

CITY OF DeBARY, FLORIDA



Annual Financial Report For the Fiscal Year Ended September 30, 2015

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CITY OF DEBARY, FLORIDA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015



CITY COUNCIL

CLINT JOHNSON, MAYOR
LITA HANDY-PETERS, VICE MAYOR
MIKE BRADY
CHRIS CARSON
RICK DWYER

CITY MANAGER

DAN PARROTT

FINANCE DIRECTOR

ELIZABETH BAUER

INDEPENDENT AUDITORS

BMC CPAs, INC.

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CITY OF DEBARY, FLORIDA

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor, and
Members of the City Council
City of DeBary, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of DeBary, Florida (the "City"), as of and for the year ended September 30, 2015, 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of City of DeBary, Florida, as of September 30, 2015, and the respective changes in financial position and the respective budgetary comparisons for the General Fund, Solid Waste Fund, Stormwater Management Fund and Franchise Fees Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 15 to the financial statements, in the fiscal year ended September 30, 2015, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement Number 27*. Our opinion is not modified with respect to this matter.

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 Required Supplementary Schedules of Funding Progress - Other Postemployment Benefits Plan, 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 of DeBary, Florida's basic financial statements. The budgetary comparison for the major capital projects fund, the combining and individual nonmajor fund financial statements and individual nonmajor fund budgetary comparisons, 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 budgetary comparison for the major capital projects fund, the combining and individual nonmajor fund financial statements and individual nonmajor fund budgetary comparisons are the responsibility of management and were derived from and relate directly to the underlying accounting and other records

To the Honorable Mayor, and
Members of the City Council
City of DeBary, Florida
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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 budgetary comparison for the major capital projects fund, the combining and individual nonmajor fund financial statements and individual nonmajor fund budgetary comparisons are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2016, on our consideration of the City of DeBary, Florida'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 City of DeBary, Florida's internal control over financial reporting and compliance.

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March 29, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As financial management of City of DeBary, Florida, (hereinafter referred to as 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 that ended on September 30, 2015. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements, which follow this section, taken as a whole.

Financial Highlights

- The total assets of the City of DeBary, Florida exceeded its liabilities (net position) at the close of the most recent fiscal year by \$38.3 million, compared to \$37.6 million one year earlier. Of this amount, \$9.9 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- During 2015, gross revenues from governmental activities of the City increased by approximately \$0.2 million to a total of \$13.1 million, compared to a total of \$12.9 million in 2014. Expenses for governmental activities totaled \$12.4 million in 2015 compared to \$11.5 million in 2014.
- The City's total combined governmental fund net position (for the General, Solid Waste, Street Lighting District, Orlandia Heights Neighborhood Improvement District, Stormwater Management, Flood Improvement and Stormwater Improvements Capital Projects, and other non-major special revenue funds) increased by \$658,688 in 2015 compared to an increase of \$1,385,311 in 2014. This represents an increase of 1.8% above the prior year's net position.
- The City's governmental funds reported combined ending fund balances of \$10.2 million at the end of the current fiscal year, a decrease of \$2.3 million under the \$12.5 million from one year earlier. Approximately 54.1% of this amount or \$5.5 million is available for spending at the City's discretion (unassigned fund balance).
- At the end of fiscal year 2015, unassigned fund balance for the General Fund was \$5,545,057 or 52.1% of the total 2015 General Fund expenditures, which represents 190 days (or over 6 months) of excess funds. This represents a decrease of \$838,136 under the \$6,383,193 reported at the end of 2014.

Overview of the Financial Statements

The City's basic financial statements are comprised of three parts: 1) management's discussion and analysis, 2) the basic financial statements (including government-wide financial statements, fund financial statements, and notes to the financial statements), and 3) required supplementary information, including budgetary comparisons and other selected financial data.

Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the basic financial statements and required supplementary information. 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 include two kinds of statements that present different views of the City. The first two statements consist of entity-wide financial statements that provide both the short- and long-term financial information about the City's overall financial status, including its governmental activities. These 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 short-term and long-term debt are included. 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. These fund statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. The basic financial statements of the City include a statement of net position and a statement of activities, which are described as follows:

- A 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 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 increase 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 statement of activities presents the results of business operations over the course of the fiscal year and information as to how the City's net position changed during the year. All changes in net position are 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 such as delinquent taxes and earned but unused personal leave.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*government activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government services, public safety (police, fire and building inspection), highways and streets, solid waste, street lighting, stormwater management, and recreation and leisure services. The City did not operate any proprietary, or business-type, activities during the past fiscal year.

The basic entity-wide financial statements can be found on pages 27 and 29 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds - not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be readily converted into cash. Such information is useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on pages 33 and 39.

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Solid Waste (special revenue) Fund, the Stormwater Management (special revenue) Fund, the Franchise Fees (special revenue) Fund, and the Capital Projects Fund, all of which are considered to be major funds. Data from the seven other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriations budget for each of its governmental funds in accordance with state statutes. Budgetary comparison statements have been provided for each fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements and budgetary comparisons for the major governmental funds can be found on pages 30 to 44 of this report.

Notes to the Financial Statements. The financial statements also include notes which provide required disclosures and other information that are essential to a full understanding of material data provided in the 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 47 to 68 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information includes the schedules of funding progress and employer contributions for the City's Other Postemployment Benefits Plan. Required supplementary information can be found on page 71 of this report.

Other Supplementary Information. This section includes the financial information containing the combining and individual fund schedules and budgetary comparisons for the City's major capital projects funds and its other nonmajor governmental funds. Other supplemental information can be found on pages 75 to 89 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 combined net position increased from \$37,636,683 to \$38,295,371, which represents an increase of \$658,688 or 1.8%, over amounts reported last year. Of this amount, approximately 74.2% is either restricted as to the purposes they can be used for or is invested in capital assets (land, buildings, improvements, infrastructure, machinery and equipment), and is not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that under normal circumstances the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining portion represents the City's unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints of enabling legislation or other legal requirements, and totaled \$9,861,727, or 25.8% of total net position at the end of 2015.

The following is a summary of net position at year end:

Net Position		<u>Governmental Activities</u>	
September 30, 2015 and 2014		<u>2015</u>	<u>2014</u>
Assets:			
Current and other assets.....	\$ 11,384,001	\$ 13,411,092	
Capital assets, net.....	<u>36,296,689</u>	<u>34,207,068</u>	
Total assets.....	<u>47,680,690</u>	<u>47,618,160</u>	
Liabilities:			
Long-term debt outstanding.....	8,035,000	8,936,714	
Other liabilities.....	<u>1,350,319</u>	<u>1,044,763</u>	
Total liabilities.....	<u>9,385,319</u>	<u>9,981,477</u>	
Net position:			
Invested in capital assets, net of related debt.....	28,261,689	25,270,354	
Restricted.....	171,955	291,792	
Unrestricted.....	<u>9,861,727</u>	<u>12,074,537</u>	
Total net position.....	<u>\$ 38,295,371</u>	<u>\$ 37,636,683</u>	

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. During 2015, the City's combined net position increased by \$658,688, or 1.8% over the amount reported in the prior year. During this same period, the City's total revenues increased by \$214,075 to a total of \$13,099,396 compared to a total of \$12,885,321 in 2014. This increase is due primarily to a net increase of \$150,197 in capital grants and contributions and an increase of \$163,859 in charges for services. In 2015, revenues received from property and other taxes increased by \$67,421 compared to the prior year. During this same period, the amount received from unrestricted state revenue sharing decreased by \$74,599 and investment earnings increased by \$31,330.

During 2015, approximately 32.6% of the City's total revenue came from property taxes, and approximately 56.0 cents (compared to 56.4 cents in the prior year) of every dollar raised came from some type of tax (e.g. property taxes, sales tax, gas tax, utility tax, etc.). Approximately 8.5% of the City's revenues are received in the form of operating grants, capital grants and contributions. Another

25.8% came from fees charged for services, while most of the rest is state and federal shared revenues and other miscellaneous earnings (9.7%).

Expenses incurred to operate the City increased by \$940,698 in 2015, as was anticipated by management in the development of current year budget appropriations. Overall, combined governmental activities expenses totaled \$12,440,708 in 2015, compared to \$11,500,010 one year earlier. Overall individual departmental expenses increased with the exception of general government, economic environment and interest on long-term debt. The largest departmental monetary increase was recognized in the City's transportation expenses which rose by \$613,483 in 2015 primarily due to road resurfacing projects.

The following is a summary of changes in net position for the year:

Changes in Net Position
For the Years Ended September 30, 2015 and 2014

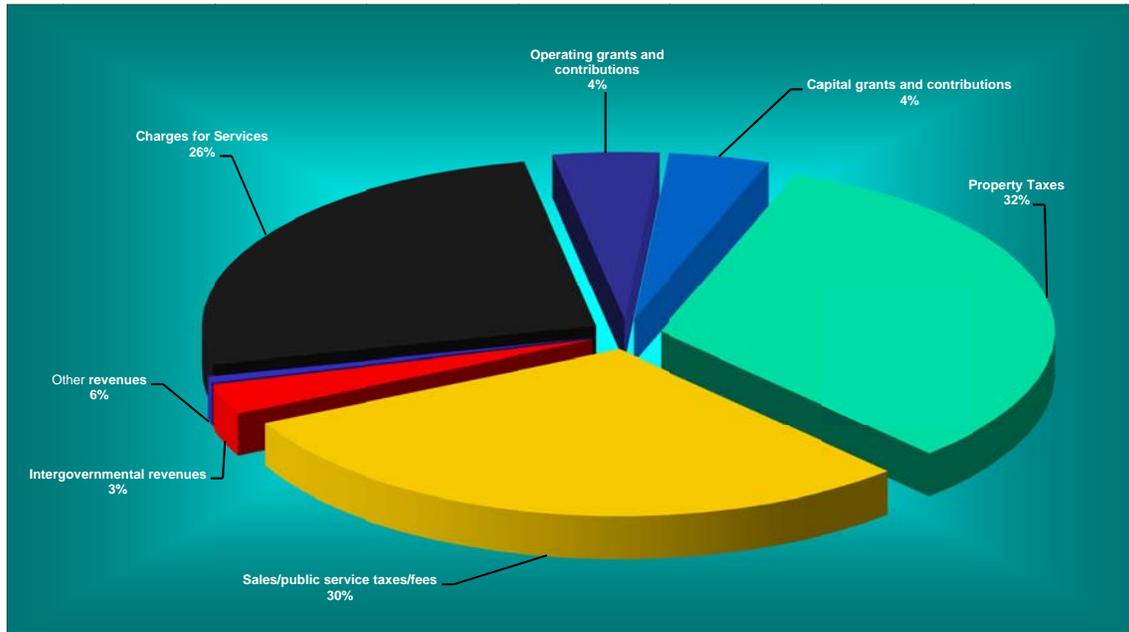
	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Revenues:		
Program revenues:		
Charges for services.....	\$ 3,378,455	\$ 3,214,596
Operating grants/other.....	564,356	539,110
Capital grants/other.....	543,236	393,039
General revenues:		
Property taxes.....	4,265,131	4,233,130
Other taxes.....	3,072,813	3,037,393
Franchise fees.....	806,328	777,518
Intergovernmental.....	389,331	459,371
Other revenues.....	<u>79,746</u>	<u>231,164</u>
Total revenues.....	<u>13,099,396</u>	<u>12,885,321</u>
Expenses:		
General government.....	1,423,589	2,319,210
Public safety.....	4,985,409	4,561,691
Physical environment.....	2,689,103	2,154,405
Transportation.....	1,999,673	1,386,190
Economic environment.....	10,000	55,920
Culture/recreation.....	1,069,947	729,388
Interest on long-term debt.....	<u>262,987</u>	<u>293,206</u>
Total expenses.....	<u>12,440,708</u>	<u>11,500,010</u>
Increase (decrease) in net assets.....	658,688	1,385,311
Net position, beginning of year.....	<u>37,636,683</u>	<u>36,251,372</u>
Net position, end of year.....	<u>\$ 38,295,371</u>	<u>\$ 37,636,683</u>

Governmental Activities

Revenues for the City's governmental activities experienced an increase during 2015. Overall, the City's governmental revenues totaled \$13,099,396, which represents an increase of \$214,075, or 1.7% over last year's reported governmental revenues totaling \$12,885,321. This increase was attributable to an increase in Program Revenues (charges for services/grants) in the amount of \$339,302 that was attributable to ongoing capital grant activity and higher collection of charges for services. The City also experienced a combined total increase of \$96,231 in franchise fees, property tax and other tax revenues.

