

CITY OF DEBARY, FLORIDA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017



CITY COUNCIL (FEBRUARY 2018)

BOB GARCIA, MAYOR
LITA HANDY-PETERS, VICE MAYOR
STEPHEN BACON
ERIKA BENFIELD
MIKE BRADY

CITY MANAGER

RON McLEMORE

FINANCE DIRECTOR

ELIZABETH BAUER

INDEPENDENT AUDITORS

BMC CPAs, INC.

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of DeBary, Florida (the "City"), as of and for the year ended September 30, 2017, 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
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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, 2017, 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 the Required Supplementary Schedules of Funding Progress - Other Postemployment Benefits Plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of DeBary, Florida's basic financial statements. The budgetary comparison for the major capital projects funds and the combining and individual nonmajor fund financial statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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, individual nonmajor fund budgetary comparisons and the accompanying 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 and individual nonmajor fund financial

To the Honorable Mayor, and
Members of the City Council
City of DeBary, Florida
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statements, individual nonmajor fund budgetary comparisons 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 March 15, 2018, 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.

BMC CPAs

March 15, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As financial management of City of DeBary, Florida, (hereinafter referred to as the "City"), we offer the readers of these basic financial statements this narrative overview and analysis of the City's financial activities for the fiscal year that ended on September 30, 2017. 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 \$40.8 million, compared to \$40.3 million one year earlier. Of this amount, \$11.4 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- During 2017, gross revenues from governmental activities of the City increased by approximately \$0.5 million to a total of \$15.5 million, compared to a total of \$15.0 million in 2016. Expenses for governmental activities totaled \$15.0 million in 2017 compared to \$13.0 million in 2016.
- The City's total combined governmental fund net position (for the General, Solid Waste, Stormwater Management, Franchise Fees, Capital Projects, and other non-major special revenue, debt service, and capital project funds) increased by \$556,748 in 2017 compared to an increase of \$1,990,992 in 2016. This represents an increase of 1.4% above the prior year's net position.
- The City's governmental funds reported combined ending fund balances of \$10.5 million at the end of the current fiscal year, a decrease of \$1.5 million under the \$12.0 million from one year earlier. Approximately 56.9% of this amount or \$6.0 million is available for spending at the City's discretion (unassigned fund balance).
- At the end of fiscal year 2017, unassigned fund balance for the General Fund was \$5,992,708 or 55.6% of the total 2017 General Fund expenditures, which represents 203 days (or over 6 months) of excess funds. This represents a decrease of \$92,350 under the \$6,085,058 reported at the end of 2016.
- The City's total outstanding long-term debt decreased by \$657,052 during the current fiscal year primarily due to regular principal payments totaling \$715,386. The Stormwater Utility Assessment Revenue Note, Series 2009 balloon payment of \$4,000,000 was paid off with the issuance of the Stormwater Utility Assessment Refunding Revenue Note, Series 2016 with a principal balance of \$4,000,000. The interest rate on the 2009 note was 4.05% compared to the interest rate of 1.65% on the 2016 note.

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 fifteen 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, the Stormwater Improvements (capital project) Fund, and the Fire Station (capital project) Fund, all of which are considered to be major funds. Data from the nine 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 67 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information includes the

schedules of funding progress and employer contributions for the City's Other Postemployment Benefits Plan. Required supplementary information can be found on page 71 of this report.

Other Supplementary Information. This section includes the financial information containing the combining and individual fund schedules, budgetary comparisons for the City's major capital projects funds and its other nonmajor governmental funds and the schedule of federal awards. Other supplemental information can be found on pages 75 to 90 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 \$40,286,363 to \$40,843,111, which represents an increase of \$556,748 or 1.4%, over amounts reported last year. Of this amount, approximately 72.2% is either restricted as to the purposes they can be used for or is invested in capital assets (land, buildings, improvements, infrastructure, machinery and equipment), and is not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that under normal circumstances the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining portion represents the City's unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints of enabling legislation or other legal requirements, and totaled \$11,366,283, or 27.8% of total net position at the end of 2017.

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

Net Position
September 30, 2017 and 2016

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Assets:		
Current and other assets.....	\$ 13,278,052	\$ 13,264,463
Capital assets, net.....	<u>38,550,861</u>	<u>37,897,663</u>
Total assets.....	<u>51,828,913</u>	<u>51,162,126</u>
Liabilities:		
Long-term debt outstanding.....	9,309,218	10,017,780
Other liabilities.....	<u>1,676,584</u>	<u>857,983</u>
Total liabilities.....	<u>10,985,802</u>	<u>10,875,763</u>
Net position:		
Invested in capital assets, net of related debt.....	29,241,643	27,879,883
Restricted.....	235,185	392,771
Unrestricted.....	<u>11,366,283</u>	<u>12,013,709</u>
Total net position.....	<u>\$ 40,843,111</u>	<u>\$ 40,286,363</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 2017, the City's combined net position increased by \$556,748, or 1.4% over the amount reported in the prior year. During this same period, the City's total revenues increased by \$494,676 to a total of \$15,518,802 compared to a total of \$15,024,126 in 2016. This increase is due primarily to a net increase of \$807,882 in disaster assistance accrued revenue and an increase of

\$155,321 in property taxes. In 2017, revenues received from charges for services decreased by \$460,694 compared to the prior year. During this same period, the amount received from other taxes decreased by \$56,799.

During 2017, approximately 29.3% of the City's total revenue came from property taxes, and approximately 49.4 cents (compared to 50.3 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 10.6% of the City's revenues are received in the form of operating grants, capital grants, disaster assistance and contributions. Another 31.0% came from fees charged for services, while most of the rest is state and federal shared revenues and other miscellaneous earnings (9.0%).

Expenses incurred to operate the City increased by \$1,928,920 in 2017, as was anticipated by management in the development of current year budget appropriations. Overall, combined governmental activities expenses totaled \$14,962,054 in 2017, compared to \$13,033,134 one year earlier. Overall individual departmental expenses increased with the exception of economic environment and interest on long term debt, which decreased by \$36,838. Public safety increased by \$1,080,801 mainly due to costs of \$807,882 associated with hurricanes Matthew and Irma. Physical environment costs increased by \$404,872 due to emergency Stormwater system repairs. General government decreased by \$114,397 and transportation expenses increased by \$461,772 due to additional road resurfacing.

