

# **CITY OF DEBARY, FLORIDA**

## ***ANNUAL FINANCIAL REPORT***

***FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013***



### **CITY COUNCIL**

**HONORABLE BOB GARCIA, MAYOR**

**CHRIS CARSON, VICE MAYOR**

**LITA HANDY-PETERS**

**DAN HUNT**

**NICK KOVAL**

### **CITY MANAGER**

**DAN PARROTT**

### **FINANCE ADMINISTRATOR**

**JIMMIE SEELBINDER**

### **INDEPENDENT AUDITORS**

**BRENT MILLIKAN & COMPANY, P.A.**

This Page Intentionally Left Blank.

**TABLE OF CONTENTS**  
**ANNUAL FINANCIAL REPORT**  
 September 30, 2013  
 CITY OF DEBARY, FLORIDA

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Title Page .....	1
Table of Contents .....	3
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report .....	7
Management's Discussion and Analysis.....	13
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	25
Statement of Activities .....	27
Fund Financial Statements:	
Balance Sheet-Governmental Funds .....	28
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	31
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	37
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund .....	38
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Solid Waste Fund.....	40
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Stormwater Management Fund.....	41
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Franchise Fees Fund .....	42
Notes to the Financial Statements .....	45
Required Supplementary Information:	
Other Postemployment Benefit Obligation-Schedule of Funding Progress And Employer Contributions .....	69
Other Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Fund.....	73

**TABLE OF CONTENTS (Continued)**  
**ANNUAL FINANCIAL REPORT**  
 September 30, 2013  
 CITY OF DEBARY, FLORIDA

	<u>Page</u>
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet-Nonmajor Governmental Funds .....	74
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances- Nonmajor Governmental Funds .....	76
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Street Lighting District Fund .....	78
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Orlandia Heights Neighborhood Improvement District Fund .....	79
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Recycling Special Revenue Fund .....	80
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Tree Preservation Special Revenue Fund .....	81
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Economic Opportunity Special Revenue Fund.....	82
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Park Benefit Impact Fee Special Revenue Fund.....	83
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Public Buildings Benefit Impact Fee Special Revenue Fund .....	84

**SUPPLEMENTAL AUDIT REPORTS**

Schedule of Expenditures of Federal Awards.....	87
Notes to Schedule of Expenditures of Federal Awards .....	88
Schedule of Findings and Questioned Costs.....	89
Prior Audit Findings and Corrective Action Plan.....	90
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133 .....	91
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 <i>Government Auditing Standards</i> .....	93
Management Letter ( <i>with auditee response</i> ).....	95

***INDEPENDENT AUDITORS' REPORT***

This Page Intentionally Left Blank.

# BM&C

**BRENT MILLIKAN & COMPANY, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS

## **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, 2013, 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.

To the Honorable Mayor, and  
Members of the City Council  
City of DeBary, Florida  
Page 2

### ***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, 2013, 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.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of funding progress and employer contributions for the postemployment benefit obligation, 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, and the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also 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 the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison for the major capital projects fund, the combining

To the Honorable Mayor, and  
Members of the City Council  
City of DeBary, Florida  
Page 3

and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 June 6, 2014, 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.

*Brent Milliken & Co., P.A.*

June 6, 2014

This Page Intentionally Left Blank.

***MANAGEMENT'S DISCUSSION AND ANALYSIS***

This Page Intentionally Left Blank.

## 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, 2013. 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 \$36.3 million, compared to \$34.5 million one year earlier. Of this amount, \$12.3 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- During 2013, gross revenues from governmental activities of the City decreased by approximately \$0.5 million to a total of \$13.4 million, compared to a total of \$13.9 million in 2012. Expenses for governmental activities totaled \$11.6 million in 2013 compared to \$10.3 million in 2012.
- The City's governmental funds reported combined ending fund balances of \$12.7 million at the end of the current fiscal year, an increase of \$0.7 million over the \$12.0 million from one year earlier. Approximately 46.5% of this amount or \$5.9 million is available for spending at the City's discretion (unassigned fund balance).
- 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 \$716,975 in 2013 compared to an increase of \$630,692 in 2012. This represents an increase of 6.0% above the prior year's net position.
- At the end of fiscal year 2013, unassigned fund balance for the General Fund was \$5,943,310, or 67.2% of the total 2013 General Fund expenditures, which represents 245 days (or over 8 months) of excess funds. This represents an increase of \$1,527,813 above the \$4,415,497 reported at the end of 2012.

### 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 25 and 27 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 31 and 37.

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 28 to 42 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 45 to 66 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 69 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 73 to 84 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 \$34,531,033 to \$36,251,372, which represents an increase of \$1,720,339, or 5.0%, over amounts reported last year. Of this amount, approximately 66.1% 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 \$12,282,872, or 33.9% of total net position at the end of 2013.

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

<b>Net Position</b>		<u>Governmental Activities</u>	
September 30, 2013 and 2012		<u>2013</u>	<u>2012</u>
Assets:			
Current and other assets.....	\$ 13,441,358	\$ 13,442,902	
Capital assets, net.....	<u>33,606,020</u>	<u>33,325,369</u>	
Total assets.....	<u>47,047,378</u>	<u>46,768,271</u>	
Liabilities:			
Long-term liabilities outstanding.....	10,002,720	10,753,273	
Other liabilities.....	<u>793,286</u>	<u>1,537,965</u>	
Total liabilities.....	<u>10,796,006</u>	<u>12,291,238</u>	
Net position:			
Invested in capital assets, net of related debt.....	23,784,552	22,736,033	
Restricted.....	183,948	1,677,007	
Unrestricted.....	<u>12,282,872</u>	<u>10,117,993</u>	
Total net position.....	<u>\$ 36,251,372</u>	<u>\$ 34,531,033</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 2013, the City's combined net position increased by \$1,720,339, or 5.0% over the amount reported in the prior year. During this same period, the City's total revenues decreased by \$564,184 to a total of \$13,354,048, compared to a total of \$13,918,232 in 2012. This decrease is due primarily to a net decrease in capital grants and other miscellaneous revenues. In 2013, revenues received from property and other taxes increased by \$138,611 compared to the prior year. During this same period, the combination of revenues received from other governments, franchise fees, and charges for services increased by \$302,712.

During 2013, approximately 30.7% of the City's total revenue came from property taxes, and approximately 52.9 cents (compared to 49.8 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 12.1% of the City's revenues are received in the form of operating grants, capital grants and contributions. Another

24.3% came from fees charged for services, while most of the rest is state and federal shared revenues and other miscellaneous earnings (10.7%).

Expenses incurred to operate the City increased by \$1,329,776 in 2013, as was anticipated by management in the development of current year budget appropriations. Overall, combined governmental activities expenses totaled \$11.6 million in 2013, compared to \$10.3 million one year earlier. Overall individual departmental expenses increased with exception of interest on long-term debt. The largest departmental monetary increase was recognized in the City's transportation expenses which rose by \$511,577 in 2013.

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

**Changes in Net Position**  
For the Years Ended September 30, 2013 and 2012

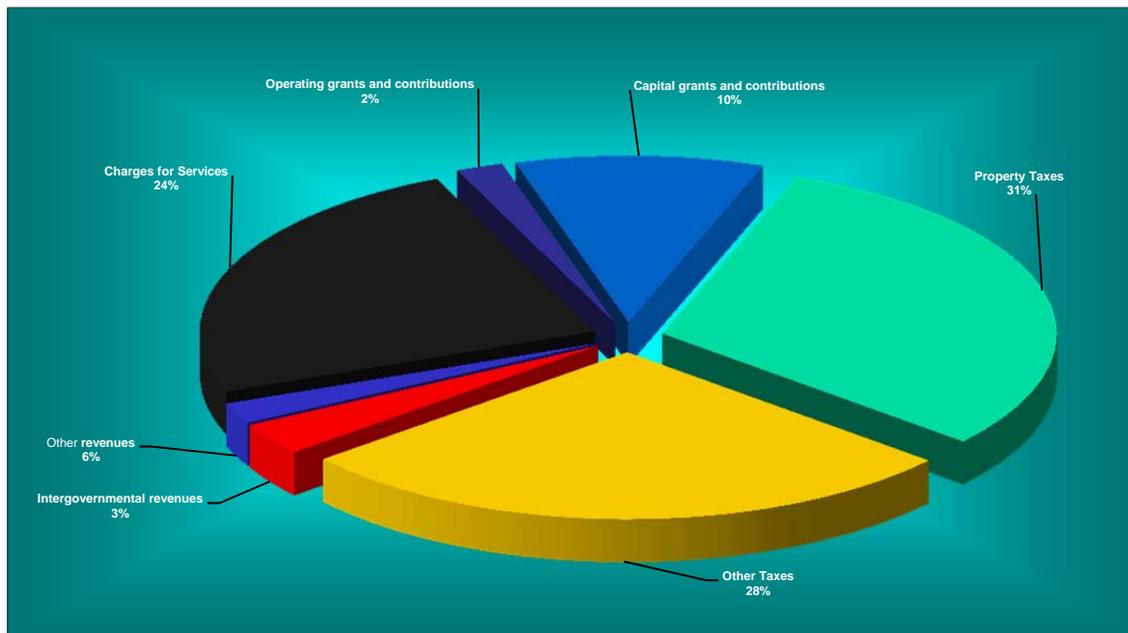
	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Revenues:		
Program revenues:		
Charges for services.....	\$ 3,246,020	\$ 2,971,554
Operating grants/other.....	256,522	269,031
Capital grants/other.....	1,360,910	1,752,549
General revenues:		
Property taxes.....	4,094,120	4,107,076
Other taxes.....	2,973,861	2,822,294
Franchise fees.....	731,038	741,137
Intergovernmental.....	423,178	384,833
Other revenues.....	<u>268,399</u>	<u>869,758</u>
Total revenues.....	<u>13,354,048</u>	<u>13,918,232</u>
Expenses:		
General government.....	1,979,123	1,626,194
Public safety.....	4,546,550	4,302,999
Transportation.....	1,828,992	1,317,415
Economic environment.....	10,000	-
Physical environment.....	2,145,456	1,958,554
Culture/recreation.....	705,300	663,753
Interest on long-term debt.....	<u>418,288</u>	<u>435,018</u>
Total expenses.....	<u>11,633,709</u>	<u>10,303,933</u>
Increase (decrease) in net assets.....	1,720,339	3,614,299
Net position, beginning of year.....	<u>34,531,033</u>	<u>30,916,734</u>
Net position, end of year.....	<u>\$ 36,251,372</u>	<u>\$ 34,531,033</u>

**Governmental Activities**

Revenues for the City's governmental activities experienced another decrease during 2013. Overall, the City's governmental revenues totaled \$13,354,048, which represents a decrease of \$564,184, or 4.1% under last year's reported governmental revenues totaling \$13,918,232. This decrease was attributable to a decrease in Program Revenues (capital grants/other) in the amount of \$391,639 that was relative to ongoing stormwater and infrastructure projects. The City also experienced a decrease in other miscellaneous revenues of \$601,359, while all other revenues such as charges for services, taxes and intergovernmental showed a net increase of \$428,814.