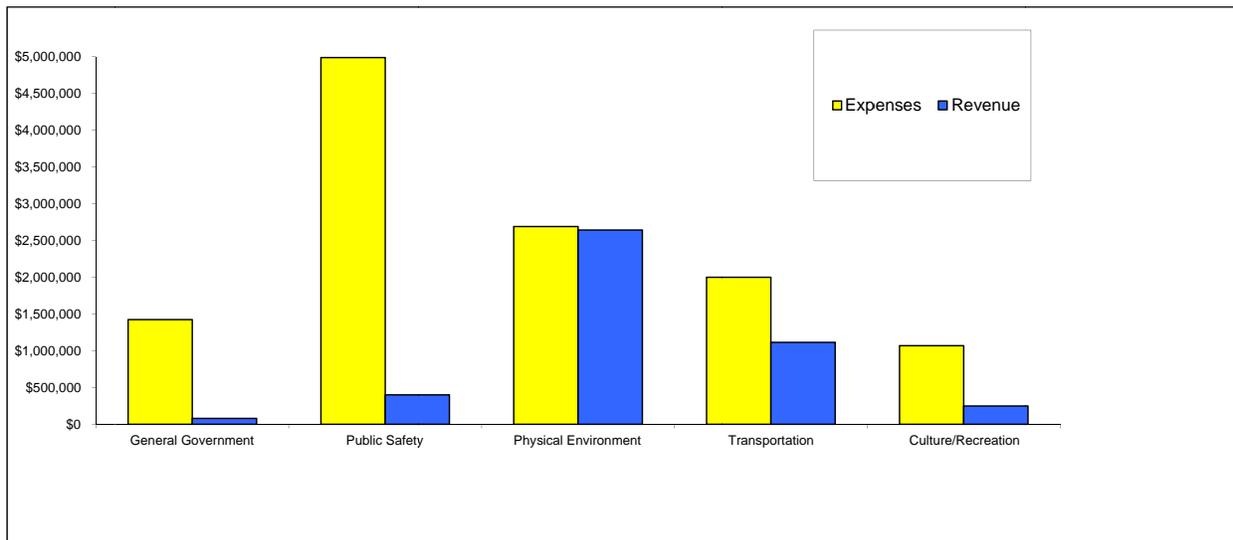
The City's governmental revenues are illustrated by source as follows:

Revenues by Source - Governmental Activities



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 of which each are dependent on taxes and other non-exchange revenues to subsidize their program operations. They are illustrated in the following graph:

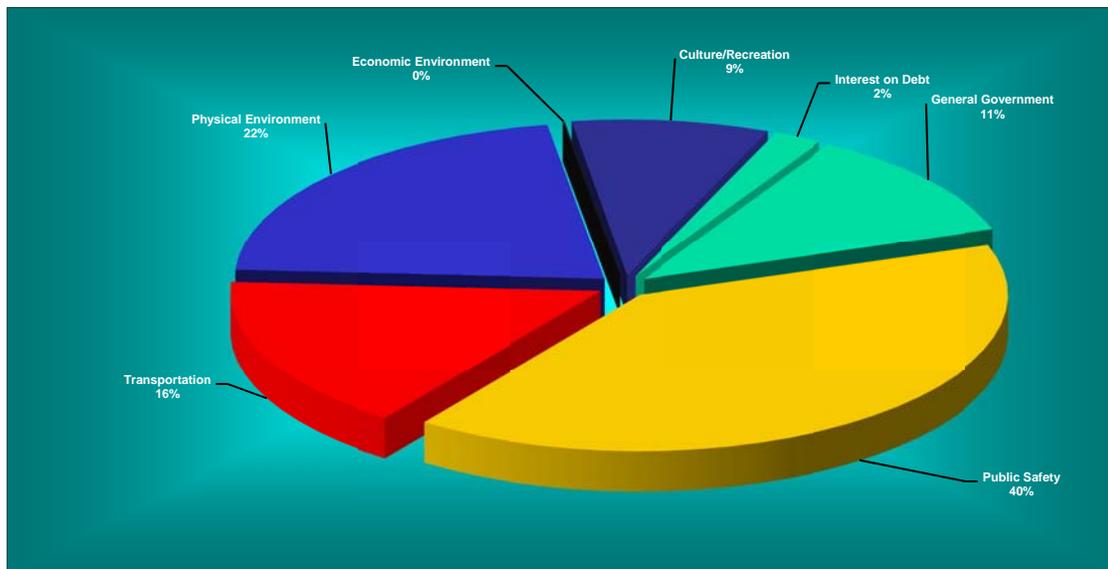
Expenses and Program Revenues - Governmental Activities



Expenses for the City’s governmental activities totaled \$12,440,708 for fiscal 2015, which represents an increase of \$940,698 or 8.2% over last year’s reported governmental expenditures totaling \$11,500,010. These expenses do not include amounts expended for capital outlay and for debt principal payments; however, they do include depreciation and amortization expense for the year.

Over the last several years, a trend has emerged with respect to a widening gap between program revenues and program expenses. While core governmental services, such as police and fire protection, are traditionally provided to citizens without user charges, the City is continuing to explore alternative means to recover the costs of specialized government services. Its non-core services have also recognized substantial increases over the years. These costs, mostly which are unanticipated, are typically financed through the accumulation of internal reserves. While these costs have been substantial in recent years, the City is continuing to take steps to re-examine the sufficiency of its operating reserves set aside for emergency purposes.

Expenses by Function - Governmental Activities



Financial Analysis of the City’s Funds

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

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

As the City completed the current fiscal year, its governmental funds reported a combined fund balance of \$10,247,018 which was \$2,320,344, or 18.5%, less than the \$12,567,362 reported last year. Approximately 53.7% of this amount (\$5,545,057) constitutes unassigned fund balance, which is available for spending at the government’s discretion. The remainder of fund balance is non-spendable, restricted, committed or assigned to indicate that it is not available for spending as follows:

Non-spendable – Net asset amounts totaling \$106,752 have been designated as non-spendable since they reflect the costs for payments for prepaid expenses carried over to the subsequent year;

Restricted – Net asset amounts totaling \$171,955 have been designated as restricted through externally imposed constraints since they are 1) public safety-building inspection fees that are restricted and can only be used for inspection related activities (\$107,518), 2) 2nd Local Option Gas Tax resources that are restricted for roadway expansion (\$21,953), 3) impact fees that are restricted and can only be used for parks and recreation improvement projects (\$21,117), and 4) impact fees that are restricted and can only be used for public building projects (\$21,367);

Committed – Net asset amounts totaling \$3,827,510 have been designated as committed from constraints imposed by the City Council since they can only be used 1) to finance specialized transportation costs (franchise fees - \$1,870,135), Orlandia Heights Neighborhood Improvement District costs (\$22,885) and street lighting district costs (\$323,643), 2) to fund capital projects (\$1,167,941), and 3) to fund economic opportunity projects (\$442,906) as designated by the Council;

Assigned – Net asset amounts totaling \$595,744 have been designated as assigned based on the City Council's intent that these funds be used for the specific purpose of 1) financing the operating costs of the solid waste program (\$416,121), 2) financing the costs of storm water management (\$99,121), and 3) for other non-major governmental programs (\$80,502); and

Unassigned – Net asset amounts totaling \$5,545,057 represents all residual amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

The general fund is the chief operating fund of the City. As of September 30, 2015, the unassigned fund balance in the general fund totaled \$5,545,057, while total fund balance was \$5,781,280. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 52.1% of total general fund expenditures (\$10,648,223), while total fund balance represents 54.3% of that same amount.

General Fund Budgetary Highlights

In fiscal year 2015, the City Council amended the General Fund operating budget for changes in various department appropriations, to increase and decrease amounts for expenditures as changes occurred during the year and for additional operating and public safety expenditures. Revenue projections were \$313,736 less than the actual revenues recognized during 2015. Actual expenditures in the General Fund for the current fiscal year were \$185,994 less than the \$10.8 million in budgetary amounts appropriated.

Capital Assets and Debt Administration

Capital Assets. At September 30, 2015, the City had \$45,715,641 invested in a broad range of capital assets, including land, buildings, park facilities, public works infrastructure and general government machinery and equipment. This is \$3,411,863 greater than the total of \$42,303,778 the City had invested in capital assets one year earlier. During 2015, the significant portion of the net increase was attributable to the construction of a new public safety complex and various streets, sidewalks, stormwater and other infrastructure improvements, and for the acquisition of easements and other municipal machinery and equipment. Accumulated depreciation on capital assets totaled \$9,418,952 and 8,096,710 at September 30, 2015 and 2014, respectively. The City's resultant net investment in capital assets totaled \$36,296,689 and 34,207,068 at September 30, 2015 and 2014, respectively.

This overall investment in capital assets, net of depreciation, for all governmental activities is reflected in the following schedule:

Capital Assets
September 30, 2015 and 2014

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Land.....	\$ 6,784,656	\$ 6,764,456
Construction in progress.....	916,452	1,398,826
Buildings.....	5,209,369	3,684,204
Infrastructure.....	30,088,437	28,431,458
Machinery and equipment.....	<u>2,716,727</u>	<u>2,024,834</u>
	45,715,641	42,303,778
Accumulated depreciation.....	<u>(9,418,952)</u>	<u>(8,096,710)</u>
Net investment in capital assets.....	<u>\$ 36,296,689</u>	<u>\$ 34,207,068</u>

Additional information on the City's capital assets can be found in Note 8 to the financial statements.

General Long-term Debt. At year end, the City had \$8,035,000 in promissory notes and capital lease obligations outstanding, which are secured solely by specified revenue streams and other sources, compared to \$8,936,714 one year earlier. These notes and leases are recorded on the statement of net position under the liabilities section and segregated into amounts due within one year and those amounts due in more than one year.

The following is a summary of the City's general long-term debt at year end:

General Long-Term Debt
September 30, 2015 and 2014

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Capital lease obligation.....	\$ -	\$ 51,714
Notes Payable:		
Series 2007 Revenue Note.....	-	400,000
Series 2009 Revenue Note.....	4,180,000	4,355,000
Series 2012 Revenue Note.....	<u>3,855,000</u>	<u>4,130,000</u>
	8,035,000	8,936,714
Other postemployment benefit obligation.....	26,357	20,554
Compensated absences.....	<u>108,330</u>	<u>87,728</u>
General long-term debt.....	<u>\$ 8,169,687</u>	<u>\$ 9,044,996</u>

At year end, the City also had a commitment to fund future earned, but unpaid, employee personal leave of \$108,330, which was slightly greater than the prior year's balance of \$87,728. The increase in 2015 was within anticipated levels. However, the significant reduction in 2014 was primarily the result of the retirement of two key employees with longevity with the City. Similarly, the actuarial computed value of the City's future postemployment benefit obligation totaled \$26,357 at September 30, 2015, compared to \$20,554 one year earlier.

Additional information on the City's general long-term debt can be found in Note 9 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 reasonable, and more importantly, capable of cost recovery. Some of the major factors considered in this process are the local economy, civilian labor force, unemployment rates, and inflation rates.