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

Changes in Net Position
For the Years Ended September 30, 2017 and 2016

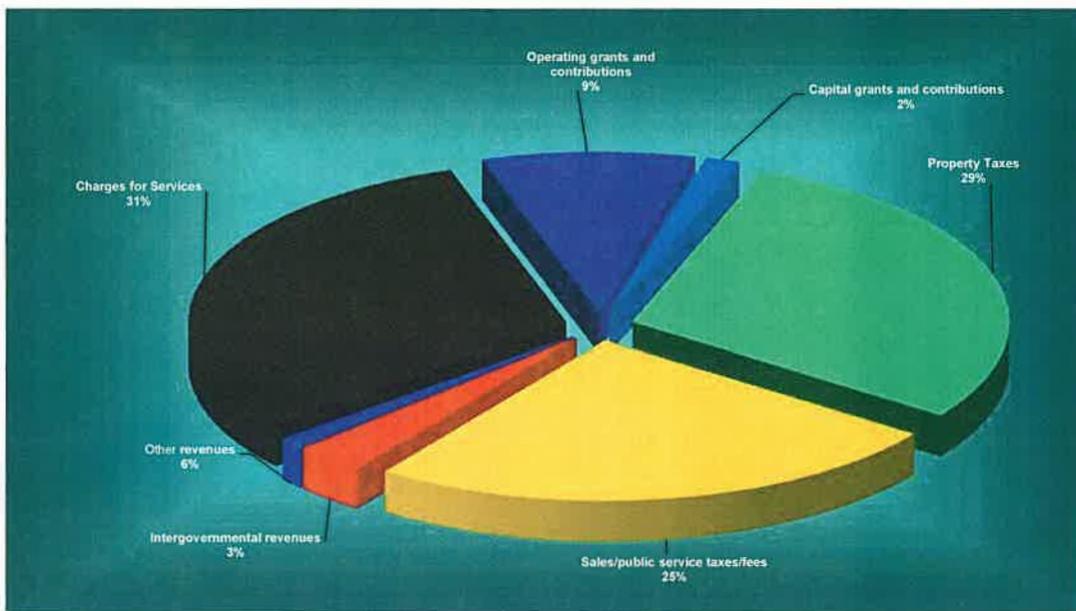
	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Revenues:		
Program revenues:		
Charges for services.....	\$ 4,814,211	\$ 5,274,905
Operating grants/other.....	1,412,635	589,065
Capital grants/other.....	225,899	214,478
General revenues:		
Property taxes.....	4,545,727	4,390,406
Other taxes.....	3,120,066	3,176,865
Franchise fees.....	766,589	783,943
Intergovernmental.....	465,270	415,072
Other revenues.....	<u>168,405</u>	<u>179,392</u>
Total revenues.....	<u>15,518,802</u>	<u>15,024,126</u>
Expenses:		
General government.....	2,161,623	2,276,020
Public safety.....	6,342,770	5,261,969
Physical environment.....	3,035,463	2,630,591
Transportation.....	1,865,000	1,403,228
Economic environment.....	5,000	13,000
Culture/recreation.....	1,313,339	1,180,629
Interest on long-term debt.....	<u>238,859</u>	<u>267,697</u>
Total expenses.....	<u>14,962,054</u>	<u>13,033,134</u>
Increase (decrease) in net assets.....	556,748	1,990,992
Net position, beginning of year.....	<u>40,286,363</u>	<u>38,295,371</u>
Net position, end of year.....	<u>\$ 40,843,111</u>	<u>\$ 40,286,363</u>

Governmental Activities

Revenues for the City’s governmental activities experienced an increase during 2017. Overall, the City’s governmental revenues totaled \$15,518,802, which represents an increase of \$494,676, or 3.3% over last year’s reported governmental revenues totaling \$15,024,126. This increase was attributable to an increase in disaster assistance accrued revenue in the amount of \$807,882. that was attributable to hurricanes Matthew and Irma during this fiscal year. The City also experienced a combined total increase of \$98,522 in property tax and other tax revenues combined.

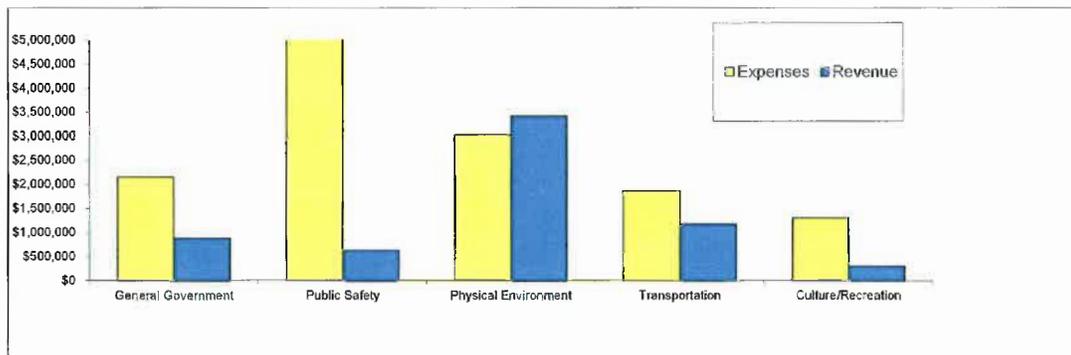
The City’s governmental revenues are illustrated by source as follows:

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:

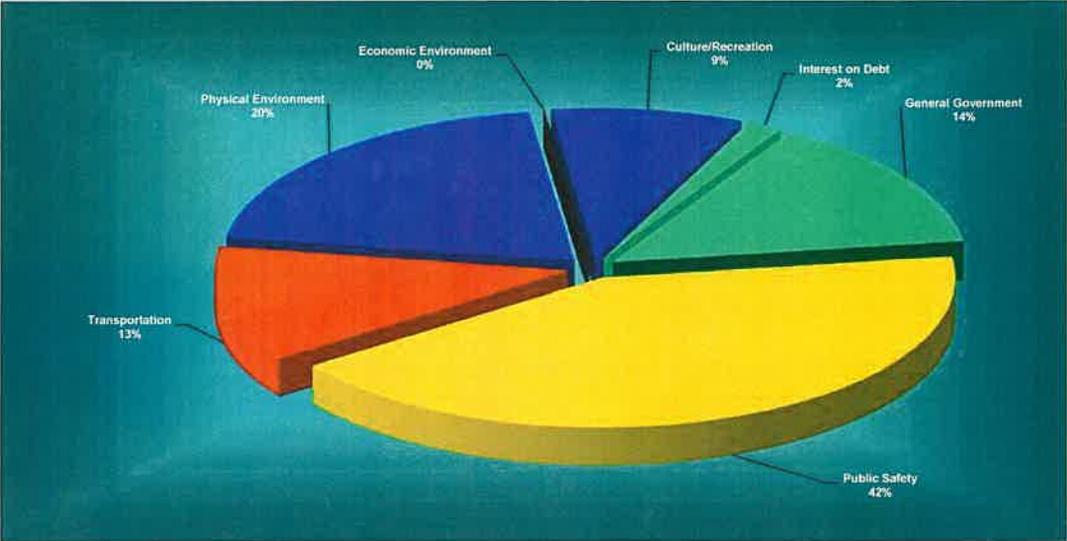
Expenses and Program Revenues - Governmental Activities



Expenses for the City’s governmental activities totaled \$14,962,054 for fiscal 2017, which represents an increase of \$1,928,920 or 14.8% over last year’s reported governmental expenditures totaling \$13,033,134. These expenses do not include amounts expended for capital outlay and for debt principal payments; however, they do include depreciation and amortization expense for the year.

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

Expenses by Function - Governmental Activities



Financial Analysis of the City’s Funds

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

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

As the City completed the current fiscal year, its governmental funds reported a combined fund balance of \$10,535,270 which was \$1,485,460, or 12.4%, less than the \$12,020,730 reported last year. Approximately 56.9% of this amount (\$5,992,708) 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 \$29,195 have been designated as non-spendable since they reflect the costs for payments for prepaid expenses carried over to the subsequent year;

Restricted – Net asset amounts totaling \$597,704 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 (\$71,721), 2) 2nd Local Option Gas Tax resources that are restricted for roadway expansion (\$99,965), 3) impact fees that are restricted and can only be used for parks and recreation improvement projects (\$46,762), 4) loan proceeds that can only be used for the construction of the fire station (\$45,699), 5) funds restricted for debt reserves (\$238,592), 6) special assessment revenue that can only be used to pay debt (\$78,228), and 7) impact fees that are restricted and can only be used for public building projects (\$16,737);

Committed – Net asset amounts totaling \$2,561,123 have been designated as committed from constraints imposed by the City Council since they can only be used 1) to finance specialized transportation costs (franchise fees - \$1,852,827), Orlandia Heights Neighborhood Improvement District costs (\$16,915) and street lighting district costs (\$323,929), and 2) to fund economic opportunity projects (\$367,452) as designated by the Council;

Assigned – Net asset amounts totaling \$1,354,540 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 (\$304,594), 2) financing the costs of storm water management (\$923,852), and 3) for other non-major governmental programs (\$126,094); and

Unassigned – Net asset amounts totaling \$5,992,708 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, 2017, the unassigned fund balance in the general fund totaled \$5,992,708, while total fund balance was \$6,189,149. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 55.6% of total general fund expenditures (\$10,784,491), while total fund balance represents 57.4% of that same amount.

General Fund Budgetary Highlights

In fiscal year 2017, the City Council amended the General Fund operating budget for changes in various department appropriations, to increase and decrease amounts for expenditures as changes occurred during the year and for additional operating and public safety expenditures. Revenues recognized were \$384,146 less than the budgeted revenues during 2017. Actual expenditures in the General Fund for the current fiscal year were \$929,480 less than the \$11.7 million in budgetary amounts appropriated.

Capital Assets and Debt Administration

Capital Assets. At September 30, 2017, the City had \$50,946,739 invested in a broad range of capital assets, including land, buildings, park facilities, public works infrastructure and general government machinery and equipment. This is \$2,255,090 greater than the total of \$48,691,649 the City had invested in capital assets one year earlier. During 2017, the significant portion of the net increase was attributable to the construction of the new fire station, a Stormwater system improvement, and other municipal machinery and equipment. Accumulated depreciation on capital assets totaled \$12,395,878 and \$10,793,986 at September 30, 2017 and 2016, respectively. The City's resultant net investment in capital assets totaled \$38,550,861 and \$37,897,663 at September 30, 2017 and 2016, respectively.

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

Capital Assets
September 30, 2017 and 2016

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Land.....	\$ 7,323,288	\$ 7,323,288
Construction in progress.....	247,222	1,424,595
Buildings.....	7,200,099	5,209,369
Infrastructure.....	33,216,834	31,917,012
Machinery and equipment.....	<u>2,959,296</u>	<u>2,817,385</u>
	50,946,739	48,691,649
Accumulated depreciation.....	<u>(12,395,878)</u>	<u>(10,793,986)</u>
Net investment in capital assets.....	<u>\$ 38,550,861</u>	<u>\$ 37,897,663</u>

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

General Long-term Debt. At year end, the City had \$9,309,218 in promissory notes and capital lease obligations outstanding, which are secured solely by specified revenue streams and other sources, compared to \$10,017,780 one year earlier. These notes and leases are recorded on the statement of net position under the liabilities section and segregated into amounts due within one year and those amounts due in more than one year.

