Heights, MB 10, Page 54 including all lots and rights of way are hereby vacated.

Section 2. This Resolution shall take effect immediately upon its final adoption by the City Commission.

PASSED AND ADOPTED BY THE CITY COMMISSION OF THE CITY OF DELTONA, FLORIDA THIS _____ DAY OF _____ 2013.

BY: _____
JOHN C. MASIARCZYK, SR., Mayor

ATTEST:

_____
JOYCE KENT, City Clerk

Approved as to form and legality for use
and reliance of the City of Deltona, Florida

_____
GRETCHEN R. H. VOSE, City Attorney

AGENDA MEMO

TO: Mayor & City Commission **AGENDA DATE:** 3/18/2013

FROM: William "Dave" Denny, Acting City Manager **AGENDA ITEM:** 10 - A

SUBJECT: Request for a Waiver of all Fees - SE 13-003, American Cancer Society-Relay For Life 2013.

LOCATION: Dewey Boster Sports Complex - 1200 Saxon Blvd

BACKGROUND: The American Cancer Society (ACS) has submitted a special event application for the Annual Relay for Life fundraiser that takes place at the Dewey Boster Sports Complex every year. The special event application was submitted in accordance with the 90 day review period required by ordinance. Lee Benjamin, ACS Community Representative, has requested a waiver of all fees for this event. Typically, the Deltona Fire Department and Volusia County Sheriff's Office do not provide staffing for this event, but are in a stand-by mode, should a need arise for any services. The associated fees/costs for this event are listed below:

Sheriff's Office - $ 0 (do not provide staffing for this event)
Fire Department - $ 0 (do not provide staffing for this event)
Parks & Recreation - $ 1,505.00 (see attached)
Public Works - $ 750.00 (see attached)

Total - $2,255.00

In the past the City staff has been more involved on the actual planning committee for the event with American Cancer Society personnel and the event was on a smaller scale without a large number of participants from the general public other than the members on the different Relay teams. Since the change was made last year to a Saturday/Sunday event , the event organizers are anticipating more attendance from the general public.

ORIGINATING DEPARTMENT: Parks Recreation

SOURCE OF FUNDS:	N/A
COST:	$2,255.00
REVIEWED BY:	Acting City Manager
STAFF RECOMMENDATION PRESENTED BY:	Steve Moore, Parks and Recreation Director - Request is to support the American Cancer Society-Relay for life on Saturday, April 13th and Sunday, April 14th, 2013 at Dewey Boster Sports Complex.
POTENTIAL MOTION:	"I move to grant the request by Lee Benjamin, on behalf of the American Cancer Societyto waive all fees asscociated with the annual Relay for Life event scheduled to take place at the Dewey Boster Sports Complex on Saturday, April 13th and Sunday, April 14th, 2013."
AGENDA ITEM APPROVED BY:	_____ William "Dave" Denny, Acting City Manager
ATTACHMENTS:	• City Commission Policy CC99-005 • application • P&R costs • PW costs • FD costs • Transmittal sheet

COMMISSION POLICY/PROCEDURE

EFFECTIVE DATE	POLICY NUMBER	PAGE NUMBER	SUPERSEDES POLICY
03-07-11	CC99-005	1 of 1	Dated: 02-07-05

Subject: In-Kind Donations to Deltona-based not-for-profit entities

Adopted by the Deltona City Commission at the Regular City Commission meeting held on September 8, 1999; revised by the City Commission on July 5, 2000; revised by the City Commission on March 15, 2004; revised by City Commission action on February 7, 2005; revised by City Commission action on March 21, 2011.

It shall be the policy of the City of Deltona to support Deltona-based not-for-profit entities that sponsor City-wide events for the benefit of all residents. A not-for-profit entity, in accordance with Florida Statutes, §617.01401 (5), shall mean an entity in which no part of the income or profit of which is distributable to its members, directors, or officers.

An entity seeking in-kind services shall submit a special event permit application and a letter of request for specified in-kind services to the Parks & Recreation Department specifying the nature and details of the benefits provided to Deltona residents by such community-wide festival or special event. The entity must also provide an expected attendance number for the event, proposed disposition of any funds raised during the proposed event~~s~~, and follow the established process and meet all requirements outlined within the City's Code of Ordinances, Chapter 10, *Amusements, Entertainment and Block Parties*, Article III, *Events on City-Owned or Controlled Property*. Letters of request for in-kind donations must be submitted to the Parks & Recreation Department no later than 90 days prior to the scheduled event.

A follow-up report **must be submitted** to the City Commission within thirty (30) days following the conclusion of the special event. Such report shall contain a narrative of the event, and shall also identify the actual number of attendees, any proceeds from the event and the disposition of such proceeds, including a detailed accounting of same, the benefit realized by the City's partnership with the organization for said special event, any difficulties or problems experienced during the event, and any changes suggested for future events. Failure to submit the follow-up report within the required 30-day timeframe will disqualify the agency for funding in the next budget year.

The City Commission, by majority vote, will determine whether or not to provide any or all of the following in-kind services:

1. Fees for permits.
2. Use of City equipment, e.g. barricades, traffic cones, generators, light towers, etc.
3. Costs associated with City staff time to support said special event.
4. Fire and first aid protection calculated at the current hourly rate.
5. Police protection calculated at the current hourly rate.

CITY OF DELTONA
COMMISSION POLICY/PROCEDURE

POLICY NUMBER: CC99-005 **SUBJECT: In-Kind Donations to Deltona-based not-for-profit entities**

The maximum total in-kind donations allowed will be based on the expected attendance as follows:

Expected Attendance	Maximum Dollar Value of In-Kind Donations
Up to 100	$250.00
101 - 200	$500.00
201 - 300	$750.00
301 - 400	$1,000.00
401 - 500	$1,250.00
501 – 600	$1,500.00
601 – 700	$1,750.00
701 – 800	$2,000.00
801 – 900	$2,250.00
Above 901	$2,500.00

Special event requests that exceed these amounts must be annual events approved by line item in the City's Parks and Recreation Department budget for the upcoming fiscal year.

New events, not approved by line item in the City's budget, will be considered on a case by case basis.

Parks & Recreation Department
2345 Providence Boulevard
Deltona, FL 32725
(386) 878-8900, Fax (386) 878-8901

PROJECT NO.: SE13-003
ADDRESS: DEWEY BOSTER
PROJECT NAME: RELAY FOR LIFE
(Do NOT write in this box—for office use only!)

CITY OF DELTONA
SPECIAL EVENTS
MUSIC/ENTERTAINMENT/FESTIVAL PERMIT APPLICATION
(A 60 day prior notice of event is required)

There is a $50 fee required with this application which is due when the application is submitted.

Applicant's Name: American Cancer Society (Sherri Monroe) Age: ____
Residence: 1737 N. Clyde Morris Blvd, Suite 140
City: Daytona Beach State: FL Zip: 32117 Phone: 386-274-3274
Mailingaddress: 1737 N. Clyde Morris Blvd (suite 140) Daytona Bch State: FL.
E-mail Address: sherrimonroe@cancer.org

__ Check if partnership and attach names, ages, phone #'s and Address of all partners.
X Check if corporation, name of corporation officer: Sherri Monroe

Title: Executive Director Mailing Address: same as above

Purpose of event: Relay for Life

Security provided by: Volusia County Sheriffs Office

Will activity be open to the public? X Yes ____ No

Will admission be charged? ____ Yes X No

Will alcohol be consumed? ____ Yes X No

Will alcohol be sold? ____ Yes X No

Dates of Event:	Event Hours:	Set up/Clean up Hours	# of people
Sat/Sun Apr. 13-14	12:00 PM-6:00AM	7:00 PM Sat - 12 PM SUN	1000-1500

Will a sign be displayed on the property? _____ Yes X No If yes, applicant will need to secure a temporary sign permit from the Department of Planning & Development.

Applicant must provide statement as to the kind, character or type of music/entertainment event proposed to be conducted, operated, or carried-on:
Family entertainment and activities during 18 hour event

Provide names of all persons who will perform at such event:
A complete list is not available at this time but can be made available prior to the event date. All entertainment will be family-friendly

Address and/or location of the place where outdoor music/entertainment event is proposed to be conducted, operated, or carried on (a site plan MUST be submitted with all applications, SEE BELOW):
Dewey Boster Park

SITE PLAN SPECIFICATION:

A site plan, drawn to a scale no less than one inch equals 60 feet, showing the location and layout of all buildings and structures, parking facilities, sanitation facilities, medical facilities, security gates, ingress and egress points, and lighting poles, if applicable

Applicant's Signature _____ **Date** 11/09/12

Application to the City of Deltona

American Cancer Society Relay for Life

April 13 – 14 2013

Sanitation Plan – Volunteers to pick up/empty trash receptacles during and after the event. A dumpster will be provided by ACS.

Parking Plan – Parking is not expected to be an issue beyond normal parking accommodations at Dewey Boster Park complex.

Medical Plan – ACS and the committee formally request Deltona Fire Department and 's to provide the necessary staffing for the event. We will review expected attendance as the event draws near to finalize the plan with the Deltona Fire Department based on their needs assessment.

Parks & Recreation Response to Special Event Application

Applicant: American Cancer Society Relay for Life

Date of Event: April 13th & 14th, 2013

Hours of Event: 12pm (Saturday 13th) to 12pm (Sunday 14th)

Location: Dewey O'Boster

Equipment Requested: 3 fields, employee and supplies.

Field Rentals

$15ph per field x 24hrs per field = $360 per field x 3 fields = $1,080.00

Supplies (trash bags, soap, paper towels, etc.) = $100.00

Personnel- $15.00 hr (1 employee= 15 hours total) = $225.00

Pavilions 2 & 3 @ $25 per pavilion x 2 = $50.00

Application Fee: $50.00

Total Fees: $1,505.00

Response to Special Event Application

Applicant: Relay for Life

Date of Event: April 13th & 14th 2013

Hours of Event: 12th @ 12pm – 13th @ 6am

Setup/ Tear down Hours: 13th @ 7am & 14th until 12pm

Location: Dewey O'Boster

Large Generator

$150.00 per day (1 generator for 2 days) = $300.00

Pick-up truck- $15.00hr (1 truck for 3hrs total) = $45.00

Personnel- $30.00 hr (1 person for 3hrs) = $90.00

Total Fees for the Large Generator: $435.00

Light Tower

$90.00 per day (1 light tower for 2 days) = $180.00

Pick-up truck- $15.00hr (1 truck for 3hrs total) = $45.00

Personnel- $30.00 hr (1 person for 3hrs) = $90.00

Total Fees for the Light Tower: $315.00

Total Event Fees: $750.00

Mark Manning

From: Robert Staples
Sent: Tuesday, January 15, 2013 8:42 AM
To: Mark Manning; Crystal Harris; jturney@vcso.us; Leigh Grosvenor
Subject: RE: Relay for Life

Generally speaking, this has never been an issue for the Fire department from an EMS perspective. We will respond as necessary for any medical event and therefore will not need to staff an additional unit. There is no charge for that service. You will need to check with Leigh on fire inspections if there are any food vendors, etc.

Thanks!

Bob
Robert Staples
Fire Chief
City of Deltona Fire Department

From: Mark Manning
Sent: Monday, January 14, 2013 5:00 PM
To: Crystal Harris; jturney@vcso.us; Robert Staples; Leigh Grosvenor
Subject: Relay for Life

Everyone,

The American Cancer Society (ACS) has submitted a special event application to conduct the annual Relay for Life event at Dewey Boster Park on Saturday, April 13 and Sunday morning April 14. They are requesting a waiver of all fees associated with this event. Please have any and all costs to me no later than Wednesday, January 30 so that this item may go before the City Commission at the second meeting in February. Thanks.

Crystal – They will require the use of a generator.
Chief Staples – Not sure if any of your people are participating this year. Do you think a unit will be necessary will 61 be on alert just in case something were to occur?
Sgt. Turney – Same question for you that I asked of the chief. Is VCSO participating in the event? Will you need to staff or have units on alert in case an incident were to occur?
Leigh – Will have a better idea of the vendors towards the end of March. Lee Benjamin is your contact – 386-898-1624.

