



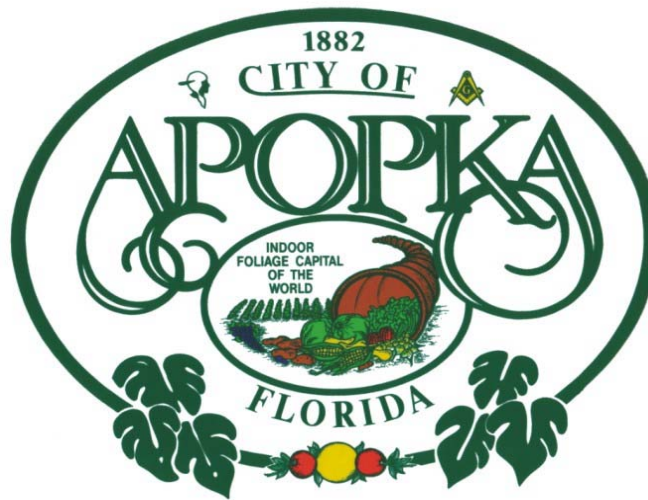
City of
APOPKA



2016 Comprehensive Annual Financial Report

**For the Fiscal Year Ended
September 30, 2016**

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FOR THE FISCAL YEAR
ENDED SEPTEMBER 30, 2016**

**Prepared by:
Department of Finance**

Photo featured on the cover was taken by Robert Sargent, Public Information Officer.

CITY OF APOPKA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
Year Ended September 30, 2016

	<u>Page</u> <u>Number</u>
INTRODUCTORY SECTION	
TRANSMITTAL LETTER OF THE CITY OF APOPKA	i - v
LIST OF PRINCIPAL OFFICIALS	vi
ORGANIZATIONAL CHART	vii
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING	viii
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	1-3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4-17
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet – Governmental Funds	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	24
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Community Redevelopment (CRA)	25
Statement of Net Position – Proprietary Funds	26-27
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	28
Statement of Cash Flows – Proprietary Funds	29-30
Statement of Fiduciary Net Position – Pension Trust Fund.....	31
Statement of Changes in Fiduciary Net Position – Pension Trust Fund.....	32
Notes to the Financial Statements	33-65
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Contributions - General Employees’, Police Officers’ and Firefighters’ Pension Plans	66
Schedule of Changes in the Net Position Liability and Related Ratios - General Employees’, Police Officers’ and Firefighters’ Pension Plans - Last 10 Fiscal Years	67
Schedule of Investment Returns - General Employees’, Police Officers’ and Firefighters’ Pension Plans - Last 10 Fiscal Years.....	68
Schedule of Funding Progress - Other Postemployment Benefits Plan	69
Schedule of Employer Contributions - Other Postemployment Benefits Plan	69

CITY OF AOPKA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
 TABLE OF CONTENTS – Continued
 Year Ended September 30, 2016

	<u>Page Number</u>
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:	
Combining Balance Sheet – Nonmajor Governmental Funds	70
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	71
Budgetary Comparison Schedule - Special Revenue Funds:	
Streets Improvement	72
Law Enforcement Trust.....	73
Transportation Impact Fees	74
Recreation Impact Fees	75
Stormwater	76
Grants.....	77
Special Assessment	78
Police Discretionary	79
 STATISTICAL SECTION	
Schedule 1 Net Position by Component, Last Ten Fiscal Years	80
Schedule 2 Changes in Net Position, Last Ten Fiscal Years	81-82
Schedule 3 Fund Balances, Governmental Funds, Last Ten Fiscal Years.....	83
Schedule 4 Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years	84
Schedule 5 Assessed Value and Actual Value of Taxable Property, Last Ten Fiscal Years	85
Schedule 6 Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years	86
Schedule 7 Principal Property Taxpayers, Current Year and Nine Years Ago	87
Schedule 8 Property Tax Levies and Collections, Last Ten Fiscal Years	88
Schedule 9 Ratios of Outstanding Debt by Type, Last Ten Fiscal Years	89
Schedule 10 Pledged-Revenue Coverage, Last Ten Fiscal Years	90
Schedule 11 Direct and Overlapping Governmental Activities Debt	91
Schedule 12 Demographic and Economic Statistics, Last Ten Calendar Years	92
Schedule 13 Principal Employers, Current Year and Nine Years Ago	93
Schedule 14 Full-time Equivalent City Government Employees by Function/Program, Last Ten Fiscal Years	94
Schedule 15 Operating Indicators by Function/Program, Last Ten Fiscal Years	95
Schedule 16 Capital Asset Statistics by Function/Program, Last Ten Fiscal Years	96
 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 <i>Government Auditing Standards</i>	97-98
Schedule of Findings and Recommendations	99-104
Independent Auditor’s Report on Compliance for Each Major State Project and on Internal Control over Compliance in Accordance with Chapter 10.550, <i>Rules of the Auditor General</i>	105-106
Schedule of Expenditures of State Financial Assistance	107
Schedule of Findings and Questioned Costs	108
Independent Accountant’s Report	109
Independent Auditor’s Management Letter.....	110-111
Schedule of Observations and Recommendations	112-114
Management’s Response to Findings and Observations	115

INTRODUCTORY SECTION

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120 E MAIN STREET · APOPKA, FLORIDA 32703
PHONE (407) 703-1700

April 19, 2017

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

The Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Apopka, Florida for the fiscal year ended September 30, 2016, in accordance with the requirements of the City Charter, Florida Statutes, and Rules of the Florida Auditor General. The CAFR is published to provide the City Council, City staff, citizens, bondholders and other interested parties with detailed information concerning the financial condition and activities of the City.

This report reflects management's representations concerning the finances of the City. Ultimately, management is responsible for the completeness and reliability of the information presented in this report. To provide a reasonable basis for these representations, City management has established a comprehensive internal control framework designed to protect the City's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). 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 from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

The City's financial statements have been audited by Moore Stephens Lovelace, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2016, are free of material misstatement. The independent audit involved examining, on a 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 that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The financial section also includes a narrative introduction, overview and analysis of the September 30, 2016 financial statements to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditor.

Profile of the City

The City of Apopka, incorporated in 1882, is located in northwest Orange County within the Orlando Metropolitan Area. The City is the second largest municipality in Orange County and continues to be one of the County's fastest growing municipalities. The City currently occupies a land area of 33.46 square miles and has a population of 48,382. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the city council.

The City operates under the council-mayor form of government. Policy-making and legislative authority are vested in a city council consisting of the mayor and four other members. The city council is responsible for establishing policy, passing ordinances and resolutions, adopting the budget, appointing committees, plus other duties. The mayor is responsible for carrying out the policies and ordinances of the city council, for overseeing the day-to-day operations of the government, and for appointing the chief administrative officer. The city council is elected on a non-partisan basis. City council members serve four-year staggered terms, with two council members elected every two years. The mayor is elected to serve a four-year term. The mayor and city council members are elected at large.

The City provides a full range of services, including police and fire protection; the construction and maintenance of streets, sidewalks and other infrastructure; engineering; planning and community development; code enforcement; recreational activities and cultural events; and administration and support services. In addition, the City operates enterprise funds for water, wastewater, reclaimed water and sanitation services as well as the fuel sales at the municipal airport.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City's chief administrative officer, who then uses these requests as the basis for developing a proposed budget. The mayor presents the proposed millage rate and budget to the city council during workshops held during the month of July. The city council is required to hold two public hearings on the millage rate and budget in September and to adopt a millage rate and final budget by no later than September 30th, the close of the City's fiscal year.

The appropriated budget is prepared by fund, department or division and function, thus establishing budgetary control at the individual fund level. Transfer of appropriated funds may be made within personnel services, operating expenses or capital outlay object codes after conferring with the Finance Director. Transfer of funds between personnel services, operating expenses or capital outlay must be authorized by the CAO. Transfers between funds or departments require the approval of the Mayor or his/her designee. Budget revisions that alter the total revenues, expenses or reserves of any fund must be approved by the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an annual budget has been adopted. For the General Fund, this comparison is presented on page 24, as part of the basic financial statements. For other governmental funds, this comparison is presented in the combining and individual fund statements and schedules section on pages 70-79.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local economy. The City has begun to experience an economic upturn consistent with other areas of the county. The local economy strongly benefits from its proximity to Orlando and related employment opportunities. The 2016 unemployment rate for the Apopka area was 4.3% compared to 5.0% for the State of Florida and 4.9% Nationwide.

Apopka's standards for services are considered excellent and its tax rates compare favorably to other areas. A stable growth rate for many recurring revenue sources, combined with an abundance of developable land and a stable local building industry should provide continued expansion of the City's revenue base.

Currently, the City has approximately 882 platted lots available for construction. There are numerous builders and developers who are either in the process of developing those lots or will be developing them in the near future.

It is expected that future residential and commercial construction will continue to have a major impact on the City. Increases in revenue from the associated utility taxes, franchise fees and intergovernmental revenues can be directly related to increases in population. Revenue from licenses and permits is also expected to remain stable.

Long-term financial planning and major initiatives. The City maintains a five-year Capital Improvement Program (CIP) which serves as its planning document to ensure that its facilities, equipment, and infrastructure are well maintained and operating in peak condition. In addition to the CIP, the City has master plans identifying the present and future capital expansion needs of various facilities and systems with funding levels necessary to meet those capital needs. Currently, the City maintains master plans for water, wastewater, reclaimed water, drainage, recreation and traffic circulation. These plans are periodically reviewed and updated.

In the 2016-17 fiscal year, the City undertook steps necessary to ensure that it could continue to meet critical infrastructure needs to accommodate future growth. These steps included: A) A \$50 million+ initiative to plan and begin construction on an expansion of the City's wastewater treatment plant. The expansion will give the City the ability to produce up to 8 million gallons a day of reclaimed water; B) The planning and construction of Fire Station No. 5, off Jason Dwelley Parkway, which will enable the Apopka Fire Department to maintain superior response times on the north side of the City; C) The planning and construction of a new emergency radio communications tower on the north side of the City.

The Apopka City Council also undertook initiatives to ensure that future growth will pay for itself. In 2016, the Council adopted impact fees for public safety and for recreation. Impact fee revenues will help address expenses needed for the future construction of facilities to accommodate police officers, firefighters and the future recreational needs of Apopka residents.

Thanks to a collaborative effort between the Florida Department of Transportation (FDOT) and the Central Florida Expressway Authority, construction began on the \$1.7 billion Wekiva Parkway (SR 429) in June 2015. The Wekiva Parkway is a 25-mile toll road that will complete Central Florida's beltway around northwest metropolitan Orlando. Sections 1A and 1B – providing a direct connection to the Kelly Park Road interchange – are scheduled to open in June 2017. Sections 2A, 2B and 2C – providing a direct connection to Mount Dora – are scheduled to open by the end of the first quarter of 2018. The completion of construction for the entire Wekiva Parkway project is scheduled to be completed in the fourth quarter of 2021. The parkway will provide an alternative to Interstate 4, and relieve US 441, SR 46 and other area roads of traffic congestion resulting from growth and travel between Orange, Lake, and Osceola counties. The Wekiva Parkway will have a significant impact on the future growth of northwest Orange County.

The City has worked extensively to become a major player in Orange County by focusing on economic development. In April 2016, the City completed a visioning initiative designed to solicit the input from residents, businesses and other stakeholders to help shape the City's future. The plan is titled "Grow Apopka 2025 Vision." The 198-page document lays out the vision expressed by participants for Apopka's four quadrants and establishes a framework for future planning and economic development initiatives. The study further contains a series of goals and timelines for consideration of future implementation.

During FY2016, the City entered into a cost sharing agreement for the construction of the Marden Road Interchange, which is anticipated to provide economic benefits to the City. Through the construction of the interchange at Marden Road on Florida State Road 414 (Expressway), improved access to and from Apopka should be experienced which will benefit and promote the development of businesses within the City limits.

In an effort to support the budding potential for eco-tourism, the City continues to lead an initiative to establish a nature-based tourism industry in the vicinity of the Lake Apopka North Shore Area. Transportation improvements such as the Wekiva Parkway, and the impending development of a Coast-to-Coast Connector bike trail by the State of Florida, are destined to bring more visitors to Apopka. The City has assets that including parcels of ground immediately adjacent to the North Shore that could be used to support this initiative.

The City continues its vision for a 33-acre Town Center Project situated on land at the intersection of State Road 436 and US Highway 441. In 2016, the City signed a sale-and-purchase agreement and a separate development agreement with a qualified private development partner. As of April 2016, the development partner is actively seeking tenants to occupy retail, lodging and dining facilities within the City Center parcel. This project is expected to have a positive impact on the economic future of the City with an anticipated capital investment in excess of \$100 million.

The new Florida Hospital Apopka is scheduled to be open in November 2017 following two years of construction. The \$200+ million, 200-bed facility is located at the intersection of Harmon Road and Ocoee-Apopka Road. The City believes planning initiatives that addressed the urbanization of the area surrounding the hospital will provide for new commercial, office and residential development that will follow the completion of the facility.

Relevant financial policies. The City has established a comprehensive set of financial policies which it uses to achieve and maintain a long-term stable and positive financial condition. More specifically it provides guidelines for planning and directing the financial affairs of the City. A part of this policy requires the City to annually review its utility rates to ensure that sufficient revenues are generated to cover operating expenses, meet the legal restrictions of all applicable bond covenants, and provide for an adequate level of working capital.

Awards

The 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 Apopka for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2015. This was the sixteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles (GAAP) and applicable program requirements.

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

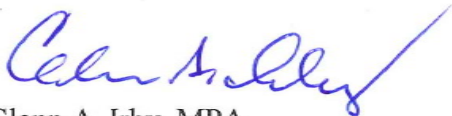
The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2016. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgements

The preparation of this report could not have been accomplished without the efficient and dedicated services of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation. Also, appreciation is expressed to all employees throughout the City, particularly those employees who were instrumental in the successful completion of this report.

We would like to especially thank the Mayor and the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Glenn A. Irby, MPA
Chief Administrative Officer



Pamela N. Barclay, CPA
Finance Director

PRINCIPAL CITY OFFICIALS

FISCAL YEAR ENDED 2016

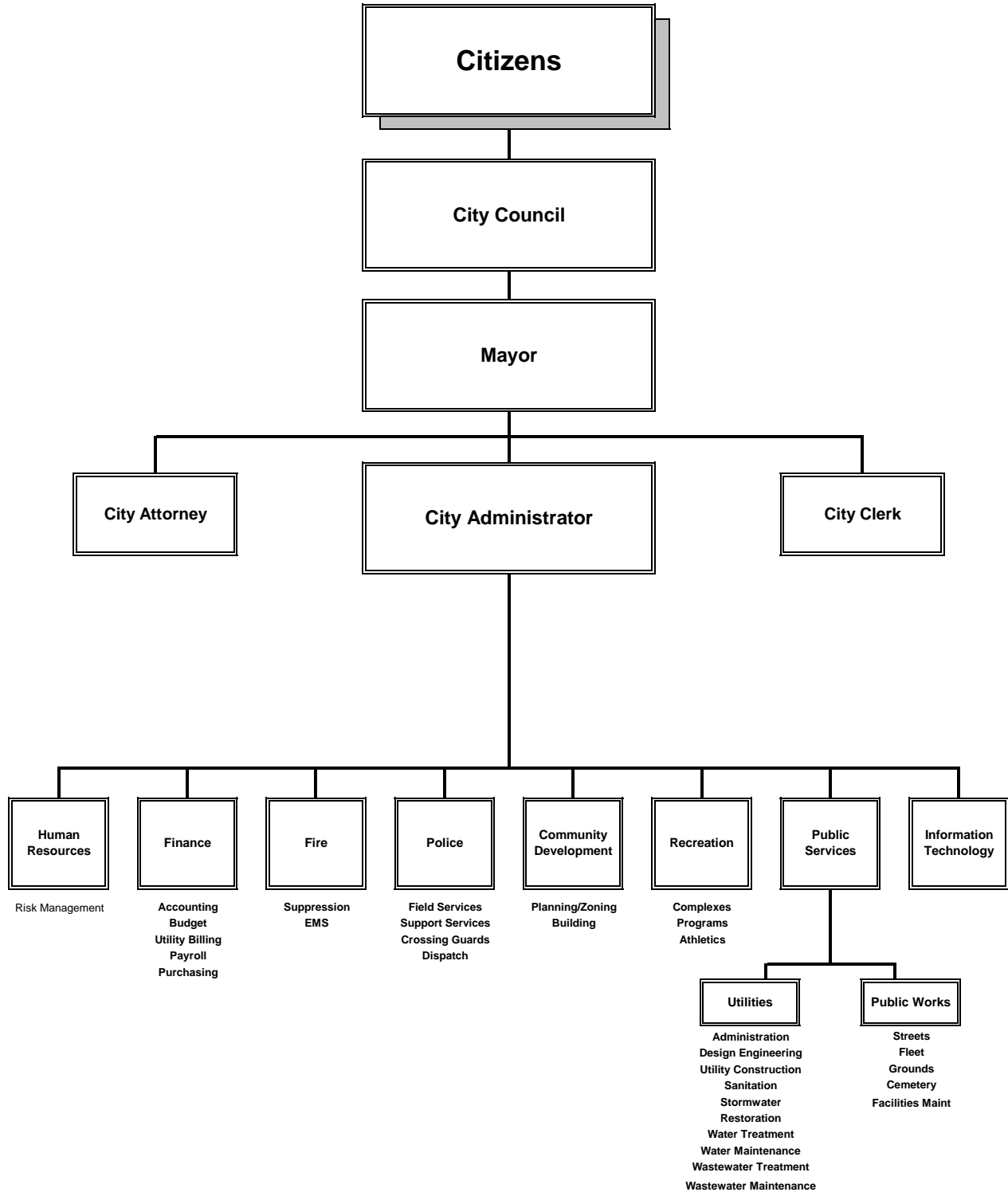
ELECTED OFFICIALS

Mayor	Joseph E. Kilsheimer
Vice-Mayor	Billie L. Dean
Commissioner	Diane Velazquez
Commissioner	Kyle Becker
Commissioner	Doug Bankson

ADMINISTRATIVE OFFICIALS

Chief Administrative Officer	Glenn A. Irby
City Attorney	Clifford B. Sheppard
City Clerk	Linda F. Goff
Finance Director	Pamela N. Barclay
Police Chief	Michael McKinley
Fire Chief	Charles (Chuck) Carnesale
Community Development Director	James K. Hitt
Human Resources Director	Sharon P. Thornton
Information Technology Director	Robert E. Hippler
Public Services Director	R. Jay Davoll
Recreation Director	David Burgoon

**CITY OF APOPKA
ORGANIZATIONAL CHART**





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Apopka
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Commission
City of Apopka, 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 Apopka, Florida (the "City") as of and for the fiscal year ended September 30, 2016, 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

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 of 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 City'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 City'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 the City as of September 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Community Redevelopment Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable Mayor and
Members of the City Commission
City of Apopka, Florida

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 the City's basic financial statements. The introductory section, the other supplementary information section, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

The Honorable Mayor and
Members of the City Commission
City of Apopka, Florida

INDEPENDENT AUDITOR'S REPORT
(Concluded)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the City's internal control over financial reporting and compliance.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
April 19, 2017

Management's Discussion and Analysis

As management of the City of Apopka, Florida, (the "City"), we offer the readers of these basic financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2016. 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) to identify individual fund issues and/or 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 a part of a greater whole. The reader of this statement should take time to read and evaluate all sections of this report, including our letter of transmittal, which can be found on pages i through v, the City's basic financial statements which begin on page 18, and the Required Supplementary Information (RSI), which can be found on pages 66 to 69.

HIGHLIGHTS

Financial Highlights

- The City's net position increased (decreased) during the year as follows:

Fiscal Year 2016			Fiscal Year <u>2015</u>	Increase <u>(Decrease)</u>	%
<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>			
\$80,177,248	\$120,640,433	\$200,817,681	\$208,726,460	(\$7,908,779)	-3.8%

- The City's revenues, excluding transfers, increased (decreased) during the year as follows:

Fiscal Year 2016			Fiscal Year <u>2015</u>	Increase <u>(Decrease)</u>	%
<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>			
\$38,709,867	\$27,685,121	\$66,394,988	\$69,074,413	(\$2,679,425)	-3.9%

- The City's expenses, excluding transfers, increased (decreased) during the year as follows:

Fiscal Year 2016			Fiscal Year <u>2015</u>	Increase <u>(Decrease)</u>	%
<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>			
\$54,783,813	\$19,519,954	\$74,303,767	\$64,974,834	\$9,328,933	14.4%

City Highlights

A description of accomplishments for the current year and projects planned for the coming fiscal year can be found in the letter of transmittal. (See pages i through v).

USING THIS ANNUAL REPORT

The primary focus of local government's financial statements historically has been to summarize fund type information. The focus, as a result of GASB Statement No. 34, is on both the City as a whole (government-wide) and the major individual funds. Both perspectives (government-wide and major fund) allow the user to have a greater understanding, allow a broader comparison of relevant data, enhance the readability of the financial statements and enhance the accountability of the City's management.

Management's Discussion and Analysis – (Continued)

Understanding and Overview of the Basic Financial Statements

The City's basic financial statements are comprised of three parts: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to the financial statements. The remainder of the financial statements is comprised of the following parts: 1) the RSI consisting of Pension Trust Fund Schedules, Combining and Individual Fund Statements and Schedules, 3) the Statistical Section consisting of selected financial and demographic information, generally presented on a multi-year basis, and 4) the Single Audit and Other Reports Section consisting of supplemental reports pertaining to federal and state Single Audit requirements.

The MD&A is intended to serve as an introduction to the basic financial statements and RSI. The MD&A represents management's examination and analysis of the City's financial condition and financial performance as a whole. Summary financial statement data, key financial and operational indicators used in the strategic plan, budget and other management tools were used for this analysis.

The basic financial statements now include two kinds of statements. The first type of statement consists of government-wide financial statements. The government-wide financial statements provide both short- and long-term financial information about the City's overall financial status. The government-wide financial statements are presented by its governmental activities and its business-type activities. The government-wide financial statements report information about the City using full accrual accounting methods and economic resources focus, as utilized by similar business activities in the private sector. Information concerning all of the City's assets and liabilities, both financial and capital, and debt are presented whereas the reader can signify the short- and long-term portions. Likewise, all revenues and expenses received during the year, regardless of when cash is received or paid are reported. The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide financial statements. The governmental fund statements tell how the general government accounts for all current financial resources in servicing the community, what was financed in the short term, as well as what remains for future spending. Proprietary fund statements offer short- and long-term financial information about the activities the government operates like a business, such as the Utility System which includes Water, Wastewater and Reuse, the Sanitation operations, and Airport Fuel. Fiduciary fund statements are used to account for assets held by the government in a trustee capacity. Currently, there are three pension trust funds, which consist of the General Employees', Police Officers', and Firefighters' Retirement Trust Funds, and an Other Post-Employment Benefit Trust (OPEB).

Government-Wide Financial Statements

The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. Both statements represent an overview of the City as a whole, separating its operations between Governmental and Business-type activities. All information is presented utilizing the economic resources measurement focus and accrual basis of accounting. This method better matches revenues and expenses to the period in which the revenue is earned and the expense is attributed. Fiduciary funds, such as pension trust funds, are excluded from these Government-wide Financial Statements because they represent money and funds legally set aside for use by the employee groups they benefit. Their assets and income do not flow through these statements, nor are the liabilities for which taxpayers may ultimately be responsible included.

The Statement of Net Position presents information on all of the City's assets and liabilities at the end of its fiscal year, with the difference between the two are reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position, which indicates an improved financial condition. The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to be similar to a bottom line for the City in its governmental and business-type activities. This statement, for the first time, combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The Government-wide Statement of Net Position can be found on page 18 of this report.

The Statement of Activities presents the results of the City's operations over the course of the fiscal year and information as to how the City's net position is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (ex., delinquent taxes). The Statement of Activities is focused on both the gross and net cost of various activities (governmental and business-type) which are provided by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of cost of various governmental services and the local taxing effort necessary to sustain each of those activities.

Management's Discussion and Analysis – (Continued)

The Government-wide Statement of Activities can be found on page 19 of this report.

The Governmental Activities reflects the City's basic services, including general government, public safety, transportation, environmental, and recreation. Property Taxes, Franchise Fees, Utility Taxes, Licenses and Permits, Intergovernmental Revenues and Fines & Forfeitures finance the majority of these services.

The Business-type Activities reflect private sector type operations (Water, Wastewater, Reclaimed Water, Sanitation and Airport Fuel operations), where the fee for service typically covers all or most of the cost of operations, including depreciation.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses of funds and/or budgeting compliance associated therewith.

The Governmental Funds presentation is presented on a current financial resources basis. This is the manner in which the financial plan (the budget) is typically developed. The City adopts an annual appropriations budget for each of its governmental funds in accordance with State Statutes and the City Charter.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The City maintains ten individual governmental funds. The General Fund is considered a major fund and is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. The Community Redevelopment Agency Fund is also presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. Data from the other eight governmental funds are combined into a single aggregated presentation. Individual fund data for each of the non-major governmental funds is provided elsewhere in this report.

The Governmental Fund Financial Statements can be found on pages 20 to 23 of this report.

Infrastructure Assets

Historically, a government's largest group of assets (infrastructure - roads, sidewalks and bridges, etc.) have not been reported nor depreciated in government financial statements. Governmental capital assets, particularly infrastructure assets, have only been accounted for using the current financial resources method and have not been expensed annually through depreciation or accounted for otherwise.

The governmental-wide Statement of Net Position requires that these assets be valued and reported within the Governmental column. Additionally, the government must elect to either (a) depreciate these assets over their estimated useful lives or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach) which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The City has elected to depreciate these assets over their estimated useful lives.

Proprietary Funds

The City maintains three proprietary funds, all of which are enterprise funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent is that the costs of providing goods or services to the general public on a continuing basis should be financed or recovered through user charges. Currently, the City enterprise funds account for its water, wastewater, reclaimed water, sanitation operations and airport fuel. The water, wastewater and reclaimed water enterprise fund is collectively referred to as the Utility Systems Fund, while the Sanitation Fund and the Airport Fuel Fund are the other enterprise funds.

The City adopts an annual appropriations budget for each of its Enterprise Funds in accordance with State Statutes and the City Charter.

The Enterprise Fund Financial Statements can be found on pages 24 to 30 of this report.

Management's Discussion and Analysis – (Continued)

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government and are separately reported in the statements of fiduciary net position and changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. Rather, the City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The Fiduciary Fund Financial Statements can be found on pages 31 to 32 of this report.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund financial statements. The notes present information about the City's significant accounting policies, account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

The Notes to the Financial Statements can be found on pages 33 to 65 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain RSI concerning the City's budgetary compliance and the City's progress in funding its obligation to provide pension benefits to its employees.

RSI can be found on pages 66 to 69 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the RSI.

Combining and Individual Fund Statements can be found on pages 70 to 79 of this report.

Government-Wide Financial Analysis of the City as a Whole

Net Position - As noted previously, net position may serve over time as a useful indicator of a government's financial position. This year, the City's assets exceeded liabilities by \$200,817,681 at September 30, 2016.

Approximately 94.6% of the City's net position reflect its investment in capital assets (land, equipment, buildings, improvements other than buildings, machinery and equipment and infrastructure), less any related debt still outstanding used to acquire those assets. The City uses these capital assets to provide services to its citizens; so, consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to pay for these liabilities.

Net position of the City's governmental activities decreased by \$10,089,283 and totaled \$80,177,248 at the end of the fiscal year. Of this amount, the majority is either restricted as to the purposes it can be used for or is invested in capital assets (land, buildings and equipment). Consequently, unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraint established by debt covenants, enabling legislation, or other legal requirements, totaled (\$9,422,061) at the end of 2016. This negative balance is a result of the impact of reporting the City's pension and OPEB expense and related liability. See Notes 7 and 8 of the Financial Statements for further details.

Net position of the City's business-type activities increased by \$2,180,504 and totaled \$120,640,433 at the end of the fiscal year. Of this amount, approximately 85.9% is either restricted as to the purposes it can be used for or is invested in capital assets (land, buildings and equipment). Consequently, unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraint established by debt covenants, enabling legislation, or other legal requirements, totaled \$17,018,263 at the end of 2016.