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

General Long-Term Debt
September 30, 2017 and 2016

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Capital lease obligations.....	\$ 11,218	\$ 7,780
Notes Payable:		
Series 2009 Revenue Note.....	-	4,000,000
Series 2012 Revenue Note.....	3,285,000	3,575,000
Series 2016 Assessment Revenue Bond.....	492,000	555,000
Series 2016 Fire Station Bond.....	1,718,000	1,880,000
Series 2016 Refunding Revenue Note.....	<u>3,803,000</u>	<u>-</u>
	9,309,218	10,017,780
Other postemployment benefit obligation.....	47,878	32,454
Compensated absences.....	<u>130,585</u>	<u>94,499</u>
General long-term debt.....	<u>\$ 9,487,681</u>	<u>\$ 10,144,733</u>

At year end, the City also had a commitment to fund future earned, but unpaid, employee personal leave of \$130,585, which was an increase of \$36,086 over the prior year's balance of \$94,499. The actuarial

computed value of the City's future postemployment benefit obligation totaled \$47,878 at September 30, 2017, compared to \$32,454 one year earlier.

Additional information on the City's general long-term debt can be found in Note 9 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

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

- The most recent estimates available for unemployment data in Volusia County, Florida, are compiled by the Florida Agency for Workforce Innovation on the Florida Research and Economic Information Database Application (FREIDA). This agency estimates a countywide unemployment rate of 3.8%, which is favorable to the 5.1% rate experienced one year earlier. These estimates are consistent with the state's current 3.7% unemployment rate. Nationwide, the unemployment rate is stated at 4.1%, as of September 2017.
- Inflationary trends for Volusia County are consistent with those trends experienced at the state and national levels.
- The overall Just Value of real and personal property on the 2017 levy increased 5.5% from \$2.193 billion for the tax year 2016 to \$2.313 billion for the tax year 2017. However, the overall Taxable Value (Just Value less statutory exemptions) of real and personal property (the ad valorem taxes from which will be received in fiscal 2018) on the 2017 levy increased 2.9% from \$1.614 billion to \$1.660 billion. While property values have been reflecting modest gains for four consecutive years, the City is also facing many challenges in the fiscal year 2018 budget in order to balance relatively unchanged revenue projections with the rising prices for many of the city's basic operating expenses, such as wages, operating supplies, utilities, and insurance costs.
- The City Council voted to keep the same operating millage for the 2017 levy at 2.9247 mills, which was 1.99% above the current rolled-back rate of 2.8676 mills, and the same as the 2.9247 mills in the 2016 levy. The rolled-back rate of 2.8676 mills is the reduced rate that produces the equivalent of no increase in current year ad valorem taxes when levied against appreciated current year taxable values.
- In developing its 2018 budget estimates, the City has not anticipated appropriating any significant prior year surplus reserve funds in the General Fund to balance the City's combined overall financing needs, which are estimated to be approximately \$10.9 million for fiscal 2018. Similarly, the City has appropriated \$980,226 in prior year surplus reserve funds in the various special revenue funds in anticipation of balancing its combined overall financing needs in these funds, which are estimated to be approximately \$5.9 million in fiscal year 2018. In 2018, the combined overall annual operating budget for the City includes current period appropriations totaling \$17,209,217.

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

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STATEMENT OF NET POSITION

September 30, 2017

CITY OF DEBARY, FLORIDA

	<u>Primary Government</u>
	Governmental Activities
Assets:	
Equity in pooled cash and investments.....	\$ 11,447,184
Receivables, net of allowance for uncollectible accounts.....	744,593
Due from other governments.....	1,046,194
Prepaid expenses.....	40,081
Capital assets:	
Land and construction in progress.....	7,570,509
Other capital assets, net of depreciation.....	<u>30,980,352</u>
Total assets	<u>\$ 51,828,913</u>
Liabilities:	
Accounts payable and accrued liabilities.....	1,366,191
Customer deposits and unearned income.....	72,000
Accrued interest payable.....	59,930
Compensated absences obligation.....	130,585
Other postemployment benefit obligation.....	47,878
Bonds, notes, and other payables:	
Due or payable within one year.....	934,836
Due or payable in more than one year.....	<u>8,374,382</u>
Total liabilities	<u>10,985,802</u>
Net position:	
Invested in capital assets net of related debt	29,241,643
Restricted for:	
Public safety-inspection fees.....	71,721
Transportation improvements.....	99,965
Park Benefit impact fees.....	16,737
Public Buildings Benefit impact fees.....	46,762
Unrestricted	<u>11,366,283</u>
Total net position	<u>\$ 40,843,111</u>

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

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STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2017
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.....	\$ 2,161,623	\$ 56,241	\$ 807,882	\$ 23,205	\$ (1,274,295)
Public safety.....	6,342,770	641,893	-	-	(5,700,877)
Physical environment.....	3,035,463	3,430,291	-	-	394,828
Transportation.....	1,865,000	580,209	604,753	-	(680,038)
Economic environment.....	5,000	-	-	-	(5,000)
Culture/recreation.....	1,313,339	105,577	-	202,694	(1,005,068)
Interest on long-term debt	238,859	-	-	-	(238,859)
Total primary government.....	\$ 14,962,054	\$ 4,814,211	\$ 1,412,635	\$ 225,899	(8,509,309)

General revenues:	
Property taxes.....	4,545,727
Sales taxes.....	1,114,166
Public service taxes.....	2,005,900
Franchise fees.....	766,589
State revenue sharing.....	440,227
Other intergovernmental revenues.....	25,043
Investment earnings.....	68,288
Miscellaneous revenue.....	100,117
Total general revenues.....	9,066,057
Change in net position.....	556,748
Net position - beginning of year.....	40,286,363
Net position - ending.....	\$ 40,843,111

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

BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2017
CITY OF DEBARY, FLORIDA

