



Annual Comprehensive Financial Report

City of Orange City

2021
For the year ended
September 30

City of Orange City, Florida

Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2021

PREPARED BY

THE FINANCE DEPARTMENT

CITY OF ORANGE CITY, FLORIDA
Annual Comprehensive Financial Report
For the Year Ended September 30, 2021

MAYOR

Gary Blair

COUNCIL

Kelli Marks, Vice Mayor
O. William Crippen
William O'Connor
Jeff Allebach
Alex Tiamson
Martin E. Harper

CITY MANAGER

Dale Arrington

CITY CLERK

Melani Beringer

FINANCE DIRECTOR

Christine C. Davis

CITY ATTORNEY

Garganese, Weiss, D'Agresta, & Salzman, P.A.
Attorneys at Law

INDEPENDENT AUDITORS

McDermitt Davis, LLC
Certified Public Accountants and Advisors
Orlando, Florida

CITY OF ORANGE CITY, FLORIDA
 Annual Comprehensive Financial Report
 For the Year Ended September 30, 2021

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Introductory Section



May 18, 2022

To the Honorable Mayor, Members of the City Council and the Citizens of the City of Orange City, Florida:

It is with great pleasure that we present to you the City of Orange City, Florida (“the City”) Annual Comprehensive Financial Report for the fiscal year ended September 30, 2021. This report fulfills the requirements set forth in the Florida Statutes, Chapter 166.241 and the Rules of the Florida Auditor General, Chapter 10.550. The organization, form and contents of this report, plus the accompanying financial statements and statistical tables, are formulated in accordance with the principles prescribed by the Government Accounting Standards Board (GASB), State of Florida (SOF), and the Government Finance Officers Association (GFOA).

Management assumes full responsibility for the completeness and reliability of all information presented in this report based upon a comprehensive framework of internal controls that has been established for this purpose. Because the cost of internal controls should not outweigh their benefits, the City’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material mistakes. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

McDirmitt Davis, LLC, a firm of licensed certified public accountants, has audited the City’s financial statements. The objective of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended September 30, 2021, are free of material misstatements. The independent audit involved examining on test basis evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon their examination, that there was a reasonable basis for rendering an unmodified (“clean”) opinion that the City’s financial statements for the fiscal year ended September 30, 2021, are fairly presented in conformity with generally accepted accounting principles (GAAP).

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.

We believe the City’s internal controls function adequately to safeguard assets, provide reasonable assurance of proper recording of financial transactions, and provide for proper authorization of all transactions and activities.

Building
386-775-5423

City Clerk
386-775-5403

City Manager
386-775-5408

Community Info.
386-775-5410

Finance
386-775-5430

Fire
386-775-5460

Human Resources
386-775-5457

Parks & Rec.
386-775-5454

Planning
386-775-5415

Police
386-775-9999

Public Works
386-775-5450

Utilities
386-775-5444



CITY PROFILE

The City of Orange City, Florida, is located in Southwest Volusia County between the cities of DeBary, DeLand and Deltona, creating a "Metropolitan Area" of over 200,000 residents. The City of Orange City was chartered as a municipality under law of the State of Florida on May 30, 1889, although the City was formed on August 26, 1882. The City currently has a land area of 7.85 square miles and an estimated population of 13,483 which represents an increase from 12,436 in 2020 (information obtained by Bureau of Economic Business and Research). The City of Orange City has operated under the council-manager form of government since 1988. Policymaking and legislative authority are vested in an elected City Council, which consists of a mayor and six council members.

The City provides a full range of services. Governmental activities include police, fire and rescue, street maintenance, planning and zoning, building inspections, community and economic development, parks and recreation, cultural events, and general administrative services. In addition, Business-type activities include two Enterprise Funds. The Utilities Fund provides water, wastewater and reclaimed water and the Stormwater Fund provides drainage infrastructure. Both Enterprise Funds are funded through user fees established by the City Council to ensure adequate coverage of operating expenses and payments on outstanding debt. The City provides utilities services outside the city limits in certain unincorporated parts of Volusia County. The City contracts with a private contractor through a franchise agreement for solid waste collection.

As noted on page 25 of the Notes, the City maintains a Community Redevelopment Agency (CRA). A CRA is a dependent special district in which any future increases in property values are set aside to support economic development projects within the district. The CRA is charged with undertaking redevelopment and revitalization of Volusia Avenue and surrounding areas. The CRA is a decision making body which works with city staff to carry out the CRA plan and manages the tax increment funds.

The annual budget serves as the foundation for the City's financial planning and control. The City Manager formally presents the proposed budget in August. During August there is at least one workshop with the Council to review and discuss the operating budget and the capital improvement budget. From there, Council and the public review/change the proposed budget with formal adoption occurring in late September.

The process of amending and modifying the budget is specified in the City's Charter. The City Manager has authority to transfer among line items within a department. City Council approval is required for all budget amendments, which include transfers among departments, transfers involving contingency, reserve allocations, or increases in the total budget. Amendment recommendations by the City Manager throughout the fiscal year are usually prompted by significant changes in circumstances. These are documented and explained, as they occur, to the City Council in a resolution agenda item at a regularly scheduled City Council meeting.

Local economy: The financial statements are a realistic barometer of the City and its continued quality growth pattern over the past years. The City's 2021 taxable property valuations increased by 8.12% (\$67,977,508). New construction and annexations for 2021 totaled \$51,900,991 compared to \$15,441,016 in 2020. The increase in taxable value resulted from economic growth and new taxable values resulting mostly from new construction. The City anticipates a continued increase in taxable values for the 2022 tax year. The City's tax base contains non-residential and residential properties, with non-residential being classification such as; retail, healthcare, and apartments. Non-residential represents 69.1% of the taxable value and residential is 30.9%.



FINANCIAL INFORMATION

Long-Term Financial Planning: Each year, the City conducts a thorough ratio analysis of financial trends on numerous strategic performance metrics over the preceding five-year period to identify financial threats and/or issues that may affect the year's pre-budget planning, assisting in the determination of major budgeting parameters such as tax policy, capital objectives, operational spending targets, cash management, and reserve requirements. Long-term financial planning is also incorporated into budgeting via use of the City's four part fiscal strategy, which includes: (1) Controlling recurring expenses and long-term liabilities-insuring that such cost growth does not outpace the growth of recurring revenue; (2) Providing for the future availability of current assets; (3) Avoiding any structural fiscal imbalance; and, (4) Running government like a business, e.g., recognizing citizens and business owners as shareholders and taking actions appropriate to the protection of that part of their owner's equity that is based on the safety, attractiveness, and overall desirability of the living and business environments.

Relevant Financial Policies: The City's investment policy is to minimize market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by Federal Depository Insurance or collateralized in Qualified Public Depositories in accordance with state statutes. Very limited surplus funds (less than 1%) are invested in the Local Government Investment Pool (LGIP) administered by the Florida State Board of Administration (SBA) and the Florida Safe Investment Pool.

Along with the annual budget each fiscal year, the City adopts a comprehensive strategic plan with an annual performance report. The strategic plan identifies major challenges, states goals, and sets a policy agenda and a management agenda. Each year the performance report is prepared to aid in evaluating the prior years' performance and to assist with updating the strategic plan. All parties in the budget process are accountable for providing realistic and attainable projections in order to minimize deviations from the plan as each budget year proceeds.

It has been a long-standing goal of the City Council and management's position that the general fund balance should always remain above 25% of projected expenditures. In the event the City is faced with a natural disaster, these funds would be readily available to pay the various contractors needed to assist the City with meeting the needs of opening roads and debris clean-up without having to wait for federal funding (FEMA).

AWARDS AND ACKNOWLEDGEMENTS

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Orange City for its annual comprehensive financial report (ACFR) for the fiscal year ended September 30, 2020; this is the twentieth consecutive year that the City has received this prestigious award. In order to receive this Certificate of Achievement, the City must publish an easily readable and efficiently organized ACFR. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget of Fiscal Year 2020/21. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device. We believe that our budget document for Fiscal Year 2021/22 meets the Distinguished Budget Presentation Award Program's requirements and we submitted our budget document to the GFOA to determine its eligibility for the award. The City has successfully received the Distinguished Budget Award for thirteen consecutive years.



The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Our sincere appreciation is extended to each member of the department for the contributions made in the preparation of this report.

Other City Departments, although not extensively involved in year-end audit activities, contributed significantly by ensuring the accuracy and integrity of accounting information compiled throughout the year. Without their diligence, the work of the Finance Department would have been considerably more difficult. Appreciation must also be expressed to McDimit Davis, LLC, City's auditors, for their contribution to the excellence and quality of this report.

In closing, we would also like to thank the Mayor and City Council for their continued support and steadfast commitment to maintaining the financial integrity of the City. With their leadership, the City has a secure financial future without compromising quality of life.

Yours in public service,

Ms. Dale Arrington

Dale Arrington
City Manager

Ms. Christine Davis

Christine C. Davis
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Orange City
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

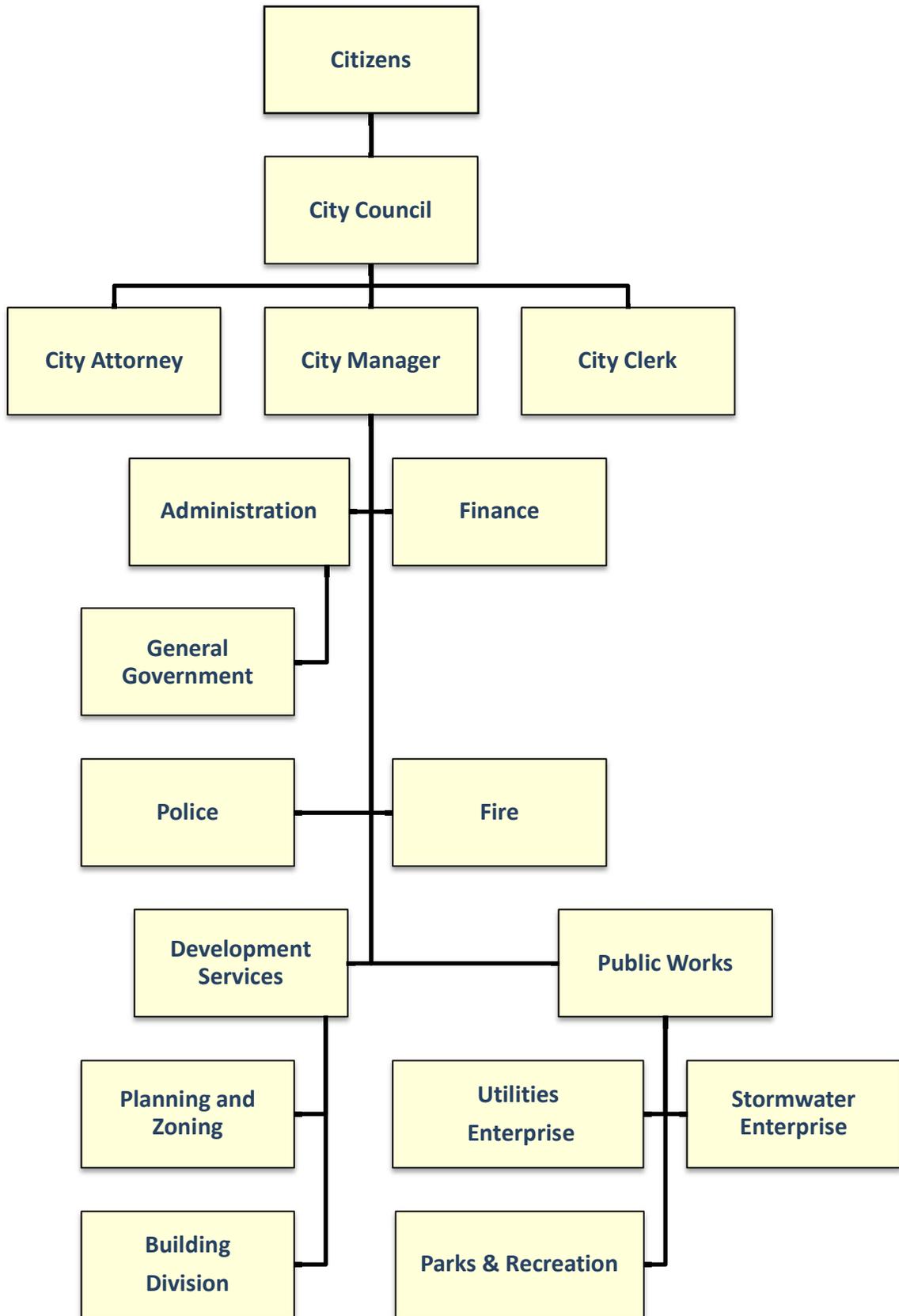
September 30, 2020

Christopher P. Morill

Executive Director/CEO

CITY OF ORANGE CITY, FLORIDA

ORGANIZATIONAL CHART



**CITY OF ORANGE CITY, FLORIDA
Annual Comprehensive Financial Report
For the Year Ended September 30, 2021**

Council-Manager Form of Government



**(L to R back row, O. William Crippen, Martin Harper, Alex Tiamson, Jeff Allebach
Kelli Marks, Mayor Gary Blair, William O'Connor)**

City Council

Gary A. Blair	Mayor
Kelli Marks	Vice Mayor
O. William Crippen	Council Member
William O'Connor	Council Member
Jeff Allebach	Council Member
Alex Tiamson	Council Member
Martin E. Harper	Council Member

Administrative Staff

City Manager Dale Arrington	City Attorney William Reischmann
Finance Director Christine C. Davis	City Clerk Melanie Beringer



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Financial Section



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Orange City, Florida

Report on the Financial Statements

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 Orange City, Florida as of and for the year ended September 30, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

City of Orange City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 City of Orange City, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, pension and other postemployment benefits disclosures 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 the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise *City of Orange City's* basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, statistical section, and the Schedule of Expenditures of Federal Awards (The Schedule), as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules of budgetary comparison information, and the Schedule are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund statements and schedules, and the Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 18, 2022 on our consideration of *City of Orange 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 solely 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering *City of Orange City's* internal control over financial reporting and compliance.

McDiernit Davis

Orlando, Florida
May 18, 2022

CITY OF ORANGE CITY, FLORIDA

Management's Discussion and Analysis

September 30, 2021

Management of the City of Orange City, Florida (the "City") offers the readers of these basic financial statements this narrative overview and analysis of the City's financial activities for the fiscal year that ended on September 30, 2021. This discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position, (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues and concerns.

As with other sections of this financial report, the information contained within the Management's Discussion and Analysis (MD&A) should be considered only as part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the letter of transmittal, which can be found on page i, the required supplementary information (RSI) which can be found beginning with page 55, and the City's financial statements beginning on page 15.

Financial highlights

- The assets and deferred outflows of resources of the City of Orange City exceeded its liabilities and deferred inflows of resources at September 30, 2021 by \$51,405,428 (net position). Of this amount, \$15,208,560 (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors.
- The City's total net position increased by \$6,698,622. Governmental total net position increased by \$3,601,476 while business-type activities increased by \$3,097,146.
- At the close of the fiscal year, the City of Orange City's governmental funds reported combined ending fund balances of \$17,547,442, an increase of \$3,106,874 in comparison with the prior year. Approximately 74.2% of this amount or \$13,014,351 is available for spending at the City's discretion (unassigned fund balance).
- The City's total outstanding debt had a net decreased of \$92,632 during the current fiscal year. The increase debt totaling \$730,850 was associated with SRF loan proceeds. The decreases resulted with debt service payments associated with Revenue Bonds (\$340,000), Notes Payable (\$76,983) and SRF Loan (\$406,499).

Overview of the financial statements

This discussion and analysis is intended to serve as an introduction to the City of Orange City's basic financial statements, which 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 supplemental information intended to furnish additional detail to support the basic financial statements themselves.

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 private-sector business.

The Statement of Net Position presents information on all of the City's assets, liabilities and deferred outflows/inflows with the difference reported as net position. The focus of the Statement of Net Position (the "unrestricted net position") is designed to be similar to the "bottom line" results for the City and its governmental and business-type activities. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used in most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and the change in position. You can think of the City's net position – the difference between assets and liabilities – as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial position is improving or deteriorating.

However, other nonfinancial factors will need to be considered to assess the overall health of the City, such as, changes in the City property tax base and the condition of the City roads.

CITY OF ORANGE CITY, FLORIDA

Management's Discussion and Analysis

September 30, 2021

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including police, fire, public works, parks and general government. Property taxes, franchise fees and state-shared revenues finance most of these activities.
- Business-type activities – Fees are charged to customers to cover the cost of providing water, wastewater utility and stormwater services.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, in the governmental and business-type funds, that are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

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 their cost through user fees and charges (business-type activities). The governmental activities include general government, public safety, transportation, and culture and recreation. The business-type activities include water, wastewater and stormwater fees.

The government-wide financial statements include the City of Orange City itself (known as the primary government) and one blended component unit (Community Redevelopment Agency Fund). The government-wide financial statements can be found on pages 16-17 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

The City maintains six individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Impact Fee Fund (a special revenue fund) and CRA (a special revenue fund), all of which are considered to be major funds. Data from the other three governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in this report, following the notes to the financial statements.

The City adopts an annual appropriated budget for its General Fund and special revenue funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budget. The General Fund, Impact Fee Fund and the CRA Fund are presented as required supplemental information. The governmental funds financial statements can be found on pages 18-20 of this report.

CITY OF ORANGE CITY, FLORIDA

Management's Discussion and Analysis

September 30, 2021

Enterprise funds. The City maintains two *enterprise funds*. Enterprise funds are used to present the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its utilities and stormwater funds. The Enterprise Fund statements provide the same type of information as the government-wide financial statements, only in more detail.

The basic enterprise fund financial statements can be found on pages 21-24 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and can be found on pages 25-53 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparisons. Combining and individual fund statements and schedules can be found on pages 62-68 of this report.

Infrastructure assets. Typically, a government's largest group of assets (infrastructure – roads, bridges, underground pipes [unless associated with a utility] etc.) have not been reported nor depreciated in governmental fund financial statements. GASB Statement No. 34 requires that these assets be valued and reported within the governmental column of the government-wide statements. The City had the option to either (a) depreciate these assets over their useful life or (b) develop a system of asset management (the alternative method) designed to maintain the service delivery potential to near perpetuity. The City has elected to implement the depreciation method, and will monitor and consider, over time, a possible conversion to the alternative method.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

Net Position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the current year, the City's assets and deferred outflows exceed liabilities and deferred inflows by \$51,405,428 at September 30, 2021.

The following table reflects the condensed Statement of Net Position compared to the prior year. For more detailed information see the Statement of Net Position on page 16.

Statement of Net Position						
As of September 30						
(in thousands)	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
	Current and other assets	\$ 18,437	\$ 15,662	\$ 12,616	\$ 9,802	\$ 31,053
Restricted assets	79	55	1,051	1,007	1,130	1,062
Capital assets	11,085	11,545	31,112	30,852	42,197	42,397
Total assets	29,601	27,262	44,779	41,661	74,380	68,923
Total deferred outflows of resources	2,767	4,949	359	612	3,126	5,561
Current liabilities	1,191	1,508	1,986	1,808	3,177	3,316
Long-term liabilities outstanding	6,896	18,150	6,667	8,124	13,563	26,274
Total liabilities	8,087	19,658	8,653	9,932	16,740	29,590
Total deferred inflows of resources	8,290	164	1,071	24	9,361	188
Net position:						
Net investment in capital assets	9,119	9,626	24,536	24,138	33,655	33,764
Restricted net position						
Other purposes	1,896	1,602	645	595	2,541	2,197
Unrestricted	4,976	1,161	10,233	7,584	15,209	8,745
Total net position	\$ 15,991	\$ 12,389	\$ 35,414	\$ 32,317	\$ 51,405	\$ 44,706

CITY OF ORANGE CITY, FLORIDA

Management's Discussion and Analysis

September 30, 2021

The largest portion of the City's net position is \$33,655,654 (65.5%) which reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure, vehicles and equipment) less any outstanding related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position, \$2,541,214 (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$15,208,560 (29.5%) may be used to meet the government's ongoing obligations to citizens and creditors.

The following table reflects the condensed Statement of Activities as compared to the prior year. For more detailed information see the Statement of Activities on page 17.

Changes in net position – while the Statement of Net Position shows a snapshot of the City's financial position at the end of the fiscal year, the Statement of Changes in Net Position provides answers as to the nature and source of those changes. At September 30, 2021, the City's combined net position totaled \$51,405,428, which is an increase of \$6,698,622 over last year's reported \$44,706,806.

Changes in Net Position						
For the Year Ended September 30						
(in thousands)	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues -						
Charges for services	\$ 6,044	\$ 5,733	\$ 7,629	\$ 6,603	\$ 13,673	\$ 12,336
Operating grants and contributions	331	1,220	-	-	331	1,220
Capital grants and contributions	161	204	2,011	1,717	2,172	1,921
General revenues	9,744	9,046	14	15	9,758	9,061
Total revenues	\$ 16,280	\$ 16,203	\$ 9,654	\$ 8,335	\$ 25,934	\$ 24,538
Expenses:						
General government	2,946	3,301	-	-	2,946	3,301
Public safety	7,377	9,304	-	-	7,377	9,304
Highways and streets	1,842	2,154	-	-	1,842	2,154
Parks and recreation	744	634	-	-	744	634
Economic environment	15	25	-	-	15	25
Interest on long-term debt	45	9	-	-	45	9
Water and sewer	-	-	5,750	5,009	5,750	5,009
Stormwater	-	-	516	433	516	433
Total expenses	12,969	15,427	6,266	5,442	19,235	20,869
Increase in net position before transfers	3,311	776	3,388	2,893	6,699	3,669
Transfers	291	277	(291)	(277)	-	-
Increase in net position	3,602	1,053	3,097	2,616	6,699	3,669
Net position - October 1	12,389	11,336	32,317	29,701	44,706	41,037
Net position - September 30	\$ 15,991	\$ 12,389	\$ 35,414	\$ 32,317	\$ 51,405	\$ 44,706

The City's overall net position increased \$6,698,622 (15%) from the prior year's balance. The reason for this overall increase is discussed in the following sections for governmental and business-type activities.