Management's Discussion and Analysis – (Continued)

The following table reflects a summary of Net Position compared to prior year:

STATEMENT OF NET POSITION As of September 30

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 30,174,318	\$ 27,580,504	\$ 27,847,405	\$ 27,073,767	\$ 58,021,723	\$ 54,654,271
Capital assets	97,956,587	99,128,378	120,412,813	119,501,201	218,369,400	218,629,579
Total assets	128,130,905	126,708,882	148,260,218	146,574,968	276,391,123	273,283,850
Total Deferred Outflows of Resources	5,533,452	12,682,456	949,945	2,591,542	6,483,397	15,273,998
Current and other liabilities	7,933,321	6,434,911	3,169,009	4,467,256	11,102,330	10,902,167
Long-term liabilities outstanding	45,069,763	42,062,225	25,221,353	25,820,877	70,291,116	67,883,102
Total liabilities	53,003,084	48,497,136	28,390,362	30,288,133	81,393,446	78,785,269
Total Deferred Inflows of Resources	484,025	627,671	179,368	418,448	663,393	1,046,119
Net position:						
Net investment in capital assets	87,116,986	88,573,433	103,140,729	100,656,361	190,257,715	189,229,794
Restricted	2,482,323	1,907,822	481,441	745,661	2,963,764	2,653,483
Unrestricted	(9,422,061)	(214,724)	17,018,263	17,057,907	7,596,202	16,843,183
Total net position	\$ 80,177,248	\$ 90,266,531	\$ 120,640,433	\$ 118,459,929	\$ 200,817,681	\$ 208,726,460

For more detailed information see the Statement of Net Position on page 18.

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, 2016, the City's combined net position totaled \$200,817,681, which is a decrease of \$7,908,779 over last year's reported \$208,726,460. During this same period, the City's total revenues decreased by \$2,679,425 to a total of \$66,394,988.

Management's Discussion and Analysis – (Continued)

The following schedule compares the revenues and expenses for the current and previous fiscal year:

CHANGES IN NET POSITION

As of September 30

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 9,327,191	\$ 8,389,757	\$ 19,723,021	\$ 18,930,728	\$ 29,050,212	\$ 27,320,485
Operating grants and contributions	1,510,310	993,788	1,020,976	4,693,320	2,531,286	5,687,108
Capital grants and contributions	2,026,202	2,345,941	5,395,043	5,831,362	7,421,245	8,177,303
General revenues:						
Property taxes	7,874,031	6,994,987	-	-	7,874,031	6,994,987
Fuel taxes	1,448,906	1,497,364	-	-	1,448,906	1,497,364
Communication services taxes	1,419,756	1,652,964	-	-	1,419,756	1,652,964
½ Cent sales tax	6,472,492	6,663,887	-	-	6,472,492	6,663,887
State shared revenues	2,154,294	2,033,469	-	-	2,154,294	2,033,469
Franchise fees and utility taxes	6,100,757	7,295,442	47,338	37,729	6,148,095	7,333,171
Sale of capital assets	-	5,845	-	-	-	5,845
Unrestricted investment earnings	129,577	102,482	112,761	99,269	242,338	201,751
Miscellaneous revenues	246,351	208,132	1,385,982	1,297,947	1,632,333	1,506,079
Total revenues	38,709,867	38,184,058	27,685,121	30,890,355	66,394,988	69,074,413
Expenses:						
General government	10,551,924	6,511,974	-	-	10,551,924	6,511,974
Public safety	33,942,557	27,864,802	-	-	33,942,557	27,864,802
Physical environment	152,252	305,767	-	-	152,252	305,767
Transportation	5,661,534	5,595,625	-	-	5,661,534	5,595,625
Economic environment	241,467	228,422	-	-	241,467	228,422
Culture and recreation	3,973,536	3,971,409	-	-	3,973,536	3,971,409
Interest on long-term debt	260,543	279,351	-	-	260,543	279,351
Utility system	-	-	15,312,542	16,036,573	15,312,542	16,036,573
Sanitation	-	-	3,884,273	3,642,605	3,884,273	3,642,605
Airport fuel	-	-	323,139	538,306	323,139	538,306
Total expenses	54,783,813	44,757,350	19,519,954	20,217,484	74,303,767	64,974,834
Increase (decrease) in net position before transfers	(16,073,946)	(6,573,292)	8,165,167	10,672,871	(7,908,779)	4,099,579
Transfers	5,984,663	4,133,060	(5,984,663)	(4,133,060)	-	-
Increase (decrease) in net position	(10,089,283)	(2,440,232)	2,180,504	6,539,811	(7,908,779)	4,099,579
Net position – beginning, as restated	90,266,531	92,706,763	118,459,929	111,920,118	208,726,460	204,626,881
Net position – September 30	\$ 80,177,248	\$ 90,266,531	\$ 120,640,433	\$ 118,459,929	\$ 200,817,681	\$ 208,726,460

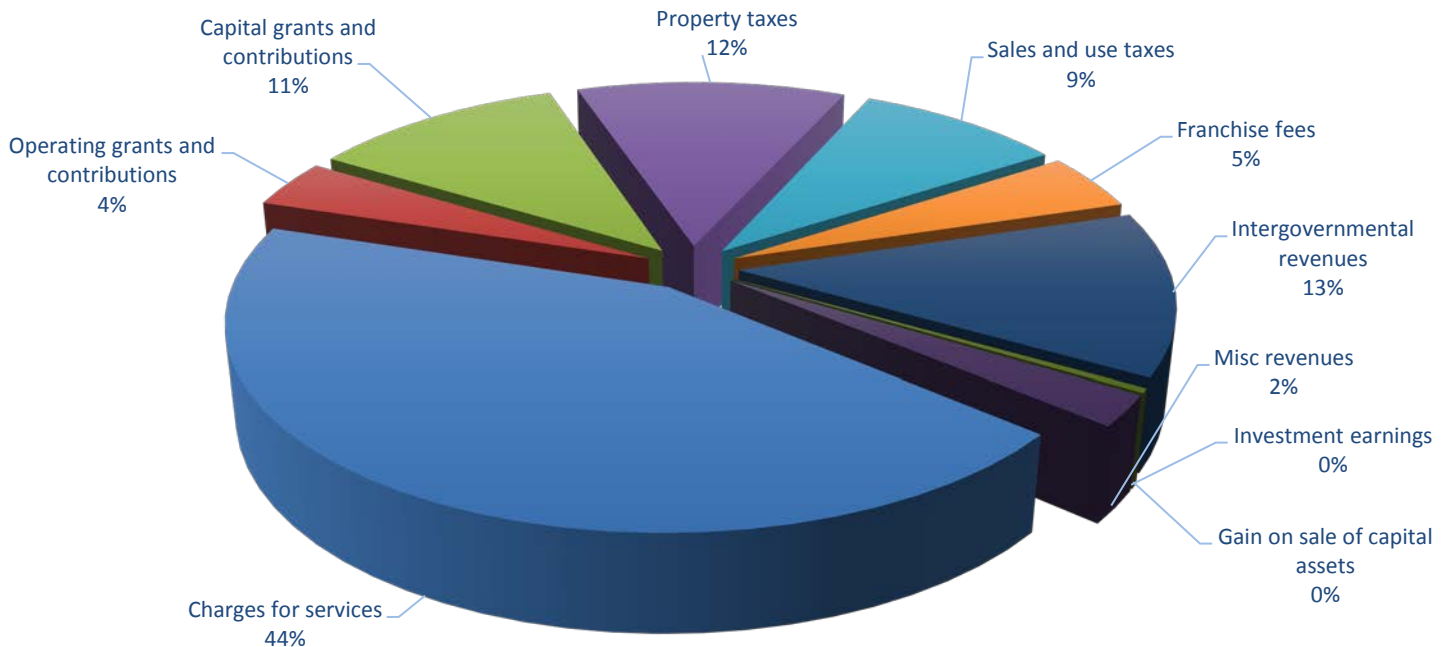
Management's Discussion and Analysis – (Continued)

The following is a summary of source of revenue for the City:

Citywide Source of Revenue

	FY 16		FY 15	
	Revenues	% of Total	Revenues	% of Total
Charges for services	\$ 29,050,212	43.8%	\$ 27,320,485	39.6%
Operating grants and contributions	2,531,286	3.8%	5,687,108	8.2%
Capital grants and contributions	7,421,245	11.2%	8,177,303	11.8%
Property taxes	7,874,031	11.9%	6,994,987	10.1%
Sales and use taxes	6,023,518	9.0%	6,474,442	9.4%
Franchise fees	2,993,239	4.5%	4,009,057	5.8%
Intergovernmental revenues	8,626,786	13.0%	8,697,356	12.6%
Gain on sale of capital assets	-	0.0%	5,845	0.0%
Investment earnings	242,338	0.4%	201,751	0.3%
Misc revenues	1,632,333	2.4%	1,506,079	2.2%
Total revenues	\$ 66,394,988	100.0%	\$ 69,074,413	100.0%

Citywide Source of Revenue



Governmental Activities - Governmental activities decreased the City's net position by \$10,089,283.

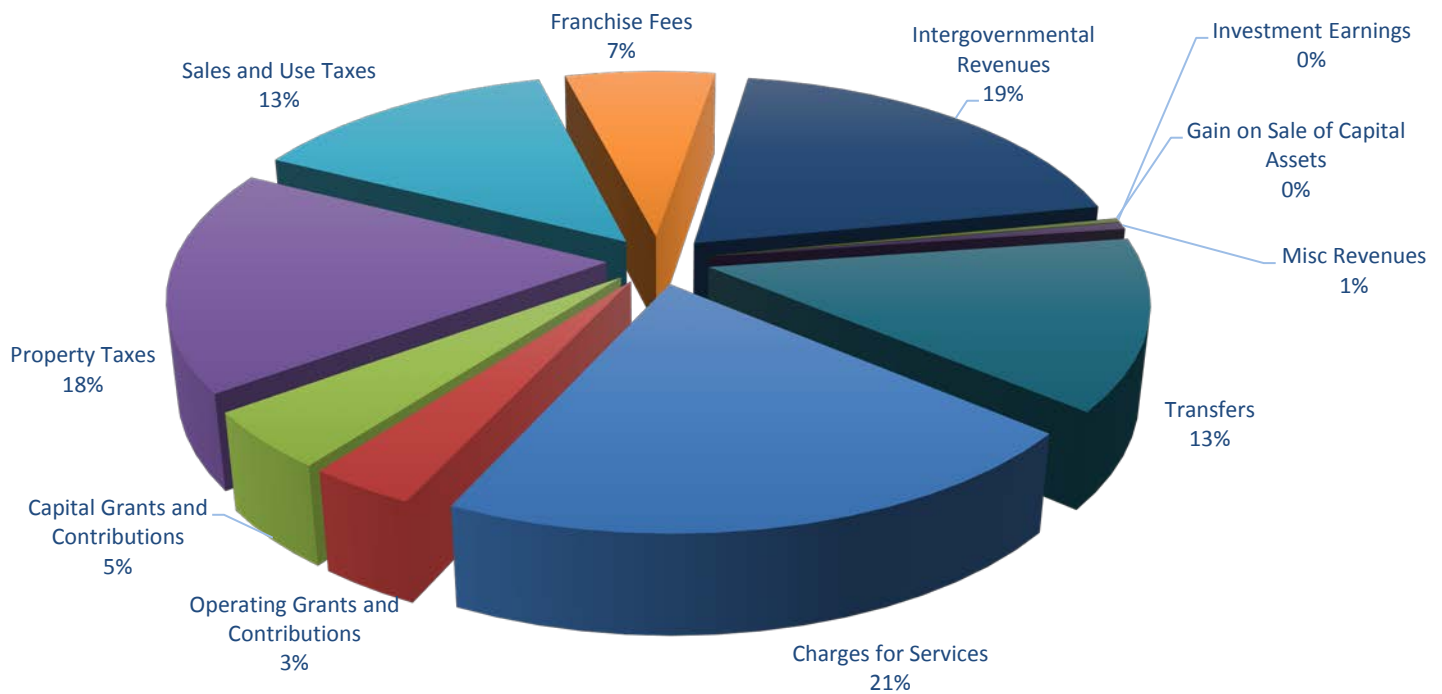
Management's Discussion and Analysis – (Continued)

The following is a summary of the City's Revenues by Source – Governmental Activities:

Revenues by Source – Governmental Activities

	<u>FY 16</u> <u>Revenues</u>	<u>% of</u> <u>Total</u>	<u>FY 15</u> <u>Revenues</u>	<u>% of</u> <u>Total</u>
Charges for services	\$ 9,327,191	20.8%	\$ 8,389,757	19.8%
Operating grants and contributions	1,510,310	3.4%	993,788	2.3%
Capital grants and contributions	2,026,202	4.5%	2,345,941	5.5%
Property taxes	7,874,031	17.6%	6,994,987	16.5%
Sales and use taxes	6,023,518	13.5%	6,474,442	15.3%
Franchise fees	2,945,901	6.6%	3,971,328	9.5%
Intergovernmental revenues	8,626,786	19.3%	8,697,356	20.6%
Gain on sale of capital assets	-	0.0%	5,845	0.0%
Investment earnings	129,577	0.3%	102,482	0.2%
Misc revenues	246,351	0.6%	208,132	0.5%
Transfers	5,984,663	13.4%	4,133,060	9.8%
Total revenues	<u>\$ 44,694,530</u>	<u>100.0%</u>	<u>\$ 42,317,118</u>	<u>100.0%</u>

Governmental Activities Source of Revenue



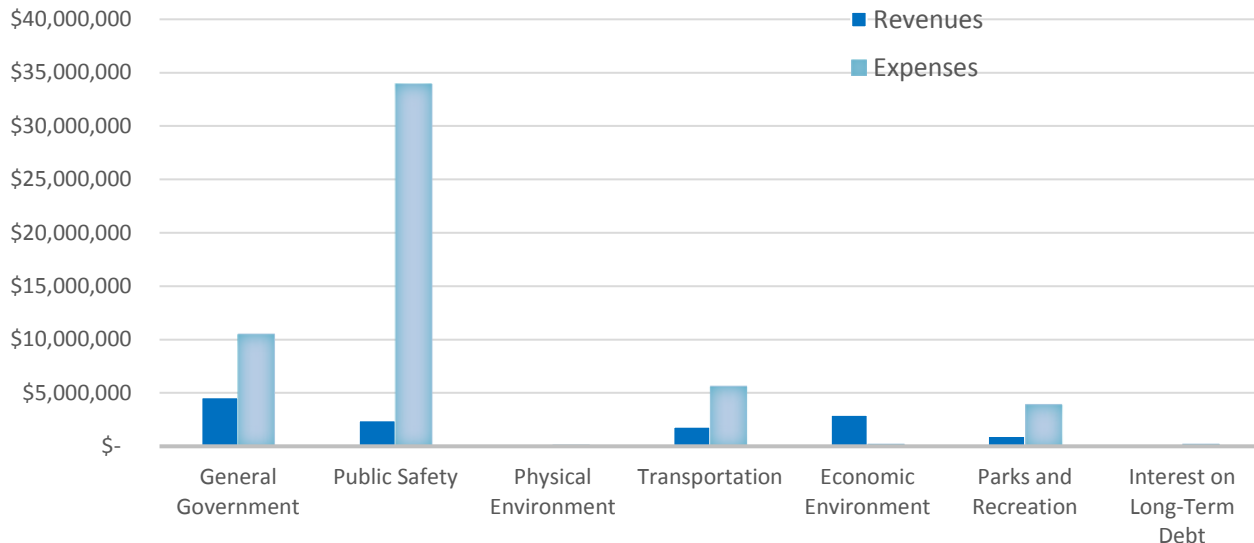
Management's Discussion and Analysis – (Continued)

The following is a summary of the City's Program Expenses and Revenues – Governmental Activities:

Program Expenses and Program Revenues - Governmental Activities

	FY 16 <u>Revenues</u>	% of <u>Total</u>	FY 16 <u>Expenses</u>	% of <u>Total</u>
General government	\$ 4,594,505	35.7%	\$ 10,551,924	19.2%
Public safety	2,433,640	18.9%	33,942,557	62.0%
Physical environment	65,070	0.5%	152,252	0.3%
Transportation	1,839,350	14.3%	5,661,534	10.3%
Economic environment	2,950,407	23.0%	241,467	0.4%
Parks and recreation	980,731	7.6%	3,973,536	7.3%
Interest on long-term debt	-	0.0%	260,543	0.5%
Totals	<u>\$12,863,703</u>	<u>100.0%</u>	<u>\$ 54,783,813</u>	<u>100.0%</u>

Program Revenues and Program Expenses - Governmental Activities



A comparison of the City's functional program revenues and costs of providing governmental-type services to its citizens is useful in identifying the capabilities of producing revenues sufficient to operate its programs.

Operating expenses of the governmental-type activities increased in 2016 to \$54,783,813 as compared to \$44,757,350 in 2015. The City has remained constant in its efforts to maintain and control costs.

An individual comparison of the City's functional program revenues and costs of providing program services to its citizens is useful in identifying the programs, and the extent to which each is dependent on taxes and other non-exchange revenues to subsidize their program operations.

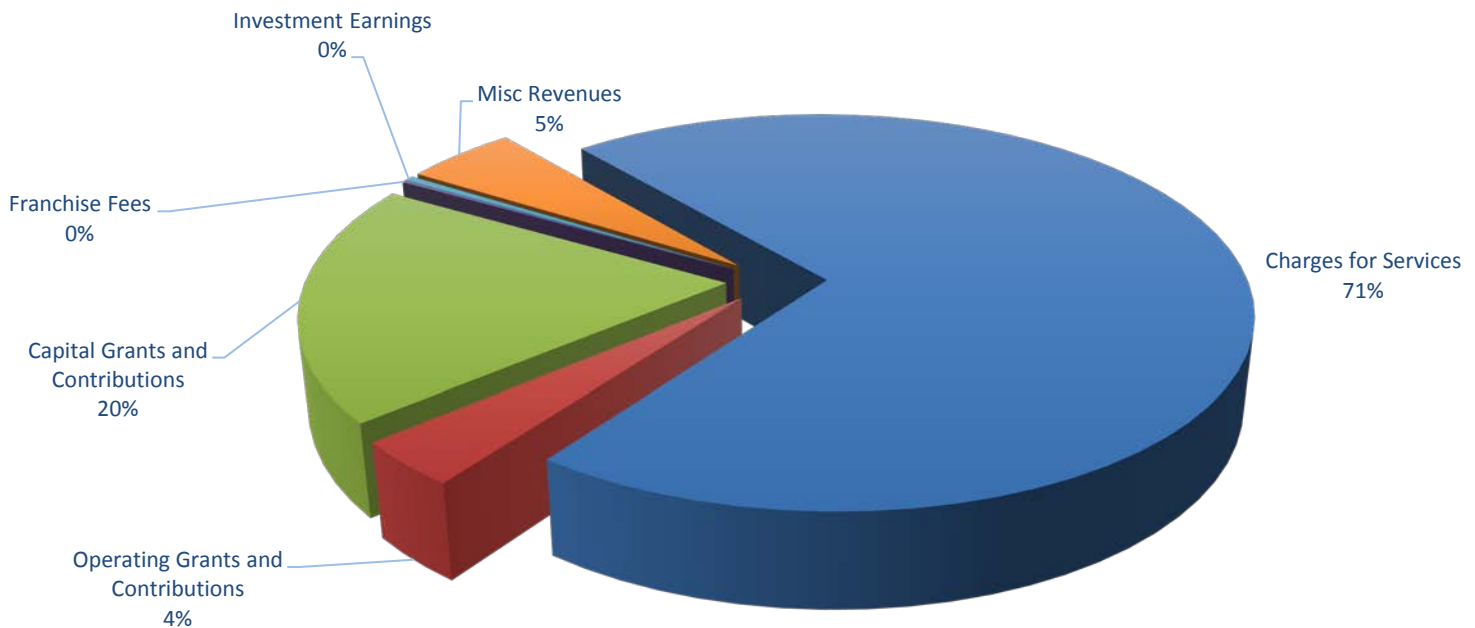
Management's Discussion and Analysis – (Continued)

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

Revenues by Source - Business-Type Activities

	FY 16 Revenues	% of Total	FY 15 Revenues	% of Total
Charges for services	\$ 19,723,021	71.2%	\$ 18,930,728	61.3%
Operating grants and contributions	1,020,976	3.7%	4,693,320	15.2%
Capital grants and contributions	5,395,043	19.5%	5,831,362	18.9%
Franchise fees	47,338	0.2%	37,729	0.1%
Investment earnings	112,761	0.4%	99,269	0.3%
Miscellaneous revenues	1,385,982	5.0%	1,297,947	4.2%
Total revenues	\$ 27,685,121	100.0%	\$ 30,890,355	100.0%

Business type Activities Source of Revenue



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

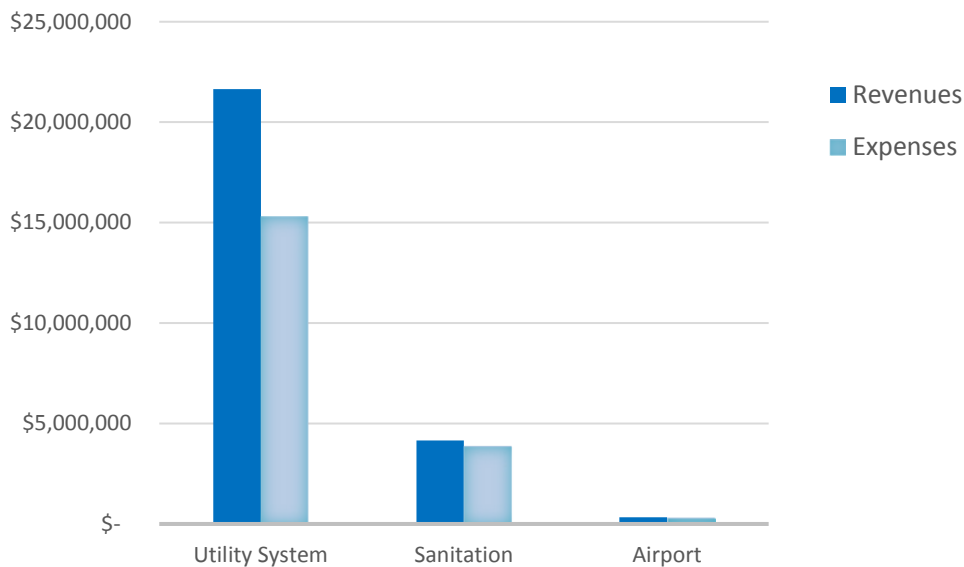
Management’s Discussion and Analysis – (Continued)

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

Program Expenses and Program Revenues - Business-Type Activities

	FY 16 Revenues	% of Total	FY 16 Expenses	% of Total
Utility system	\$21,648,244	82.8%	\$ 15,312,542	78.4%
Sanitation	4,153,099	15.9%	3,884,273	19.9%
Airport	337,697	1.3%	323,139	1.7%
Totals	\$26,139,040	100.0%	\$ 19,519,954	100.0%

Program Revenues and Program Expenses – Business type Activities



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

Expenses of the business-type activities, including transfers, increased in 2016 to \$25,504,617 as compared to \$24,350,544 in 2015.

Financial Analysis of the City’s Funds

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

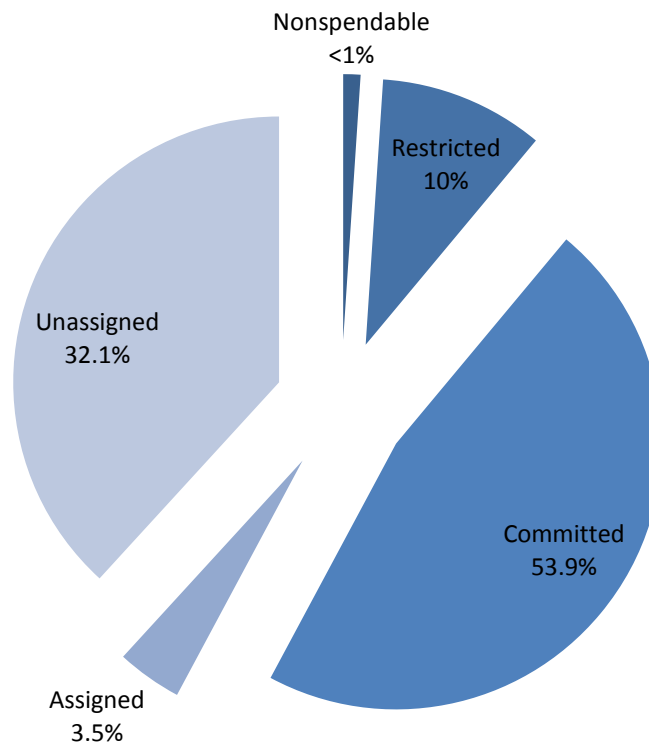
Governmental Funds - The focus of the City’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unreserved fund balance may serve as a useful measure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

Management's Discussion and Analysis – (Continued)

As the City completed the current fiscal year, its governmental funds reported a combined fund balance of \$24,632,095, which was \$1,533,316 more than the \$23,098,779 reported last year. Of the total fund balance, \$2,482,323 or 10.0% is restricted for specific purposes by bond ordinance, action of law, accounting standard requirements or other factors outside management of the City. In addition, the City Council has at various times committed certain funds for specific purposes. Committed monies differ from restricted monies in that management can easily change the use for the funds whereas for restricted monies, an outside influence requires the restriction and those amounts cannot be easily changed without violating a bond provision, aspect of law or accounting standard. At the end of Fiscal Year 2016, 53.9% \$13,287,024 of the fund balance was committed.

Approximately 32.1% or \$7,915,821 of the combined fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion. Another 3.5% or \$855,809 of this amount is assigned to indicate that it is not available for new spending unless management designates it as unassigned.

Fund Balance - Governmental Funds



The General Fund is the chief operating fund of the City. As of September 30, 2016, the unassigned fund balance in the General Fund totaled \$8,076,023, while total fund balance reached \$10,566,640. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 19.4% of total General Fund expenditures of \$41,752,190, while total fund balance represents 25.4% of that same amount.

Total fund balance in the General Fund decreased by \$1,307,361 during the current fiscal year, while non-spendable fund balance increased by \$1,697, restricted fund balance decreased by \$197,001, committed fund balance decreased by \$194,707, assigned fund balance remained the same, and unassigned fund balance increased by \$917,350.

An operating reserve equal to two months' operating expenses in the General Fund should be maintained. At September 30, 2016, the operating reserve calculates to \$6,927,886 and the unassigned fund balance exceeds this reserve amount by \$1,148,137.

Management's Discussion and Analysis – (Continued)

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

Unrestricted net position in all Proprietary Funds at the end of the current fiscal year as shown on the Proprietary Fund statements amounted to \$17,018,263 compared to \$17,057,907 in the prior year, which is a decrease of \$39,644 over the prior year.

An operating reserve equal to three months' operating expenses in the Proprietary Funds should be maintained. At September 30, 2016, the operating reserve calculates to \$4,734,700 and the unrestricted net position available equals \$17,018,263 resulting in a surplus of \$12,283,563 above the reserve requirements.

Budgetary Highlights

The budget is revised throughout the year to recognize projects carried over from the previous year, grant awards received during the year and to adjust budgets to reflect actual circumstances. Normally, budget adjustments are typically minor in nature. Overall budgetary control is achieved through continuous review by the Department Directors and the Finance Director.

The Mayor of Apopka is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total revenues, reserves, or expenditures of any fund must be approved by a majority vote on the City Council. During the fiscal year, various budget adjustments were performed and the budgeted amounts shown on the financial statements are as originally adopted and further adjusted.

Variances in General Fund Revenues compared to Final Budget

General Fund revenues in the current year were \$1,875,569 less than budgeted, with all categories coming under budget.

Variances in General Fund Expenditures compared to Final Budget

General Fund expenditures in the current year were \$4,497,372 less than budgeted. This is primarily due to the combined efforts of the City departments to control expenditures in light of minimal increases in property taxes and state-supported revenues. A portion of this excess will be used to cover carryover purchase orders and capital expenditures.

Capital Assets and Debt Administration

Capital Assets - At September 30, 2016, the City's investment in capital assets for its governmental and business-type activities totaled \$190,086,288. This investment in capital assets, net of depreciation, for all activities is reflected at September 30, 2016 as follows:

Capital Assets

	Governmental Activities	Business-type Activities	Total
Land	\$ 27,784,782	\$ 7,924,275	\$ 35,709,057
Buildings	13,247,176	21,480,830	34,728,006
Improvements	101,174,695	128,115,808	229,290,503
Machinery and equipment	20,096,576	9,618,688	29,715,264
Automotive equipment	12,266,729	7,332,796	19,599,525
Construction in progress	347,821	8,199,195	8,547,016
Intangibles	449,438	-	449,438
Total capital assets	175,367,217	182,671,594	358,038,809
Less: accumulated depreciation	(77,410,630)	(62,258,779)	(139,669,409)
Total capital assets - net	\$ 97,956,587	\$ 120,412,813	\$ 218,369,400

Additional information on the City's capital assets can be found in Note 5 to the financial statements.