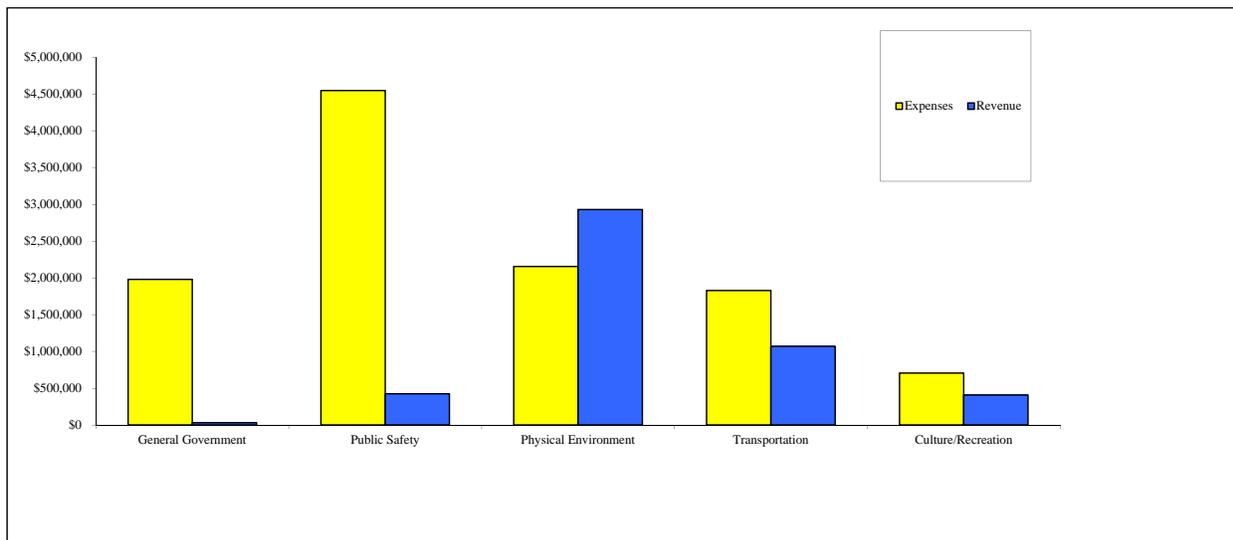
The City's governmental revenues are illustrated by source as follows:

### 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

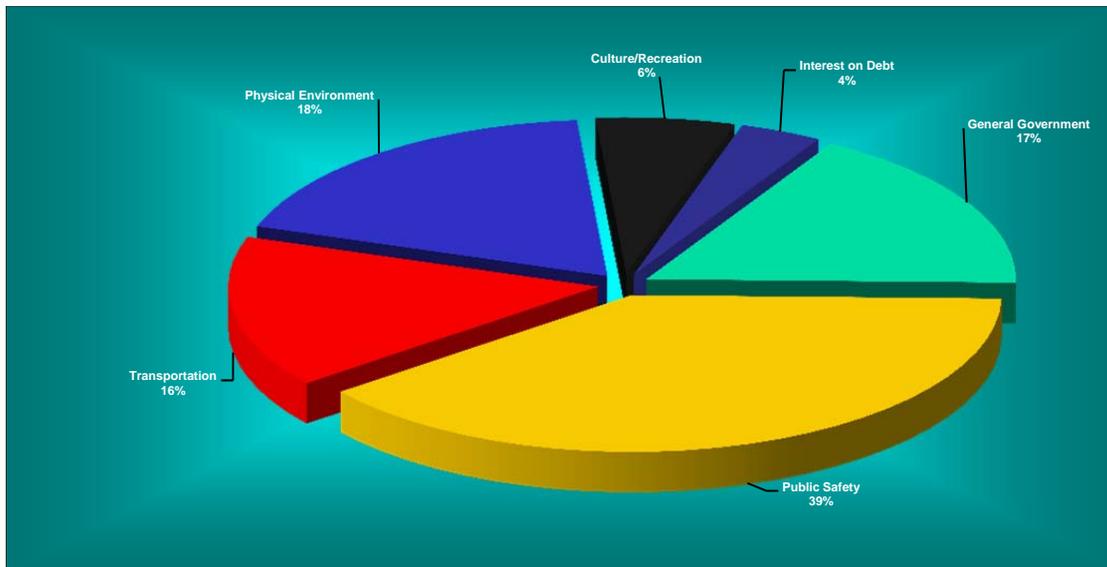


Expenses for the City's governmental activities totaled \$11,633,709 for fiscal 2013, which represents an increase of \$1,329,776 or 12.9% over last year's reported governmental expenditures totaling \$10,303,933. These expenses do not include amounts expended for capital outlay and for debt principal; 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 current years, the City is continuing to take steps to re-examine the sufficiency of its operating reserves set aside for emergency purposes.

---

### Expenditures 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 \$12,747,604 which was \$716,975, or 6.0%, greater than the \$12,030,629 reported last year. Approximately 46.7% of this amount (\$5,943,310) 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 \$2,476,541 have been designated as non-spendable since they 1) reflect the costs for payments for prepaid expenses carried over to the subsequent year (\$120,425), and 2) reflect advances to other funds that are long-term in nature (\$2,356,116);

Restricted – Net asset amounts totaling \$183,948 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 (\$61,994), 2) impact fees that are

restricted and can only be used for parks and recreation improvement projects (\$79,765), and 3) impact fees that are restricted and can only be used for public building projects (\$42,189);

Committed – Net asset amounts totaling \$3,516,089 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 - \$3,035,413), Orlandia Heights Neighborhood Improvement District costs (\$38,804) and street lighting district costs (\$393,529), and 2) to fund economic opportunity projects (\$48,343) as designated by the Council;

Assigned – Net asset amounts totaling \$627,716 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 (\$377,964), 2) financing the costs of storm water management (\$116,778), and 3) for other non-major governmental programs (\$132,974); and

Unassigned – Net asset amounts totaling \$5,943,310 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, 2013, the unassigned fund balance in the general fund totaled \$5,943,310, while total fund balance was \$8,477,696. 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 67.2% of total general fund expenditures (\$8,847,296), while total fund balance represents 95.9% of that same amount. City officials have established a target threshold of 100% in unassigned funds compared to General Fund expenditures. The City failed to meet its target threshold by 4.1%.

### **General Fund Budgetary Highlights**

In fiscal year 2013, 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 expenditures and reduced capital expenditures. Revenue projections were \$251,313 less than the revenues recognized during 2013. Actual expenditures in the General Fund for the current fiscal year were \$420,654 less than the budgetary amounts appropriated.

### **Capital Assets and Debt Administration**

*Capital Assets.* At September 30, 2013, the City had \$33,606,020 invested in a broad range of capital assets, including land, buildings, park facilities, public works infrastructure and general government machinery and equipment, compared to \$33,325,369 one year earlier. During 2013, the significant portion of the net increase was due to stormwater projects being completed and moved from construction in progress to infrastructure and additions to machinery and equipment.

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

**Capital Assets**  
September 30, 2013 and 2012

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Land.....	\$ 6,077,514	\$ 6,077,514
Construction in progress.....	1,240,623	2,168,028
Buildings.....	3,684,204	3,628,320
Infrastructure.....	27,658,362	25,553,746
Machinery and equipment.....	<u>1,745,090</u>	<u>1,462,528</u>
	40,405,793	38,890,136
Accumulated depreciation.....	<u>(6,799,773)</u>	<u>(5,564,767)</u>
Net investment in capital assets.....	<u>\$ 33,606,020</u>	<u>\$ 33,325,369</u>

**General Long-term Debt.** At year end, the City had \$9,821,468 in promissory notes and capital lease obligations outstanding which are secured solely by specified revenue streams and other sources. 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, 2013 and 2012

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Capital lease obligation.....	\$ 101,468	\$ 149,336
Notes Payable:		
Series 2006 Revenue Note.....	-	4,585,000
Series 2007 Revenue Note.....	790,000	1,165,000
Series 2009 Revenue Note.....	4,530,000	4,690,000
Series 2012 Revenue Note.....	<u>4,400,000</u>	<u>-</u>
	9,821,468	10,589,336
Other postemployment benefit obligation.....	14,875	10,112
Compensated absences.....	<u>166,377</u>	<u>153,825</u>
General long-term debt.....	<u>\$ 10,002,720</u>	<u>\$ 10,753,273</u>

At year end, the City had a commitment to fund future earned, but unpaid, employee personal leave of \$166,377. Similarly, the actuarial computed value of the City's future postemployment benefit obligation totaled \$14,875 at September 30, 2013.

## **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 6.8% at the end of September 2013, which is slightly lower than the 8.4% rate experienced one year earlier. These estimates are consistent with the State of Florida 6.2% and 8.4% unemployment rates at September 2013 and 2012, respectively.
- Property tax revenue in fiscal year 2014 is expected to be 1.3% higher than the property taxes collected in fiscal year 2013. Based on state forecasts, other state shared revenues are expected to increase due to signs of economic recovery.
- After several years of significant decreases in new home construction, resulting in a negative impact on building permit fees, the City is projecting increases in building permit fee revenues for fiscal year 2014 due to signs of increased building activity.
- The 2013-2014 year's budget includes appropriations of \$9.3 million for the General Fund, \$3.9 million for the City's ten special revenue funds, and \$2.2 million for the capital project fund, for a combined total of \$15.4 million. The City Council adopted an ad-valorem tax millage rate of 3.055 for fiscal year 2013-2014.

## **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.

***BASIC FINANCIAL STATEMENTS***

This Page Intentionally Left Blank.

**STATEMENT OF NET POSITION**

September 30, 2013

CITY OF DEBARY, FLORIDA

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
<hr/>	
Assets:	
Equity in pooled cash and investments.....	\$ 9,077,851
Investments.....	3,475,265
Receivables, net of allowance for uncollectible accounts.....	262,823
Due from other governments.....	504,994
Prepaid expenses.....	120,425
Capital assets:	
Land and construction in progress.....	7,318,137
Other capital assets, net of depreciation.....	<u>26,287,883</u>
 Total assets .....	 <u>47,047,378</u>
Liabilities:	
Accounts payable and accrued liabilities.....	594,138
Customer deposits and unearned income.....	89,019
Accrued interest payable.....	110,129
Compensated absences obligation.....	166,377
Other postemployment benefit obligation.....	14,875
Bonds, notes, and other payables:	
Due or payable within one year.....	884,754
Due or payable in more than one year.....	<u>8,936,714</u>
 Total liabilities .....	 <u>10,796,006</u>
Net position:	
Invested in capital assets net of related debt .....	23,784,552
Restricted for:	
Public safety-inspection fees.....	61,994
Park Benefit impact fees.....	79,765
Public Buildings Benefit impact fees.....	42,189
Unrestricted .....	<u>12,282,872</u>
 Total net position .....	 <u>\$ 36,251,372</u>

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

This Page Intentionally Left Blank.

**STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended September 30, 2013  
 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.....	\$ 1,979,123	32,065	-	-	(1,947,058)
Public safety.....	4,546,550	425,488	-	-	(4,121,062)
Transportation.....	1,828,992	469,986	256,522	343,376	(759,108)
Economic environment.....	10,000	-	-	-	(10,000)
Physical environment.....	2,145,456	2,197,516	-	731,720	783,780
Culture/recreation.....	705,300	120,965	-	285,814	(298,521)
Interest on long-term debt .....	418,288	-	-	-	(418,288)
<b>Total primary government.....</b>	<b>\$ 11,633,709</b>	<b>3,246,020</b>	<b>256,522</b>	<b>1,360,910</b>	<b>(6,770,257)</b>
General revenues:					
Property taxes.....					4,094,120
Sales taxes.....					887,273
Public service taxes.....					2,044,387
Other taxes.....					42,201
Franchise fees.....					731,038
State revenue sharing.....					399,005
Other intergovernmental revenues.....					24,173
Investment earnings.....					31,796
Miscellaneous revenue.....					236,603
<b>Total general revenues.....</b>					<b>8,490,596</b>
Change in net position.....					1,720,339
Net position - beginning of year.....					34,531,033
Net position - ending.....					<b>\$ 36,251,372</b>

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

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
September 30, 2013  
CITY OF DEBARY, FLORIDA

	General	Special Revenue Funds		
		Solid Waste	Stormwater Management	Franchise Fees
<b>Assets:</b>				
Equity in pooled cash and investments.....	\$ 2,505,990	482,375	165,919	2,943,347
Investments.....	3,475,265	-	-	-
Receivables (net).....	155,865	-	-	105,565
Due from other funds.....	-	-	16,712	-
Advance to other funds.....	2,356,116	-	-	-
Due from other governments.....	259,691	9	98	-
Prepays.....	<u>116,276</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets.....	<u>\$ 8,869,203</u>	<u>482,384</u>	<u>182,729</u>	<u>3,048,912</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities.	\$ 275,179	104,420	65,951	13,499
Unearned revenue.....	99,616	-	-	-
Due to other funds.....	16,712	-	-	-
Advance from other funds.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities.....	<u>391,507</u>	<u>104,420</u>	<u>65,951</u>	<u>13,499</u>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid items.....	116,276	-	-	-
Advances to other funds.....	2,356,116	-	-	-
<b>Restricted:</b>				
Public safety-inspection fees.....	61,994	-	-	-
Public buildings benefit impact fees.....	-	-	-	-
Park benefit impact fees.....	-	-	-	-
<b>Committed:</b>				
Franchise fees.....	-	-	-	3,035,413
Street lighting.....	-	-	-	-
Orlandia Heights improvements.....	-	-	-	-
Economic opportunity.....	-	-	-	-
<b>Assigned:</b>				
Solid waste.....	-	377,964	-	-
Stormwater management.....	-	-	116,778	-
Other purposes.....	-	-	-	-
Unassigned.....	<u>5,943,310</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances.....	<u>8,477,696</u>	<u>377,964</u>	<u>116,778</u>	<u>3,035,413</u>
Total liabilities and fund balances ...	<u>\$ 8,869,203</u>	<u>482,384</u>	<u>182,729</u>	<u>3,048,912</u>

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

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
2,213,478	766,742	9,077,851
-	-	3,475,265
-	1,393	262,823
-	-	16,712
-	-	2,356,116
245,195	1	504,994
<u>-</u>	<u>4,149</u>	<u>120,425</u>
<u>2,458,673</u>	<u>772,285</u>	<u>15,814,186</u>
102,557	32,532	594,138
-	-	99,616
-	-	16,712
<u>2,356,116</u>	<u>-</u>	<u>2,356,116</u>
<u>2,458,673</u>	<u>32,532</u>	<u>3,066,582</u>
-	4,149	120,425
-	-	2,356,116
-	-	61,994
-	79,765	79,765
-	42,189	42,189
-	-	3,035,413
-	393,529	393,529
-	38,804	38,804
-	48,343	48,343
-	-	377,964
-	-	116,778
-	132,974	132,974
<u>-</u>	<u>-</u>	<u>5,943,310</u>
<u>-</u>	<u>739,753</u>	<u>12,747,604</u>
<u>2,458,673</u>	<u>772,285</u>	<u>15,814,186</u>

This Page Intentionally Left Blank.

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

September 30, 2013

CITY OF DEBARY, FLORIDA

---

Fund balances - total governmental funds .....		\$ 12,747,604
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.....		33,606,020
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.....		10,597
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.....	(9,821,468)	
Accrued interest payable.....	(110,129)	
Actuarially computed other post-employment benefits obligation.....	(14,875)	
Compensated absences.....	(166,377)	(10,112,849)
Net position of governmental activities.....		<u>\$ 36,251,372</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, 2013  
CITY OF DEBARY, FLORIDA

	General	Special Revenue Funds		
		Solid Waste	Stormwater Management	Franchise Fees
<b>Revenue:</b>				
Taxes.....	\$ 6,647,256	-	-	-
Permits and fees.....	363,724	-	809,441	731,038
Intergovernmental.....	1,758,153	-	265,375	-
Charges for services .....	125,538	1,376,872	-	-
Fines and forfeitures.....	50,808	-	-	-
Miscellaneous.....	<u>254,974</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue.....	<u>9,200,453</u>	<u>1,376,872</u>	<u>1,074,816</u>	<u>731,038</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government:</b>				
Mayor and Council.....	108,107	-	-	-
City Manager.....	403,865	-	-	-
Finance and administration.....	239,467	-	-	-
Legal.....	128,084	-	-	-
Planning/Community Development.....	180,011	-	-	-
Nondepartmental.....	<u>1,126,369</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,185,903</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Public Safety:</b>				
Law enforcement.....	2,756,434	-	-	-
Fire safety.....	1,203,144	-	-	-
Protective inspection.....	289,355	-	-	-
Code enforcement.....	136,011	-	-	-
Emergency and disaster relief.....	34,033	-	-	-
Animal control.....	<u>79,714</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,498,691</u>	<u>-</u>	<u>-</u>	<u>-</u>
Physical environment.....	-	1,356,218	220,550	-
Transportation.....	864,967	-	-	174,511
Economic environment .....	-	-	-	-
Culture/recreation .....	833,451	-	-	-
<b>Capital Outlay:</b>				
Transportation.....	-	-	-	-
Physical environment .....	-	-	-	-
<b>Debt Service:</b>				
Principal retirement .....	422,868	-	390,000	-
Interest and fiscal charges.....	<u>41,416</u>	<u>-</u>	<u>322,957</u>	<u>-</u>
Total expenditures.....	<u>8,847,296</u>	<u>1,356,218</u>	<u>933,507</u>	<u>174,511</u>

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

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
-	-	6,647,256
-	508,434	2,412,637
456,731	-	2,480,259
-	-	1,502,410
-	-	50,808
-	<u>24,629</u>	<u>279,603</u>
<u>456,731</u>	<u>533,063</u>	<u>13,372,973</u>
-	-	108,107
-	-	403,865
-	-	239,467
-	-	128,084
-	-	180,011
-	<u>4,715</u>	<u>1,131,084</u>
-	<u>4,715</u>	<u>2,190,618</u>
-	-	2,756,434
-	-	1,203,144
-	-	289,355
-	-	136,011
-	-	34,033
-	-	<u>79,714</u>
-	-	<u>4,498,691</u>
-	7,823	1,584,591
-	525,743	1,565,221
-	10,000	10,000
-	-	833,451
177,804	-	177,804
618,381	-	618,381
-	-	-
-	-	812,868
-	-	<u>364,373</u>
<u>796,185</u>	<u>548,281</u>	<u>12,655,998</u>

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS - (Continued)**  
For the Fiscal Year Ended September 30, 2013  
CITY OF DEBARY, FLORIDA

	Special Revenue Funds			
	General	Solid Waste	Stormwater Management	Franchise Fees
Excess of revenue over (under) expenditures.....	\$ 353,157	20,654	141,309	556,527
Other Financing Sources (Uses):				
Transfers in .....	925,639	-	16,712	-
Refunding bonds issued.....	-	-	4,400,000	-
Payment to refunded bond escrow agent....	-	-	(4,400,000)	-
Transfers out.....	(38,752)	-	-	(202,954)
Total other financing sources (uses).	886,887	-	16,712	(202,954)
Net changes in fund balances.....	1,240,044	20,654	158,021	353,573
Fund balances, beginning of year .....	7,237,652	357,310	(41,243)	2,681,840
Fund balances, end of year .....	\$ 8,477,696	377,964	116,778	3,035,413

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

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>(339,454)</u>	<u>(15,218)</u>	<u>716,975</u>
-	22,040	964,391
-	-	4,400,000
-	-	(4,400,000)
<u>(722,685)</u>	<u>-</u>	<u>(964,391)</u>
<u>(722,685)</u>	<u>22,040</u>	<u>-</u>
(1,062,139)	6,822	716,975
<u>1,062,139</u>	<u>732,931</u>	<u>12,030,629</u>
<u>-</u>	<u>739,753</u>	<u>12,747,604</u>

This Page Intentionally Left Blank.