- The most recent estimates available for unemployment data in Volusia County, Florida, are compiled by the Florida Agency for Workforce Innovation on the Florida Research and Economic Information Database Application (FREIDA). This agency estimates a countywide unemployment rate of 5.5%, which is favorable to the 6.5% rate experienced one year earlier. These estimates are consistent with the state's current 5.4% unemployment rate. Nationwide, the unemployment rate is stated at 4.9%, as of September 2015.
- Inflationary trends for Volusia County are consistent with those trends experienced at the state and national levels.
- The overall Just Value of real and personal property on the 2015 levy (the ad valorem taxes from which will be received in fiscal 2016) increased 5.0% from \$1.986 billion to \$2,085 billion in October 2014 and 2015, respectively. However, the overall Taxable Value (Just Value less statutory exemptions) of real and personal property on the 2015 levy increased 3.1% from \$1.513 billion to \$1.559 billion in October 2014 and 2015, respectively. While property values have just started to reflect gains for the second consecutive year (in over seven years), the City is also facing many challenges in the fiscal year 2016 budget due to relatively unchanged revenue projections, a sluggish economy, and from the residual volatility in real estate property tax values. At the same time, the City is experiencing rising prices for many of its basic operating expenses, such as wages, operating supplies, utilities, and insurance costs.
- The City Council voted to keep the same operating millage for the 2015 levy at 2.9247 mills, which was 1.24% above the current rolled-back rate of 2.8888 mills, and the same as the 2.9247 mills in the 2014 levy. The rolled-back rate of 2.8888 mills is the reduced rate that produces the equivalent of no increase in current year ad valorem taxes when levied against appreciated current year taxable values.
- In developing its 2016 budget estimates, the City has not anticipated appropriating any significant prior year surplus reserve funds in the General Fund to balance the City's combined overall financing needs, which are estimated to be approximately \$12.0 million for fiscal 2016. Similarly, the City has appropriated \$335,000 and \$165,000 in prior year surplus reserve funds in the various special revenue funds and capital projects funds, respectively, in anticipation of balancing its combined overall financing needs in these funds, which are estimated to be approximately \$5.5 million and \$1.5 million, respectively, for fiscal 2016. In 2016, the combined overall annual operating budget for the City includes current period appropriations totaling \$19,061,302.

Requests 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 Office of the City Manager, City of DeBary, Florida, 16 Colomba Road, DeBary, Florida 32713.

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BASIC FINANCIAL STATEMENTS

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STATEMENT OF NET POSITION

September 30, 2015

CITY OF DEBARY, FLORIDA

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
<hr/>	
Assets:	
Equity in pooled cash and investments.....	\$ 10,743,748
Receivables, net of allowance for uncollectible accounts.....	241,137
Due from other governments.....	288,482
Prepaid expenses.....	110,634
Capital assets:	
Land and construction in progress.....	8,163,282
Other capital assets, net of depreciation.....	<u>28,133,407</u>
Total assets	<u>47,680,690</u>
Liabilities:	
Accounts payable and accrued liabilities.....	1,030,343
Customer deposits and unearned income.....	98,918
Accrued interest payable.....	86,371
Compensated absences obligation.....	108,330
Other postemployment benefit obligation.....	26,357
Bonds, notes, and other payables:	
Due or payable within one year.....	460,000
Due or payable in more than one year.....	<u>7,575,000</u>
Total liabilities	<u>9,385,319</u>
Net position:	
Invested in capital assets net of related debt	28,261,689
Restricted for:	
Public safety-inspection fees.....	107,518
Transportation improvements.....	21,953
Park Benefit impact fees.....	21,367
Public Buildings Benefit impact fees.....	21,117
Unrestricted	<u>9,861,727</u>
Total net position	<u>\$ 38,295,371</u>

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

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STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2015
 CITY OF DEBARY, FLORIDA

	Expenses	Program Revenue			Primary Government
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
General government.....	\$ 1,423,589	66,159	290	14,136	(1,343,004)
Public safety.....	4,985,409	401,415	-	-	(4,583,994)
Physical environment.....	2,689,103	2,297,204	-	343,832	(48,067)
Transportation.....	1,999,673	513,703	564,066	36,270	(885,634)
Economic environment.....	10,000	-	-	-	(10,000)
Culture/recreation.....	1,069,947	99,974	-	148,998	(820,975)
Interest on long-term debt	262,987	-	-	-	(262,987)
Total primary government.....	\$ 12,440,708	3,378,455	564,356	543,236	(7,954,661)
General revenues:					
Property taxes.....					4,265,131
Sales taxes.....					998,848
Public service taxes.....					2,073,965
Franchise fees.....					806,328
State revenue sharing.....					361,921
Other intergovernmental revenues.....					27,410
Investment earnings.....					31,862
Miscellaneous revenue.....					47,884
Total general revenues.....					8,613,349
Change in net position.....					658,688
Net position - beginning of year.....					37,636,683
Net position - ending.....					\$ 38,295,371

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

BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2015
CITY OF DEBARY, FLORIDA

	Special Revenue Funds			
	General	Solid Waste	Stormwater Management	Franchise Fees
Assets:				
Equity in pooled cash and investments.....	\$ 6,106,865	524,079	105,068	1,795,782
Receivables (net).....	152,650	-	-	88,487
Due from other governments.....	288,155	5	319	-
Prepays.....	<u>106,752</u>	<u>-</u>	<u>3,882</u>	<u>-</u>
Total assets.....	<u>\$ 6,654,422</u>	<u>524,084</u>	<u>109,269</u>	<u>1,884,269</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities.	\$ 786,480	107,963	10,148	14,134
Unearned revenue.....	<u>86,662</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities.....	<u>873,142</u>	<u>107,963</u>	<u>10,148</u>	<u>14,134</u>
Fund Balances:				
Nonspendable:				
Prepaid items.....	106,752	-	-	-
Restricted:				
Transportation-gas taxes.....	21,953	-	-	-
Public safety-inspection fees.....	107,518	-	-	-
Public buildings benefit impact fees.....	-	-	-	-
Park benefit impact fees.....	-	-	-	-
Committed:				
Franchise fees.....	-	-	-	1,870,135
Street lighting.....	-	-	-	-
Orlandia Heights improvements.....	-	-	-	-
Physical environment improvements.....	-	-	-	-
Economic opportunity.....	-	-	-	-
Assigned:				
Solid waste.....	-	416,121	-	-
Stormwater management.....	-	-	99,121	-
Other purposes.....	-	-	-	-
Unassigned.....	<u>5,545,057</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances.....	<u>5,781,280</u>	<u>416,121</u>	<u>99,121</u>	<u>1,870,135</u>
Total liabilities and fund balances ...	<u>\$ 6,654,422</u>	<u>524,084</u>	<u>109,269</u>	<u>1,884,269</u>

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

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
1,250,259	961,695	10,743,748
-	-	241,137
-	3	288,482
-	-	110,634
<u>1,250,259</u>	<u>961,698</u>	<u>11,384,001</u>
82,318	29,300	1,030,343
-	19,978	106,640
<u>82,318</u>	<u>49,278</u>	<u>1,136,983</u>
-	-	106,752
-	-	21,953
-	-	107,518
-	21,367	21,367
-	21,117	21,117
-	-	1,870,135
-	323,643	323,643
-	22,885	22,885
1,167,941	-	1,167,941
-	442,906	442,906
-	-	416,121
-	-	99,121
-	80,502	80,502
-	-	5,545,057
<u>1,167,941</u>	<u>912,420</u>	<u>10,247,018</u>
<u>1,250,259</u>	<u>961,698</u>	<u>11,384,001</u>

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**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

September 30, 2015

CITY OF DEBARY, FLORIDA

Fund balances - total governmental funds		\$ 10,247,018
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.....		36,296,689
Other long-term assets are not available to pay for current period expenditures and therefore are not reported in the funds. They consist of the following:		
Delinquent property taxes receivable.....		7,722
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds. These liabilities and other debt related deferred charges consist of the following:		
Bonds and notes payable.....	(8,035,000)	
Accrued interest payable.....	(86,371)	
Actuarially computed other post-employment benefits obligation.....	(26,357)	
Compensated absences.....	(108,330)	(8,256,058)
Net position of governmental activities.....		<u>\$ 38,295,371</u>

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

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Fiscal Year Ended September 30, 2015
CITY OF DEBARY, FLORIDA

	General	Special Revenue Funds		
		Solid Waste	Stormwater Management	Franchise Fees
Revenue:				
Taxes.....	\$ 6,852,659	-	-	-
Permits, fees and special assessments	336,136	-	869,530	806,328
Intergovernmental.....	1,667,323	-	-	-
Charges for services	164,601	1,427,674	-	-
Fines and forfeitures.....	64,891	-	-	-
Miscellaneous.....	<u>78,364</u>	<u>1,300</u>	<u>-</u>	<u>-</u>
Total revenue.....	<u>9,163,974</u>	<u>1,428,974</u>	<u>869,530</u>	<u>806,328</u>
Expenditures:				
Current:				
General Government:				
Mayor and Council.....	119,865	-	-	-
City Manager.....	420,420	-	-	-
Finance and administration.....	242,622	-	-	-
Legal.....	253,337	-	-	-
Planning/Community Development.....	253,086	-	-	-
Nondepartmental.....	<u>2,141,786</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>3,431,116</u>	<u>-</u>	<u>-</u>	<u>-</u>
Public Safety:				
Law enforcement.....	3,023,968	-	-	-
Fire safety.....	1,429,319	-	-	-
Protective inspection.....	310,168	-	-	-
Code enforcement.....	61,041	-	-	-
Emergency and disaster relief.....	16,702	-	-	-
Animal control.....	<u>68,149</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,909,347</u>	<u>-</u>	<u>-</u>	<u>-</u>
Physical environment.....	-	1,405,611	588,059	-
Transportation.....	1,007,394	-	-	255,700
Economic environment	-	-	-	-
Culture/recreation	839,343	-	-	-
Capital Outlay:				
Transportation.....	-	-	-	-
Physical environment	-	-	-	-
Debt Service:				
Principal retirement	451,715	-	450,000	-
Interest and fiscal charges.....	<u>9,308</u>	<u>-</u>	<u>265,721</u>	<u>-</u>
Total expenditures.....	<u>10,648,223</u>	<u>1,405,611</u>	<u>1,303,780</u>	<u>255,700</u>

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

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
-	-	6,852,659
-	484,325	2,496,319
343,832	-	2,011,155
-	290	1,592,565
-	-	64,891
-	83	79,747
<u>343,832</u>	<u>484,698</u>	<u>13,097,336</u>
-	-	119,865
-	-	420,420
-	-	242,622
-	-	253,337
-	-	253,086
-	-	2,141,786
-	-	3,431,116
-	-	3,023,968
-	-	1,429,319
-	-	310,168
-	-	61,041
-	-	16,702
-	-	68,149
-	-	4,909,347
-	-	1,993,670
-	490,872	1,753,966
-	10,000	10,000
-	-	839,343
20,200	-	20,200
1,177,878	105,416	1,283,294
-	-	901,715
-	-	275,029
<u>1,198,078</u>	<u>606,288</u>	<u>15,417,680</u>

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - (Continued)
For the Fiscal Year Ended September 30, 2015
CITY OF DEBARY, FLORIDA

	General	Special Revenue Funds		
		Solid Waste	Stormwater Management	Franchise Fees
Excess of revenue over (under) expenditures.....	\$ (1,484,249)	23,363	(434,250)	550,628
Other Financing Sources (Uses):				
Transfers in	1,734,561	-	531,720	-
Transfers out.....	(1,100,717)	-	-	(1,518,740)
Total other financing sources (uses).	633,844	-	531,720	(1,518,740)
Net changes in fund balances.....	(850,405)	23,363	97,470	(968,112)
Fund balances, beginning of year	6,631,685	392,758	1,651	2,838,247
Fund balances, end of year	\$ 5,781,280	416,121	99,121	1,870,135

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

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>(854,246)</u>	<u>(121,590)</u>	<u>(2,320,344)</u>
-	568,997	2,835,278
<u>-</u>	<u>(215,821)</u>	<u>(2,835,278)</u>
<u>-</u>	<u>353,176</u>	<u>-</u>
(854,246)	231,586	(2,320,344)
<u>2,022,187</u>	<u>680,834</u>	<u>12,567,362</u>
<u>1,167,941</u>	<u>912,420</u>	<u>10,247,018</u>

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

For the Fiscal Year Ended September 30, 2015
CITY OF DEBARY, FLORIDA

Net change in fund balances - total governmental funds.....		\$ (2,320,344)
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Amounts reported for governmental activities in the statement of activities
are different because:

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

Capital outlay expenditures.....	3,521,982	
Depreciation expense.....	(1,397,282)	
Book value of disposed assets.....	<u>(35,079)</u>	2,089,621

Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Principal repayments made on long-term debt obligations in the period.....		901,714
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds: Increase (decrease) in delinquent taxes.....		2,060
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Under the modified accrual basis of accounting used in the 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:

Change in accrued interest on bonds and notes payable.....	12,042	
Change in compensated absences liabilities.....	(20,602)	
Change in actuarially computed OPEB obligation.....	<u>(5,803)</u>	<u>(14,363)</u>

Change in net position of governmental activities.....		<u>\$ 658,688</u>
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The accompanying notes are an integral part of the financial statements.