Net position of the City's **governmental activities** increased by \$3,601,476 and totaled \$15,990,782 at the end of fiscal year 2021. Of this amount \$1,895,848 (12%) represents resources that are subject to external restrictions on how they may be used. Unrestricted net position of \$4,975,564 (31%) may be used to meet the government's ongoing obligations to citizens and creditors. The remaining \$9,119,370 (57%) is invested in capital assets. Property taxes, which comprised 40% of the City's governmental activities revenues, increased by \$577,527; this increase was associated with increases in taxable values and newly developed property in the City.

CITY OF ORANGE CITY, FLORIDA

Management's Discussion and Analysis

September 30, 2021

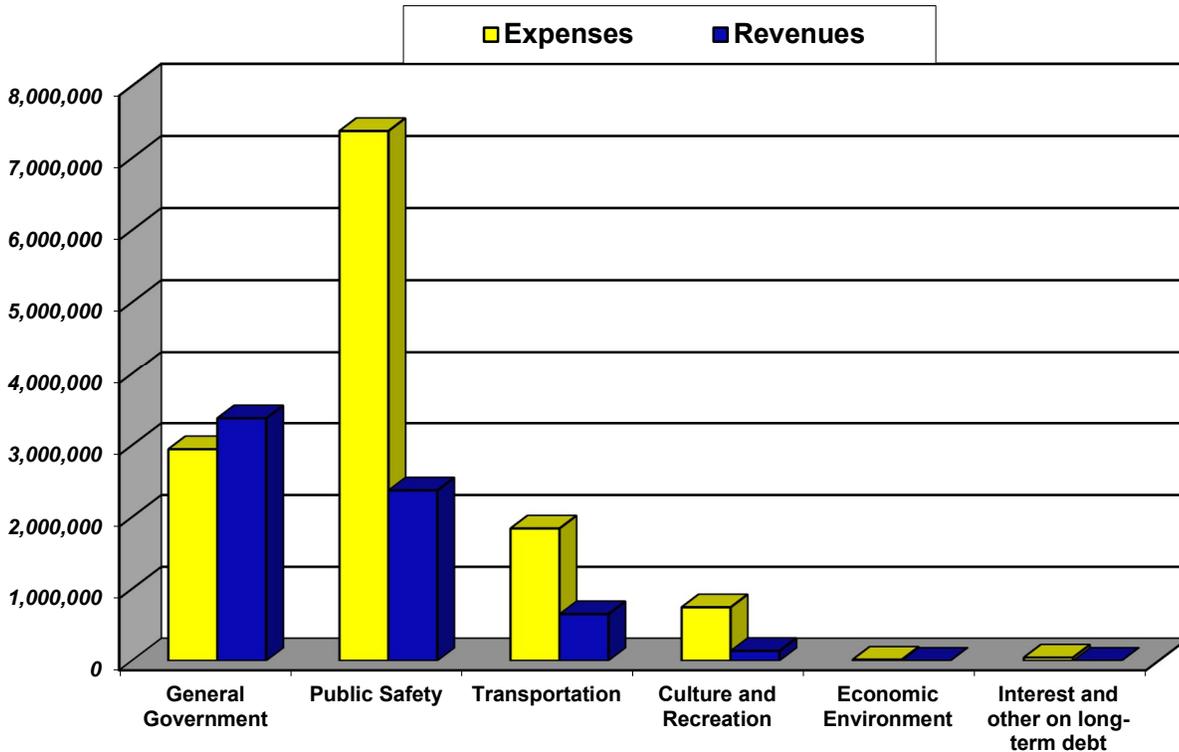
Net position of the City's **business-type activities** increased by \$3,097,146 and totaled \$35,414,646 at the end of fiscal year 2021. Of this amount \$645,366 (2%) represents resources that are subject to external restrictions on how they may be used. Unrestricted net position of \$10,232,996 (29%) may be used to meet the government's ongoing obligations to citizens and creditors. The remaining \$24,536,284 (69%) is invested in capital assets. Charges for service, which comprised 79% of the City's business-types activities revenues, increased by \$1,025,457 (16%); this increase was primarily due to an increase in new users from new development coupled with the annual CPI rate increase as approved in the adopted utility rate study.

The analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The cost of all governmental activities this year was \$12,969,335 compared to \$15,426,482 last year for a decrease of 15.9% or \$2,124,147. It should be noted, as shown in the Statement of Activities on page 17, the amount the City's taxpayers ultimately financed for these activities through City taxes was \$6,432,983 because some of the costs were paid by those who directly benefited from the programs, \$6,043,927 or by other governments and organizations that subsidized certain programs with grants and contributions, \$492,425. The governmental program revenues decreased in fiscal year 2021 to \$6,536,352 from \$7,156,710 for a decrease of \$620,358 or 8.7%. The net decrease is associated to a natural fluctuation with grant proceeds. Grant revenues decreased from \$1,423,828 to \$492,425 (grants are nonrecurring in nature). Positive factors resulting in the increase were ad valorem and utility taxes. The City also realized an increase in permitting and new construction. The City continues to pursue grant opportunities and anticipates an increase in grant revenue next year depending on the completion of certain large capital projects and the subsequent collection of reimbursement grant proceeds. The City paid for the remaining "public benefit" portion of governmental activities with \$6,432,983 in taxes and with other revenue, such as general entitlements.

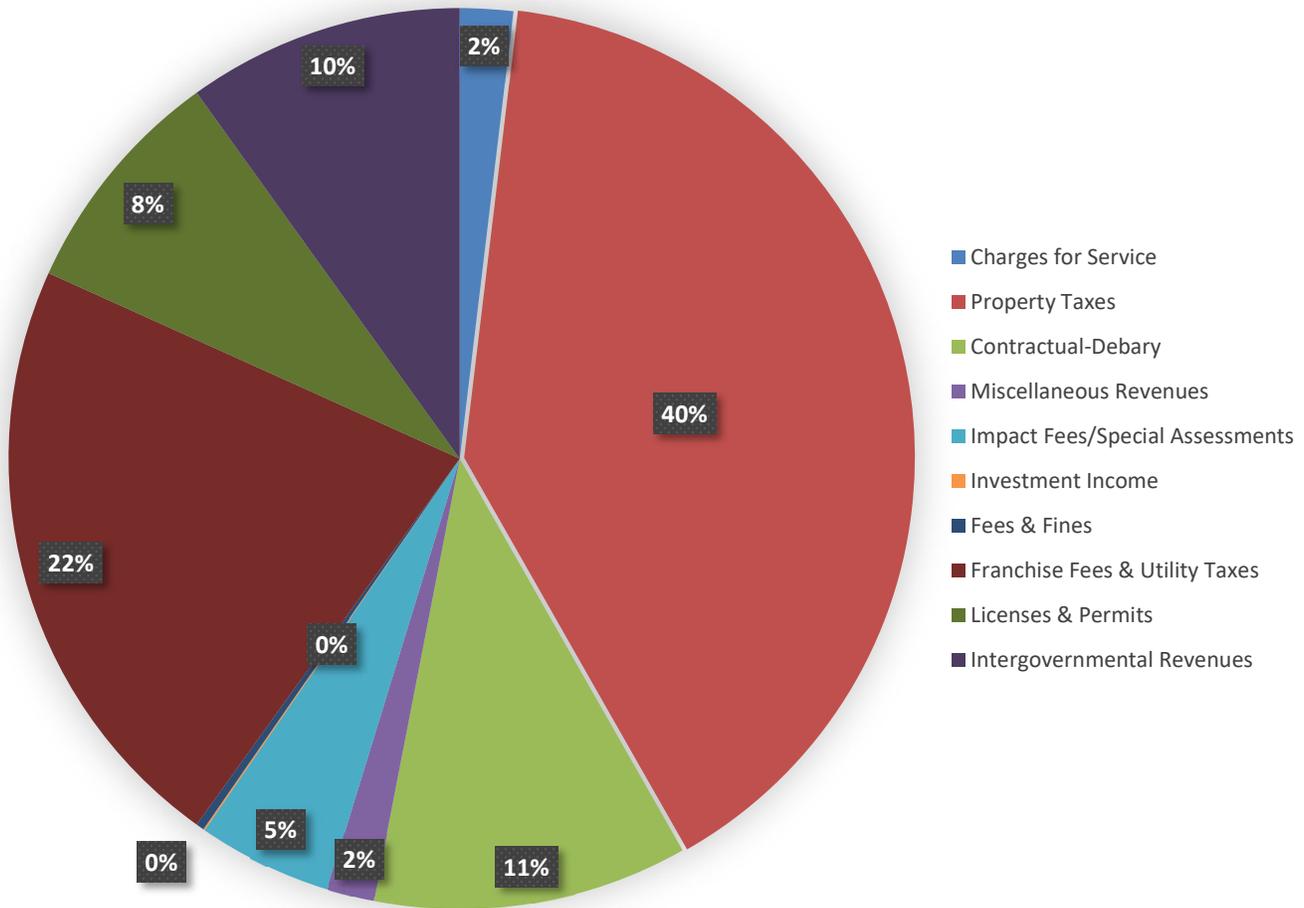
Program Expenses vs. Revenues



Management's Discussion and Analysis

September 30, 2021

Governmental Revenues by Source



Business-type Activities

A comparison of the City's functional program revenues and costs of providing business-type activities to its customers is useful in identifying the capabilities of producing revenue sufficient to operate programs.

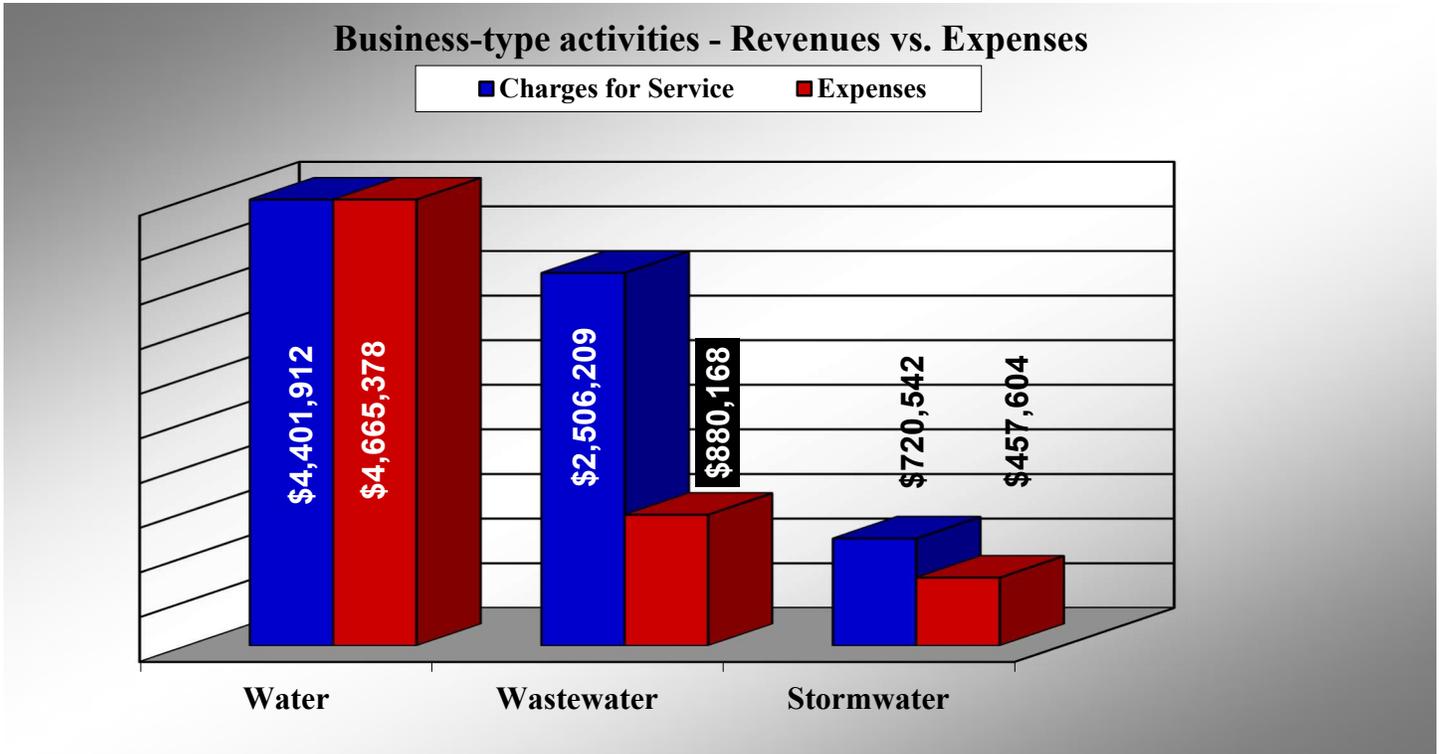
Total expenses of the business-type activities increased in 2021 to \$6,266,175 (up \$824,280 or 15%) as compared to \$5,441,895 in 2020. Charges for services of the business-type activities increased in 2021 to \$7,628,663 (up \$1,025,457 or 15.5%) as compared to \$6,603,206 in 2020. Business-type activities increased the City's net position by \$3,097,146, which is more than the prior year's \$2,616,518, and totaled \$35,414,646 at September 30, 2021. Key factors in the current year's activity include:

- The annual Utilities (water, wastewater and reclaimed) rates increased as provided in the 2013 adopted rate study and the City adopted an updated rate study in October 2019.
- The annual Stormwater rate increased as provided in the 2015 adopted rate study.
- Capital Grants and Contributions revenues increased in 2021 (\$2,011,558) compared 2020 (\$1,717,117).

Management’s Discussion and Analysis

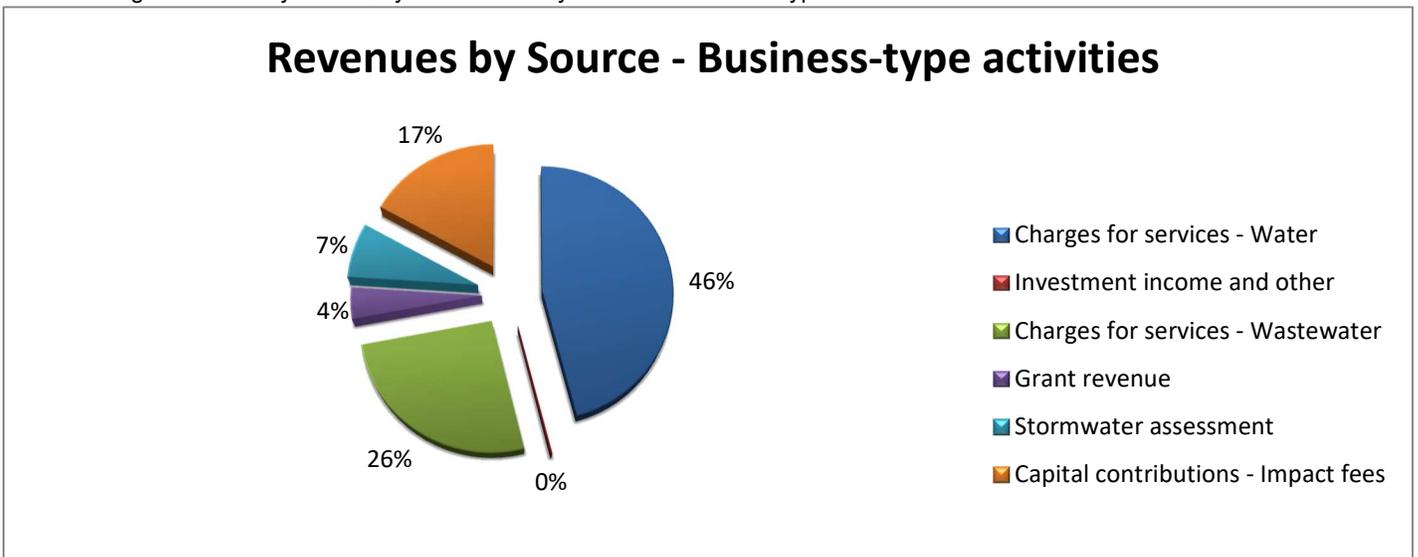
September 30, 2021

The following is a summary of the City’s Program Revenues and Expenses – Business-type Activities:



The primary sources of revenues for the business-type activities are generated through charges for services and capital grants and contributions. These sources are useful in identifying how revenues are generated to operate the program.

The following is a summary of the City’s Revenues by Source – Business-type Activities:



Financial analysis of the City’s funds. As noted earlier, the City of Orange City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

CITY OF ORANGE CITY, FLORIDA

Management's Discussion and Analysis

September 30, 2021

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, the unassigned fund balance may serve as a measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2021, the City's governmental funds reported combined ending fund balances of \$17,547,442, an increase of \$3,106,874 in comparison to \$14,440,568 reported last year. Approximately 74% of this total amount, \$13,014,351 constitutes the unassigned fund balance, which is available for spending at the City's discretion. The remaining fund balance categories total \$4,533,091 and represent balances that are nonspendable, restricted, committed and assigned. Nonspendable funds total \$1,501,536 and are used to account for prepaid items at year-end and an advance due from the CRA. Restricted funds include funds restricted for debt service and other funds totaling \$140,912 and must be spent according to various Florida State Statutes. Committed funds are impact fees that total \$1,786,092 and are used for acquisitions of capital assets resulting from growth (not replacement of capital assets). The assigned funds total \$1,104,551 and are the result of in-progress procurements at year-end. For more detailed information see Note 9 on page 49.

The General Fund is the chief operating fund of the City. As of September 30, 2021, the unassigned fund balance of the General Fund was \$13,529,117, while the total general fund balance was \$16,214,736. As a measure of the General Fund liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents just over 100% of total General Fund expenditures of \$13,127,976.

The fund balance of the City's General Fund increased \$2,414,335 during the current fiscal year. The increase was due to positive revenue growth since the COVID -19 pandemic, increased utility and franchise fee revenues associated with new development and it can also be attributed to various department budgets being under spent primarily as it relates to planned capital projects.

The City's major special revenue fund for the Orange City Community Redevelopment Agency (CRA) issued separate financial statement beginning in 2020, as the result of a required change in the Florida Statute. As a result of this change, the City determined that both the SRF loan proceeds recorded in the previous year and the current year should be allocated to the general fund. The general fund then advanced funds to the CRA for construction of infrastructure within the CRA boundaries. The effect of this change increased the general fund balance and decreased the CRA fund balance resulting in a negative CRA fund balance at 2020 year-end of \$(919,238). The current negative balance for 2021 year-end was (\$514,766) and this will continue to reduce in the coming fiscal years.

The City's major special revenue fund for the Impact Fee Fund increased the \$270,196 during the current fiscal year. This increase was generated by new residential and commercial development.

Enterprise funds. The City's Enterprise Funds provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Utilities and Stormwater funds at September 30, 2021, amounted to \$10,232,996 an increase of \$2,648,657 or 35% from the prior year of \$7,584,339

General Fund Budgetary Highlights

The following is a brief summary of the budget changes from the original to the final budget (refer to budget comparison on page 58). The general fund budget expenditures increased from \$14,285,915 to \$16,481,979 from the original budget (an increase of \$2,196,064 or 15%) and the primary areas attributing to the increase is:

- \$518,000 increase in Building Division expenditures resulting from new development activity.
- \$268,800 increase in Police expenditures resulting from carry forward of capital items.
- \$140,000 increase in Development Services expenditures resulting from carry forward items.

Actual revenues collected were \$1,348,178 more than the final budget, and actual expenditures were \$3,354,003 less than the final budget.

These differences are primarily attributed to:

Revenues:

Actual year-end revenues were over the budgeted amount by a net \$1,348,178 or 9.9%.

Major revenue items that generated favorable/positive budget variances were:

- Intergovernmental \$296,070
- Utility Service Taxes \$249,459

CITY OF ORANGE CITY, FLORIDA

Management's Discussion and Analysis

September 30, 2021

Expenditures:

Actual year-end expenditures were less than budgeted by \$3,354,003 or 20.4%.

Major expense categories that came in under budget were:

- Transportation services \$ 952,887
- Fire Department \$ 587,015

With Transportation the LAP project (grant related) known as Big French shared use path project contributed to actual expenditures generating a favorable budget variance and are considered multi-year projects. The Fire Department being under budget is primarily attributable to personal services attrition. Further, personnel services throughout were less than budgeted as the result of some position vacancies and normal personnel attrition throughout the city (notably within police, fire, and public works). City departments continued to be prudent resulting in unspent operating allocations within all departmental functions. The aforementioned items, in part, contributed to the expense appropriation being \$3,354,003 under budget.