Mark

SPECIAL EVENTS APPLICATION

Applicant: American Cancer Society Relay for Life

Project No. : SE13-003

Date of Event: April 13th & 14th, 2013

Hours of Event: Saturday, April 13th 8am to Sunday, April 14th 12:00pm

Location: Dewey Boster Sports Complex

Department	Response Received
Crystal Harris, Public Works	**Yes - Approved**
Joel Turney, VCSO	**Yes - Approved**
Chief Staples, Fire Department	**Yes - Approved**
Mark Manning, Parks & Recreation	**Yes - Approved**

YOUR DEPARTMENTS COST ESTIMATE FOR THIS SPECIAL EVENT WILL BE:
(PLEASE BREAK DOWN COST FOR EACH SERVICE)

Public Works - $750.00 (See attached)

VCSO - $0 (Do not staff this event but are on stand-by if the need arises)

Fire Department $0 (Do not staff this event but are on stand-by if the need arises)

Parks & Recreation – $1,505.00 (See attached)

TOTAL_____$2,255.00_____

AGENDA MEMO

TO: Mayor & City Commission **AGENDA DATE:** 3/18/2013

FROM: William "Dave" Denny, Acting City Manager **AGENDA ITEM:** 10 - B

SUBJECT: Discussion and provide direction to staff as a result of the recent Rate Study Workshops.

LOCATION:	N/A
BACKGROUND:	Burton & Associates has recently conducted interactive presentations at the Commission Workshops held on January 28th and February 25th, 2013. The workshops served as a means for Burton & Associates to report their findings of the recent rate study that they conducted per the City Commission's request and display possible options for future rate structure and stability. Several options were discussed in the workshops with the primary discussion focusing on whether or not a surcharge will be assessed on those customers who reside outside of city limits and also the schedule as to how and when rates will be increased. Staff is requesting direction from the City Commission as to which options the City Commission wishes to proceed with so that public notification can be conducted prior to the adoption of the rates by Resolution.
ORIGINATING DEPARTMENT:	Public Works/Deltona Water
SOURCE OF FUNDS:	N/A
COST:	N/A
REVIEWED BY:	Acting City Manager
STAFF RECOMMENDATION PRESENTED BY:	N/A- For discussion and direction to staff to be able to proceed with public notification of rate change.

POTENTIAL MOTION:	N/A- For discussion and direction to staff to be able to proceed with public notification of rate change.
AGENDA ITEM APPROVED BY:	_____ William "Dave" Denny, Acting City Manager
ATTACHMENTS:	• Burton & Associates Deltona Utility Rate Study Presentation • Minutes of Workshop, February 25, 2013 • Outside City Surcharge Financials

The City of Deltona

Water and Wastewater Rate Study

Alternative Scenario Results

February 11, 2013

Presented by:

BURTON & ASSOCIATES

Michael Burton, President
Andrew Burnham, Senior Vice President

Contents

- Key Assumptions
- No Outside City Surcharge
  - Summary of Ten Year Financial Plan and Annual Rate Increases
  - New Inside City Water Rates w/Outside City Rates = Inside City Rates
  - New Inside City sewer Rates w/Outside City Rates = Inside City Rates
  - Customer Impact Tables
    - Residential 5/8x3/4" meter water only
    - Residential 5/8x3/4" meter water and sewer – Inside City
    - Residential 5/8x3/4" meter water and sewer – Outside City
    - Commercial 5/8x3/4" meter water and sewer – Inside City
    - Commercial 1" meter water and sewer – Inside City
    - Commercial 2" meter water and sewer – Inside City
    - Reclaimed 5/8x3/4"
- Outside City Surcharge
  - Same as above

Key Assumptions

- Increases in Key Operating Costs (overall increase of 4% per year)
  - Health Insurance: 8% per year
  - Electricity & Chemicals: 6% per year
  - General Insurance: 4% per year
  - Salaries: 3% per year
  - All Other Expenses at CPI: 2.5% per year
- Funding of Capital Improvement Program
  - 5-yr CIP over $50 million (FY 13 – FY 17)
  - Majority of $25 million for WWTP funded via low cost SRF Loan
- Low growth rates based upon recent and current economy
  - Less than 0.5% through FY 2015, gradually increasing to 1.5% by FY 2019
- 1% per year reduction in average water usage per account
  - Since 2008 billed water demands have fallen almost 37%
  - Starting to level off, but still a downward trend

Key Assumptions

- Maintain Sufficient Operating Reserves
  - Target: 6 months of O&M expenses (equal to $4 million in FY 13)
  - Indicative of “Strong” Utility Systems per the Municipal Rating Agency, S&P
- Maintain Sufficient Debt Service Coverage
  - Target: 1.5x annual debt service (historically utility has been above 2.0x)
  - Indicative of “Strong” Utility Systems per the Municipal Rating Agency, S&P
- Terms of Refinancing
  - Fixed rate extending term 3 years
    - Total debt service of $127M, annual average debt service of $5.6M
    - First three years debt service of $5.4M
    - Compared to current annual debt service of $5.6 million

Financial Management Plan: Rate Revenue Adjustments

- Initial plan of rate revenue adjustments as presented on 1/28/13

Fixed Rate (3yr. ext.)	FY 13	FY 14	FY 15	FY 16	FY 17
Water	0.00%	0.00%	4.50%	4.50%	4.50%
Sewer	0.00%	0.00%	5.50%	5.50%	5.50%
Effective Date	4/1/13	10/1/13	10/1/14	10/1/15	10/1/16
Reserve (# of Mos. of O&M Exp.)	$14.5	$11.0	$6.0	$6.0	$6.0

- Alternative plan of rate revenue adjustments reflected on the following slides

Fixed Rate (3yr. ext.)	FY 13	FY 14	FY 15	FY 16	FY 17
Water	0.00%	2.50%	4.50%	4.50%	4.50%
Sewer	0.00%	2.50%	5.50%	5.50%	5.50%
Effective Date	4/1/13	10/1/13	10/1/14	10/1/15	10/1/16
Reserve (# of Mos. of O&M Exp.)	$14.5	$11.6	$7.0	$7.0	$7.0

Summary of Impact of Rate Alternatives on SF Residential Monthly Utility Bills Assuming 5,000 Gallons/Mo

Note: This table assumes No Rate Increase in FY 2014

Water & Sewer - Total Bill	Current	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
No Outside City Surcharge:							
Inside City Customers	$101.79	$96.14	$96.14	$101.25	$106.64	$112.31	$118.29
Change in Monthly Cost	*NA*	*-$5.65*	*$0.00*	*$5.11*	*$5.39*	*$5.67*	*$5.98*
% Change in Monthly Cost	*NA*	*-5.6%*	*0.0%*	*5.3%*	*5.3%*	*5.3%*	*5.3%*
Outside City Customers	$101.79	$96.14	$96.14	$101.25	$106.64	$112.31	$118.29
Change in Monthly Cost	*NA*	*-$5.65*	*$0.00*	*$5.11*	*$5.39*	*$5.67*	*$5.98*
% Change in Monthly Cost	*NA*	*-5.6%*	*0.0%*	*5.3%*	*5.3%*	*5.3%*	*5.3%*
Outside City Surcharge:							
Inside City Customers	$101.79	$93.28	$93.28	$98.24	$103.46	$108.97	$114.76
Change in Monthly Cost	*NA*	*-$8.51*	*$0.00*	*$4.96*	*$5.22*	*$5.51*	*$5.79*
% Change in Monthly Cost	*NA*	*-8.4%*	*0.0%*	*5.3%*	*5.3%*	*5.3%*	*5.3%*
Outside City Customers	$127.24	$116.60	$116.60	$122.80	$129.33	$136.21	$143.45
Change in Monthly Cost	*NA*	*-$10.64*	*$0.00*	*$6.20*	*$6.53*	*$6.88*	*$7.24*
% Change in Monthly Cost	*NA*	*-8.4%*	*0.0%*	*5.3%*	*5.3%*	*5.3%*	*5.3%*

Water Only	Current	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
No Outside City Surcharge:							
Inside City Customers	$19.25	$17.19	$17.62	$18.41	$19.24	$20.11	$21.01
Change in Monthly Cost	*NA*	*-$2.06*	*$0.43*	*$0.79*	*$0.83*	*$0.87*	*$0.90*
% Change in Monthly Cost	*NA*	*-10.7%*	*2.5%*	*4.5%*	*4.5%*	*4.5%*	*4.5%*
Outside City Customers	NA	NA	NA	NA	NA	NA	NA
Change in Monthly Cost	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*
Outside City Surcharge:							
Inside City Customers	$19.25	$17.19	$17.19	$17.96	$18.77	$19.61	$20.49
Change in Monthly Cost	*NA*	*-$2.06*	*$0.00*	*$0.77*	*$0.81*	*$0.84*	*$0.88*
% Change in Monthly Cost	*NA*	*-10.7%*	*0.0%*	*4.5%*	*4.5%*	*4.5%*	*4.5%*
Outside City Customers	NA	NA	NA	NA	NA	NA	NA
Change in Monthly Cost	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*

Summary of Impact of Rate Alternatives on SF Residential Monthly Utility Bills Assuming 5,000 Gallons/Mo

Note: This table assumes a 2.5% Rate Increase in FY 2014

Water & Sewer - Total Bill	Current	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
No Outside City Surcharge:							
Inside City Customers	$101.79	$96.14	$98.54	$103.78	$109.31	$115.13	$121.26
Change in Monthly Cost	*NA*	*-$5.65*	*$2.40*	*$5.24*	*$5.53*	*$5.82*	*$6.13*
% Change in Monthly Cost	*NA*	*-5.6%*	*2.5%*	*5.3%*	*5.3%*	*5.3%*	*5.3%*
Outside City Customers	$101.79	$96.14	$98.54	$103.78	$109.31	$115.13	$121.26
Change in Monthly Cost	*NA*	*-$5.65*	*$2.40*	*$5.24*	*$5.53*	*$5.82*	*$6.13*
% Change in Monthly Cost	*NA*	*-5.6%*	*2.5%*	*5.3%*	*5.3%*	*5.3%*	*5.3%*
Outside City Surcharge:							
Inside City Customers	$101.79	$93.28	$95.62	$100.71	$106.07	$111.72	$117.67
Change in Monthly Cost	*NA*	*-$8.51*	*$2.34*	*$5.09*	*$5.36*	*$5.65*	*$5.95*
% Change in Monthly Cost	*NA*	*-8.4%*	*2.5%*	*5.3%*	*5.3%*	*5.3%*	*5.3%*
Outside City Customers	$127.24	$116.60	$119.53	$125.89	$132.59	$139.65	$147.09
Change in Monthly Cost	*NA*	*-$10.64*	*$2.93*	*$6.36*	*$6.70*	*$7.06*	*$7.44*
% Change in Monthly Cost	*NA*	*-8.4%*	*2.5%*	*5.3%*	*5.3%*	*5.3%*	*5.3%*

Water Only	Current	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
No Outside City Surcharge:							
Inside City Customers	$19.25	$17.19	$17.62	$18.41	$19.24	$20.11	$21.01
Change in Monthly Cost	*NA*	*-$2.06*	*$0.43*	*$0.79*	*$0.83*	*$0.87*	*$0.90*
% Change in Monthly Cost	*NA*	*-10.7%*	*2.5%*	*4.5%*	*4.5%*	*4.5%*	*4.5%*
Outside City Customers	NA	NA	NA	NA	NA	NA	NA
Change in Monthly Cost	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*
Outside City Surcharge:							
Inside City Customers	$19.25	$17.03	$17.46	$18.25	$19.07	$19.93	$20.83
Change in Monthly Cost	*NA*	*-$2.22*	*$0.43*	*$0.79*	*$0.82*	*$0.86*	*$0.90*
% Change in Monthly Cost	*NA*	*-11.5%*	*2.5%*	*4.5%*	*4.5%*	*4.5%*	*4.5%*
Outside City Customers	NA	NA	NA	NA	NA	NA	NA
Change in Monthly Cost	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*