**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, 2013  
CITY OF DEBARY, FLORIDA

---

Net change in fund balances - total governmental funds..... \$ 716,975

Differences in amounts reported for governmental activities in the statement of activities are:

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, These items consist of the following:

Capital outlay expenditures.....	1,676,102	
Depreciation expense.....	(1,237,327)	
Book value of disposed assets.....	<u>(158,124)</u>	280,651

Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net assets. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net assets. These amounts are as follows:

Proceeds of long-term debt.....	(4,400,000)	
Principal repayment of general long-term debt.....	5,167,868	
Amortization of loan costs.....	<u>(42,787)</u>	725,081

Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds..... (18,925)

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.....	33,872	
Change in compensated absences liabilities.....	(12,552)	
Change in actuarially computed OPEB obligation.....	<u>(4,763)</u>	<u>16,557</u>

Change in net position of governmental activities..... \$ 1,720,339

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

**BALANCES - BUDGET AND ACTUAL - GENERAL FUND**

For the Fiscal Year Ended September 30, 2013

CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
<b>Revenue:</b>				
Taxes.....	\$ 6,532,420	6,532,420	6,647,256	114,836
Permits, fees and special assessments .....	238,000	346,750	363,724	16,974
Intergovernmental.....	1,656,434	1,656,434	1,758,153	101,719
Charges for services .....	110,410	110,410	125,538	15,128
Fines and forfeitures.....	14,000	14,000	50,808	36,808
Miscellaneous.....	289,126	289,126	254,974	(34,152)
<b>Total revenue.....</b>	<b>8,840,390</b>	<b>8,949,140</b>	<b>9,200,453</b>	<b>251,313</b>
<b>Expenditures:</b>				
<b>General Government:</b>				
Mayor and Council.....	139,875	119,875	108,107	11,768
City Manager.....	413,442	413,542	403,865	9,677
Finance and administration.....	318,522	318,522	239,467	79,055
Legal.....	141,500	127,500	128,084	(584)
Planning and community development....	366,923	291,273	180,011	111,262
Nondepartmental.....	1,690,184	1,630,333	1,126,369	503,964
	<u>3,070,446</u>	<u>2,901,045</u>	<u>2,185,903</u>	<u>715,142</u>
<b>Public Safety:</b>				
Law enforcement.....	2,758,808	2,758,808	2,756,434	2,374
Fire safety.....	1,227,652	1,231,652	1,203,144	28,508
Protective inspection.....	194,305	284,455	289,355	(4,900)
Code enforcement.....	148,889	158,389	136,011	22,378
Emergency and disaster relief.....	71,570	74,420	34,033	40,387
Animal control.....	79,715	79,715	79,714	1
	<u>4,480,939</u>	<u>4,587,439</u>	<u>4,498,691</u>	<u>88,748</u>
Transportation.....	407,146	457,146	864,967	(407,821)
Culture/recreation .....	756,385	858,036	833,451	24,585
<b>Debt Service:</b>				
Principal retirement .....	422,868	422,868	422,868	-
Interest and fiscal charges.....	41,416	41,416	41,416	-
	<u>464,284</u>	<u>464,284</u>	<u>464,284</u>	<u>-</u>
<b>Total expenditures.....</b>	<b>9,179,200</b>	<b>9,267,950</b>	<b>8,847,296</b>	<b>420,654</b>
Excess of revenue over (under) expenditures.....	(338,810)	(318,810)	353,157	671,967

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, 2013  
CITY OF DEBARY, FLORIDA

Continued

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Other Financing Sources (Uses):				
Transfers in .....	\$ 449,384	449,384	925,639	476,255
Appropriated fund balance (contingency)...	(74,574)	(74,574)	-	74,574
Transfers out.....	<u>(36,000)</u>	<u>(56,000)</u>	<u>(38,752)</u>	<u>17,248</u>
Total other financing sources (uses).	<u>338,810</u>	<u>318,810</u>	<u>886,887</u>	<u>568,077</u>
Net changes in fund balances.....	-	-	1,240,044	1,240,044
Fund balances, beginning of year .....	<u>7,237,652</u>	<u>7,237,652</u>	<u>7,237,652</u>	-
Fund balances, end of year .....	<u>\$ 7,237,652</u>	<u>7,237,652</u>	<u>8,477,696</u>	<u>1,240,044</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, 2013  
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Charges for services.....	\$ 1,345,707	1,345,707	1,376,872	31,165
Total revenue.....	1,345,707	1,345,707	1,376,872	31,165
Expenditures:				
Current:				
Physical environment .....	1,352,457	1,352,457	1,356,218	(3,761)
Total expenditures.....	1,352,457	1,352,457	1,356,218	(3,761)
Excess of revenue over (under) expenditures.....	(6,750)	(6,750)	20,654	27,404
Other Financing Sources (Uses):				
Appropriated fund balance.....	6,750	6,750	-	(6,750)
Total other financing sources (uses).	6,750	6,750	-	(6,750)
Net changes in fund balances.....	-	-	20,654	20,654
Fund balances, beginning of year .....	357,310	357,310	357,310	-
Fund balances, end of year .....	\$ 357,310	357,310	377,964	20,654

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, 2013  
 CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
<b>Revenue:</b>				
Permits, fees and special assessments .....	\$ 791,360	791,360	809,441	18,081
Intergovernmental.....	-	-	265,375	265,375
Total revenue.....	<u>791,360</u>	<u>791,360</u>	<u>1,074,816</u>	<u>283,456</u>
<b>Expenditures:</b>				
Physical environment.....	<u>186,673</u>	<u>298,393</u>	<u>220,550</u>	<u>77,843</u>
<b>Debt Service:</b>				
Principal retirement .....	395,000	395,000	390,000	5,000
Interest and fiscal charges.....	<u>355,532</u>	<u>355,532</u>	<u>322,957</u>	<u>32,575</u>
	<u>750,532</u>	<u>750,532</u>	<u>712,957</u>	<u>37,575</u>
Total expenditures.....	<u>937,205</u>	<u>1,048,925</u>	<u>933,507</u>	<u>115,418</u>
Excess of revenue over (under) expenditures.....	<u>(145,845)</u>	<u>(257,565)</u>	<u>141,309</u>	<u>398,874</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in .....	1,554,468	1,554,468	16,712	(1,537,756)
Refunding bonds issued.....	-	-	4,400,000	4,400,000
Payment to refunded bond escrow agent.....	-	-	(4,400,000)	(4,400,000)
Contingency.....	<u>(1,408,623)</u>	<u>(1,296,903)</u>	-	<u>1,296,903</u>
Total other financing sources (uses).	<u>145,845</u>	<u>257,565</u>	<u>16,712</u>	<u>(240,853)</u>
Net changes in fund balances.....	-	-	158,021	158,021
Fund balances, beginning of year .....	<u>(41,243)</u>	<u>(41,243)</u>	<u>(41,243)</u>	-
Fund balances, end of year .....	<u>\$ (41,243)</u>	<u>(41,243)</u>	<u>116,778</u>	<u>158,021</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, 2013  
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Permits, fees and special assessments .....	\$ 775,000	775,000	731,038	(43,962)
Total revenue.....	775,000	775,000	731,038	(43,962)
Expenditures:				
Capital Outlay:				
Transportation.....	325,616	325,616	174,511	151,105
Total expenditures.....	325,616	325,616	174,511	151,105
Excess of revenue over (under) expenditures.....	449,384	449,384	556,527	107,143
Other Financing Sources (Uses):				
Transfers out.....	(449,384)	(449,384)	(202,954)	246,430
Net changes in fund balances.....	-	-	353,573	353,573
Fund balances, beginning of year .....	2,681,840	2,681,840	2,681,840	-
Fund balances, end of year .....	\$ 2,681,840	2,681,840	3,035,413	353,573

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

***NOTES TO THE FINANCIAL STATEMENTS***

This Page Intentionally Left Blank.

## NOTES TO THE FINANCIAL STATEMENTS

September 30, 2013

CITY OF DEBARY, FLORIDA

---

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of City of DeBary, Florida, 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 is reported as if it were part of the primary government and appropriately recorded 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 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 as is further disclosed below under the heading *Interfund Activity Eliminations and Reclassifications*.

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

## NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2013

CITY OF DEBARY, FLORIDA

---

a given function or segment of the government, and (2) grants and contributions 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 and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or 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 in accordance with the requirements of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Nonexchange transactions are 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 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

## NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2013

CITY OF DEBARY, FLORIDA

---

other imposed nonexchange revenues are recognized in the same period that the assets are recognized.

*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, fund equity, 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.

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, 2013

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)(9)) 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.

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 are reported at fair value, with the exception of investments in the SEC Rule 2a7-like pools (State Board of Administration Local Government Surplus Trust Fund Pool) which are stated at cost, or amortized cost, and are the same as the fair value of pool shares.

#### ***2. Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS – (Continued)**

September 30, 2013

CITY OF DEBARY, FLORIDA

---

**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. In accordance with the implementation efforts of GASB Statement No. 34, the City is exempt from reporting all general infrastructure assets and related depreciation expense on these assets, for those assets acquired prior to the year of implementation of the pronouncement in the entity-wide statement of net position and statement of activities. All known infrastructure assets acquired in current and prior years are reported in the financial statements.

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, 2013

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 employees' payroll costs paid subsequent to year-end attributable to services performed prior to year-end is recorded and recognized as a current liability.

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. Debt issuance costs, when incurred, are charged to expense in the fund receiving debt proceeds.

### **9. *Net Position/Fund Balance***

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* - The nonspendable fund balance 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* - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or

## NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2013

CITY OF DEBARY, FLORIDA

---

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).

*Committed* - Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

*Assigned* - Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance, except for stabilization arrangements. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.

*Unassigned* - Unassigned fund balance is the residual classification for the general fund. This classification represents 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.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the City Council through adoption or amendment of the budget pursuant to the provisions of Part I, Article XI, Sections 11.03 and 11.05 of the City Charter as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

### ***10. 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.

### ***11. Reclassifications***

Certain amounts for 2012 have been reclassified to conform to the 2013 financial statement presentation.

## NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2013

CITY OF DEBARY, FLORIDA

---

### **E. New Accounting Standards**

GASB Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements* (GASB 60), was implemented during the fiscal year ended September 30, 2013. GASB 60 addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. The implementation of GASB 60 did not have a material impact on the City's financial statements as the City does not have any SCAs in place at September 30, 2013.

GASB Statement 61, *The Financial Reporting Entity: Omnibus* (GASB 61), was implemented during the fiscal year ended September 30, 2013. GASB 61 amends GASB 14 and GASB 34 to modify certain requirements for inclusion of component units in the financial reporting entity, to amend the criteria for reporting component units as if they were part of the primary government (i.e. blending) in certain circumstances, and clarifies the reporting of equity interests in legally separate organizations. There were no changes in the reporting of the City's component unit as a result of the adoption of GASB 61.

GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62) was implemented during the fiscal year ended September 30, 2013. GASB 62 incorporates into GASB's authoritative literature, certain accounting and financial reporting guidance that is included in pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The implementation of GASB 62 did not have a material impact on the City's financial statements.

GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* was implemented during the fiscal year ended September 30, 2013. GASB 62 is intended to provide guidance for reporting deferred outflows of resources, deferred inflow of resources, and net position in a statement of financial position and related disclosures. The adoption of this statement requires the City to modify the balance sheets and replace the statements of revenues, expenses and changes in net assets with a statement of revenues, expenses and changes in net position, when applicable. The implementation of GASB 63 did not have a material impact on the City's financial statements.

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions -- an amendment of GASB Statement No. 53* was implemented during the fiscal year ended September 30, 2013. GASB 64 was implemented to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of GASB 64 did not have a material impact on the City's financial statements because it is not a party to any hedging activities.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* was implemented during the fiscal year ended September 30, 2013. GASB 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The implementation of GASB 65 did not have a material impact on the City's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2013

CITY OF DEBARY, FLORIDA

---

GASB Statement 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62* (GASB 66) was issued to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of GASB 54 and GASB 62. The requirements of GASB 66 are effective for fiscal year 2014. The City is currently evaluating the impact, if any, that GASB 66 may have on its financial statements.

GASB Statement 67, *Accounting and Financial Reporting for Pension Plans an amendment of GASB Statement No. 25* (GASB 67) was issued to establish standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and non-employer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented. The requirements of GASB 67 are effective for fiscal year 2014. The City does not anticipate that the implementation of GASB 67 will have any impact on its financial statements since it does not provide any separately issued financial reports for pension activities.