Management's Discussion and Analysis – (Continued)

Long Term Debt - At year end, the City had \$27,872,856 in notes and bonds outstanding, the majority of which is secured by utility revenues (\$16.4 million). The City has one note secured by Recreation Impact Fees and no notes secured by ad-valorem taxes. All of the remaining notes are secured by non-ad-valorem tax revenues. More detailed information about the City's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Many factors are considered each year by the City Council in its efforts to establish an operating budget, to evaluate its personnel needs, and to develop uniform user fees that are fair, reasonable, and adequately recover costs. Some of the major factors considered in this process are the local economy, labor force, unemployment rates, and inflation rates.

- The more recent estimates available for unemployment data in Apopka, Orange County, and the state of Florida are compiled by the Orange County Economic Development Department. Their estimated unemployment rates are as follows:

	<u>Apopka</u>	<u>Orange County</u>	<u>State of Florida</u>
September 2016	4.0%	4.3%	4.7
September 2015	4.5%	5.0%	5.1%
Percentage Change	-0.5%	-0.7%	-0.4%

- For 2016, the U.S. Census Bureau estimated the City's population at 48,382.
- Inflationary trends for Orange County compare favorably to those trends experienced at the state and national levels.
- The economy is showing continued signs of improvement, as revenues appear to be stabilizing and increasing in some areas, and are expected to improve over the long run.
- During its 2007 legislative session, the Florida Legislature approved a tax reform package that required all cities and counties to cut property taxes. A cap on future property tax revenues was imposed based on the rate of personal income growth and new construction. Local governments may override the cap. The method for the override will vary based on the magnitude of the local government's action (escalating from a supermajority vote of the local governing body, to a unanimous vote of the local governing body.)
- On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption by another \$25,000 (for property values between \$50,000 and \$75,000), except for school district taxes. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their Save Our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1995 and limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less.
- With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a \$25,000 exemption for tangible personal property.
- Amendment 1 became effective with the budget year beginning on October 1, 2008, with the exception of the ten percent (10%) assessment cap on non-homestead property which became effective on January 1, 2010 (budget year beginning on October 1, 2010.)

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Finance Director, City of Apopka, Florida, 120 E Main Street, Apopka, FL 32703.

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BASIC FINANCIAL STATEMENTS

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CITY OF AOPKA, FLORIDA
GOVERNMENT-WIDE STATEMENT OF NET POSITION

September 30, 2016

	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and Cash Equivalents	\$ 26,870,372	\$ 22,517,537	\$ 49,387,909
Restricted Cash and Cash Equivalents	1,723,072	1,525,589	3,248,661
Investments	103,480	-	103,480
Accounts Receivable (Net)	1,199,457	2,732,551	3,932,008
Due from Other Governments	176,819	574,803	751,622
Inventories	91,118	496,925	588,043
Deposits	10,000	-	10,000
Capital Assets, not Being Depreciated	28,132,603	16,123,470	44,256,073
Capital Assets Being Depreciated, Net of Depreciation	69,823,984	104,289,343	174,113,327
Total Assets	128,130,905	148,260,218	276,391,123
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows for Refunding	-	171,427	171,427
Deferred Outflows for Pensions	5,533,452	778,518	6,311,970
Total Deferred Outflows of Resources	5,533,452	949,945	6,483,397
LIABILITIES			
Accounts Payable	2,269,198	872,311	3,141,509
Due to Other Governments	538,173	-	538,173
Accrued Liabilities	350,751	9,902	360,653
Accrued Interest Payable	102,322	-	102,322
Customer Utility Deposits	-	909,140	909,140
Unearned Revenue	1,322,083	135,008	1,457,091
Deposits	32,955	-	32,955
Long-term Liabilities:			
Due Within One Year			
Bonds Payable	155,000	770,000	925,000
Notes Payable	2,177,482	244,000	2,421,482
Capital Lease	100,539	-	100,539
Compensated Absences	884,818	228,648	1,113,466
Due in More Than One Year			
Bonds Payable	347,973	15,933,511	16,281,484
Notes Payable	7,748,890	496,000	8,244,890
Capital Lease	309,717	-	309,717
Compensated Absences	816,755	211,060	1,027,815
Net Pension Liability	21,283,291	4,167,489	25,450,780
Other Postemployment Benefits	14,563,137	4,413,293	18,976,430
Total Liabilities	53,003,084	28,390,362	81,393,446
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows for Pensions	484,025	179,368	663,393
Total Deferred Inflows of Resources	484,025	179,368	663,393
NET POSITION			
Net Investment in Capital Assets	87,116,986	103,140,729	190,257,715
Restricted For:			
Capital Improvements	-	281,441	281,441
Renewal, Replacements, & Improvements	-	200,000	200,000
Street Improvements	1,393,466	-	1,393,466
Law Enforcement	329,606	-	329,606
Public Safety	61,177	-	61,177
Culture & Recreation	38,474	-	38,474
Pension Beneficiaries	43,551	-	43,551
Capital Projects	616,049	-	616,049
Unrestricted (Deficit)	(9,422,061)	17,018,263	7,596,202
Total Net Position	\$ 80,177,248	\$ 120,640,433	\$ 200,817,681

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

CITY OF AOPKA, FLORIDA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2016

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 10,551,924	\$ 4,312,503	\$ 282,002	\$ -	\$ (5,957,419)	\$ -	\$ (5,957,419)
Public Safety	33,942,557	1,249,905	1,183,735	-	(31,508,917)	-	(31,508,917)
Physical Environment	152,252	-	-	65,070	(87,182)	-	(87,182)
Transportation	5,661,534	-	28,392	1,810,958	(3,822,184)	-	(3,822,184)
Economic Environment	241,467	2,950,407	-	-	2,708,940	-	2,708,940
Culture and Recreation	3,973,536	814,376	16,181	150,174	(2,992,805)	-	(2,992,805)
Interest on Long-Term Debt	260,543	-	-	-	(260,543)	-	(260,543)
Total Governmental Activities	<u>54,783,813</u>	<u>9,327,191</u>	<u>1,510,310</u>	<u>2,026,202</u>	<u>(41,920,110)</u>	<u>-</u>	<u>(41,920,110)</u>
Business-type Activities:							
Utility System	15,312,542	15,232,225	1,020,976	5,395,043	-	6,335,702	6,335,702
Sanitation	3,884,273	4,153,099	-	-	-	268,826	268,826
Airport Fuel	323,139	337,697	-	-	-	14,558	14,558
Total Business-type Activities	<u>19,519,954</u>	<u>19,723,021</u>	<u>1,020,976</u>	<u>5,395,043</u>	<u>-</u>	<u>6,619,086</u>	<u>6,619,086</u>
Total Primary Government	<u>\$ 74,303,767</u>	<u>\$ 29,050,212</u>	<u>\$ 2,531,286</u>	<u>\$ 7,421,245</u>	<u>(41,920,110)</u>	<u>6,619,086</u>	<u>(35,301,024)</u>
General Revenues:							
Property Tax					7,874,031	-	7,874,031
Gas Tax					1,448,906	-	1,448,906
Utility Tax					3,154,856	-	3,154,856
Communication Services Tax					1,419,756	-	1,419,756
1/2 Cent Sales Tax					6,472,492	-	6,472,492
State Shared Revenues					2,154,294	-	2,154,294
Franchise Fees					2,945,901	47,338	2,993,239
Investment Earnings					129,577	112,761	242,338
Miscellaneous					246,351	1,385,982	1,632,333
Transfers					5,984,663	(5,984,663)	-
Total General Revenues/Transfers					<u>31,830,827</u>	<u>(4,438,582)</u>	<u>27,392,245</u>
Change in Net Position					(10,089,283)	2,180,504	(7,908,779)
Net Position - Beginning					90,266,531	118,459,929	208,726,460
Net Position - Ending					<u>\$ 80,177,248</u>	<u>\$ 120,640,433</u>	<u>\$ 200,817,681</u>

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

CITY OF AOPKA, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2016

	General	Community Redevelopment (CRA)	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 13,519,548	\$ 2,055,072	\$ 11,295,752	\$ 26,870,372
Restricted Assets:				
Cash and Cash Equivalents	-	-	1,723,072	1,723,072
Investments	103,480	-	-	103,480
Accounts Receivable	1,116,555	-	82,902	1,199,457
Due from Other Governments	45,256	-	131,563	176,819
Inventories	91,118	-	-	91,118
Other Assets - Deposit	10,000	-	-	10,000
Total Assets	\$ 14,885,957	\$ 2,055,072	\$ 13,233,289	\$ 30,174,318
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 2,079,145	\$ -	\$ 190,053	\$ 2,269,198
Due to Other Governments	538,173	-	-	538,173
Accrued Liabilities	350,751	-	-	350,751
Deposits	29,165	-	3,790	32,955
Unearned Revenues	1,322,083	-	-	1,322,083
Total Liabilities	4,319,317	-	193,843	4,513,160
Deferred Inflows of Resources				
Unavailable Revenues	-	-	1,029,063	1,029,063
Total Deferred Inflows of Resources	-	-	1,029,063	1,029,063
FUND BALANCES				
Nonspendable:				
Inventory	91,118	-	-	91,118
Restricted:				
Street Improvements	-	-	1,393,466	1,393,466
Law Enforcement	-	-	329,606	329,606
Pension Beneficiaries	43,551	-	-	43,551
Fire	61,177	-	-	61,177
Culture and Recreation	38,474	-	-	38,474
Capital Projects	616,049	-	-	616,049
Committed:				
Transportation Improvements	-	-	7,540,550	7,540,550
Recreation Improvements	14,780	-	471,572	486,352
Stormwater Improvements	-	-	2,051,516	2,051,516
Community Redevelopment	-	2,055,072	-	2,055,072
Law Enforcement	-	-	383,875	383,875
Storage Retention	229,963	-	-	229,963
Tree Bank	539,696	-	-	539,696
Assigned:				
Culture and Recreation	555,809	-	-	555,809
Insurance	300,000	-	-	300,000
Unassigned	8,076,023	-	(160,202)	7,915,821
Total Fund Balances	10,566,640	2,055,072	12,010,383	24,632,095
Total Liabilities, Deferred Inflows and Fund Balances	\$ 14,885,957	\$ 2,055,072	\$ 13,233,289	\$ 30,174,318

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

CITY OF AOPKA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2016

Total fund balances of governmental funds		\$ 24,632,095
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		97,956,587
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in governmental funds.		
Deferred outflows of resources for pensions	\$ 5,533,452	
Deferred inflows of resources for pensions	<u>(484,025)</u>	5,049,427
Long-term liabilities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities--both current and long-term--are reported in the Statement of Net Position. Long-term liabilities at year-end consist of:		
Bonds payable	490,000	
Notes payable	9,926,372	
Capital lease	410,256	
Accrued interest payable	102,322	
Other postemployment benefits	14,563,137	
Net pension liability	21,283,291	
Compensated absences	<u>1,701,573</u>	(48,476,951)
Note premiums are reported in the governmental funds when first issued, whereas these amounts are deferred and amortized in the government-wide statements.		(12,973)
Deferred inflows from federal and state grants recognized as revenue of the current period.		<u>1,029,063</u>
Total net position of governmental activities		<u>\$ 80,177,248</u>

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

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

For the Year Ended September 30, 2016

	General	Community Redevelopment (CRA)	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 13,031,578	\$ 239,761	\$ 1,448,906	\$ 14,720,245
Licenses, Fees and Permits	5,505,925	-	-	5,505,925
Special Assessments	-	-	65,070	65,070
Impact Fees	-	-	1,550,869	1,550,869
Intergovernmental Revenues	8,940,922	-	372,108	9,313,030
Charges for Services	2,436,979	-	1,242,043	3,679,022
Fines and Forfeitures	2,264,504	-	121,995	2,386,499
Investment Earnings	73,793	9,235	46,549	129,577
Miscellaneous Revenues	924,295	-	9,118	933,413
Total Revenues	<u>33,177,996</u>	<u>248,996</u>	<u>4,856,658</u>	<u>38,283,650</u>
EXPENDITURES				
Current:				
General Government	7,917,567	-	4,120	7,921,687
Public Safety	26,814,772	-	556,081	27,370,853
Physical Environment	123,368	-	71,999	195,367
Transportation	938,531	-	2,438,964	3,377,495
Economic Environment	-	241,467	-	241,467
Culture and Recreation	3,633,485	-	5,971	3,639,456
Debt Service:				
Principal Payments	2,047,926	-	-	2,047,926
Interest and Fiscal Charges	276,541	-	-	276,541
Total Expenditures	<u>41,752,190</u>	<u>241,467</u>	<u>3,077,135</u>	<u>45,070,792</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,574,194)</u>	<u>7,529</u>	<u>1,779,523</u>	<u>(6,787,142)</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers In	6,099,463	-	1,279,425	7,378,888
Transfers (Out)	(1,138,425)	-	(255,800)	(1,394,225)
Issuance of Capital Lease	510,795	-	-	510,795
Issuance of Note	1,795,000	-	30,000	1,825,000
Total Other Financing Sources and (Uses)	<u>7,266,833</u>	<u>-</u>	<u>1,053,625</u>	<u>8,320,458</u>
Net Change in Fund Balances	<u>(1,307,361)</u>	<u>7,529</u>	<u>2,833,148</u>	<u>1,533,316</u>
Fund Balances - Beginning	<u>11,874,001</u>	<u>2,047,543</u>	<u>9,177,235</u>	<u>23,098,779</u>
Fund Balances - Ending	<u>\$ 10,566,640</u>	<u>\$ 2,055,072</u>	<u>\$ 12,010,383</u>	<u>\$ 24,632,095</u>

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

CITY OF AOPKA, 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, 2016

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

Net change in fund balances - total governmental funds	\$	1,533,316
<p>Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.</p>		
Expenditures for capital assets	\$	3,602,973
Contributions of capital assets		410,263
Less current year depreciation		<u>(5,185,027)</u>
		(1,171,791)
<p>The issuance of notes and similar long-term debt provides current financial resources to governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position. The amounts of the items that make up these differences in the treatment of long-term debt and related items are:</p>		
<p>Issuance of debt:</p>		
Issuance of notes payable	(1,825,000)	
Issuance of capital lease	(510,795)	
<p>Principal repayments:</p>		
Notes payable	<u>2,047,926</u>	(287,869)
<p>Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:</p>		
Compensated absences	36,502	
Other postemployment benefits	(1,609,077)	
Accrued interest on long-term debt	<u>12,786</u>	(1,559,789)
<p>Governmental funds report City pension contributions as expenditures. In the Statement of Activities, the cost of pension benefits earned net of contributions is reported as pension expense.</p>		
Difference between pension contributions and net pension expense		(8,622,316)
<p>Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		3,212
<p>Under the modified accrual basis of accounting, revenues are recognized when both the measurable and available criteria have been met. Under full accrual accounting, the revenues would be recognized when earned.</p>		
		<u>15,954</u>
Change in net position of governmental activities	\$	<u>(10,089,283)</u>

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

CITY OF APOPKA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 12,827,000	\$ 13,469,015	\$ 13,031,578	\$ (437,437)
Licenses, Fees and Permits	5,856,000	5,856,000	5,505,925	(350,075)
Intergovernmental Revenues	9,561,500	9,561,500	8,940,922	(620,578)
Charges for Services	2,763,450	2,763,450	2,436,979	(326,471)
Fines and Forfeitures	2,310,300	2,310,300	2,264,504	(45,796)
Investment Earnings	56,000	56,000	73,793	17,793
Miscellaneous Revenues	1,025,800	1,037,300	924,295	(113,005)
Total Revenues	34,400,050	35,053,565	33,177,996	(1,875,569)
EXPENDITURES				
Current:				
General Government	10,824,962	9,225,813	7,917,567	1,308,246
Public Safety	26,703,860	28,832,492	26,814,772	2,017,720
Physical Environment	-	149,209	123,368	25,841
Transportation	-	1,519,738	938,531	581,207
Culture and Recreation	2,724,048	3,667,722	3,633,485	34,237
Debt Service:				
Principal Payments	2,314,049	2,588,467	2,047,926	540,541
Interest and Fiscal Charges	-	266,121	276,541	(10,420)
Total Expenditures	42,566,919	46,249,562	41,752,190	4,497,372
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,166,869)	(11,195,997)	(8,574,194)	2,621,803
OTHER FINANCING SOURCES AND (USES)				
Transfers In	6,099,463	6,099,463	6,099,463	-
Transfers (Out)	(565,994)	(74,124)	(1,138,425)	(1,064,301)
Debt Issuance	2,217,900	2,845,892	2,305,795	(540,097)
Total Other Financing Sources and (Uses)	7,751,369	8,871,231	7,266,833	(1,604,398)
Net Change in Fund Balances	(415,500)	(2,324,766)	(1,307,361)	1,017,405
Fund Balances - Beginning	415,500	2,324,766	11,874,001	9,549,235
Fund Balance - Ending	\$ -	\$ -	\$ 10,566,640	\$ 10,566,640

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

CITY OF APOPKA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY REDEVELOPMENT (CRA)
For the Year Ended September 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes	\$ 90,000	\$ 90,000	\$ 239,761	\$ 149,761
Intergovernmental Revenues	115,000	115,000	-	(115,000)
Investment Earnings	<u>7,500</u>	<u>7,500</u>	<u>9,235</u>	<u>1,735</u>
Total Revenues	<u>212,500</u>	<u>212,500</u>	<u>248,996</u>	<u>36,496</u>
EXPENDITURES				
Current:				
Economic Environment	<u>230,000</u>	<u>230,000</u>	<u>241,467</u>	<u>(11,467)</u>
Total Expenditures	<u>230,000</u>	<u>230,000</u>	<u>241,467</u>	<u>(11,467)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(17,500)</u>	<u>(17,500)</u>	<u>7,529</u>	<u>25,029</u>
Net Change in Fund Balances	(17,500)	(17,500)	7,529	25,029
Fund Balances - Beginning	<u>17,500</u>	<u>17,500</u>	<u>2,047,543</u>	<u>2,030,043</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,055,072</u>	<u>\$ 2,055,072</u>

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

CITY OF APOPKA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2016

	Business-type Activities - Enterprise Funds			
	Major		Nonmajor	
	Utility System	Sanitation	Airport Fuel	Totals
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 21,964,453	\$ 546,351	\$ 6,733	\$ 22,517,537
Restricted Cash and Cash Equivalents:				
Customer Utility Deposits	909,140	-	-	909,140
Repair and Maintenance Escrows	135,008	-	-	135,008
Renewal, Replacement, and Improvement	200,000	-	-	200,000
Capital Improvements	281,441	-	-	281,441
Accounts Receivable, Net	2,243,078	489,473	-	2,732,551
Inventories	464,447	-	32,478	496,925
Due From Other Governments	574,803	-	-	574,803
Total Current Assets	<u>26,772,370</u>	<u>1,035,824</u>	<u>39,211</u>	<u>27,847,405</u>
Noncurrent Assets:				
Capital Assets:				
Land	7,924,275	-	-	7,924,275
Buildings	21,480,830	-	-	21,480,830
Infrastructure	128,115,808	-	-	128,115,808
Equipment and Machinery	8,414,118	1,204,570	-	9,618,688
Vehicles	2,682,884	4,649,912	-	7,332,796
Construction in Progress	8,199,195	-	-	8,199,195
Less: Accumulated Depreciation	<u>(58,542,765)</u>	<u>(3,716,014)</u>	<u>-</u>	<u>(62,258,779)</u>
Total Noncurrent Assets	<u>118,274,345</u>	<u>2,138,468</u>	<u>-</u>	<u>120,412,813</u>
Total Assets	<u>145,046,715</u>	<u>3,174,292</u>	<u>39,211</u>	<u>148,260,218</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refunding	171,427	-	-	171,427
Deferred Outflows for Pensions	622,815	155,703	-	778,518
Total Deferred Outflows of Resources	<u>794,242</u>	<u>155,703</u>	<u>-</u>	<u>949,945</u>

Continued

CITY OF APOPKA, FLORIDA
STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS
September 30, 2016

	Business-type Activities - Enterprise Funds			
	Major		Nonmajor	Totals
	Utility System	Sanitation	Airport Fuel	
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 721,455	\$ 150,856	\$ -	\$ 872,311
Accrued Liabilities	9,902	-	-	9,902
Compensated Absences	193,609	35,039	-	228,648
Customer Utility Deposits	909,140	-	-	909,140
Current Portion of Bonds Payable	770,000	-	-	770,000
Current Portion of Notes Payable	-	244,000	-	244,000
Unearned Revenue	135,008	-	-	135,008
Total Current Liabilities	<u>2,739,114</u>	<u>429,895</u>	<u>-</u>	<u>3,169,009</u>
Noncurrent Liabilities:				
Compensated Absences	178,716	32,344	-	211,060
Bonds Payable	15,933,511	-	-	15,933,511
Notes Payable	-	496,000	-	496,000
Other Postemployment Benefits Liability	3,560,742	852,551	-	4,413,293
Net Pension Liability	3,333,991	833,498	-	4,167,489
Total Noncurrent Liabilities	<u>23,006,960</u>	<u>2,214,393</u>	<u>-</u>	<u>25,221,353</u>
Total Liabilities	<u>25,746,074</u>	<u>2,644,288</u>	<u>-</u>	<u>28,390,362</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows for Pensions	143,495	35,873	-	179,368
Total Deferred Inflows of Resources	<u>143,495</u>	<u>35,873</u>	<u>-</u>	<u>179,368</u>
NET POSITION				
Net Investment in Capital Assets	101,742,261	1,398,468	-	103,140,729
Restricted:				
Capital Improvements	281,441	-	-	281,441
Renewal, Replacement and Improvement	200,000	-	-	200,000
Unrestricted (Deficit)	17,727,686	(748,634)	39,211	17,018,263
Total Net Position	<u>\$ 119,951,388</u>	<u>\$ 649,834</u>	<u>\$ 39,211</u>	<u>\$ 120,640,433</u>

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

CITY OF AOPKA, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
September 30, 2016

	Business-type Activities - Enterprise Funds			
	Major		Nonmajor	Totals
	Utility System	Sanitation	Airport Fuel	
Operating Revenues:				
Water Sales	\$ 5,991,860	\$ -	\$ -	\$ 5,991,860
Sewer Charges	6,116,096	-	-	6,116,096
Reclaimed Water Sales	3,124,269	-	-	3,124,269
Sanitation Fees	-	4,153,099	-	4,153,099
Fuel Sales	-	-	337,697	337,697
Miscellaneous Revenues	1,175,843	177,742	32,397	1,385,982
Total Operating Revenues	16,408,068	4,330,841	370,094	21,109,003
Operating Expenses:				
Utility Administration	2,057,129	-	-	2,057,129
Water Plant Operations	1,353,341	-	-	1,353,341
Wastewater Treatment Plant Operations	2,514,611	-	-	2,514,611
Utility Construction Operations	691,652	-	-	691,652
Water Maintenance	1,284,748	-	-	1,284,748
Utility Billing	809,066	-	-	809,066
Wastewater Maintenance	1,291,979	-	-	1,291,979
Operating Charges	-	3,480,508	-	3,480,508
Fueling Operations	-	-	323,139	323,139
Utility Restoration	195,976	-	-	195,976
Design Engineering	790,497	-	-	790,497
Depreciation	3,751,603	394,552	-	4,146,155
Total Operating Expenses	14,740,602	3,875,060	323,139	18,938,801
Nonoperating Revenues (Expenses):				
Interest Income	107,017	5,731	13	112,761
Interest Expense	(571,940)	(9,213)	-	(581,153)
Franchise Fees	-	47,338	-	47,338
Total Nonoperating Revenues (Expenses)	(464,923)	43,856	13	(421,054)
Income (Loss) Before Contributions and Transfers	1,202,543	499,637	46,968	1,749,148
Transfers In	-	-	-	-
Transfers Out	(5,084,023)	(900,640)	-	(5,984,663)
Capital Contributions - Impact Fees	5,395,043	-	-	5,395,043
Capital Contributions - Grant	1,020,976	-	-	1,020,976
Change in Net Position	2,534,539	(401,003)	46,968	2,180,504
Total Net Position (Deficit) - Beginning	117,416,849	1,050,837	(7,757)	118,459,929
Total Net Position - Ending	\$ 119,951,388	\$ 649,834	\$ 39,211	\$ 120,640,433

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

CITY OF AOPKA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2016

	Business-type Activities - Enterprise Funds			
	Major		Nonmajor	
	Utility System	Sanitation	Airport Fuel	Totals
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 16,760,562	\$ 4,385,504	\$ 370,094	\$ 21,516,160
Payments to Suppliers	(6,373,684)	(1,895,825)	(363,374)	(8,632,883)
Payments to Employees	(4,170,695)	(1,238,288)	-	(5,408,983)
Net Cash Provided (Used) by Operating Activities	<u>6,216,183</u>	<u>1,251,391</u>	<u>6,720</u>	<u>7,474,294</u>
Cash Flows from Noncapital Financing Activities				
Transfers to Other Funds	(5,084,023)	(900,640)	-	(5,984,663)
Franchise Fees	-	47,338	-	47,338
Net Cash (Used) by Noncapital Financing Activities	<u>(5,084,023)</u>	<u>(853,302)</u>	<u>-</u>	<u>(5,937,325)</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition/Construction of Capital Assets	(4,247,369)	(966,285)	-	(5,213,654)
Principal Paid on Capital Debt	(725,000)	(242,000)	-	(967,000)
Interest Paid on Capital Debt	(527,103)	(9,213)	-	(536,316)
Capital Contributions - Impact Fees	5,395,043	-	-	5,395,043
Capital Contributions - Grant	1,020,976	-	-	1,020,976
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>916,547</u>	<u>(1,217,498)</u>	<u>-</u>	<u>(300,951)</u>
Cash Flows from Investing Activities				
Interest Income Received	107,017	5,731	13	112,761
Net Increase (Decrease) in Cash and Cash Equivalents	2,155,724	(813,678)	6,733	1,348,779
Cash and Cash Equivalents at Beginning of Year	21,334,318	1,360,029	-	22,694,347
Cash and Cash Equivalents at End of Year	<u>\$ 23,490,042</u>	<u>\$ 546,351</u>	<u>\$ 6,733</u>	<u>\$ 24,043,126</u>
Cash and Cash Equivalents Classified As:				
Unrestricted Assets	\$ 21,964,453	\$ 546,351	\$ 6,733	\$ 22,517,537
Restricted Assets	1,525,589	-	-	1,525,589
Total Cash and Cash Equivalents	<u>\$ 23,490,042</u>	<u>\$ 546,351</u>	<u>\$ 6,733</u>	<u>\$ 24,043,126</u>

Continued

CITY OF AOPKA, FLORIDA
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
For The Year Ended September 30, 2016

	Business-type Activities - Enterprise Funds			
	Major		Nonmajor	
	Utility System	Sanitation	Airport Fuel	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 1,667,466	\$ 455,781	\$ 46,955	\$ 2,170,202
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation	3,751,603	394,552	-	4,146,155
(Increase) Decrease In -				
Accounts receivable	111,601	54,663	-	166,264
Deferred outflows of resources for pensions	1,277,407	319,353	-	1,596,760
Inventories	(46,647)	-	(2,526)	(49,173)
Increase (Decrease) In -				
Accounts payable	(858,461)	24,924	(1,053)	(834,590)
Due to other funds	-	-	(36,656)	(36,656)
Accrued liabilities	(42,352)	(11,675)	-	(54,027)
Unearned revenue	20,938	-	-	20,938
Compensated absences	2,217	(13,447)	-	(11,230)
OPEB	385,562	92,534	-	478,096
Net pension liability	10,607	2,652	-	13,259
Deferred inflows of resources for pensions	(191,263)	(47,817)	-	(239,080)
Due to pension beneficiaries	(83,742)	(20,129)	-	(103,871)
Due to other governments	(8,708)	-	-	(8,708)
Customer utility deposits	219,955	-	-	219,955
Total Adjustments	4,548,717	795,610	(40,235)	5,304,092
Net Cash Provided (Used) by Operating Activities	\$ 6,216,183	\$ 1,251,391	\$ 6,720	\$ 7,474,294

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

CITY OF AOPKA, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUND
September 30, 2016

ASSETS

Cash and Cash Equivalents	\$ 8,876,926
Investments:	
U.S. Corporate Stocks	58,986,078
International Corporate Stocks	15,042,790
U.S. Government Bonds & Treasury Bills	<u>36,249,191</u>
Total Investments	<u>110,278,059</u>
Contribution Receivable	1,818,613
Total Assets	<u><u>120,973,598</u></u>

Net Position Restricted for Pensions \$ 120,973,598

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

CITY OF AOPKA, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND

For the Year Ended September 30, 2016

ADDITIONS

Contributions:

Employees	\$ 3,936,202
State	642,015
City	<u>1,587,993</u>
Total Contributions	<u>6,166,210</u>

Investment Income:

Interest, Dividends and Other Income	2,029,541
Net (Decrease) in Fair Value of Investments	6,766,096
Gain (Loss) on Sales of Investments	<u>345,295</u>
Net Investment Income	<u>9,140,932</u>
Total Additions	<u>15,307,142</u>

DEDUCTIONS

Benefits Paid to Participants	5,744,355
Termination Payments	126,336
Administrative Expense	<u>114,071</u>
Total Deductions	<u>5,984,762</u>

Net Increase in Net Position	9,322,380
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Net Position Restricted for Pensions

Beginning of Year	<u>111,651,218</u>
End of Year	<u>\$ 120,973,598</u>

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

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Apopka (the “City”) is a political subdivision of the State of Florida located in Orange County. The legislative branch of the City is a four (4) member, Citywide elected Council and a Citywide elected Mayor. The Mayor and the City Council are governed by the City Charter and by state and local laws and regulations. The Mayor and City Council are responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Mayor.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies follows.