No Outside City Surcharge

The following slides assume no Outside City Surcharge

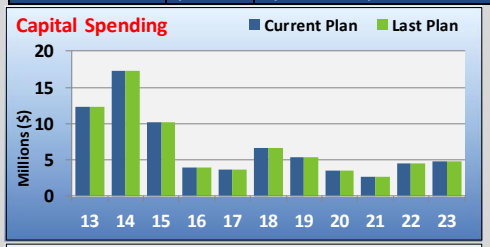
No Outside City Surcharge

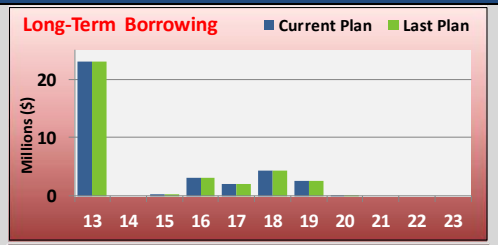
FINANCIAL ANALYSIS AND MANAGEMENT SYSTEM (FAMS) SUMMARY

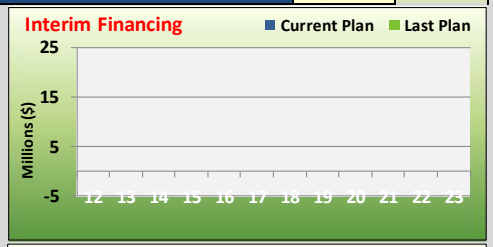
SAVE CALC

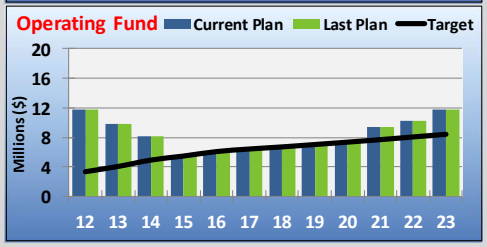
		FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Cumulative Change FY 2018	Cumulative Change FY 2023
Override ▶		0.00%	2.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%		
Water Rate Increases		0.00%	2.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	22.22%	52.36%
Last Plan		0.00%	2.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	22.22%	52.36%
Override ▶		0.00%	2.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%		
Sewer Rate Increases		0.00%	2.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	26.98%	65.95%
Last Plan		0.00%	2.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	26.98%	65.95%
Rate Covenant		1.72	1.64	1.62	1.53	1.57					2.03	2.17	PS FY14 ▶	95%
Last Plan		1.72	1.64	1.62	1.53	1.57					2.03	2.17	OMV FY14 ▶	95%
SRF Coverage			31.62	1.79	1.54	1.71					3.69	4.28	OMF FY14 ▶	90%
Last Plan			31.62	1.79	1.54	1.71					3.69	4.28	WWTP Int.	2.50%
CIP Execution % ▶		75%	75%	75%	75%						75%	75%	Option 1	
Operating Reserve % ▶		50%	58%	58%	58%	58%	58%		58%	58%	58%	58%	Option 2	Y
Inside City Cost		Outside City Surcharge - NO												
Water	$19.25	$17.19	17.62	18.41	19.24	20.11	21.01	21.96	22.95	23.98	25.06	26.19	Option 3	
Sewer	$82.54	$78.95	80.92	85.37	90.07	95.02	100.25	105.76	111.58	117.72	124.19	131.02	Option 4	
Total	$101.79	$96.14	$98.54	$103.78	$109.31	$115.13	$121.26	$127.72	$134.53	$141.70	$149.25	$157.21	Option 5	
Average Bill (5,000 gals.)		$96.14	98.54	103.78	109.31	115.13	121.26	127.72	134.53	141.70	149.25	157.21	Check	$ -
Outside City Cost		Outside City Surcharge - NO												
Water	$19.25	$17.19	17.62	18.41	19.24	20.11	21.01	21.96	22.95	23.98	25.06	26.19	Option 3	
Sewer	$82.54	$78.95	80.92	85.37	90.07	95.02	100.25	105.76	111.58	117.72	124.19	131.02	Option 4	
Total	$101.79	$96.14	$98.54	103.78	109.31	115.13	121.26	127.72	134.53	141.70	149.25	157.21	Option 5	

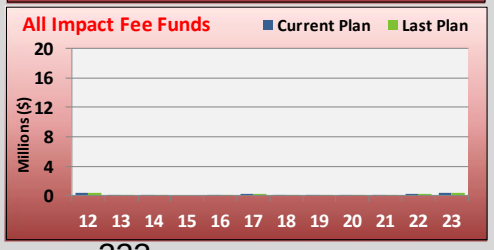
Inside City cost is the same as outside City cost

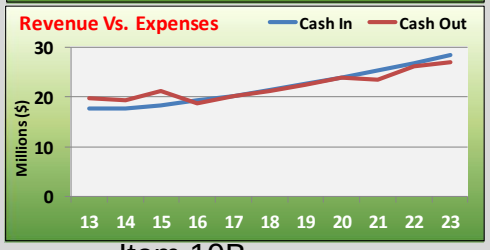












BURTON & ASSOCIATES

No Outside City Surcharge FY 2013 Water Rate Comparison

NEW INSIDE CITY WATER RATES - NO OUTSIDE CITY SURCHARGE SCENARIO

Customer charge	$ 2.84	$ 2.84	$ 2.84	$ 2.84	$ 2.84
Base facility charge	$ 7.25	$ 7.25	$ 7.25	$ 7.25	$ 7.25

Plus additional Volume Charges per 1,000 gallons:

						Customer Class				
Blk	SF	MF	CM	MC	IRR	SF	MF	CM	MC	IRR
1	5,000	5,000	All Use	All Use	10,000	$ 1.42	$ 1.42	2.69	$ 2.69	$ 2.83
2	10,000	10,000			20,000	$ 2.83	$ 2.83			$ 4.95
3	20,000	20,000			20k+	$ 4.95	$ 4.95			$ 9.91
4	20k+	20k+				$ 9.91	$ 9.91			
5										
6										

All Outside City rates will be equal to Inside City rates

CURRENT FY 12/13 WATER RATES

Customer charge	$ -	$ -	$ -	$ -	$ -
Base facility charge	$ 11.00	$ 11.00	$ 11.00	$ 11.00	$ 11.00

Plus additional Volume Charges per 1,000 gallons:

						Customer Class				
Blk	SF	MF	CM	MC	IRR	SF	MF	CM	MC	IRR
1	6,000	6,000	All Use	All Use	8,000	$ 1.65	$ 1.65	$ 2.31	$ 2.31	$ 2.31
2	12,000	12,000			16,000	2.31	2.31			4.03
3	18,000	18,000			16k+	4.03	4.03			8.06
4	18k+	18k+				8.06	8.06			
5										
6										

No Outside City Surcharge FY 2013 Sewer Rate Comparison

NEW INSIDE CITY SEWER RATES - NO OUTSIDE CITY SURCHARGE SCENARIO										
Customer charge						$ 2.84	$ 2.84	$ 2.84	$ 2.84	$ 2.84
Base facility charge						$ 12.16	$ 12.16	$ 12.16	$ 12.16	$ -
Plus additional Volume Charges per 1,000 gallons:										
						Customer Class				
Blk	SF	MF	CM	MC	RW	SF	MF	CM	MC	RW
1	5,000	5,000	All Use	All Use	All Use	$ 12.79	$ 12.79	13.45	$ 13.45	$ 1.44
2	10,000	10,000				$ 16.62	$ 16.62			
3	10k+	10k+								
4										
5										
6										

All Outside City rates will be equal to Inside City rates

CURRENT FY 12/13 SEWER RATES										
Customer charge						$ -	$ -	$ -	$ -	$ -
Base facility charge						$ 8.39	$ 8.39	$ 33.39	$ 33.39	$ -
Plus additional Volume Charges per 1,000 gallons:										
						Customer Class				
Blk	SF	MF	CM	MC	RW	SF	MF	CM	MC	RW
1	6,000	6,000	All Use	All Use	All Use	$ 14.83	$ 14.83	$ 17.79	$ 17.79	$ 0.75
2	6k+	6k+								
3										
4										
5										
6										

Summary of Proposed Rates

Water:	Single Family	Multi-Family	Commercial	MC	Irrigation
Customer Charge per Month per Account	$ 2.82	$ 2.82	$ 2.82	$ 2.82	$ 2.82
Base Facility Charge (BFC) Per Month (1)	$ 7.21	$ 7.21	$ 7.21	$ 7.21	$ 7.21

Usage Charge Rate per 1,000 Gallons:	Single Family Block Ranges	Single Family Rate	Multi-Family Block Ranges (2)	Multi-Family Rate	Commercial Block Ranges (3)	Commercial Rate	MC Block Ranges (3)	MC Rate	Irrigation Block Ranges (3)	Irrigation Rate
Block 1	5,000	$ 1.40	5,000	$ 1.40	All Use	$ 2.69	All Use	$ 2.69	10,000	$ 2.81
Block 2	10,000	$ 2.81	10,000	$ 2.81					20,000	$ 4.91
Block 3	20,000	$ 4.91	20,000	$ 4.91					20k+	$ 9.83
Block 4	20k+	$ 9.83	20k+	$ 9.83						

Wastewater:	Single Family	Multi-Family	Commercial	MC	Reclaimed Water
Customer Charge per Month per Account	$ 2.82	$ 2.82	$ 2.82	$ 2.82	$ 2.82
Base Facility Charge (BFC) Per Month (1)	$ 11.88	$ 11.88	$ 11.88	$ 11.88	$ -

Usage Charge Rate per 1,000 Gallons:	Single Family Block Ranges	Single Family Rate	Multi-Family Block Ranges (2)	Multi-Family Rate	Commercial Block Ranges (3)	Commercial Rate	MC Block Ranges (3)	MC Rate	Reclaimed Water Block Ranges (3)	Reclaimed Water Rate
Block 1	5,000	$ 12.31	5,000	$ 12.31	All Use	$ 13.28	All Use	$ 13.28	All Use	$ 1.25
Block 2	10,000	$ 16.00	10,000	$ 16.00						
Block 3	10k+	$ -	10k+	$ -						

(1) The Base Facility Charge (BFC) is multiplied by number of dwelling units for Master Metered Multi Family accounts and by ERC factors by meter size for Commercial, MC, Irrigation and Reclaimed Water accounts.

(2) The block ranges are scaled by number of dwelling units for Master Metered Multi-family Accounts

(3) The block ranges are scaled by meter size based upon ERC factors for each sized meter fort Commercial, MC, Irrigation and Reclaimed Water accounts.

No Outside City Surcharge
Residential 5/8 X 3/4" Meter
Inside City w/Water Service Only
Approximately 80% of Residential Customers

Inside City Residential 5/8 X 3/4" Meter Monthly Water Bill Calculations						
Monthly Use (Gal)	% of Bills	Agg. %	Current (FY 13)	Proposed (FY 13)	$ Chg	% Chg
-	5.7%	5.7%	$ 11.00	$ 10.09	$ (0.91)	-8.3%
1,000	6.3%	11.9%	$ 12.65	$ 11.51	$ (1.14)	-9.0%
2,000	9.4%	21.4%	$ 14.30	$ 12.93	$ (1.37)	-9.6%
3,000	11.3%	32.6%	$ 15.95	$ 14.35	$ (1.60)	-10.0%
4,000	11.7%	44.3%	$ 17.60	$ 15.77	$ (1.83)	-10.4%
5,000	10.5%	54.8%	$ 19.25	$ 17.19	$ (2.06)	-10.7%
6,000	8.6%	63.4%	$ 20.90	$ 20.02	$ (0.88)	-4.2%
7,000	6.9%	70.4%	$ 23.21	$ 22.85	$ (0.36)	-1.6%
8,000	5.5%	75.8%	$ 25.52	$ 25.68	$ 0.16	0.6%
9,000	4.3%	80.1%	$ 27.83	$ 28.51	$ 0.68	2.4%
10,000	3.3%	83.4%	$ 30.14	$ 31.34	$ 1.20	4.0%
11,000	2.7%	86.1%	$ 32.45	$ 36.29	$ 3.84	11.8%
12,000	2.1%	88.2%	$ 34.76	$ 41.24	$ 6.48	18.6%
13,000	1.7%	89.9%	$ 38.79	$ 46.19	$ 7.40	19.1%
14,000	1.5%	91.4%	$ 42.82	$ 51.14	$ 8.32	19.4%
15,000	1.2%	92.6%	$ 46.85	$ 56.09	$ 9.24	19.7%
16,000	1.0%	93.6%	$ 50.88	$ 61.04	$ 10.16	20.0%
17,000	0.9%	94.5%	$ 54.91	$ 65.99	$ 11.08	20.2%
18,000	0.8%	95.2%	$ 58.94	$ 70.94	$ 12.00	20.4%
19,000	0.7%	95.9%	$ 67.00	$ 75.89	$ 8.89	13.3%
20,000	0.6%	96.5%	$ 75.06	$ 80.84	$ 5.78	7.7%