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND**
For the Fiscal Year Ended September 30, 2015
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Taxes.....	\$ 6,685,150	6,784,150	6,852,659	68,509
Permits, fees and special assessments	315,400	330,400	336,136	5,736
Intergovernmental.....	1,401,885	1,522,885	1,667,323	144,438
Charges for services	151,253	151,253	164,601	13,348
Fines and forfeitures.....	32,200	32,200	64,891	32,691
Miscellaneous.....	<u>29,350</u>	<u>29,350</u>	<u>78,364</u>	<u>49,014</u>
Total revenue.....	<u>8,615,238</u>	<u>8,850,238</u>	<u>9,163,974</u>	<u>313,736</u>
Expenditures:				
General Government:				
Mayor and Council.....	131,528	131,528	119,865	11,663
City Manager.....	455,973	420,920	420,420	500
Finance and administration.....	260,402	260,402	242,622	17,780
Legal.....	121,500	253,795	253,337	458
Planning and community development....	376,890	318,195	253,086	65,109
Nondepartmental.....	<u>2,910,787</u>	<u>2,155,442</u>	<u>2,141,786</u>	<u>13,656</u>
	<u>4,257,080</u>	<u>3,540,282</u>	<u>3,431,116</u>	<u>109,166</u>
Public Safety:				
Law enforcement.....	3,006,301	3,024,301	3,023,968	333
Fire safety.....	1,420,703	1,429,703	1,429,319	384
Protective inspection.....	280,739	316,739	310,168	6,571
Code enforcement.....	58,419	62,819	61,041	1,778
Emergency and disaster relief.....	17,899	17,899	16,702	1,197
Animal control.....	<u>79,200</u>	<u>79,200</u>	<u>68,149</u>	<u>11,051</u>
	<u>4,863,261</u>	<u>4,930,661</u>	<u>4,909,347</u>	<u>21,314</u>
Transportation.....	<u>618,298</u>	<u>1,056,398</u>	<u>1,007,394</u>	<u>49,004</u>
Culture/recreation	<u>845,853</u>	<u>845,853</u>	<u>839,343</u>	<u>6,510</u>
Debt Service:				
Principal retirement	451,715	451,715	451,715	-
Interest and fiscal charges.....	<u>9,308</u>	<u>9,308</u>	<u>9,308</u>	<u>-</u>
	<u>461,023</u>	<u>461,023</u>	<u>461,023</u>	<u>-</u>
Total expenditures.....	<u>11,045,515</u>	<u>10,834,217</u>	<u>10,648,223</u>	<u>185,994</u>
Excess of revenue over (under) expenditures.....	<u>(2,430,277)</u>	<u>(1,983,979)</u>	<u>(1,484,249)</u>	<u>499,730</u>

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

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND**
For the Fiscal Year Ended September 30, 2015
CITY OF DEBARY, FLORIDA

Continued

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Other Financing Sources (Uses):				
Transfers in	\$ 1,465,561	1,734,561	1,734,561	-
Appropriated fund balance (contingency)...	1,014,000	1,462,304	-	(1,462,304)
Transfers out.....	<u>(49,284)</u>	<u>(1,212,886)</u>	<u>(1,100,717)</u>	<u>112,169</u>
Total other financing sources (uses).	<u>2,430,277</u>	<u>1,983,979</u>	<u>633,844</u>	<u>(1,350,135)</u>
Net changes in fund balances.....	-	-	(850,405)	(850,405)
Fund balances, beginning of year	<u>6,631,685</u>	<u>6,631,685</u>	<u>6,631,685</u>	-
Fund balances, end of year	<u>\$ 6,631,685</u>	<u>6,631,685</u>	<u>5,781,280</u>	<u>(850,405)</u>

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

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES BUDGET AND ACTUAL - SOLID WASTE (SPECIAL REVENUE) FUND**
For the Fiscal Year Ended September 30, 2015
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Charges for services.....	\$ 1,391,009	1,406,009	1,427,674	21,665
Miscellaneous	-	-	1,300	1,300
Total revenue.....	<u>1,391,009</u>	<u>1,406,009</u>	<u>1,428,974</u>	<u>22,965</u>
Expenditures:				
Current:				
Physical environment	<u>1,391,520</u>	<u>1,406,520</u>	<u>1,405,611</u>	<u>909</u>
Total expenditures.....	<u>1,391,520</u>	<u>1,406,520</u>	<u>1,405,611</u>	<u>909</u>
Excess of revenue over (under) expenditures.....	<u>(511)</u>	<u>(511)</u>	<u>23,363</u>	<u>23,874</u>
Other Financing Sources (Uses):				
Appropriated fund balance.....	<u>377,964</u>	<u>392,757</u>	<u>-</u>	<u>(392,757)</u>
Total other financing sources (uses).	<u>377,964</u>	<u>392,757</u>	<u>-</u>	<u>(392,757)</u>
Net changes in fund balances.....	377,453	392,246	23,363	(368,883)
Fund balances, beginning of year	<u>392,758</u>	<u>392,758</u>	<u>392,758</u>	<u>-</u>
Fund balances, end of year	<u>\$ 770,211</u>	<u>785,004</u>	<u>416,121</u>	<u>(368,883)</u>

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

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL - STORMWATER MANAGEMENT (SPECIAL REVENUE) FUND**
For the Fiscal Year Ended September 30, 2015
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Permits, fees and special assessments	\$ 851,000	851,000	869,530	18,530
Miscellaneous.....	-	-	-	-
Total revenue.....	<u>851,000</u>	<u>851,000</u>	<u>869,530</u>	<u>18,530</u>
Expenditures:				
Physical environment.....	<u>236,580</u>	<u>768,300</u>	<u>588,059</u>	<u>180,241</u>
Debt Service:				
Principal retirement	450,000	450,000	450,000	-
Interest and fiscal charges.....	<u>265,908</u>	<u>265,908</u>	<u>265,721</u>	<u>187</u>
	<u>715,908</u>	<u>715,908</u>	<u>715,721</u>	<u>187</u>
Total expenditures.....	<u>952,488</u>	<u>1,484,208</u>	<u>1,303,780</u>	<u>180,428</u>
Excess of revenue over (under) expenditures.....	<u>(101,488)</u>	<u>(633,208)</u>	<u>(434,250)</u>	<u>198,958</u>
Other Financing Sources (Uses):				
Transfers in	-	644,057	531,720	(112,337)
Appropriated fund balance.....	101,488	-	-	-
Contingency.....	-	<u>(10,849)</u>	-	<u>10,849</u>
Total other financing sources (uses).	<u>101,488</u>	<u>633,208</u>	<u>531,720</u>	<u>(101,488)</u>
Net changes in fund balances.....	-	-	97,470	97,470
Fund balances, beginning of year	<u>1,651</u>	<u>1,651</u>	<u>1,651</u>	-
Fund balances, end of year	<u>\$ 1,651</u>	<u>1,651</u>	<u>99,121</u>	<u>97,470</u>

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

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES BUDGET AND ACTUAL - FRANCHISE FEES (SPECIAL REVENUE) FUND**
For the Fiscal Year Ended September 30, 2015
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Permits, fees and special assessments	\$ 775,000	786,000	806,328	20,328
Total revenue.....	775,000	786,000	806,328	20,328
Expenditures:				
Current:				
Transportation.....	246,500	257,500	255,700	1,800
Total expenditures.....	246,500	257,500	255,700	1,800
Excess of revenue over (under) expenditures.....	528,500	528,500	550,628	22,128
Other Financing Sources (Uses):				
Appropriated fund balance.....	822,240	990,240	-	(990,240)
Transfers out.....	(1,350,740)	(1,518,740)	(1,518,740)	-
Total other financing sources (uses).	(528,500)	(528,500)	(1,518,740)	(990,240)
Net changes in fund balances.....	-	-	(968,112)	(968,112)
Fund balances, beginning of year	2,838,247	2,838,247	2,838,247	-
Fund balances, end of year	\$ 2,838,247	2,838,247	1,870,135	(968,112)

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

NOTES TO THE FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

September 30, 2015

CITY OF DEBARY, FLORIDA

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of City of DeBary, Florida (the "City"), have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the City's significant accounting policies.

A. Reporting Entity

The City of DeBary, Florida, was incorporated in September, 1993, as a political subdivision of the State of Florida located in Volusia County and adopted its first charter under the provisions of Senate Bill No. 2398 and the Municipal Home Rule Power Act, F.S. Ch. 166. The legislative branch of the City is composed of a five (5) member elected Council, including a city-wide elected mayor. The City Council is governed by the City Charter and by state and local laws and regulations. The City Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the City Manager.

The accompanying financial statements present the financial position, results of operations and cash flows of the applicable funds controlled by or dependent on the City. In evaluating the City as a reporting entity, management has addressed all potential component units for which the entity may or may not be financially accountable and, as such, be included within the City's financial statements.

Blended Component Unit. The Orlandia Heights Neighborhood Improvement District (created by referendum on February 4, 1999 and Resolution No. 99-03) is governed by a Board of Directors appointed by the City Council. The District was created to promote improvements of the district through the use of district assessments to finance all related improvements. Although legally separate, the District's relationship to the City is significant and its financial activities are reported on a blended basis as if it were part of the primary government as a special revenue fund.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements, comprised of the Statement of Net Position and the Statement of Activities, report aggregated information for the overall government for all of the activities of the primary government. These statements do not report business-type activities, fiduciary funds or fiduciary component units such as retirement trust funds. Those activities are reported only in fund financial statements, when required. The effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange revenues are reported separately from business-type activities, which are financed wholly or partially by fees charged to external parties for goods or services and are reported in enterprise funds. The City did not operate any business-type activities during the fiscal year.

The Statement of Net Position presents the overall government's financial position at year-end. The Statement of Activities presents direct expenses of a given function or segment offset by program revenues for the fiscal reporting period. The resulting net expense or revenue is then totaled and offset by general revenues producing the aggregate change in net position for the period. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment of the government, and (2) grants and contributions

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2015

CITY OF DEBARY, FLORIDA

that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other nonexchange revenues not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

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

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

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

Taxes, intergovernmental revenue, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized and grouped into four classes, based on their principal characteristics. The accounting treatment for each type of transaction is as follows:

Derived Tax Revenue, defined as assessments imposed on exchange transactions. Examples include: sales taxes, franchise tax, utility taxes, etc. Assets from derived tax revenue are recognized in the period when the exchange transaction on which the tax is imposed takes place, or when resources are received, whichever occurs first. Revenues are recognized, net of estimated uncollectible amounts, in the same period that the assets are recognized. Resources received in advance are recorded as deferred revenue until the period of the exchange.

Imposed Nonexchange Revenue, result from assessments on nongovernmental entities, other than assessments on exchange transactions. Examples include: ad valorem (property) taxes, fines and penalties, and property forfeitures. Assets from imposed nonexchange revenues are recognized in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Property taxes are recognized in the period for which the taxes are levied. All other imposed nonexchange revenues are recognized in the same period that the assets are recognized.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2015

CITY OF DEBARY, FLORIDA

Government-mandated Nonexchange Transactions, frequently establish eligibility requirements before a transaction can occur. Examples include federal awards and state financial assistance. Until the requirements are met, the recipient does not have a receivable and the recognition of revenue received in advance is deferred. The providers (usually federal, state, and county governments) often offer resources on a reimbursement (“expenditure-driven”) basis at the time the recipient has incurred allowable costs under the applicable program.

Voluntary Nonexchange Transactions, result from legislative or contractual agreements other than exchanges, entered into willingly by two or more parties. Examples include certain grants, entitlements, and donations by nongovernmental entities. Principal characteristics of these types of transactions are (1) they are not imposed on the provider or recipient, and (2) fulfillment of eligibility requirements is essential for a transaction to occur. Assets and revenues are recognized when all applicable eligibility requirements, including time requirements, are met. Resources received in advance are reported as deferred revenue.

The City’s accounts are organized on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of the governmental fund financial statements is on major funds, as defined and determined based on criteria established under Governmental Accounting Standards Boards Statement No. 34.

The City reports the following major governmental funds:

General Fund - The General Fund is the principal fund of the City which accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City are financed through revenues received by the General Fund.