	General	Special Revenue Funds			Capital Projects
		Solid Waste	Stormwater Management	Franchise Fees	Stormwater Improvements
Assets:					
Equity in pooled cash and investments.....	\$ 6,429,511	\$ 538,897	\$ 1,135,855	\$ 1,777,828	\$ 75,241
Receivables (net).....	212,696	-	-	93,108	-
Due from other funds.....	-	-	-	-	-
Advance to other funds.....	-	-	-	-	-
Due from other governments.....	923,820	118,142	-	-	-
Prepays.....	24,755	-	10,886	-	-
Total assets.....	\$ 7,590,782	\$ 657,039	\$ 1,146,741	\$ 1,870,936	\$ 75,241
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities.....	\$ 601,334	\$ 234,303	\$ 222,889	\$ 18,109	\$ 75,241
Customer deposits.....	72,000	-	-	-	-
Total liabilities.....	673,334	234,303	222,889	18,109	75,241
Deferred Inflows of Resources:					
Unavailable revenue-property taxes.....	4,619	-	-	-	-
Unavailable revenue-business tax receipts...	33,940	-	-	-	-
Deferred revenue - disaster assistance.....	689,740	118,142	-	-	-
Unavailable revenue-special assessments....	-	-	-	-	-
Total deferred inflows of resources.....	728,299	118,142	-	-	-
Fund Balances:					
Nonspendable:					
Prepaid items.....	24,755	-	-	-	-
Restricted:					
Transportation-gas taxes.....	99,965	-	-	-	-
Public safety-fire station improvements.....	-	-	-	-	-
Public safety-inspection fees.....	71,721	-	-	-	-
Public buildings benefit impact fees.....	-	-	-	-	-
Park benefit impact fees.....	-	-	-	-	-
Revenue bond debt.....	-	-	-	-	-
Special assessments debt.....	-	-	-	-	-
Committed:					
Franchise fees.....	-	-	-	1,852,827	-
Street lighting.....	-	-	-	-	-
Orlandia Heights improvements.....	-	-	-	-	-
Economic opportunity.....	-	-	-	-	-
Assigned:					
Solid waste.....	-	304,594	-	-	-
Stormwater management.....	-	-	923,852	-	-
Other purposes.....	-	-	-	-	-
Unassigned.....	5,992,708	-	-	-	-
Total fund balances.....	6,189,149	304,594	923,852	1,852,827	-
Total liabilities, deferred inflows of resources and fund balances	\$ 7,590,782	\$ 657,039	\$ 1,146,741	\$ 1,870,936	\$ 75,241

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

<u>Funds</u>	<u>Nonmajor</u>	<u>Total</u>
<u>Fire</u>	<u>Governmental</u>	<u>Governmental</u>
<u>Station</u>	<u>Funds</u>	<u>Funds</u>
\$ 233,184	\$ 1,256,668	\$ 11,447,184
-	438,789	744,593
-	-	-
-	-	-
-	4,232	1,046,194
-	4,440	40,081
<u>\$ 233,184</u>	<u>\$ 1,704,129</u>	<u>\$ 13,278,052</u>
\$ 187,485	\$ 26,830	\$ 1,366,191
-	-	72,000
<u>187,485</u>	<u>26,830</u>	<u>1,438,191</u>
-	-	4,619
-	19,361	53,301
-	-	807,882
-	438,789	438,789
<u>-</u>	<u>458,150</u>	<u>1,304,591</u>
-	4,440	29,195
-	-	99,965
45,699	-	45,699
-	-	71,721
-	16,737	16,737
-	46,762	46,762
-	238,592	238,592
-	78,228	78,228
-	-	1,852,827
-	323,929	323,929
-	16,915	16,915
-	367,452	367,452
-	-	304,594
-	-	923,852
-	126,094	126,094
-	-	5,992,708
<u>45,699</u>	<u>1,219,149</u>	<u>10,535,270</u>
<u>\$ 233,184</u>	<u>\$ 1,704,129</u>	<u>\$ 13,278,052</u>

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**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**
September 30, 2017
CITY OF DEBARY, FLORIDA

Fund balances - total governmental funds		\$ 10,535,270
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.....		38,550,861
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.....		4,619
Revenues deferred in governmental activities are recognized in the period in which they are earned, regardless of the date of their anticipated receipt.....		1,299,972
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.....	(9,298,000)	
Capital lease obligations.....	(11,218)	
Accrued interest payable.....	(59,930)	
Actuarially computed other post-employment benefits obligation.....	(47,878)	
Compensated absences.....	(130,585)	(9,547,611)
Net position of governmental activities.....		<u>\$ 40,843,111</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, 2017
CITY OF DEBARY, FLORIDA

	General	Special Revenue Funds		
		Solid Waste	Stormwater Management	Franchise Fees
Revenue:				
Taxes.....	\$ 7,082,977	\$ -	\$ -	\$ -
Permits, fees and special assessments	580,559	-	1,984,095	766,589
Intergovernmental.....	1,873,641	-	-	-
Charges for services	193,501	1,446,196	-	-
Fines and forfeitures.....	12,449	-	-	-
Miscellaneous.....	141,175	27,230	-	-
Total revenue.....	9,884,302	1,473,426	1,984,095	766,589
Expenditures:				
Current:				
General Government:				
Mayor and Council.....	73,683	-	-	-
City Manager.....	342,957	-	-	-
Finance and administration.....	280,318	-	-	-
Legal.....	301,039	-	-	-
Planning/Community Development.....	457,058	-	-	-
Nondepartmental.....	1,019,397	-	-	-
	<u>2,474,452</u>	-	-	-
Public Safety:				
Law enforcement.....	3,315,358	-	-	-
Fire safety.....	1,586,267	-	-	-
Protective inspection.....	476,601	-	-	-
Code enforcement.....	83,967	-	-	-
Emergency and disaster relief.....	717,948	-	-	-
Animal control.....	73,362	-	-	-
	<u>6,253,503</u>	-	-	-
Physical environment.....	-	1,487,989	941,708	-
Transportation.....	983,125	-	-	176,627
Economic environment	-	-	-	-
Culture/recreation	1,069,149	-	-	-
Capital Outlay:				
Public safety	-	-	-	-
Physical environment	-	-	-	-
Debt Service:				
Principal retirement	3,386	-	4,487,000	-
Interest and fiscal charges.....	876	-	236,484	-
Total expenditures.....	10,784,491	1,487,989	5,665,192	176,627