A. The Reporting Entity

The City is a municipal corporation with a five-member Council, including the Mayor, who acts as the presiding officer of the Council. The City provides a full range of municipal services, including: police and fire protection, public works activities, parks and recreation, planning and development, and general administrative services. In addition, the City operates a water, sewer and reuse utility, and also a sanitation enterprise.

The accompanying financial statements present the City’s primary government. The reporting entity for the City includes all functions of government for which the Mayor and City Council are considered to be financially accountable. Based upon the application of the criteria as set forth in GASB Statement Number 61, *The Financial Reporting Entity: Omnibus-an Amendment of GASB Statements No. 14 and No. 34*, there are no potential component units or related organizations of the City.

B. Government-wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. Both sets of statements distinguish between the governmental and business-type activities of the City.

Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements report on the government as a whole, both the primary government and its component units, and provide a consolidated financial picture of the government. As part of the consolidation process, inter-fund activities are eliminated to avoid distorted financial results. Fiduciary funds of the government are also eliminated from this presentation since these resources are not available for general government funding purposes. The Statement of Net Position reports all financial and capital resources of the City’s governmental and business-type activities. It is presented in a net position format (assets plus deferred outflows of resources less liabilities and deferred inflows of resources equal net position) and shown with three components: net investment in capital assets, restricted net position, and unrestricted net position. The Statement of Activities reports functional categories of programs provided by the City and demonstrate how and to what degree those programs are supported by specific revenue.

Program revenues are classified into three categories: charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to direct recovery from customers for services rendered. Grants and contributions refer to revenues restricted for specific programs whose use may be restricted further to operational or capital items. The general revenues section displays revenue collected that helps support all functions of our government and contribute to the change in net position for the fiscal year.

The fund financial statements follow additional and detailed information about the City’s operations for the major funds individually and nonmajor funds in the aggregate for government, proprietary and fiduciary funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentations. The preparation of financial statements in conformity with GAAP, as applicable to governmental units, requires management to make use of estimates that affect the reported amounts in the financial statements. Actual results could differ from these estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements, as well as the fund financial statements for the proprietary funds and the fiduciary funds, are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred. Operating revenues shown for proprietary operations generally result from producing or providing goods and services, such as water, sewer, reuse, and sanitation services. Operating expenses for these operations include all costs related to providing the service or product. These costs include salaries, supplies, travel, contract services, depreciation, administrative expenses or other expenses directly related to costs of services. All other revenue and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be 60 days.

Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated sick pay and accumulated vacation pay, which are not recorded as expenditures; (2) prepaid insurance and similar items, which are reported only on the balance sheet and do not affect expenditures; and (3) principal and interest on long-term debt, which are recognized when due. Budgets for governmental funds are also prepared on the modified accrual basis.

Licenses and permits, charges for services, and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash, because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

The following are reported as major governmental funds:

General Fund – The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not required either legally or by GAAP to be accounted for in other funds are accounted for in the General Fund.

Community Redevelopment (CRA) Fund – The CRA Fund is used to account for the restricted incremental ad-valorem tax revenues and expenditures for designated redevelopment areas within the City.

The following are reported as major enterprise funds:

Utility System – The Utility System Fund accounts for the operation of the City’s potable water, reuse, and wastewater services to residents and businesses.

Sanitation Fund – The Sanitation Fund accounts for the operations of the City’s waste and refuse management services to residents and businesses.

The City also reported the following fund types:

Special Revenue Funds (Nonmajor) – Special Revenue Funds account for specific revenue sources that are restricted or committed by law or administrative action to expenditures for specific purposes.

Proprietary Fund (Nonmajor) – The Airport Fuel Fund accounts for the operations of the City’s airport fuel services to residents and businesses.

Pension Trust Funds – The Pension Trust Funds account for the activities of the general employees’, police officers’ and firefighters’ pension plans.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – continued

As a general rule, the effect of inter-fund activities have been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu-of-taxes and other charges between the government’s business-type functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

D. Cash, Cash Equivalents, and Investments

1. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and highly-liquid investments (including restricted assets) with a maturity of three months or less when purchased.

2. Deposits

The City’s deposits consist of demand accounts (interest and non-interest bearing). The deposits of the Pension Trust Funds are held separately from those of other City funds.

At year-end, the carrying amount of the City’s governmental and business-type activities cash and cash equivalents deposits was \$52,636,570 and the depository balances were \$59,220,763 of that balance, \$59,220,763 was covered by federal depository insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida with the ability to assess member institutions to provide protection. Accordingly, all of the City’s cash deposits are considered to be fully insured.

The Pension Trust Funds held \$8,876,926 in uninsured and uncollateralized cash deposits at September 30, 2016.

3. Investments

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Pension Trust Fund Investments:		
U.S. Government Bonds and Bills	\$36,249,191	3.24
U.S. Corporate Stocks	58,986,078	N/A
International Corporate Stocks	<u>15,042,790</u>	N/A
Total Investments	<u>\$110,278,059</u>	

Interest Rate Risk – Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment’s fair value. The City’s mutual bond funds, at the Florida Municipal Investment Trust, have weighted average maturities of one-and-one-half years (1-3 year bond fund) and less than one-and-one-half years. The City’s investment/portfolio policy applies to all funds of the City except for its Pension Trust Funds. Interest rate risk is managed by limiting maturity terms to one year or less on bank certificates of deposit and to five years or less on U.S. Treasury Bills, Notes, and Bonds. Further, management limits concentrations of types of investments not to exceed from 15% to 25% at any one time.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

D. Cash, Cash Equivalents, and Investments – continued

Credit Ratings for Florida Municipal Investment Trust Investments –

Credit Risk for FMIvT Funds

<u>Fixed Income Funds:</u>	<u>Fitch Rating</u>
0-2 Year High Quality Bond Fund	AAA/V1
1-3 Year High Quality Bond Fund	AAA/V2

Credit Ratings for Pension Trust Fund Investments –

All of the investments of the Pension Trust Funds are held by the Prudential Retirement Insurance and Annuity Company (“PRIAC”) in a diversified asset portfolio.

PRIAC has received the following independent credit ratings from the major rating agencies:

Moody’s:	A1
Standard & Poor’s	AA-
A.M. Best	A+
Fitch	AA-

Credit Risk – Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to meet its obligations. The City’s investment policy limits the maximum percentage that may be invested in any one entity or instrument at any one time. In addition, the City limits its investments to those authorized by Florida Statutes, and City Ordinances and Resolutions. The following is a current list of authorized securities for investment. Revisions to the authorized list of securities may change from time to time by City Council action. The City is permitted to invest in pools that, in turn, invest in items the City may not purchase directly.

The City is authorized under Florida Statutes to invest in the following:

- a. State Board of Administration Local Government Surplus Funds Investment Pool, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Chapter 163.01, F.S.
- b. Money Market Funds registered with the Securities Exchange Commission and having the highest credit quality rating from a nationally recognized rating agency placed only with financial institutions qualifying as a public depository, as provided for in Chapter 280, F.S.
- c. Savings accounts in state-certified, qualified public depositories, as defined in Chapter 280.02, F.S.
- d. Insured or fully collateralized Certificates of Deposit of banks
 - The bank must be a registered public funds depository in the State of Florida
 - Maturities must be one year or less
- e. U.S. Treasury Bills, Notes and Bonds
 - Maturity dates must be within five years or less
- f. Full faith or general faith and credit obligations of United States Government Agencies
 - Maximum maturity shall be five years or less
 - Maximum portfolio mix shall not exceed 25% for these instruments, inclusive of all types

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

D. Cash, Cash Equivalents, and Investments – continued

The City is further authorized under Ordinance and/or Resolution to invest in the following:

- g. Repurchase agreements collateralized by U.S. Treasury Securities and Market-to-Market
 - Purchased only from authorized dealers, as provided for in this policy
 - Any authorized institution with which the City transacts repurchase agreements must have on file a fully executed copy of the City’s Master Repurchase Agreements
 - Maximum portfolio mix shall not exceed 25% at any one time

- h. Securities of, or other interests in, any open-end or closed-end, management-type investment company or investment trust registered under the Investment Company Act of 1940, U.S.C. ss. 80a-14 et seq., as amended from time to time, provided the portfolio of such investment company or investment trust is limited to United States Government obligations and to repurchase agreements fully collateralized by such United States Government obligations and provided such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian (i.e., Mutual Funds).
 - Portfolio mix shall not exceed 15% at any one time

- i. The City will invest all checking account balances in accordance with the bank contract then in effect.

- j. The City will not hold or purchase any form of derivatives. A “derivative” is defined as a financial instrument, the value of which depends on, or is derived from the value of one or more underlying assets or index or asset values. The use of reverse repurchase agreements or other forms of leverage is likewise prohibited.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of any outside party. Financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business are prequalified in accordance with the City’s investment policy.

Assets of the General Employees’ Pension Trust Fund, Police Officers’ Pension Trust Fund and Firefighters’ Pension Trust Fund, may be invested in accordance with Florida Statutes, as previously described, or held in bonds, stocks, commingled funds administered by National or State Banks, or other evidence of indebtedness issued or guaranteed by a corporation under the laws of the United States, provided the corporation is traded on a nationally recognized exchange and meets certain rating criteria. Investments may also include annuity and life insurance contracts of life insurance companies.

Fair Value of Investments – Investments are stated at fair value with the exception of investments in State Board of Administration’s Local Government Surplus Funds Trust Fund (SBA – an external 2a7-like fund) which is presented at share price.

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The level in fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

- U.S Corporate and International Stocks are valued using quoted prices in an active market for identical assets (Level 1 inputs).
- U.S. Government Bonds & Treasury Bills are valued using quoted prices in an active market for identical assets (Level 1 inputs).
- Fixed Income Bonds are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices (Level 2).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

D. Cash, Cash Equivalents, and Investments – continued

4. Deferred Compensation Plan

The City maintains an Employee Deferred Compensation Plan as a benefit to employees. Investments in the Deferred Compensation Plan are held separately from those of other City funds. As prescribed by the plan documents, the plan administrator is authorized to invest plan assets in obligations of the U.S. government and various mutual and money market funds, which are held by the plan administrator and not in the City's name. At September 30, 2016 and during the year, Deferred Compensation Plan assets were invested in various mutual funds under a custodial account. The City has no fiduciary responsibility for these accounts.

E. Budgets and Budgetary Accounting

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

1. The Mayor submits a proposed operating budget to the City Council for the fiscal year beginning October 1.
2. Public hearings are held to obtain taxpayers' comments.
3. Prior to October 1, the budget is legally enacted through passage of a resolution.
4. Budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for the General Fund and the Special Revenue Funds. The budgets adopted for the Enterprise Funds are to comply with bond covenants. The Pension Trust Fund is not budgeted.
5. Budgets for the governmental fund types are adopted on a basis consistent with GAAP. Budgets for proprietary fund types are adopted on a non-GAAP basis to reflect budget versus actual information related to "operations and maintenance," as defined in bond covenants.
6. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total revenues, reserves, or expenditures of any fund must be approved by a majority vote of the City Council. Budgeted amounts shown in the financial statements are as originally adopted and as further amended.
7. Appropriations are authorized by resolutions generally at the fund level. These are the legal levels of budgetary control. Administrative control is maintained through the establishment of more detailed line-item budgets.
8. Appropriations lapse at the close of the fiscal year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

F. Receivables

Property Taxes

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 of Florida 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 10 mills. The City's current millage rate is 3.2876 mills.

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

Accounts Receivable

Utility System Enterprise Fund operating revenues are generally recognized on the basis of cycle billings rendered monthly. Revenues for services delivered during the last month of the fiscal year that have not been read by September 30 are accrued based on meter readings for the applicable consumption taken at the beginning of October and billed in October.

G. Inventories

Inventories of the General Fund are stated at cost (determined on the "weighted average" method), and the Utility System Enterprise Fund inventories are stated at the lower of cost or market (determined on the "weighted average" method). Inventories are accounted for by the consumption method, wherein inventories are charged as expenditures/expenses when used. Inventories of the General Fund consist of fuel and motor vehicle parts and supplies. Inventories of the Utility System Fund consist primarily of meters, meter boxes, pipes and maintenance supplies held for use in maintaining and expanding the system. Obsolete and unusable items have been reduced to estimated salvage values.

H. Prepaid Items

Prepays represent payments made to vendors for services that will benefit beyond September 30, 2016. These payments are recorded as expenditures or expenses when consumed, rather than when purchased.

I. Restricted Assets

The uses of certain assets in both Governmental and Business-Type Activities are restricted by specific provisions of bond resolutions and/or other agreements. Assets so designated are identified as restricted assets on the balance sheet.

J. Capital Assets

Capital assets, which include property, plant, equipment, intangible assets and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Additions to capital assets are recorded at cost at the time of purchase. Gifts or contributions are recorded at fair market value at the time received. The City's thresholds for capitalization for individual capital assets is \$1,000, and for capital projects is \$10,000.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

J. Capital Assets – continued

Depreciation has been provided using the straight-line method. The estimated useful lives of the various classes of depreciable capital assets are as follows:

<u>Assets</u>	<u>Years</u>
Water and Sewer Systems	20-50
Buildings and Improvements	5-50
Machinery and Equipment	3-25
Automotive Equipment	2-20
Public Domain Infrastructure	5-50
Intangibles	5-7

K. Impact Fees – Proprietary Funds (Business-Type Activities)

The City’s water, sewer, and reuse capital facility fee ordinance requires restriction of all monies collected as impact fees. These fees represent a capacity charge for the proportionate share of the cost of expanding, oversizing, separating or constructing new additions to the Water, Wastewater and Reuse Systems. The City is obligated to expend these funds only to provide expanded capacity to the system and is permitted to pay applicable debt service on one or more series of bonds for the purposes, as described in Note 6. Impact Fees are recorded as capital contributions upon receipt.

L. Amortization of Premiums and Discounts

Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Amortization of premiums is computed by the outstanding principal method over the life of the debt and is recorded as either a reduction of the debt or as income, respectively. Amortization of discounts on debt is determined by the outstanding principal method and is recorded as interest expense each year over the life of the debt.

M. Compensated Absences

The City grants hours of paid time off to all of its full-time employees, which they are eligible to use after six months of continuous employment. The City has set annual maximum hours of accrual per year and maximum hours payable based on the employee’s length of service with the City. The annual maximum accruals and payables have set increases at each five-year anniversary of the employee’s qualifying hire date. The annual maximum accruals and payables are increased for those employees who work on the basis of a 24-hour shift.

As of January 1, 2011, the City “froze” all employee sick leave balances that were based on the City’s prior sick leave ordinance. Those frozen balances are payable to the employee only upon their termination of employment with the City with the maximum amount set at \$6,000. The City’s sick leave ordinance requires that an employee must have 10 or more years of service to receive any payout of their accumulated sick leave upon termination of employment. The maximum payout under the current ordinance is \$6,000. Employees who work on the basis of a 24-hour shift may accumulate their hours of sick pay at an increased rate.

A more detailed narrative of the City’s policy on Paid Time Off (“PTO”) can be found in the City’s Personnel Rules and Regulations.

The City records compensated absences in its Governmental Fund Types as an expenditure when the amount is for reimbursable unused paid time off (vacation or sick leave) payable to employees who have terminated their employment as of the end of the fiscal year. Compensated absences are accrued when incurred in the government-wide and proprietary funds financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

N. Net Pension Liability

In the government-wide and proprietary statements, net pension liability represents the present value of projected benefit payments to be provided through the single-employer, defined-benefit pension plans to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension plans, pension expense, information about the fiduciary net position, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The City allocated the net pension liability, deferred outflows for pensions, deferred inflows for pensions, and pension expense to funds and functions/activities based on their respective contributions made to the pension plans during the measurement year.

O. Deferred Outflows of Resources / Deferred Inflows of Resources

In addition to assets and liabilities, the City reports the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure or expense) until that applicable time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that applicable time.

The City reports one item that qualifies as deferred outflows of resources on its government-wide and proprietary statements of net position, deferred outflows for pensions. The deferred amount on refunding resulted from a debt refinancing whereby the reacquisition price of the refunding debt instruments exceeded their net carrying amount. This deferred amount on refunding will be systematically charged to interest expense over the life of the refunding debt. The deferred outflows for pensions are an aggregate of items related to pensions, as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred outflows for pensions will be recognized as pension expense or a reduction of the net pension liability in future reporting years.

The City reports one item that qualifies as deferred inflows of resources on its government-wide and proprietary statements of net position, deferred inflows for pensions. The deferred inflows for pension are an aggregate of items related to pensions as calculated under the same principles as deferred outflows for pensions, and will be recognized as a reduction to pension expense in future reporting years.

The City also reports deferred inflows of resources on applicable governmental fund statements that represent revenues which are measurable but not available in accordance with the modified accrual basis of accounting. These deferred inflows will be recognized as revenue in the fiscal year they are earned and become available. The majority of these deferred inflows of resources represent intergovernmental receipts and reimbursements, and a deferred inflow for a settlement arrangement with Duke Energy earned but not received during the modified accrual availability period.

P. Fund Equity

Fund balance is reported in the following five components:

Nonspendable – includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements. This would include inventories, deposits, prepaid items, and long-term notes receivable.

Spendable Fund Balance

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by third parties (creditors, grantors, contributors) or amounts constrained due to constitutional provisions or enabling legislation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

P. Fund Equity - continued

Committed – includes fund balance amounts that can be used only for specific purposes that are internally imposed by ordinance action by the Mayor and City Council in a formal meeting. Commitments may only be changed by establishing, modifying, or rescinding an ordinance. Contractual obligations are included to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual obligations.

Assigned – includes fund balance amounts that are intended and have been assigned, to be used for specific purposes that are neither considered restricted nor committed. These constraints are imposed internally. These constraints are established by the Mayor and City Council. The Mayor and City Council delegated the authority to assign fund balances to the City’s Chief Administrative Officer. In the General Fund, assigned amounts represent intended uses established by the Mayor and City Council, or the City’s Chief Administrative Officer.

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

When both restricted and unrestricted (committed, assigned, and unassigned) fund resources are available for use, it is the City’s policy to generally use restricted resources first, and then unrestricted resources. When unrestricted resources are available for use, it is the City’s policy to use committed resources first, then assigned, and then unassigned as they are needed.

Q. Grants

Grants received or used for purposes normally financed through governmental fund types are accounted for within the City’s existing governmental funds. Revenues received or used from grants for governmental fund types are recognized as intergovernmental revenues when they become susceptible to accrual, that is, both measureable and available (modified accrual basis). Unrestricted grants, entitlements or shared revenues received in proprietary funds are reported as non-operating revenues.

NOTE 2 – RECEIVABLES

The following is a detail listing of accounts receivable by type and fund at September 30, 2016:

Description	General	Special Revenue	Enterprise
Receivables:			
Utility Accounts Billed	\$ 93,121	\$ 82,902	\$ 2,173,875
Utility Unbilled Receivables	-	-	776,637
Other:			
Settlement - Duke Energy	952,000	-	-
Taxes - Franchise and Utility	73,294	-	-
Miscellaneous	-	-	40,390
Total Other	1,025,294	-	40,390
Gross Receivables	1,118,415	82,902	2,990,902
Less: Allowance for Uncollectibles	(1,860)	-	(258,351)
Net Total Receivables	\$ 1,116,555	\$ 82,902	\$ 2,732,551

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual interfund transfers for the fiscal year ended at September 30, 2016 were:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 6,099,463	\$ 1,138,425
Enterprise Funds:		
Utility System	-	5,084,023
Sanitation Fund	-	900,640
Special Revenue:		
Streets Improvement Fund*	664,407	-
Law Enforcement Trust*	148,725	-
Transportation Impact Fees*	-	58,300
Recreation Impact Fees*	-	2,000
Stormwater*	-	170,000
Grants Fund*	74,124	-
Special Assessment Fund*	-	25,500
Police Discretionary*	392,169	-
Total Interfund Transfers	<u>\$ 7,378,888</u>	<u>\$ 7,378,888</u>

*Nonmajor governmental funds.

Transfers are used to (1) move revenues from the Enterprise Funds and the Special Revenue Funds to the General Fund to assist in financing the costs of the general government of the City in accordance with budgetary authorizations, and (2) to move amounts to finance shared projects whose expenditures are budgeted and recorded in another fund.

NOTE 4 – RESTRICTED ASSETS – ENTERPRISE FUND (UTILITY SYSTEM)

The use of certain Utility System Fund assets is restricted by specific provisions of the bond resolution authorizing the issuance of the \$18,065,000 Utility Refunding Revenue Bonds, Series 2012. In addition, the City restricts funds available for repayment of deposits, as well as funds required by ordinance to be placed in special construction accounts (repair and maintenance escrow accounts). Restricted assets at September 30, 2016 are as follows:

Repair and maintenance escrows	\$ 135,008
Renewal, replacement and improvement	200,000
Customer utility deposits	909,140
Capital improvements	<u>281,441</u>
Total Restricted Assets	<u>\$ 1,525,589</u>

CITY OF AOPKA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS – Continued
September 30, 2016

NOTE 5 – CAPITAL ASSETS

Governmental Activities:	Beginning Balance	Reclassifications and Increases	Reclassifications and Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 27,751,106	\$ 33,676	\$ -	\$ 27,784,782
Construction In Progress	443,529	265,248	(360,956)	347,821
Total Capital Assets, Not Being Depreciated	28,194,635	298,924	(360,956)	28,132,603
Capital Assets, Being Depreciated:				
Buildings	13,230,893	16,283	-	13,247,176
Improvements Other than Buildings	101,174,695	-	-	101,174,695
Machinery and Equipment	18,059,824	2,048,800	(12,048)	20,096,576
Automotive Equipment	10,929,254	1,560,747	(223,272)	12,266,729
Intangibles	-	449,438	-	449,438
Total Capital Assets, Being Depreciated:	143,394,666	4,075,268	(235,320)	147,234,614
Less Accumulated Depreciation For:				
Buildings	(5,224,016)	(292,146)	-	(5,516,162)
Improvements Other than Buildings	(43,453,664)	(2,910,849)	-	(46,364,513)
Machinery and Equipment	(15,337,408)	(1,209,294)	12,048	(16,534,654)
Automotive Equipment	(8,445,835)	(764,050)	223,272	(8,986,613)
Intangibles	-	(8,688)	-	(8,688)
Total Accumulated Depreciation	(72,460,923)	(5,185,027)	235,320	(77,410,630)
Total Capital Assets, Being Depreciated, Net	70,933,743	(1,109,759)	-	69,823,984
Governmental Activities Capital Assets, Net	\$ 99,128,378	\$ (810,835)	\$ (360,956)	\$ 97,956,587

Depreciation was charged to the functions of governmental activities as follows:

General Government	\$ 968,727
Public Safety	1,087,825
Transportation	2,420,226
Culture/Recreation	708,249
Total Governmental Activities	\$ 5,185,027

CITY OF AOPKA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS – Continued
September 30, 2016

NOTE 5 – CAPITAL ASSETS – continued

Business-Type Activities	Beginning Balance	Reclassification and Increases	Reclassification and Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 7,924,275	\$ -	\$ -	\$ 7,924,275
Construction In Progress	<u>20,392,498</u>	<u>3,674,547</u>	<u>(15,867,850)</u>	<u>8,199,195</u>
Total Capital Assets, Not Being Depreciated	<u>28,316,773</u>	<u>3,674,547</u>	<u>(15,867,850)</u>	<u>16,123,470</u>
Capital Assets, Being Depreciated:				
Buildings	21,480,830	-	-	21,480,830
Improvements Other than Buildings	112,338,584	15,777,224	-	128,115,808
Machinery and Equipment	9,294,415	324,273	-	9,618,688
Automotive Equipment	<u>6,239,485</u>	<u>1,149,572</u>	<u>(56,261)</u>	<u>7,332,796</u>
Total Capital Assets Being Depreciated	<u>149,353,314</u>	<u>17,251,069</u>	<u>(56,261)</u>	<u>166,548,122</u>
Less Accumulated Depreciation For:				
Buildings	(13,233,463)	(708,202)	-	(13,941,665)
Improvements Other than Buildings	(33,383,276)	(2,301,412)	-	(35,684,688)
Machinery and Equipment	(6,813,762)	(773,712)	-	(7,587,474)
Automotive Equipment	<u>(4,738,385)</u>	<u>(362,828)</u>	<u>56,261</u>	<u>(5,044,952)</u>
Total Accumulated Depreciation	<u>(58,168,886)</u>	<u>(4,146,154)</u>	<u>56,261</u>	<u>(62,258,779)</u>
Total Capital Assets, Being Depreciated, Net	<u>91,184,428</u>	<u>13,104,915</u>	<u>-</u>	<u>104,289,343</u>
Business-type Activities Capital Assets, Net	<u>\$ 119,501,201</u>	<u>\$ 16,779,462</u>	<u>\$ (15,867,849)</u>	<u>\$ 120,412,813</u>

Depreciation was charged to business-type activities as follows:

Utility System Fund	\$ 3,751,603
Sanitation System Fund	<u>394,552</u>
	<u>\$ 4,146,155</u>

NOTE 6 – LONG-TERM LIABILITIES

The following is a summary of long-term liabilities transactions of the City for the year ended September 30, 2016:

	Balance			Balance Due	
	Sep. 30, 2015	Additions	Deductions	Sep. 30, 2016	Due Within One Year
Governmental Activities:					
Revenue Notes	\$ 9,898,760	\$ 1,825,000	\$ (1,797,388)	\$ 9,926,372	\$ 2,177,482
Bond Payable	640,000	-	(150,000)	490,000	155,000
Unamortized Premium	16,185	-	(3,212)	12,973	-
Capital Lease	-	510,795	(100,539)	410,256	100,539
Other Postemployment Benefits	12,954,059	1,609,078	-	14,563,137	-
Net Pension Liability	19,666,333	1,616,958	-	21,283,291	-
Compensated Absences	1,738,075	1,803,667	(1,840,169)	1,701,573	884,818
Total	44,913,412	7,365,498	(3,891,308)	48,387,602	3,317,839
Business-Type Activities:					
Utility Revenue Bonds	16,000,000	-	(750,000)	15,250,000	770,000
Unamortized Premium	1,660,334	-	(206,823)	1,453,511	-
Sanitation Revenue Note	982,000	-	(242,000)	740,000	244,000
Other Postemployment Benefits	3,935,197	478,096	-	4,413,293	-
Net Pension Liability	4,154,230	13,259	-	4,167,489	-
Compensated Absences	450,938	464,466	(475,696)	439,708	228,648
Total	27,182,699	955,821	(1,674,519)	26,464,001	1,242,648
Total Long-Term Liabilities	\$ 72,093,111	\$ 8,321,319	\$ (5,565,827)	\$ 74,851,603	\$ 4,560,487

For the governmental activities, claims and judgments, other postemployment benefits, and compensated absences are generally liquidated by the General Fund. The net pension liability will be liquidated through employer contributions by the funds where the current employees charge payroll costs.

New Debt Issuance

The City issued the \$1,825,000 Series 2016 Special Obligation Refunding Revenue Note to Hancock Bank with an interest rate of 1.39%. The proceeds were used to purchase public safety vehicles and other capital machinery and equipment.