Solid Waste (Special Revenue) Fund - The Solid Waste Fund is a special revenue fund used to account for user charges assessed for residential and commercial garbage/solid waste pickup and removal.

Stormwater Management (Special Revenue) Fund - This is a special revenue fund to provide and maintain stormwater drainage throughout the City, which is funded by assessments on real property located in the City.

Franchise Fees (Special Revenue) Fund – This is a special revenue fund established by the City as authorized under Chapter 166.232, Florida Statutes, to account for assessments made to the purchasers within the City of electricity and metered or bottled gas.

Capital Project Fund - This is a capital projects fund used to account for various stormwater improvement projects, special road and other transportation improvement projects conducted throughout the City as approved by the Council, all of which are funded through a combination of federal and state grants, proceeds from the issuance of long-term debt, and from transfers from the General Fund.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2015

CITY OF DEBARY, FLORIDA

Additionally, the City reports the following non-major fund types:

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources which are legally restricted (see Note 1(D)(10)) to finance particular functions or activities of the City. These funds include the City's Street Lighting District, Orlandia Heights Neighborhood Improvement District, Recycling, Tree Preservation, Economic Opportunity, Park Benefit Impact Fee, and Public Buildings Benefit Impact Funds.

Capital Projects Fund - Capital projects funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds). This fund includes the Ft. Florida Road Extension Capital Projects Fund.

Amounts reported in the funds as interfund receivables and payables have been eliminated in the governmental-type activities column.

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

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

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

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

The City's investment policies are governed by state statutes and local resolution. These policies authorize the City to invest in bonds, notes, certificates of indebtedness, treasury bills, or other securities which are guaranteed by the full faith and credit of the United States of America, interest bearing savings accounts, interest bearing certificates of deposit and interest bearing time deposits. All of the City's investments, when applicable, are reported at fair value.

2. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." There were no interfund loans at year end.

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2015

CITY OF DEBARY, FLORIDA

All unpaid property taxes receivable at year end are at least 180 days past due, at which time the applicable property is subject to lien, and penalties and interest are assessed.

3. Prepaid Items

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

4. Restricted Assets

Funds classified as restricted assets represent cash, cash equivalents and investments, which are designated by law, debt obligations or regulatory statutes. Funds classified as internally designated assets also represent cash, cash equivalents and investments for which the City has an obligation or the governing board has taken action to designate as limited by applicable legal indentures.

5. Capital Assets

Capital assets include property, plant, equipment and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the City. The City has elected to report all known infrastructure assets and related depreciation expense on all infrastructure assets in the entity-wide statement of net position and statement of activities.

Capital assets are defined by the City as assets with an initial individual cost of \$750 or more and an estimated useful life of more than one-year. The capitalization policy for building and improvements other than buildings require assets with an initial cost to be \$15,000 or greater before it is capitalized. For all infrastructure assets, costs must exceed \$15,000 or more before the assets are capitalized. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, but charged to operating expense as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed. Construction period interest is capitalized net of interest earned on unexpended construction funds and, therefore, depreciated over the remaining useful life of the related asset, when applicable.

Depreciation is reported for the primary government using the straight-line method (half-year convention in year of acquisition) calculated on a service-life basis to amortize the cost of the assets over their estimated economic useful lives, which are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	20-40 years
Improvements other than buildings	10-30 years
Equipment	3 -30 years
Infrastructure.....	20-40 years

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2015

CITY OF DEBARY, FLORIDA

The City has historically recorded all easements and rights of way that are determined to have limited useful lives at estimated fair market value on the date received. The City has elected to not retroactively report intangible assets that are determined to have indefinite useful lives. The City does not have any intangible assets previously subjected to amortization that have now been determined to have indefinite useful lives.

6. Accrued Payroll and Compensated Absences

The portion of payroll costs paid subsequent to year-end attributable to services performed prior to year-end, including accumulated unpaid vacation and sick-leave, is recorded and recognized as a current liability. The portion of the liability for compensated absences attributable to periods beyond the current year is recognized as a long-term liability. Each of the City's major governmental funds employ personnel and are responsible for liquidating compensated absence obligations.

The City's personnel policy permits employees to accumulate earned but unused personal leave benefits, which are eligible for payment upon separation from City service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences included salary related benefits, where applicable.

7. Unearned Revenue

Unearned revenues are reported when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

8. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount.

9. Deferred Outflows/Inflows of Resources

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

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

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2015

CITY OF DEBARY, FLORIDA

10. Fund Balance Flow Assumptions

Sometimes the entity will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

11. Fund Balance Policies

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable. This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted. This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation (i.e. when the government to assesses, levies, charges, or otherwise mandates payment of resources from external resource providers and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation). The City has classified unexpended inspection fees and impact fees as being restricted because their use is restricted by State Statute solely for funding public safety inspection program activities and for the funding of certain capital infrastructure improvements.

Committed. This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned. This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City Manager

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2015

CITY OF DEBARY, FLORIDA

through the budgetary process, as is authorized under Article XI, Section 11.05(d) of the City's Code of Ordinances.

Unassigned. This classification includes the residual fund balance for the general fund and fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

12. Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted. Net investment in capital assets groups all capital assets into one component of net position; accumulated depreciation and the outstanding balances of debt that are attributed to the acquisition, construction or improvement of these assets reduce the balance in this category. Restricted net position includes all net position with external restrictions imposed by creditors, grantors, or laws and regulations of other governments. Unrestricted net position is the residual amount of net position of the City that is not restricted for any particular purpose.

13. Net Position Flow Assumption

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

14. Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

E. New Accounting Standards

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

Statement No. 68, *"Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27."* The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014. The implementation of this statement had no significant effect on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2015

CITY OF DEBARY, FLORIDA

Statement No. 69, "*Government Combinations and Disposals of Government Operations.*" The provisions of this statement are effective for financial statements for periods beginning after December 15, 2013. The implementation of this statement had no significant effect on the financial statements.

Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*". The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014. The implementation of this statement had no significant effect on the financial statements.

The following Governmental Accounting Standards Board (GASB) Statements will be implemented in future financial statements, as applicable:

Statement No. 72, "*Fair Value Measurement and Application.*" The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2015.

Statement No. 73, "*Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provision of GASB Statements No. 67 and No. 68.*" The provisions of this statement are effective for fiscal years beginning after June 15, 2015 - except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016.

Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.*" The provisions of this statement are effective for fiscal years beginning after June 15, 2016.

Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans.*" The provisions of this statement are effective for fiscal years beginning after June 15, 2017.

Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The provisions of this statement are effective for reporting periods beginning after June 15, 2015.

Statement No. 77, "*Tax Abatement Disclosures.*" The provisions of this Statement are effective for reporting periods beginning after December 15, 2015.

Statement No. 78, "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.*" The provisions of this Statement are effective for reporting periods beginning after December 15, 2015.

Statement No. 79, "*Certain External Investment Pools and Pool Participants.*" The provisions of this Statement are effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23–26, and 40, which are effective for reporting periods beginning after December 15, 2015.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2015

CITY OF DEBARY, FLORIDA

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position:

Following the governmental fund balance sheet is a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets for all governmental funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental funds' budgets are prepared on the modified accrual basis of accounting. The City uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

- On or before July 15th, the City Manager submits a recommended budget to the City Council for the ensuing fiscal year.
- Budget workshop sessions are scheduled by the City Council, as needed.
- A general summary of the budget and notice of public hearing is published in a local newspaper. Prior to October 1st, the budget is legally enacted through passage of a resolution.
- The City Council, by resolution, may make supplemental appropriations in excess of those estimated for the year up to the amount of available revenue. Prior to the end of the fiscal year, supplemental appropriations are made for unanticipated spending requirements by the Council.
- The City Council must approve all inter-departmental budget amendments and/or appropriations transfers.
- The City Manager may transfer funds between line-item appropriations within a department at the request of a department head in accordance with Article XI, Section 11.05 of the City's Code of Ordinances. Budgetary control is exercised at the department level.
- Every appropriation lapses at the close of the fiscal year.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2015

CITY OF DEBARY, FLORIDA

B. Excess of Expenditures over Appropriations

During fiscal 2015, none of the City’s funds reported actual expenditures that exceeded budgetary appropriations for the year.

C. Deficit Fund Balances

At September 30, 2015, the City had no operating funds with deficit fund balances.

NOTE 4 - PROPERTY TAX CALENDAR

Under Florida law, the assessment of all properties and the collection of all county, municipal and school district property taxes are consolidated in the offices of the County Property Appraiser and County Finance Director. The laws of the state regulating tax assessment 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 millage rate assessed by the City was 2.9247 mills (2014 levy collected in the year ended September 30, 2015). The property tax calendar is as follows:

Valuation Date	January 1												
Property Appraiser prepares the assessment roll with values as of January 1, submits preliminary roll for approval by the State and notifies each taxing authority of their respective valuations.	July 1												
City Council holds two required public hearings and adopts a budget and an ad valorem tax millage rate for the coming fiscal year.	September												
Property Appraiser certified the assessment roll and all real and tangible personal property taxes are due and payable (Levy date).	November 1												
A Notice of Taxes is mailed to each property owner on the assessment roll. Taxes are paid November through March, with the following applicable discounts:	November through March												
<table><thead><tr><th><u>Month Paid</u></th><th><u>Discount Percent</u></th></tr></thead><tbody><tr><td>November</td><td>4</td></tr><tr><td>December</td><td>3</td></tr><tr><td>January</td><td>2</td></tr><tr><td>February</td><td>1</td></tr><tr><td>March</td><td>0</td></tr></tbody></table>	<u>Month Paid</u>	<u>Discount Percent</u>	November	4	December	3	January	2	February	1	March	0	
<u>Month Paid</u>	<u>Discount Percent</u>												
November	4												
December	3												
January	2												
February	1												
March	0												
All unpaid taxes on real and tangible personal property become delinquent.	April 1												
A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised.	April/May												
Tax certificates are sold on all real estate parcels with unpaid real property taxes (Lien date).	June 1												

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2015

CITY OF DEBARY, FLORIDA

A court order is obtained authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent taxes

August 31

NOTE 5 - DEPOSITS AND INVESTMENTS

Deposits. At September 30, 2015, the carrying value of the City’s demand deposit accounts totaled \$6,245,567 and the bank balance totaled \$6,704,876. All cash deposits are held by banks that qualify as public depositories under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes and are fully insured and/or collateralized. In addition to these deposits, amounts reported in the statement of net position include \$500 in cash funds on hand at the end of the fiscal year.

Investments. As of September 30, 2015, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (Years)		
		Less Than 1	From 1 - 5	From 6 - 10
Local Government Investment Pool: State Board of Administration, Local Government Surplus Trust Fund Investment Pool Florida PRIME.....	\$ 4,497,681	4,497,681	-	-

The City’s investments consist of amounts invested in the Local Government Surplus Trust Fund (the “Fund”) managed by the Florida State Board of Administration (SBA). The SBA is part of the Fund and is governed by Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the Fund. As a Florida PRIME pool participant, the City invests in a pool of investments whereby the City owns a share of the respective pool, not the underlying securities. The Fund invests in short-term, high-quality fixed income securities. To be considered high-quality, a security must be rated in the highest short-term rating category by one or more nationally recognized statistical rating organizations (“NRSROs”).

In March 1997, GASB issued Statement 31, titled “Accounting and Financial Reporting for Certain Investments and for External Investment Pools.” GASB 31 applies to the Florida PRIME. GASB 31 outlines the two options for accounting and reporting for money market investment pools as either “2a-7 like” or fluctuating net asset value (NAV). GASB 31 describes a “2a-7 like” pool as an “external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with Rule 2a-7 under the Investment Company Act of 1940 (the “1940 Act”). Rule 2a-7 is the rule that permits money market funds to use amortized cost to maintain a constant NAV of \$1.00 per share, provided that such funds meet certain conditions.

In June 2010, GASB issued Statement 59, titled “Financial Instruments Omnibus.” GASB 59 clarifies the definition of a “2a-7 like” pool as an “external investment pool that operates in conformity with the Securities and Exchange Commission’s (SEC) Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended.” To qualify as a 2a-7 like pool, the pool should satisfy all SEC requirements of

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2015

CITY OF DEBARY, FLORIDA

Rule 2a-7, including that a group of individuals fulfills the functions of a board of directors. The pool is not required to register with the SEC. The SBA’s interpretation of GASB 31 is that the Florida PRIME is currently considered an SEC 2a-7 like fund, thus the account is considered the fair value of the investment in the Fund.