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

Capital Projects Funds		Nonmajor	Total
Stormwater Improvements	Fire Station	Governmental Funds	Governmental Funds
\$ -	\$ -	\$ 48,540	\$ 7,131,517
-	-	611,756	3,942,999
-	-	-	1,873,641
-	-	-	1,639,697
-	-	-	12,449
-	-	<u>54,883</u>	<u>223,288</u>
-	-	<u>715,179</u>	<u>14,823,591</u>
-	-	-	73,683
-	-	-	342,957
-	-	-	280,318
-	-	-	301,039
-	-	-	457,058
-	-	-	<u>1,019,397</u>
-	-	-	<u>2,474,452</u>
-	-	-	3,315,358
-	-	-	1,586,267
-	-	-	476,601
-	-	-	83,967
-	-	-	717,948
-	-	-	<u>73,362</u>
-	-	-	<u>6,253,503</u>
-	-	-	2,429,697
-	-	459,711	1,619,463
-	-	5,000	5,000
-	-	52,500	1,121,649
-	1,291,170	-	1,291,170
92,941	-	30,184	123,125
-	-	225,000	4,715,386
-	-	<u>38,246</u>	<u>275,606</u>
<u>92,941</u>	<u>1,291,170</u>	<u>810,641</u>	<u>20,309,051</u>

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - (Continued)
For the Fiscal Year Ended September 30, 2017
CITY OF DEBARY, FLORIDA

	Special Revenue Funds			
	General	Solid Waste	Stormwater Management	Franchise Fees
Excess of revenue over (under) expenditures.....	\$ (900,189)	\$ (14,563)	\$ (3,681,097)	\$ 589,962
Other Financing Sources (Uses):				
Transfers in	908,351	-	-	-
Special assessments bonds issued.....	-	-	4,000,000	-
Transfers out.....	(302,445)	(112,300)	(38,770)	(750,000)
Total other financing sources (uses).	605,906	(112,300)	3,961,230	(750,000)
Net changes in fund balances.....	(294,283)	(126,863)	280,133	(160,038)
Fund balances, beginning of year	6,483,432	431,457	643,719	2,012,865
Fund balances, end of year	<u>\$ 6,189,149</u>	<u>\$ 304,594</u>	<u>\$ 923,852</u>	<u>\$ 1,852,827</u>

The accompanying notes are an integral part of the financial statements

Capital Projects Funds		Nonmajor	Total
Stormwater Improvements	Fire Station	Governmental Funds	Governmental Funds
\$ (92,941)	\$ (1,291,170)	\$ (95,462)	\$ (5,485,460)
-	60,000	302,445	1,270,796
-	-	-	4,000,000
-	-	(67,281)	(1,270,796)
-	60,000	235,164	4,000,000
(92,941)	(1,231,170)	139,702	(1,485,460)
92,941	1,276,869	1,079,447	12,020,730
<u>\$ -</u>	<u>\$ 45,699</u>	<u>\$ 1,219,149</u>	<u>\$ 10,535,270</u>

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

For the Fiscal Year Ended September 30, 2017
CITY OF DEBARY, FLORIDA

Net change in fund balances - total governmental funds..... \$ (1,485,460)

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

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

Capital outlay expenditures.....	2,284,733	
Depreciation expense.....	(1,629,833)	
Book value of disposed assets.....	<u>(1,702)</u>	653,198

Repayment of bond and note principal is an expenditure in the
governmental funds, but the repayment reduces long-term liabilities
in the statement of net assets. Principal repayments made on long-term
debt obligations in the period..... 4,715,386

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the governmental funds:

Proceeds of long-term debt obligations.....	(4,006,824)	
Increase (decrease) in delinquent taxes.....	(1,241)	
Increase (decrease) in unavailable revenue-business tax receipts.....	18,761	
Increase (decrease) in unavailable revenue-special assessments.....	(75,308)	
Increase (decrease) in unavailable revenue-County contribution.....	<u>(54,883)</u>	(4,119,495)

Revenues recognized in the period in which they are earned
regardless of the date of their anticipated receipt..... 807,882

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.....	36,747	
Change in compensated absences liabilities.....	(36,086)	
Change in actuarially computed OPEB obligation.....	<u>(15,424)</u>	<u>(14,763)</u>

Change in net position of governmental activities..... \$ 556,748

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, 2017
CITY OF DEBARY, FLORIDA

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Taxes.....	\$ 6,951,255	\$ 6,951,255	\$ 7,082,977	\$ 131,722
Permits, fees and special assessments	360,400	530,400	580,559	50,159
Intergovernmental.....	2,068,196	2,508,933	1,873,641	(635,292)
Charges for services	156,497	160,497	193,501	33,004
Fines and forfeitures.....	37,000	37,000	12,449	(24,551)
Miscellaneous.....	<u>80,363</u>	<u>80,363</u>	<u>141,175</u>	<u>60,812</u>
Total revenue.....	<u>9,653,711</u>	<u>10,268,448</u>	<u>9,884,302</u>	<u>(384,146)</u>
Expenditures:				
General Government:				
Mayor and Council.....	155,028	103,028	73,683	29,345
City Manager.....	423,342	423,342	342,957	80,385
Finance and administration.....	298,610	323,290	280,318	42,972
Legal.....	251,500	303,500	301,039	2,461
Planning and community development.....	545,630	559,630	457,058	102,572
Nondepartmental.....	<u>1,461,843</u>	<u>1,159,080</u>	<u>1,019,397</u>	<u>139,683</u>
	<u>3,135,953</u>	<u>2,871,870</u>	<u>2,474,452</u>	<u>397,418</u>
Public Safety:				
Law enforcement.....	3,333,095	3,325,395	3,315,358	10,037
Fire safety.....	1,581,128	1,588,828	1,586,267	2,561
Protective inspection.....	313,197	483,197	476,601	6,596
Code enforcement.....	94,269	94,269	83,967	10,302
Emergency and disaster relief.....	-	821,000	717,948	103,052
Animal control.....	<u>79,200</u>	<u>79,200</u>	<u>73,362</u>	<u>5,838</u>
	<u>5,400,889</u>	<u>6,391,889</u>	<u>6,253,503</u>	<u>138,386</u>
Transportation.....	<u>1,062,222</u>	<u>1,297,499</u>	<u>983,125</u>	<u>314,374</u>
Culture/recreation	<u>1,029,713</u>	<u>1,092,713</u>	<u>1,069,149</u>	<u>23,564</u>
Debt Service:				
Principal retirement	52,000	52,000	3,386	48,614
Interest and fiscal charges.....	<u>8,000</u>	<u>8,000</u>	<u>876</u>	<u>7,124</u>
	<u>60,000</u>	<u>60,000</u>	<u>4,262</u>	<u>55,738</u>
Total expenditures.....	<u>10,688,777</u>	<u>11,713,971</u>	<u>10,784,491</u>	<u>929,480</u>
Excess of revenue over (under) expenditures.....	<u>\$ (1,035,066)</u>	<u>\$ (1,445,523)</u>	<u>\$ (900,189)</u>	<u>\$ 545,334</u>