The City's Long-Term Debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

NOTE 6 – LONG-TERM LIABILITIES – continued

Governmental Activities:

Florida Municipal Loan Council Note, due in annual principal installments ranging from \$135,000 to \$170,000, plus semiannual interest ranging from 2.000% to 5.250% through December 1, 2018. The note is secured by Non-Ad-Valorem Revenues. This debt is serviced by the General Fund.	\$ 490,000
Capital Improvement Revenue Note, Series 1999A. Non-Ad-Valorem Revenues are pledged monies budgeted and appropriated pursuant to the loan agreement. Principal and interest are due in annual installments of \$30,750, plus interest at 4.870% through January 29, 2019.	92,250
Note payable to Bank of America, N.A., collateralized by pledge of recreational impact fees, due in annual principal installments ranging from \$465,000 to \$610,000, plus interest at 3.90% through March 1, 2022. This debt is serviced by the Recreational Impact Fees Fund (Special Revenue Fund).	3,325,000
Note payable to Branch Banking and Trust Company (Special Obligation Improvement Revenue Note, Series 2013A), payable from the Non-Ad-Valorem Revenues of the City. Interest is due semiannually at 1.8%, and principal installments are due annually ranging from \$104,204 to \$120,189 through March 1, 2023. The proceeds of this note were used to purchase two new fire trucks. This note is serviced by the General Fund.	797,989
Note payable to Hancock Bank (Special Obligation Refunding Revenue Note, Series 2015), payable from the Non-Ad-Valorem Revenues of the City. Interest is due semiannually at 1.67% and principal installments are due annually ranging from \$89,000 to \$208,000 through March 1, 2022. This note is serviced by the General Fund.	777,000
Note payable to Hancock Bank (Special Obligation Refunding Revenue Note, Series 2015), payable from the Non-Ad-Valorem Revenues of the City. Interest is due semiannually at 1.39% and principal installments are due annually ranging from \$325,000 to \$383,000 through March 1, 2021. This note is serviced by the General Fund.	1,825,000
Note payable to Old Florida National Bank (Special Obligation Refunding Revenue Note, Series 2013B), payable from the Non-Ad-Valorem Revenues of the City. Interest is due semiannually at 1.15% and principal installments are due annually ranging from \$289,460 to \$294,202 through March 1, 2017. This note is serviced by the General Fund.	294,202
Note payable to Old Florida National Bank (Special Obligation Refunding Revenue Note, Series 2013C), payable from the Non-Ad-Valorem Revenues of the City. Interest is due semiannually at 1.2% and principal installments are due annually ranging from \$582,550 to \$603,775 through December 1, 2018. This note is serviced by the General Fund.	1,789,931
Note payable to Hancock Bank (Special Obligation Refunding Revenue Note, Series 2014), payable from the Non-Ad-Valorem Revenues of the City. Interest is due semiannually at 1.92% and principal installments are due annually ranging from \$57,000 to \$137,000 through March 1, 2024. This note is serviced by the General Fund.	<u>1,025,000</u>
Total Governmental Activities Debt	<u>\$ 10,416,372</u>

NOTE 6 – LONG-TERM LIABILITIES – continued

Business-Type Activities:

Utility System Refunding Revenue Bonds, Series 2012, due in annual installments ranging from \$710,000 to \$1,135,000, plus interest ranging from 2.00% to 5.00%, on various maturities. The Series 2012 Bonds are secured by a pledge and are payable solely from the Pledged Revenues consisting of (i) the Net Revenues of the System, (ii) the Sewer System Development Charges, (iii) the Water System Development Charges, (iv) the Reuse System Development Charges, and (v) the monies on deposit in various funds and accounts created pursuant to the Series 2012 Bond Resolution, with the exception of the Rebate Fund. The total principal and interest remaining to be repaid on the bonds is \$20,049,250, and total debt service for 2016 was \$1,334,200. Pledged revenues of the water, reuse, and wastewater system for 2016 amounted to \$20,627,268.

This debt is serviced by the Utility System Fund. \$ 15,250,000

Note payable to Hancock Bank (Sanitation System Improvement Revenue Note, Series 2014), payable from the Gross Revenues of the Sanitation Fund of the City. Interest is due semiannually at 1.07% and principal installments are due annually ranging from \$118,000 to \$249,000 through March 1, 2019. This note is serviced by the Sanitation Fund.

740,000
15,990,000
1,453,511

Add: Unamortized premium

Total Business-Type Activities Debt

\$ 17,443,511

The debt service required payments to maturity on the City's outstanding revenue bonds and notes at September 30, 2016 is as follows:

<u>Fiscal Year</u>	<u>Governmental-Type Activities</u>			<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,332,482	\$ 230,487	\$ 2,562,969	\$ 1,014,000	\$ 571,563	\$ 1,585,563
2018	2,119,298	182,992	2,302,290	1,047,000	538,136	1,585,136
2019	2,041,436	135,725	2,177,161	1,084,000	503,483	1,587,483
2020	1,272,926	94,992	1,367,918	860,000	477,100	1,337,100
2021	1,303,977	65,920	1,369,897	885,000	451,300	1,336,300
2022-2026	1,346,253	40,986	1,387,239	4,995,000	1,685,300	6,680,300
2027-2031	-	-	-	6,105,000	584,300	6,689,300
	<u>\$ 10,416,372</u>	<u>\$ 751,102</u>	<u>\$ 11,167,474</u>	<u>\$ 15,990,000</u>	<u>\$ 4,811,182</u>	<u>\$ 20,801,182</u>

Capital Lease Obligations

In fiscal year 2016, the City entered into two capital lease agreements. One was related to financing new financial application software, and the other was for the financing of new gurneys for the City's Public Safety Division. The future minimum lease obligations are as follows:

<u>Fiscal Year</u>	<u>Governmental-Type Activities</u>
	<u>Lease Payment</u>
2017	\$ 100,539
2018	100,539
2019	100,539
2020	54,320
2021	54,320
	<u>\$ 410,257</u>

NOTE 6 – LONG-TERM LIABILITIES – continued

Operating Lease Obligations

In fiscal year 2016, the City entered into an agreement with Motorola for them to provide services for the upgrade of the City’s emergency radio system. The future minimum lease obligations are as follows:

<u>Governmental-Type Activities</u>	
<u>Lease Payment</u>	
<u>Fiscal Year</u>	
2017	\$ 261,340
2018	261,340
2019	261,340
2020	261,340
2021	261,340
2022-2026	1,045,360
	<u>\$ 2,352,060</u>

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS

The City maintains a single-employer, defined-benefit pension plan which covers substantially all of the City’s full-time employees (General Employees’ Retirement Plan), a single-employer, defined-benefit plan which covers all of its full-time certified police officers (Municipal Police Officers’ Retirement Plan), and a single-employer, defined-benefit plan which covers all of its full-time certified firefighters (Municipal Firefighters’ Retirement Plan). Each of the retirement plans is administered by its Board of Trustees, subject, however, and, in any event, to the authority and power of the Apopka City Council. Each plan’s assets may be used only for the payment of plan administrative costs and benefits to the members of that plan, in accordance with the terms of the plan. Benefits and refunds of contributions to the members of the applicable plan are recognized at the date they become due and payable specific to the terms of the plan. None of the aforementioned retirement plans issues a stand-alone financial report, nor are they included in the report of a Public Employee Retirement System, or any other entity.

A. Plan Description and Membership

1. General Employees’ Retirement Plan

The General Employees’ Retirement Plan (“Plan”) was established on October 16, 1976 for all regular, full-time employees not covered by the Municipal Police Officers’ Retirement Plan or the Municipal Firefighters’ Retirement Plan.

All full-time employees who have attained the age of 57 and 5 years of credited service are entitled to annual benefits of 2.75% of the average of the 5 final years of salary, times years of credited service, subject to a maximum of 100% of average final compensation in the form of a life annuity, ceasing upon death. Early retirement is available for employees attaining the age of 47 with 10 years of service. The early retirement benefit is in the form of a life annuity (options available). A delayed retirement may be elected where the employee remains actively employed and benefits continue to accrue after the normal retirement date. In the event of pre-retirement death and the employee is eligible for normal or early retirement, a beneficiary is eligible to receive a benefit as if the member retired on the date of death. If the employee is not eligible for the normal or early retirement at the time of pre-retirement death, the Plan provides for a refund of any employee contributions. Participation in the Deferred Retirement Option Plan (“DROP”) may not exceed 96 months. Each participant in the DROP has an account credited with benefits not received and investment earnings. The DROP balance as of September 30, 2016 is \$1,147,218.

Vesting in the Plan is as follows:

- with less than 10 years of service, a refund of accumulated contributions.
- with 10 years or more of continuous service, an accrued pension payable at either early or normal retirement age, or a refund of employee contributions.

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS – continued

A. Plan Description and Membership – continued

2. Municipal Police Officers’ Retirement Plan

The Municipal Police Officers’ Retirement Plan (“Plan”) was established to conform to provisions of the State Statutes of the State of Florida for all full-time sworn police officers.

Employees attaining the age of 45 who have completed 10 or more years of credited service, or 20 years of credited service regardless of age are entitled to monthly benefits of 3.6% of their average final compensation times years of credited service for the first 10 years of credited service and 4% for each year in excess of 10 years. Average final compensation is the average salary for the best 3 of the 5 last years immediately preceding retirement or termination. The Plan permits early retirement at the completion of 10 years of contributed service and attaining the age of 40 years. Participation in DROP may not exceed 96 months. Each participant in the DROP has an account credited with benefits not received and investment earnings. There was no accumulated DROP balance as of September 30, 2016.

Active employees who retire disabled with a disability that occurred in the line of duty shall receive the greater of 42% of average final compensation or 3.6% per month of average final compensation multiplied by years of credited service. For a non-service incurred disability, a member with 10 years of credited service shall be eligible.

Disability benefits are paid for 10 years certain or life or until recovery from disability. If an active police officer dies before retirement eligibility, their beneficiary receives a refund of the police officer’s contributions to the Plan. If the officer dies prior to retirement but has at least 10 years of credited service, their beneficiary is entitled to either early or normal retirement benefits. Minimum disability benefits resulting from an intentional act of violence assumes 20 years of credited service.

Retirees on or after March 1, 1998 receive a lump-sum payment of \$500 following 5 years of benefit payments and an additional \$500 payment on each 5-year anniversary.

If an employee terminates their employment with the police department and is not eligible for the other benefits under the Plan, the employee is entitled to the following:

- with less than 10 years of continuous service, a refund of accumulated contributions.
- with 10 or more years of continuous service, the pension accrued to the date of termination, payable commencing at their 45th birthday.

3. The Municipal Firefighters’ Retirement Plan

The Municipal Firefighters’ Retirement Plan (“Plan”) was established to conform to provisions of the State of Florida for all sworn full-time firefighters. All of the City’s full-time firefighters participate in the Plan.

Employees attaining the age of 55 who have completed 10 or more credited years of service or with 22 years of credited service are entitled to annual benefits of 3.0% of their average final compensation for the best 5 of the last 10 years times years of credited service. The Plan permits early retirement at the completion of 10 years of credited service and attaining the age of 50 years. Participation in DROP may not exceed 96 months. Each participant in the DROP has an account credited with benefits not received and investment earnings. The DROP balance as of September 30, 2016 is \$586,230.

Active employees who retired disabled with disability that occurred in the line of duty shall receive the greater of monthly benefits of 2.5% of their average final compensation times years of credited service but not less than 42% of average final compensation. For non-service incurred disability, a member with 10 years of credited service shall receive the greater of 2.5% of average final compensation or the accrued benefit actuarially reduced but not less than 25% of average final compensation. Disability benefits are paid for 10 years certain or life or until recovery from disability that can be provided by the single-sum value of the deferred monthly retirement income beginning a normal retirement date, which has accrued to their date of disability.

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS – continued

A. Plan Description and Membership – continued

3. The Municipal Firefighters’ Retirement Plan - continued

If an active firefighter dies before retirement eligibility, their beneficiary receives a refund of the firefighter’s contributions to the Plan. If a firefighter dies prior to retirement but has at least 10 years of credited service, their beneficiary is entitled to early or normal retirement benefits for 10 years.

If an employee terminates their employment with the fire department and is not eligible for any other benefits under the Plan, the employee is entitled to the following:

- with less than 10 years of continuous service, a refund of accumulated member contributions.
- with 10 or more years of continuous service, the pension accrued to the date of termination, payable commencing at their 55th birthday.

Plan membership for all three City retirement plans as of September 30, 2016 was as follows:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	117	46	36
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	65	3	15
Active Plan Members	<u>199</u>	<u>95</u>	<u>76</u>
	<u>381</u>	<u>144</u>	<u>127</u>

B. Pension Plan Investments

The Plans’ investment policy is described in Note 1. The following table presents the adopted asset allocation policy as of September 30, 2016 for all plans:

<u>Asset Class</u>	<u>Target Allocation</u>
Large Cap Equity	32%
Small Cap Equity	9%
Mid Cap Equity	7%
International Equity	12%
Fixed Income	32%
Stable Value	8%
Total	<u>100%</u>

For the year ended September 30, 2016, the annual money-weighted rate of return on the Plans’ investments, net of pension investment expense, was 8.1% for all three plans. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The total pension liability was determined by an actuarial valuation as of October 1, 2016 using the following actuarial assumptions applied to all measurement periods:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Inflation	2.5%	2.5%	2.5%
Salary Increases	5.50%	5.50%	5.50%
Investment Rate of Return	7.50%	7.50%	7.50%

Mortality rates were based on the RP-2000 Generational projected with Scale BB. Disabled lives are set back four years for males and forward two years for females.

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS – continued

B. Pension Plan Investments – continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expended future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in all of the plans’ target asset allocation as of September 30, 2016 are summarized as follows:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap Equity	8.00%
Small Cap Equity	8.75%
Mid Cap Equity	8.50%
International Equity	7.50%
Fixed Income	4.50%
Real Estate	6.75%
Stable Value	4.60%

The discount rate used to measure the total pension liability was 7.50%. This single rate of return has been determined by projecting all future benefit payments of the covered group on a closed-group basis and discounting them at the long-term expected rate of return on plan assets if the pension plans’ fiduciary net position is projected to be greater than or equal to the benefit payments that are projected to be made in that period. For any future period where the pension plans’ fiduciary net position is projected to be less than the benefit payments that are projected to be made in that period, those future benefit payments are discounted at an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher.

The following tables present the sensitivity of the net pension liability to changes in the discount rate:

<u>General Employees</u>		
<u>Current Discount Rate</u>		
<u>1% Decrease to 6.50%</u>	<u>of 7.50%</u>	<u>1% Increase to 8.50%</u>
\$17,097,593	\$10,418,721	\$4,885,718
<u>Police Officers</u>		
<u>Current Discount Rate</u>		
<u>1% Decrease to 6.50%</u>	<u>of 7.50%</u>	<u>1% Increase to 8.50%</u>
\$14,753,825	\$8,308,521	\$2,997,003
<u>Firefighters</u>		
<u>Current Discount Rate</u>		
<u>1% Decrease to 6.50%</u>	<u>of 7.50%</u>	<u>1% Increase to 8.50%</u>
\$11,987,131	\$6,723,537	\$2,383,187

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS – continued

C. Contribution Requirements

The Board of Trustees of each plan establishes and may amend the contribution requirements of plan members and the City.

1. General Employees' Retirement Plan

Contributions are established by local ordinance. Employees are required to contribute 4.9% of their annual salary to the plan. The City is required to contribute the amount necessary to meet normal (current year's) costs and to fund the actuarial accrued (past service) liability, if any, over 30 years, adjusted for interest according to the timing of the contributions. The City contributed \$1,777,353 for the year ended September 30, 2016.

2. Municipal Police Officers' Retirement Plan

Contributions are established by local ordinance and include a 2% premium tax on all casualty insurance policies issued in the City limits. Employees are required to contribute 9% of their annual salary to the plan. The City is required to contribute an actuarially determined rate that includes the state contribution; the current rate is 26.93% of annual covered payroll, subject to a minimum of 4%. Any unfunded accrued liability is amortized over no more than 30 years. The City contributed \$1,864,064 for the year ended September 30, 2016.

3. Municipal Firefighters' Retirement Plan

Contributions are established by local ordinance and include a 1.85% excise tax from policyholders on all premiums collected on property fire insurance covering property within the City limits. Employees are required to contribute 9.3% of their salary to the plan. The City is required to contribute an actuarially determined rate that includes the state contribution; the current rate is 19.30% of annual covered payroll, subject to a minimum of 4%. The City contributed \$936,800 for the year ended September 30, 2016.

Municipalities that have established pension plans complying with the provisions of Chapters 175 and 185, Florida Statutes, and that have enacted appropriate taxing legislation are eligible to receive revenues generated from excise taxes on gross receipts of certain insurance premiums from policyholders covering property within the City limits. These are the Firefighters' Pension Fund Excise Tax imposed on the gross receipts of property insurance policy premiums and the Police Officers' Pension Fund Excise Tax imposed on the gross receipts of casualty insurance policy premiums. These revenues, received in the City's General Fund and expended as Public Safety activity, are \$281,505 and \$360,510, respectively, for the year ended September 30, 2016.

Insurance premium excise tax revenues collected in the 1997 calendar year represent an initial "frozen" state contribution. Until plan benefits are improved for the police officers' and firefighters' retirement plans, the City's (the sponsor) contributions are determined based upon the lesser of: (1) the actual state contributions received in the plan year, or (2) the "frozen" state contribution amounts. State contributions received in any plan year in excess of the applicable "frozen" state contribution amounts are segregated from plan assets to be used exclusively to fund benefit improvements. These excess state contributions are accumulated in reserve balances titled "Excess State Monies Reserve." For the plan year ended September 30, 2016, the City received actual contributions in the amount of \$267,261 for the Firefighters' Retirement Plan and \$333,506 for the Police Officers' Retirement Plan. There were no applicable "frozen" amounts for the Firefighters' Retirement Plan or for the Police Officers' Retirement Plan for the year ended September 30, 2016.

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS – continued

D. Actuarial Methods and Significant Assumptions

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Contribution rates:			
Employer	17.6%	26.63%	16.8%
Employee	4.90%	9.00%	9.30%
Actuarial valuation date	10/1/2016	10/1/2016	10/1/2016
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percentage of Pay, Closed	Level Percentage of Pay, Closed	Level Percentage of Pay, Closed
Remaining amortization period	30	30	30
Asset valuation method	4 Year Smoothed Market Value	4 Year Smoothed Market Value	4 Year Smoothed Market Value
Actuarial assumptions:			
Investment rate of return	7.5%	7.5%	7.5%
Projected salary increase	5.5%	5.5%	5.5%
(includes inflation at)	2.5%	2.5%	2.5%

E. Net Pension Liability and Pension Expense

The following table presents the change in the Net Pension Liability of the City’s three pension plans as of the measurement date at September 30, 2016:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Total Pension Liability			
Service Cost	\$ 1,724,102	\$ 2,157,662	\$ 1,269,608
Interest	3,768,999	3,487,029	2,699,641
Change in Excess State Money	-	-	-
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual			
Experience and Changes in Assumptions	144,541	1,030,680	541,295
Benefit Payments, Including Refunds of Contrib.	<u>(2,461,778)</u>	<u>(2,183,366)</u>	<u>(1,225,547)</u>
Net Change in Total Pension Liability	3,175,864	4,492,005	3,284,997
Total Pension Liability - Beginning	51,437,522	47,316,723	36,717,536
Total Pension Liability - Ending (a)	<u>\$ 54,613,386</u>	<u>\$ 51,808,728</u>	<u>\$ 40,002,533</u>
Plan Fiduciary Net Position			
Contributions - City	\$ 1,777,353	\$ 1,864,064	\$ 936,800
Contributions - State	-	-	-
Contributions - Employees	531,041	640,046	505,327
Net Investment Income	3,337,768	3,235,121	2,479,649
Benefit Payments, Including Refunds of Contrib.	(2,461,778)	(2,183,366)	(1,225,547)
Administrative Expense	<u>(41,665)</u>	<u>(37,054)</u>	<u>(35,109)</u>
Net Change in Plan Fiduciary Net Position	3,142,719	3,518,811	2,661,120
Plan Fiduciary Net Position - Beginning	41,051,946	39,981,396	30,617,876
Plan Fiduciary Net Position - Ending (b)	<u>\$ 44,194,665</u>	<u>\$ 43,500,207</u>	<u>\$ 33,278,996</u>
City's Net Pension Liability - ending (a) - (b)	\$ 10,418,721	\$ 8,308,521	\$ 6,723,537
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.9%	84.0%	83.2%

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS – continued

E. Net Pension Liability and Pension Expense - continued

As of September 30, 2015, the City’s total net pension liability amounted to \$25,450,780 for all three defined-benefit pension plans. For the year ended September 30, 2016, the City recognized pension expense of \$1,777,353 related to the General Employees’ Retirement Plan, \$1,864,064 related to the Police Officers’ Retirement Plan, and \$936,800 related to the Firefighters’ Retirement Plan.

F. Deferred Outflows and Deferred Inflows of Resources

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>General Employees</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Net difference between projected and actual earnings on plan investments	\$ 1,212,979	\$ -
Difference between expected and actual experience	101,135	(448,426)
Difference for changes in assumptions	632,179	-
	<u>Police Officers</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Net difference between projected and actual earnings on plan investments	1,204,990	-
Difference between expected and actual experience	980,154	-
Difference for changes in assumptions	383,764	-
	<u>Firefighters</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Net difference between projected and actual earnings on plan investments	932,446	-
Difference between expected and actual experience	499,135	(214,970)
Difference for changes in assumptions	<u>365,188</u>	<u>-</u>
Total All City Plans	<u>\$ 6,311,970</u>	<u>\$ (663,396)</u>

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS – continued

F. Deferred Outflows and Deferred Inflows of Resources - continued

The remaining amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense, as follows:

<u>Year Ending</u>	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Net Amount</u>
2017	\$550,300	\$972,009	\$435,021	\$1,957,330
2018	486,035	879,722	435,021	1,800,778
2019	514,744	742,182	551,798	1,808,724
2020	(53,212)	(25,005)	108,968	30,751
2021	-	-	50,991	50,991
	<u>\$1,497,867</u>	<u>\$2,568,908</u>	<u>\$1,581,799</u>	<u>\$5,648,574</u>

G. Combining Fiduciary Statements

The Combining Statement of Fiduciary Net Position at September 30, 2016 is stated as follows:

<u>Assets</u>	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Total</u>
Cash and cash equivalents	\$ 3,403,745	\$ 2,804,601	\$ 2,668,580	\$ 8,876,926
Investments at fair value	40,033,063	40,016,821	30,228,175	110,278,059
Contributions receivable	757,856	678,785	381,972	1,818,613
Total Assets	<u>\$ 44,194,664</u>	<u>\$ 43,500,207</u>	<u>\$ 33,278,727</u>	<u>\$ 120,973,598</u>
Total Net Position Restricted for Pensions	<u>\$ 44,194,664</u>	<u>\$ 43,500,207</u>	<u>\$ 33,278,727</u>	<u>\$ 120,973,598</u>

NOTE 7 – EMPLOYEE RETIREMENT SYSTEMS – continued

G. Combining Fiduciary Statements - continued

The Combining Statement of Changes in Fiduciary Net Position at September 30, 2016 is stated as follows:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Total</u>
ADDITIONS				
Contributions:				
Employee Contributions	\$ 1,777,353	\$ 1,503,554	\$ 655,295	\$ 3,936,202
State Contributions	-	360,510	281,505	642,015
City Contributions	531,014	551,652	505,327	1,587,993
Total Contributions	<u>2,308,367</u>	<u>2,415,716</u>	<u>1,442,127</u>	<u>6,166,210</u>
Investment Income (Loss):				
Interest, dividends and other income	712,636	782,057	534,848	2,029,541
Net appreciation (depreciation) in fair value of investments	2,386,319	2,492,815	1,886,962	6,766,096
Gains (losses) on sales of investments	238,813	48,643	57,839	345,295
Net Investment Income (Loss)	<u>3,337,768</u>	<u>3,323,515</u>	<u>2,479,649</u>	<u>9,140,932</u>
Total Additions	<u>5,646,135</u>	<u>5,739,231</u>	<u>3,921,776</u>	<u>15,307,142</u>
DEDUCTIONS				
Benefit payments	2,444,022	2,161,513	1,138,820	5,744,355
Termination payments	17,756	21,853	86,727	126,336
Administrative expense	41,640	37,054	35,377	114,071
Total Deductions	<u>2,503,418</u>	<u>2,220,420</u>	<u>1,260,924</u>	<u>5,984,762</u>
CHANGE IN NET POSITION	3,142,717	3,518,811	2,660,852	9,322,380
NET POSITION RESTRICTED FOR PENSIONS				
Beginning of year	41,051,947	39,981,396	30,617,875	111,651,218
End of year	<u>\$ 44,194,664</u>	<u>\$ 43,500,207</u>	<u>\$ 33,278,727</u>	<u>\$ 120,973,598</u>

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (“OPEB”)

Eligibility

A participant is eligible to receive certain other postemployment benefits upon retirement under one of the three City-sponsored pensions plans. To be eligible for retiree benefits, the participant does not need to be covered under the City’s medical plan immediately prior to retirement. Participants under the following City-sponsored pension plans are eligible to retire under the following criteria:

City of Apopka Municipal Fire Fighters’ Retirement:

- Normal Retirement: Age 55 with 10 years of service or 22 years of service at any age
- Early Retirement: Age 50 and the completion of 10 years of service

City of Apopka Municipal General Employees’ Retirement:

- Normal Retirement: Age 57 with 5 years of service
- Early Retirement: Age 47 and the completion of 10 years of service

City of Apopka Municipal Police Officers’ Retirement:

- Normal Retirement: Age 45 with 10 years of service or 20 years of service at any age
- Early Retirement: Age 40 and the completion of 10 years of service

Participants in all three pension plans have the option of entering the DROP program for up to 8 years, after meeting Normal Retirement Criteria.

Employee Contributions

Retirees are offered the opportunity to continue enrollment in the group health, dental, vision, and life insurance plans offered through the City. Premiums for the plans, as of the valuation date, are as follows:

<u>Monthly Premium for Coverage</u>	<u>Medical</u>	<u>Dental High</u>	<u>Dental Low</u>
Retiree	\$475	\$31	\$21
Retiree and Spouse	948	67	46

Life insurance is available to retirees in the amount of \$30,000. Coverage amounts are reduced to \$19,500 at age 65, \$15,000 at age 70, and \$7,500 at age 75. Retiree’s pay the full premium for coverage at the rate of \$7.80 per month, reduced to \$5.07 at age 65, \$3.90 at age 70, and \$1.95 at age 75.

OPEB Coverage

OPEB Coverage is available for the lifetime of the retiree (except for the Health Insurance Premium Subsidy, as outlined below), so long as the required premiums are paid. OPEB Coverage is also available to spouses of retirees who are currently receiving benefits, but at a higher rate. OPEB Coverage is not available to surviving spouses of deceased retirees.

Health Insurance Subsidy/Reduced Retiree Contribution

Employees of the City retiring with more than 25 years of service are eligible to have the premiums for Medical coverage paid for by the City until Medicare eligibility. Time spent in the DROP option of the retirement plan is counted towards the 25-year goal. Premiums for dependent coverage are not eligible to be paid for by the City.

Effective January 1, 2011, newly hired employees are not eligible for the health insurance program subsidy.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) – continued

Currently, the City’s OPEB benefits are unfunded. That is, there is no separate trust fund or equivalent arrangement into which the City would make contributions to advance-fund the obligation. Therefore, the ultimate subsidies which are provided over time are financed directly by general assets of the City. The City had an actuarial valuation for the OPEB to measure the current year’s subsidies, project these subsidies for decades into the future, and make an allocation of that cost to different years.

Membership of each plan consisted of the following:

Date of Actuarial Valuation:	10/01/2014
Retirees and Beneficiaries Receiving Benefits	48
Active Plan Members	<u>370</u>
Total	<u>418</u>

Annual OPEB Cost and Net OPEB Obligation

The Annual OPEB Cost is the amount that was expensed for the fiscal year. Since the City’s OPEB plan is currently unfunded, the offset to that expense comes from subsidies paid on behalf of the current retirees and their dependents for the current year. This offset is called the Employer Contribution, and equals the total age-adjusted premiums paid by the City for coverage for the retirees and their dependents for the year (net of the retiree’s own payments for the year). The cumulative difference between the Annual OPEB Cost for the year and the Employer Contribution for the year is called the Net OPEB Obligation. The Net OPEB Obligation is reflected as a liability in the Statement of Net Position.

The following table shows the components of the City’s Annual OPEB Cost for the year and the Net OPEB Obligation:

	Valuation as of October 1, 2014
Normal Cost (Service cost for one year)	\$ 1,552,951
Amortization of Unfunded Actuarial Accrued Liability	1,440,895
Interest on Normal Cost and Amortization	<u>62,118</u>
Annual Required Contribution (ARC)	3,055,964
Interest on ARC	675,570
Adjustment to ARC	<u>(976,706)</u>
Annual OPEB Cost (Expense)	2,754,828
Employer Contributions Made	<u>(667,654)</u>
Increase in Net OPEB Obligation	2,087,174
Net OPEB Obligation at Beginning of Year	<u>16,889,256</u>
Net OPEB Obligation at End of Year	<u><u>\$ 18,976,430</u></u>

Schedule of Employer Contributions

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Increase in Net OPEB Obligation	Net OPEB Obligation
9/30/2016	\$ 2,754,828	24.24%	\$2,087,174	\$ 18,976,430
9/30/2015	2,793,126	23.10%	2,148,046	16,889,256
9/30/2014	2,996,457	27.70%	2,166,020	14,741,210

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) – continued

Funded Status and Funding Progress

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 health care cost trend. Amounts determined regarding the funding status of a 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 following is a schedule of funded status and funding progress:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (1)	Unfunded Accrued Liability (UAAL) (2)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Payroll
10/1/2014	\$ -	\$27,003,172	\$27,003,172	0%	\$21,803,323	124%
10/1/2014	-	24,915,998	24,915,998	0%	21,965,004	113%
10/1/2013	-	26,060,861	26,060,861	0%	19,291,933	135%

- (1) Actuarial liability determined under the projected unit credit cost method.
- (2) Actuarial liability less actuarial value of assets, if any.