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 has developed formal investment policies that limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All investments are governed by the City’s Investment Policies and related state statutes. Generally, the City limits the acquisition of investments with maturities to no more than five years, unless matched to a specific cash flow. Interest rate risk is minimized for all other investments, which are normally held for periods of less than six months.

The dollar weighted average days to maturity (WAM) of Florida PRIME™ at September 30, 2015, is 29 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM.

Credit Risk. The City’s investment policies allow the government to invest in Local Government Surplus Trust Fund Investment Pool, money market funds regulated by the Securities and Exchange Commission, bankers acceptances issued by a domestic bank (with rating restrictions), commercial paper (with rating restrictions), certificates of deposit or savings accounts in banks/savings and loan associations, doing business and situated in the State of Florida, provided deposits of such institutions are secured by the Florida Security for Public Deposits Act, repurchase agreements, state and local government general obligation bonds (subject to rating restrictions), direct obligations of the U.S. Government, obligations of U.S. Government agencies, backed by the full faith and credit if the U.S. Government, authorized intergovernmental investment pools, securities and obligations of U.S. Government agencies, not backed by the full faith and credit of the U.S. Government.

Concentrations of Credit Risk. The City’s investment policy limits concentration of investments as follows:

Local Government Surplus Trust Fund.....	100%
U.S. Government Securities.....	50%
U.S. Federal Agencies.....	10%
Federal Instrumentalities.....	5%
Money Market Mutual Funds.....	25%
Banker’s Acceptances/Commercial paper	10%
Certificates of Deposit.....	40%
Repurchase agreements/State and Local Government Debt	10%

Credit Quality. The Florida PRIME is rated by Standard and Poors, with a rating of AAAM as of September 30, 2015. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal.

Foreign Currency Risk. The Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2014 through September 30, 2015.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a failure of a depository, the City’s deposits may not be returned to it. Pursuant to the applicable provisions of Chapter 280, Florida Statutes, *The Florida Security for Public Deposits Act* (“the Act”), the State of Florida, Department of

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2015

CITY OF DEBARY, FLORIDA

Financial Services, Division of Treasury, Bureau of Collateral Management have established specific requirements relative to security and collateralization for public deposits. Accordingly, banks qualifying as a public depository in the State of Florida must adopt the necessary procedures outlined in these statutes and meet all of the requirements of this chapter to be designated by the State’s Chief Financial Officer as eligible to receive deposits from municipal depositors. Collateral having a market value equal to 50% of the average daily balance for each month of all public deposits in excess of any applicable depository insurance is required to be pledged or deposited with the State’s Chief Financial Officer to secure such deposits. Additional collateral, up to a maximum of 125% may be required if deemed necessary under the conditions set forth in the Act. Securities eligible to be pledged as collateral are generally limited to obligations of the United States government and any state thereof and are held in the name of the State Chief Financial Officer’s office. Compliance with the provisions of Chapter 280, Florida Statutes, is monitored by a Qualified Public Depository Oversight Board with members appointed by the State Chief Financial Officer.

At September 30, 2015, all of the City’s deposits and investments, including those in the Local Government Surplus Funds Trust Fund, were covered by federal depository insurance and/or collateral securities under the statutory provisions of the Act.

NOTE 6 – DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables. Amounts are aggregated into single accounts receivable (net of allowance for uncollectible accounts) amounts for certain funds and aggregated columns. Below is a detail of receivables for the governmental activities anticipated to be collected within an operating cycle at September 30, 2015:

Delinquent taxes receivable	\$ 7,722	
Utility service taxes.....	124,709	
Franchise fees	88,487	
Legal expense reimbursements	18,832	
Other miscellaneous receivables.....	<u>1,387</u>	
	241,137	
Less: allowance for doubtful accounts.....	<u>0</u>	
Total governmental activities receivables, net		<u>\$ 241,137</u>

Payables: Amounts are aggregated into single accounts payable and accrued liabilities lines for certain funds and aggregated columns. Below is a detail of payables for the governmental activities anticipated to be paid within one annual operating cycle at September 30, 2015:

Accounts payable	\$ 807,291	
Contracts payable and retentions	153,088	
Escrow payments	4,022	
Due to other governments	9,935	
Accrued wages	47,685	
Due to pension plan	4,769	
Payroll taxes payable	<u>3,553</u>	
Total governmental activities payables		<u>\$ 1,030,343</u>

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2015

CITY OF DEBARY, FLORIDA

NOTE 7 - INTERFUND ACCOUNTS

The outstanding balances between funds result mainly from the time lag between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system, and when payments between funds are made. There were no individual fund interfund receivables and payables at September 30, 2015.

Individual fund transfers made during the year ended September 30, 2015, are comprised of the following:

Funds	Transfer In	Transfer Out
General:		
Franchise Fees Fund.....	\$ 1,518,740	-
Stormwater Management Fund.....	-	531,720
Nonmajor funds:		
Nonmajor Recycling Fund.....	47,632	-
Nonmajor Tree Preservation Fund.....	25,000	-
Nonmajor Economic Opportunity Fund.....	-	439,452
Nonmajor Parks Impact Fee Fund.....	101,000	-
Nonmajor Public Buildings Impact Fee Fund.....	42,189	-
Nonmajor Ft. Florida Extension Fund.....	-	129,545
	<u>1,734,561</u>	<u>1,100,717</u>
Stormwater Management:		
General Fund.....	<u>531,720</u>	-
Franchise Fee:		
General Fund.....	-	<u>1,518,740</u>
Nonmajor funds:		
Recycling Fund:		
General Fund.....	-	47,632
Economic Opportunity Fund:		
General Fund.....	439,452	-
Tree Preservation Fund:		
General Fund.....	-	25,000
Parks Impact Fee Fund:		
General Fund.....	-	101,000
Public Buildings Impact Fee Fund:		
General Fund.....	-	42,189
Ft. Florida Extension Fund:		
General Fund.....	129,545	-
	<u>568,997</u>	<u>215,821</u>
Totals.....	<u>\$ 2,835,278</u>	<u>2,835,278</u>

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2015

CITY OF DEBARY, FLORIDA

NOTE 8 - CAPITAL ASSETS

A summary of the capital assets activity for the year ended September 30, 2015, is as follows:

	Balances 9/30/2014	Additions	Deletions	Balances 9/30/2015
Capital assets not being depreciated:				
Land.....	\$ 6,764,456	20,200	-	6,784,656
Construction in progress.....	<u>1,398,826</u>	<u>3,098,074</u>	<u>(3,580,448)</u>	<u>916,452</u>
Total capital assets not being depreciated.....	<u>8,163,282</u>	<u>3,118,274</u>	<u>(3,580,448)</u>	<u>7,701,108</u>
Capital assets being depreciated:				
Buildings.....	3,684,204	1,525,165	-	5,209,369
Infrastructure.....	28,431,458	1,656,979	-	30,088,437
Machinery and equipment.....	<u>2,024,834</u>	<u>802,012</u>	<u>(110,119)</u>	<u>2,716,727</u>
Total capital assets being depreciated.....	<u>34,140,496</u>	<u>3,984,156</u>	<u>(110,119)</u>	<u>38,014,533</u>
Less accumulated depreciation for:				
Buildings.....	(909,407)	(135,360)	-	(1,044,767)
Infrastructure.....	(6,048,629)	(1,067,737)	-	(7,116,366)
Machinery and equipment.....	<u>(1,138,674)</u>	<u>(194,185)</u>	<u>75,040</u>	<u>(1,257,819)</u>
Total accumulated depreciation.....	<u>(8,096,710)</u>	<u>(1,397,282)</u>	<u>75,040</u>	<u>(9,418,952)</u>
Total capital assets being depreciated, net....	<u>26,043,786</u>	<u>2,586,874</u>	<u>(35,079)</u>	<u>28,595,581</u>
Total capital assets, net.....	<u>\$ 34,207,068</u>	<u>5,705,148</u>	<u>(3,615,527)</u>	<u>36,296,689</u>

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

Governmental activities:	
General government	\$ 149,477
Public safety	76,062
Physical environment	695,433
Transportation.....	245,707
Culture/recreation	<u>230,603</u>
Total depreciation expense - governmental activities	<u>\$ 1,397,282</u>

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2015

CITY OF DEBARY, FLORIDA

NOTE 9 – GENERAL LONG-TERM DEBT

The City’s long-term debt outstanding at September 30, 2015, is as follows:

	Balance Due	Current Maturities
Notes Payable:		
4.050% Series 2009 Revenue Note; dated May 27, 2009, interest payable semi-annually on June 1 and December 1, principal payable annually on December 1, through December 2016, secured by the City's stormwater utility assessments and a pledge to budget and appropriate non-advalorem revenues.....	\$ 4,180,000	180,000
2.330% Series 2012 Refunding Revenue Note; dated December 16, 2012, interest payable semi-annually on June 1 and December 1, principal payable annually on December 1, through December 2026, secured by the City's stormwater utility assessments and a covenant to budget and appropriate non-advalorem revenues.....	3,855,000	280,000
Total long-term debt.....	8,035,000	460,000
Other post-employment benefit obligation.....	26,357	-
Compensated absences (current portion estimated).....	108,330	75,831
Total long-term obligations.....	\$ 8,169,687	535,831

A summary of changes in the City’s long-term debt for the year is as follows:

	Balances 9/30/2014	Additions	Deletions	Balances 9/30/2015
Capital Lease Obligations:				
\$239,698 capital lease dated 1/8/2010.....	\$ 51,714	-	(51,714)	-
Notes Payable:				
3.635% Series 2007 Revenue Note.....	400,000	-	(400,000)	-
4.050% Series 2009 Revenue Note.....	4,355,000	-	(175,000)	4,180,000
2.330% Series 2012 Revenue Note.....	4,130,000	-	(275,000)	3,855,000
	8,936,714	-	(901,714)	8,035,000
Other post-employment benefit obligation....	20,554	5,803	-	26,357
Compensated absences.....	87,728	135,413	(114,811)	108,330
Totals.....	\$ 9,044,996	141,216	(1,016,525)	8,169,687

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2015

CITY OF DEBARY, FLORIDA

Aggregate annual debt service requirements through maturity, including principal and interest, on long-term debt obligations are as follows:

Fiscal Year	Revenue Notes	
	Principal	Interest
September 30, 2016.....	460,000	252,205
September 30, 2017.....	4,290,000	160,919
September 30, 2018.....	295,000	73,104
September 30, 2019.....	300,000	66,172
September 30, 2020.....	305,000	59,124
September 30, 2021 through 2025.....	1,665,000	182,614
September 30, 2026 through 2027.....	<u>720,000</u>	<u>16,892</u>
Totals.....	<u>8,035,000</u>	<u>811,030</u>

Pledged Revenues. The primary source of pledged revenues for all Revenue Note's held by the City at September 30, 2015, are the City's stormwater utility assessments; however to the extent that the stormwater utility assessments are insufficient to pay amounts due on the notes, the City has covenanted to budget and appropriate non-ad valorem revenues. Total pledged revenues and annual debt requirements are as follows:

Pledged Revenues:

Stormwater Utility Assessments	\$ 869,530
Non-ad valorem revenues (excludes ad valorem taxes, grants and..... all revenues restricted by enabling legislation).....	<u>6,616,154</u>
Totals.....	<u>\$ 7,485,684</u>

Annual Debt Service Requirements:

Series 2007 Revenue Note.....	\$ 407,270
Series 2009 Revenue Note.....	347,834
Series 2012 Revenue Note.....	<u>368,030</u>
Totals.....	<u>\$ 1,123,134</u>

Advance Refunding. No advance refundings occurred during the year ended September 30, 2015.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2015

CITY OF DEBARY, FLORIDA

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description. City of DeBary, Florida, Other Postemployment Benefits Plan (the “OPEB Plan”) is a single-employer healthcare plan administered by the City. Pursuant to Section 112.0801, Florida Statutes, the City is required to permit participation in the OPEB Plan to retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Eligible individuals include all regular employees of the City who retire from active service under one of the pension plans sponsored by the City. Under certain conditions, eligible individuals also include spouses and dependent children. The OPEB Plan does not issue a publicly available financial report.