Capital Assets and Debt Administration

Capital assets. At September 30, 2021 the City had \$42,196,104 (net of accumulated depreciation) invested in a broad range of capital assets including land, equipment, buildings, park facilities and infrastructure. This amount represents a net decrease (including additions and deductions) of \$201,099 or -0.5% compared to last year. The following table illustrates the composition in capital assets:

	Capital Assets					
	(net of accumulated depreciation)					
	As of September 30					
(in thousands)	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Non-depreciable capital assets:						
Land and improvements	\$ 959	\$ 959	\$ 454	\$ 454	\$ 1,413	\$ 1,413
Waste water capacity	-	-	893	893	893	893
Construction in progress	1,050	2,539	2,938	5,123	3,988	7,662
Depreciable capital assets:						
Buildings and improvements	1,067	1,089	234	260	1,301	1,349
Water/sewer transmission lines and facilities	-	-	20,759	19,860	20,759	19,860
Stormwater infrastructure	-	-	5,616	4,021	5,616	4,021
Machinery and equipment	1,655	2,041	218	241	1,873	2,282
Infrastructure	6,353	4,917	-	-	6,353	4,917
Total	\$ 11,084	\$ 11,545	\$ 31,112	\$ 30,852	\$ 42,196	\$ 42,397

CITY OF ORANGE CITY, FLORIDA

Management's Discussion and Analysis

September 30, 2021

Major capital projects completed during the current fiscal year include the following:

- Citywide infrastructure – including road improvements (\$149,853)
- Citywide computers and equipment (\$102,076)
- Citywide replacement vehicles (\$20,244)
- Various facility improvements (\$80,507)
- Distribution improvements (\$2,148,787)
- Wastewater collection improvements (\$246,406)

Construction in progress (CIP) at September 30, 2021 totaled \$3,987,932 with business-type activities accounting for \$2,937,451 and is associated with several comprehensive capital projects (the most significant projects being: adding lift station generators and pipe rehabilitation). Governmental activities at September 30, 2021 accounted for \$1,050,481 and are associated with several projects (notably the French LAP project).

Major capital projects for the upcoming fiscal year include the following:

The City's fiscal year 2022 governmental-type activities capital budget continues to demonstrate forward momentum with the City Council's long-standing commitment to appropriately align available resources to meet the capital replacement program, with funding totaling \$994,150. Fiscal year 2022 highlighted capital improvements are: road resurfacing totaling \$755,000, sidewalks totaling \$70,950, City Clerk building improvements totaling \$27,750 and computer related equipment \$8,600.

The City's fiscal year 2022 business-type capital budget has appropriated \$1,2710,200 in projects. In fiscal year 2016, the City successfully obtained funding from the Florida Department of Environmental Protection State Revolving Funding, a combination of grant (85%) and low interest loan (15%), in the amount of up to \$10.5 million to fund up to 5-years of the Water System Master Plan (capital improvements). These projects were multi-year construction projects and are scheduled to be completed in fiscal year 2021. Additional information on the City's capital assets can be found in Note 5 (page 37-38) of the notes to the financial statements in this report.

Long-term debt. At September 30, 2021, the City had debt as noted below.

Long-Term Debt						
As of September 30						
(in thousands)	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
State Revolving Fund Loan	\$ 1,511	\$ 1,388	\$ 6,220	\$ 6,019	\$ 7,731	\$ 7,407
Notes Payable	454	531	-	-	454	531
Utility Revenue Bonds 2005	-	-	355	695	355	695
Total	\$ 1,965	\$ 1,919	\$ 6,575	\$ 6,714	\$ 8,540	\$ 8,633

CITY OF ORANGE CITY, FLORIDA

Management's Discussion and Analysis

September 30, 2021

The City's governmental activities debt had a net increase of \$45,924 due to principal payments on notes payable for the fire truck and the SRF loan and increased by \$122,907 drawing on the SRF Loan and principal payments.

The City's business-type activities had a net debt decrease by \$138,556 due to principal payments on the 2005 Utility Revenue Bonds and SRF Loan and increased by \$201,444 relative to drawing on the SRF Loan.

At September 30, 2021 the City has SRF Loans DW642000 and DW642030 payable in the amount of \$7,731,423. Additional information on the City's long-term liabilities can be found in Note 6 (page 39-41) of the notes to the financial statements.

The City is authorized to issue debt pursuant to Article III, Section 2, of the Constitution of the State of Florida, and Chapter 166, part II, Florida Statute. The City charter does not set debt limitations, but requires authorization of debt issuance by Ordinance.

Economic Factors and Next Year's Budgets and Rates

The State of Florida, by constitution, does not have a state personal income tax and therefore the State operates primarily using sales, fuel and corporate income tax. Local governments (cities, counties and school boards) rely on property taxes and a limited array of other taxes (sales, fuel, business, utilities, etc.) and fees (franchise, permit, etc.) for governmental activities. There are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from local, state and federal governments. Of paramount concern is the continuation of unfunded mandates and State Legislature actions as they continue to erode the "Home-Rule Authority" resulting in loss of valuable revenues that the City uses for maintenance and development.

In February 2020, Council held a Strategic Planning/Goal Setting Update Workshop and reviewed and updated the City's Strategic Plan. This plan is utilized to help guide the city in prioritizing funding for the annual budget. The City expenditures have been strategically linked to the priorities contained within the plan. The next review of the Strategic Plan is slated to occur in Fiscal Year 2022/23.

The FY 2022 adopted budget was developed while the COVID-19 pandemic continued to evolve. We continued to face challenges with the lack of historic data and the unknowns surrounding the economic impact of COVID-19. Revenue projections improved for FY 2022 and were cautiously evaluated and projected. The city worked to focus available resources for fiscal year 2022 to maintaining our current level of service, coupled with funding to maintain the City's capital assets and infrastructure through proper and timely maintenance and replacement. Noteworthy is that the city continues to experience an increase in taxable values and are poised to, once again, experience considerable new development with both commercial and residential construction.

Council and staff continue to monitor and evaluate current economic influences both internally and externally which influence revenues and expenditures and steps continue to be taken to ensure the city is prepared to adjust the budget appropriately, as well as prepare for the 2023 budget development.

Requests for Information

The financial report is designed to provide a general overview of the City's finances for all of those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the office of the Finance Director, City of Orange City, 205 East Graves Avenue, Orange City, Florida 32763.



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CITY OF ORANGE CITY, FLORIDA

BASIC FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of financial statements include:

- Government-wide financial statements
- Fund financial statements:
 - Governmental funds
 - Proprietary (enterprise) fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF ORANGE CITY, FLORIDA

STATEMENT OF NET POSITION

September 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 17,320,069	\$ 11,110,317	\$ 28,430,386
Receivables, net	1,207,022	601,244	1,808,266
Internal balances	(238,713)	238,713	-
Due from other governments	129,255	300,697	429,952
Prepaid items	19,604	365,185	384,789
Restricted Assets:			
Cash and cash equivalents	79,532	1,051,394	1,130,926
Capital Assets:			
Capital assets not being depreciated	2,009,017	4,284,100	6,293,117
Capital assets being depreciated, net of accumulated depreciation	9,075,485	26,827,502	35,902,987
Total capital assets	11,084,502	31,111,602	42,196,104
Total assets	29,601,271	44,779,152	74,380,423
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of pension earning	2,737,910	352,338	3,090,248
Deferred outflows related to OPEB	28,469	6,865	35,334
Total Deferred inflows of resources	2,766,379	359,203	3,125,582
LIABILITIES:			
Accounts payable and accrued expenses	609,640	887,667	1,497,307
Retainage payable	-	36,773	36,773
Accrued interest	-	26,496	26,496
Customer deposits payable	239,796	375,161	614,957
Unearned revenue	119,891	-	119,891
Noncurrent Liabilities:			
Due within one year	221,710	660,360	882,070
Due in more than one year	6,895,853	6,666,522	13,562,375
Total liabilities	8,086,890	8,652,979	16,739,869
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of pension earning	8,255,245	1,062,354	9,317,599
Deferred inflows related to OPEB	34,733	8,376	43,109
Total Deferred inflows of resources	8,289,978	1,070,730	9,360,708
NET POSITION:			
Net investment in capital assets	9,119,370	24,536,284	33,655,654
Restricted for impact fee fund	1,786,092	-	1,786,092
Restricted for community redevelopment	-	-	-
Restricted for streetlighting district	6,433	-	6,433
Restricted for forfeitures	23,791	-	23,791
Restricted for debt service	79,532	645,366	724,898
Unrestricted	4,975,564	10,232,996	15,208,560
Total net position	\$ 15,990,782	\$ 35,414,646	\$ 51,405,428

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF ORANGE CITY, FLORIDA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2021

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 2,945,936	\$ 3,376,431	\$ -	\$ -	\$ 430,495	\$ -	\$ 430,495
Public safety	7,376,700	2,171,911	136,271	64,820	(5,003,698)	-	(5,003,698)
Transportation	1,842,482	474,825	145,764	28,746	(1,193,147)	-	(1,193,147)
Culture and recreation	744,382	20,760	49,133	67,691	(606,798)	-	(606,798)
Economic Environment	14,956	-	-	-	(14,956)	-	(14,956)
Interest on Long-term debt	44,879	-	-	-	(44,879)	-	(44,879)
Total governmental activities	12,969,335	6,043,927	331,168	161,257	(6,432,983)	-	(6,432,983)
Business-type Activities:							
Utilities	5,750,227	6,908,121	-	2,011,558	-	3,169,452	3,169,452
Stormwater	515,948	720,542	-	-	-	204,594	204,594
Total business-type activities	6,266,175	7,628,663	-	2,011,558	-	3,374,046	3,374,046
Total primary government	\$ 19,235,510	\$ 13,672,590	\$ 331,168	\$ 2,172,815	(6,432,983)	3,374,046	(3,058,937)
General Revenues:							
Property taxes					6,488,502	-	6,488,502
Local option gas and use tax					231,451	-	231,451
Utility service taxes					1,982,187	-	1,982,187
State sales tax					938,679	-	938,679
Unrestricted investment earnings					10,465	3,838	14,303
Miscellaneous					92,138	10,299	102,437
Transfers					291,037	(291,037)	-
Total general revenues and transfers					10,034,459	(276,900)	9,757,559
Change in net position					3,601,476	3,097,146	6,698,622
Net Position - beginning of year					12,389,306	32,317,500	44,706,806
Net Position - end of year					\$ 15,990,782	\$ 35,414,646	\$ 51,405,428

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF ORANGE CITY, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2021

	<u>General Fund</u>	<u>Impact Fee Special Revenue Fund</u>	<u>Community Redevelopment Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and cash equivalents	\$ 14,452,289	\$ 1,814,937	\$ 1,029,052	\$ 23,791	\$ 17,320,069
Accounts receivable, net	1,207,022	-	-	-	1,207,022
Restricted cash	79,532	-	-	-	79,532
Due from other governments	129,255	-	-	-	129,255
Due from other funds	148,884	-	-	37,589	186,473
Prepaid costs	19,604	-	-	-	19,604
Advances to other funds	1,481,932	-	-	-	1,481,932
Total assets	<u>\$ 17,518,518</u>	<u>\$ 1,814,937</u>	<u>\$ 1,029,052</u>	<u>\$ 61,380</u>	<u>\$ 20,423,887</u>
LIABILITIES:					
Accounts payable and accrued liabilities	\$ 609,640	\$ -	\$ -	\$ -	\$ 609,640
Due to other funds	334,455	28,845	1,543,818	-	1,907,118
Deposits payable	239,796	-	-	-	239,796
Unearned revenue	119,891	-	-	-	119,891
Total liabilities	<u>1,303,782</u>	<u>28,845</u>	<u>1,543,818</u>	<u>-</u>	<u>2,876,445</u>
FUND BALANCES:					
Nonspendable	1,501,536	-	-	-	1,501,536
Restricted	79,532	-	-	61,380	140,912
Committed	-	1,786,092	-	-	1,786,092
Assigned	1,104,551	-	-	-	1,104,551
Unassigned	13,529,117	-	(514,766)	-	13,014,351
Total fund balances	<u>16,214,736</u>	<u>1,786,092</u>	<u>(514,766)</u>	<u>61,380</u>	<u>17,547,442</u>
Total liabilities and fund balances	<u>\$ 17,518,518</u>	<u>\$ 1,814,937</u>	<u>\$ 1,029,052</u>	<u>\$ 61,380</u>	

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds	11,084,502
Long-term liabilities, are not due and payable in the current period, and therefore are not reported in the funds: Governmental notes payable	(1,965,132)
Deferred inflows and outflows of resources related to pension earnings are not recognized in the governmental funds, however, they are recorded in net position under full accrual accounting	(5,523,599)
Compensated absences are not recorded as a liability in the governmental funds balance sheet	(635,371)
Net pension liabilities are not due and payable in the current period and therefore, are not reported in the funds	(4,325,825)
The net other post employment benefits obligation is not recorded as a liability in the governmental funds balance sheet	(191,235)
Net position of governmental activities in the Statement of Net Position	<u>\$ 15,990,782</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF ORANGE CITY, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended September 30, 2021

	General Fund	Impact Fee Special Revenue Fund	Community Redevelopment Special Revenue	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Property taxes	\$ 5,927,407	\$ -	\$ 561,095	\$ -	\$ 6,488,502
Franchise fees	1,343,099	-	-	-	1,343,099
Local option gas tax	231,451	-	-	-	231,451
Utility service taxes	1,982,187	-	-	-	1,982,187
Fees and fines	47,174	-	-	-	47,174
Licenses and permits	1,355,548	-	-	-	1,355,548
Intergovernmental	1,613,770	-	-	-	1,613,770
Impact fees/special assessments	-	331,168	-	453,023	784,191
Charges for services	310,079	-	-	-	310,079
Investment earnings	10,465	-	-	-	10,465
Contractual-DeBary Fire	1,837,621	-	-	-	1,837,621
Miscellaneous	275,687	-	-	-	275,687
Total revenues	<u>14,934,488</u>	<u>331,168</u>	<u>561,095</u>	<u>453,023</u>	<u>16,279,774</u>
EXPENDITURES:					
Current:					
General government	2,651,675	-	-	377,978	3,029,653
Public safety	7,607,346	-	-	-	7,607,346
Transportation	1,432,279	-	-	13,092	1,445,371
Culture and recreation	522,700	-	-	-	522,700
Economic Environment	-	-	16,804	-	16,804
Debt Service:					
Principal	165,808	-	-	-	165,808
Interest and other charges	44,879	-	-	-	44,879
Capital Outlay	703,289	-	139,819	-	843,108
Total expenditures	<u>13,127,976</u>	<u>-</u>	<u>156,623</u>	<u>391,070</u>	<u>13,675,669</u>
Excess (deficiency) of revenues over expenditures	<u>1,806,512</u>	<u>331,168</u>	<u>404,472</u>	<u>61,953</u>	<u>2,604,105</u>
OTHER FINANCING SOURCES (USES):					
Notes payable issued	211,732	-	-	-	211,732
Transfers in	396,091	-	-	-	396,091
Transfers out	-	(60,972)	-	(44,082)	(105,054)
Total other financing sources (uses)	<u>607,823</u>	<u>(60,972)</u>	<u>-</u>	<u>(44,082)</u>	<u>502,769</u>
Net change in fund balances	2,414,335	270,196	404,472	17,871	3,106,874
Fund Balances, beginning of year	<u>13,800,401</u>	<u>1,515,896</u>	<u>(919,238)</u>	<u>43,509</u>	<u>14,440,568</u>
Fund Balances, end of year	<u>\$ 16,214,736</u>	<u>\$ 1,786,092</u>	<u>\$ (514,766)</u>	<u>\$ 61,380</u>	<u>\$ 17,547,442</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF ORANGE CITY, FLORIDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2021

Net Change in Fund Balances - Total Governmental Funds: \$ 3,106,874

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

Governmental funds report outlays for capital assets as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	770,490	
Current year depreciation	<u>(1,201,170)</u>	(430,680)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and disposals) is to decrease net position.		(29,732)
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Expenditures in the governmental funds for compensated absences are not recorded as expenses in the statement of activities.		(48,848)
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Expenditures in the governmental funds for other post employment benefits are not recorded as expenses in the statement of activities.		(18,556)
--	--	----------

Long-Term liabilities, including bonds payable are not due and payable in the current period, and therefore not reported in the funds: Notes payable and SRF loan		(45,924)
--	--	----------

Cash pension contributions reported in the funds were more than the calculated pension expense on the statement of activities, and therefore increased net position		<u>1,068,342</u>
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Change in net position of governmental activities		<u><u>\$ 3,601,476</u></u>
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CITY OF ORANGE CITY, FLORIDA

STATEMENT OF NET POSITION
ENTERPRISE FUNDS

September 30, 2021

	<u>Utilities</u>	<u>Stormwater</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and cash equivalents, unrestricted	\$ 9,132,445	\$ 1,977,872	\$ 11,110,317
Cash and cash equivalents, restricted	906,746	144,648	1,051,394
Accounts receivable, net	601,244	-	601,244
Due from other funds	296,866	-	296,866
Due from other governments	300,697	-	300,697
Prepaid items	365,185	-	365,185
Total current assets	<u>11,603,183</u>	<u>2,122,520</u>	<u>13,725,703</u>
Noncurrent Assets:			
Capital assets, net	23,145,006	7,074,075	30,219,081
Wastewater capacity	892,521	-	892,521
Total noncurrent assets	<u>24,037,527</u>	<u>7,074,075</u>	<u>31,111,602</u>
Total assets	<u>35,640,710</u>	<u>9,196,595</u>	<u>44,837,305</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred pension outflows	335,886	16,452	352,338
Deferred outflows related to OPEB	6,286	579	6,865
Total deferred outflows of resources	<u>342,172</u>	<u>17,031</u>	<u>359,203</u>
LIABILITIES:			
Current Liabilities:			
Accounts payable	847,193	-	847,193
Accrued expenses	37,438	3,036	40,474
Accrued interest	26,496	-	26,496
Retainage payable	36,773	-	36,773
Due to other funds	-	58,153	58,153
Customer deposits payable	375,161	-	375,161
Compensated absences - current	14,342	534	14,876
Bonds payable - current	355,000	-	355,000
Notes payable - current	145,768	144,716	290,484
Total current liabilities	<u>1,838,171</u>	<u>206,439</u>	<u>2,044,610</u>
Noncurrent Liabilities:			
Compensated absences	129,077	4,809	133,886
Notes payable	3,324,934	2,604,900	5,929,834
OPEB liability	42,225	3,893	46,118
Net pension liability	530,690	25,994	556,684
Total noncurrent liabilities	<u>4,026,926</u>	<u>2,639,596</u>	<u>6,666,522</u>
Total liabilities	<u>5,865,097</u>	<u>2,846,035</u>	<u>8,711,132</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred pension inflows	1,012,749	49,605	1,062,354
Deferred inflows related to OPEB	7,669	707	8,376
Total deferred inflows of resources	<u>1,020,418</u>	<u>50,312</u>	<u>1,070,730</u>
NET POSITION:			
Net investment in capital assets	20,211,825	4,324,459	24,536,284
Restricted for debt service	500,718	144,648	645,366
Unrestricted	8,384,824	1,848,172	10,232,996
Total net position	<u>\$ 29,097,367</u>	<u>\$ 6,317,279</u>	<u>\$ 35,414,646</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF ORANGE CITY, FLORIDA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
ENTERPRISE FUNDS**

For the Year Ended September 30, 2021

	<u>Utilities</u>	<u>Stormwater</u>	<u>Total</u>
Operating Revenues:			
Charges for Services:			
Water sales	\$ 4,401,912	\$ -	\$ 4,401,912
Wastewater services	2,506,209	-	2,506,209
Stormwater fees	-	720,542	720,542
Total operating revenues	<u>6,908,121</u>	<u>720,542</u>	<u>7,628,663</u>
Operating Expenses:			
Purchase of wastewater treatment	880,168	-	880,168
Salaries, wages and benefits	1,609,755	124,001	1,733,756
Water production and supplies	221,290	-	221,290
Repairs and maintenance	661,950	26,181	688,131
Contractual services	238,770	3,010	241,780
Other operating expenses	439,563	30,137	469,700
Depreciation and amortization	1,494,050	274,275	1,768,325
Total operating expenses	<u>5,545,546</u>	<u>457,604</u>	<u>6,003,150</u>
Operating income	<u>1,362,575</u>	<u>262,938</u>	<u>1,625,513</u>
Nonoperating Revenues (Expenses):			
Interest and investment income	3,838	-	3,838
Proceeds from insurance	10,299	-	10,299
Gain (loss) on disposal of property	(125,534)	1	(125,533)
Interest expense	(79,147)	(58,345)	(137,492)
Total nonoperating revenue (expenses)	<u>(190,544)</u>	<u>(58,344)</u>	<u>(248,888)</u>
Income Before Contributions and Transfers	1,172,031	204,594	1,376,625
Impact Fees	1,601,472	-	1,601,472
Capital Contributions	410,086	-	410,086
Transfers Out	(291,037)	-	(291,037)
Change in net position	2,892,552	204,594	3,097,146
Net Position - beginning of year	<u>26,204,815</u>	<u>6,112,685</u>	<u>32,317,500</u>
Net Position, end of year	<u>\$ 29,097,367</u>	<u>\$ 6,317,279</u>	<u>\$ 35,414,646</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF ORANGE CITY, FLORIDA

STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS

For the Year Ended September 30, 2021

	<u>Utilities</u>	<u>Stormwater</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from customers	\$ 6,843,568	\$ 720,542	\$ 7,564,110
Payments to suppliers	(2,426,615)	(198,688)	(2,625,303)
Payments to employees	(1,673,605)	(121,394)	(1,794,999)
Net cash provided by operating activities	<u>2,743,348</u>	<u>400,460</u>	<u>3,143,808</u>
Cash Flows from Noncapital Financing Activities:			
Transfers out to other funds	(291,037)	-	(291,037)
Decrease (increase) in due from other funds	(19,008)	-	(19,008)
Increase in due to other funds	-	14,172	14,172
Net cash provided (used) by noncapital financing activities	<u>(310,045)</u>	<u>14,172</u>	<u>(295,873)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(2,042,248)	(110,924)	(2,153,172)
Insurance proceeds	10,299	-	10,299
Proceeds from sale of assets	-	1	1
Impact fees	1,601,472	-	1,601,472
Grants	109,389	-	109,389
Proceeds from long-term debt	171,388	347,730	519,118
Principal paid on long-term debt	(496,370)	(161,304)	(657,674)
Interest paid on long-term debt	(79,147)	(58,345)	(137,492)
Net cash used by capital and related financing activities	<u>(725,217)</u>	<u>17,158</u>	<u>(708,059)</u>
Cash Flows from Investing Activities:			
Investment income	3,838	-	3,838
Net cash provided by investing activities	<u>3,838</u>	<u>-</u>	<u>3,838</u>
Net Increase in Cash and Cash Equivalents	1,711,924	431,790	2,143,714
Cash and Cash Equivalents, beginning of year	8,327,267	1,690,730	10,017,997
Cash and Cash Equivalents, end of year	<u>\$ 10,039,191</u>	<u>\$ 2,122,520</u>	<u>\$ 12,161,711</u>
Classified as:			
Cash and cash equivalents	\$ 9,132,445	\$ 1,977,872	\$ 11,110,317
Restricted cash and cash equivalents	906,746	144,648	1,051,394
Total	<u>\$ 10,039,191</u>	<u>\$ 2,122,520</u>	<u>\$ 12,161,711</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF ORANGE CITY, FLORIDA

STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS - CONTINUED

For the Year Ended September 30, 2021

	<u>Utilities</u>	<u>Stormwater</u>	<u>Total</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities			
Operating income	\$ 1,362,575	\$ 262,938	\$ 1,625,513
Adjustments Not Affecting Cash:			
Depreciation and amortization	1,494,050	274,275	1,768,325
Change in Assets and Liabilities:			
Accounts receivables	(57,445)	-	(57,445)
Inventory and other assets	(351,727)	-	(351,727)
Accounts payable	366,853	(139,360)	227,493
Accrued liabilities	(1,154)	-	(1,154)
Compensated absences	5,576	5,343	10,919
OPEB	3,648	337	3,985
Customer deposits	(7,108)	-	(7,108)
Deferred inflows of resources	997,521	48,857	1,046,378
Deferred outflows of resources	241,590	11,667	253,257
Net pension liability	(1,311,031)	(63,597)	(1,374,628)
Total adjustments	<u>1,380,773</u>	<u>137,522</u>	<u>1,518,295</u>
Net Cash Provided by Operating Activities	<u>\$ 2,743,348</u>	<u>\$ 400,460</u>	<u>\$ 3,143,808</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

Note 1 - Summary of Significant Accounting Policies:

The *City of Orange City*, Florida ("the City") was incorporated on August 26, 1882, and is a municipal corporation chartered in the State of Florida. The City operates under a Council/City Manager form of government providing services of general government, finance, police and fire protection, sanitation services, stormwater services, water and sewer services, the construction and maintenance of streets and infrastructure, recreational activities and cultural events to its residents. The legislative branch of the City is composed of a seven (7) member elected City Council. The City Council is governed by City Charter, state and local laws and regulations. The City Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the City Council, appointed City Manager and City Clerk.

The City's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below. The financial statements have also been prepared in accordance with GASB Statement 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*.

A. Reporting Entity:

The City of Orange City operates under a Council/City Manager form of government. The city is a municipal corporation with a seven-member council including the mayor, who acts as the presiding officer of the council, with a vice-mayor serving in his absence.

The City provides a full range of municipal services including: public safety (police and fire), public work activities (street and right-of-way maintenance), development services (city planning and development), parks (maintenance and leisure), and general administration. Additionally, the City operates both a utilities and stormwater enterprise fund.

In evaluating how to define the City, for financial reporting purposes, the management has considered all potential component units. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organizations' resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to the organization; or (c) is obligated in some manner for the debt of the organization. In applying the above criteria, the City has one blended component unit as follows:

The City of Orange City created the Community Redevelopment Agency (CRA) in August of 2014. This is a dependent taxing district established in accordance with Chapter 163, Part III, Florida Statutes. Notification to affected taxing agency was done in compliance with Chapter 163.346, Part III, Florida Statutes. The CRA fund is governed by a seven-member board - the seven members of the city council.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued):

A. Reporting Entity (Continued):

The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the described area. The purpose of the CRA is to utilize appropriate private and public resources to eliminate and prevent the development or spread of slum and blighted areas in designated areas within the City. Areas within the CRA are to be redeveloped as an economically sustainable and attractive mixed-use area offering a high quality local destination in a manner that promotes a positive image for the City.

Separately issued financial statements can be obtained by contacting the City's finance department.

B. Basic Financial Statements:

Government-Wide Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's police and fire protection, parks, and recreation, public works, and general administrative services are classified as governmental activities. The City's utilities and stormwater services are classified as business-type activities.

In the government-wide statement of net position, both governmental and business-type activities columns (a) are presented on a consolidated basis by column and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the City's functions (police, fire, public works, etc.) and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued):

B. Basic Financial Statements (Continued):

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least ten (10) percent of the corresponding total for all funds of that category or type; and
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five (5) percent of the corresponding total for all governmental and enterprise funds combined.
- c. The City in its own discretion determines that the fund should be considered a major fund.

C. Basis of Presentation - Fund Accounting:

(1) Major Governmental Funds:

General Fund - The General Fund is the City's primary operating fund, and is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund.

Impact Fee Fund - This special revenue fund accounts for police, fire, parks and transportation impact fees. The use of this revenue is restricted to expansion for programs related to parks, transportation, police and fire.

Community Redevelopment Fund - This special revenue fund was established by the City as authorized under Chapter 163, Part III, Florida Statutes, for the economic development of designated area(s) of the City. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the designated area.

(2) Major Proprietary Funds:

Utilities - The Utilities fund is used to account for the operations of the City's water and wastewater system, which are financed in a manner similar to private business enterprises, where the costs, including depreciation, of providing services to the general public on an ongoing basis are financed primarily through user charges.

Stormwater - The Stormwater fund is used to account for the operations of the City's stormwater system, which is financed in a manner similar to private business enterprises, where the costs, including depreciation, of providing services to the general public on an ongoing basis are financed primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenue of the City's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, depreciation on capital assets and amortization of intangible assets.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued):

C. Basis of Presentation - Fund Accounting (Continued):

(3) Nonmajor Governmental Funds:

Special Revenue Funds - Special revenue funds are used to account for specific revenue sources that are restricted by law to expenditures for specific purposes. Nonmajor special revenue funds include the Solid Waste Assessment Fund, the Forfeiture Fund, and Streetlighting District Fund.

D. Measurement Focus/Basis of Accounting:

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

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

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

E. Budgets and Budgetary Accounting:

The following procedures are used to establish the budgetary data reflected in the financial statements:

- (1) Prior to August 1 of each year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) Prior to October 1, the budget is legally enacted through the passage of an ordinance.
- (4) Formal budgetary integration is employed as a management control device during the year for all governmental funds that have a legally-adopted budget.
- (5) Budgets are adopted on a basis consistent with U.S. Generally Accepted Accounting Principles (GAAP).
- (6) Budget appropriations are prepared by the City Manager and authorized by the City Council on a departmental basis in accordance with Article VII, Section 7.01 of the City Charter. Subsidiary designations of departmental appropriations are authorized by the City Council. All interdepartmental budget amendments and/or transfers must be approved by the City Council. Budgetary control is exercised at the department level.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued):

E. Budgets and Budgetary Accounting (Continued):

- (7) Every appropriation, except for a specified major capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended. The City does not use the encumbrance method of accounting.

F. Accounts Receivable:

- (1) Property Taxes Receivable - Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the state regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to ten (10) mills. The millage rate assessed by the City for the fiscal year ended September 30, 2021 was 7.8332, which means that the City has a tax margin of 2.167 per \$1,000 and could raise up to \$1,794,098 in additional tax revenue per year from the present assessed valuation of \$827,917,925.

The property tax calendar is as follows:

- All property is assessed according to its fair market value on January 1 of each year.
- Property Appraiser prepares the assessment roll January 1 of the year then submits this preliminary roll for approval by the State and notifies each taxing authority of their respective valuation by July 1 of the assessment year.
- City Council holds two required public hearings, adopts a budget for the upcoming fiscal year, and adopts an ad valorem tax millage rate by September 30 of the assessment year.
- Property Appraiser certifies the assessment roll, and all real and tangible personal property taxes are due and payable November 1 (levy date) of the assessment year.
- A Notice of Taxes is mailed to each property owner on the assessment roll by November 1 of the assessment year. Taxes may be paid November 1 (year of assessment) through March 31 (following year of assessment) with the following applicable discounts:

<u>Month</u>	<u>Discount</u>
November	4%
December	3%
January	2%
February	1%
March	0%

- All unpaid taxes on real and tangible personal property become delinquent on April 1 of the year immediately following year of assessment.
- A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised in April/May of the year immediately following the year of assessment.
- Tax certificates are sold on all real properties with unpaid real property taxes on June 1 (lien date) of the year immediately following the year of assessment.
- A court order is obtained authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent personal property taxes by June 1 of the year immediately following the year of assessment.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued):

F. Accounts Receivable (Continued):

- (2) Unbilled Utilities Accounts Receivable - Utilities revenues are generally recognized on the basis of cycle billings rendered monthly. The unbilled portion is accrued at year end by calculating the City's October billing cycle and prorating the amount of days applicable to the current year which amounted to \$586,840 at September 30, 2021.
- (3) Allowance for Uncollectible Accounts - Based upon an analysis of both past history and past due receivables, it is management's opinion that a \$29,973 allowance for uncollectible accounts is necessary. This balance relates entirely to the utilities enterprise fund.

G. Long-term Obligations:

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or enterprise fund operations and whether they are reported in the government-wide or fund financial statements. All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, notes payable, accrued compensated absences, and other post-employment benefits. Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The accounting for the enterprise funds is the same in the fund statements as it is in the government-wide statements.

H. Cash and Investments:

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and mature within three months of acquisition.

Investments for the City are reported at fair value within the fair value hierarchy established in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, except for the position in the Florida State Board of Administration's and Florida Safe's Local Government Surplus Investment Pools (LGIP). In accordance with state law, the LGIP's operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company act of 1940, as amended. Accordingly, the LGIP's qualify as a 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Florida State Board of Administration is subject to regulatory oversight by the State of Florida, although it is not registered with the SEC.

I. Capital Assets:

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued):

I. Capital Assets (Continued):

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Water and Wastewater System	10-50 years
Machinery and Equipment	2-10 years
Improvements	10-20 years
Other Infrastructure	10-50 years

J. Operating Revenues and Expenses:

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

K. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue based on GASB No. 33. In applying GASB No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met, are reported as unearned revenue.

L. Inventory:

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventory costs are reported in the period when inventory items are used, rather than when purchased.

M. Compensated Absences:

Effective February 1, 2016 the City revised the policy for compensated absences from vacation and sick leave to personal time off (PTO), which is accrued per pay period based on an employee's length of service.

Regular employees may use paid time off leave for any reason including vacation, illness, medical appointments, personal business, etc. Employees are still required to arrange and obtain prior/advance approval of paid time off leave. Supervisors can consider same day requests for illnesses. No employee shall be granted paid time off leave unless the time has already accrued prior to the leave period. Paid time off leave shall not be used in increments of less than one quarter hour (fifteen minutes).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued):

M. Compensated Absences (Continued):

A balance between work life and personal life is essential for maximum productivity. Therefore, employees with one (1) year up to five (5) years of service shall be required to utilize a minimum of forty (40) hours of paid time off leave per fiscal year (or 42 hours or 56 hours depending on employee's schedule). Employees who have more than five (5) years of service shall be required to utilize a minimum of eighty (80) hours of paid time off leave per fiscal year (or 84 or 112 hours depending on employee's schedule).

Full-time employees, upon separation or retirement with six (6) month's service, will receive payment of all unused accrued paid time off leave up to a maximum of 580 hours. PTO accruals are not capped during employment, but may not exceed 580 hours paid out upon separation of employment or retirement.

N. Interfund Activity:

Interfund activity is reported as loans, services provided reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

O. Restricted Assets:

Restricted assets represent the cash and cash equivalents to pay the upcoming bond and note payments and security deposits held by the enterprise funds.

P. Prepaid Items:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These are recorded as expenditures when consumed rather than when purchased.

Q. Unearned Revenue:

Unearned revenues in governmental funds include amounts collected before the revenue recognition criteria are met. The unearned revenue typically consists of funds collected in advance for permits or other fees relating to services to be rendered in the subsequent year.

R. Estimates:

The preparation of financial statements in accordance with the modified accrual or accrual basis of accounting described in the previous paragraphs, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets or liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued):

S. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

The government has two items which qualify for reporting in this category. It is the deferred outflow of pension resources, and deferred outflows related to OPEB. Details on the composition of the deferred outflows related to pensions and OPEB are further discussed in notes 7 and 12 respectively.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

The City has two items that qualify for reporting in this category for the year ended September 30, 2021, the deferred inflow of pension investment earnings, and deferred inflow related to OPEB. Details on the composition of the deferred inflows related to pensions and OPEB are further discussed in notes 7 and 12 respectively.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the fiduciary net position of the Florida Retirement System Pension Plan (FRS) and Health Insurance Subsidy Program (HIS) and additions to/deductions from the FRS and HIS fiduciary net position have been determined on the same basis as they are reported by FRS and HIS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

T. Net Position Flow Assumptions:

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

U. Fund Balance Flow Assumptions:

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued):

V. New GASB Statements Implemented

In fiscal year 2021, the City has not implemented any new accounting standards with a material effect on the District's financial statements.

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements:

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental funds balance sheet includes reconciliation between *fund balances - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position.

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

Note 3 - Cash and Investments:

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The City currently holds \$1,500 collectively in cash drawers.

The City's investment policy adopted by Ordinance 354 (adopted/updated June 24, 2008) is to invest public funds in a manner so as to place the highest priority on the safety of principal and liquidity. The optimization of investment returns shall be secondary to the requirements of safety and liquidity.

The City's investment policy authorizes the City to invest in the following:

- a) United States Treasury and Agency Securities
- b) Government Sponsored Enterprises
- c) State and Local Governments
- d) Corporations
- e) Local Government Investment Pools, as provided in s.163.01
- f) State Board of Administration, as provided in s.218.5
- g) Money Market Mutual Funds
- h) Repurchase Agreements

The City maintains cash and cash equivalent pools that are available for use by all funds except those whose cash and cash equivalents must be segregated due to bond covenants or other legal restrictions.

CITY OF ORANGE CITY, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 3 - Cash and Investments (Continued):

Cash and Cash Equivalents - Cash and cash equivalents are carried at cost. In accordance with GASB Statement No. 40, the City's deposits are categorized to give an indication of the level of custodial risk assumed at year end. At present, some of the City's excess funds are primarily deposits that are insured or collateralized pursuant to the Public Depository Security Act of the State of Florida.

Demand deposits and money market accounts are insured by federal depository insurance up to \$250,000 of the aggregate account balances for each entity. Amounts in excess of \$250,000 are fully insured by U.S. Government securities held in the Public Security Trust Fund maintained and monitored by the Treasurer of the State of Florida. Demand deposits and cash on deposit bank balances at September 30, 2021 were approximately \$16,229,000.

The City invests surplus funds in an external investment pool, Florida State Board of Administration (SBA) "The Local Government Surplus Funds Trust Fund". The State Pool is administered by the SBA, who provides regulatory oversight.

Florida Prime - The Florida Prime (formerly known as Pool or Fund A) meets the requirements of and is classified as a "2a-7 like" pool. The SBA is not a registrant with, nor regulated by, the Securities and Exchange Commission or any other regulatory agency; however, the Florida Prime has adopted operating procedures consistent with the requirements for a 2a-7 like pool and the fair value of the position in the pool is equal to the value of the pool's shares. Such investments are stated at amortized cost in the accompanying financial statements. The Florida Prime is rated by Standard and Poors and is currently rated AAAm. The weighted average days to maturity (WAM) at September 30, 2021 is 49 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The Florida Safe is rated by Standard and Poors and is currently rated AAAm. The weighted average days to maturity (WAM) at September 30, 2021 is 76 days. Next interest rate reset dates used in the calculation of the WAM.

As of September 30, 2021 the funds are as follows:

	<u>Florida Prime</u>	<u>FL Safe</u>
General Fund	\$ 6,177,946	\$ 4,623,124
Utilities Enterprise Fund	3,345,165	-
	<u>\$ 9,523,111</u>	<u>\$ 4,623,124</u>

The City's investment in the State Pool exposes it to credit risk. The City does not have a formal policy relating to these risks, which are hereafter described.

Credit Risk

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations, while interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

CITY OF ORANGE CITY, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 3 - Cash and Investments (Continued):

Following is a summary of the carrying amount of the cash and cash equivalents owned by the City at September 30, 2021

	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and Cash Equivalents:		
Demand deposits, cash on deposit and petty cash	\$ 14,284,151	\$ 14,284,151
Florida Safe Investment Pool	4,623,124	4,623,124
Local Government Surplus Funds Trust Fund (Florida Prime)	9,523,111	9,523,111
Total Cash and Cash Equivalents	<u>\$ 28,430,386</u>	<u>\$ 28,430,386</u>
Restricted Assets:		
Demand deposits and cash on deposit	<u>\$ 1,130,926</u>	<u>\$ 1,130,926</u>

Cash and cash equivalents of \$1,130,926 is restricted for customer deposits and debt service.

Note 4 - Due from Other Governments:

Amounts due from other governments at September 30, 2021 are as follows:

	<u>General</u>
Local Option Gas Tax	\$ 27,330
Sales Tax Revenue Sharing	62,450
Communication Services Tax	32,141
State of Florida - Grants	300,697
Due from Volusia County	7,334
	<u>\$ 429,952</u>

CITY OF ORANGE CITY, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 5 - Capital Assets:

Capital asset activity for the year ended September 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Reclass	Ending Balance
Governmental Activities:					
Non-depreciable capital assets:					
Land and improvements	\$ 958,536	\$ -	\$ -	\$ -	\$ 958,536
Construction in progress	2,538,779	360,361	-	(1,848,659)	1,050,481
	<u>3,497,315</u>	<u>360,361</u>	<u>-</u>	<u>(1,848,659)</u>	<u>2,009,017</u>
Depreciable capital assets:					
Buildings	2,133,762	69,831	(71,933)	10,676	2,142,336
Machinery and equipment	7,036,044	190,447	(535,460)	-	6,691,031
Infrastructure	7,531,358	149,851	(45,650)	1,837,983	9,473,542
	<u>16,701,164</u>	<u>410,129</u>	<u>(653,043)</u>	<u>1,848,659</u>	<u>18,306,909</u>
Less accumulated depreciation for:					
Buildings	(1,044,898)	(86,500)	55,721	-	(1,075,677)
Machinery and equipment	(4,994,931)	(575,752)	535,120	-	(5,035,563)
Infrastructure	(2,613,736)	(538,918)	32,470	-	(3,120,184)
	<u>(8,653,565)</u>	<u>(1,201,170)</u>	<u>623,311</u>	<u>-</u>	<u>(9,231,424)</u>
Depreciable capital assets, net	<u>8,047,599</u>	<u>(791,041)</u>	<u>(29,732)</u>	<u>1,848,659</u>	<u>9,075,485</u>
Total capital assets, net	<u>\$11,544,914</u>	<u>\$ (430,680)</u>	<u>\$ (29,732)</u>	<u>\$ -</u>	<u>\$11,084,502</u>

CITY OF ORANGE CITY, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 5 - Capital Assets (Continued):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclass</u>	<u>Ending Balance</u>
Business-type Activities:					
Non-depreciable capital assets:					
Land and improvements	\$ 454,128	\$ -	\$ -	\$ -	\$ 454,128
Waste water capacity	892,521	-	-	-	892,521
Construction in progress	5,123,331	1,636,557	(2,140)	(3,820,297)	2,937,451
	<u>6,469,980</u>	<u>1,636,557</u>	<u>(2,140)</u>	<u>(3,820,297)</u>	<u>4,284,100</u>
Depreciable capital assets:					
Water and wastewater system	30,034,238	376,136	(559,179)	2,059,496	31,910,691
Stormwater infrastructure	4,375,001	75,202	-	1,760,801	6,211,004
Buildings and improvements	981,610	-	(115,027)	-	866,583
Equipment	782,178	65,276	(30,022)	-	817,432
	<u>36,173,027</u>	<u>516,614</u>	<u>(704,228)</u>	<u>3,820,297</u>	<u>39,805,710</u>
Less accumulated depreciation for:					
Water and wastewater system	(10,173,979)	(1,417,422)	439,976	-	(11,151,425)
Stormwater infrastructure	(353,716)	(241,146)	-	-	(594,862)
Buildings and improvements	(721,951)	(21,619)	110,876	-	(632,694)
Equipment	(541,072)	(88,138)	29,983	-	(599,227)
	<u>(11,790,718)</u>	<u>(1,768,325)</u>	<u>580,835</u>	<u>-</u>	<u>(12,978,208)</u>
Depreciable capital assets, net	<u>24,382,309</u>	<u>(1,251,711)</u>	<u>(123,393)</u>	<u>3,820,297</u>	<u>26,827,502</u>
Total capital assets, net	<u>\$30,852,289</u>	<u>\$ 384,846</u>	<u>\$ (125,533)</u>	<u>\$ -</u>	<u>\$31,111,602</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 113,757
Public safety	443,096
Transportation	401,834
Culture and recreation	242,483
Total depreciation expense - governmental activities	<u>\$ 1,201,170</u>
Business-type Activities:	
Utilities	\$ 1,494,050
Stormwater	274,275
Total depreciation expense - business-type activities	<u>\$ 1,768,325</u>

CITY OF ORANGE CITY, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 6 - Long-Term Debt:

Capital Equipment Note- Private Placement

On December 12, 2019, the City issued \$569,259, 2.14% fixed rate, Capital Improvement Revenue Note, Series 2019, maturing December 2026, for the purchase of equipment. In the event of default, the noteholder may pursue any available remedy to enforce the payment of principal and interest on the bonds then outstanding. The principal outstanding as of September 30, 2021 totaled \$454,027.