No Outside City Surcharge
Residential 5/8 X 3/4" Meter
Inside City w/Water & Sewer Service
Approximately 15% of Residential Customers

Inside City Residential 5/8 X 3/4" Meter Monthly Water & Sewer Bill Calculations							Proposed Rates Vs Prior Rates		
Monthly Use (Gal)	% of Bills	Agg. %	Current (FY 13)	Proposed (FY 13)	$ Chg	% Chg	FY 2013 Prior to Swr. Red.	$ Chg	% Chg.
-	5.7%	5.7%	$ 19.39	$ 25.09	$ 5.70	29.4%	$ 44.39	$ (19.30)	-99.5%
1,000	6.3%	11.9%	$ 35.87	$ 39.30	$ 3.43	9.6%	$ 60.87	$ (21.57)	-60.1%
2,000	9.4%	21.4%	$ 52.35	$ 53.51	$ 1.16	2.2%	$ 77.35	$ (23.84)	-45.5%
3,000	11.3%	32.6%	$ 68.83	$ 67.72	$ (1.11)	-1.6%	$ 93.83	$ (26.11)	-37.9%
4,000	11.7%	44.3%	$ 85.31	$ 81.93	$ (3.38)	-4.0%	$ 110.31	$ (28.38)	-33.3%
5,000	10.5%	54.8%	$ 101.79	$ 96.14	$ (5.65)	-5.6%	$ 126.79	$ (30.65)	-30.1%
6,000	8.6%	63.4%	$ 118.27	$ 115.59	$ (2.68)	-2.3%	$ 143.27	$ (27.68)	-23.4%
7,000	6.9%	70.4%	$ 120.58	$ 135.04	$ 14.46	12.0%	$ 145.58	$ (10.54)	-8.7%
8,000	5.5%	75.8%	$ 122.89	$ 154.49	$ 31.60	25.7%	$ 147.89	$ 6.60	5.4%
9,000	4.3%	80.1%	$ 125.20	$ 173.94	$ 48.74	38.9%	$ 150.20	$ 23.74	19.0%
10,000	3.3%	83.4%	$ 127.51	$ 193.39	$ 65.88	51.7%	$ 152.51	$ 40.88	32.1%
11,000	2.7%	86.1%	$ 129.82	$ 198.34	$ 68.52	52.8%	$ 154.82	$ 43.52	33.5%
12,000	2.1%	88.2%	$ 132.13	$ 203.29	$ 71.16	53.9%	$ 157.13	$ 46.16	34.9%
13,000	1.7%	89.9%	$ 136.16	$ 208.24	$ 72.08	52.9%	$ 161.16	$ 47.08	34.6%
14,000	1.5%	91.4%	$ 140.19	$ 213.19	$ 73.00	52.1%	$ 165.19	$ 48.00	34.2%
15,000	1.2%	92.6%	$ 144.22	$ 218.14	$ 73.92	51.3%	$ 169.22	$ 48.92	33.9%
16,000	1.0%	93.6%	$ 148.25	$ 223.09	$ 74.84	50.5%	$ 173.25	$ 49.84	33.6%
17,000	0.9%	94.5%	$ 152.28	$ 228.04	$ 75.76	49.8%	$ 177.28	$ 50.76	33.3%
18,000	0.8%	95.2%	$ 156.31	$ 232.99	$ 76.68	49.1%	$ 181.31	$ 51.68	33.1%
19,000	0.7%	95.9%	$ 164.37	$ 237.94	$ 73.57	44.8%	$ 189.37	$ 48.57	29.5%
20,000	0.6%	96.5%	$ 172.43	$ 242.89	$ 70.46	40.9%	$ 197.43	$ 45.46	26.4%

No Outside City Surcharge
Residential 5/8 X 3/4" Meter
Outside City w/Water & Sewer Service
Approximately 5% of Residential Customers

Outside City Residential 5/8 X 3/4" Meter Monthly Water & Sewer Bill Calculations							Proposed Rates Vs Prior Rates		
Monthly Use (Gal)	% of Bills	Agg. %	Current (FY 13)	Proposed (FY 13)	$ Chg	% Chg	FY 2013 Prior to Swr. Red.	$ Chg	% Chg.
-	5.7%	5.7%	$ 19.39	$ 25.09	$ 5.70	29.4%	$ 44.39	$ (19.30)	-99.5%
1,000	6.3%	11.9%	$ 35.87	$ 39.30	$ 3.43	9.6%	$ 60.87	$ (21.57)	-60.1%
2,000	9.4%	21.4%	$ 52.35	$ 53.51	$ 1.16	2.2%	$ 77.35	$ (23.84)	-45.5%
3,000	11.3%	32.6%	$ 68.83	$ 67.72	$ (1.11)	-1.6%	$ 93.83	$ (26.11)	-37.9%
4,000	11.7%	44.3%	$ 85.31	$ 81.93	$ (3.38)	-4.0%	$ 110.31	$ (28.38)	-33.3%
5,000	10.5%	54.8%	$ 101.79	$ 96.14	$ (5.65)	-5.6%	$ 126.79	$ (30.65)	-30.1%
6,000	8.6%	63.4%	$ 118.27	$ 115.59	$ (2.68)	-2.3%	$ 143.27	$ (27.68)	-23.4%
7,000	6.9%	70.4%	$ 120.58	$ 135.04	$ 14.46	12.0%	$ 145.58	$ (10.54)	-8.7%
8,000	5.5%	75.8%	$ 122.89	$ 154.49	$ 31.60	25.7%	$ 147.89	$ 6.60	5.4%
9,000	4.3%	80.1%	$ 125.20	$ 173.94	$ 48.74	38.9%	$ 150.20	$ 23.74	19.0%
10,000	3.3%	83.4%	$ 127.51	$ 193.39	$ 65.88	51.7%	$ 152.51	$ 40.88	32.1%
11,000	2.7%	86.1%	$ 129.82	$ 198.34	$ 68.52	52.8%	$ 154.82	$ 43.52	33.5%
12,000	2.1%	88.2%	$ 132.13	$ 203.29	$ 71.16	53.9%	$ 157.13	$ 46.16	34.9%
13,000	1.7%	89.9%	$ 136.16	$ 208.24	$ 72.08	52.9%	$ 161.16	$ 47.08	34.6%
14,000	1.5%	91.4%	$ 140.19	$ 213.19	$ 73.00	52.1%	$ 165.19	$ 48.00	34.2%
15,000	1.2%	92.6%	$ 144.22	$ 218.14	$ 73.92	51.3%	$ 169.22	$ 48.92	33.9%
16,000	1.0%	93.6%	$ 148.25	$ 223.09	$ 74.84	50.5%	$ 173.25	$ 49.84	33.6%
17,000	0.9%	94.5%	$ 152.28	$ 228.04	$ 75.76	49.8%	$ 177.28	$ 50.76	33.3%
18,000	0.8%	95.2%	$ 156.31	$ 232.99	$ 76.68	49.1%	$ 181.31	$ 51.68	33.1%
19,000	0.7%	95.9%	$ 164.37	$ 237.94	$ 73.57	44.8%	$ 189.37	$ 48.57	29.5%
20,000	0.6%	96.5%	$ 172.43	$ 242.89	$ 70.46	40.9%	$ 197.43	$ 45.46	26.4%

No Outside City Surcharge
Commercial 5/8 X 3/4" Meter
Inside City w/Water & Sewer Service
(Small Office/Retail Store)

Inside City Commercial 5/8 X 3/4" Meter Monthly Water & Sewer Bill Calculations											
Monthly Use (Gal)	% of Bills	Agg. %	Current (FY 13)		Proposed (FY 13)		$ Chg		% Chg
-	28.4%	28.4%	$	44.39	$	25.09	$	(19.30)	-43.5%
1,000	21.8%	50.2%	$	64.49	$	41.23	$	(23.26)	-36.1%
2,000	10.8%	61.0%	$	84.59	$	57.37	$	(27.22)	-32.2%
3,000	6.4%	67.4%	$	104.69	$	73.51	$	(31.18)	-29.8%
4,000	4.1%	71.5%	$	124.79	$	89.65	$	(35.14)	-28.2%
5,000	3.8%	75.2%	$	144.89	$	105.79	$	(39.10)	-27.0%
6,000	3.6%	78.8%	$	164.99	$	121.93	$	(43.06)	-26.1%
7,000	2.1%	80.9%	$	185.09	$	138.07	$	(47.02)	-25.4%
8,000	2.6%	83.5%	$	205.19	$	154.21	$	(50.98)	-24.8%
9,000	1.9%	85.4%	$	225.29	$	170.35	$	(54.94)	-24.4%
10,000	2.0%	87.4%	$	245.39	$	186.49	$	(58.90)	-24.0%
11,000	2.0%	89.4%	$	265.49	$	202.63	$	(62.86)	-23.7%
12,000	1.3%	90.8%	$	285.59	$	218.77	$	(66.82)	-23.4%
13,000	1.2%	92.0%	$	305.69	$	234.91	$	(70.78)	-23.2%
14,000	0.9%	92.8%	$	325.79	$	251.05	$	(74.74)	-22.9%
15,000	1.0%	93.9%	$	345.89	$	267.19	$	(78.70)	-22.8%
16,000	0.8%	94.6%	$	365.99	$	283.33	$	(82.66)	-22.6%
17,000	0.7%	95.3%	$	386.09	$	299.47	$	(86.62)	-22.4%
18,000	0.4%	95.8%	$	406.19	$	315.61	$	(90.58)	-22.3%
19,000	0.3%	96.1%	$	426.29	$	331.75	$	(94.54)	-22.2%
20,000	0.6%	96.6%	$	446.39	$	347.89	$	(98.50)	-22.1%
30,000	0.1%	98.5%	$	647.39	$	509.29	$	(138.10)	-21.3%
40,000	0.0%	99.1%	$	848.39	$	670.69	$	(177.70)	-20.9%
50,000	0.0%	99.3%	$	1,049.39	$	832.09	$	(217.30)	-20.7%

No Outside City Surcharge
Commercial 1" Meter
Inside City w/Water & Sewer Service
(Service Station/Bank)

Inside City Commercial 1" Meter Monthly Water & Sewer Bill Calculations											
Monthly Use (Gal)	% of Bills	Agg. %		Current (FY 13)		Proposed (FY 13)		$ Chg		% Chg
-	8.3%	8.3%	$	107.10	$	54.21	$	(52.89)		-49.4%
1,000	17.1%	25.4%	$	127.20	$	70.35	$	(56.85)		-44.7%
2,000	13.4%	38.8%	$	147.30	$	86.49	$	(60.81)		-41.3%
3,000	4.6%	43.4%	$	167.40	$	102.63	$	(64.77)		-38.7%
4,000	2.9%	46.3%	$	187.50	$	118.77	$	(68.73)		-36.7%
5,000	4.3%	50.6%	$	207.60	$	134.91	$	(72.69)		-35.0%
6,000	4.4%	55.0%	$	227.70	$	151.05	$	(76.65)		-33.7%
7,000	4.0%	59.0%	$	247.80	$	167.19	$	(80.61)		-32.5%
8,000	4.1%	63.1%	$	267.90	$	183.33	$	(84.57)		-31.6%
9,000	3.3%	66.4%	$	288.00	$	199.47	$	(88.53)		-30.7%
10,000	1.9%	68.3%	$	308.10	$	215.61	$	(92.49)		-30.0%
11,000	1.7%	70.0%	$	328.20	$	231.75	$	(96.45)		-29.4%
12,000	1.4%	71.4%	$	348.30	$	247.89	$	(100.41)		-28.8%
13,000	1.7%	73.2%	$	368.40	$	264.03	$	(104.37)		-28.3%
14,000	1.4%	74.6%	$	388.50	$	280.17	$	(108.33)		-27.9%
15,000	1.1%	75.7%	$	408.60	$	296.31	$	(112.29)		-27.5%
16,000	2.1%	77.8%	$	428.70	$	312.45	$	(116.25)		-27.1%
17,000	1.9%	79.6%	$	448.80	$	328.59	$	(120.21)		-26.8%
18,000	1.0%	80.6%	$	468.90	$	344.73	$	(124.17)		-26.5%
19,000	1.1%	81.7%	$	489.00	$	360.87	$	(128.13)		-26.2%
20,000	0.9%	82.6%	$	509.10	$	377.01	$	(132.09)		-25.9%
30,000	0.8%	89.4%	$	710.10	$	538.41	$	(171.69)		-24.2%
40,000	0.3%	93.5%	$	911.10	$	699.81	$	(211.29)		-23.2%
50,000	0.0%	96.2%	$	1,112.10	$	861.21	$	(250.89)		-22.6%