GASB Statement 68, *Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27* (GASB 68) was issued to establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. The requirements of GASB 68 are effective for fiscal year 2015. The City is currently evaluating the impact that GASB 68 may have on its financial statements.

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

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

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.

## NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2013

CITY OF DEBARY, FLORIDA

---

### 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:

1. On or before July 15th, the City Manager submits a recommended budget to the City Council for the ensuing fiscal year.
2. Budget workshop sessions are scheduled by the City Council, as needed.
3. 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.
4. The City Council, by resolution, may make supplemental appropriations in excess of those estimated for the year up to the amount of available revenue in accordance with Section 11.05 of the City Charter. Prior to the end of the fiscal year, supplemental appropriations are made for unanticipated spending requirements by the Council.
5. The City Council must approve all inter-departmental budget amendments and/or appropriations transfers. Budgetary control is exercised at the fund level.
6. Every appropriation lapses at the close of the fiscal year.

#### B. Excess of Expenditures over Appropriations

During fiscal 2013, the Solid Waste (major) Special Revenue Fund reported actual expenditures that exceeded budgetary appropriations by \$3,761, or 0.3% of total approved appropriations of \$1,352,457. The over-expenditure was the result of unbudgeted expenditures recognized for solid waste contract services in 2013. This immaterial amount will be funded in entirety from future period surplus funds, all of which are restricted for these purposes.

During fiscal 2013, the Orlandia Heights Neighborhood Improvement District (nonmajor) special revenue fund reported actual expenditures that exceeded budgetary appropriations by \$50,071. The over-expenditure was the result of unbudgeted expenditures recognized for district improvements that were specifically authorized by the governing board for the purpose of using accumulated prior years' surplus funds, all of which are restricted for these purposes.

#### C. Deficit Fund Balances

At September 30, 2013, the City had no operating funds with deficit fund balances.

**NOTES TO THE FINANCIAL STATEMENTS – (Continued)**

September 30, 2013

CITY OF DEBARY, FLORIDA

---

**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 3.0935 mills (2012 levy collected in the year ended September 30, 2013). 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												
A court order is obtained authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent taxes	August 31												

**NOTES TO THE FINANCIAL STATEMENTS – (Continued)**

September 30, 2013

CITY OF DEBARY, FLORIDA

**NOTE 5 - DEPOSITS AND INVESTMENTS**

*Deposits.* At September 30, 2013, the carrying value of the City’s cash deposit accounts totaled \$9,077,301 and the bank balance totaled \$9,185,818. 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. Amounts do not include \$550 in cash funds on hand at the end of the fiscal year.

*Investments.* As of September 30, 2013, 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.....	\$ 3,376,692	3,376,692	-	-
Fund B.....	98,573	-	98,573	-
Totals.....	<u>\$ 3,475,265</u>	<u>3,376,692</u>	<u>98,573</u>	<u>-</u>

The City’s investments consist of amounts invested in the Local Government Surplus Trust Fund managed by the Florida State Board of Administration (SBA). The SBA is part of the Local Government Surplus Trust 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 Local Government Surplus Trust Fund. As a Florida PRIME and Fund B 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 assets held in Fund B are presently restricted and the City is prohibited from withdrawing any amounts from the pool.

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 and Fund B. 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.

The SBA’s interpretation of GASB 31 is that the Florida PRIME is currently considered an SEC 2a-7 like fund, thus your account balance should also be considered the fair value of your investment. The SBA’s interpretation in regards to Fund B is that it does not meet the requirements of an SEC 2a-7 like fund; therefore, SBA is providing a fair value factor (i.e. total net asset value of Fund B divided by total participant balances of Fund B) for September 30, 2013. The fair value of the remaining \$87,031 (at cost) investment in Fund B is \$98,573 as of September 30, 2013, based on the fair value factor of 1.13262284 reported by the trustees of Fund B.

**NOTES TO THE FINANCIAL STATEMENTS – (Continued)**

September 30, 2013

CITY OF DEBARY, FLORIDA

---

*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.

GASB 40, “*Deposit and Investment Risk Disclosures*,” requires that interest rate risk be disclosed using one of the five approved methods for all debt investments as well as investments in mutual funds, external investment pools, and other pooled investments that do not meet the definition of a 2a-7 like pool. The five methods are: segmented time distribution, specific identification, weighted average maturity (WAM), duration, and simulation model. Different methods may be presented for different types of investments.

At September 30, 2013, the WAM of the Florida PRIME is 44 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. Due to the nature of the securities in Fund B, the interest rate risk information required by GASB 40 is not available. An estimate of weighted average life (WAL) is available. In the calculation of WAL, the time at which an expected principal amount is to be received (measured in years) is weighted by the principal amount received at that time divided by the sum of all expected principal payments. The principal amounts used in the WAL calculation are not discounted to present value as they would be in a weighted average duration calculation. The WAL (based on expected future cash flows) of Fund B at September 30, 2013, is estimated at 4.04 years. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the weighted average life.

*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%

**NOTES TO THE FINANCIAL STATEMENTS – (Continued)**

September 30, 2013

CITY OF DEBARY, FLORIDA

---

*Credit Quality.* The Florida PRIME is rated by Standard and Poors, with a rating of AAAM as of September 30, 2013; Fund B is not rated by any nationally recognized statistical rating agency.

*Foreign Currency Risk.* The Florida PRIME and Fund B were not exposed to any foreign currency risk during the period from October 1, 2012 through September 30, 2013.

*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 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, 2013, the carrying amount of the City’s deposits in the Local Government Surplus Funds Trust Fund was \$3,475,265, all of which was covered by collateral securities in accordance with the Act. All remaining deposits were adequately covered by federal depository insurance and/or 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) lines for certain funds and aggregated columns. Below is a detail of receivables for the governmental activities anticipated to be collected within an operating cycle:

Delinquent taxes receivable .....	\$ 10,597
Utility service taxes.....	141,342
Franchise fees.....	105,565
Recycling fees.....	1,393
Other miscellaneous receivables .....	<u>3,926</u>
	262,823
Less: allowance for doubtful accounts.....	<u>0</u>
Total governmental activities receivables, net .....	<u>\$ 262,823</u>

**NOTES TO THE FINANCIAL STATEMENTS – (Continued)**

September 30, 2013

CITY OF DEBARY, FLORIDA

**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 an operating cycle:

Accounts payable .....	\$ 435,317	
Contract retentions .....	102,557	
Accrued wages .....	25,840	
Accrued employee benefits .....	1,977	
Other miscellaneous payables .....	<u>28,447</u>	
 Total governmental activities payables .....		<u>\$ 594,138</u>

**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. Individual fund interfund receivables and payables at September 30, 2013, are comprised of the following:

Funds	Due from/ Advance to	Due to/ Advance from
General:		
Advance to Flood Improvement Capital Project.....	\$ 2,356,116	-
Due to Stormwater Improvement Capital Project.....	-	16,712
Stormwater Improvement Capital Project:		
Due from General.....	16,712	
Capital Projects:		
Advance from General.....	<u>-</u>	<u>2,356,116</u>
Totals.....	<u>\$ 2,372,828</u>	<u>2,372,828</u>

**NOTES TO THE FINANCIAL STATEMENTS – (Continued)**

September 30, 2013

CITY OF DEBARY, FLORIDA

Individual fund transfers made during the year ended September 30, 2013, are comprised of the following:

Funds	Transfer From	Transfer To
General:		
Franchise Fees.....	\$ 202,954	-
Stormwater Management.....		16,712
Capital Projects.....	722,685	
Economic Opportunity.....		22,040
Stormwater Management:		
General.....	16,712	
Franchise Fee:		
General.....	-	202,954
Capital Projects:		
General.....	-	722,685
Economic Opportunity		
General.....	<u>22,040</u>	<u>-</u>
Totals.....	<u>\$ 964,391</u>	<u>964,391</u>

**NOTE 8 - CAPITAL ASSETS**

A summary of the capital assets activity for the year ended September 30, 2013, is as follows:

	Balances 9/30/2012	Additions	Deletions	Balances 9/30/2013
Capital assets not being depreciated:				
Land.....	\$ 6,077,514	-	-	6,077,514
Construction in progress.....	<u>2,168,028</u>	<u>1,305,510</u>	<u>(2,232,915)</u>	<u>1,240,623</u>
Total capital assets not being depreciated....	<u>8,245,542</u>	<u>1,305,510</u>	<u>(2,232,915)</u>	<u>7,318,137</u>
Capital assets being depreciated:				
Buildings.....	3,628,320	55,884	-	3,684,204
Infrastructure.....	25,553,746	2,104,616	-	27,658,362
Machinery and equipment.....	<u>1,462,528</u>	<u>285,833</u>	<u>(3,271)</u>	<u>1,745,090</u>
Total capital assets being depreciated.....	<u>30,644,594</u>	<u>2,446,333</u>	<u>(3,271)</u>	<u>33,087,656</u>
Less accumulated depreciation for:				
Buildings.....	(639,534)	(134,095)	-	(773,629)
Infrastructure.....	(4,060,101)	(948,918)	-	(5,009,019)
Machinery and equipment.....	<u>(865,132)</u>	<u>(154,314)</u>	<u>2,321</u>	<u>(1,017,125)</u>
Total accumulated depreciation.....	<u>(5,564,767)</u>	<u>(1,237,327)</u>	<u>2,321</u>	<u>(6,799,773)</u>
Total capital assets being depreciated, net....	<u>25,079,827</u>	<u>1,209,006</u>	<u>(950)</u>	<u>26,287,883</u>
Total capital assets, net.....	<u>\$ 33,325,369</u>	<u>2,514,516</u>	<u>(2,233,865)</u>	<u>33,606,020</u>

**NOTES TO THE FINANCIAL STATEMENTS – (Continued)**

September 30, 2013

CITY OF DEBARY, FLORIDA

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

Governmental activities:		
General government.....	\$	144,938
Public safety .....		77,766
Physical environment .....		580,236
Transportation.....		248,319
Culture/recreation .....		<u>186,068</u>
Total depreciation expense - governmental activities .....		<u>\$ 1,237,327</u>

**NOTE 9 – GENERAL LONG-TERM DEBT**

The City’s long-term debt outstanding at September 30, 2013, is as follows:

	<u>Balance Due</u>	<u>Current Maturities</u>
Capital Lease Obligations:		
\$239,698 capital lease for machinery and equipment, for the City's fire department, dated 1/8/2010, payable in annual installments of \$53,752 through 1/8/2015, stated interest rate of 3.940%, secured with machinery and equipment with a book value of \$186,432 as of 9/30/2013.....	\$ 101,468	49,754
Notes Payable:		
3.635% Series 2007 Revenue Note; dated November 8, 2007, interest payable semi-annually on May 1 and November 1, principal payable annually on November 1, through November 2014, secured by the City's stormwater utility assessments and a pledge to budget and appropriate non-advalorem revenues.....	790,000	390,000
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.....	4,530,000	175,000
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.....	<u>4,400,000</u>	<u>270,000</u>
Total leases and notes payable.....	9,821,468	884,754
Other post-employment benefit obligation.....	14,875	-
Compensated absences (current portion estimated).....	<u>166,377</u>	<u>41,594</u>
Total long-term debt.....	<u>\$10,002,720</u>	<u>926,348</u>