Actuarial Cost Method

The actuarial cost method determines, in a systematic way, the incidence of plan sponsor contributions required to provide plan benefits. It also determines how actuarial gains and losses are recognized in OPEB costs. The gains and losses result from the difference between the actual experience under the plan and the experience anticipated by the actuarial assumptions.

Liabilities and cost under GASB 45 are derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc., which are assumed to hold for many years into the future. Since actual experience will differ from the long-term assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the current OPEB arrangements.

Actuarial liabilities and comparative costs shown in the actuary report were computed using the Unit Credit Actuarial Cost Method, which consists of the following cost components:

1. **The Normal Cost** is the actuarial Present Value of benefits allocated to the valuation year.
2. **The Actuarial Accrued Liability** is the Actuarial Present Value of benefits accrued as of the valuation date.
3. **Valuation Assets** are equal to the market value of assets as of the valuation date, if any.
4. **Unfunded Actuarial Accrued Liability** is the difference between the Actuarial Accrued Liability and the Valuation Assets. It is amortized over the maximum permissible period under GASB 45 of 30 years.

It should be noted that GASB 45 allows a variety of cost methods to be used. We elected this method because it is generally easy to understand and is widely used for the valuation of postemployment benefits other than pensions. Other methods used do not change the ultimate liability, but do allocate, if different, between what has been earned in the past and what will be earned in the future. Please note that the net effect of the change may result in an increase or decrease in the annual required contribution (“ARC”).

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) – continued

In addition to the actuarial method used, actuarial cost estimates depend to an important degree on the assumptions made relative to various occurrences, such as rate of expected investment earnings by the fund, rates of mortality among active and retired employees, rates of termination from employment, and retirement rates.

Demographic assumptions for various defined-benefit pension plans under which employees of the City are covered are listed below:

In the descriptions below:

“Fire” refers to City of Apopka Municipal Firefighters’ Retirement Plan

“General” refers to City of Apopka Municipal General Employees’ Retirement Plan

“Police” refers to the City of Apopka Municipal Police Officers’ Retirement Plan

In the most current valuation (dated 10/1/2014), the actuarial assumptions used for the calculation of cost and liabilities are as follows:

1. Discount Rate: 4.0% per annum, compounded annually
2. Mortality Rates: RP-2000 system table with floating Scale AA
3. Withdrawal Rates: Sample rates of withdrawal for employees:

<u>Age</u>	<u>Fire</u>	<u>Public</u>	<u>General</u>
20	0.0600	0.0600	0.3860
30	0.0500	0.0500	0.1940
40	0.0260	0.0260	0.0730
50	0.0080	0.0080	0.0270
55	0.0030	0.0030	0.0180

4. Disability Rates: Sample rates of disability for employees:

<u>Age</u>	<u>Fire</u>	<u>Public</u>	<u>General</u>
20	0.0009	0.0009	0.0007
30	0.0012	0.0012	0.0011
40	0.0021	0.0021	0.0019
50	0.0054	0.0054	0.0051
55	0.0108	0.0108	0.0096

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) – continued

5. Early Retirement: Fire and Police: Beginning at Early Retirement eligibility, members are assumed to retire at the rate of 5% per year, unless deferring retirement would allow a participant to qualify for the Health Insurance Premium Subsidy. In this case, it is assumed an employee will defer retirement until they are eligible for the subsidy.

General: Beginning at Early Retirement eligibility, members are assumed to retire at the rate of 2% per year, unless deferring retirement would allow a participant to qualify for the Health Insurance Premium Subsidy. In this case, it is assumed an employee will defer retirement until they are eligible for the subsidy.

6. DROP and Normal Retirement: Upon attaining Normal Retirement Status, participants are assumed to retire at the end of an additional year of service. 100% of participants retiring with less than 25 years of service are assumed to enter the DROP program until accruing 25 years of service or 8 years, whichever comes first. Retirees with more than 25 years of service are assumed to not enter the DROP program.

7. Election Assumptions:

	Employees Retiring Prior to Age 65 and Electing OPEB Coverage	Participants Continuing or Electing OPEB Coverage After Age 65	Retirees Electing to Cover Dependent Spouses
Firefighter Retirees	60%	6.0%	40.0%
General Retirees	60%	6.0%	40.0%
Police Retirees	60%	6.0%	40.0%

Former employees of the City who leave service with a vested pension benefit, but who lapse health coverage with the City before commencing the pension are assumed not to re-enroll in the City’s OPEB benefits. 100% of retirees younger than age 65 eligible for health insurance premium reimbursement are assumed to elect OPEB coverage.

8. Medical Cost Trend Rate: Claims costs in future years are estimated by adjusting the starting claims costs by an assumed ongoing cost trend. Such trends are based on the health care cost trend rate adjusted for the impact of plan design and cost-containment features.

<u>Year</u>	<u>Prior to Age 65</u>	<u>Age 65+</u>
2014	6.20%	8.30%
2015	5.80%	7.40%
2016	5.60%	6.40%
2017	5.30%	5.40%
2018	5.20%	5.20%
2019	5.20%	5.20%
2020	5.20%	5.20%
2021	5.20%	5.20%
2022	5.20%	5.20%
2023	5.20%	5.20%
2024	5.20%	5.20%
2025	5.20%	5.20%
2026	5.20%	5.20%

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) - continued

An ultimate rate of 4.50% for the medical trend prior to age 65 is reached for the first time in the year 2082. An ultimate rate of 4.40% for the medical trend after age 65 is reached for the first time in 2093.

9. Retiree Claims Costs: Assumed Annual Gross Health Claims Costs.

<u>Age</u>	<u>Retirees</u>		<u>Spouses</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
50	\$9,931	\$11,273	\$10,596	\$11,885
55	10,582	11,113	11,952	12,858
60	12,973	12,640	13,896	14,331
64	16,264	14,650	16,508	16,002
65	5,211	5,349	5,211	5,349
70	5,843	5,796	5,843	5,796

Dental and Vision claims, net of retiree contributions, are reflected as de minimis in the valuation.

10. Administrative Cost: Included in the claims.

Actuarial Methods and Assumptions

The following table summarizes the actuarial methods and assumptions as of the latest actuarial valuation date:

Valuation Date	October 1, 2014
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Factor
Remaining Amortization Period	30 years closed
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Return	4.00%
Projected Salary Increases	7.50%
COLA (Post-Retirement)	None
Inflation at	2.50%
cost-of-living adjustments	None

NOTE 9 – RISK MANAGEMENT

The City is exposed to risk of loss related: to torts, theft of, damage to or destruction of assets; errors and omissions, injuries to employees, and natural disasters. The City purchases commercial insurance for all types of claims with nominal deductible amounts. The following is a summary of the City’s significant insurance coverage and limitations:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Limitations</u>
Property	\$65,281,618	Buildings and Personal Property
	Not Included	Electronic data processing
	\$5,000,000	Flood, per occurrence
	\$6,596,152	Radio equipment
	Not Included	Valuable papers
	\$250,000	A/R, per location to a maximum of \$250,000
	\$50,000,000	Boiler & machinery
	\$700,000	Business income with extra expense
Automobile	\$5,000,000	Liability combined single limit, per occurrence
	Basic	Personal injury protection
	\$50,000	Uninsured motorists bodily injury liability
	Included	Physical damage
Crime	\$250,000	Employee theft/forgery bond, per loss
	\$250,000	Money & securities inside
	\$250,000	Money & securities outside
General Liability (includes healthcare and social services)	\$5,000,000	Combined single limits, per occurrence Includes premises and products & completed construction
Sexual Abuse per Person Limit	\$1,000,000	Total policy limit
Public Entity Employment Practices Liability	\$5,000,000	Each wrongful act and total policy limit
Public Employee Position Bond (Finance Director)	\$100,000	Per person
Public Officials Errors & Omissions Liability	\$5,000,000	Each loss and total policy limit
Law Enforcement Officers Liability	\$5,000,000	Each person, wrongful act and total policy limit
Statutory Death Benefit (Police, Fire & General)	\$60,000	Per covered person
Fiduciary Responsibility	\$1,000,000	Each occurrence and aggregate
Pollution Liability	\$1,000,000	Each occurrence and aggregate
Underground Storage Tank Pollution Liability	\$1,000,000	Each incident and policy aggregate
Workers’ Compensation	Statutory	
Workers’ Compensation/Employers’ Liability	\$1,000,000	Each accident, disease, aggregate by disease

There have been no significant reductions in insurance coverage during fiscal year 2015-2016. Settled claims have not exceeded the commercial excess coverage in any of the past three years.

NOTE 10 – OTHER DISCLOSURES

A. Excess of Operating Expenses over Final Budgeted Operating Expenses in Individual Funds

Excess of operating expenses over appropriations in individual funds are as follows at September 30, 2016:

The CRA Fund actual expenditures exceeded the budgeted expenditures in the amount of \$11,467 primarily due to unbudgeted project overruns.

B. Deficit Ending Fund Balance / Net Position

The Improvements Fund had a deficit ending fund balance at September 30, 2016. This deficit will be remedied in future periods from special assessment receipts and additional transfers from the General Fund for project overruns.

The Sanitation Fund had a deficit ending net position at September 30, 2016. This deficit will be remedied by future sanitation revenues.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Intergovernmental Grants

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

Construction Commitments

As of September 30, 2016, there were uncompleted construction contracts as follows:

<u>Vendor</u>	<u>Commitment Remaining</u>
Garney Construction	\$422,000
Tetrattech Design & Project Management Services	2,047,854
Total	<u><u>\$2,469,854</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF APOPKA, FLORIDA
SCHEDULE OF CONTRIBUTIONS
GENERAL EMPLOYEES', POLICE OFFICERS' AND FIREFIGHTERS' PENSION PLANS
LAST 10 FISCAL YEARS

	GENERAL EMPLOYEES			POLICE OFFICERS			FIREFIGHTERS		
	2016	2015	2014	2016	2015	2014	2016	2015	2014
Actuarially Determined Contribution	\$ 1,674,255	\$ 1,691,531	\$ 1,767,282	\$ 1,684,763	\$ 1,714,708	\$ 1,724,146	\$ 761,586	\$ 974,234	\$ 1,072,495
Contributions in Relation to the Actuarially Determined Contribution	(1,777,353)	(1,665,895)	(1,837,620)	(1,864,064)	(1,902,126)	(1,856,270)	(936,800)	(1,043,401)	(1,097,949)
Contribution Deficiency (Excess)	\$(103,098)	\$ 25,636	\$(70,338)	\$(179,301)	\$(187,418)	\$(132,124)	\$(175,214)	\$(69,167)	\$(25,454)
Covered Employee Payroll	\$ 10,237,697	\$ 9,772,660	\$ 9,817,061	\$ 6,232,611	\$ 5,592,025	\$ 5,463,618	\$ 5,333,015	\$ 4,960,180	\$ 4,701,480
Contributions as a Percentage of Covered Employee Payroll	17.36%	17.05%	18.72%	29.91%	34.01%	33.98%	17.57%	21.04%	23.35%

	10/1/2015	10/1/2014	10/1/2012	10/1/2015	10/1/2014	10/1/2012	10/1/2015	10/1/2014	10/1/2012
Valuation Date									
Funding Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Pay Closed	Level % of Pay Closed	Level % of Pay Closed	Level % of Pay Closed	Level % of Pay Closed	Level % of Pay Closed	Level % of Pay Closed	Level % of Pay Closed	Level % of Pay Closed
Remaining Amortization Period	30 Years	30 Years	30 Years	30 Years	30 Years	30 Years	30 Years	30 Years	30 Years
Asset Valuation Method	4-Year Smoothed Market Value	4-Year Smoothed Market Value	4-Year Smoothed Market Value	4-Year Smoothed Market Value	4-Year Smoothed Market Value	4-Year Smoothed Market Value	4-Year Smoothed Market Value	4-Year Smoothed Market Value	4-Year Smoothed Market Value
Inflation	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Salary Increases	Salary is assumed to increase at the rate of 5.50%	Salary is assumed to increase at the rate of 5.50%	Salary is assumed to increase at the rate of 5.50%	Salary is assumed to increase at the rate of 5.50%	Salary is assumed to increase at the rate of 5.50%	Salary is assumed to increase at the rate of 5.50%	Salary is assumed to increase at the rate of 5.50%	Salary is assumed to increase at the rate of 5.50%	Projected salary at retirement is increased 20% to account for non-regular compensation
Interest Rate	7.50% per year	7.50% per year	7.50% per year	7.50% per year	7.50% per year	7.50% per year	7.50% per year	7.50% per year	7.50% per year
Retirement Age	Age 57	Age 57	Age 57	Age 57	Age 57	Age 57	Age 57	Age 57	Age 57
Early Retirement	Commencing with attainment of Early Retirement Status (age 47 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year.	Commencing with attainment of Early Retirement Status (age 47 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year.	Commencing with attainment of Early Retirement Status (age 47 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year.	Commencing with attainment of Early Retirement Status (age 40 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.	Commencing with attainment of Early Retirement Status (age 40 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.	Commencing with attainment of Early Retirement Status (age 40 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.	Commencing with attainment of Early Retirement Status (age 50 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.	Commencing with attainment of Early Retirement Status (age 50 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.	Commencing with attainment of Early Retirement Status (age 50 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
Termination Rates	See table below.	See table below.	See table below.	See table below.	See table below.	See table below.	See table below.	See table below.	See table below.
Disability Rates	See table below.	See table below.	See table below.	See table below.	See table below.	See table below.	See table below.	See table below.	See table below.
Mortality	RP-2000 projected to 2012 by Projection Scale AA. Disabled lives set forward 5 yrs	RP-2000 projected to 2012 by Projection Scale AA. Disabled lives set forward 5 yrs	RP-2000 projected to 2012 by Projection Scale AA. Disabled lives set forward 5 yrs	RP-2000 projected to 2012 by Projection Scale AA. Disabled lives set forward 5 yrs	RP-2000 projected to 2012 by Projection Scale AA. Disabled lives set forward 5 yrs	RP-2000 projected to 2012 by Projection Scale AA. Disabled lives set forward 5 yrs	RP-2000 projected to 2012 by Projection Scale AA. Disabled lives set forward 5 yrs	RP-2000 projected to 2012 by Projection Scale AA. Disabled lives set forward 5 yrs	RP-2000 projected to 2012 by Projection Scale AA. Disabled lives set forward 5 yrs
Other Information									
Age	% Terminating During the Year	% Terminating During the Year	% Terminating During the Year	% Terminating During the Year	% Terminating During the Year	% Terminating During the Year	% Terminating During the Year	% Terminating During the Year	% Terminating During the Year
20	38.6%	38.6%	0.07%	6.0%	6.0%	0.09%	6.0%	6.0%	0.09%
30	19.4%	19.4%	0.11%	5.0%	5.0%	0.12%	5.0%	5.0%	0.12%
40	7.3%	7.3%	0.19%	2.6%	2.6%	0.21%	2.6%	2.6%	0.21%
50	2.7%	2.7%	0.51%	0.8%	0.8%	0.54%	0.8%	0.8%	0.54%
60	1.2%	1.2%	1.70%	0.2%	0.2%	2.70%	0.2%	0.2%	2.70%
				% Becoming Disabled During the Year	% Becoming Disabled During the Year	% Becoming Disabled During the Year	% Becoming Disabled During the Year	% Becoming Disabled During the Year	% Becoming Disabled During the Year

Note to the Schedule:
Plan information is only available for years 2014 through 2016. Subsequent years will be added for a full ten-year trend to be presented.

CITY OF AOPKA, FLORIDA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
GENERAL EMPLOYEES', POLICE OFFICERS' AND FIREFIGHTERS' PENSION PLANS
LAST 10 FISCAL YEARS

	2016			2015			2014		
	GENERAL EMPLOYEES	POLICE OFFICERS	FIRE FIGHTERS	GENERAL EMPLOYEES	POLICE OFFICERS	FIRE FIGHTERS	GENERAL EMPLOYEES	POLICE OFFICERS	FIRE FIGHTERS
Total Pension Liability									
Service Cost	\$ 1,724,102	\$ 2,157,662	\$ 1,269,608	\$ 1,629,195	\$ 1,934,067	\$ 993,460	\$ 1,564,998	\$ 1,885,080	\$ 1,107,888
Interest	3,768,999	3,487,029	2,699,641	3,517,510	3,044,711	2,396,529	3,294,972	2,787,119	2,284,005
Change in Excess State Money	-	-	-	-	80,666	102,251	-	61,888	115,677
Changes of Benefit Terms	-	-	-	-	1,166,703	1,449,756	-	-	-
Differences Between Expected and Actual Experience and Changes in Assumptions	144,541	1,030,680	541,295	458,032	1,160,806	670,993	(54,827)	146,571	(461,117)
Benefit Payments, Including Refunds of Member Contributions	(2,461,778)	(2,183,366)	(1,225,547)	(2,094,964)	(1,386,946)	(1,728,061)	(1,663,848)	(1,403,290)	(1,294,371)
Net Change in Total Pension Liability	3,175,864	4,492,005	3,284,997	3,509,773	6,000,007	3,884,928	3,141,295	3,477,368	1,752,082
Total Pension Liability - Beginning	51,437,522	47,316,723	36,717,536	47,927,749	41,316,716	32,832,608	44,786,454	37,839,348	31,080,526
Total Pension Liability - Ending (a)	\$ 54,613,386	\$ 51,808,728	\$ 40,002,533	\$ 51,437,522	\$ 47,316,723	\$ 36,717,536	\$ 47,927,749	\$ 41,316,716	\$ 32,832,608
Plan Fiduciary Net Position									
Contributions - City	\$ 1,777,353	\$ 1,864,064	\$ 936,800	\$ 1,665,895	\$ 1,902,126	\$ 1,043,401	\$ 1,837,620	\$ 1,856,270	\$ 1,097,949
Contributions - State	-	-	-	-	80,666	102,251	-	61,888	115,677
Contributions - Employees	531,041	640,046	505,327	512,745	431,461	454,232	535,334	399,320	527,346
Net Investment Income	3,337,768	3,235,121	2,479,649	287,819	267,550	212,672	3,364,185	3,179,742	2,517,705
Benefit Payments, Including Refunds of Member Contributions	(2,461,778)	(2,183,366)	(1,225,547)	(2,094,964)	(1,386,946)	(1,728,061)	(1,663,848)	(1,403,290)	(1,294,371)
Administrative Expense	(41,665)	(37,054)	(35,109)	(48,635)	(55,891)	(60,040)	(31,939)	(31,542)	(28,402)
Net Change in Plan Fiduciary Net Position	3,142,719	3,518,811	2,661,120	322,860	1,238,966	24,455	4,041,352	4,062,388	2,935,904
Plan Fiduciary Net Position - Beginning, as restated	41,051,946	39,981,396	30,617,876	40,729,086	38,742,430	30,593,421	36,687,734	34,680,042	27,657,517
Plan Fiduciary Net Position - Ending (b)	\$ 44,194,665	\$ 43,500,207	\$ 33,278,996	\$ 41,051,946	\$ 39,981,396	\$ 30,617,876	\$ 40,729,086	\$ 38,742,430	\$ 30,593,421
City's Net Pension Liability/(Asset) - ending (a) - (b)	\$ 10,418,721	\$ 8,308,521	\$ 6,723,537	\$ 10,385,576	\$ 7,335,327	\$ 6,099,660	\$ 7,198,663	\$ 2,574,286	\$ 2,239,187
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.92%	83.96%	83.19%	79.81%	84.50%	83.39%	84.98%	93.77%	93.18%
Covered Employee Payroll	10,237,967	6,232,611	5,333,015	9,772,660	5,592,025	4,960,180	9,817,067	5,463,618	4,701,480
Net Pension Liability as a Percentage of Covered Employee Payroll	101.77%	133.31%	126.07%	106.27%	131.17%	122.97%	73.33%	47.12%	47.63%

Note to the Schedule:

Plan information is only available for years 2014 through 2016. Subsequent years will be added for a full ten-year trend to be presented.

**CITY OF AOPKA, FLORIDA
SCHEDULE OF INVESTMENT RETURNS
GENERAL EMPLOYEES', POLICE OFFICERS' AND FIREFIGHTERS' PENSION PLANS
LAST 10 FISCAL YEARS**

	2016	2015	2014
General Employees			
Annual Money-Weighted Rate of Return, Net of Investment Expense	8.20%	0.70%	9.10%
Police Officers			
Annual Money-Weighted Rate of Return, Net of Investment Expense	8.10%	0.70%	9.10%
Firefighters			
Annual Money-Weighted Rate of Return, Net of Investment Expense	8.10%	0.70%	9.00%

Note to the Schedule:

Plan information is only available for years 2014 through 2016. Subsequent years will be added for a full ten-year trend to be presented.

**CITY OF AOPKA, FLORIDA
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFITS PLAN**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll ((b-a)/c)
		Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (a-b)			
10/1/2014	\$ -	\$ 27,003,172	\$ 27,003,172	0.00%	\$ 21,803,323	123.8%
10/1/2014	-	24,915,998	24,915,998	0.00%	21,965,004	113.4%
10/1/2013	-	26,060,861	26,060,861	0.00%	19,291,933	135.1%
10/1/2012	-	24,124,054	24,124,054	0.00%	18,549,936	130.0%
10/1/2011	-	27,060,537	27,060,537	0.00%	18,874,190	143.4%
10/1/2010	-	24,289,582	24,289,582	0.00%	16,941,501	143.4%

**CITY OF AOPKA, FLORIDA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS PLAN**

Year Ended September 30	Annual Required Contribution	Annual OPEB Cost	City Contribution	Percentage Contributed	Net OPEB Obligation
2016	\$ 3,176,666	\$ 2,754,828	\$ 667,654	24.2%	\$ 18,976,430
2015	3,055,964	2,793,126	645,080	23.1%	16,889,256
2014	3,220,673	2,996,457	830,437	27.7%	14,741,210
2013	3,042,760	2,857,680	662,693	23.2%	12,575,190
2012	3,609,416	3,471,325	836,000	24.1%	10,380,203
2011	3,239,818	3,144,565	742,000	23.6%	7,744,878

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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CITY OF AOPKA, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2016

	SPECIAL REVENUE FUNDS									
	Streets		Law Enforcement	Transportation	Recreation	Stormwater	Grants Fund	Special	Police	Total Nonmajor
	Improvement Fund	Trust	Impact Fees	Impact Fees	Assessment Fund			Discretionary	Funds	
ASSETS										
Cash and Cash Equivalents	\$ 1,222,912	\$ 329,606	\$ 8,555,371	\$ 471,572	\$ 2,049,189	\$ 6,299	\$ -	\$ 383,875	\$ 13,018,824	
Accounts Receivable	82,902	-	-	-	-	-	-	-	82,902	
Due from Other Governments	120,440	-	-	-	2,327	8,796	-	-	131,563	
Total Assets	\$ 1,426,254	\$ 329,606	\$ 8,555,371	\$ 471,572	\$ 2,051,516	\$ 15,095	\$ -	\$ 383,875	\$ 13,233,289	
LIABILITIES										
Accounts Payable	\$ 28,998	\$ -	\$ 302	\$ -	\$ -	\$ 551	\$ 160,202	\$ -	\$ 190,053	
Deposits	3,790	-	-	-	-	-	-	-	3,790	
Total Liabilities	32,788	-	302	-	-	551	160,202	-	193,843	
DEFERRED INFLOWS OF RESOURCES										
Unavailable Revenues	-	-	1,014,519	-	-	14,544	-	-	1,029,063	
Total Deferred Inflows of Resources	-	-	1,014,519	-	-	14,544	-	-	1,029,063	
FUND BALANCES										
Restricted	1,393,466	329,606	-	-	-	-	-	-	1,723,072	
Committed	-	-	7,540,550	471,572	2,051,516	-	-	383,875	10,447,513	
Unassigned (Deficit)	-	-	-	-	-	-	(160,202)	-	(160,202)	
Total Fund Balances	1,393,466	329,606	7,540,550	471,572	2,051,516	-	(160,202)	383,875	12,010,383	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,426,254	\$ 329,606	\$ 8,555,371	\$ 471,572	\$ 2,051,516	\$ 15,095	\$ -	\$ 383,875	\$ 13,233,289	

CITY OF APOPKA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2016

SPECIAL REVENUE FUNDS

	Streets		Law		Transportation	Recreation	Stormwater	Grants Fund	Special Assessment	Police	Total Nonmajor Special
	Improvement	Fund	Enforcement	Trust							
REVENUES											
Taxes	\$ 1,448,906		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,448,906
Special Assessments	-		-		-	-	-	-	65,070	-	65,070
Impact Fees	-		-		1,400,695	150,174	-	-	-	-	1,550,869
Intergovernmental Revenues	-		-		-	-	-	372,108	-	-	372,108
Charges for Services	779,971		-		-	-	420,322	-	-	41,750	1,242,043
Fines and Forfeitures	-		100,507		-	-	-	-	-	21,488	121,995
Investment Earnings	3,704		756		29,873	1,439	10,332	-	150	295	46,549
Miscellaneous Revenues	-		-		-	-	-	-	-	9,118	9,118
Total Revenues	2,232,581		101,263		1,430,568	151,613	430,654	372,108	65,220	72,651	4,856,658
EXPENDITURES											
Current:											
General Government	-		-		-	-	-	4,120	-	-	4,120
Public Safety	-		34,995		-	-	-	440,141	-	80,945	556,081
Physical Environment	-		-		-	-	71,787	-	212	-	71,999
Transportation	2,370,479		-		68,485	-	-	-	-	-	2,438,964
Culture and Recreation	-		-		-	4,000	-	1,971	-	-	5,971
Total Expenditures	2,370,479		34,995		68,485	4,000	71,787	446,232	212	80,945	3,077,135
Excess (Deficiency) of Revenues											
Over (Under) Expenditures	(137,898)		66,268		1,362,083	147,613	358,867	(74,124)	65,008	(8,294)	1,779,523
OTHER FINANCING SOURCES AND (USES)											
Transfers In	664,407		148,725		-	-	-	74,124	-	392,169	1,279,425
Transfers (Out)	-		-		(58,300)	(2,000)	(170,000)	-	(25,500)	-	(255,800)
Debt Proceeds	30,000		-		-	-	-	-	-	-	30,000
Total Other Financing Sources and (Uses)	694,407		148,725		(58,300)	(2,000)	(170,000)	74,124	(25,500)	392,169	1,053,625
Net Change in Fund Balances	556,509		214,993		1,303,783	145,613	188,867	-	39,508	383,875	2,833,148
Fund Balances (Deficit) - Beginning	836,957		114,613		6,236,767	325,959	1,862,649	-	(199,710)	-	9,177,235
Fund Balances (Deficit) - Ending	\$ 1,393,466		\$ 329,606		\$ 7,540,550	\$ 471,572	\$ 2,051,516	\$ -	\$ (160,202)	\$ 383,875	\$ 12,010,383

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
STREETS IMPROVEMENT SPECIAL REVENUE FUND
For the Year Ended September 30, 2016

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 1,512,000	\$ 1,448,906	\$ (63,094)
Charges for Services	598,357	779,971	181,614
Investment Earnings	3,000	3,704	704
Miscellaneous	-	-	-
Total Revenues	<u>2,113,357</u>	<u>2,232,581</u>	<u>119,224</u>
EXPENDITURES			
Current:			
Transportation	2,938,949	2,204,160	734,789
Capital Outlay	134,813	166,319	(31,506)
Total Expenditures	<u>3,073,762</u>	<u>2,370,479</u>	<u>703,283</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(960,405)</u>	<u>(137,898)</u>	<u>822,507</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	681,540	664,407	(17,133)
Transfers (Out)	-	-	-
Debt Proceeds	30,000	30,000	-
Total Other Financing Sources and (Uses)	<u>711,540</u>	<u>694,407</u>	<u>(17,133)</u>
Net Change in Fund Balance	(248,865)	556,509	805,374
Fund Balance - Beginning	<u>248,865</u>	<u>836,957</u>	<u>588,092</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 1,393,466</u>	<u>\$ 1,393,466</u>

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
LAW ENFORCEMENT TRUST SPECIAL REVENUE FUND
For the Year Ended September 30, 2016