The note is secured by a covenant to budget and appropriate. The total principal and interest remaining to be paid on this series is \$483,735. For the fiscal year, total principal and interest paid was \$87,952.

Annual debt service requirements to maturity for revenue notes are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2022	\$ 78,641	\$ 9,311
2023	80,335	7,616
2024	82,066	5,886
2025	83,834	4,118
2026	85,641	2,311
2027	43,510	466
Total	<u>\$ 454,027</u>	<u>\$ 29,708</u>

Utilities System Refunding Revenue Bonds - Private Placement

On April 20, 2005, the City issued \$4,585,000, 3.94% fixed rate, Utilities System Refunding Revenue Bonds, Series 2005, maturing October 2021, to refund the Series 1995 and series 1996 bonds and pay issuance costs. In the event of default, the bondholders may pursue any available remedy to enforce the payment of principal and interest on the bonds then outstanding. The bonds outstanding as of September 30, 2021 totaled \$355,000.

These bonds are collateralized by the net revenues of the utilities system. All gross revenues derived from the operation of the system shall be deposited in the revenue fund and net revenues shall be sufficient to pay at least one hundred and twenty-five percent (125%) of the annual debt service requirements. The total principal and interest remaining to be paid on this series is \$368,987. For the fiscal year, total principal and interest paid was \$367,383, and total pledged revenue was \$2,831,592.

Annual debt service requirements to maturity for utilities revenue bonds are as follows:

Year Ending September 30,	Business-Type Activities	
	Principal	Interest
2022	\$ 355,000	\$ 13,987
Total	<u>\$ 355,000</u>	<u>\$ 13,987</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 6 - Long-Term Debt (Continued):

State Revolving Fund Loan

In December 2015, the City executed a State Revolving Fund Loan agreement DW642000 for the City's drinking water project. The agreement provides for total funding of \$10,787,292 including \$9,159,681 of principal forgiveness. The loan period is for 30 years with an interest rate of 1.08 to 1.34 percent. The note is secured by gross revenues from the water and wastewater utilities net of operation and maintenance costs. The total principal and interest remaining to be paid on this series is \$1,903,998. For the fiscal year, total principal and interest paid was \$66,806, and total pledged revenue was \$2,464,209.

In March 2018, the City executed a State Revolving Fund Loan agreement DW642030 for the City's stormwater project. The agreement provides for total funding of \$6,341,855. The loan period is for 20 years with no interest. The note is secured by gross revenues from the water and wastewater utilities net of operation and maintenance costs. The principal remaining to be paid on this series is \$6,110,080. The City used General Fund to pay about 31% of the loan. For the fiscal year, total principal and interest paid was \$358,612, and total pledged revenue was \$2,397,402.

In March 2021, the City executed a State Revolving Fund Loan agreement DW642040 for the City's drinking water design project. The agreement provides for total funding of \$627,000 with \$313,500 of principal forgiveness. The loan period is for 10 years with an interest rate of 1.07 percent. The note is secured by gross revenues from the water and wastewater utilities net of operation and maintenance costs. There were no amounts disbursed on this loan for the year ended September 30, 2021.

In March 2021, the City executed a State Revolving Fund Loan agreement DW642050 for the City's drinking water construction project. The agreement provides for total funding of \$2,154,900. The loan period is for 20 years with no interest. The note is secured by gross revenues from the water and wastewater utilities net of operation and maintenance costs. There were no amounts disbursed under this loan for the year ended September 30, 2021.

For all SRF loans, in an event of default, the Florida Department of Environmental Protection may cause to establish rates and collect fees, require the City to account for all moneys received and used, appoint a receiver to manage the Water and Sewer Systems, intercept delinquent amounts plus a penalty due to the City under State Revenue Sharing, recover all amounts due including costs of collection and attorney fees, and accelerate the repayment schedule or increase the interest rate by a factor of up to 1.667.

CITY OF ORANGE CITY, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 6 - Long-Term Debt (Continued):

Annual debt service requirements to maturity for SRF Loans are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 79,532	\$ -	\$ 290,484	\$ 18,374	\$ 370,016	\$ 18,374
2023	79,532	-	291,039	17,819	370,571	17,819
2024	79,532	-	291,600	17,258	371,132	17,258
2025	79,532	-	292,167	16,691	371,699	16,691
2026	79,532	-	292,741	16,117	372,273	16,117
2027-2031	397,660	-	1,472,545	71,745	1,870,205	71,745
2032-2036	397,660	-	1,487,909	56,381	1,885,569	56,381
2037-2041	318,125	-	1,262,127	40,118	1,580,252	40,118
2042-2046	-	-	311,134	22,901	311,134	22,901
2047-2050	-	-	228,572	5,251	228,572	5,251
Total	\$ 1,511,105	\$ -	\$ 6,220,318	\$ 282,655	\$ 7,731,423	\$ 282,655

Long-term liability activity for the year ended September 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Notes Payable	\$ 531,010	\$ -	\$ (76,983)	454,027	\$ 78,641
SRF Loan	1,388,198	211,732	(88,825)	1,511,105	79,532
Compensated Absences	586,523	107,500	(58,652)	635,371	63,537
Other post employment	174,715	16,520	-	191,235	-
Net Pension Liability	15,700,898	-	(11,375,073)	4,325,825	-
Governmental activity long-term liabilities	<u>\$ 18,381,344</u>	<u>\$ 335,752</u>	<u>\$ (11,599,533)</u>	<u>\$ 7,117,563</u>	<u>\$ 221,710</u>
Business-Type Activities					
Revenue Bonds	\$ 695,000	\$ -	\$ (340,000)	\$ 355,000	\$ 355,000
SRF Loan	6,018,874	519,118	(317,674)	6,220,318	290,484
Compensated absences	137,843	24,703	(13,784)	148,762	14,876
Other post employment benefits	42,133	3,985	-	46,118	-
Net pension liability	1,931,312	-	(1,374,628)	556,684	-
Business-type activity long-term liabilities	<u>\$ 8,825,162</u>	<u>\$ 547,806</u>	<u>\$ (2,046,086)</u>	<u>\$ 7,326,882</u>	<u>\$ 660,360</u>

For governmental activities, compensated absences, other postemployment benefits and net pension liability will be funded from the general fund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 7 - Employee Benefit Plans:

A. Florida Retirement System

The City contributes to the Florida Retirement System (FRS), a multiple-employer, cost-sharing, defined-benefit pension plan administered by the State of Florida, for the City's authorized permanent, full-time and part-time employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. State Statutes authorizes the State to establish and amend all plan provisions. The State of Florida issues a publicly available report that includes financial statements and required supplementary information for FRS. The report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the website: www.dms.myflorida.com/workforce_operations/retirement/publications.

Plan Descriptions - The FRS offers a choice between a defined-benefit plan (Pension Plan) or a defined-contribution plan (Investment Plan) which is administered by the State Board of Administration (SBA). In addition, a Health Insurance Subsidy plan (HIS) is offered to assist retired members of any state-administered retirement system in paying the costs of health insurance.

- 1) The Pension Plan members are eligible for retirement after vesting, which occurs at six (6) years of creditable service for regular members enrolled prior to July 1, 2011 and eight (8) years of creditable service if enrolled on or after July 1, 2011. Normal retirement age is attained at the earlier of thirty (30) or (33) years of creditable service, regardless of age, or retirement at age sixty-two (62) or (65) with at least (6) or (8) years of creditable service if enrolled prior to July 1, 2011 or on or after July 1, 2011 respectively. Early retirement may be taken any time after vesting; however, there is a five percent (5%) benefit reduction for each year prior to normal retirement age. Members are also eligible for in-line-of-duty or regular disability benefits if permanently and totally disabled and unable to work. Benefits are computed on the basis of age, average final compensation, and service credit.

In addition to the above benefits, the Deferred Retirement Option Program (DROP) allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with an FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants. The employer contribution at fiscal year ended September 30, 2021 is 18.34%.

- 2) The Investment Plan provides for vesting after one year of creditable service. Under this plan, the employer makes contributions to a participant's account, and the participant directs where the contributions are invested among the plan's investment funds. Upon termination, vested participants receive amounts accumulated in their investment accounts.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 7 - Employee Benefit Plans (Continued):

A. Florida Retirement System (Continued)

- 3) Health Insurance Subsidy (HIS) Program is established by Chapter 112, Florida Statutes and provides insurance subsidy payments to persons who are retired under a state-administered retirement system, or a beneficiary who is a spouse or financial dependent entitled to receive benefits under a state-administered retirement system except those individuals who are pension recipients under Section 121.40, 237.08(18)(a) and 250.22, Florida Statutes, or recipients of health insurance coverage under Section 110.1232, Florida Statutes or any other special pension or relief act are not eligible for such pension payments. A person is deemed retired from a state-administered retirement system when he or she terminated employment with all employers participating in the Florida Retirement System and:
- a) for a member of the Investment Plan, the participant meets the age or service requirements to qualify for normal retirement per Section 121.021(29), Florida Statutes and meets the definition of retiree in Section 121.4501(2), Florida Statutes or
 - b) for a member of the Pension Plan or any employee who maintains creditable service under the pension plan and the investment plan, the member begins drawing retirement benefits from the pension plan. Any person retiring on or after July 1, 2011, as a member of the Florida Retirement System, including a member of the investment plan, must satisfy the vesting requirements for his or her membership class as administered under Chapter 121, Florida Statutes. Any person retiring due to disability must qualify for a regular or in-line-of-duty disability benefit per provisions under Chapter 112, Florida Statutes.

The HIS plan is funded by required contributions from FRS participating employers as set by the Florida legislature. Employer contributions are a percentage of gross compensation for all active FRS members. At fiscal year ended September 30, 2021, the contribution rate was 1.66% of payroll.

The HIS plan provides monthly payment assistance to retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Department of Management Services, Division of Retirement. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled. For the fiscal year ended September 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payment is at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare. Terms of the benefits provided by the plan may be amended only by the State Legislature with a change in the Statutes governing the plan.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 7 - Employee Benefit Plans (Continued):

A. Florida Retirement System (Continued)

Contributions - The FRS has many classes of membership. Employer contribution rates are set by law. Rates below include the appropriate retirement contribution rate, 1.66 percent HIS contribution rate, 0.06 percent administrative/educational fee and any applicable UAL rates. These classes, with descriptions and weighted average contribution rates in effect during the period ended September 30, 2021, are as follows:

Regular Class - members not qualifying for other classes (13.82% [includes 3% employee contribution] from July 1, 2021 through September 30, 2021 and 13.00% [includes 3% employee contribution from October 1, 2020 through June 30, 2021].)

Senior Management Service Class – members of senior management who do not elect the optional annuity retirement program (32.01% [includes 3% employee contribution] from July 1, 2021 through September 30, 2021 and 30.29% [includes 3% employee contribution] from October 1, 2020 through June 30, 2021.)

Special Risk Class – members employed as law enforcement officers, firefighters, or correctional officers and meet the criteria set to qualify for this class (28.89% [includes 3% employee contribution] from July 1, 2021 through September 30, 2021 and 27.45% [includes 3% employee contribution] from October 1, 2020 through June 30, 2021.)

Elected State Officer's Class – certain elected City officials (54.42% [includes 3% employee contribution] from July 1, 2021 through September 30, 2021 and 52.18% [includes 3% employee contribution] from October 1, 2020 through June 30, 2021.)

- 4) Pension Liabilities and Deferred outflows of Resources and Deferred Inflows of Resources Related to Pensions and Health Insurance Subsidy - At September 30, 2021, the City reported a liability of \$2,413,582 for its proportionate share of the FRS Pension Plan's net pension liability and \$2,468,927 for its proportionate share of the HIS Plan net liability. The net pension liabilities were measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City's proportionate share of the net pension liabilities were based on accrued retirement contributions for employers that were members of the FRS Pension Plan during the year ended June 30, 2021. At June 30, 2021, the City's proportionate share was 0.0320 percent and 0.0201 percent, which was an increase (decrease) of (0.003) percent and 0.001 percent from its proportionate share of 0.0350 and 0.0200 percent measured as of June 30, 2020 for both the FRS and HIS plans, respectively.

CITY OF ORANGE CITY, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 7 - Employee Benefit Plans (Continued):

A. Florida Retirement System (Continued)

For the fiscal year ended September 30, 2021, the City recognized pension expense of (\$1,254,718) for the FRS Pension Plan and \$110,891 for the HIS Plan. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to these plans from the following sources:

Description	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 413,692	\$ -	\$ 82,617	\$ 1,034
Change of assumptions	1,651,492	-	194,002	101,726
Net difference between projected and actual earnings on Pension Plan investments	-	8,420,380	2,574	-
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	234,633	794,459	123,470	-
City Pension Plan contributions subsequent to the measurement date	355,701	-	32,067	-
Total	<u>\$ 2,655,518</u>	<u>\$ 9,214,839</u>	<u>\$ 434,730</u>	<u>\$ 102,760</u>

The deferred outflows of resources related to FRS \$355,701 and HIS \$32,067 resulting from City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022. Other amounts reported for the Plans as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

FRS		HIS	
Fiscal Year Ending	Amount	Fiscal Year Ending	Amount
September 30:	Recognized	September 30:	Recognized
2022	\$ (1,156,523)	2022	\$ 95,214
2023	(1,408,373)	2023	54,890
2024	(1,869,353)	2024	55,457
2025	(2,376,174)	2025	51,676
2026	(104,599)	2026	35,474
Thereafter	-	Thereafter	7,192

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 7 - Employee Benefit Plans (Continued):

A. Florida Retirement System (Continued)

- 5) Actuarial Assumptions - The total pension liability for both the FRS and HIS Plans was determined using the following actuarial assumption, applied to all periods included in the measurement:

	<u>FRS</u>	<u>HIS</u>
Inflation	2.40%	2.40%
Salary Increases, average, including inflation	3.25%	3.25%
Investment Rate of Return net of pension plan investment expense, including inflation	6.80%	2.16%
Mortality rates were based	PUB-2010 base table, projected Generational with scale MP-2018	Generational PUB-2010 with projection scale MP-2018

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

- 6) Discount Rate - The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.80%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

The discount rate used to measure the HIS Plan liability was 2.16%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 7 - Employee Benefit Plans (Continued):

A. Florida Retirement System (Continued)

- 7) Long-Term Expected Rate of Return - The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.10%	2.10%	1.10%
Fixed Income	20.00%	3.80%	3.70%	3.30%
Global Equity	54.20%	8.20%	6.70%	17.80%
Real Estate	10.30%	7.10%	6.20%	13.80%
Private Equity	10.80%	11.70%	8.50%	26.40%
Strategic Investments	3.70%	5.70%	5.40%	8.40%
Total	100.00%			
Assumed Inflation - Mean			2.40%	1.20%

(1) As outlined in the Pension Plan's investment policy

- 8) Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability of the FRS and HIS Plans calculated using the discount rate of 6.80% and 2.16% respectively. Also presented is what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
FRS Plan			
City's Proportionate Share of the Net Pension Liability	\$ 10,793,699	\$ 2,413,582	\$ (4,591,257)
HIS Plan			
City's Proportionate Share of the Net Pension Liability	\$ 2,854,318	\$ 2,468,927	\$ 2,153,184

CITY OF ORANGE CITY, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 7 - Employee Benefit Plans (Continued):

A. Florida Retirement System (Continued)

Contributions:

The City's contributions, including employee contributions, to the Pension Plan totaled \$1,269,045 and to the HIS Plan \$120,363 for the fiscal year ended September 30, 2021.

Payables:

At September 30, 2021, the City reported a payable in the amount of \$59,035 to the Pension Plan and \$0 to the HIS Plan for outstanding contributions.

Expense:

The City's Investment Plan pension expense totaled \$212,257 for the fiscal year ended September 30, 2021.

Aggregates

	Governmental Activities			
	Net Pension Asset (Liability)	Deferred Inflows	Deferred Outflows	Pension Expense
FRS Pension Plan	\$ (2,138,395)	\$ (8,164,201)	\$ 2,352,746	\$ (1,157,508)
HIS Pension Plan	(2,187,430)	(91,044)	385,164	89,166
	<u>\$ (4,325,825)</u>	<u>\$ (8,255,245)</u>	<u>\$ 2,737,910</u>	<u>\$ (1,068,342)</u>
	Business-type Activities			
	Net Pension Asset (Liability)	Deferred Inflows	Deferred Outflows	Pension Expense
FRS Pension Plan	\$ (275,187)	\$ (1,050,638)	\$ 302,772	\$ (97,210)
HIS Pension Plan	(281,497)	(11,716)	49,566	21,725
	<u>\$ (556,684)</u>	<u>\$ (1,062,354)</u>	<u>\$ 352,338</u>	<u>\$ (75,485)</u>

B. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all city employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, or death, or an unforeseeable emergency. The plan assets are held and administered by a third party; thus, the asset and related liabilities are not reflected in these financial statements.

CITY OF ORANGE CITY, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 8 - Interfund Balances and Transfers:

Interfund transfers are the flow of assets without a reciprocal return of assets, goods or services. These are transfers to support other funds without a requirement for repayment. The interfund transfer activity for the year ended September 30, 2021 consisted of the following:

Transfers Out:	Transfers In	
	General Fund	Total
Impact Fee	\$ 60,972	\$ 60,972
Utilities Enterprise Fund	291,037	291,037
Solid Waste	44,082	44,082
	<u>\$ 396,091</u>	<u>\$ 396,091</u>

Purpose:

The transfer of \$60,972 from the Impact Fee fund to the General Fund is for capital projects.

The transfer of \$44,082 from the Solid Waste Fund to the General Fund is the annual 10% franchise fee on residential solid waste.

The transfer of \$291,037 from the Utilities Enterprise Fund to the General Fund is to cover administrative costs including the city manager's and other general government employees' salaries and other unallocated costs.

The general fund has advanced the CRA fund \$1,481,932 to cover capital improvements funded by the City's SRF Loan. The CRA fund will repay the general fund amounts equal to the annual debt service on the loan, provided the CRA fund has sufficient incremental tax revenues.

Note 9 - Fund Balance:

In accordance with GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions* the City is required to report fund balance amounts in five classifications - nonexpendable and spendable categories of restricted, committed, assigned and unassigned as follows:

Nonspendable - includes fund balance amounts that cannot be spent either because it is not spendable form or because of legal or contractual requirements. The City had total nonspendable fund balance of \$1,501,536 in the general fund, with \$19,604 consisting of prepaid items, and \$1,481,932 which consists of advances to other funds.

Restricted - amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments. The City had restricted fund balance of \$140,912, which consists of \$23,791 at September 30, 2021 restricted for the Forfeiture Fund related expenditures; \$6,433 for streetlight district assessments; \$31,156 for Solid Waste assessments; and \$79,532 restricted for debt service in the general fund.

Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the City's highest level of decision-making authority. The City Council addresses these commitments through formal board action, such as, the adoption of a resolution or by motion prior to the City's fiscal year end. Both actions (resolution or motion) are equally binding. The City had committed fund balance at September 30, 2021 of \$1,786,092 related to the Impact Fee approved capital activity.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 9 - Fund Balance (Continued):

Assigned - amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Assignments can be made by the City Council. The City had assigned fund balance of \$1,104,551 at September 30, 2021. City Council has assigned fund balance of \$1,104,551 for various capital improvements, which have been reappropriated from fund balance in the subsequent year's budget. The City Council may also assign fund balance as it does when, fund balance is appropriated, to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balances may also include negative fund balances for any other governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts.

Note 10 - Commitments and Contingencies:

The City has a contract with Volusia County whereby Volusia County has agreed to provide a wastewater treatment and disposal system for the benefit of the City. This contract remains in effect until 2039, at which time the contract can be extended for additional ten-year terms. The fee for this service is established by Volusia County. The City's annual expense related to this contract for the year ended September 30, 2021 was approximately \$880,000.

In the normal course of operations, the City participates in various federal and/or state grant programs from year-to-year. The grant programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant. An additional liability for reimbursement which may arise as a result of these potential audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Various lawsuits and claims arising in the ordinary course of the City's operations are pending against the City. While the ultimate effect of such litigation cannot be ascertained at this time, management believes, based on the advice of legal counsel, that there will be no material effect on the City's financial position and/or that the City has sufficient insurance coverage to cover any claims.