**NOTES TO THE FINANCIAL STATEMENTS – (Continued)**

September 30, 2013

CITY OF DEBARY, FLORIDA

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

	Balances 9/30/2012	Additions	Deletions	Balances 9/30/2013
<b>Capital Lease Obligations:</b>				
\$239,698 capital lease dated 1/8/2010.....	\$ 149,336	-	(47,868)	101,468
<b>Notes Payable:</b>				
3.845% Series 2006 Revenue Note.....	4,585,000	-	(4,585,000)	-
3.635% Series 2007 Revenue Note.....	1,165,000	-	(375,000)	790,000
4.050% Series 2009 Revenue Note.....	4,690,000	-	(160,000)	4,530,000
4.050% Series 2009 Revenue Note.....	-	4,400,000	-	4,400,000
	10,589,336	4,400,000	(5,167,868)	9,821,468
Other post-employment benefit obligation....	10,112	4,763	-	14,875
Compensated absences.....	153,825	98,304	(85,752)	166,377
<b>Totals.....</b>	<b><u>\$ 10,753,273</u></b>	<b><u>4,503,067</u></b>	<b><u>(5,253,620)</u></b>	<b><u>10,002,720</u></b>

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

Fiscal Year	Capital Lease Obligation		Revenue Notes	
	Principal	Interest	Principal	Interest
September 30, 2014.....	\$ 49,754	3,998	835,000	300,823
September 30, 2015.....	51,714	2,038	850,000	273,129
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 through 2023.....	-	-	1,580,000	258,164
September 30, 2024 through 2027.....	-	-	1,410,000	66,638
<b>Totals.....</b>	<b><u>\$ 101,468</u></b>	<b><u>6,036</u></b>	<b><u>9,720,000</u></b>	<b><u>1,384,982</u></b>

**NOTES TO THE FINANCIAL STATEMENTS – (Continued)**

September 30, 2013

CITY OF DEBARY, FLORIDA

---

*Pledged Revenues.* The primary source of pledged revenues for all Revenue Note's held by the City at September 30, 2013, 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 .....	\$ 809,441
Non-ad valorem revenues (excludes grants and restricted gas tax funds)...	<u>7,444,528</u>
Totals.....	<u>\$ 8,253,969</u>

Annual Debt Service Requirements:

Series 2006 Revenue Note (net of Series 2012 proceeds).....	\$ 275,434
Series 2007 Revenue Note.....	410,532
Series 2009 Revenue Note.....	346,687
Series 2012 Revenue Note.....	<u>49,836</u>
Totals.....	<u>\$ 1,082,489</u>

*Advance Refunding.* On December 16, 2012, the City issued a \$4,400,000 Stormwater Utility Assessment Refunding Revenue Note, Series 2012 with an interest rate of 2.33%. The proceeds of the Note and other contributed funds were used to immediately retire the outstanding principal balance and accrued interest on the \$5,000,000 Stormwater Utility Assessment Revenue Note, Series 2006, which had an interest rate of 3.845%. No advance refunding escrow was required for this complete refunding.

**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 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 period not to exceed thirty years.

**NOTES TO THE FINANCIAL STATEMENTS – (Continued)**

September 30, 2013

CITY OF DEBARY, FLORIDA

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, 2010:

	<u>09/30/2011</u>	<u>09/30/2012</u>	<u>09/30/2013</u>
Annual required contribution (ARC) .....	\$ 8,461	8,185	8,480
Interest on net OPEB obligation .....	0	243	455
Adjustment to annual required contribution.....	<u>0</u>	<u>(329)</u>	<u>(624)</u>
Annual OPEB cost .....	8,461	8,099	8,311
Estimated net contributions made .....	<u>(3,063)</u>	<u>(3,385)</u>	<u>(3,548)</u>
Increase (decrease) in net OPEB obligation.....	5,398	4,714	4,763
Net OPEB obligation-beginning of year .....	<u>0</u>	<u>5,398</u>	<u>10,112</u>
Net OPEB obligation-end of year .....	<u>\$ 5,398</u>	<u>10,112</u>	<u>14,875</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 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>
09/30/13	\$ 8,311	\$ 3,548	42.69%	\$14,875
09/30/12	8,099	3,385	41.79%	10,112
09/30/11	8,461	3,063	36.20%	5,398

**Funded Status and Funding Progress.** Based on the October 1, 2010 actuarial valuation, the funded status of the OPEB Plan was as follows:

Actuarial accrued liability (AAL) .....	\$ 27,389
Actuarial value of plan assets.....	<u>0</u>
Unfunded actuarial accrued liability (UAAL) .....	<u>\$ 27,389</u>
Funded ratio (actuarial value of plan assets/AAL).....	0.0%
Covered payroll (annual payroll of active employees covered by the plan).....	\$ 879,485
UAAL as a percentage of covered payroll .....	3.1%

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.

## NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2013

CITY OF DEBARY, FLORIDA

---

***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, 2010 actuarial valuation, the Entry Age Normal Cost Method was used. The actuarial assumptions included a 4.5% funding interest rate, an annual (pre- and post-Medicare) healthcare inflation cost trend rate of 7% percent in 2012, reduced by 1% annual decreases to an ultimate rate of 5% in 2014. If, and when, funded, the actuarial value of assets will be determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll (closed amortization over 30 years) with payroll growth/inflation assumed to be 0.0%.

***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.

### NOTE 11 - EMPLOYEE PENSION PLAN – DEFINED CONTRIBUTION PLAN

The City contributes to the City of DeBary, Florida Money Purchase Plan and Trust, a defined contribution plan which is administered by Nationwide Retirement Solutions, P.O. Box 182797, Columbus, OH 43218. The City established this plan for all regular full time and regular part time employees hired on or after October 1, 1994. As required by the plan, employer contributions of 10% of earnings are being deposited in a pension trust. The required contribution may be less than 10% if employees are terminated prior to vesting. Plan forfeitures are reallocated to the remaining plan participants and are used to reduce the employer's required contribution.

All qualifying employees are eligible to participate in the plan upon the date of employment. Employees vest in the plan after three years of service. This plan has no provision for providing benefits of past services. There were no current year changes in plan provisions.

For the fiscal year ended September 30, 2013, the City's total payroll for all employees was \$1,160,128 and its covered payroll was \$1,109,228. Employer contributions, including forfeitures, to the plan were \$110,923, \$93,665, and \$90,129 for the years ended September 30, 2013, 2012, and 2011, respectively. The City has the power to amend plan provisions at any time.

## **NOTES TO THE FINANCIAL STATEMENTS – (Continued)**

September 30, 2013

CITY OF DEBARY, FLORIDA

---

### **NOTE 12 – DEFERRED EMPLOYEE BENEFITS**

The City provides its employees with a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. The assets of this plan are administered by Nationwide Retirement Solutions, Inc. Annual contributions, determined by the participant, may not exceed the lesser of \$15,000 or 100% of gross taxable compensation for plan years beginning in 2006. Deferred compensation withheld from a participating employee's pay is not taxable as current income until withdrawn from the plan. Such compensation is not available to the employees until employment termination, retirement, death, or unforeseeable emergencies. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. For the year ended September 30, 2013, employee contributions to the Plan totaled \$53,460.

### **NOTE 13 - LEGAL MATTERS**

The City is involved in various legal proceedings incidental to the conduct of its municipal affairs. It is the City's policy to accrue for amounts related to these legal matters if it is possible that a liability has been incurred and an amount is reasonably estimable.

### **NOTE 14 - 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 15 - 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 16 - SUBSEQUENT EVENTS**

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through June 6, 2014, the date the financial statements were available to be issued.

***REQUIRED SUPPLEMENTARY INFORMATION***

This Page Intentionally Left Blank.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER POSTEMPLOYMENT BENEFIT OBLIGATION**  
For the Year Ended September 30, 2013  
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>
10/1/2012	N/A	N/A	N/A	N/A	N/A	N/A
10/1/2011	N/A	N/A	N/A	N/A	N/A	N/A
10/1/2010	\$ -	\$ 27,389	\$ 27,389	0.00%	\$ 879,485	3.11%
10/1/2009	N/A	N/A	N/A	N/A	N/A	N/A

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>
9/30/2013	\$ 8,480	\$ 3,548	\$ -	41.84%
9/30/2012	\$ 8,099	\$ 3,385	\$ -	41.80%
9/30/2011	\$ 8,461	\$ 3,063	\$ -	36.20%
9/30/2010	N/A	N/A	N/A	N/A

Actuarial Valuation Dated: October 1, 2010

This Page Intentionally Left Blank.

***OTHER SUPPLEMENTARY INFORMATION***

This Page Intentionally Left Blank.

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND  
BALANCES BUDGET AND ACTUAL - CAPITAL PROJECTS FUND**  
For the Fiscal Year Ended September 30, 2013  
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Intergovernmental .....	\$ 1,839,159	1,839,159	456,731	(1,382,428)
Total revenue.....	1,839,159	1,839,159	456,731	(1,382,428)
Expenditures:				
Capital Outlay:				
Physical environment.....	2,387,080	2,387,080	618,381	1,768,699
Transportation.....	50,000	50,000	177,804	(127,804)
Total expenditures.....	2,437,080	2,437,080	796,185	1,640,895
Excess of revenue over (under) expenditures.....	(597,921)	(597,921)	(339,454)	258,467
Other Financing Sources (Uses):				
Appropriated fund balance.....	597,921	597,921	-	(597,921)
Transfers out.....	-	-	(722,685)	(722,685)
Total other financing sources (uses).	597,921	597,921	(722,685)	(1,320,606)
Net changes in fund balances.....	-	-	(1,062,139)	(1,062,139)
Fund balances, beginning of year .....	1,062,139	1,062,139	1,062,139	-
Fund balances, end of year .....	\$ 1,062,139	1,062,139	-	(1,062,139)

**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
September 30, 2013  
CITY OF DEBARY, FLORIDA

	<u>Nonmajor Special Revenue</u>			
	Street Lighting Districts	Orlandia Heights Neighborhood Improvement District	Recycling	Tree Preservation
<b>Assets:</b>				
Cash and cash equivalents.....	\$ 421,060	38,804	40,239	91,342
<b>Receivables (net):</b>				
Accounts receivable.....	-	-	1,393	-
Prepays.....	-	4,149	-	-
Total assets.....	<u>\$ 421,061</u>	<u>42,953</u>	<u>41,632</u>	<u>91,342</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities...	\$ 27,532	-	-	-
Total liabilities.....	<u>27,532</u>	-	-	-
<b>Fund Balances:</b>				
Nonspendable.....	-	4,149	-	-
Restricted.....	-	-	-	-
Committed.....	393,529	38,804	-	-
Assigned.....	-	-	41,632	91,342
Unassigned.....	-	-	-	-
Total fund balances.....	<u>393,529</u>	<u>42,953</u>	<u>41,632</u>	<u>91,342</u>
Total liabilities and fund balances .....	<u>\$ 421,061</u>	<u>42,953</u>	<u>41,632</u>	<u>91,342</u>