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Fines and Forfeitures	\$ 12,500	\$ 100,507	\$ 88,007
Interest	300	756	456
Total Revenues	12,800	101,263	88,463
EXPENDITURES			
Current:			
Public Safety	110,000	34,995	75,005
Capital Outlay	-	-	-
Total Expenditures	110,000	34,995	75,005
Excess (Deficiency) of Revenues Over (Under) Expenditures	(97,200)	66,268	163,468
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	-	148,725	148,725
Total Other Financing Sources and (Uses)	-	148,725	148,725
Net Change in Fund Balance	(97,200)	214,993	312,193
Fund Balance - Beginning	97,200	114,613	17,413
Fund Balance - Ending	\$ -	\$ 329,606	\$ 329,606

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION IMPACT FEES SPECIAL REVENUE FUND
For the Year Ended September 30, 2016

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Impact Fees	\$ 1,250,000	\$ 1,400,695	\$ 150,695
Investment Earnings	20,000	29,873	9,873
Total Revenues	<u>1,270,000</u>	<u>1,430,568</u>	<u>160,568</u>
EXPENDITURES			
Current:			
Transportation	130,000	68,485	61,515
Capital Outlay	2,450,000	-	2,450,000
Total Expenditures	<u>2,580,000</u>	<u>68,485</u>	<u>2,511,515</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,310,000)</u>	<u>1,362,083</u>	<u>2,672,083</u>
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	(58,300)	(58,300)	-
Total Other Financing Sources and (Uses)	<u>(58,300)</u>	<u>(58,300)</u>	<u>-</u>
Net Change in Fund Balance	(1,368,300)	1,303,783	2,672,083
Fund Balance - Beginning	<u>1,368,300</u>	<u>6,236,767</u>	<u>4,868,467</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 7,540,550</u>	<u>\$ 7,540,550</u>

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
RECREATION IMPACT FEES SPECIAL REVENUE FUND
For the Year Ended September 30, 2016

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Impact Fees	\$ 80,000	\$ 150,174	\$ 70,174
Investment Earnings	1,000	1,439	439
Total Revenues	81,000	151,613	70,613
EXPENDITURES			
Current:			
Culture/Recreation	250,000	4,000	246,000
Total Expenditures	250,000	4,000	246,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(169,000)	147,613	316,613
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	(2,000)	(2,000)	-
Total Other Financing Sources and (Uses)	(2,000)	(2,000)	-
Net Change in Fund Balance	(171,000)	145,613	316,613
Fund Balance - Beginning	171,000	325,959	154,959
Fund Balance - Ending	\$ -	\$ 471,572	\$ 471,572

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
STORMWATER SPECIAL REVENUE FUND
For the Year Ended September 30, 2016

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	\$ 580,000	\$ 420,322	\$ (159,678)
Investment Earnings	7,500	10,332	2,832
Total Revenues	587,500	430,654	(156,846)
EXPENDITURES			
Current:			
Physical Environment	367,500	32,409	335,091
Capital Outlay	50,000	39,378	10,622
Total Expenditures	417,500	71,787	345,713
Excess (Deficiency) of Revenues Over Expenditures	170,000	358,867	188,867
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	(170,000)	(170,000)	-
Total Other Financing Sources and (Uses)	(170,000)	(170,000)	-
Net Change in Fund Balance	-	188,867	188,867
Fund Balance - Beginning	-	1,862,649	1,862,649
Fund Balance - Ending	\$ -	\$ 2,051,516	\$ 2,051,516

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GRANTS SPECIAL REVENUE FUND
For the Year Ended September 30, 2016

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenues	\$ 381,600	\$ 372,108	\$ (9,492)
Total Revenues	381,600	372,108	(9,492)
EXPENDITURES			
Current:			
General Government	7,109	4,120	2,989
Public Safety	445,684	440,141	5,543
Culture and Recreation	4,000	1,971	2,029
Total Expenditures	456,793	446,232	10,561
Excess (Deficiency) of Revenues Over Expenditures	(75,193)	(74,124)	1,069
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	74,124	74,124	-
Total Other Financing Sources and (Uses)	74,124	74,124	-
Net Change in Fund Balance	(1,069)	-	1,069
Fund Balance - Beginning	1,069	-	(1,069)
Fund Balance - Ending	\$ -	\$ -	\$ -

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
SPECIAL ASSESSMENT SPECIAL REVENUE FUND
For the Year Ended September 30, 2016

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Special Assessments	\$ 66,940	\$ 65,070	\$ (1,870)
Investment Earnings	60	150	90
Total Revenues	67,000	65,220	(1,780)
EXPENDITURES			
Current:			
Physical Environment	67,000	212	66,788
Total Expenditures	67,000	212	66,788
Excess (Deficiency) of Revenues Over Expenditures	-	65,008	65,008
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	-	(25,500)	(25,500)
Total Other Financing Sources and (Uses)	-	(25,500)	(25,500)
Net Change in Fund Balance	-	39,508	39,508
Fund Balance (Deficit) - Beginning	-	(199,710)	(199,710)
Fund Balance (Deficit) - Ending	\$ -	\$ (160,202)	\$ (160,202)

CITY OF APOPKA, FLORIDA
BUDGETARY COMPARISON SCHEDULE
POLICE DISCRETIONARY SPECIAL REVENUE FUND
For the Year Ended September 30, 2016

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for Services	\$ -	\$ 41,750	\$ 41,750
Fines and Forfeitures	-	21,488	21,488
Investment Earnings	-	295	295
Miscellaneous Revenues	4,177	9,118	4,941
Total Revenues	<u>4,177</u>	<u>72,651</u>	<u>68,474</u>
EXPENDITURES			
Current:			
Public Safety	132,444	72,952	59,492
Capital Outlay	2,994	7,993	(4,999)
Total Expenditures	<u>135,438</u>	<u>80,945</u>	<u>54,493</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(131,261)</u>	<u>(8,294)</u>	<u>122,967</u>
OTHER FINANCING SOURCES (USES)			
Transfers (Out)	-	392,169	392,169
Total Other Financing Sources and (Uses)	<u>-</u>	<u>392,169</u>	<u>392,169</u>
Net Change in Fund Balance	(131,261)	383,875	515,136
Fund Balance - Beginning	<u>131,261</u>	<u>-</u>	<u>(131,261)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 383,875</u>	<u>\$ 383,875</u>

STATISTICAL SECTION

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Statistical Section

This section of the City of Apopka's comprehensive annual 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

Page

Financial Trends

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

80-84

Revenue Capacity

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

85-88

Debt Capacity

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

89-91

Demographic and Economic Information

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

92-93

Operating Information

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

94-96

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

Schedule 1
City of Apopka
Net Position by Component,
Last Ten Fiscal Years
(accural basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net Position										
Governmental activities										
Net investment in capital assets	\$ 75,019,777	\$ 81,867,799	\$ 84,640,436	\$ 89,506,866	\$ 89,626,466	\$ 87,869,626	\$ 86,764,954	\$ 89,327,168	\$ 88,573,433	\$ 87,116,986
Restricted	-	-	-	-	2,173,455	2,032,131	2,174,523	2,156,922	1,907,822	2,482,323
Unrestricted	21,352,609	19,096,607	17,563,034	15,338,837	11,595,902	12,831,110	11,647,104	8,864,250	(214,724)	(9,422,061)
Total governmental activities net assets	\$ 96,372,386	\$ 100,964,406	\$ 102,203,470	\$ 104,845,703	\$ 103,395,823	\$ 102,732,867	\$ 100,586,581	\$ 100,348,340	\$ 90,266,531	\$ 80,177,248
Business-type activities										
Net investment in capital assets	\$ 83,421,942	\$ 84,651,808	\$ 85,287,785	\$ 85,405,361	\$ 87,624,978	\$ 86,015,227	\$ 85,141,627	\$ 84,626,587	\$ 100,656,361	\$ 103,140,729
Restricted	15,441,099	13,703,960	12,571,761	12,347,388	9,301,564	9,842,130	10,337,621	10,762,602	745,661	481,441
Unrestricted	13,101,802	12,822,079	12,589,992	13,569,652	15,640,402	17,283,878	18,362,898	19,309,266	17,057,907	17,018,263
Total business-type activities net assets	\$ 111,964,843	\$ 111,177,847	\$ 110,449,538	\$ 111,322,401	\$ 112,566,944	\$ 113,141,235	\$ 113,842,146	\$ 114,698,455	\$ 118,459,929	\$ 120,640,433
Total Net Assets										
Primary government	\$ 158,441,719	\$ 166,519,607	\$ 169,928,221	\$ 174,912,227	\$ 177,251,444	\$ 173,884,853	\$ 171,906,581	\$ 173,953,755	\$ 189,229,794	\$ 190,257,715
Restricted	15,441,099	13,703,960	12,571,761	12,347,388	11,475,019	11,874,261	12,512,144	12,919,524	2,653,483	2,963,764
Unrestricted	34,454,411	31,918,686	30,153,026	28,908,489	27,236,304	30,114,988	30,010,002	28,173,516	16,843,183	7,596,202
Total primary government net assets	\$ 208,337,229	\$ 212,142,253	\$ 212,653,008	\$ 216,168,104	\$ 215,962,767	\$ 215,874,102	\$ 214,428,727	\$ 215,046,795	\$ 208,726,460	\$ 200,817,681

Schedule 2
City of Apopka
Changes in Net Position
Last Ten Fiscal Years
(accural basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 4,935,306	\$ 5,305,919	\$ 5,489,298	\$ 7,066,267	\$ 6,042,003	\$ 6,995,371	\$ 6,148,920	\$ 6,377,891	\$ 6,511,974	\$ 10,551,924
Public safety	16,689,550	18,164,762	20,734,113	20,687,224	22,686,115	23,502,477	26,038,039	25,985,190	27,864,802	33,942,557
Physical environment	-	-	-	-	-	-	-	-	-	305,767
Transportation	5,249,964	5,201,553	4,963,392	5,309,419	5,016,376	5,440,391	5,781,288	8,093,858	5,595,625	5,661,534
Environmental	210,749	247,288	181,210	189,307	479,130	203,250	236,843	251,577	228,422	241,467
Culture and recreation	2,795,810	2,983,580	2,987,478	2,744,468	3,197,661	2,699,130	3,802,962	3,985,137	3,971,409	3,973,536
Interest on long-term debt	391,093	443,330	611,994	609,818	557,059	501,906	440,843	341,785	279,351	260,543
Total governmental activities expenses	30,272,472	32,346,432	34,967,485	36,606,503	37,978,344	39,342,525	42,448,895	45,035,438	44,757,350	54,783,813
Business-type activities:										
Utility system	12,386,827	13,305,265	13,471,277	13,483,200	13,633,236	13,793,770	15,066,790	15,019,098	16,036,573	15,312,542
Sanitation	2,753,466	3,072,999	3,043,158	3,087,328	3,260,503	3,397,041	3,397,745	3,453,253	3,642,605	3,884,273
Airport fuel	-	-	-	-	-	-	-	-	-	538,306
Total business-type activities expenses	15,140,293	16,378,264	16,514,435	16,570,528	16,893,739	17,190,811	18,464,535	18,472,351	20,217,484	19,519,954
Total primary government expenses	\$ 45,412,765	\$ 48,724,696	\$ 51,481,920	\$ 53,177,031	\$ 54,872,083	\$ 56,533,336	\$ 60,913,430	\$ 63,507,789	\$ 64,974,834	\$ 74,303,767
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,926,447	\$ 1,507,285	\$ 1,098,254	\$ 1,257,853	\$ 1,308,182	\$ 1,835,687	\$ 1,935,229	\$ 3,922,155	\$ 3,539,928	\$ 4,312,503
Public safety	1,962,364	1,725,278	2,398,293	3,330,192	3,647,620	4,664,249	4,989,182	1,937,810	1,775,398	1,249,905
Transportation	355,561	415,322	457,683	579,970	475,389	576,498	959,100	2,117,946	-	-
Environmental	366,632	387,902	393,675	398,607	400,948	409,741	401,239	2,019,389	2,377,976	2,950,407
Culture and recreation	621,851	568,682	491,736	501,540	516,993	731,740	891,315	813,576	696,455	814,376
Miscellaneous revenues	765,159	-	-	-	-	-	-	-	-	-
Operating grants and contributions	7,740,575	7,243,988	6,767,072	6,777,070	7,616,070	7,658,910	8,468,829	1,283,718	993,788	1,510,310
Capital grants and contributions	8,875,440	2,671,242	2,258,090	4,364,266	1,570,734	2,474,554	1,904,213	1,855,694	2,345,941	2,026,202
Total governmental activities program revenues	22,614,029	14,519,699	13,864,803	17,209,498	15,535,936	18,351,379	19,549,107	13,950,288	11,729,486	12,863,703
Business-type activities:										
Charges for services:										
Utility system:										
Water sales	4,749,889	4,410,791	4,478,286	4,766,796	5,371,826	5,765,969	5,548,701	5,541,172	5,749,002	5,991,860
Sewer sales	4,602,238	4,611,793	4,773,408	4,926,149	5,167,002	5,479,371	5,537,939	5,691,201	5,984,903	6,116,096
Reclaimed water sales	1,858,668	1,660,928	2,295,690	2,329,372	2,836,583	2,821,403	2,491,136	2,661,176	2,705,534	3,124,269
Miscellaneous revenues	1,023,591	863,154	884,454	1,052,384	834,899	886,674	1,201,537	1,085,243	1,096,054	1,175,843
Sanitation:										
Sanitation fees	3,587,192	3,645,799	3,555,180	3,571,548	3,603,016	3,624,241	3,707,525	3,827,349	3,983,825	4,153,099
Fines	-	-	-	-	151	-	-	-	-	-
Miscellaneous revenues	196,972	160,625	205,438	156,106	169,273	174,701	154,416	179,494	178,818	177,742

Schedule 2
City of Apopka
Changes in Net Position
Last Ten Fiscal Years
(accural basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Airport Fuel										
Fuel Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 507,464	\$ 337,697
Miscellaneous revenues	143,800	-	-	-	-	-	-	-	23,075	32,397
Operating grants and contributions	12,276,114	2,296,960	2,329,512	3,549,287	3,282,439	2,313,259	4,059,847	4,088,784	4,693,320	1,020,976
Capital grants and contributions	28,438,464	17,650,050	18,521,968	20,351,642	21,265,189	21,065,618	22,701,101	23,074,419	30,753,357	5,395,043
Total business-type activities program revenues	\$ 51,052,493	\$ 32,169,749	\$ 32,386,771	\$ 37,561,140	\$ 36,801,125	\$ 39,416,997	\$ 42,250,208	\$ 37,024,707	\$ 42,482,843	\$ 27,525,022
Total primary government program revenues										
Net (Expense)/Revenue	\$ (7,658,443)	\$ (17,826,733)	\$ (21,102,682)	\$ (19,397,005)	\$ (22,442,408)	\$ (20,991,146)	\$ (22,899,788)	\$ (31,085,150)	\$ (33,027,864)	\$ (41,920,110)
Governmental activities	13,298,171	1,271,786	2,007,533	3,781,114	4,371,450	3,874,807	4,236,566	4,602,068	10,535,873	8,005,068
Business-type activities	\$ 5,639,728	\$ (16,554,947)	\$ (19,095,149)	\$ (15,615,891)	\$ (18,070,958)	\$ (17,116,339)	\$ (18,663,222)	\$ (26,483,082)	\$ (22,491,991)	\$ (33,915,042)
Total primary government net expense										
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 8,231,638	\$ 8,481,780	\$ 9,045,565	\$ 8,032,965	\$ 6,967,591	\$ 6,708,582	\$ 6,473,486	\$ 6,789,004	\$ 6,994,987	\$ 7,874,031
Franchise taxes, utility taxes and communication services tax	7,845,792	7,964,942	8,266,402	8,910,570	8,731,059	8,328,612	8,450,604	16,713,171	17,645,762	16,147,299
Gasoline taxes	1,285,046	1,317,758	1,308,117	1,325,623	1,319,668	1,308,220	1,412,722	1,433,900	1,497,364	1,448,906
Sale of capital assets	108,193	59,491	24,024	33,154	70,046	(100,645)	81,374	11,444	5,845	-
Miscellaneous revenues	-	920,771	604,493	509,462	503,969	490,664	561,578	235,911	208,132	246,351
Investment earnings	1,125,816	752,842	189,145	129,714	120,395	122,567	95,308	98,712	102,482	129,577
Transfers	2,789,700	2,921,169	2,904,000	3,097,750	3,279,800	3,470,190	3,678,430	3,899,130	4,133,060	5,984,663
Total governmental activities	21,386,185	22,418,753	22,341,746	22,039,238	20,992,528	20,328,190	20,753,502	29,181,272	30,587,632	31,830,827
Business-type activities:										
Sale of capital assets	4,442,648	28,921	3,800	27,453	12,099	41,647	16,238	12,287	-	-
Investment earnings	1,508,547	833,466	164,358	111,290	108,952	93,332	84,191	104,448	99,269	112,761
Franchise taxes	-	-	-	36,999	31,839	34,695	42,346	36,636	37,729	47,338
Miscellaneous revenue	-	-	-	13,757	-	-	-	-	-	-
Transfers	(2,789,700)	(2,921,169)	(2,904,000)	(3,097,750)	(3,279,800)	(3,470,190)	(3,678,430)	(3,899,130)	(4,133,060)	(5,984,663)
Total business-type activities	3,161,495	(2,058,782)	(2,735,842)	(2,908,251)	(3,126,910)	(3,300,516)	(3,535,655)	(3,745,759)	(3,996,062)	(5,824,564)
Total primary government	\$ 24,547,680	\$ 20,359,971	\$ 19,605,904	\$ 19,130,987	\$ 17,865,618	\$ 17,027,674	\$ 17,217,847	\$ 25,435,513	\$ 26,591,570	\$ 26,006,263
Change in Net Position										
Governmental activities	\$ 13,727,742	\$ 4,592,020	\$ 1,239,064	\$ 2,642,233	\$ (1,449,880)	\$ (662,956)	\$ (2,146,286)	\$ (1,903,878)	\$ (2,440,232)	\$ (10,089,283)
Business-type activities	16,459,666	(786,996)	(728,309)	872,863	1,244,543	574,291	700,911	856,309	6,539,811	2,180,504
Total primary government	\$ 30,187,408	\$ 3,805,024	\$ 510,755	\$ 3,515,096	\$ (205,337)	\$ (88,665)	\$ (1,445,375)	\$ (1,047,569)	\$ 4,099,579	\$ (7,908,779)

Schedule 3
City of Apopka
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Reserved	\$ 412,662	\$ 237,122	\$ 244,048	\$ 426,277	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	7,969,146	6,509,322	7,244,322	8,496,573	-	-	-	-	-	-
Nonspendable	-	-	-	-	1,303,054	204,074	215,035	225,526	89,421	91,118
Restricted	-	-	-	-	913,180	974,665	964,801	1,017,749	956,252	759,251
Committed	-	-	-	-	861,940	940,180	703,445	512,591	979,146	784,439
Assigned	-	-	-	-	844,546	852,908	854,823	854,541	855,809	855,809
Unassigned	-	-	-	-	5,505,322	8,812,311	8,788,248	8,228,167	8,993,373	8,076,023
Total general fund	<u>\$ 8,381,808</u>	<u>\$ 6,746,444</u>	<u>\$ 7,488,370</u>	<u>\$ 8,922,850</u>	<u>\$ 9,428,042</u>	<u>\$ 11,784,138</u>	<u>\$ 11,526,352</u>	<u>\$ 10,838,574</u>	<u>\$ 11,874,001</u>	<u>\$ 10,566,640</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	12,850,794	12,387,121	12,144,203	10,521,223	-	-	-	-	-	-
Capital projects funds	369,588	381,532	384,063	-	-	-	-	-	-	-
Restricted	-	-	-	-	1,260,275	1,057,476	1,209,722	1,139,173	951,570	1,723,072
Unrestricted	-	-	-	-	9,864,959	10,808,015	11,174,083	9,560,679	10,472,918	12,502,585
Unassigned	-	-	-	-	-	-	-	-	(199,710)	(160,202)
Total all other governmental funds	<u>\$ 13,220,382</u>	<u>\$ 12,768,653</u>	<u>\$ 12,528,266</u>	<u>\$ 10,521,223</u>	<u>\$ 11,125,234</u>	<u>\$ 11,865,491</u>	<u>\$ 12,383,805</u>	<u>\$ 10,699,852</u>	<u>\$ 11,224,778</u>	<u>\$ 14,065,455</u>

(a) The City implemented GASB 54 beginning with fiscal year 2011 and has elected to display this change prospectively. Additional information can be found in the Notes to the Financial Statements

Schedule 4
City of Apopka
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 18,350,790	\$ 15,633,703	\$ 16,237,692	\$ 15,199,281	\$ 14,322,374	\$ 13,548,609	\$ 13,656,428	\$ 13,821,953	\$ 14,265,977	\$ 14,720,245
Licenses, fees and permits	1,865,371	4,551,440	4,390,989	4,885,499	4,917,670	5,622,483	5,346,169	5,689,506	5,925,542	5,505,925
Special assessments	-	-	-	-	-	-	-	-	65,148	65,070
Intergovernmental revenues	7,741,708	6,639,760	6,159,652	6,753,008	7,025,456	7,125,242	7,908,753	8,432,322	9,050,848	9,313,030
Charges for services	2,464,173	2,298,587	2,350,133	3,075,549	3,133,490	3,592,856	4,295,677	4,645,228	3,840,745	3,679,022
Fines and forfeitures	471,299	449,315	1,086,028	1,492,899	1,670,414	2,288,933	2,588,781	1,597,545	1,957,258	2,386,499
Impact fees	3,959,782	1,358,314	686,402	620,555	830,036	2,083,405	1,425,055	2,252,481	1,201,311	1,550,869
Investment earnings	1,125,816	752,841	189,144	128,497	120,394	122,566	95,309	98,712	102,482	129,577
Miscellaneous revenues	1,514,021	1,584,136	1,148,004	1,120,841	870,854	841,424	1,070,763	892,989	690,711	933,413
Total revenues	37,492,960	33,268,096	32,248,044	33,276,129	32,890,688	35,225,518	36,386,935	37,430,736	37,100,022	38,283,650
Expenditures										
General government	5,011,669	5,028,209	4,797,013	5,337,598	5,345,545	6,003,034	5,008,060	7,702,765	5,829,309	7,921,687
Public safety	16,175,993	17,346,392	18,330,239	18,344,956	19,187,180	20,184,386	23,071,274	24,219,905	24,791,883	27,370,853
Physical environment	-	-	-	-	-	-	-	-	509,614	195,367
Transportation	3,285,954	3,306,893	2,919,198	3,037,602	3,015,783	3,293,003	3,669,943	3,969,041	4,097,371	3,377,495
Environmental	188,977	207,368	142,369	141,063	153,360	159,094	199,791	208,436	228,422	241,467
Culture and recreation	2,578,367	2,785,184	2,590,285	2,342,587	2,469,829	2,161,492	3,057,061	3,314,348	3,272,959	3,639,456
Nondepartmental	-	-	-	-	-	-	-	-	-	-
Capital outlay	15,166,435	8,017,009	9,542,830	5,654,441	2,941,263	1,850,400	4,011,144	4,166,380	-	-
Debt service:										
Interest	169,984	463,423	460,974	637,342	590,511	536,680	499,535	431,184	299,374	276,541
Insurance costs	-	-	-	-	-	-	42,500	-	-	-
Principal	662,789	1,121,880	1,208,584	1,450,853	1,357,814	1,411,275	2,506,019	4,431,604	1,661,862	2,047,926
Grants and aids	3,000	-	-	-	-	-	-	-	-	-
Total expenditures	43,243,168	38,276,358	39,991,492	36,946,442	35,061,285	35,593,364	42,065,327	48,443,663	40,690,794	45,070,792
Excess of revenues over (under) expenditures	(5,750,208)	(5,008,262)	(7,743,448)	(3,670,313)	(2,170,597)	(373,846)	(5,678,392)	(11,012,927)	(3,590,772)	(6,787,142)
Other Financing Sources (Uses)										
Sale of capital assets	-	-	24,024	-	-	-	-	-	58,065	-
Capital leases proceeds	-	-	5,316,963	-	-	-	-	-	-	510,795
Note proceeds	9,570,000	-	-	-	-	-	2,260,500	4,147,929	960,000	1,825,000
Transfers in	4,075,440	3,948,047	4,074,407	4,990,969	4,328,103	5,630,730	5,013,804	4,863,012	5,065,882	7,378,888
Transfers out	(1,285,740)	(1,026,878)	(1,170,407)	(1,893,219)	(1,048,303)	(2,160,541)	(1,335,374)	(963,882)	(932,822)	(1,394,225)
Total other financing sources (uses)	12,359,700	2,921,169	8,244,987	3,097,750	3,279,800	3,470,189	5,938,930	8,047,059	5,151,125	8,320,458
Net change in fund balances	\$ 6,609,492	\$ (2,087,093)	\$ 501,539	\$ (572,563)	\$ 1,109,203	\$ 3,096,343	\$ 260,538	\$ (2,965,868)	\$ 1,560,353	\$ 1,533,316
Debt service as a percentage of non-capital expenditures	3.0%	5.2%	5.5%	6.7%	6.1%	5.8%	7.9%	11.0%	4.8%	5.2%

Schedule 5
City of Apopka
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended Sept. 30	Residential Property	Commercial Property	Industrial Property	Total Assessed Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2007	\$ 1,429,082	\$ 532,100	\$ 85,898	\$ 2,047,080	\$ 367,553	\$ 1,679,527	3.7619
2008	1,865,789	575,106	102,077	2,542,972	385,550	2,157,422	3.1738
2009	2,307,557	673,468	118,556	3,099,581	425,626	2,673,955	3.5168
2010	2,406,309	794,122	124,550	3,324,981	737,387	2,587,594	3.5168
2011	2,125,229	768,370	132,755	3,026,354	757,036	2,269,318	3.5166
2012	1,872,903	708,303	116,618	2,697,824	757,328	1,940,496	3.5164
2013	1,803,977	762,590	166,731	2,733,298	801,139	1,932,159	3.5161
2014	2,005,159	776,287	215,802	2,997,248	825,329	2,171,919	3.4727
2015	2,113,495	893,438	248,369	3,255,302	821,435	2,433,867	3.2876
2016	2,334,436	923,975	241,493	3,499,904	841,688	2,658,217	3.2876

Note: Property in the City is reassessed each year. Totals shown are per \$1,000.

Schedule 6
City of Apopka
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Fiscal Year	City Direct Rates		Overlapping Rates			
	Basic Rate	Total Direct	Orange County	Orange County School Board	St. John's Water Management District	Library
2007	3.7619	3.7619	5.1639	7.1690	0.4620	0.4325
2008	3.1738	3.1738	5.1639	7.1690	0.4620	0.4325
2009	3.5168	3.5168	4.4347	7.1210	0.4158	0.3748
2010	3.5168	3.5168	4.4347	7.6730	0.4158	0.3748
2011	3.5166	3.5166	4.4347	7.8940	0.4158	0.3748
2012	3.5164	3.5164	4.4347	7.8940	0.4158	0.3748
2013	3.5161	3.5161	4.4347	8.4780	0.3313	0.3748
2014	3.4727	3.4727	4.4347	8.3620	0.3283	0.3748
2015	3.2876	3.2876	4.4347	8.4740	0.3164	0.3748
2016	3.2876	3.2876	4.4347	8.2180	0.3023	0.3748

Source: Orange County Property Appraiser's Office – Roger Ross 407.836.5074

Schedule 7
City of Apopka
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
TriQuint, Inc.	\$ 82,201,751	1	3.09%	-		
Coca Cola	79,631,777	2	3.00%	-		
Duke Energy	42,965,347	3	1.62%	-		
Embarq (Sprint United Mgmt Co.)	34,124,546	4	1.28%	-		
Woolbright Wekiva LLC	16,621,782	5	0.63%	20,750,887	2	1.24%
SPT WAH Willow Lake LLC	15,865,428	6	0.60%	-		
Oakmont Apopka Road LLC	12,242,198	7	0.46%	-		
Apopka Associates 2006 LLC	11,975,783	8	0.45%	12,554,132	6	0.75%
Palm Key II Limited Partnership	11,556,842	9	0.43%	-		
Wal-Mart Stores East LP	11,350,526	10	0.43%	10,845,075	9	0.65%
Total	\$ 318,535,980		11.99%	\$ 44,150,094		2.64%

Source: Orange County Property Appraiser's Office Annual Report.