No Outside City Surcharge
Commercial 2" Meter
Inside City w/Water & Sewer Service
(Restaurant/Hotel)

Inside City Commercial 2" Meter Monthly Water & Sewer Bill Calculations						
Monthly Use (Gal)	% of Bills	Agg. %	Current (FY 13)	Proposed (FY 13)	$ Chg	% Chg
-	6.0%	6.0%	$ 337.06	$ 160.96	$ (176.10)	-52.2%
10,000	1.6%	33.2%	$ 538.06	$ 322.36	$ (215.70)	-40.1%
20,000	1.5%	54.9%	$ 739.06	$ 483.76	$ (255.30)	-34.5%
30,000	0.6%	61.8%	$ 940.06	$ 645.16	$ (294.90)	-31.4%
40,000	0.6%	67.1%	$ 1,141.06	$ 806.56	$ (334.50)	-29.3%
50,000	0.3%	70.3%	$ 1,342.06	$ 967.96	$ (374.10)	-27.9%
60,000	0.1%	75.8%	$ 1,543.06	$ 1,129.36	$ (413.70)	-26.8%
70,000	0.4%	81.1%	$ 1,744.06	$ 1,290.76	$ (453.30)	-26.0%
80,000	0.0%	84.3%	$ 1,945.06	$ 1,452.16	$ (492.90)	-25.3%
90,000	0.0%	85.9%	$ 2,146.06	$ 1,613.56	$ (532.50)	-24.8%
100,000	0.0%	87.0%	$ 2,347.06	$ 1,774.96	$ (572.10)	-24.4%
150,000	0.0%	92.7%	$ 3,352.06	$ 2,581.96	$ (770.10)	-23.0%
200,000	0.0%	93.7%	$ 4,357.06	$ 3,388.96	$ (968.10)	-22.2%
250,000	0.1%	94.6%	$ 5,362.06	$ 4,195.96	$(1,166.10)	-21.7%
300,000	0.0%	96.6%	$ 6,367.06	$ 5,002.96	$(1,364.10)	-21.4%
350,000	0.0%	97.5%	$ 7,372.06	$ 5,809.96	$(1,562.10)	-21.2%
400,000	0.0%	98.8%	$ 8,377.06	$ 6,616.96	$(1,760.10)	-21.0%
500,000	0.3%	99.9%	$ 10,387.06	$ 8,230.96	$(2,156.10)	-20.8%

No Outside City Surcharge
5/8 X 3/4" Meter
Inside City Reclaimed Water Service
(1% of Customer Base Has Reclaimed Water)

Inside City 5/8 X 3/4" Meter Monthly Reclaimed Water Bill Calculations							
Monthly Use (Gal)	% of Bills	Agg. %	Current (FY 13)	Proposed (FY 13)	$ Chg	% Chg
-	39.0%	39.0%	$ -	$ 2.84	$ 2.84	0.0%
1,000	1.6%	40.5%	$ 0.75	$ 4.28	$ 3.53	470.7%
2,000	1.8%	42.3%	$ 1.50	$ 5.72	$ 4.22	281.3%
3,000	1.8%	44.1%	$ 2.25	$ 7.16	$ 4.91	218.2%
4,000	1.6%	45.7%	$ 3.00	$ 8.60	$ 5.60	186.7%
5,000	1.9%	47.7%	$ 3.75	$ 10.04	$ 6.29	167.7%
6,000	2.4%	50.1%	$ 4.50	$ 11.48	$ 6.98	155.1%
7,000	2.4%	52.5%	$ 5.25	$ 12.92	$ 7.67	146.1%
8,000	2.2%	54.7%	$ 6.00	$ 14.36	$ 8.36	139.3%
9,000	2.2%	56.9%	$ 6.75	$ 15.80	$ 9.05	134.1%
10,000	2.3%	59.1%	$ 7.50	$ 17.24	$ 9.74	129.9%
11,000	2.5%	61.6%	$ 8.25	$ 18.68	$ 10.43	126.4%
12,000	2.3%	63.9%	$ 9.00	$ 20.12	$ 11.12	123.6%
13,000	2.2%	66.1%	$ 9.75	$ 21.56	$ 11.81	121.1%
14,000	2.1%	68.3%	$ 10.50	$ 23.00	$ 12.50	119.0%
15,000	2.4%	70.6%	$ 11.25	$ 24.44	$ 13.19	117.2%
16,000	2.5%	73.1%	$ 12.00	$ 25.88	$ 13.88	115.7%
17,000	2.0%	75.1%	$ 12.75	$ 27.32	$ 14.57	114.3%
18,000	2.2%	77.3%	$ 13.50	$ 28.76	$ 15.26	113.0%
19,000	1.8%	79.1%	$ 14.25	$ 30.20	$ 15.95	111.9%
20,000	1.5%	80.5%	$ 15.00	$ 31.64	$ 16.64	110.9%
30,000	0.7%	91.3%	$ 22.50	$ 46.04	$ 23.54	104.6%
40,000	0.5%	95.6%	$ 30.00	$ 60.44	$ 30.44	101.5%
50,000	0.2%	98.1%	$ 37.50	$ 74.84	$ 37.34	99.6%
100,000	0.0%	99.8%	$ 75.00	$ 146.84	$ 71.84	95.8%

Outside City Surcharge

The following slides assume an Outside City Surcharge

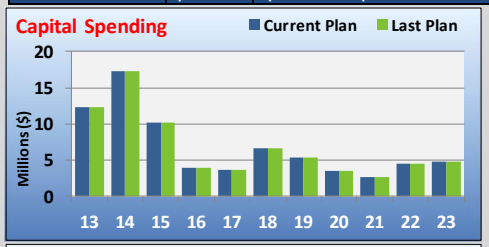
Outside City Surcharge

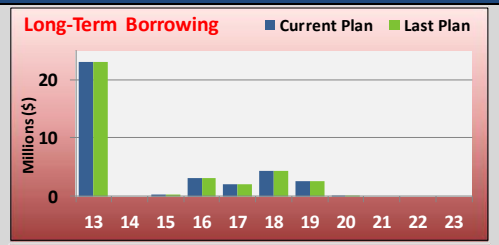
FINANCIAL ANALYSIS AND MANAGEMENT SYSTEM (FAMS) SUMMARY

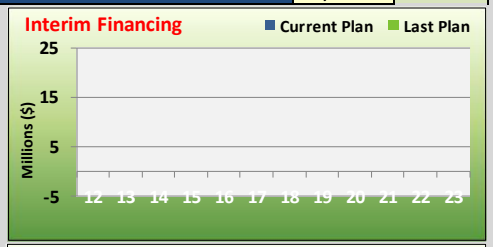
SAVE CALC

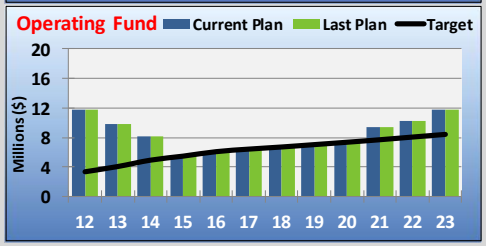
		FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Cumulative Change FY 2018	Cumulative Change FY 2023
Override ▶		0.00%	2.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%		
Water Rate Increases		0.00%	2.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	22.31%	52.44%
Last Plan		0.00%	2.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	22.22%	52.36%
Override ▶		0.00%	2.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%		
Sewer Rate Increases		0.00%	2.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	27.00%	65.99%
Last Plan		0.00%	2.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	26.98%	65.95%
Rate Covenant		1.72	1.64	1.62	1.53	1.57					2.03	2.17	PS FY14 ▶	95%
Last Plan		1.72	1.64	1.62	1.53	1.57					2.03	2.17	OMV FY14 ▶	95%
SRF Coverage			31.62	1.79	1.54	1.71					3.69	4.28	OMF FY14 ▶	90%
Last Plan			31.62	1.79	1.54	1.71					3.69	4.28	WWTP Int.	2.50%
CIP Execution % ▶		75%	75%	75%	75%						75%	75%	Option 1	
Operating Reserve % ▶		50%	58%	58%	58%	58%	58%		58%	58%	58%	58%	Option 2	Y
Inside City Cost		**Outside City Surcharge - YES**												
Water	$19.25	$17.03	17.46	18.25	19.07	19.93	20.83	21.77	22.75	23.77	24.84	25.96	Option 3	
Sewer	$82.54	$76.25	78.16	82.46	87.00	[illegible]	96.84	102.17	107.79	113.72	119.97	126.57	Option 4	
Total	$101.79	$93.28	$95.62	$100.71	$106.07	$111.72	$117.67	$123.94	$130.54	$137.49	$144.81	$152.53	Option 5	
Average Bill (5,000 gals.)		$96.14	98.54	103.78	109.31	115.13	121.26	127.72	134.53	141.70	149.25	157.21	Check	$ -
Outside City Cost		**Outside City Surcharge - YES**												
Water	$19.25	$21.29	21.82	22.80	23.83	24.90	26.02	27.19	28.41	29.69	31.03	32.43	Option 3	
Sewer	$82.54	$95.31	97.69	103.06	108.73	114.71	121.02	127.68	134.70	142.11	149.93	158.18	Option 4	
Total	$101.79	$116.60	$119.51	125.86	132.56	139.61	147.04	154.87	163.11	171.80	180.96	190.61	Option 5	

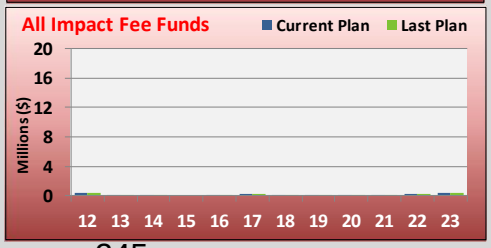
Inside City cost is less than outside City cost

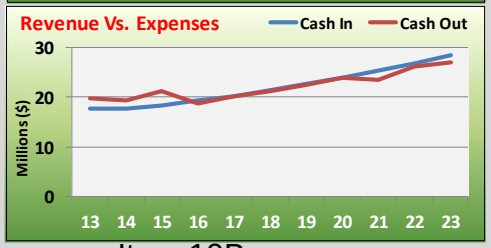












BURTON & ASSOCIATES

Outside City Surcharge
FY 2013 Water Rate Comparison

NEW INSIDE CITY WATER RATES - OUTSIDE CITY SURCHARGE SCENARIO

Customer charge						$	2.82	$	2.82	$	2.82	$	2.82	$	2.82			
Base facility charge						$	7.21	$	7.21	$	7.21	$	7.21	$	7.21			
Plus additional Volume Charges per 1,000 gallons:																		
						Customer Class												
Blk	SF	MF	CM	MC	IRR	SF		MF		CM		MC		IRR				
1	5,000	5,000	All Use	All Use	10,000	$	1.40	$	1.40		2.69	$	2.69	$	2.81			
2	10,000	10,000			20,000	$	2.81	$	2.81					$	4.91			
3	20,000	20,000			20k+	$	4.91	$	4.91					$	9.83			
4	20k+	20k+				$	9.83	$	9.83									
5																		
6																		

All Outside City rates will be 125% of Inside City rates

CURRENT FY 12/13 WATER RATES

Customer charge						$	-	$	-	$	-	$	-	$	-			
Base facility charge						$	11.00	$	11.00	$	11.00	$	11.00	$	11.00			
Plus additional Volume Charges per 1,000 gallons:																		
						Customer Class												
Blk	SF	MF	CM	MC	IRR	SF		MF		CM		MC		IRR				
1	6,000	6,000	All Use	All Use	8,000	$	1.65	$	1.65	$	2.31	$	2.31	$	2.31			
2	12,000	12,000			16,000		2.31		2.31						4.03			
3	18,000	18,000			16k+		4.03		4.03						8.06			
4	18k+	18k+					8.06		8.06									
5																		
6																		