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

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND**
For the Fiscal Year Ended September 30, 2017
CITY OF DEBARY, FLORIDA

Continued

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Other Financing Sources (Uses):				
Transfers in	\$ 907,820	\$ 908,820	\$ 908,351	\$ (469)
Proceeds of long-term debt.....	318,750	318,750	-	(318,750)
Appropriated fund balance.....	-	520,398	-	(520,398)
Transfers out.....	<u>(191,504)</u>	<u>(302,445)</u>	<u>(302,445)</u>	<u>-</u>
Total other financing sources (uses)...	<u>1,035,066</u>	<u>1,445,523</u>	<u>605,906</u>	<u>(839,617)</u>
Net changes in fund balances.....	-	-	(294,283)	(294,283)
Fund balances, beginning of year	<u>6,483,432</u>	<u>6,483,432</u>	<u>6,483,432</u>	<u>-</u>
Fund balances, end of year	<u>\$ 6,483,432</u>	<u>\$ 6,483,432</u>	<u>\$ 6,189,149</u>	<u>\$ (294,283)</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, 2017
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Charges for services.....	\$ 1,404,000	\$ 1,424,000	\$ 1,446,196	\$ 22,196
Miscellaneous	-	40,000	27,230	(12,770)
Total revenue.....	<u>1,404,000</u>	<u>1,464,000</u>	<u>1,473,426</u>	<u>9,426</u>
Expenditures:				
Current:				
Physical environment	<u>1,308,650</u>	<u>1,368,650</u>	<u>1,487,989</u>	<u>(119,339)</u>
Total expenditures.....	<u>1,308,650</u>	<u>1,368,650</u>	<u>1,487,989</u>	<u>(119,339)</u>
Excess of revenue over (under) expenditures.....	<u>95,350</u>	<u>95,350</u>	<u>(14,563)</u>	<u>(109,913)</u>
Other Financing Sources (Uses):				
Appropriated fund balance.....	16,950	16,950	-	(16,950)
Transfers out.....	<u>(112,300)</u>	<u>(112,300)</u>	<u>(112,300)</u>	<u>-</u>
Total other financing sources (uses)...	<u>(95,350)</u>	<u>(95,350)</u>	<u>(112,300)</u>	<u>(16,950)</u>
Net changes in fund balances.....	-	-	(126,863)	(126,863)
Fund balances, beginning of year	<u>431,457</u>	<u>431,457</u>	<u>431,457</u>	<u>-</u>
Fund balances, end of year	<u>\$ 431,457</u>	<u>\$ 431,457</u>	<u>\$ 304,594</u>	<u>\$ (126,863)</u>

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

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL - STORMWATER MANAGEMENT (SPECIAL REVENUE) FUND**
For the Fiscal Year Ended September 30, 2017
CITY OF DEBARY, FLORIDA

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Permits, fees and special assessments	\$ 1,941,000	\$ 1,941,000	\$ 1,984,095	\$ 43,095
Total revenue.....	1,941,000	1,941,000	1,984,095	43,095
Expenditures:				
Physical environment.....	1,037,230	1,127,230	941,708	185,522
Debt Service:				
Principal retirement	500,000	490,000	4,487,000	(3,997,000)
Interest and fiscal charges.....	325,000	245,000	236,484	8,516
	825,000	735,000	4,723,484	(3,988,484)
Total expenditures.....	1,862,230	1,862,230	5,665,192	(3,802,962)
Excess of revenue over (under) expenditures.....	78,770	78,770	(3,681,097)	(3,759,867)
Other Financing Sources (Uses):				
Refunding revenue bonds issued.....	-	-	4,000,000	4,000,000
Contingency.....	(40,000)	(40,000)	-	40,000
Transfers out.....	(38,770)	(38,770)	(38,770)	-
Total other financing sources (uses).	(78,770)	(78,770)	3,961,230	4,040,000
Net changes in fund balances.....	-	-	280,133	280,133
Fund balances, beginning of year	643,719	643,719	643,719	-
Fund balances, end of year	\$ 643,719	\$ 643,719	\$ 923,852	\$ 280,133

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, 2017
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Permits, fees and special assessments	\$ 808,000	\$ 808,000	\$ 766,589	\$ (41,411)
Total revenue.....	808,000	808,000	766,589	(41,411)
Expenditures:				
Current:				
Transportation.....	194,000	194,000	176,627	17,373
Total expenditures.....	194,000	194,000	176,627	17,373
Excess of revenue over (under) expenditures.....	614,000	614,000	589,962	(24,038)
Other Financing Sources (Uses):				
Contingency.....	136,000	136,000	-	(136,000)
Transfers out.....	(750,000)	(750,000)	(750,000)	-
Total other financing sources (uses)...	(614,000)	(614,000)	(750,000)	(136,000)
Net changes in fund balances.....	-	-	(160,038)	(160,038)
Fund balances, beginning of year	2,012,865	2,012,865	2,012,865	-
Fund balances, end of year	\$ 2,012,865	\$ 2,012,865	\$ 1,852,827	\$ (160,038)

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

NOTES TO THE FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

September 30, 2017

CITY OF DEBARY, FLORIDA

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2017

CITY OF DEBARY, FLORIDA

provided by 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. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2017

CITY OF DEBARY, FLORIDA

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

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

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

The City reports the following major governmental funds:

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

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

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

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

Stormwater Improvements 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, 2017

CITY OF DEBARY, FLORIDA

Fire Station Capital Project Fund - This is a capital projects fund used to account for the construction of a new public safety complex as approved by the Council which is funded with proceeds from the issuance of long-term debt, and from transfers from the General Fund.