<u>Funds</u>			
<u>Economic Opportunity Fund</u>	<u>Park Benefit Impact Fee Fund</u>	<u>Public Buildings Benefit Impact Fee Fund</u>	<u>Total Nonmajor Governmental Funds</u>
53,343	79,765	42,189	766,742
-	-	-	1,393
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,149</u>
<u>53,343</u>	<u>79,765</u>	<u>42,189</u>	<u>772,285</u>
<u>5,000</u>	<u>-</u>	<u>-</u>	<u>32,532</u>
<u>5,000</u>	<u>-</u>	<u>-</u>	<u>32,532</u>
-	-	-	4,149
-	79,765	42,189	121,954
48,343	-	-	480,676
-	-	-	132,974
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>48,343</u>	<u>79,765</u>	<u>42,189</u>	<u>739,753</u>
<u>53,343</u>	<u>79,765</u>	<u>42,189</u>	<u>772,285</u>

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

For the Fiscal Year Ended September 30, 2013

CITY OF DEBARY, FLORIDA

	Nonmajor Special Revenue			
	Street Lighting District	Orlandia Heights Neighborhood Improvement District	Recycling	Tree Preservation
Revenue:				
Permits, fees and special assessments .....	\$ 325,680	95,353	-	-
Miscellaneous .....	<u>-</u>	<u>-</u>	<u>11,203</u>	<u>13,426</u>
Total revenue.....	<u>325,680</u>	<u>95,353</u>	<u>11,203</u>	<u>13,426</u>
Expenditures:				
Current:				
General Government:				
Nondepartmental.....	-	-	-	-
Physical environment.....	-	-	7,823	-
Transportation.....	377,023	144,121	-	4,599
Economic environment .....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures.....	<u>377,023</u>	<u>144,121</u>	<u>7,823</u>	<u>4,599</u>
Excess of revenue over (under) expenditures.....	(51,343)	(48,768)	3,380	8,827
Other Financing Sources (Uses):				
Transfers in .....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances.....	(51,343)	(48,768)	3,380	8,827
Fund balances, beginning of year .....	<u>444,872</u>	<u>91,721</u>	<u>38,252</u>	<u>82,515</u>
Fund balances, end of year .....	<u>\$ 393,529</u>	<u>42,953</u>	<u>41,632</u>	<u>91,342</u>

Funds

Economic Opportunity Fund	Park Benefit Impact Fee Fund	Public Buildings Benefit Impact Fee Fund	Total Nonmajor Governmental Funds
-	55,857	31,544	508,434
-	-	-	24,629
-	55,857	31,544	533,063
-	-	4,715	4,715
-	-	-	7,823
-	-	-	525,743
10,000	-	-	10,000
10,000	-	4,715	548,281
(10,000)	55,857	26,829	(15,218)
22,040	-	-	22,040
12,040	55,857	26,829	6,822
36,303	23,908	15,360	732,931
48,343	79,765	42,189	739,753

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND  
BALANCES-BUDGET AND ACTUAL  
STREET LIGHTING DISTRICT FUND**  
For the Fiscal Year Ended September 30, 2013  
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Permits, fees and special assessments.....	\$ 320,250	320,250	325,680	5,430
Total revenue.....	320,250	320,250	325,680	5,430
Expenditures:				
Current:				
Transportation.....	408,010	408,010	377,023	30,987
Total expenditures.....	408,010	408,010	377,023	30,987
Excess of revenue over (under) expenditures.....	(87,760)	(87,760)	(51,343)	36,417
Other Financing Sources (Uses):				
Appropriated fund balance.....	87,760	87,760	-	(87,760)
Total other financing sources (uses).	87,760	87,760	-	(87,760)
Net changes in fund balances.....	-	-	(51,343)	(51,343)
Fund balances, beginning of year .....	444,872	444,872	444,872	-
Fund balances, end of year .....	\$ 444,872	444,872	393,529	(51,343)

**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, 2013  
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
<b>Revenue:</b>				
Permits, fees and special assessments.....	\$ 93,813	93,813	95,353	1,540
Total revenue.....	93,813	93,813	95,353	1,540
<b>Expenditures:</b>				
Current:				
Transportation.....	94,050	94,050	144,121	(50,071)
Total expenditures.....	94,050	94,050	144,121	(50,071)
Excess of revenue over (under) expenditures.....	(237)	(237)	(48,768)	(48,531)
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance.....	237	237	-	(237)
Total other financing sources (uses).	237	237	-	(237)
Net changes in fund balances.....	-	-	(48,768)	(48,768)
Fund balances, beginning of year .....	91,721	91,721	91,721	-
Fund balances, end of year .....	<u>\$ 91,721</u>	<u>91,721</u>	<u>42,953</u>	<u>(48,768)</u>

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND  
BALANCES-BUDGET AND ACTUAL  
RECYCLING SPECIAL REVENUE FUND**  
For the Fiscal Year Ended September 30, 2013  
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Miscellaneous .....	\$ 15,000	15,000	11,203	(3,797)
Total revenue.....	15,000	15,000	11,203	(3,797)
Expenditures:				
Current:				
Physical environment.....	-	15,000	7,823	7,177
Total expenditures.....	-	15,000	7,823	7,177
Excess of revenue over (under) expenditures.....	15,000	-	3,380	3,380
Other Financing Sources (Uses):				
Transfers out.....	(15,000)	-	-	-
Total other financing sources (uses).	(15,000)	-	-	-
Net changes in fund balances.....	-	-	3,380	3,380
Fund balances, beginning of year .....	38,252	38,252	38,252	-
Fund balances, end of year .....	<u>\$ 38,252</u>	<u>38,252</u>	<u>41,632</u>	<u>3,380</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, 2013  
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Miscellaneous .....	\$ -	-	13,426	13,426
Total revenue.....	-	-	13,426	13,426
Expenditures:				
Current:				
Physical environment.....	25,000	25,000	4,599	20,401
Total expenditures.....	25,000	25,000	4,599	20,401
Excess of revenue over (under) expenditures.....	(25,000)	(25,000)	8,827	33,827
Other Financing Sources (Uses):				
Appropriated fund balance.....	25,000	25,000	-	(25,000)
Total other financing sources (uses).	25,000	25,000	-	(25,000)
Net changes in fund balances.....	-	-	8,827	8,827
Fund balances, beginning of year .....	82,515	82,515	82,515	-
Fund balances, end of year .....	<u>\$ 82,515</u>	<u>82,515</u>	<u>91,342</u>	<u>8,827</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, 2013  
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Taxes.....	\$ -	-	-	-
Total revenue.....	-	-	-	-
Expenditures:				
Current:				
Economic environment .....	<u>63,000</u>	<u>43,000</u>	<u>10,000</u>	<u>33,000</u>
Total expenditures.....	<u>63,000</u>	<u>43,000</u>	<u>10,000</u>	<u>33,000</u>
Excess of revenue over (under) expenditures.....	(63,000)	(43,000)	(10,000)	33,000
Other Financing Sources (Uses):				
Transfers in .....	36,000	16,000	22,040	6,040
Appropriated fund balance.....	<u>27,000</u>	<u>27,000</u>	-	<u>(27,000)</u>
Total other financing sources (uses).	<u>63,000</u>	<u>43,000</u>	<u>22,040</u>	<u>(20,960)</u>
Net changes in fund balances.....	-	-	12,040	12,040
Fund balances, beginning of year .....	<u>36,303</u>	<u>36,303</u>	<u>36,303</u>	-
Fund balances, end of year .....	<u>\$ 36,303</u>	<u>36,303</u>	<u>48,343</u>	<u>12,040</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, 2013  
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Permits, fees and special assessments .....	\$ 42,920	42,920	55,857	12,937
Total revenue.....	42,920	42,920	55,857	12,937
Expenditures:				
Current:				
Culture/recreation .....	42,920	42,920	-	42,920
Total expenditures.....	42,920	42,920	-	42,920
Excess of revenue over (under) expenditures.....	-	-	55,857	55,857
Fund balances, beginning of year .....	23,908	23,908	23,908	-
Fund balances, end of year .....	\$ 23,908	23,908	79,765	55,857

**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, 2013  
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Permits, fees and special assessments .....	\$ 15,080	15,080	31,544	16,464
Total revenue.....	15,080	15,080	31,544	16,464
Expenditures:				
Current:				
General Government:				
Nondepartmental.....	15,080	15,080	4,715	10,365
Total expenditures.....	15,080	15,080	4,715	10,365
Excess of revenue over (under) expenditures.....	-	-	26,829	26,829
Fund balances, beginning of year .....	15,360	15,360	15,360	-
Fund balances, end of year .....	\$ 15,360	15,360	42,189	26,829

***SUPPLEMENTAL AUDIT REPORTS***

This Page Intentionally Left Blank.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Fiscal Year Ended September 30, 2013

CITY OF DEBARY, FLORIDA

Federal Grantor/ Pass-through Grantor/ Federal Program or Cluster Title	Federal CFDA/ No.	Agency or Pass-through Entity Identifying Number	Federal Expenditures
Other Programs:			
U.S. Department of Homeland Security:			
Indirect Pass-through Programs:			
Passed Through Florida Division of Emergency Management:			
Hazard Mitigation Grant Program:			
Naranja Road and 2nd Street Drainage Improvements.....	97.039	11HM-3H-06-74-02-001 *	<u>244,172</u>
Total-Hazard Mitigation Grant Program.....			<u>244,172</u>
Passed Through Florida Department of Economic Opportunity:			
Homeland Security Grant Program:			
CERT Program.....	97.067	11-CI-A6-06-74-02-355	<u>4,865</u>
Total-Homeland Security Grant Program.....			<u>4,865</u>
Total-U.S. Department of Homeland Security.....			<u>249,037</u>
U.S. Department of Transportation:			
Indirect Pass-through Programs:			
Passed Through Florida Department of Transportation:			
Highway Planning and Construction:			
Local Agency Program-Naranja Sidewalk.....	20.205	AQU52	52,911
Local Agency Program-Highbanks Sidewalks.....	20.205	AQX66	<u>99,364</u>
Total-Highway Planning and Construction.....			<u>152,275</u>
Total-U.S. Department of Transportation.....			<u>152,275</u>
U.S. Department of Housing and Urban Development:			
Indirect Pass-through Programs:			
Passed Through County of Volusia, Florida:			
Community Development Block Grants/Entitlements:			
2011-2012 Entitlement.....	14.218	n/a	44,931
2012-2013 Entitlement.....	14.218	n/a	<u>52,699</u>
Total-Community Development Block Grant/Entitlements.....			<u>97,630</u>
Passed Through East Central Florida Regional Planning Council:			
Sustainable Communities Regional Planning Grant Program:			
Consortium pass-through.....	14.703	n/a	<u>59,393</u>
Total-Sustainable Communities Regional Planning Grants.....			<u>59,393</u>
Total-U.S. Department of Housing and Urban Development.....			<u>157,023</u>
Total-Other Programs.....			<u>558,335</u>
Total Expenditures of Federal Awards.....			<u>\$ 558,335</u>

\* Designates a major program

## **NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended September 30, 2013

CITY OF DEBARY, FLORIDA

---

### **1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activities of the City of DeBary, Florida, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Rules of the Executive Office of the Governor of the State of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### **2. LOANS OUTSTANDING**

The City had no loan balances outstanding at September 30, 2013 from federal funding sources.