BURTON & ASSOCIATES

Outside City Surcharge
FY 2013 Sewer Rate Comparison

NEW INSIDE CITY SEWER RATES - OUTSIDE CITY SURCHARGE SCENARIO										
Customer charge						$ 2.82	$ 2.82	$ 2.82	$ 2.82	$ 2.82
Base facility charge						$ 11.88	$ 11.88	$ 11.88	$ 11.88	$ -
Plus additional Volume Charges per 1,000 gallons:										
						Customer Class				
Blk	SF	MF	CM	MC	RW	SF	MF	CM	MC	RW
1	5,000	5,000	All Use	All Use	All Use	$ 12.31	$ 12.31	13.28	$ 13.28	$ 1.25
2	10,000	10,000				$ 16.00	$ 16.00			
3	10k+	10k+								
4										
5										
6										

All Outside City rates will be 125% of Inside City rates

CURRENT FY 12/13 SEWER RATES										
Customer charge						$ -	$ -	$ -	$ -	$ -
Base facility charge						$ 8.39	$ 8.39	$ 33.39	$ 33.39	$ -
Plus additional Volume Charges per 1,000 gallons:										
						Customer Class				
Blk	SF	MF	CM	MC	RW	SF	MF	CM	MC	RW
1	6,000	6,000	All Use	All Use	All Use	$ 14.83	$ 14.83	$ 17.79	$ 17.79	$ 0.75
2	6k+	6k+								
3										
4										
5										
6										

Outside City Surcharge
Residential 5/8 X 3/4" Meter
Inside City w/Water Service Only
Approximately 80% of Residential Customers

Inside City Residential 5/8 X 3/4" Meter Monthly Water Bill Calculations						
Monthly Use (Gal)	% of Bills	Agg. %	Current (FY 13)	Proposed (FY 13)	$ Chg	% Chg
-	5.7%	5.7%	$ 11.00	$ 10.03	$ (0.97)	-8.8%
1,000	6.3%	11.9%	$ 12.65	$ 11.43	$ (1.22)	-9.6%
2,000	9.4%	21.4%	$ 14.30	$ 12.83	$ (1.47)	-10.3%
3,000	11.3%	32.6%	$ 15.95	$ 14.23	$ (1.72)	-10.8%
4,000	11.7%	44.3%	$ 17.60	$ 15.63	$ (1.97)	-11.2%
5,000	10.5%	54.8%	$ 19.25	$ 17.03	$ (2.22)	-11.5%
6,000	8.6%	63.4%	$ 20.90	$ 19.84	$ (1.06)	-5.1%
7,000	6.9%	70.4%	$ 23.21	$ 22.65	$ (0.56)	-2.4%
8,000	5.5%	75.8%	$ 25.52	$ 25.46	$ (0.06)	-0.2%
9,000	4.3%	80.1%	$ 27.83	$ 28.27	$ 0.44	1.6%
10,000	3.3%	83.4%	$ 30.14	$ 31.08	$ 0.94	3.1%
11,000	2.7%	86.1%	$ 32.45	$ 35.99	$ 3.54	10.9%
12,000	2.1%	88.2%	$ 34.76	$ 40.90	$ 6.14	17.7%
13,000	1.7%	89.9%	$ 38.79	$ 45.81	$ 7.02	18.1%
14,000	1.5%	91.4%	$ 42.82	$ 50.72	$ 7.90	18.4%
15,000	1.2%	92.6%	$ 46.85	$ 55.63	$ 8.78	18.7%
16,000	1.0%	93.6%	$ 50.88	$ 60.54	$ 9.66	19.0%
17,000	0.9%	94.5%	$ 54.91	$ 65.45	$ 10.54	19.2%
18,000	0.8%	95.2%	$ 58.94	$ 70.36	$ 11.42	19.4%
19,000	0.7%	95.9%	$ 67.00	$ 75.27	$ 8.27	12.3%
20,000	0.6%	96.5%	$ 75.06	$ 80.18	$ 5.12	6.8%

Outside City Surcharge
Residential 5/8 X 3/4" Meter
Inside City w/Water & Sewer Service
Approximately 15% of Residential Customers

Inside City Residential 5/8 X 3/4" Meter Monthly Water & Sewer Bill Calculations							Proposed Rates Vs Prior Rates		
Monthly Use (Gal)	% of Bills	Agg. %	Current (FY 13)	Proposed (FY 13)	$ Chg	% Chg	FY 2013 Prior to Swr. Red.	$ Chg	% Chg.
-	5.7%	5.7%	$ 19.39	$ 24.73	$ 5.34	27.5%	$ 44.39	$ (19.66)	-101.4%
1,000	6.3%	11.9%	$ 35.87	$ 38.44	$ 2.57	7.2%	$ 60.87	$ (22.43)	-62.5%
2,000	9.4%	21.4%	$ 52.35	$ 52.15	$ (0.20)	-0.4%	$ 77.35	$ (25.20)	-48.1%
3,000	11.3%	32.6%	$ 68.83	$ 65.86	$ (2.97)	-4.3%	$ 93.83	$ (27.97)	-40.6%
4,000	11.7%	44.3%	$ 85.31	$ 79.57	$ (5.74)	-6.7%	$ 110.31	$ (30.74)	-36.0%
5,000	10.5%	54.8%	$ 101.79	$ 93.28	$ (8.51)	-8.4%	$ 126.79	$ (33.51)	-32.9%
6,000	8.6%	63.4%	$ 118.27	$ 112.09	$ (6.18)	-5.2%	$ 143.27	$ (31.18)	-26.4%
7,000	6.9%	70.4%	$ 120.58	$ 130.90	$ 10.32	8.6%	$ 145.58	$ (14.68)	-12.2%
8,000	5.5%	75.8%	$ 122.89	$ 149.71	$ 26.82	21.8%	$ 147.89	$ 1.82	1.5%
9,000	4.3%	80.1%	$ 125.20	$ 168.52	$ 43.32	34.6%	$ 150.20	$ 18.32	14.6%
10,000	3.3%	83.4%	$ 127.51	$ 187.33	$ 59.82	46.9%	$ 152.51	$ 34.82	27.3%
11,000	2.7%	86.1%	$ 129.82	$ 192.24	$ 62.42	48.1%	$ 154.82	$ 37.42	28.8%
12,000	2.1%	88.2%	$ 132.13	$ 197.15	$ 65.02	49.2%	$ 157.13	$ 40.02	30.3%
13,000	1.7%	89.9%	$ 136.16	$ 202.06	$ 65.90	48.4%	$ 161.16	$ 40.90	30.0%
14,000	1.5%	91.4%	$ 140.19	$ 206.97	$ 66.78	47.6%	$ 165.19	$ 41.78	29.8%
15,000	1.2%	92.6%	$ 144.22	$ 211.88	$ 67.66	46.9%	$ 169.22	$ 42.66	29.6%
16,000	1.0%	93.6%	$ 148.25	$ 216.79	$ 68.54	46.2%	$ 173.25	$ 43.54	29.4%
17,000	0.9%	94.5%	$ 152.28	$ 221.70	$ 69.42	45.6%	$ 177.28	$ 44.42	29.2%
18,000	0.8%	95.2%	$ 156.31	$ 226.61	$ 70.30	45.0%	$ 181.31	$ 45.30	29.0%
19,000	0.7%	95.9%	$ 164.37	$ 231.52	$ 67.15	40.9%	$ 189.37	$ 42.15	25.6%
20,000	0.6%	96.5%	$ 172.43	$ 236.43	$ 64.00	37.1%	$ 197.43	$ 39.00	22.6%

Outside City Surcharge
Residential 5/8 X 3/4" Meter
Outside City w/Water & Sewer Service
Approximately 5% of Residential Customers

Outside City Residential 5/8 X 3/4" Meter Monthly Water & Sewer Bill Calculations							Proposed Rates Vs Prior Rates		
Monthly Use (Gal)	% of Bills	Agg. %	Current (FY 13)	Proposed (FY 13)	$ Chg	% Chg	FY 2013 Prior to Swr. Red.	$ Chg	% Chg.
-	5.7%	5.7%	$ 19.39	$ 30.91	$ 11.52	59.4%	$ 44.39	$ (13.48)	-69.5%
1,000	6.3%	11.9%	$ 35.87	$ 48.05	$ 12.18	34.0%	$ 60.87	$ (12.82)	-35.7%
2,000	9.4%	21.4%	$ 52.35	$ 65.19	$ 12.84	24.5%	$ 77.35	$ (12.16)	-23.2%
3,000	11.3%	32.6%	$ 68.83	$ 82.33	$ 13.50	19.6%	$ 93.83	$ (11.51)	-16.7%
4,000	11.7%	44.3%	$ 85.31	$ 99.46	$ 14.15	16.6%	$ 110.31	$ (10.85)	-12.7%
5,000	10.5%	54.8%	$ 101.79	$ 116.60	$ 14.81	14.5%	$ 126.79	$ (10.19)	-10.0%
6,000	8.6%	63.4%	$ 118.27	$ 140.11	$ 21.84	18.5%	$ 143.27	$ (3.16)	-2.7%
7,000	6.9%	70.4%	$ 120.58	$ 163.63	$ 43.05	35.7%	$ 145.58	$ 18.05	15.0%
8,000	5.5%	75.8%	$ 122.89	$ 187.14	$ 64.25	52.3%	$ 147.89	$ 39.25	31.9%
9,000	4.3%	80.1%	$ 125.20	$ 210.65	$ 85.45	68.3%	$ 150.20	$ 60.45	48.3%
10,000	3.3%	83.4%	$ 127.51	$ 234.16	$ 106.65	83.6%	$ 152.51	$ 81.65	64.0%
11,000	2.7%	86.1%	$ 129.82	$ 240.30	$ 110.48	85.1%	$ 154.82	$ 85.48	65.8%
12,000	2.1%	88.2%	$ 132.13	$ 246.44	$ 114.31	86.5%	$ 157.13	$ 89.31	67.6%
13,000	1.7%	89.9%	$ 136.16	$ 252.58	$ 116.42	85.5%	$ 161.16	$ 91.42	67.1%
14,000	1.5%	91.4%	$ 140.19	$ 258.71	$ 118.52	84.5%	$ 165.19	$ 93.52	66.7%
15,000	1.2%	92.6%	$ 144.22	$ 264.85	$ 120.63	83.6%	$ 169.22	$ 95.63	66.3%
16,000	1.0%	93.6%	$ 148.25	$ 270.99	$ 122.74	82.8%	$ 173.25	$ 97.74	65.9%
17,000	0.9%	94.5%	$ 152.28	$ 277.13	$ 124.85	82.0%	$ 177.28	$ 99.85	65.6%
18,000	0.8%	95.2%	$ 156.31	$ 283.26	$ 126.95	81.2%	$ 181.31	$ 101.95	65.2%
19,000	0.7%	95.9%	$ 164.37	$ 289.40	$ 125.03	76.1%	$ 189.37	$ 100.03	60.9%
20,000	0.6%	96.5%	$ 172.43	$ 295.54	$ 123.11	71.4%	$ 197.43	$ 98.11	56.9%

Outside City Surcharge
Commercial 5/8 X 3/4" Meter
Inside City w/Water & Sewer Service
(Small Office/Retail Store)