The City has various in progress consultant services and commitments in Governmental Funds and Enterprise Funds which amounted to approximately \$2,644,000 at September 30, 2021.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 11 - 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 for which the City carries commercial insurance. Settled claims have not exceeded the specified commercial coverage limitations for the past three years. There have been no significant reductions in insurance coverage from the past year.

Note 12 - Other Post-Employment Benefits (OPEB):

Plan Description

In accordance with Florida Statutes Section 112.363, the City makes continued group health insurance through the City's current provider available to retirees, provided certain requirements and normal age retirement requirements have been met. This benefit has no cost to the City, other than the implicit cost of including retirees in the group calculation. All premiums are paid by the retiree. The City has chosen pay-as-you-go funding, but is recording the liability in the government-wide financial statements. This plan does not issue stand-alone financial statements.

As of October 1, 2019, the valuation date, there were 126 active employees and 3 inactive employees currently receiving benefits. The OPEB liability of \$237,353 was measured as of September 30, 2021 and was determined by the actuarial valuation rolled forward to 2021. The covered payroll was \$6,184,006, and the ratio of Net OPEB liability as a percentage of covered payroll was 3.84%.

Summary of Actuarial Methods and Assumptions:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Other Postemployment Benefits Liability and Related Ratios Schedule, immediately following the notes to the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time.

Projections of benefits for financial reporting purposes are based on the substantive OPEB plan (the plan as understood by the employer 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 costs between the employer and 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 accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

CITY OF ORANGE CITY, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 12 - Other Post-Employment Benefits (OPEB) (Continued):

The Total liability was determined using the following actuarial assumptions and other inputs, applied to all periods include in the measurement unless otherwise specified:

Initial Health Care Cost Trend Rate	6%
Ultimate Health Care Cost Trend Rate	4.50%
Fiscal Year the Ultimate Rate is Reached	Fiscal year 2036
Valuation Date	October 1, 2019
Measurement Date	September 30, 2021
Actuarial Cost Method	Entry Age Normal
Discount Rate*	2.43%
Inflation Rate	3%
Salary Rate Increase	4%

* S&P Municipal Bond 20-year high-grade rate index as of September 30, 2021

Below are the details regarding the Total OPEB liability for the measurement period from October 1, 2020, to September 30, 2021.

	Total OPEB Liability
Balance as of 9/30/2020	\$ 216,848
Changes for the year:	
Service Cost	20,540
Interest on Total OPEB Liability	4,641
Changes of Assumptions and Other Inputs	(4,676)
Net Changes	<u>\$ 20,505</u>
Balance as of 9/30/2021	<u><u>\$ 237,353</u></u>

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher than the current discount rate:

	Decrease 1.43%	Discount Rate 2.43%	Increase 3.43%
Total OPEB Liability	\$ 253,563	\$ 237,353	\$ 220,630

The following presents the total liability of the city using the 2019 healthcare cost trend rate of 4.5 percent, as well as what the City's OPEB liability would be if it were calculated using healthcare trend rates that are 1 percentage point lower and 1 percentage point higher than the current healthcare cost trend rates:

	Decrease 1%	Health Care Trend	Increase 1%
Total OPEB Liability	\$ 201,817	\$ 237,353	\$ 280,652

CITY OF ORANGE CITY, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021

Note 12 - Other Post-Employment Benefits (OPEB) (Continued):

For the fiscal year ended September 30, 2021, the City had OPEB expense of \$23,033 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Difference between expected and actual experience	\$ 440	\$ 4,967
Changes of assumptions	42,669	30,367
Total	<u>\$ 43,109</u>	<u>\$ 35,334</u>

Amounts reported as deferred outflows or resources and deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

<u>Fiscal Year Ending September 30,</u>	
2021	\$ (2,147)
2022	(2,147)
2023	(2,147)
2024	(2,147)
2025	(2,147)
Thereafter	2,960

Summary of Benefits:

Other postemployment benefits (OPEB's) - The City provides optional postemployment healthcare, dental and life insurance coverage to eligible individuals.

Eligible individuals - Employees of the City who are eligible for retirement or disability retirement under the Florida Retirement System (FRS) may elect to participate in the City-sponsored insurance plans (healthcare, dental and life) at their cost.

Retired monthly premiums for postemployment insurance coverage - retirees must pay monthly premiums as determined by the insurance carriers. Failure to pay insurance premiums will result in termination of insurance coverage without the ability to reinstate such coverage.

Note 13 - Subsequent Events:

Subsequent to year end, the City drew funds on the State Revolving Fund Loan of approximately \$520,000.

CITY OF ORANGE CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2021

CITY OF ORANGE CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2021

Retiree Continuation Insurance Plan

Schedule of Changes in the City's Net OPEB Liability and Related Ratios

Last Ten Fiscal Years*

	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Total OPEB Liability				
Service cost	\$ 20,540	\$ 15,966	\$ 13,001	\$ 12,567
Interest	4,641	6,047	5,467	5,864
Differences between expected and actual experience	-	5,929	-	(715)
Changes of assumptions	(4,676)	18,429	970	(17,460)
Benefit Payments (1)	-	-	(1,448)	(1,592)
Other changes	-	1,423	161	(23,595)
Net change in total OPEB liability	<u>20,505</u>	<u>47,794</u>	<u>18,151</u>	<u>(24,931)</u>
Total OPEB liability, beginning	<u>216,848</u>	<u>169,054</u>	<u>150,903</u>	<u>175,834</u>
Total OPEB liability, ending	<u><u>\$ 237,353</u></u>	<u><u>\$ 216,848</u></u>	<u><u>\$ 169,054</u></u>	<u><u>\$ 150,903</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 6,184,006	\$ 6,184,006	\$ 5,930,325	\$ 5,930,325
Net OPEB liability as a percentage of covered payroll	3.84%	3.51%	2.85%	2.54%

Notes to Schedule:

(1) Includes the Implicit Rate Subsidy.

There are no assets accumulated in a trust to pay benefits.

*Only 4 years of data available; additional years' information will be displayed as it becomes available

CITY OF ORANGE CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2021

Schedule of the City's Proportionate Share of Net Pension Liability
Florida Retirement System (FRS)
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	0.031951620%	0.035034214%	0.035023757%	0.034393717%	0.033648188%	0.031085301%	0.027824709%
City's Proportionate Share of the Net Pension Liability	\$ 2,413,582	\$ 15,184,345	\$ 12,061,694	\$ 10,359,566	\$ 9,952,908	\$ 7,849,063	\$ 3,593,934
City's Covered Payroll	\$ 7,131,849	\$ 6,965,227	\$ 6,667,182	\$ 6,430,153	\$ 5,978,287	\$ 5,378,013	\$ 5,122,792
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	33.84%	218.00%	180.91%	161.11%	166.48%	145.95%	70.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

Schedule of the City's Proportionate Share of Net Pension Liability
Health Insurance Subsidy (HIS)
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	0.020127387%	0.020048302%	0.019935166%	0.019687145%	0.018744408%	0.017418735%	0.016885531%
City's Proportionate Share of the Net Pension Liability	\$ 2,468,927	\$ 2,447,865	\$ 2,230,546	\$ 2,083,710	\$ 2,004,239	\$ 2,030,081	\$ 1,722,059
City's Covered Payroll	\$ 7,131,849	\$ 6,965,227	\$ 6,667,182	\$ 6,430,153	\$ 5,978,287	\$ 5,378,013	\$ 5,122,792
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	34.62%	35.14%	33.46%	32.41%	33.53%	37.75%	33.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

Note: Covered payroll above is payroll for the State's fiscal year ending on June 30th.

* Information for prior years not available.

CITY OF ORANGE CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2021

Schedule of City Contributions
Florida Retirement System (FRS)
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 1,269,045	\$ 1,160,660	\$ 1,107,972	\$ 1,009,475	\$ 894,145	\$ 830,349	\$ 678,390
Contributions in Relation to the Contractually Required Contribution	(1,269,045)	(1,160,660)	(1,107,972)	(1,009,475)	(894,145)	(830,349)	(678,390)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 7,253,530	\$ 6,955,918	\$ 6,731,102	\$ 5,930,325	\$ 6,285,736	\$ 5,378,013	\$ 5,122,792
Contributions as a Percentage of Covered Payroll	17.50%	16.69%	16.46%	17.02%	14.22%	15.44%	13.24%

Schedule of City Contributions
Health Insurance Subsidy (HIS)
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 120,363	\$ 115,375	\$ 111,757	\$ 107,706	\$ 102,265	\$ 94,886	\$ 64,547
Contributions in Relation to the Contractually Required Contribution	(120,363)	(115,375)	(111,757)	(107,706)	(102,265)	(94,886)	(64,547)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 7,253,530	\$ 6,955,918	\$ 6,731,102	\$ 5,930,325	\$ 6,285,736	\$ 5,378,013	\$ 5,122,792
Contributions as a Percentage of Covered Payroll	1.66%	1.66%	1.66%	1.82%	1.63%	1.76%	1.26%

Note: Covered payroll above is for the City's fiscal year ending September 30th

* Information for prior years not available.

CITY OF ORANGE CITY, FLORIDA

BUDGET TO ACTUAL COMPARISON GENERAL FUND

For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Property Taxes	\$ 5,858,094	\$ 5,858,094	\$ 5,927,407	\$ 69,313
Franchise Fees	1,149,330	1,149,330	1,343,099	193,769
Local Option Gas Tax	185,000	185,000	231,451	46,451
Utility Service Taxes	1,715,000	1,732,728	1,982,187	249,459
Fees and Fines	15,250	15,250	47,174	31,924
Licenses and Permits	663,000	1,181,000	1,355,548	174,548
Intergovernmental	1,056,128	1,317,700	1,613,770	296,070
Charges for Services	85,500	85,500	310,079	224,579
Investment Earnings	28,000	28,000	10,465	(17,535)
Contractual - DeBary Fire	1,812,538	1,812,538	1,837,621	25,083
Miscellaneous	211,800	221,170	275,687	54,517
Total revenues	<u>12,779,640</u>	<u>13,586,310</u>	<u>14,934,488</u>	<u>1,348,178</u>
EXPENDITURES:				
Current:				
General Government:				
City Council	182,796	182,796	158,434	24,362
Administration	673,851	694,851	674,281	20,570
City Clerk	291,225	291,225	250,071	41,154
Finance	456,310	456,310	447,120	9,190
Development Services	549,203	689,203	483,015	206,188
General Government	1,041,384	1,072,464	730,369	342,095
Public Safety:				
Police	3,174,232	3,443,032	3,000,815	442,217
Fire	3,025,036	3,114,031	2,527,016	587,015
DeBary Fire Services	1,607,611	1,607,611	1,368,844	238,767
Building Division	401,445	919,445	918,626	819
Emergency and Disaster Relief	-	130,805	77,449	53,356
Transportation	2,096,480	2,768,305	1,815,418	952,887
Culture and Recreation:				
Parks Maintenance	786,342	1,111,901	676,518	435,383
Total expenditures	<u>14,285,915</u>	<u>16,481,979</u>	<u>13,127,976</u>	<u>3,354,003</u>
Excess (deficiency) of revenues over expenditures	<u>(1,506,275)</u>	<u>(2,895,669)</u>	<u>1,806,512</u>	<u>4,702,181</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	557,872	867,714	396,091	(471,623)
Transfers Out	-	(572,756)	-	572,756
Notes payable issued	-	572,756	211,732	(361,024)
Total other financing sources (uses)	<u>557,872</u>	<u>867,714</u>	<u>607,823</u>	<u>(259,891)</u>
Net change in fund balances	<u>(948,403)</u>	<u>(2,027,955)</u>	<u>2,414,335</u>	<u>4,442,290</u>
Fund Balances, beginning of year	<u>13,800,401</u>	<u>13,800,401</u>	<u>13,800,401</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 12,851,998</u>	<u>\$ 11,772,446</u>	<u>\$ 16,214,736</u>	<u>\$ 4,442,290</u>

CITY OF ORANGE CITY, FLORIDA

BUDGET TO ACTUAL COMPARISON
IMPACT FEE FUND - SPECIAL REVENUE FUND

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Public Safety Impact Fees	\$ 17,500	\$ 17,500	\$ 136,271	\$ 118,771
Transportation Impact Fees	17,500	61,500	145,764	84,264
Community Park Impact Fees	7,500	7,500	49,133	41,633
Total revenues	<u>42,500</u>	<u>86,500</u>	<u>331,168</u>	<u>244,668</u>
EXPENDITURES:				
Current:				
Transportation	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>42,500</u>	<u>86,500</u>	<u>331,168</u>	<u>244,668</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(110,847)</u>	<u>(298,331)</u>	<u>(60,972)</u>	<u>237,359</u>
Total other financing sources (uses)	<u>(110,847)</u>	<u>(298,331)</u>	<u>(60,972)</u>	<u>237,359</u>
Net change in fund balances	<u>(68,347)</u>	<u>(211,831)</u>	<u>270,196</u>	<u>482,027</u>
Fund Balances, beginning of year	<u>1,515,896</u>	<u>1,515,896</u>	<u>1,515,896</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 1,447,549</u>	<u>\$ 1,304,065</u>	<u>\$ 1,786,092</u>	<u>\$ 482,027</u>

CITY OF ORANGE CITY, FLORIDA

BUDGET TO ACTUAL COMPARISON
CRA - SPECIAL REVENUE FUND

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Property Taxes	\$ 557,294	\$ 557,294	\$ 561,095	\$ 3,801
Total revenues	<u>557,294</u>	<u>557,294</u>	<u>561,095</u>	<u>3,801</u>
EXPENDITURES:				
Current:				
Economic environment	<u>1,019,358</u>	<u>1,489,022</u>	<u>156,623</u>	<u>1,332,399</u>
Total Expenditures	<u>1,019,358</u>	<u>1,489,022</u>	<u>156,623</u>	<u>1,332,399</u>
Excess (deficiency) of revenues over expenditures	<u>(462,064)</u>	<u>(931,728)</u>	<u>404,472</u>	<u>1,336,200</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	572,756	-	(572,756)
Transfers out	<u>(109,988)</u>	<u>(109,988)</u>	<u>-</u>	<u>109,988</u>
	<u>(109,988)</u>	<u>462,768</u>	<u>-</u>	<u>(462,768)</u>
Net change in fund balances	(572,052)	(468,960)	404,472	873,432
Fund Balances, beginning of year	<u>(919,238)</u>	<u>(919,238)</u>	<u>(919,238)</u>	<u>-</u>
Fund Balances, end of year	<u>\$ (1,491,290)</u>	<u>\$ (1,388,198)</u>	<u>\$ (514,766)</u>	<u>\$ 873,432</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2021

1. Summary of Significant Budget Policies

The City Council annually adopts budgets for the General Fund of the primary government. All appropriations are legally controlled at the fund and department level for the General Fund. On September 22, 2020, the City Council approved the original adopted budget and on November 9, 2021 approved the revised final budget reflected in the financial statements.

The budget is integrated into the accounting system, and the budgetary data, as presented in the financial statement for all funds with annual budgets, compares the expenditures with the amended budgets. The budget is presented on the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedule for the General Fund presents actual expenditures in accordance with U.S. Generally Accepted Accounting Principles on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on the annual budget lapse at the end of each fiscal year.

All major Special Revenue Funds budgets were legally adopted.

2. Material Violations

There were no material violations of the annual appropriated budget for the General Fund for the fiscal year ended September 30, 2021. In addition, there were no excesses of budgetary expenditures for the period.

CITY OF ORANGE CITY, FLORIDA

COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

For the Year Ended September 30, 2021

CITY OF ORANGE CITY, FLORIDA

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds account for revenues from specific taxes or other earmarked revenue sources which, by law, are designated to finance particular functions or activities of government. The City has the following Special Revenue Funds.

Forfeiture Fund

- This fund is established pursuant to the Florida Contraband Forfeiture Act for the receipts of contraband sales proceeds to be used for law enforcement, excluding normal operating expenditures.

Solid Waste Special Assessment Fund

- The Solid Waste Special Assessment Fund is a special revenue fund that is used to account for the collection of the special assessment revenue and expenditures related to residential solid waste services.

Streetlighting District Fund

- This is a special revenue fund that is used to account for the collection of the special assessment revenue and expenditures related to the Streetlighting Districts.

CITY OF ORANGE CITY, FLORIDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

September 30, 2021

	Special Revenue Funds			
	Forfeiture Fund	Solid Waste Assessment Fund	Streetlighting District Fund	Total Funds
ASSETS:				
Cash and cash equivalents	\$ 23,791	\$ -	\$ -	\$ 23,791
Due from other funds	-	31,156	6,433	37,589
Total assets	<u>\$ 23,791</u>	<u>\$ 31,156</u>	<u>6,433</u>	<u>\$ 61,380</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	23,791	31,156	6,433	61,380
Total fund balances	<u>23,791</u>	<u>31,156</u>	<u>6,433</u>	<u>61,380</u>
Total Liabilities and Fund Balances	<u>\$ 23,791</u>	<u>\$ 31,156</u>	<u>\$ 6,433</u>	<u>\$ 61,380</u>

CITY OF ORANGE CITY, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2021

	Special Revenue Funds			
	Forfeiture Fund	Solid Waste Assessment Fund	Streetlighting District Fund	Total Funds
REVENUES:				
Special assessments	\$ -	\$ 440,817	\$ 12,206	\$ 453,023
Total revenues	<u>-</u>	<u>440,817</u>	<u>12,206</u>	<u>453,023</u>
EXPENDITURES:				
Current:				
General government	-	377,978	-	377,978
Transportation	-	-	13,092	13,092
Total expenditures	<u>-</u>	<u>377,978</u>	<u>13,092</u>	<u>391,070</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>62,839</u>	<u>(886)</u>	<u>61,953</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(44,082)	-	(44,082)
Total other financing sources and uses	<u>-</u>	<u>(44,082)</u>	<u>-</u>	<u>(44,082)</u>
Net Change in Fund Balances	-	18,757	(886)	17,871
Fund Balances, beginning of year	23,791	12,399	7,319	43,509
Fund Balances, end of year	<u>\$ 23,791</u>	<u>\$ 31,156</u>	<u>\$ 6,433</u>	<u>\$ 61,380</u>

CITY OF ORANGE CITY, FLORIDA

BUDGET TO ACTUAL COMPARISON
FORFEITURE FUND - SPECIAL REVENUE FUND

For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Confiscated Property	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund Balances, beginning of year	23,791	23,791	23,791	-
Fund Balances, end of year	\$ 23,791	\$ 23,791	\$ 23,791	\$ -

CITY OF ORANGE CITY, FLORIDA

BUDGET TO ACTUAL COMPARISON
SOLID WASTE ASSESSMENT FUND - SPECIAL REVENUE FUND

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Residential Assessments	\$ 460,000	\$ 460,000	\$ 422,976	\$ (37,024)
New Homes	2,500	2,500	17,841	15,341
Total revenues	<u>462,500</u>	<u>462,500</u>	<u>440,817</u>	<u>(21,683)</u>
EXPENDITURES:				
Current:				
Solid waste collection contract	409,220	409,220	377,212	32,008
Operating expenditures	7,280	7,280	766	6,514
Total expenditures	<u>416,500</u>	<u>416,500</u>	<u>377,978</u>	<u>38,522</u>
Excess (deficiency) of revenues over expenditures	<u>46,000</u>	<u>46,000</u>	<u>62,839</u>	<u>16,839</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(46,000)</u>	<u>(46,000)</u>	<u>(44,082)</u>	<u>1,918</u>
Total other financing sources (uses)	<u>(46,000)</u>	<u>(46,000)</u>	<u>(44,082)</u>	<u>1,918</u>
Net change in fund balance	-	-	18,757	18,757
Fund Balances, beginning of year	<u>12,399</u>	<u>12,399</u>	<u>12,399</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 12,399</u>	<u>\$ 12,399</u>	<u>\$ 31,156</u>	<u>\$ 18,757</u>

CITY OF ORANGE CITY, FLORIDA

BUDGET TO ACTUAL COMPARISON
STREETLIGHTING DISTRICT - SPECIAL REVENUE FUND

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 12,849	\$ 12,849	\$ 12,206	\$ (643)
Total revenues	12,849	12,849	12,206	(643)
EXPENDITURES:				
Current:				
Transportation	13,306	13,306	13,092	214
Total expenditures	13,306	13,306	13,092	214
Excess (deficiency) of revenues over expenditures	(457)	(457)	(886)	(429)
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,788)	(1,788)	-	1,788
Total other financing sources (uses)	(1,788)	(1,788)	-	1,788
Net change in fund balance	(2,245)	(2,245)	(886)	1,359
Fund Balances, beginning of year	7,319	7,319	7,319	-
Fund Balances, end of year	\$ 5,074	\$ 5,074	\$ 6,433	\$ 1,359

Statistical Section



CITY OF ORANGE CITY, FLORIDA

STATISTICAL SECTION

For the Year Ended September 30, 2021

This part of the Orange City, Florida annual comprehensive financial report presents 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.

CONTENTS

TABLES

Financial Trends

1 through 4

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

Revenue Capacity

5 through 8

These schedules contain information to help readers assess the City's most significant local revenue source - its property tax.

Debt Capacity

9 through 11

These schedules present information to help readers assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. There are no limitations placed upon the amount of debt the City may issue by either the City Charter or the City's Code of Ordinances or by Florida Statutes.

Demographic and Economic Information

12 through 13

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

Operating Information

14 through 16

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

Except where noted, the information in these schedules is derived from the City of Orange City's annual comprehensive financial reports for the relevant year. The City implemented GASB Statement 54 in 2011; schedules presenting fund equity include information beginning in that year.