Contact: Roger Ross 407.836.5074

**Schedule 8
City of Apopka
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended Sept. 30,	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
2007	\$ 9,001,580	\$ 8,633,048	95.91%	\$ 30,426	8,663,474	96.24%
2008	9,311,996	8,903,340	95.61%	16,290	8,919,629	95.79%
2009	9,944,988	9,527,653	95.80%	5,119	9,532,772	95.86%
2010	8,785,190	8,429,895	95.96%	15,192	8,445,087	96.13%
2011	7,557,782	7,254,684	95.99%	23,115	7,277,799	96.30%
2012	7,175,940	6,881,747	95.90%	73,339	6,955,086	96.92%
2013	6,800,777	6,648,428	97.76%	29,207	6,677,635	98.19%
2014	6,949,031	6,754,188	97.20%	34,816	6,789,003	97.70%
2015	7,129,637	6,754,188	94.73%	34,816	6,789,003	95.22%
2016	8,003,262	7,833,130	97.87%	40,901	7,874,031	98.39%

Source: Orange County Tax Collector's Office

* Years 2007 through 2011 Collections restated for presentation purposes

* Includes CRA Ad Valorem Taxes

Schedule 9
City of Apopka
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	Bonds Payable	Notes Payable	Capital Leases	Utility Revenue Bonds	Notes Payable	Capital Leases					
2007	\$ 369,000	\$ 12,062,000	\$ 572,258	\$ 22,585,000	\$ 233,000	\$ 1,978,982	\$	\$ 37,228,418	3.99%	942	
2008	338,250	11,091,000	452,128	22,040,000	114,000	1,342,550		34,847,061	3.55%	865	
2009	307,500	10,015,000	5,667,257	22,040,000	-	662,994		38,203,028	3.77%	945	
2010	276,750	9,150,000	5,112,154	21,475,000	-	405,569		35,971,178	3.35%	866	
2011	246,000	8,390,000	4,545,090	20,260,000	-	137,849		33,172,311	2.96%	788	
2012	215,250	7,600,000	3,954,566	19,615,000	-	19,547		31,046,526	2.65%	725	
2013	184,500	7,900,500	3,439,297	17,435,000	-	-		30,315,123	2.43%	687	
2014	153,750	11,086,872	-	16,725,000	1,100,000	-		30,398,618	2.19%	666	
2015	656,185	10,460,622	-	17,660,334	982,000	-		31,284,141	2.15%	672	
2016	502,973	9,926,372	410,256	16,703,511	740,000	-		29,736,623	2.28%	615	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

^a See Schedule 14 for personal income and population data.

Schedule 10
City of Apopka
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Utility Revenue Bonds						Coverage
	Utility Service Charges (1)	Less: Operating Expenses (2)	Net Available Revenue		Debt Service		
			Principal	Interest	Principal	Interest	
2007	\$ 18,337,328	\$ 8,599,615	\$ 9,737,713	\$ 525,000	\$ 1,059,068	6.15	
2008	14,003,169	9,264,344	4,738,825	545,000	1,040,693	2.99	
2009	14,183,525	9,416,675	4,766,850	565,000	1,018,893	3.01	
2010	14,059,783	9,022,371	5,037,412	595,000	980,080	3.20	
2011	15,107,926	9,121,388	5,986,538	620,000	952,743	3.81	
2012	16,492,461	9,273,523	7,218,938	645,000	938,793	4.56	
2013	17,195,808	10,285,915	6,909,893	630,000	761,099	4.97	
2014	17,130,614	10,421,678	6,708,936	710,000	623,400	5.03	
2015	19,542,432	10,900,642	8,641,790	725,000	609,200	6.48	
2016	20,627,268	10,988,999	9,638,269	750,000	576,200	7.27	

Note: (1) Gross Pledged Revenues include operating revenues, connection fees (Fund 401), and impact fees (403) Contributions from grants and disposal of fixed assets are not included.

(2) Direct operating expenses include all personnel expenses and operating expenses (less depreciation) as per the Statement of Revenue and Expenditures (Fund 401).

Source: City of Apopka Finance Department

Schedule 11
City of Apopka
Direct and Overlapping Governmental Activities Debt

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Orange County School District**	\$ 1,283,016,298	2.43%	\$ 31,170,865
City Direct Debt (Governmental Activities)		100%	<u>10,839,601</u>
Total Direct and Overlapping Debt			<u><u>\$ 42,010,466</u></u>

Source: Assessed value data used to estimate applicable percentage provided by the Orange County Property Appraiser (FORM DR-403V). Debt outstanding provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Apopka. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, is responsible for repaying the debt, of each overlapping government.

* For debt repaid with property taxes, the percentage of overlapping debt was determined by taking the City's assessed taxable value and dividing it by Orange County's assessed taxable value.

** Debt outstanding as of June 30, 2016

Schedule 12
City of Apopka
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2007	39,508	\$ 933,554	\$ 23,629	34.7	13.4	15,627	4.6%
2008	40,280	980,349	24,338	34.7	13.4	15,389	6.4%
2009	40,406	1,012,919	25,069	38.7	13.4	16,189	10.6%
2010	41,542	1,072,638	25,821	38.7	13.4	16,371	11.6%
2011	42,089	1,119,365	26,595	38.7	13.4	16,151	10.4%
2012	42,805	1,172,559	27,393	35.4	13.4	16,351	8.0%
2013	44,129	1,245,100	28,215	35.4	13.4	16,351	5.6%
2014	45,669	1,385,049	30,328	34.1	13.4	16,840	5.1%
2015	46,561	1,454,473	31,238	34.1	13.4	16,922	4.2%
2016	48,382	1,306,846	27,011	36.6	13.4	17,512	4.0%

Sources: U.S. Census Bureau and www.bestplaces.net
Orlando Economic Development Commission

Community Development Dept. for annually updated population figure from the University of Florida
School Enrollment information www.ocps.net Enrollment Summaries

**Schedule 13
City of Apopka
Principal Employers
Current Year and Nine Years Ago**

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
CenturyLink (formerly Embarq & Sprint)	2,213	1	4.57%	518	3	2.87%
Wal-Mart Supercenter	818	2	1.69%	615	2	3.41%
Northrop Grumman	800	3	1.65%	935	1	5.19%
TriQuint (formerly Sawtek)	713	4	1.47%	447	4	2.48%
Qorvo	580	5	1.20%			
Florida Hospital - Apopka	577	6	1.19%	248	10	1.38%
Publix	445	7	0.92%			
Randall Mechanical	438	8	0.91%			
City of Apopka	419	9	0.87%	418	5	2.32%
Orange County Schools	398	10	0.82%			
Energy Air Inc (relocated)				368	6	2.04%
Finfrock Construction Inc.				305	7	1.69%
Florida Living Nursing Center				281	8	1.56%
Apopka High School				248	9	1.38%
Total	7,401		15.29%	4,383		24.32%
						18,024

Source: City of Apopka Finance Department survey of local businesses

Schedule 14
City of Apopka
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General government										
Administration	15	15	14	13	14	13	11	10	11	11
Finance	13	10	9	9	9	8	9	8	9	11
Human resources	3	3	3	3	3	3	3	3	3	4
Planning	11	10	8	8	7	7	8	8	7	8
Building	7	7	7	7	7	6	6	6	6	7
IT	4	5	5	6	6	7	7	7	5	6
Police										
Officers	77	85	85	91	91	88	90	90	90	97
Civilians	10	9	8	32	32	35	35	31	32	37
Fire										
Firefighters and officers	80	81	81	80	80	80	75	78	77	81
Civilians	23	20	18	2	2	3	6	2	3	2
Sanitation	16	17	17	17	17	16	16	18	17	18
Other public works										
Administration	8	8	7	7	7	7	9	9	8	9
Engineering	5	5	4	4	4	3	6	7	7	8
Purchasing	-	-	-	-	-	-	-	-	-	-
Construction	14	10	8	7	6	6	7	7	7	13
Fleet	10	10	8	10	10	11	11	11	9	13
Streets	8	9	8	8	9	8	9	7	8	16
Cemetery	2	2	2	2	2	1	2	2	2	2
Parks and recreation	34	33	28	28	28	27	28	25	28	20
Water	18	22	22	21	21	22	22	21	19	17
Wastewater	22	26	22	23	22	21	20	21	19	20
Total	380	387	364	376	377	372	380	371	367	400

Source: City Finance Department

Schedule 15
City of Apopka
Operating Indicators by Function/Program

Function/Program	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police										
Physical arrests	1,556	1,897	2,374	2,147	1,523	1,414	1,011	1,505	1,426	1,311
Parking violations	104	39	11	117	32	157	424	152	177	235
Traffic violations	5,747	6,813	4,481	3,521	2,283	1,764	3,636	3,459	3,522	2,058
Red Light Violations	681	269	9,735	13,870	16,754	22,422	27,630	22,283	23,204	31,773
Fire										
Emergency responses	6,960	6,242	5,859	5,433	5,093	5,418	4,973	5,298	5,563	6,523
Fires extinguished	218	174	135	163	158	143	103	110	107	138
Inspections	5,782	5,669	5,451	2,324	2,614	2,444	2,120	2,740	2,738	2,706
Refuse collection										
Refuse collected (tons per day)	67.1	64.3	74.5	73.5	74.7	73.9	60.3	86.6	91.2	96
Recyclables collected (tons per day)	5.5	6.3	5.9	5.7	5.6	5.7	5.8	5.8	5.2	4
Other public works										
Street resurfacing (miles)	6.8	6.8	2.4	4.0	-	-	-	2.4	-	2
Parks and recreation										
Athletic leagues										
Athletic leagues participants	344,064	529,140	436,622	4,062	3,201	2,175	2,375	2,415	2,395	2,453
Senior and Adult programs	397	373	281	9	14	10	10	13	11	13
Children's programs	-	-	-	4	4	5	5	6	6	7
Facility rental permits	321	1,002	2,048	2,861	666	3,269	3,327	3,423	3,368	3,393
Water										
New connections	638	278	246	270	239	333	405	427	356	670
Average daily consumption (millions of gallons)	8.53	8.27	7.57	7.54	7.35	7.01	6.79	6.82	7.16	8
Peak daily consumption (millions of gallons)	12.69	14.91	14.68	12.44	12.35	9.90	11.02	9.69	10.88	11
Wastewater										
Average daily sewage treatment (millions of gallons)	2.89	2.96	2.64	2.66	2.59	2.62	2.76	2.89	3.07	3
Reclaimed Water										
New connections	-	-	202	219	183	207	261	409	300	402
Average daily consumption (millions of gallons)	-	-	5.63	5.51	6.03	6.06	5.49	5.64	6.10	7
Peak daily consumption (millions of gallons)	-	-	9.31	9.61	10.61	9.85	9.39	9.62	11.00	11

Sources: Various City departments.

Note: Indicators are not available for the general government function.

Schedule 16
City of Apopka
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	78	76	80	44	54	78	105	105	105	108
Fire stations	4	4	4	4	4	4	4	4	4	4
Refuse collection										
Collection trucks	12	12	16	16	16	17	15	19	19	19
Other public works										
Streets (miles)	186.7	193	195	203	203	203	203	266	300	303
Streetlights	134	134	134	134	134	134	134	134	134	134
Traffic signals	29	30	27	28	32	32	32	33	34	34
Parks and recreation										
Acreage	182.7	221.2	265.18	265.18	265.18	265.18	265.18	265.18	265.18	265
Playgrounds	7	7	7	7	7	7	7	7	7	7
Baseball/softball diamonds	14	14	14	14	14	14	14	14	14	14
Soccer/football fields	14	15	15	15	15	15	16	16	16	16
Community centers	4	4	4	4	4	4	4	4	4	4
Water										
Water mains (miles)	242.24	251	259	266	268	268	270	313	337	341
Fire hydrants	1298	1348	1381	1403	1414	1429	1435	1691	1781	1,813
Total system capacity (millions of gallons)	47.02	47.02	46.84	46.84	46.84	46.84	46.84	46.84	46.84	46.84
Wastewater										
Sanitary sewers (miles)	202.59	206	210	217	218	218	219	245	250	254
Storm sewers (miles)	21.23	24	26	96	96	96	96	125	109	111
Treatment capacity (millions of gallons)	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	5
Lift stations	104	111	108	111	112	112	113	115	116	120
Reclaimed Water										
Reclaimed water mains (miles)	-	-	104	113	117	118	126	130	133	137
Total system capacity (millions of gallons)	-	-	15.55	15.55	15.55	15.55	26.35	26.35	26.35	31

Sources: Various City departments.

COMPLIANCE SECTION

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MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

**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
Members of the City Commission
City of Apopka, Florida

We have audited, in accordance with the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Apopka, Florida (the "City") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 19, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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. We consider the deficiencies described in the accompanying Schedule of Findings and Recommendations to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Recommendations to be significant deficiencies.

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

The Honorable Mayor and
Members of the City Commission
City of Apopka, Florida

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated April 19, 2017.

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.

A handwritten signature in blue ink that reads "Moore Stephens Lovelace, P.A.".

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
April 19, 2017

CITY OF APOPKA, FLORIDA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Fiscal Year Ended September 30, 2016

Prior Year Findings

Type: Material Weakness

2014-002 APPROVE AND REVIEW JOURNAL ENTRIES

Finding:

During our audit, it was noted that journal entries were not being reviewed and approved prior to posting.

Criteria:

All entries should be initialed by a preparer and the individual approving them in order to attribute responsibility to the appropriate individuals.

Cause:

Due to management turnover in the current year, journal entries were not being reviewed.

Effect:

Absence of an adequate review process could lead to improper posting, or misleading information reported in the City's financial statements.

Recommendation:

We recommend that the City implement procedures to ensure that all journal entries are reviewed and proper approval has been documented.

Current Year Status:

We consider this finding to be resolved. However, due to various staff vacancies, in several key positions, we've incorporated parts of this finding into a separate observation. Please see MLO 2016-001 for further details.

CITY OF APOPKA, FLORIDA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Fiscal Year Ended September 30, 2016

Prior Year Findings (*Continued*)

Type: Significant Deficiency

2014-004 BANK RECONCILIATIONS

Finding:

During our current-year audit of the City's financial statements, it was noted that bank reconciliations were not reviewed and approved after completion. Furthermore, some items on the reconciliation were from prior accounting periods.

Criteria:

Monitoring of accurate bank reconciliations is a key to maintaining adequate control over both cash receipts and disbursements.

Cause:

Due to several changes in management positions during the year, cash reconciliations were not reviewed and approved.

Effect:

Without monitoring of the City's bank reconciliations, accurate information may not be appropriately captured and reflected in the City's trial balance.

Current Year Status:

We consider this finding to be resolved. However, due to various staff vacancies, in several key positions, we've incorporated parts of this finding into a separate observation. Please see MLO 2016-001 for further details.

CITY OF APOPKA, FLORIDA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Fiscal Year Ended September 30, 2016

Prior Year Findings (*Continued*)

Type: Significant Deficiency

2014-005 ACCOUNTS PAYABLE - VENDORS

Finding:

The Accounts Payable Clerk has access to enter vendors into the accounting system, and does so as part of their job duties.

Criteria:

Internal control over purchases, accounts payable, and cash disbursements is most effective when there is a clear separation of duties between the Purchasing Department and the Accounts Payable Department.

Cause:

Management has not evaluated its current policies and procedures and identified areas of improvement.

Effect:

Since the Accounts Payable Clerk has access to enter vendors into the system, the risk exists for the Accounts Payable Clerk to potentially enter a fictitious vendor and issue a payment to the fictitious vendor.

Recommendation:

We recommend that the Accounts Payable Clerk not have access to enter vendors into the accounting system or add compensating controls to mitigate the risk noted above. We also recommend that management review the current assignment of accounting functions.

Current Year Status:

The City has implemented procedures to address this finding and we consider it resolved.

CITY OF APOPKA, FLORIDA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Fiscal Year Ended September 30, 2016

Prior Year Findings (*Continued*)

Type: Significant Deficiency

2014-006 CASH RECEIPTS - SEGREGATION OF DUTIES

Finding:

The City's Accounting Manager receives payments, prepares the bank deposit, makes the bank deposit and has access to post journal entries to both accounts receivable and cash accounts in the City's trial balance.

Criteria:

A good system of internal control provides for a proper segregation of the accounting functions. Proper internal controls require that no one person handle all elements of a single transaction.

Cause:

Management has not evaluated its current policies and procedures and identified areas of improvement.

Effect:

Without proper segregation of duties, the City's internal control may be susceptible to the risk of errors and fraud.

Recommendation:

We recommend that City management review the current assignment of accounting functions. Where possible, duties should be segregated to reduce the risk of errors or fraud.

Current Year Status:

The City has implemented procedures to address this finding and we consider it resolved.

CITY OF APOPKA, FLORIDA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Fiscal Year Ended September 30, 2016

Prior Year Findings (*Continued*)

Type: Significant Deficiency

2014-007 UTILITY DEPOSITS

Finding:

During our testing of the City's cash receipts process, we noted that the Utility Department does not verify its bank deposit for accuracy and completeness after its daily deposits are made.

Criteria:

Internal control over cash receipts is most effective when there are controls in place to help ensure accuracy and completeness. Implementing monitoring procedures over cash receipts improves internal controls.

Cause:

Management has not evaluated its current procedures and identified areas of improvement.

Effect:

Lack of monitoring over cash receipts may lead to inaccurate deposits in the City's bank accounts.

Recommendation:

We recommend that the City's Utility Department verify its bank deposit after the deposit has been made and posted to the City's bank account.

Current Year Status:

The City has implemented procedures to address this finding and we consider it resolved

CITY OF APOPKA, FLORIDA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Fiscal Year Ended September 30, 2016

Prior Year Findings (*Continued*)

Type: Significant Deficiency

2015-001 BANK RECONCILIATIONS - JOURNAL ENTRIES

Finding:

During our current-year audit of the City's financial statements, it was noted that bank reconciliations contained errors related to payroll accruals.

Criteria:

Review of accurate bank reconciliations is a key to maintaining adequate control over both cash receipts and disbursements.

Cause:

Cash reconciliations were not properly prepared and compared to final GL accounts.

Effect:

Without review of the City's bank reconciliations, accurate information may not be appropriately captured and reflected in the City's trial balance.

Recommendation:

We recommend that the bank reconciliations be reviewed for accuracy and completeness on a timely basis. This process should include tests of mathematical accuracy and tracing of items on the reconciliation to the relevant source documents. The composition of unreconciled and reconciled differences should be determined and followed up on, and any journal entries deemed necessary should be recorded. It should be noted that the City has already begun to implement procedures to address this finding.

Current Year Status:

The City has implemented procedures to address this finding and we consider it resolved.



MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR STATE PROJECT AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

The Honorable Mayor and
Members of the City Commission
City of Apopka, Florida

Report on Compliance for Each Major State Project

We have audited the compliance of the City of Apopka, Florida (the "City") with the types of compliance requirements described in the Department of Financial Services State Projects Compliance Supplement that could have a direct and material effect on each of its major state projects for the year ended September 30, 2016.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major state project 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 Chapter 10.550, *Rules of the Auditor General*. Those standards and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major state project identified in the accompanying Schedule of Findings and Questioned Costs 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 state project. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion on Each Major State Project

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state project identified in the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2016.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on the major state project to determine auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Chapter 10.550, *Rules of the Auditor General*, 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.

The Honorable Mayor and
Members of the City Commission
City of Apopka, Florida

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 state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project 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 state project 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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. 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.

Schedule of Expenditures of State Financial Assistance

We have audited the financial statements of the business-type activities of the City as of and for the year ended September 30, 2016, and have issued our report thereon dated April 19, 2017. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The accompanying Schedule of Expenditures of State Financial Assistance is presented for the purposes of additional analysis, as required by Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The 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 referred to above. Accordingly, this report is not suitable for any other purpose.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
April 19, 2017

CITY OF APOPKA, FLORIDA

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

Fiscal Year Ended September 30, 2016

<u>State Agency/Pass-Through Grantor/ Program Title or Cluster Title</u>	<u>State CSFA/ Number</u>	<u>Grant / Identifying Number</u>	<u>Amount Approved</u>	<u>State Expenditures</u>
<i>Florida Department of Environmental Protection</i>				
<i>Pass-through Agency</i>				
<i>St. John's Water Management District</i>				
Florida Springs Grant Program	37.052	28145	\$ 713,925	\$ 708,625
Water Protection and Sustainability Program	37.066	25373	2,450,000	<u>266,620</u>
<i>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</i>				<u>\$ 975,245</u>

Note 1 - Basis of Presentation

The schedule of expenditures of state financial assistance (the "schedule") is a summary of the activity of the City's state financial assistance presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The information in the schedule is presented in accordance with the requirements of Chapter 10.550, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF APOPKA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2016

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:

Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

State Projects

Internal control over major projects:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of report issued on compliance for major state projects:

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.557, *Rules of the Auditor General*?

Yes No

Identification of Major State Projects:

<u>CSFA Number</u>	<u>Name of State Project</u>
37.052	Florida Springs Grant Program

Dollar threshold used to distinguish between Type A and Type B projects: \$300,000

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS SECTION

None reported.

SECTION IV - PRIOR-YEAR AUDIT FINDINGS

Yes, see Schedule of Findings and Recommendations on pages 99-104.



MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Mayor and
Members of the City Commission
City of Apopka, Florida

We have examined the City of Apopka, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2016. 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, 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, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2016.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
April 19, 2017

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MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable Mayor and
Members of the City Commission
City of Apopka, Florida

Report on the Financial Statements

We have audited the basic financial statements of the City of Apopka, Florida (the "City") as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated April 19, 2017.

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; and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have also issued our 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*, Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control over Compliance and Report on Schedule of State Financial Assistance Required by Chapter 10.550, *Rules of the Auditor General*, Schedule of Findings and Questioned Costs, and our Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated April 19, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. These recommendations are listed in the attached Schedule of Observations and Recommendations.

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. The legal authority is disclosed in the notes to the financial statements.

The Honorable Mayor and
Members of the City Commission
City of Apopka, Florida

Financial Condition

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based, in part, on representations made by management and the review of financial information provided by same.

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7) *Rules of the Auditor General*, require that we report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services, pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

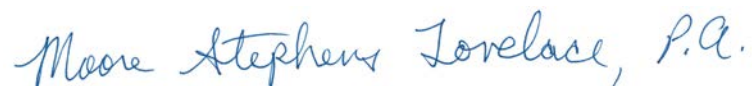
Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. These recommendations are listed in the attached Schedule of Observations and Recommendations.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address 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 have 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, the Mayor, City Commission, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
April 19, 2017

CITY OF APOPKA, FLORIDA
SCHEDULE OF OBSERVATIONS AND RECOMMENDATIONS
Fiscal Year Ended September 30, 2016

Prior Year Observations

MLO-2014-001 CHECK LOGS - ACCOUNTS PAYABLE

Observation:

The City does not maintain a check log when check stock is taken from the safe during its cash disbursement check print runs.

Criteria:

Internal control over cash disbursements is most effective when there are controls in place to maintain an inventory or tracking log over all check stock.

Cause:

Management has not evaluated its current policies and procedures and identified areas of improvement.

Effect:

Lack of a check log for all check stock could potentially lead to a misappropriation of checks used by the City if not properly monitored.

Recommendation:

We recommend that the City maintain a check log that tracks the first and last check numbers taken from its safe. The log should be initialed by the individual responsible for maintaining the check stock, as well as the individual removing the stock from the safe.

Current Year Status:

The City has implemented procedures to address this finding and we consider it resolved.

MLO-2014-002 PAYROLL - SEGREGATION OF DUTIES

Observation:

Our review of the City's payroll system disclosed that the person responsible for preparing the payroll also performs human resources functions, such as entering new employees and changing pay rates.

Criteria:

A good system of internal control provides for a proper segregation of the accounting functions. Proper internal controls require that no one person handle all elements of a single transaction.

Cause:

Management has not evaluated its current policies and procedures and identified areas of improvement.

Effect:

Without proper segregation of duties, the City's internal control may be susceptible to the risk of errors and fraud.

Recommendation:

According to best practices in internal control, we recommend that the City's management review the current assignment of accounting functions and evaluate whether individuals should have access to both payroll and human resources systems. Management should also identify any mitigating controls to address the risk noted above.

Current Year Status:

The City has implemented procedures to address this finding and we consider it resolved.

CITY OF APOPKA, FLORIDA
SCHEDULE OF OBSERVATIONS AND RECOMMENDATIONS
Fiscal Year Ended September 30, 2016

Prior Year Observations (*Continued*)

MLO-2014-003 PAYROLL APPROVAL

Observation:

Our review of the City's payroll system disclosed that the City does not have documented policies and procedures over departmental payroll review and approval.

Criteria:

The City should have written policies and procedures over its departmental payroll review and approval.

Cause:

Management has not evaluated its current policies and procedures and identified areas of improvement.

Effect:

Without written policies and procedures, internal control over information and communication may be affected.

Recommendation:

We recommend that the City create written policies and procedures over its departmental payroll review and approval process.

Current Year Status:

The City has implemented procedures to address this finding and we consider it resolved.

MLO-2015-001 OTHER POSTEMPLOYMENT BENEFITS (OPEB) VALUATION

Observation:

During our current-year audit of the City's financial statements, it was noted that the City had not obtained a current valuation of its OPEB benefits. The City was using an out-of-date valuation for its OPEB liability valuation. While the City did eventually receive a current valuation, it was only after the auditor notified the City of its requirements to receive a new valuation.

Criteria:

Per GASB Codification P50.108, OPEB plans with a total membership of 200 or more, should obtain actuarial valuations at least biennially.

Cause:

The City was not monitoring the requirements regarding the frequency of receiving its OPEB valuation.

Effect:

Without monitoring of the frequency of the City's OPEB valuation, accurate information may not be appropriately captured and reflected in the City's financial statements.

Recommendation:

We recommend that the City implement monitoring procedures regarding the frequency of obtaining its OPEB valuation.

Current Year Status:

The City has implemented procedures to address this finding and we consider it resolved.

CITY OF APOPKA, FLORIDA
SCHEDULE OF OBSERVATIONS AND RECOMMENDATIONS
Fiscal Year Ended September 30, 2016

Current Year Observations

MLO-2016-001 EMPLOYEE TURNOVER

Observation:

During our current-year audit of the City's financial statements, it was noted that the City had not completed some of its bank reconciliations in a timely manner. Furthermore, some of its journal entries were not reviewed and approved in accordance with the City's existing policies and procedures.

Criteria:

Preparing bank reconciliations and reviewing and approving journal entries are essential in ensuring accurate financial operations and strong internal controls.

Cause:

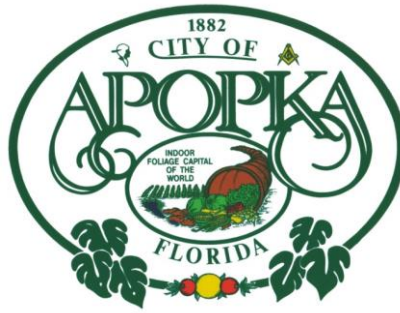
The City had significant turnover of key Finance personnel in the current year. The City's Accountant II and Accounting Manager positions were vacant during a portion of the year. Bank reconciliations and journal entries are the job duties of these positions.

Effect:

Not reconciling bank accounts and reviewing journal entries on a consistent basis means that errors or other problems might not be recognized and resolved in a timely manner.

Recommendation:

We recommend that the City implement cross-training procedures within the Finance Department. This will ensure that essential accounting functions can be carried out by various employees in the event of key personnel turnover.



120 East Main Street · APOPKA, FLORIDA 32704-1229
PHONE (407) 703-1700

April 19, 2017

Honorable Mayor, City Commissioners
City of Apopka
Apopka, Florida 32703

The City of Apopka strives to improve its financial performance. One Management Letter Observation (MLO) resulted from the FY2016 annual audit. Staff continues to review areas of improvement and document policies and procedures to ensure proper controls are in place to reduce the inherent risks. Changes in procedures should prevent the likelihood of future findings.

The following management letter observation and management's response is provided:

MLO 2016-001 EMPLOYEE TURNOVER

RECOMMENDATION:

During the audit, it was noted that the City had not completed some of its bank reconciliations in a timely manner. Further, some of their journal entries were not reviewed and approved in accordance with the City's existing policies and procedures. The City had significant turnover of key Finance personnel in the current year which was cause for the delays and lack of journal entry review. We recommend that the City implement cross training procedures within the Finance Department. This will ensure that essential accounting functions can be carried out by various employees in the event of key personnel turnover.

MANAGEMENT'S RESPONSE:

Concur. Both personnel vacancies in the Finance Department have been filled with competent and knowledgeable individuals. Management is working toward training and cross-training all Finance Department personnel to ensure all financial functions, including journal entry review and bank reconciliations, are performed in a timely and accurate manner.

We continue to strive to provide the highest level of financial services and reporting to the City of Apopka.

Respectfully submitted,

Glenn A. Irby, MPA
Chief Administrative Officer

Pamela N. Barclay, CPA
Finance Director

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