Inside City Commercial 5/8 X 3/4" Meter Monthly Water & Sewer Bill Calculations											
Monthly Use (Gal)	% of Bills	Agg. %	Current (FY 13)		Proposed (FY 13)		$ Chg		% Chg
-	28.4%	28.4%	$	44.39	$	24.73	$	(19.66)	-44.3%
1,000	21.8%	50.2%	$	64.49	$	40.70	$	(23.79)	-36.9%
2,000	10.8%	61.0%	$	84.59	$	56.67	$	(27.92)	-33.0%
3,000	6.4%	67.4%	$	104.69	$	72.64	$	(32.05)	-30.6%
4,000	4.1%	71.5%	$	124.79	$	88.61	$	(36.18)	-29.0%
5,000	3.8%	75.2%	$	144.89	$	104.58	$	(40.31)	-27.8%
6,000	3.6%	78.8%	$	164.99	$	120.55	$	(44.44)	-26.9%
7,000	2.1%	80.9%	$	185.09	$	136.52	$	(48.57)	-26.2%
8,000	2.6%	83.5%	$	205.19	$	152.49	$	(52.70)	-25.7%
9,000	1.9%	85.4%	$	225.29	$	168.46	$	(56.83)	-25.2%
10,000	2.0%	87.4%	$	245.39	$	184.43	$	(60.96)	-24.8%
11,000	2.0%	89.4%	$	265.49	$	200.40	$	(65.09)	-24.5%
12,000	1.3%	90.8%	$	285.59	$	216.37	$	(69.22)	-24.2%
13,000	1.2%	92.0%	$	305.69	$	232.34	$	(73.35)	-24.0%
14,000	0.9%	92.8%	$	325.79	$	248.31	$	(77.48)	-23.8%
15,000	1.0%	93.9%	$	345.89	$	264.28	$	(81.61)	-23.6%
16,000	0.8%	94.6%	$	365.99	$	280.25	$	(85.74)	-23.4%
17,000	0.7%	95.3%	$	386.09	$	296.22	$	(89.87)	-23.3%
18,000	0.4%	95.8%	$	406.19	$	312.19	$	(94.00)	-23.1%
19,000	0.3%	96.1%	$	426.29	$	328.16	$	(98.13)	-23.0%
20,000	0.6%	96.6%	$	446.39	$	344.13	$	(102.26)	-22.9%
30,000	0.1%	98.5%	$	647.39	$	503.83	$	(143.56)	-22.2%
40,000	0.0%	99.1%	$	848.39	$	663.53	$	(184.86)	-21.8%
50,000	0.0%	99.3%	$	1,049.39	$	823.23	$	(226.16)	-21.6%

Outside City Surcharge
Commercial 1" Meter
Inside City w/Water & Sewer Service
(Service Station/Bank)

Inside City Commercial 1" Meter Monthly Water & Sewer Bill Calculations											
Monthly Use (Gal)	% of Bills	Agg. %		Current (FY 13)		Proposed (FY 13)		$ Chg		% Chg
-	8.3%	8.3%	$	107.10	$	53.37	$	(53.73)		-50.2%
1,000	17.1%	25.4%	$	127.20	$	69.34	$	(57.86)		-45.5%
2,000	13.4%	38.8%	$	147.30	$	85.31	$	(61.99)		-42.1%
3,000	4.6%	43.4%	$	167.40	$	101.28	$	(66.12)		-39.5%
4,000	2.9%	46.3%	$	187.50	$	117.25	$	(70.25)		-37.5%
5,000	4.3%	50.6%	$	207.60	$	133.22	$	(74.38)		-35.8%
6,000	4.4%	55.0%	$	227.70	$	149.19	$	(78.51)		-34.5%
7,000	4.0%	59.0%	$	247.80	$	165.16	$	(82.64)		-33.3%
8,000	4.1%	63.1%	$	267.90	$	181.13	$	(86.77)		-32.4%
9,000	3.3%	66.4%	$	288.00	$	197.10	$	(90.90)		-31.6%
10,000	1.9%	68.3%	$	308.10	$	213.07	$	(95.03)		-30.8%
11,000	1.7%	70.0%	$	328.20	$	229.04	$	(99.16)		-30.2%
12,000	1.4%	71.4%	$	348.30	$	245.01	$	(103.29)		-29.7%
13,000	1.7%	73.2%	$	368.40	$	260.98	$	(107.42)		-29.2%
14,000	1.4%	74.6%	$	388.50	$	276.95	$	(111.55)		-28.7%
15,000	1.1%	75.7%	$	408.60	$	292.92	$	(115.68)		-28.3%
16,000	2.1%	77.8%	$	428.70	$	308.89	$	(119.81)		-27.9%
17,000	1.9%	79.6%	$	448.80	$	324.86	$	(123.94)		-27.6%
18,000	1.0%	80.6%	$	468.90	$	340.83	$	(128.07)		-27.3%
19,000	1.1%	81.7%	$	489.00	$	356.80	$	(132.20)		-27.0%
20,000	0.9%	82.6%	$	509.10	$	372.77	$	(136.33)		-26.8%
30,000	0.8%	89.4%	$	710.10	$	532.47	$	(177.63)		-25.0%
40,000	0.3%	93.5%	$	911.10	$	692.17	$	(218.93)		-24.0%
50,000	0.0%	96.2%	$	1,112.10	$	851.87	$	(260.23)		-23.4%

Outside City Surcharge
Commercial 2" Meter
Inside City w/Water & Sewer Service
(Restaurant/Hotel)

Inside City Commercial 2" Meter Monthly Water & Sewer Bill Calculations						
Monthly Use (Gal)	% of Bills	Agg. %	Current (FY 13)	Proposed (FY 13)	$ Chg	% Chg
-	6.0%	6.0%	$ 337.06	$ 158.36	$ (178.70)	-53.0%
10,000	1.6%	33.2%	$ 538.06	$ 318.06	$ (220.00)	-40.9%
20,000	1.5%	54.9%	$ 739.06	$ 477.76	$ (261.30)	-35.4%
30,000	0.6%	61.8%	$ 940.06	$ 637.46	$ (302.60)	-32.2%
40,000	0.6%	67.1%	$ 1,141.06	$ 797.16	$ (343.90)	-30.1%
50,000	0.3%	70.3%	$ 1,342.06	$ 956.86	$ (385.20)	-28.7%
60,000	0.1%	75.8%	$ 1,543.06	$ 1,116.56	$ (426.50)	-27.6%
70,000	0.4%	81.1%	$ 1,744.06	$ 1,276.26	$ (467.80)	-26.8%
80,000	0.0%	84.3%	$ 1,945.06	$ 1,435.96	$ (509.10)	-26.2%
90,000	0.0%	85.9%	$ 2,146.06	$ 1,595.66	$ (550.40)	-25.6%
100,000	0.0%	87.0%	$ 2,347.06	$ 1,755.36	$ (591.70)	-25.2%
150,000	0.0%	92.7%	$ 3,352.06	$ 2,553.86	$ (798.20)	-23.8%
200,000	0.0%	93.7%	$ 4,357.06	$ 3,352.36	$(1,004.70)	-23.1%
250,000	0.1%	94.6%	$ 5,362.06	$ 4,150.86	$(1,211.20)	-22.6%
300,000	0.0%	96.6%	$ 6,367.06	$ 4,949.36	$(1,417.70)	-22.3%
350,000	0.0%	97.5%	$ 7,372.06	$ 5,747.86	$(1,624.20)	-22.0%
400,000	0.0%	98.8%	$ 8,377.06	$ 6,546.36	$(1,830.70)	-21.9%
500,000	0.3%	99.9%	$ 10,387.06	$ 8,143.36	$(2,243.70)	-21.6%

Outside City Surcharge
5/8 X 3/4" Meter
Inside City Reclaimed Water Service
(1% of Customer Base Has Reclaimed Water)

Inside City 5/8 X 3/4" Meter Monthly Reclaimed Water Bill Calculations							
Monthly Use (Gal)	% of Bills	Agg. %	Current (FY 13)	Proposed (FY 13)	$ Chg	% Chg
-	39.0%	39.0%	$ -	$ 2.82	$ 2.82	0.0%
1,000	1.6%	40.5%	$ 0.75	$ 4.07	$ 3.32	442.7%
2,000	1.8%	42.3%	$ 1.50	$ 5.32	$ 3.82	254.7%
3,000	1.8%	44.1%	$ 2.25	$ 6.57	$ 4.32	192.0%
4,000	1.6%	45.7%	$ 3.00	$ 7.82	$ 4.82	160.7%
5,000	1.9%	47.7%	$ 3.75	$ 9.07	$ 5.32	141.9%
6,000	2.4%	50.1%	$ 4.50	$ 10.32	$ 5.82	129.3%
7,000	2.4%	52.5%	$ 5.25	$ 11.57	$ 6.32	120.4%
8,000	2.2%	54.7%	$ 6.00	$ 12.82	$ 6.82	113.7%
9,000	2.2%	56.9%	$ 6.75	$ 14.07	$ 7.32	108.4%
10,000	2.3%	59.1%	$ 7.50	$ 15.32	$ 7.82	104.3%
11,000	2.5%	61.6%	$ 8.25	$ 16.57	$ 8.32	100.8%
12,000	2.3%	63.9%	$ 9.00	$ 17.82	$ 8.82	98.0%
13,000	2.2%	66.1%	$ 9.75	$ 19.07	$ 9.32	95.6%
14,000	2.1%	68.3%	$ 10.50	$ 20.32	$ 9.82	93.5%
15,000	2.4%	70.6%	$ 11.25	$ 21.57	$ 10.32	91.7%
16,000	2.5%	73.1%	$ 12.00	$ 22.82	$ 10.82	90.2%
17,000	2.0%	75.1%	$ 12.75	$ 24.07	$ 11.32	88.8%
18,000	2.2%	77.3%	$ 13.50	$ 25.32	$ 11.82	87.6%
19,000	1.8%	79.1%	$ 14.25	$ 26.57	$ 12.32	86.5%
20,000	1.5%	80.5%	$ 15.00	$ 27.82	$ 12.82	85.5%
30,000	0.7%	91.3%	$ 22.50	$ 40.32	$ 17.82	79.2%
40,000	0.5%	95.6%	$ 30.00	$ 52.82	$ 22.82	76.1%
50,000	0.2%	98.1%	$ 37.50	$ 65.32	$ 27.82	74.2%
100,000	0.0%	99.8%	$ 75.00	$ 127.82	$ 52.82	70.4%

CITY OF DELTONA, FLORIDA
CITY COMMISSION WORKSHOP MEETING
MONDAY, FEBRUARY 25, 2013

A Workshop Meeting of the Deltona City Commission was held on Monday, February 25, 2013 at the City Hall Commission Chambers at 2345 Providence Blvd. Deltona, Florida.

1. CALL TO ORDER:

The meeting was called to order at 6:33 p.m. by Mayor John Masiarczyk.

2. ROLL CALL:

Mayor	John Masiarczyk	Present
Vice Mayor	Zenaida Denizac	Present
Commissioner	Webster Barnaby	Present
Commissioner	Heidi Herzberg	Present
Commissioner	Fred Lowry	Present
Commissioner	Chris Nabicht	Present
Commissioner	Nancy Schleicher	Present
Acting City Manager	William "Dave" Denny	Present
City Attorney	Becky Vose	Present
Deputy City Clerk	Mitch Honaker	Present

Also Present: Public Works/Deltona Water Director Glenn Whitcomb; Finance Director Robert Clinger; Grants Coordinator Cheryl Atkins; and VCSO Captain Dave Brannon.

3. BUSINESS:

A. Discussion re: Status report from Burton & Associates, Rate Consultant, on Water and Wastewater (Sewer) Rate Study.

Burton & Associates President Mike Burton and Deltona Financial Advisor Mark Galvin gave a presentation on the water and waste water rate study.

The two main topics discussed were the City implementing both a 2 ½ percent rate increase in year 2014 and an outside City surcharge in 2013. There was discussion regarding reducing the amount the City has to borrow each year, key assumptions, the 10 year plan, water rates for residents inside the City, an outside City surcharge compared at different water use rates, customer impact table, funding the five (5) year capital improvement plan, increase in key operating costs, maintaining a sufficient reserve, targeting six (6) months of O&M expenses (equal to 4 mil in FY 12/13), maintaining sufficient debt service coverage, terms of refinancing, and a summary of the impact of the rate alternatives on residential monthly utility bills.

Commissioner Nabicht asked Mr. Burton if Florida State law allows a City to go up to a 25% outside City surcharge, and if the full 25% was used in the water rate study's interactive model.

Mr. Burton answered yes to both questions and that the Commission could use less than 25% if they wanted to.

Commissioner Lowry asked if the Commission was in agreement to go with the outside City surcharge. The Commission concurred and directed Mr. Burton to go over only the slides that considered a criterion of an outside City surcharge.

Commissioner Herzberg stated that she wanted to see the difference between the 2 ½% in year 2014 and just implementing 4 ½% in year 2015. Mr. Burton added the 25% surcharge into the interactive model and discussed water rates with and without the 2 ½% increase in year 2014.

Commissioner Herzberg asked what the Consumer Price Index (CPI) was at. Mr. Burton replied that the average overall CPI is around 2 ½%.

The Commission discussed the City's future debt, future interest rates, customer impacts, outside City surcharges, and whether or not to implement a 2 ½% increase in FY 2013/2014.