Funding Policy. The contribution requirements of plan members and the City are based on composite health insurance premium costs which are established by state statutes and may be amended by the state legislature. The required contribution is based on projected pay-as-you-go financing requirements and is subject to constant revision. The City has opted to not fund the net OPEB obligation or the resulting unfunded actuarial accrued liability on an annual basis.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a maximum of thirty years.

The following table shows the components of the City’s annual OPEB for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation to the Plan based on a the most recent actuarial valuation dated October 1, 2013:

	<u>09/30/2013</u>	<u>09/30/2014</u>	<u>09/30/2015</u>
Annual required contribution (ARC)	\$ 8,480	9,477	9,163
Interest on net OPEB obligation	455	669	925
Adjustment to annual required contribution.....	<u>(624)</u>	<u>(927)</u>	<u>(1,292)</u>
Annual OPEB cost	8,311	9,219	8,796
Estimated net contributions made	<u>(3,548)</u>	<u>(3,540)</u>	<u>(2,993)</u>
Increase (decrease) in net OPEB obligation.....	4,763	5,679	5,803
Net OPEB obligation-beginning of year	<u>10,112</u>	<u>14,875</u>	<u>20,554</u>
Net OPEB obligation-end of year	<u>\$ 14,875</u>	<u>20,554</u>	<u>26,357</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

<u>Fiscal</u> <u>Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Actual</u> <u>Contribution</u>	<u>Percent</u> <u>of Annual</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
09/30/15	\$ 8,796	\$ 2,993	34.02%	\$ 26,357
09/30/14	\$ 9,219	\$ 3,540	38.40%	\$ 20,554
09/30/13	\$ 8,311	\$ 3,548	42.69%	\$ 14,875

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2015

CITY OF DEBARY, FLORIDA

Funded Status and Funding Progress. Based on the October 1, 2013 actuarial valuation, the funded status of the OPEB Plan was as follows:

Actuarial accrued liability (AAL)	\$ 32,060
Actuarial value of plan assets.....	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 32,060</u>
Funded ratio (actuarial value of plan assets/AAL).....	0.00%
Covered payroll (annual payroll of active employees covered by the plan).....	\$ 1,165,799
UAAL as a percentage of covered payroll	2.75%

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

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

In the October 1, 2013 actuarial valuation, the Entry Age Normal Cost Method was used. The actuarial assumptions include a 0.0% payroll growth and inflation assumption, and a 4.5% percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. Health care inflation is based on a Pre-Medicare and Post-Medicare annual healthcare cost trend rate of 6.5% percent in 2015 trending down with annual decreases to an ultimate rate of 4.5% in 2019. The UAAL is being amortized over a level percentage of payroll (closed amortization over 30 years).

Employee Contribution Information. Retirees participating in the group insurance plans offered by the City are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The premiums for the Dental, Vision, and Life Insurances are anticipated to cover the full cost of the benefit.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2015

CITY OF DEBARY, FLORIDA

NOTE 11 – PENSION PLANS

1. Defined Contribution Plan - Nationwide Retirement Solutions IRC 401(a) Plan

The City contributes to the City of DeBary, Florida Money Purchase Plan and Trust (the “Plan”), a defined contribution pension plan, for all regular full time and regular part time employees hired on or after October 1, 1994. The Plan is administered by Nationwide Retirement Solutions, P.O. Box 182797, Columbus, OH 43218.

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the City Council. This plan has no provision for providing benefits of past services and there were no current year changes in plan provisions. For each employee in the Plan, the City is required to contribute 10 percent of annual salary to an individual employee account. The required contribution may be less than 10% if employees are terminated prior to vesting. Employees are permitted to make contributions to the pension plan, up to applicable Internal Revenue Code limits. For the year ended September 30, 2015, employee contributions totaled \$-0-, and the City recognized pension expense of \$126,224.

All qualifying employees are eligible to participate in the plan upon the date of employment. Employees are immediately vested in their own contributions and earnings on those contributions. The “vested percentage” in an employee account attributable to employer contributions is based on vesting years of service. Employees will become 100% vested in City contributions and earnings on City contributions only after completion of 36 months of creditable service with the City. Employees will always, however, be 100% vested in these contributions if employed on or after their normal retirement age or if they die or become disabled. Nonvested City contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan’s administrative expenses. For the year ended September 30, 2015, forfeitures reduced the City’s pension expense by \$12,147.

Unremitted amounts due to the Plan from the City at September 30, 2015 totaled \$4,769.

2. Deferred Employee Benefits - Nationwide Retirement Solutions IRC 457(b) Plan

The City contributes to a defined contribution pension plan, which provides for an IRC Section 457(b) deferred compensation plan for employer and employee contributions. This plan is administered by Nationwide Retirement Solutions, P.O. Box 182797 Columbus, OH 43218-2797, to accommodate supplemental employee elective deferrals for employees covered in the City’s defined contribution plan. Employees are permitted to make contributions to the pension plan, up to applicable Internal Revenue Code limits. For the year ended September 30, 2015, employee contributions totaled \$62,468 and the City recognized pension expense of \$-0-.

All qualified employees at least 18 years of age become eligible to participate in the 457(b) plan on the first date of the month following the date of employment. Employees voluntarily contribute to the plan. Employees immediately vest in the elective deferral contributions made to the Plan. The vested portions of the accounts or contributions to the plan are available to the participants immediately upon termination of service.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2015

CITY OF DEBARY, FLORIDA

NOTE 12 - LEGAL MATTERS

The City is engaged in routine litigation incidental to the conduct of their respective business and municipal affairs. In the opinion of their Counsel, no legal proceedings are pending against them, not covered by insurance, which would inhibit their ability to perform their operations or materially affect their financial condition.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

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

NOTE 14 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, all of which is satisfactorily insured by general liability insurance. Commercial insurance policies are also obtained for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in either of the last three years.

NOTE 15 – ACCOUNTING CHANGE

The City contributes to the City of DeBary, Florida Money Purchase Plan and Trust (the "Plan"), a defined contribution pension plan. As a result of the adoption of a new GASB Pronouncement, Statement No. 68, *Accounting and Financial Reporting for Pensions*, the City is required to make additional disclosures concerning Plan benefits and contributions, all of which have been made and are included in Note 11 – Pension Plans. There were no other adjustments or restatements of the Statement of Net Position required as a result of the adoption of GASB 68.

NOTE 16 - SUBSEQUENT EVENTS

Financial Statements. In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through March 29, 2016, the date the financial statements were available to be issued.

Issuance of Debt. On January 12, 2016, the City executed a new long-term loan agreement with Hancock Bank to finance the construction of the Ft. Florida Road water extension project, which is expected to be repaid through special assessments. The City of DeBary, Florida, Water Line Special Assessment Bonds, Series 2016, in the amount of \$555,000 will bear interest at a rate of 1.67% and will be paid in semi-annual installments through October 1, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS AND CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS PROGRAM
For the Year Ended September 30, 2015
CITY OF DEBARY, FLORIDA

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
10/1/2014	\$ -	N/A	N/A	N/A	N/A	N/A
10/1/2013	\$ -	\$ 32,060	\$ 32,060	0.00%	\$ 1,165,799	2.75%
10/1/2012	\$ -	N/A	N/A	N/A	N/A	N/A
10/1/2011	\$ -	N/A	N/A	N/A	N/A	N/A
10/1/2010	\$ -	\$ 27,389	\$ 27,389	0.00%	\$ 879,485	3.11%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Employer Contribution</u>	<u>Other Contribution</u>	<u>Percent Contributed</u>
9/30/2015	\$ 9,163	\$ 2,993	\$ -	32.66%
9/30/2014	\$ 9,477	\$ 3,540	\$ -	37.35%
9/30/2013	\$ 8,480	\$ 3,548	\$ -	41.84%
9/30/2012	\$ 8,099	\$ 3,385	\$ -	41.80%
9/30/2011	\$ 8,461	\$ 3,063	\$ -	36.20%

Actuarial Valuation Dated: October 1, 2013

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OTHER SUPPLEMENTARY INFORMATION

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**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES BUDGET AND ACTUAL - CAPITAL PROJECTS FUND**
For the Fiscal Year Ended September 30, 2015
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Intergovernmental	\$ 583,319	583,319	343,832	(239,487)
Miscellaneous.....	-	-	-	-
Total revenue.....	<u>583,319</u>	<u>583,319</u>	<u>343,832</u>	<u>(239,487)</u>
Expenditures:				
Capital Outlay:				
Physical environment.....	2,124,758	2,104,258	1,177,878	926,380
Transportation.....	-	<u>20,500</u>	<u>20,200</u>	<u>300</u>
Total expenditures.....	<u>2,124,758</u>	<u>2,124,758</u>	<u>1,198,078</u>	<u>926,680</u>
Excess of revenue over (under) expenditures.....	<u>(1,541,439)</u>	<u>(1,541,439)</u>	<u>(854,246)</u>	<u>687,193</u>
Other Financing Sources (Uses):				
Appropriated fund balance.....	<u>1,541,439</u>	<u>1,541,439</u>	-	<u>(1,541,439)</u>
Total other financing sources (uses).	<u>1,541,439</u>	<u>1,541,439</u>	-	<u>(1,541,439)</u>
Net changes in fund balances.....	-	-	(854,246)	(854,246)
Fund balances, beginning of year	<u>2,022,187</u>	<u>2,022,187</u>	<u>2,022,187</u>	-
Fund balances, end of year	<u>\$ 2,022,187</u>	<u>2,022,187</u>	<u>1,167,941</u>	<u>(854,246)</u>

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***COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES***

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015
CITY OF DEBARY, FLORIDA

	<u>Nonmajor Special</u>			
	Street Lighting Districts	Orlandia Heights Neighborhood Improvement District	Recycling	Tree Preservation
Assets:				
Cash and cash equivalents.....	\$ 350,870	22,885	31	56,342
Due from other governments.....	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets.....	<u>\$ 350,873</u>	<u>22,885</u>	<u>31</u>	<u>56,342</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities...	\$ 27,230	-	-	-
Unearned revenue.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities.....	<u>27,230</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted.....	-	-	-	-
Committed.....	323,643	22,885	-	-
Assigned.....	-	-	31	56,342
Unassigned.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances.....	<u>323,643</u>	<u>22,885</u>	<u>31</u>	<u>56,342</u>
Total liabilities and fund balances	<u>\$ 350,873</u>	<u>22,885</u>	<u>31</u>	<u>56,342</u>

Revenue Funds			Capital Projects Fund		
Economic Opportunity Fund	Park Benefit Impact Fee Fund	Public Buildings Benefit Impact Fee Fund	Total Special Revenue Funds	Ft. Florida Extension Fund	Total Nonmajor Governmental Funds
462,884	21,117	21,367	935,496	26,199	961,695
-	-	-	3	-	3
<u>462,884</u>	<u>21,117</u>	<u>21,367</u>	<u>935,499</u>	<u>26,199</u>	<u>961,698</u>
-	-	-	27,230	2,070	29,300
<u>19,978</u>	-	-	<u>19,978</u>	-	<u>19,978</u>
<u>19,978</u>	-	-	<u>47,208</u>	<u>2,070</u>	<u>49,278</u>
-	21,117	21,367	42,484	-	42,484
442,906	-	-	789,434	-	789,434
-	-	-	56,373	24,129	80,502
-	-	-	-	-	-
<u>442,906</u>	<u>21,117</u>	<u>21,367</u>	<u>888,291</u>	<u>24,129</u>	<u>912,420</u>
<u>462,884</u>	<u>21,117</u>	<u>21,367</u>	<u>935,499</u>	<u>26,199</u>	<u>961,698</u>