CITY OF ORANGE CITY, FLORIDA

TABLE 1

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(Prepared on the accrual basis of accounting)

	2012	2013	2014	2015 (1)	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 4,607,684	\$ 4,574,133	\$ 5,923,764	\$ 6,823,702	\$ 7,652,289	\$ 8,614,451	\$ 8,986,632	\$ 10,080,529	\$ 9,625,706	\$ 9,119,370
Restricted	629,310	627,575	671,649	557,372	646,346	628,049	1,047,126	1,005,201	1,602,000	1,895,848
Unrestricted	6,947,175	8,385,609	8,197,908	4,832,747	3,522,587	249,665	(25,867)	250,156	1,161,600	4,975,564
Total governmental activities net position	\$ 12,184,169	\$ 13,587,317	\$ 14,793,321	\$ 12,213,821	\$ 11,821,222	\$ 9,492,165	\$ 10,007,891	\$ 11,335,886	\$ 12,389,306	\$ 15,990,782
Business-type activities										
Net investment in capital assets	\$ 5,146,940	\$ 6,052,364	\$ 6,799,490	\$ 7,616,441	\$ 10,283,233	\$ 16,076,379	\$ 20,963,248	\$ 24,351,126	\$ 24,138,415	\$ 24,536,284
Restricted	-	270,000	280,000	285,000	295,000	310,000	320,000	330,000	594,746	645,366
Unrestricted	4,962,967	4,581,617	4,535,413	4,030,677	3,291,079	4,048,384	5,008,520	5,019,856	7,584,339	10,232,996
Total business-type activities net position	\$ 10,109,907	\$ 10,903,981	\$ 11,614,903	\$ 11,932,118	\$ 13,869,312	\$ 20,434,763	\$ 26,291,768	\$ 29,700,982	\$ 32,317,500	\$ 35,414,646
Primary government										
Net investment in capital assets	\$ 9,754,624	\$ 10,626,497	\$ 12,723,254	\$ 14,440,143	\$ 17,935,522	\$ 24,690,830	\$ 29,949,880	34,431,655	33,764,121	33,655,654
Restricted	629,310	897,575	951,649	842,372	941,346	938,049	1,367,126	1,335,201	2,196,746	2,541,214
Unrestricted	11,910,142	12,967,226	12,733,321	8,863,424	6,813,666	4,298,049	4,982,653	5,270,012	8,745,939	15,208,560
Total primary government net position	\$ 22,294,076	\$ 24,491,298	\$ 26,408,224	\$ 24,145,939	\$ 25,690,534	\$ 29,926,928	\$ 36,299,659	\$ 41,036,868	\$ 44,706,806	\$ 51,405,428

(1) Updated for GASB 68

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Prepared on the accrual basis of accounting)

Expenses	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General government	\$ 2,311,911	\$ 2,432,709	\$ 2,628,172	\$ 2,567,621	\$ 3,012,446	\$ 2,637,169	\$ 2,794,659	\$ 3,188,748	\$ 3,300,566	\$ 2,945,936
Public safety	4,524,106	4,569,526	5,101,304	5,108,840	6,247,281	7,045,247	8,125,224	8,853,471	9,304,186	7,376,700
Transportation	1,135,701	1,055,079	1,170,091	1,196,175	1,508,542	1,107,884	1,611,000	1,920,073	2,153,632	1,842,482
Culture and recreation	270,948	285,116	438,508	537,128	541,844	1,265,752	693,156	652,902	634,319	744,382
Economic environment	-	-	-	-	-	10,822	12,046	14,158	24,693	14,956
Interest on long-term debt	28,464	18,909	17,675	8,358	-	-	-	-	9,086	44,879
Total governmental activities expenses	8,271,130	8,361,339	9,355,750	9,418,122	11,310,113	12,066,874	13,236,085	14,629,352	15,426,482	12,969,335
Business-type activities:										
Water and wastewater system	2,781,943	2,722,748	3,083,384	3,337,193	3,577,722	3,881,259	4,048,452	4,163,674	5,008,858	5,750,227
Stormwater	-	-	-	-	78,101	102,091	221,775	352,153	433,037	515,948
Total business-type activities expenses	2,781,943	2,722,748	3,083,384	3,337,193	3,655,823	3,983,350	4,270,227	4,515,827	5,441,895	6,266,175
Total primary government expenses	\$ 11,053,073	\$ 11,084,087	\$ 12,439,134	\$ 12,755,315	\$ 14,965,936	\$ 16,050,224	\$ 17,506,312	\$ 19,145,179	\$ 20,868,377	\$ 19,235,510
Program Revenues										
Governmental activities:										
Charges for services:										
General government	2,527,353	2,775,157	2,498,242	2,579,408	2,327,456	2,417,373	2,485,552	3,056,020	3,266,574	3,376,431
Public safety	1,111,303	1,242,642	1,449,976	1,538,576	1,732,887	1,799,228	1,838,168	1,942,570	2,041,877	2,171,911
Transportation	256,923	290,337	313,543	344,900	366,401	391,186	422,213	444,213	406,037	474,825
Culture and recreation	14,782	13,974	23,577	24,061	76,571	40,265	30,512	38,139	18,394	20,760
Operating grants and contributions	442,216	81,837	103,754	994,570	85,438	113,316	491,300	831,487	1,220,285	331,168
Capital grants and contributions	-	-	-	-	114,297	154,178	432,918	903,831	203,543	161,257
Total governmental activities program revenues	4,352,577	4,403,947	4,389,092	5,481,515	4,703,050	4,915,546	5,700,663	7,216,260	7,156,710	6,536,352
Business-type activities:										
Charges for services:										
Water and wastewater system	3,420,232	3,460,206	4,106,345	4,176,905	4,440,775	4,574,779	4,541,038	4,848,397	5,915,616	6,908,121
Stormwater	-	-	-	-	553,682	580,751	609,144	628,135	687,590	720,542
Operating grants and contributions	81,504	205,400	12,780	28,935	148,118	-	-	-	-	-
Capital grants and contributions	-	-	-	-	314,435	3,456,591	5,239,319	2,705,959	1,717,117	2,011,558
Total business-type activities program revenues	3,501,736	3,665,606	4,119,125	4,205,840	5,457,010	8,612,121	10,389,501	8,182,491	8,320,323	9,640,221
Total primary government program revenues	7,854,313	8,069,553	8,508,217	9,687,355	10,160,060	13,527,667	16,090,164	15,398,751	15,477,033	16,176,573

(Continued)

CHANGES IN NET POSITION

Continued

LAST TEN FISCAL YEARS

(Prepared on the accrual basis of accounting)

Net (Expense)/Revenue	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities	(3,918,553)	(3,957,392)	(4,966,658)	(3,936,607)	(6,607,063)	(7,151,328)	(7,535,422)	(7,413,092)	(8,269,772)	(6,432,983)
Business-type activities	719,793	942,858	1,035,741	868,647	1,801,187	4,628,771	6,119,274	3,666,664	2,878,428	3,374,046
Total primary government net expense	<u>\$ (3,198,760)</u>	<u>\$ (3,014,534)</u>	<u>\$ (3,930,917)</u>	<u>\$ (3,067,960)</u>	<u>\$ (4,805,876)</u>	<u>\$ (2,522,557)</u>	<u>\$ (1,416,148)</u>	<u>\$ (3,746,428)</u>	<u>\$ (5,391,344)</u>	<u>\$ (3,058,937)</u>
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	3,354,635	3,473,084	3,696,581	3,835,377	3,992,652	4,289,865	5,025,511	5,420,268	5,910,975	6,488,502
Local option gas and use tax	185,391	184,237	185,530	194,547	210,491	222,898	230,519	227,464	245,357	231,451
Utility service taxes	1,449,481	1,002,145	1,530,836	1,451,019	1,450,946	1,452,492	1,548,629	1,811,278	1,892,751	1,982,187
State sales tax	470,793	516,870	542,940	584,986	620,006	679,175	808,666	840,898	792,650	938,679
Unrestricted investment earnings	5,875	11,132	1,167	10,781	9,140	18,247	29,390	41,000	46,457	10,465
Miscellaneous	45,647	23,072	61,108	68,351	58,487	89,855	111,777	132,373	157,823	92,138
Transfers	150,000	150,000	154,500	159,900	(127,258)	(1,930,261)	258,750	267,806	277,179	291,037
Total governmental activities	<u>5,661,822</u>	<u>5,360,540</u>	<u>6,172,662</u>	<u>6,304,961</u>	<u>6,214,464</u>	<u>4,822,271</u>	<u>8,013,242</u>	<u>8,741,087</u>	<u>9,323,192</u>	<u>10,034,459</u>
Business-type activities:										
Investment earnings	8,657	4,271	(991)	4,087	1,172	1,582	1,582	2,001	10,910	3,838
Miscellaneous	18,726	(3,055)	-	-	7,577	4,837	28,307	8,355	4,359	10,299
Transfers	(150,000)	(150,000)	(154,500)	(159,900)	127,258	1,930,261	(258,750)	(267,806)	(277,179)	(291,037)
Total business-type activities	<u>(122,617)</u>	<u>(148,784)</u>	<u>(155,491)</u>	<u>(155,813)</u>	<u>136,007</u>	<u>1,936,680</u>	<u>(228,861)</u>	<u>(257,450)</u>	<u>(261,910)</u>	<u>(276,900)</u>
Total primary government	5,539,205	5,211,756	6,017,171	6,149,148	6,350,471	6,758,951	7,784,381	8,483,637	9,061,282	9,757,559
Change in Net Position										
Functions and Programs										
Governmental activities	1,743,269	1,403,148	1,206,004	2,368,354	(392,599)	(2,329,057)	477,820	1,327,995	1,053,420	3,601,476
Business-type activities	597,176	794,074	880,250	712,834	1,937,194	6,565,451	5,890,413	3,409,214	2,616,518	3,097,146
Total primary government	<u>\$ 2,340,445</u>	<u>\$ 2,197,222</u>	<u>\$ 2,086,254</u>	<u>\$ 3,081,188</u>	<u>\$ 1,544,595</u>	<u>\$ 4,236,394</u>	<u>\$ 6,368,233</u>	<u>\$ 4,737,209</u>	<u>\$ 3,669,938</u>	<u>\$ 6,698,622</u>

CITY OF ORANGE CITY, FLORIDA

TABLE 3

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Prepared on the modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	2,826	12,448	4,559	120,242	87,800	103,117	100,666	103,333	1,498,826	1,501,536
Restricted	-	-	-	-	-	-	79,287	-	54,994	79,532
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	75,261	188,871	2,314,824	1,354,722	694,077	1,053,781	342,677	490,799	1,369,591	1,104,551
Unassigned	7,842,898	9,140,660	6,844,582	8,542,451	8,633,352	5,784,872	7,140,432	9,249,870	10,876,990	13,529,117
Total general fund	<u>\$ 7,920,985</u>	<u>\$ 9,341,979</u>	<u>\$ 9,163,965</u>	<u>\$ 10,017,415</u>	<u>\$ 9,415,229</u>	<u>\$ 6,941,770</u>	<u>\$ 7,663,062</u>	<u>\$ 9,844,002</u>	<u>\$ 13,800,401</u>	<u>\$ 16,214,736</u>
All other governmental funds										
Reserved for:										
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-	-	-	-	-
Committed	615,143	611,408	656,463	484,602	489,942	603,258	722,330	910,518	1,515,896	1,786,092
Restricted	14,167	16,167	15,186	72,770	157,468	24,791	245,509	94,683	43,509	61,380
Unassigned	-	-	-	-	-	-	-	-	(919,238)	(514,766)
Total all other governmental funds	<u>\$ 629,310</u>	<u>\$ 627,575</u>	<u>\$ 671,649</u>	<u>\$ 557,372</u>	<u>\$ 647,410</u>	<u>\$ 628,049</u>	<u>\$ 967,839</u>	<u>\$ 1,005,201</u>	<u>\$ 640,167</u>	<u>\$ 1,332,706</u>

Notes:

(1) The City implemented GASB Statement No. 54 in fiscal year 2011. That statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications in years prior to 2011 served as a measure of the availability or nonavailability of spending of current financial resources.

TABLE 4

CITY OF ORANGE CITY, FLORIDA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**LAST TEN FISCAL YEARS****(Prepared on the modified accrual basis of accounting)**

	2012	2013	2014	2015	2016
REVENUES					
Property taxes	\$ 3,354,636	\$ 3,473,084	\$ 3,696,581	\$ 3,835,377	\$ 3,992,652
Franchise fees	1,351,333	1,293,984	1,353,098	1,388,094	1,207,730
Local option gas tax	185,391	184,537	185,530	194,547	210,491
Utility service taxes	1,449,482	1,503,849	1,530,836	1,451,019	1,450,946
Fees and fines	59,692	49,010	45,780	47,595	37,866
Licenses and permits	441,373	330,237	364,897	371,598	469,346
Intergovernmental	1,052,403	888,871	942,904	1,487,484	1,137,065
Charges for services	1,643,829	550,681	130,919	185,503	462,890
Impact fees	120,749	15,930	516,003	548,300	194,505
Investment earnings	20,011	11,132	1,167	10,781	9,140
Contractual - DeBary Fire and PW	-	1,158,747	1,303,866	1,373,291	1,438,124
Miscellaneous	185,500	228,667	335,673	332,318	434,017
Total revenues	9,864,399	9,688,729	10,407,254	11,225,907	11,044,772
EXPENDITURES					
Current:					
General government	2,144,498	2,341,796	2,568,833	2,567,062	2,686,782
Public safety	4,237,149	4,302,806	4,834,288	5,089,990	5,549,894
Transportation	1,046,601	950,865	1,115,289	1,257,034	1,256,655
Culture and recreation	195,765	200,868	227,001	256,070	289,492
Economic environment	-	-	-	-	-
Debt service:					
Principal	114,291	51,759	30,938	24,036	-
Interest and other charges	28,464	18,909	17,675	8,358	-
Capital outlay	848,242	552,468	1,901,670	1,444,084	1,680,167
Total expenditures	8,615,010	8,419,471	10,695,694	10,646,634	11,462,990
Excess (deficiency) of revenues over expenditures	1,249,389	1,269,258	(288,440)	579,273	(418,218)
OTHER FINANCING SOURCES (USES)					
Proceeds from debt	-	-	-	-	-
Refund of contrib. to partnership ctr.	-	-	-	-	-
Transfers in	315,980	190,722	171,897	436,281	273,345
Transfer out	(165,980)	(40,722)	(17,397)	(276,381)	(367,275)
Total other financing sources and uses	150,000	150,000	154,500	159,900	(93,930)
Net change in fund balance	\$ 1,399,389	\$ 1,419,258	\$ (133,940)	\$ 739,173	\$ (512,148)
Debt service as a percentage of noncapital expenditures	1.84%	0.90%	0.55%	0.35%	0.00%

(Continued)

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**Continued
LAST TEN FISCAL YEARS****(Prepared on the modified accrual basis of accounting)**

	2017	2018	2019	2020	2021
REVENUES					
Property taxes	\$ 4,289,865	\$ 5,025,511	\$ 5,420,268	\$ 5,910,975	\$ 6,488,502
Franchise fees	1,168,329	1,245,420	1,299,447	1,268,617	1,343,099
Local option gas tax	222,898	230,519	227,464	245,357	231,451
Utility service taxes	1,452,492	1,548,629	1,811,278	1,892,751	1,982,187
Fees and fines	26,393	20,288	22,429	26,643	47,174
Licenses and permits	599,236	610,078	1,161,022	1,298,900	1,355,548
Intergovernmental	1,266,730	1,890,546	2,852,431	1,976,402	1,613,770
Charges for services	251,914	214,965	594,194	1,109,906	310,079
Impact fees	483,644	600,372	208,778	299,304	784,191
Investment earnings	18,247	29,390	41,000	46,457	10,465
Contractual - DeBary Fire and PW	1,545,004	1,650,365	1,703,823	1,781,752	1,837,621
Miscellaneous	343,326	389,072	347,407	345,659	275,687
Total revenues	11,668,078	13,455,155	15,689,541	16,202,723	16,279,774
EXPENDITURES					
Current:					
General government	2,426,057	2,501,028	2,722,333	2,888,976	3,029,653
Public safety	6,054,775	6,932,578	6,927,371	7,161,324	7,607,346
Transportation	1,475,164	1,300,869	1,394,989	1,441,842	1,445,371
Culture and recreation	339,410	402,929	418,235	456,326	522,700
Economic environment	9,508	10,505	10,970	21,124	16,804
Debt service:					
Principal	-	-	-	38,249	165,808
Interest and other charges	-	-	-	9,086	44,879
Capital outlay	1,925,723	1,504,914	2,541,685	2,552,529	843,108
Total expenditures	12,230,637	12,652,823	14,015,583	14,569,456	13,675,669
Excess (deficiency) of revenues over expenditures	(562,559)	802,332	1,673,958	1,633,267	2,604,105
OTHER FINANCING SOURCES (USES)					
Proceeds from debt	-	-	-	-	-
Notes payable issued	-	-	276,538	1,680,919	211,732
Transfers in	295,479	391,359	322,164	454,928	396,091
Transfer out	(2,225,740)	(132,609)	(54,358)	(177,749)	(105,054)
Total other financing sources and use	(1,930,261)	258,750	544,344	1,958,098	502,769
Net change in fund balance	\$ (2,492,820)	\$ 1,061,082	\$ 2,218,302	\$ 3,591,365	\$ 3,106,874
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.39%	1.64%

TABLE 5

CITY OF ORANGE CITY, FLORIDA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**LAST TEN FISCAL YEARS**

Fiscal Year	Estimated Market Value		Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2012	615,287,106	72,167,257	198,954,171	488,500,192	7.0757
2013	601,650,375	68,070,422	193,358,668	476,362,129	7.5100
2014	617,411,675	71,888,508	188,090,767	501,209,416	7.5900
2015	651,261,340	94,058,070	218,252,303	527,067,107	7.4900
2016	678,491,531	89,179,203	217,673,966	549,996,768	7.4500
2017	723,709,685	87,125,986	222,289,211	588,546,460	7.4500
2018	777,294,578	85,322,431	230,806,662	631,810,347	8.0650
2019	847,820,688	85,876,915	252,691,908	681,005,695	8.0340
2020	946,427,391	89,772,541	281,509,395	754,691,537	7.8332
2021	1,030,026,222	109,713,127	313,073,298	826,666,051	7.8332

Source: Volusia County Property Appraiser

DIRECT AND OVERLAPPING PROPERTY TAX RATES**LAST TEN FISCAL YEARS**

Fiscal Year	City of Orange City, Florida Operating Millage (2)	Overlapping Rates (1)					Total Millage
		Volusia		St. Johns Water Mgmt	FL Inland Nav. District	Hospital Operating & Debt	
		School Board	County				
2012	7.0757	8.0630	6.7791	0.3313	0.0345	2.3849	24.6685
2013	7.5100	7.8880	6.8809	0.3313	0.0345	2.4666	25.1113
2014	7.5900	7.3580	7.2709	0.3283	0.0345	2.3759	24.9576
2015	7.4900	7.3360	7.2709	0.3164	0.0345	1.9237	24.3715
2016	7.4500	7.1970	7.2709	0.3023	0.0320	1.6679	23.9201
2017	7.4500	6.8480	7.0520	0.2885	0.0320	1.5900	23.2605
2018	8.0650	6.5200	7.0520	0.2724	0.0320	2.3660	24.3074
2019	8.0340	6.2810	6.6464	0.2562	0.0320	2.1751	23.4247
2020	7.8332	6.0810	6.1420	0.2414	0.0320	1.9080	22.6376
2021	7.8332	5.9070	5.9674	0.2287	0.0320	1.5035	21.6553

Source: Volusia County Property Appraiser

Notes:

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Orange City. Not all overlapping rates apply to all Orange City property owners.

(2) Orange City's direct rate is for operating millage. There is no debt service millage.

PRINCIPAL PROPERTY TAXPAYERS, CURRENT YEAR AND TEN YEARS AGO

SEPTEMBER 30, 2021

Taxpayer Name	Type of Business	2021			2012		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
John Knox Village of Central FL	Assisted Living Facility	\$ 33,222,985	1	4.02%	\$ 10,200,536	4	2.09%
Northland Grandeville LLC	Apartments (316)	29,018,981	2	3.51%	13,147,657	2	2.69%
EBSCO Integra Landings LLC	Apartments (270)	25,424,310	3	3.08%	13,589,816	1	2.78%
Walmart Stores East LP	Retail Store	16,777,719	4	2.03%	11,679,542	3	2.39%
KRG Orange City Saxon LLC	Saxon Crossings	15,755,761	5	1.91%	-	-	0.00%
985 W Volusia LLC	Shopping Center	13,803,729	6	1.67%	8,787,940	5	1.80%
Publix Super Markets Inc	Crown Center Plaza North	13,157,342	7	1.59%	-	-	0.00%
Sun Orange City, LLC	Orange City RV	13,073,732	8	1.58%	8,010,125	7	1.64%
Orange City SDC, LLC	Shopping Center - Marketplace	10,468,128	9	1.27%	7,430,114	8	1.52%
Duke Energy Florida, LLC	Electric Power Company	10,157,728	10	1.23%	8,060,704	6	1.65%
Total For Principal Taxpayers		180,860,415		21.88%	80,906,434		16.56%
Total For Other Taxpayers		645,805,636		78.12%	407,593,758		83.44%
Total		\$ 826,666,051		100.00%	\$ 488,500,192		100.00%

Source: Research conducted by the City of Orange City, Finance Department from data supplied by the Volusia County Property Appraiser's Office.