Mr. Denny stated that implementing a 2 ½% rate increase in year 2014 would give the City a certain comfort level and would result in the City borrowing less money each year to meet the City's Capital improvement plan costs.

Mayor Masiarczyk asked if this provides a reduction to what the residents are paying today. Mr. Burton answered yes, that the average family home will have a reduction due to the change in the rate structure.

Commissioner Herzberg asked if Mr. Burton was going to review what additional revenue the City would see from a 2 ½% increase in year 2014. Mr. Burton answered that it is really measured in lowering the amount of money the City would have to borrow each year. Over the entire debt period it would equate to around a $1 million dollar savings to the City.

Commissioner Barnaby stated that he would like to hear a comprehensive report which may better allow the Commission to reach a certain comfort level before making a decision.

Mr. Burton reviewed the water rates for different meter sizes, different water use, and a 2 ½% increase in year 2014.

Commissioner Herzberg asked if there would be a 2 ½% increase or water surcharge for the year that the City is in right now, year 2013. Mr. Burton recommends doing the rate change as soon as possible due to the discontinuity in the classes of water users. The rate change just reapportions the water rates; it is not revenue producing. Then on October 1, 2013 increase the water rates by 2 ½% and then in year 2015 raise the rates by 4 ½%.

Commissioner Lowry stated that implementing an outside City surcharge would reduce water rates for a resident using 5,000 gallons of water and he wanted to know when that resident would be back up to paying what they are paying now and Mr. Burton replied around three (3) years.

Commissioner Herzberg discussed rate reductions and increases for residents, and making sure there is a gradual transition so the City does not run into the same situation as the last time it implemented the 17 ½% increase.

After discussion, the Commission concurred to implement a 25% surcharge for water users outside the City in mid-year 2013 causing some residents to see a decrease and some an increase in the water rates.

Mayor Masiarczyk asked to take a break from the water and wastewater rate study discussion to allow Representative David Santiago to address the Commission regarding upcoming issues.

B. Add-on Agenda Item, Discussion re: Representative David Santiago, District 27.

Representative David Santiago, District 27 discussed two (2) issues that he recommended the City keep an eye on.

Representative Santiago discussed the Communication Service Tax (CTA) and efforts to make the CTA transparent to residents. He stated that the League of Cities and local counties are doing a good job of defending the CTA. In an effort to try and make the CTA more transparent to citizens some City's CTA rates may change.

Representative Santiago stated that he is on the Finance and Tax Committee and that some cities are requesting approval from legislators to be an Enterprise Zone and encouraged Deltona to check into this option. He stated he feels like Deltona would be a perfect candidate for the Enterprise Zone.

Representative Santiago stated Soccer is becoming very popular in Florida and Orlando is trying to acquire a major league soccer (MLS) team and that Florida may be getting two (2) MLS teams.

Representative Santiago stated the key to getting an Enterprise Zone and getting jobs in Deltona is to be partnering with Enterprise, Florida. He discussed Daytona State College's (DSC) Advanced Technology College (ATC), the shortage of trained work force, high-tech jobs that cannot be filled, and Enterprise Florida Incorporated.

Vice Mayor Denizac stated that she has discussed Enterprise Zones with both Representative Santiago and with Mr. Mayes who is researching it, and that she agrees with Representative Santiago that Deltona has the population base and just needs to get the training.

Commissioner Herzberg asked about Enterprise Zones, Enterprise Florida Incorporated working on City's being approved as an Enterprise Zone, and Team Volusia's role.

C. Continued discussion re: Status report from Burton & Associates, Rate Consultant, on Water and Wastewater (Sewer) Rate Study.

Mayor Masiarczyk continued the water and wastewater rate study discussion by recapping the previous discussion.

Vice Mayor Denizac stated that regular families use more than 5,000 gallons of water and asked what the increase would be for a house that uses 7,000 gallons of water. Mr. Burton replied that a resident who uses 7,000 gallons of water would see an increase of 8.6% if they use the same amount of water.

Vice Mayor Denizac stated that she wanted the public to realize that not everyone is going to see a decrease in their water bill, and that a lot of people are going to see an increase. Mr. Burton agreed and he stated that everyone who uses 7,000 gallons or more of water will see an increase.

Mayor Masiarczyk stated that at least the City is down to a reasonable amount of an increase as compared to the 17 ½% increase that was supposed to occur.

Commissioner Herzberg stated that 63.4% of Deltona water customers will see a decrease in their bill. When looking at the 5,600 sewer customers, a good percentage of those will also see a decrease, and that the City needs to look at a user friendly policy for irrigation meters.

Commissioner Nabicht discussed the rate study and asked what other revenue streams were looked at, and if there are any revenue streams that Deltona could look at to reduce the rates a little more. Mr. Burton replied that they looked at miscellaneous fees, hook-up fees, reclaimed water, and the usual revenue that a municipality generates. Mr. Burton stated that they will go back and compare Deltona's miscellaneous fees to other City's but that they are usually too small of a portion of the City's revenue to offset a rate increase.

The Commission discussed water use rates, essential domestic requirements, equal debt service distribution, elasticity of demand, conservation of water and the effect on City revenue, and the holistic approach to water use.

Vice Mayor Denizac asked Mr. Burton to comment on what Representative Santiago mentioned about the possibility of the Florida Public Service Commission regulating the water rate system. Mr. Burton replied once the Florida Public Service Commission is involved the good and the bad of it is that the Commission cannot do anything to change the water rates.

Mr. Denny agreed with Mr. Burton about the Public Service Commission taking the decision making out of the City's hands. He also commented on Vice Mayor Denizac's inquiry about residents conserving water, in that there are benefits on the City water system and on capital improvements when residents reduce their water rate usage.

Vice Mayor Denizac asked if e-billing could reduce water costs to residents. Mr. Denny replied that staff is currently researching e-billing and that it would take a complete conversion of the current system. This would take approximately two (2) years and that staff was still conducting a costs analysis before presenting the idea to the Commission.

Commissioner Lowry stated that in developing the ordinance the Commission should mandate a periodic review of the rate study.

Commissioner Herzberg stated that the Commission should revisit the water rate study every few years. She also discussed conserving water and a comparison of Deltona and other municipalities going through the same water rate issues.

Commissioner Schleicher stated that the water rate study should be reviewed each year. She also discussed irrigation, the fact that water conservation is paramount, the Saint Johns River Water Management Consumptive Use Permit (CUP), and that all cities are dealing with water rates and water costs. She asked about a House Bill that may affect a City running utilities outside City limits.

Mr. Denny stated that Commissioner Schleicher may be referring to House Bill 319 which states that a municipality cannot run water or sewer lines outside City boundaries without the County's approval.

4. PUBLIC COMMENTS:

Bill Tavernier, 1880 North Merrick Drive, asked if the City was running the water company efficiently and he suggested that City water only customers go to quarterly billing. He also suggested the City use statement stuffers to go in the water bill as a source of revenue.

Mayor Masiarczyk closed the public comments portion of the meeting.

Vice Mayor Denizac stated that she does not support the 2 ½% increase in October, 2013 and the Commission needed more discussion regarding that issue.

Commissioner Barnaby stated that he is not ready to discuss the 2 ½% increase until he has had the time to study the information presented.

Mr. Denny said he would add the 2 ½% increase topic to the second Regular Commission Meeting (RCM) in March.

The Commission thanked IT for the monitors being installed on the dais.

5. ADJOURNMENT:

There being no further business the meeting adjourned at 7:52 p.m.

Mitch Honaker, Deputy City Clerk

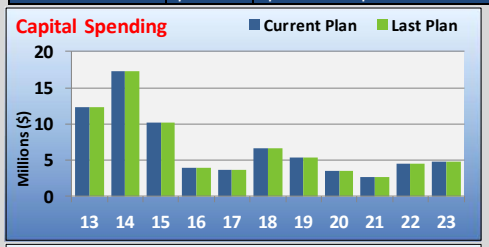
Outside City Surcharge

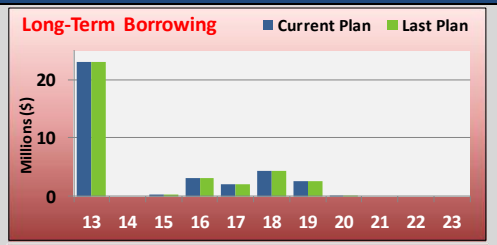
FINANCIAL ANALYSIS AND MANAGEMENT SYSTEM (FAMS) SUMMARY

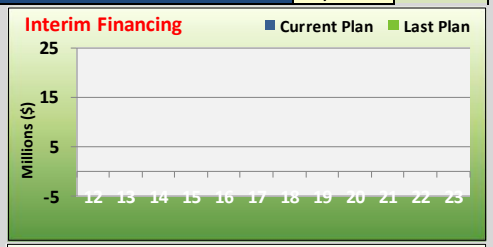
SAVE CALC

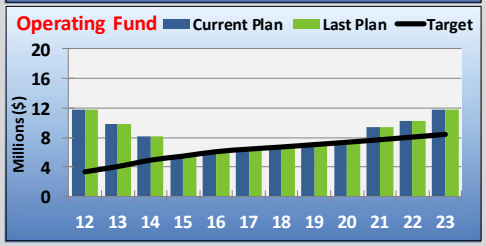
		FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Cumulative Change FY 2018	Cumulative Change FY 2023
Override ▶		0.00%	2.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%		
Water Rate Increases		0.00%	2.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	22.31%	52.44%
Last Plan		0.00%	2.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	22.22%	52.36%
Override ▶		0.00%	2.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%		
Sewer Rate Increases		0.00%	2.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	27.00%	65.99%
Last Plan		0.00%	2.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	26.98%	65.95%
Rate Covenant		1.72	1.64	1.62	1.53	1.57					2.03	2.17	PS FY14 ▶	95%
Last Plan		1.72	1.64	1.62	1.53	1.57					2.03	2.17	OMV FY14 ▶	95%
SRF Coverage			31.62	1.79	1.54	1.71					3.69	4.28	OMF FY14 ▶	90%
Last Plan			31.62	1.79	1.54	1.71					3.69	4.28	WWTP Int.	2.50%
CIP Execution % ▶		75%	75%	75%	75%						75%	75%	Option 1	
Operating Reserve % ▶		50%	58%	58%	58%	58%	58%		58%	58%	58%	58%	Option 2	Y
Inside City Cost		**Outside City Surcharge - YES**												
Water	$19.25	$17.03	17.46	18.25	19.07	19.93	20.83	21.77	22.75	23.77	24.84	25.96	Option 3	
Sewer	$82.54	$76.25	78.16	82.46	87.00	[illegible]	96.84	102.17	107.79	113.72	119.97	126.57	Option 4	
Total	$101.79	$93.28	$95.62	$100.71	$106.07	$111.72	$117.67	$123.94	$130.54	$137.49	$144.81	$152.53	Option 5	
Average Bill (5,000 gals.)		$96.14	98.54	103.78	109.31	115.13	121.26	127.72	134.53	141.70	149.25	157.21	Check	$ -
Outside City Cost		**Outside City Surcharge - YES**												
Water	$19.25	$21.29	21.82	22.80	23.83	24.90	26.02	27.19	28.41	29.69	31.03	32.43	Option 3	
Sewer	$82.54	$95.31	97.69	103.06	108.73	114.71	121.02	127.68	134.70	142.11	149.93	158.18	Option 4	
Total	$101.79	$116.60	$119.51	125.86	132.56	139.61	147.04	154.87	163.11	171.80	180.96	190.61	Option 5	

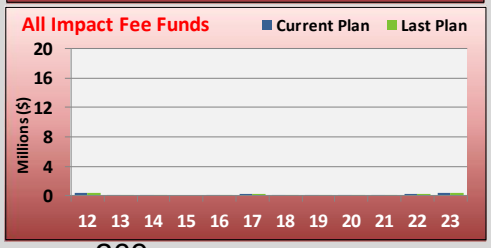
Inside City cost is less than outside City cost

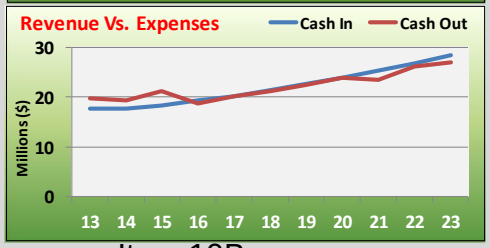












BURTON & ASSOCIATES