### **3. SUBRECIPIENTS**

The City provided no federal awards to subrecipients for the fiscal year ended September 30, 2013.

### **4. RECONCILIATION OF PREVIOUSLY DEFERRED GRANT REVENUES**

Subsequent to the fiscal year ended September 30, 2013, the City received notification and approval from the U.S. Department of Homeland Security for the subsequent final closeout of two of its pending Flood Mitigation Assistance Program grants. As a result, grant revenues totaling \$265,375 received by the City in the year ended September 30, 2009, which were previously anticipated to be reimbursed to DHS, have been recognized and reported by the City in the accompanying financial statements and which are not included in the accompanying schedule of federal awards for the year ended September 30, 2013.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended September 30, 2013

CITY OF DEBARY, FLORIDA

---

**Part I — Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: Unqualified Opinion

Internal control over financial reporting:

- Material weakness(es) identified?        Yes   X   no
- Significant deficiency(ies) identified?        Yes   X   none reported

Noncompliance material to financial statements noted?        Yes   X   no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?        Yes   X   no
- Significant deficiency(ies) identified?        Yes   X   none reported

Type of auditor’s report issued on compliance for major programs: Unqualified Opinion

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133        Yes   X   no

**Identification of Major Federal Programs:**

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

<u>Name of Federal Program(s):</u>	<u>CFDA No.</u>
U.S. Department of Homeland Security: Hazard Mitigation Grant Program	97.039
U.S. Department of Housing and Urban Development: Sustainable Communities Regional Planning Grant Program	14.703

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

Auditee qualified as low-risk auditee?   X   Yes        no

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (continued)**  
Year Ended September 30, 2013  
CITY OF DEBARY, FLORIDA

---

**Part II — Financial Statement Findings Section**

This section identifies findings related to the financial statement audit, as required to be reported in accordance with *Government Auditing Standards*.

No matters were identified and reported.

**Part III — Federal Award Findings and Questioned Costs Section**

This section identifies the federal award findings and questions costs section reported in accordance with OMB Circular A-133.

No matters were identified and reported.

**Part IV – Status of Prior Year Findings**

There were no audit findings reported in the prior year affecting federal awards programs.

**Corrective Action Plan**

There were no audit findings for the year ended September 30, 2013 relative to federal awards that require a corrective action on the part of the auditee.

# BM&C

**BRENT MILLIKAN & COMPANY, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

## **Report on Compliance for Each Major Federal Program**

We have audited City of DeBary, Florida's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of DeBary, Florida's major federal programs for the year ended September 30, 2013. City of DeBary, Florida's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

## **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of City of DeBary, Florida's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of DeBary, Florida's compliance.

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

### **Opinion on Each Major Federal Program**

In our opinion, City of DeBary, Florida, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

### **Report on Internal Control over Compliance**

Management of City of DeBary, Florida, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of DeBary, Florida's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of DeBary, Florida's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Brent Milliken & Co., P.A.*

June 6, 2014

# BM&C

**BRENT MILLIKAN & COMPANY, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS

**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, 2013, 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 June 6, 2014.

### **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. 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 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*.

### **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.

*Brent Milliken & Co., P.A.*

June 6, 2014

# BM&C

**BRENT MILLIKAN & COMPANY, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS

## MANAGEMENT LETTER

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

We have audited the financial statements of City of DeBary, Florida (the "City"), as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated June 6, 2014.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required By OMB Circular A-133 and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated June 6, 2014, should be considered in conjunction with this management letter.

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

- 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report, except as noted below under the heading Prior Year Matters.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, our recommendations are in the accompanying pages under the headings Current Year Matters.

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

- Section 10.554(1)(i)4., 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.
- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority is disclosed in the notes to the financial statements.
- Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that City of DeBary, Florida, did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), 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.
- Section 10.558(1) Rules of the Auditor General, requires the local government to provide a written statement of explanation or rebuttal concerning the auditor's findings and recommendations, including corrective action to be taken which must be filed with the governing body of the local governmental entity and included in the auditor's reports or management letter prepared pursuant to Section 218.39(4), Florida Statutes. The City's statements of explanation or rebuttal are described herein in the "Auditee Response" section, which follows each of the auditor's findings and recommendations. We did not audit the City's response and, accordingly, we express no opinion on it.

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

*Brent Milliken & Co., P.A.*

June 6, 2014

## MANAGEMENT LETTER COMMENTS

Year Ended September 30, 2013  
CITY OF DEBARY, FLORIDA

---

### PRIOR YEAR MATTERS

Pursuant to Section 10.554(1)(i)1., Rules of the Auditor General the following is a summary of the status of any prior year findings and management letter comments issued by the external auditor in fiscal year 2012:

	<u>Corrective Action Not Yet Complete</u>	<u>Comment Has Been Addressed Or Is No Longer Relevant</u>	<u>Prior Year Reference Number</u>
Deficit Fund Balance-Flood Improvement Capital Project Find (Comment originated in FY 2009 – 2009-ML-08)		x	2010-02
Documentation of Small Purchase Procedures	x		2012-01
Grant Revenue Recognition		x	2012-02

The following is a summary of the current status of the above finding at September 30, 2013:

#### **2012-01 Documentation of Small Purchase Procedures**

The City has developed an established and formal purchasing system (Chapter 2, Administration, Article IV, Finance, Division 2, Purchases) which governs all procurements made by the City, including small purchase procedures. While formal Purchase Orders are not required for making many of the City's procurements, they are generated to supplement each vendor purchase and voucher package. During our review of the City's procurement controls and procedures, we noted a significant number of the City's Purchase Orders were prepared subsequent to the actual purchase and receipt of goods and services. This procedure may indicate that the supervisory authority to make the purchase was potentially bypassed, or that the documentation is simply not readily available or retained in the City's procurement records.

Recommendation: We recommend that you should consider exploring the expanded possibilities of implementing and utilizing your present automated Purchase Order system to support all aspects of compliance with the City's formal Purchasing requirements.

Auditee Response: *We have centralized our record keeping for bids and quotes on purchases that meet the thresholds for such documentation. We will examine our current policy and procedures and explore options to make small dollar purchases conform to established requirements.*

## MANAGEMENT LETTER COMMENTS – (continued)

Year Ended September 30, 2013

CITY OF DEBARY, FLORIDA

---

### CURRENT YEAR MATTERS

Pursuant to Section 10.554(1)(i)3., Rules of the Auditor General, the following is a summary of our recommendations to improve financial management:

#### **2013-01 Uniform Account System Manual**

The Department of Financial Services, assisted by representatives of various local governments, developed the Uniform Accounting System Chart of Accounts to be used as the standard for recording and reporting financial information to the State of Florida. Implementation of the standard Chart of Accounts and Standard Annual Reporting Form began in 1978. Since then, there have been minor changes and updates to the Chart of Accounts and the Annual Reporting Form. During the conduct of the audit, we noted numerous instances where the general ledger account numbers and related descriptions are not maintained in accordance with the Uniform Chart of Accounts required by the Department of Financial Services. As a result, this condition could unintentionally facilitate the making of errors in the reporting of consistent annual financial information to the State of Florida .

Recommendation: As mandated by Section 218.33, F.S., we recommend that the City should consider revising its present account codings and use the chart of accounts as an integral part of its accounting system so that the preparation of all financial reports will be consistent with other local reporting entities.

Auditee Response: *We will compare the Uniform Accounting System Chart of Accounts with the coding used by the City and make the necessary updates.*

#### **2013-02 Business Tax Receipts – Fire Inspections**

The City has entered into an Interlocal Agreement with the City of Orange City to provide fire inspection services on behalf of the City of DeBary, all of which are collected and remitted to Orange City from Business Tax Receipt (BTR) fees and building permit fees collected by the City of DeBary. During our review of these transactions, we noted that the Agreement does not provide any specific authority for the potential sharing of any of the fire inspection fee component. We also noted that the City is currently collecting and retaining approximately 50% of the BTR Fire Inspection Fee as reimbursement for its administrative costs. However, the City is not retaining the necessary cost information sufficient to determine that its recoveries meet the same scrutiny and cost recovery requirements of building inspection fees under the applicable provisions of Chapter 166, F.S.

At the present time, the City's procedures for recording the collections of revenue for fire inspection fees from annual business tax receipt (BTR) renewals and from first time building permit applications are not consistently recorded. Some collections are recognized as revenues (and deferred revenues) while others are recognized as offsets to expenditures in the City's accounting system. We also noted that the amounts collected and paid to the City of Orange City are not routinely reconciled to ensure that amounts collected for this function are duly and timely paid.

Recommendation: We recommend that the City should ascertain that it is appropriately authorized to retain a portion of these combined fees for its administrative costs. If so, we recommend that you should establish the necessary procedures to ensure that all funds collected are consistently recorded, that the share belonging to the City of Orange City be appropriately segregated and recognized as a liability, that all collection payments be remitted timely to Orange City, and that all collections and payments be

**MANAGEMENT LETTER COMMENTS – (continued)**

Year Ended September 30, 2013

CITY OF DEBARY, FLORIDA

---

reconciled on a timely basis to ensure the propriety of the collections and payment processes.

For the City's portion, we recommend that you should develop the necessary control systems sufficient to establish separate accounting for these funds to ensure compliance with the provisions of Section 166.222, F.S. and Section 553.80, F.S. These sections specifically require that the imposed fee cannot exceed the cost of the regulatory activity, and the fee is generally required to be applied solely to pay the cost of the regulatory activity for which it is imposed.

*Auditee Response: We will examine the account coding for business tax receipts and building permit fees to maintain consistency in recording methods. All fees due to Orange City are remitted to Orange City. The agreement allows for an administrative fee to be charged to offset administrative expenses related to the collection and payment of fees. We will perform a study to ensure the administrative fee meets the cost recovery requirements of Section 166.222, F.S. and Section 553.80, F.S.*

This Page Intentionally Left Blank.