PROPERTY TAX LEVIES AND COLLECTIONS**LAST TEN FISCAL YEARS**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	3,456,481	3,319,592	96.04%	34,684	3,354,276	97.04%
2013	3,577,480	3,322,184	92.86%	150,864	3,473,048	97.08%
2014	3,801,950	3,653,823	96.10%	42,758	3,696,582	97.23%
2015	3,947,733	3,695,147	93.60%	89,495	3,784,642	95.87%
2016	4,097,476	3,813,028	93.06%	143,907	3,956,934	96.57%
2017	4,384,671	4,064,996	92.71%	72,124	4,137,120	94.35%
2018	5,095,737	4,669,059	91.63%	118,917	4,787,976	93.96%
2019	5,483,079	5,005,616	91.29%	91,114	5,096,731	92.95%
2020	5,903,748	5,273,860	89.33%	200,265	5,474,125	92.72%
2021	6,475,441	5,755,676	88.88%	171,731	5,927,407	91.54%

Source: Volusia County Tax Collector's Office

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita (1)
	Capital Improvement Revenue Bonds 2007	Special Assessment Revenue Bonds 2009	Capital Improvement SRF Loan 642030	Capital Lease(s)	Utility Refunding Revenue 2005 (2)	Capital Improvement SRF Loan 642000	Capital Improvement SRF Loan 642030			
2012	22,043	485,359	-	-	2,617,197	-	-	3,124,599	1.83%	278
2013	-	455,643	-	-	2,635,842	-	-	3,091,485	1.77%	273
2014	-	424,705	-	-	2,515,000	-	-	2,939,705	1.66%	256
2015	-	-	-	-	2,235,000	-	-	2,235,000	1.20%	193
2016	-	-	-	-	1,950,000	-	-	1,950,000	0.99%	167
2017	-	-	-	-	1,655,000	579,457	-	2,234,457	1.09%	189
2018	-	-	-	-	1,345,000	1,517,538	-	2,862,538	1.31%	244
2019	-	-	276,538	-	1,025,000	1,543,199	597,357	3,442,094	1.48%	284
2020	-	-	1,386,198	531,010	695,000	1,669,231	4,349,643	8,631,082	3.53%	694
2021	-	-	1,511,105	454,027	355,000	1,621,343	4,598,975	8,540,451	3.27%	633

Notes:

- (1) See Table 12 for personal income and population data
- (2) Net of advanced refunding costs. 2014 refunding cost removed due to new GASB pronouncement

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2021

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Orange City Share of Debt</u>
Debt Repaid with Property Taxes:			
County of Volusia, Florida:			
General Obligation Bonds	-	2.08%	-
Other Debt:			
District School Board of Volusia County, Florida:			
State School bonds	85,000	1.86%	1,581.00
Sales Tax Revenue Bonds	31,479,596	1.86%	585,520.49
Certificates of Participation	346,407,401	1.86%	6,443,177.66
Notes and Capital Leases	3,037,269	1.86%	56,493.20
County of Volusia, Florida			
Revenue Bonds	59,162,172	2.08%	1,230,573.18
Notes Payable	<u>16,191,000</u>	2.08%	<u>336,772.80</u>
Total Overlapping Debt:	\$ 456,362,438		\$ 8,654,118
Direct Debt: City of Orange City			<u>\$ 1,965,132</u>
Total Direct & Overlapping Debt:			<u><u>\$ 10,619,251</u></u>

Source:

Assessed valuation data used to estimate applicable percentages provided by Volusia County Property Appraiser.

Debt outstanding data provided by each governmental unit.

- (1) For School Board overlapping debt, the percentage applicable to Orange City was determined by taking the City's taxable value of \$826,666,051 and dividing by the School Board's taxable value of \$44,528,196,910.
- (2) For Volusia County's overlapping debt, the percentage applicable to Orange City was determined by taking the City's taxable value of \$826,666,051 and dividing by Volusia County's taxable value of \$39,785,654,883.

TABLE 11

CITY OF ORANGE CITY, FLORIDA

PLEDGED REVENUE COVERAGE

BUSINESS-TYPE ACTIVITIES

LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Basic Covenant Coverage
				Principal	Interest	Total	
2012	3,420,232	1,978,342	1,441,890	260,000	119,918	379,918	3.795
2013	3,460,206	2,086,258	1,373,948	- *	54,779	54,779	25.082
2014	4,104,430	2,467,151	1,637,279	270,000	104,410	374,410	4.373
2015	4,176,905	2,524,487	1,652,418	280,000	93,728	373,728	4.421
2016	4,440,775	2,648,948	1,791,827	285,000	65,996	350,996	5.105
2017	4,574,779	3,081,657	1,493,122	295,000	73,331	368,331	4.054
2018	4,542,620	3,353,609	1,189,011	310,000	58,411	368,411	3.227
2019	4,850,398	3,454,250	1,396,148	320,000	47,004	367,004	3.804
2020	5,918,956	4,107,702	1,811,254	330,000	84,684	414,684	4.368
2021	6,911,959	4,051,496	2,860,463	657,674	79,147	736,821	3.882

Notes:

(1) Gross revenues from water and sewer charges for services, plus interest income and service charges.

(2) Total operating expenses exclusive of depreciation and amortization of intangibles.

* Principal payments are due October 1. Historically the payment was made prior to September 30 each year. In fiscal year the payment was made October 1.

DEMOGRAPHIC AND ECONOMIC STATISTICS**LAST TEN FISCAL YEARS**

Fiscal Year	Estimated Population (1)	School Enrollment (2)	Median Household Effective Buying Income (4)	Per Capita Personal Income (3)	Personal Income (3)	Unemployment Rate (4)
2012	11,226	5,439	30,706	34,473	170,476,650	8.8%
2013	11,337	5,568	40,838	35,081	174,451,770	7.1%
2014	11,483	5,614	41,769	35,302	176,962,450	5.9%
2015	11,569	5,764	43,419	36,641	186,104,350	5.7%
2016	11,679	5,609	41,117	38,176	197,823,100	5.5%
2017	11,850	5,500	40,788	38,807	205,432,530	5.1%
2018	11,720	5,216	43,838	40,658	219,020,760	4.3%
2019	12,103	5,308	46,760 *	42,374	232,016,190	3.7%
2020	12,436	4,857	49,494	44,180	244,441,620	3.4%
2021	13,483	5,323	49,494	46,475	260,957,060	7.7%

Sources:

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

(2) Public schools are within the jurisdiction of the Volusia County School Board.
This table reflects the 20-day report (Membership Report) for enrollment of public schools within the Orange City city limits.

(3) <http://edr.state.fl.us/Content/area-profiles/county/volusia.pdf>
Summary, for Volusia County. Separate information for the City of Orange City is not available.

(4) Volusia County data obtained from Florida Department of Economic and Demographic Research

TABLE 13

CITY OF ORANGE CITY, FLORIDA

PRINCIPAL EMPLOYERS

<u>Employer</u>	<u>September 30, 2021</u>			<u>September 30, 2012</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Population</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Population</u>
Florida Hospital Fish Memorial	1,109	1	8%	869	1	8%
Volusia County Schools	531	2	4%	481	2	15%
John Knox Village	487	3	4%	516	3	5%
Wal-Mart	437	4	3%	467	4	4%
Orange City Racing & Card Club	250	5	2%	(1)	(1)	
Publix - Lakeland for Store #422	200	6	1%	172	5	2%
Lowe's Home Improvement	166	7	1%	134	8	1%
Home Depot	180	8	1%	(1)	(1)	
Target	140	9	1%	135	7	1%
City of Orange City	126	10	1%	111	11	1%
Olive Garden Italian Restaurant #1228	120	11	1%	117	10	1%
Asbury Automotive Group	99	12	1%	130	(1)	4%
Kohl's	63	13	0%	131	9	1%
Orange City Nursing & Rehab Ctr.		(1)	0%	146	6	1%
TOTAL	<u>3,908</u>		<u>29%</u>	<u>3,263</u>		<u>42%</u>
Population	<u>13,483</u>			<u>11,226</u>		

Source: City of Orange City, Finance Department

(1) Information not available

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

Function/Program	FISCAL YEAR									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government										
Administration	6.00	6.00	6.00	6.00	5.90	5.00	6.00	6.00	6.00	6.00
City Clerk	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Finance	3.50	4.00	4.00	4.00	4.00	4.00	4.50	4.50	4.50	4.50
Planning and Zoning	4.00	5.00	5.00	5.00	5.00	4.92	4.92	4.92	4.92	4.92
General Government (2)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building (1)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Police										
Officers	24.00	24.00	25.00	25.00	25.00	26.00	28.00	28.00	29.00	29.00
Civilians	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Fire										
Firefighters and officers	20.50	20.50	20.50	20.50	20.50	20.50	20.50	20.50	23.25	23.25
Civilians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00
Public Works										
Public Works	14.00	14.25	14.25	14.25	13.00	11.00	11.00	11.75	11.75	11.75
Parks Maintenance	2.00	2.00	2.00	2.00	3.50	4.00	4.00	4.00	5.00	5.00
Utilities Enterprise	15.50	15.75	16.75	16.75	19.60	19.50	19.50	19.75	21.75	21.75
CRA Fund	-	-	-	-	-	0.08	0.08	0.08	0.08	0.08
Stormwater Fund	-	-	-	-	-	2.00	2.00	2.00	2.00	2.00
TOTAL	95.50	97.50	99.50	99.50	102.50	103.00	106.50	107.50	115.25	115.25

Source: City of Orange City Annual Budget Book

Notes:

- (1) The Building Department began contracting services in 2004.
(2) General Government employee included with Administration 2012.

TABLE 15

CITY OF ORANGE CITY

OPERATING INDICATORS BY FUNCTION/PROGRAM

Function/Program	FISCAL YEAR									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Arrests	622	810	958	945	777	676	503	506	480	442
Parking violations	275	173	146	94	72	107	60	85	47	92
Uniformed Traffic citations	2,708	2,299	2,419	1,640	1,394	1,003	826	1,510	1,076	2,559
911 Calls (cell phones tracking start 2013)	3,484	11,821	12,578	12,689	13,935	13,935	13,436	13,153	13,576	14,448
Cases investigated (CID)	360	387	363	318	385	344	458	303	416	366
Cases submitted to State Attorney	948	1102	1,352	1,289	1,890	903	703	672	1,156	680
Code enforcement cases	420	356	1,434	680	657	842	424	362	217	180
Code enforcement fines (dollars)	2,750	9,625	7,000	111,420	42,915	45,377	6,915	17,735	3,400	9,126
Animal control (captured animals)	57	78	203	160	564	521	284	97	45	23
Fire										
Emergency responses	6,099	6,516	6,648	6,608	7,114	7,629	7,313	6,587	7,412	7,350
Fires extinguished	103	86	65	100	94	97	108	133	238	352
Inspections	1,210	1,251	1,111	870	740	1,048	916	916	1,200	1,023
Public education programs	25	65	72	72	63	119	92	82	125	150
Public Works										
Street resurfacing (miles)	0.82	1.08	0	3	1.56	0	0	1	1	1
Potholes repaired	21	20	43	38	41	44	52	55	60	45
Parks and Recreation										
Park usage permits	153	142	160	190	180	230	193	320	42	68
General government										
Construction permits issued	1,038	840	928	849	917	952	987	944	1,352	1,597
Value of construction permits (thousands)	22,083	10,615	17,043	12,330	28,229	43,259	43,103	96,635	121,220	112,123
New commercial	3	0	4	3	2	6	5	2	9	2
New commercial value (thousands)	12,015	-	4,348	3,772	2,514	16,058	16,105	55,304	50,668	68,828
New residential	7	10	4	4	14	21	47	104	200	149
New residential value (thousands)	1,968	3,087	1,417	1,272	6,818	8,612	14,100	29,182	52,675	41,786
New redevelopment	2	0	2	0	9	9	2	2	-	-
New redevelopment value (thousands)	1,012	-	6,370	0	8,981	5,114	1,536	935	-	-
Annexations - number	2	5	3	4	3	1	3	151	2	-
Acres	10.25	18.47	4.10	74.54	10.23	1.87	5.99	242	8	-
Taxable value	2,147,985	341,232	526,908	1,214,604	361,079	0	125,692	19,113,522	196,253	-
Business licenses (new)	174	159	154	130	115	137	144	115	124	104
Legal notices published	30	35	37	34	36	38	38	36	60	70
Library										
Volumes in collection	20,327	18,205	17,702	17,404	17,387	17,834	15,629	15,214	12,839	12,889
Total volumes borrowed	89,281	83,563	72,324	61,632	53,783	50,539	42,657	37,351	24,222	24,010
Computer sessions	11,121	(1)	(1)	(1)	(1)	(1)	(1)	(1)	2,618	2,976
New patrons added during year	655	511	755	562	423	407	360	354	239	206
Total patrons registered	5,238	5,689	7,937	7,937	11,492	11,906	12,226	12,601	12,840	13,070
Water										
New connections*	9	6	10	6	9	25	53	91	210	220
Water mains breaks	10	29	12	12	24	15	19	8	14	17
Average daily consumption (1,000 gal.)	1,252	1,346	1,604	1,150	1,177	1,215	1,618	1,600	1,617	1,603
Peak daily consumption (1,000 gal.)	1,479	1,650	1,899	1,364	1,386	1,403	2,472	2,483	2,554	2,264
Avg. daily sewage treatment (1,000 gal.)**	299,860	296,000	345,000	299,928	283,545	286,121	297,337	389,548	473,534	537,318

Source: Various City departments

Notes:

(1) Statistical information not available.

CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM

Function/Program	FISCAL YEAR									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	16	16	16	16	16	16	18	19	19	19
Fire stations	2	2	2	2	2	2	2	2	2	2
Public Works										
Street (miles)	10.3	10.3	10.3	10.3	10.3	10.3	10.3	40.26	40.3	40.3
Highways (miles)	45.6	45.6	45.6	47.0	47.0	47.0	47.0	47.0	47.0	47.0
Streetlights	500	500	500	500	500	500	500	533	533	533
Traffic signals	2	2	2	2	2	2	2	2	2	4
Parks and recreation										
Parks	9	9	9	9	9	9	7	10	10	10
Acreage	70	70	70	70	70	70	76.62	90	90	80.34
Playgrounds	3	3	3	3	3	3	3	3	3	3
Baseball/softball fields	5	5	5	5	5	5	5	5	5	5
Soccer/football fields	2	2	2	2	2	2	2	1	1	1
Tennis/pickleball courts	2	2	2	2	2	2	2	2	2	2
Basketball/volleyball courts	2.5	2.5	2.5	2.5	2.5	4	4	3	3	3
Senior centers	1	1	1	1	1	1	1	1	1	1
Shuffleboard facility	1	1	1	1	1	1	1	1	1	0
Splash pad	1	1	2	2	2	2	2	2	2	1
Water										
Water mains (miles)	71.1	71.1	72.8	89.04	91.04	90.28	94	96.2	97.2	97.2
Fire hydrants	444	444	457	481	503	500	506	527	540	536
Storage capacity (1,000 gal.)	1,500	1,500	1,500	1,500	1,500	1,500	1500	1500	1500	1500
Sewage (1)										
Wastewater lift stations	16	16	16	16	16	16	21	21	23	24
Stormwater										
Stormwater retention areas	14	15	15	15	15	15	19	19	23	31

Source: Various city departments

Notes:

(1) Processed by Volusia County



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Compliance Section

INDEPENDENT AUDITOR'S 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

The Honorable Mayor and City Council
City of Orange City, Florida

We have audited, 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, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the *City of Orange City, Florida*, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 18, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Orange City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 of Orange City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Orange City's internal control.

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 a 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 a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Orange City's financial statements are free from 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 result of our tests disclosed no instances of noncompliance, or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McDiernit Davis

Orlando, Florida
May 18, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE
UNIFORM GUIDANCE**

Honorable Mayor and City Council
City of Orange City, Florida

Report on Compliance for Each Major Federal Program

We have audited the *City of Orange City's* (the City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal programs applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 control 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 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 will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McDiarmid Davis

Orlando, Florida
May 18, 2022

CITY OF ORANGE CITY, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2021

Award type				
Grantor				
Pass-through grantor	CFDA	Agency or Pass-through		
Grantor program title	Number	Entity Grant Number	Expenditures	
Federal Grants				
United States Department of Treasury				
Coronavirus State and Local Fiscal Recovery Funds *	21.027		\$ 3,607,367	
United States Department of Housing and Urban Development				
Passed through Volusia County				
Community Development Block Grants/Entitlement Grants	14.218	CDBG 19/20	67,961	
United States Department of Justice				
Passed through State of Florida, Department of Law Enforcement				
Coronavirus Emergency Supplemental Funding Program	16.034	2020-CESF-VOLU-2-C9-007	6,656	
Coronavirus Emergency Supplemental Funding Program	16.034	2021-CESF-VOLU-5-5A-030	4,230	
United States Department of Transportation				
Passed through State of Florida, Department of Transportation				
W. French Shared Use Path	20.205	G0984	27,098	
United States Environmental Protection Agency				
Passed through State of Florida, Department of Environmental Protection				
Drinking Water State Revolving Funds Capitalization Grants	66.468	DW642040	465,146	
United States Department of Homeland Security				
Passed through State of Florida, Division of Emergency Management				
Pre-Disaster Mitigation - Lift Station Generators	97.047	B0061	<u>387,476</u>	
Total federal awards			<u>\$ 4,565,934</u>	

* Denotes a major program

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2021

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Orange City (the City) under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Therefore, amounts reported on the Schedule are based on expenditures incurred as of September 30, 2021, even if the grant or loan was received subsequent to that date. Federal expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3 - Loans and Loan Guarantees:

In March 2021, the City executed a State Revolving Fund Loan agreement DW642040 for the City's drinking water design project. There was no loan balance as of September 30, 2021. Loan expenditures reported in current year SEFA is \$465,146.

Note 4 - Indirect cost rate:

Indirect cost rate is dictated by its federal contract terms. The 10-percent de Minimis indirect rate as allowed under the Uniform Guidance is not in effect nor is available under its contracts.

CITY OF ORANGE CITY, FLORIDA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL PROGRAMS**

Year Ended September 30, 2021

Section I - Summary of Independent Auditor's Results:

Financial Statements

Type of auditors' report issued:	Unmodified Opinion	
Internal control over financial reporting:		
• Material weakness identified?	___ Yes	<u> X </u> No
• Significant deficiency identified	___ Yes	<u> X </u> None reported
Noncompliance material to financial Statements noted?	___ Yes	<u> X </u> No

Federal Programs

Type of auditors' report issued on compliance for major federal programs:	Unmodified Opinion	
Internal control over major Federal programs:		
• Material weakness identified?	___ Yes	<u> X </u> No
• Significant deficiency identified	___ Yes	<u> X </u> None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance?	___ Yes	<u> X </u> No

Identification of major Federal Programs

CFDA No. 21.027 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs Federal

\$750,000

Auditee qualified as a low-risk auditee pursuant to the Uniform Guidance?

X Yes

___ No

Section II - Financial Statement Findings:

None

Section III - Federal Award Findings and Questioned Costs:

None

Section IV - Federal Award Summary Schedule of Prior Year Findings:

No Prior Year Findings

MANAGEMENT LETTER

Honorable Mayor and City Council
City of Orange City, Florida

Report on the Financial Statements

We have audited the financial statements of the *City of Orange City, Florida*, as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated May 18, 2022.

Auditor's Responsibility

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's 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 Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated May 18, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such findings in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the *City of Orange City, Florida* 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 of Orange City, Florida* did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Financial Condition and Management (Continued)

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the *City of Orange City, Florida'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.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with 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 which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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, City Council and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

McDiarmid Davis

Orlando, Florida
May 18, 2022



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES**

The Honorable Mayor and City Council
City of Orange City, Florida

We have examined City of Orange City's (the City) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2021. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, City of Orange City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

McDermitt Davis

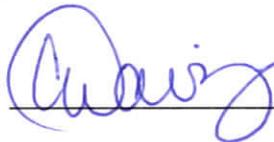
Orlando, Florida
May 18, 2022

AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Christine C. Davis, who being duly sworn, deposes and says on oath that:

1. I am the Financial Director of the City of Orange City which is a local governmental entity of the State of Florida:
2. The City of Orange City adopted Ordinance No. 90-8-3 on 9/12/1990 implementing a Police, Fire and Park and Recreation impact fee; Ordinance No. 356 on 6/28/2008 implementing a Water and Sewer impact fee, and Ordinance No. 228, on 1/25/2005 implementing a Transportation impact fee; and
3. The City of Orange City attests, to the best of his or her knowledge, that all impact fees were collected and expended by the local government, or special district, or were collected and expended on its behalf, in full compliance with the spending period provision in the local ordinance or resolution, and that funds expended from each impact fee account were used only to acquire, construct, or improve specific infrastructure needs and remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

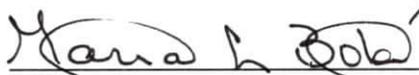


Christine C. Davis, Finance Director
City of Orange City

By any public officer, trustee, or personal representative:

STATE OF FLORIDA
COUNTY OF VOLUSIA

The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this 18th day of May, 2022 by Christine C. Davis, Finance Director, who is personally known to me or who has produced (type of identification) as identification.



Notary Public

[Notary Seal]

Maria L. Bobé

Name typed, printed or stamped

My Commission Expires: 08-12-25



MARIA L. BOBÉ
Commission # HH 164501
Expires August 12, 2025
Bonded Thru Budget Notary Services