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

For the Fiscal Year Ended September 30, 2015

CITY OF DEBARY, FLORIDA

	Nonmajor Special			
	Street Lighting District	Orlandia Heights Neighborhood Improvement District	Recycling	Tree Preservation
Revenue:				
Permits, fees and special assessments	\$ 348,861	95,463	-	-
Charges for services	-	-	-	290
Miscellaneous	-	-	83	-
Total revenue.....	<u>348,861</u>	<u>95,463</u>	<u>83</u>	<u>290</u>
Expenditures:				
Current:				
Transportation.....	373,914	110,768	-	6,190
Economic environment	-	-	-	-
Capital Outlay:				
Physical environment	-	-	-	-
Total expenditures.....	<u>373,914</u>	<u>110,768</u>	<u>-</u>	<u>6,190</u>
Excess of revenue over (under) expenditures.....	(25,053)	(15,305)	83	(5,900)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out.....	-	-	(47,632)	(25,000)
Total other financing sources (uses)...	<u>-</u>	<u>-</u>	<u>(47,632)</u>	<u>(25,000)</u>
Net changes in fund balances.....	(25,053)	(15,305)	(47,549)	(30,900)
Fund balances, beginning of year	<u>348,696</u>	<u>38,190</u>	<u>47,580</u>	<u>87,242</u>
Fund balances, end of year	<u>\$ 323,643</u>	<u>22,885</u>	<u>31</u>	<u>56,342</u>

Revenue Funds			Capital Projects Fund		
Economic Opportunity Fund	Park Benefit Impact Fee Fund	Public Buildings Benefit Impact Fee Fund	Total-Special Revenue Funds	Ft. Florida Extension Fund	Total Nonmajor Governmental Funds
-	25,865	14,136	484,325	-	484,325
-	-	-	290	-	290
-	-	-	83	-	83
-	<u>25,865</u>	<u>14,136</u>	<u>484,698</u>	-	<u>484,698</u>
-	-	-	490,872	-	490,872
10,000	-	-	10,000	-	10,000
-	-	-	-	-	-
-	-	-	-	<u>105,416</u>	<u>105,416</u>
<u>10,000</u>	-	-	<u>500,872</u>	<u>105,416</u>	<u>606,288</u>
(10,000)	25,865	14,136	(16,174)	(105,416)	(121,590)
439,452	-	-	439,452	129,545	568,997
-	(101,000)	(42,189)	(215,821)	-	(215,821)
<u>439,452</u>	<u>(101,000)</u>	<u>(42,189)</u>	<u>223,631</u>	<u>129,545</u>	<u>353,176</u>
429,452	(75,135)	(28,053)	207,457	24,129	231,586
<u>13,454</u>	<u>96,252</u>	<u>49,420</u>	<u>680,834</u>	-	<u>680,834</u>
<u>442,906</u>	<u>21,117</u>	<u>21,367</u>	<u>888,291</u>	<u>24,129</u>	<u>912,420</u>

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES-BUDGET AND ACTUAL
STREET LIGHTING DISTRICT FUND**
For the Fiscal Year Ended September 30, 2015
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Permits, fees and special assessments.....	\$ 343,464	343,464	348,861	5,397
Total revenue.....	343,464	343,464	348,861	5,397
Expenditures:				
Current:				
Transportation.....	414,300	414,300	373,914	40,386
Total expenditures.....	414,300	414,300	373,914	40,386
Excess of revenue over (under) expenditures.....	(70,836)	(70,836)	(25,053)	45,783
Other Financing Sources (Uses):				
Appropriated fund balance.....	70,836	70,836	-	(70,836)
Total other financing sources (uses).	70,836	70,836	-	(70,836)
Net changes in fund balances.....	-	-	(25,053)	(25,053)
Fund balances, beginning of year	348,696	348,696	348,696	-
Fund balances, end of year	\$ 348,696	348,696	323,643	(25,053)

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES-BUDGET AND ACTUAL
ORLANDIA HEIGHTS NEIGHBORHOOD IMPROVEMENT DISTRICT FUND**
For the Fiscal Year Ended September 30, 2015
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Permits, fees and special assessments.....	\$ 93,813	93,813	95,463	1,650
Total revenue.....	93,813	93,813	95,463	1,650
Expenditures:				
Current:				
Transportation.....	94,050	128,050	110,768	17,282
Total expenditures.....	94,050	128,050	110,768	17,282
Excess of revenue over (under) expenditures.....	(237)	(34,237)	(15,305)	18,932
Other Financing Sources (Uses):				
Appropriated fund balance.....	35,000	38,189	-	(38,189)
Total other financing sources (uses).	35,000	38,189	-	(38,189)
Net changes in fund balances.....	34,763	3,952	(15,305)	(19,257)
Fund balances, beginning of year	38,190	38,190	38,190	-
Fund balances, end of year	<u>\$ 72,953</u>	<u>42,142</u>	<u>22,885</u>	<u>(19,257)</u>

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES-BUDGET AND ACTUAL
RECYCLING SPECIAL REVENUE FUND**
For the Fiscal Year Ended September 30, 2015
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Miscellaneous	\$ 6,000	6,000	83	(5,917)
Total revenue.....	6,000	6,000	83	(5,917)
Expenditures:				
Current:				
Physical environment.....	-	-	-	-
Total expenditures.....	-	-	-	-
Excess of revenue over (under) expenditures.....	6,000	6,000	83	(5,917)
Other Financing Sources (Uses):				
Appropriated fund balance.....	41,632	41,632	-	(41,632)
Transfers out.....	(47,632)	(47,632)	(47,632)	-
Total other financing sources (uses).	(6,000)	(6,000)	(47,632)	(41,632)
Net changes in fund balances.....	-	-	(47,549)	(47,549)
Fund balances, beginning of year	47,580	47,580	47,580	-
Fund balances, end of year	<u>\$ 47,580</u>	<u>47,580</u>	<u>31</u>	<u>(47,549)</u>

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES-BUDGET AND ACTUAL
TREE PRESERVATION SPECIAL REVENUE FUND**
For the Fiscal Year Ended September 30, 2015
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Charges for services	\$ -	-	290	290
Total revenue.....	<u>-</u>	<u>-</u>	<u>290</u>	<u>290</u>
Expenditures:				
Current:				
Physical environment.....	<u>15,000</u>	<u>15,000</u>	<u>6,190</u>	<u>8,810</u>
Total expenditures.....	<u>15,000</u>	<u>15,000</u>	<u>6,190</u>	<u>8,810</u>
Excess of revenue over (under) expenditures.....	(15,000)	(15,000)	(5,900)	9,100
Other Financing Sources (Uses):				
Appropriated fund balance.....	40,000	40,000	-	(40,000)
Transfers out.....	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Total other financing sources (uses).	<u>15,000</u>	<u>15,000</u>	<u>(25,000)</u>	<u>(40,000)</u>
Net changes in fund balances.....	-	-	(30,900)	(30,900)
Fund balances, beginning of year	<u>87,242</u>	<u>87,242</u>	<u>87,242</u>	<u>-</u>
Fund balances, end of year	<u>\$ 87,242</u>	<u>87,242</u>	<u>56,342</u>	<u>(30,900)</u>

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES-BUDGET AND ACTUAL
ECONOMIC OPPORTUNITY SPECIAL REVENUE FUND**
For the Fiscal Year Ended September 30, 2015
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Miscellaneous	\$ -	-	-	-
Total revenue.....	-	-	-	-
Expenditures:				
Current:				
Economic environment	58,184	458,184	10,000	448,184
Total expenditures.....	58,184	458,184	10,000	448,184
Excess of revenue over (under) expenditures.....	(58,184)	(458,184)	(10,000)	448,184
Other Financing Sources (Uses):				
Transfers in	49,284	449,284	439,452	(9,832)
Appropriated fund balance.....	8,900	8,900	-	(8,900)
Total other financing sources (uses).	58,184	458,184	439,452	(18,732)
Net changes in fund balances.....	-	-	429,452	429,452
Fund balances, beginning of year	13,454	13,454	13,454	-
Fund balances, end of year	<u>\$ 13,454</u>	<u>13,454</u>	<u>442,906</u>	<u>429,452</u>

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES-BUDGET AND ACTUAL
PARK BENEFIT IMPACT FEE SPECIAL REVENUE FUND**
For the Fiscal Year Ended September 30, 2015
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Permits, fees and special assessments	\$ -	10,000	25,865	15,865
Total revenue.....	-	10,000	25,865	15,865
Expenditures:				
Current:				
Culture/recreation	15,000	-	-	-
Total expenditures.....	15,000	-	-	-
Excess of revenue over (under) expenditures.....	(15,000)	10,000	25,865	15,865
Other Financing Sources (Uses):				
Appropriated fund balance.....	15,000	91,000	-	(91,000)
Transfers out.....	-	(101,000)	(101,000)	-
Total other financing sources (uses).	15,000	(10,000)	(101,000)	(91,000)
Net changes in fund balances.....	-	-	(75,135)	(75,135)
Fund balances, beginning of year	96,252	96,252	96,252	-
Fund balances, end of year	<u>\$ 96,252</u>	<u>96,252</u>	<u>21,117</u>	<u>(75,135)</u>

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES-BUDGET AND ACTUAL
PUBLIC BUILDINGS BENEFIT IMPACT FEE SPECIAL REVENUE FUND**
For the Fiscal Year Ended September 30, 2015
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Permits, fees and special assessments	\$ -	-	14,136	14,136
Total revenue.....	-	-	14,136	14,136
Expenditures:				
Current:				
General Government:				
Nondepartmental.....	-	-	-	-
Total expenditures.....	-	-	-	-
Excess of revenue over (under) expenditures.....	-	-	14,136	14,136
Other Financing Sources (Uses):				
Appropriated fund balance.....	42,189	42,189	-	(42,189)
Transfers out.....	(42,189)	(42,189)	(42,189)	-
Total other financing sources (uses).	-	-	(42,189)	(42,189)
Net changes in fund balances.....	-	-	(28,053)	(28,053)
Fund balances, beginning of year	49,420	49,420	49,420	-
Fund balances, end of year	<u>\$ 49,420</u>	<u>49,420</u>	<u>21,367</u>	<u>(28,053)</u>

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES-BUDGET AND ACTUAL
FT. FLORIDA EXTENSION CAPITAL PROJECTS FUND**
For the Fiscal Year Ended September 30, 2015
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Miscellaneous	\$ -	-	-	-
Total revenue.....	-	-	-	-
Expenditures:				
Capital Outlay:				
Physical environment	-	825,000	105,416	719,584
Total expenditures.....	-	825,000	105,416	719,584
Excess of revenue over (under) expenditures.....	-	(825,000)	(105,416)	719,584
Other Financing Sources (Uses):				
Proceeds of long-term debt.....	-	695,455	-	(695,455)
Transfers in	-	129,545	129,545	-
Total other financing sources (uses).	-	825,000	129,545	(695,455)
Net changes in fund balances.....	-	-	24,129	24,129
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	-	24,129	24,129

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SUPPLEMENTAL AUDIT REPORTS

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**INDEPENDENT AUDITORS' 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 Council
City of DeBary, 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, each major fund, and the aggregate remaining fund information of City of DeBary, Florida, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise City of DeBary, Florida's basic financial statements, and have issued our report thereon dated March 29, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of DeBary, Florida'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 City of DeBary, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of City of DeBary, Florida's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any 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 Council
City of DeBary, Florida

Compliance and Other Matters

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

Correction of Prior Audit Findings

Corrective actions have been taken to address the instance of noncompliance or other matter that was required to be reported under *Government Auditing Standards* and described in the preceding annual financial report's accompanying schedule of findings and responses as item 2014-1 - Information Systems and Security.

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.

BMC CPAs

March 29, 2016

MANAGEMENT LETTER

The Honorable Mayor, and
Members of the City Council
City of DeBary, Florida

Report on the Financial Statements

We have audited the financial statements of the City of DeBary, Florida (the “City”), as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated March 29, 2016.

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 Reports and Schedule

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and 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, which are dated March 29, 2016, 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. There were no recommendations made in the preceding annual financial audit report that required correction.

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 for the primary government and each component unit are disclosed in the notes to financial statements.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and 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.

The Honorable Mayor, and
Members of the City Council
City of DeBary, Florida

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. The financial condition assessment was done as of September 30, 2015.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2015, 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, 2015. In connection with our audit, we determined that these two reports were in agreement.

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. In connection with our audit, we did not have any such 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 City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

BMC CPAs

March 29, 2016

INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Mayor, and
Members of the City Council
City of DeBary, Florida

We have examined City of DeBary, Florida's compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2015. Management is responsible for City of DeBary, Florida's compliance with those requirements. Our responsibility is to express an opinion on City of DeBary, Florida'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 City of DeBary, Florida'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 of DeBary, Florida's compliance with specified requirements.

In our opinion, City of DeBary, Florida, complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

BMC CPAs

March 29, 2016

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