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 I(D)(10)) to finance particular functions or activities of the City. These funds include the City's Street Lighting District, Orlandia Heights Neighborhood Improvement District, Recycling, Tree Preservation, Economic Opportunity, Park Benefit Impact Fee, and Public Buildings Benefit Impact Fee Funds.

Debt Service Funds - These funds are used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term debt obligations of governmental funds. This obligation includes the \$555,000, City Of Debary, Florida, Water Line Assessment Revenue Bond, Series 2016.

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

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

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

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

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

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

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

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2017

CITY OF DEBARY, FLORIDA

2. Receivables and Payables

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

All trade, special assessments 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.

3. Prepaid Items

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

4. Restricted Assets

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

5. Capital Assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2017

CITY OF DEBARY, FLORIDA

Depreciation is reported for the primary government using the straight-line method (mid-month 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

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

6. *Accrued Payroll and Compensated Absences*

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

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

7. *Unearned Revenue*

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

8. *Long-term Obligations*

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

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2017

CITY OF DEBARY, FLORIDA

9. Deferred Outflows/Inflows of Resources

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

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

10. Fund Balance Flow Assumptions

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

11. Fund Balance Policies

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

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

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

Committed. This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2017

CITY OF DEBARY, FLORIDA

to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned. This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City Manager through the budgetary process, as is authorized under Article XI, Section 11.05(d) of the City's Code of Ordinances.

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

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

12. Net Position

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

13. Net Position Flow Assumption

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

14. Use of Estimates

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

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2017

CITY OF DEBARY, FLORIDA

15. Recent GASB Accounting Standards

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

- Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.*" The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement has materially changed the financial statement presentation.
- Statement No. 77, "*Tax Abatement Disclosures.*" Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as inter-period equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. This statement did not materially change the financial statement presentation.
- Statement No. 80, "*Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14.*" The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. This statement did not materially change the financial statement presentation.

The City is currently evaluating the effects that the following Governmental Accounting Standards Board (GASB) Statements, which will be implemented in future financial statements, will have on its financial statements for subsequent fiscal years.

- Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans.*" The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement is expected to materially change the financial statement presentation. The provisions of this statement are effective for fiscal years beginning after June 15, 2017.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2017

CITY OF DEBARY, FLORIDA

- Statement No. 81, “*Irrevocable Split-Interest Agreements.*” The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This statement has been reviewed and no action will be required. The provisions of this Statement are effective for reporting periods beginning after December 15, 2016.
- Statement No. 82, “*Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73.*” The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement has been reviewed and no action will be required. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

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

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

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

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

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

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets for all governmental funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2017

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The governmental funds' budgets are prepared on the modified accrual basis of accounting. The City uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

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

B. Excess of Expenditures over Appropriations

During the year ended September 30, 2017, expenditures were incurred in excess of budgetary appropriations in two major funds -

Solid Waste (Special Revenue) Fund in the amount of \$109,913. This unanticipated overage was due to additional expenditures incurred due to Hurricanes Matthew and Irma and will be funded from the proceeds received from FEMA.

Stormwater Management (Special Revenue Fund) in the amount of \$3,759,867. This unanticipated overage was due to the refinancing of the Series 2009 Revenue Note and was funded by the proceeds of the refinancing.

C. Deficit Fund Balances

At September 30, 2017, the City had no operating funds with deficit fund balances.

NOTE 4 - PROPERTY TAX CALENDAR

Under Florida law, the assessment of all properties and the collection of all county, municipal and school district property taxes are consolidated in the offices of the County Property Appraiser and County Finance Director. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2017

CITY OF DEBARY, FLORIDA

mills. The millage rate assessed by the City was 2.9247 mills (2016 levy collected in the year ended September 30, 2017). 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

<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

NOTE 5 - DEPOSITS AND INVESTMENTS

Deposits. At September 30, 2017, the carrying value of the City’s demand deposit accounts totaled \$8,907,637, and the bank balance totaled \$9,478,135. All cash deposits are held by banks that qualify as public depositories under the Florida Security for Public Deposits Act as required by Chapter 280, Florida Statutes and are fully insured and/or collateralized. In addition to these deposits, amounts reported in the statement of net position include \$500 in cash funds on hand at the end of the fiscal year.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)
 September 30, 2017
 CITY OF DEBARY, FLORIDA

Investments. As of September 30, 2017, 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.....	\$ 2,539,047	\$ 2,539,047	\$ -	\$ -

The City’s investments consist of amounts invested in the Local Government Surplus Trust Fund (the “Fund”) managed by the Florida State Board of Administration (SBA). The SBA is part of the Fund and is governed by Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the Fund. As a Florida PRIME pool participant, the City invests in a pool of investments whereby the City owns a share of the respective pool, not the underlying securities. In March 1997, GASB issued Statement 31, titled “Accounting and Financial Reporting for Certain Investments and for External Investment Pools.” GASB 31 defines an external investment pool as an arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants’ behalf, in an investment portfolio; one or more of the participants is not part of the sponsor’s reporting entity. GASB 31 applies to Florida PRIME.

GASB 31 outlined 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 described 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”).

In June 2010, GASB issued Statement 59, titled “Financial Instruments Omnibus.” GASB 59 clarified the definition of a “2a-7 like” pool as an “external investment pool that operates in conformity with the Securities and Exchange Commission’s (SEC) Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended.” To qualify as a 2a7-like pool, the pool was required to satisfy all SEC requirements of Rule 2a-7, including that a group of individuals fulfills the functions of a board of directors. The pool was not required to register with the SEC.

In December 2015, GASB issued Statement 79 titled “Certain External Investment Pools and Pool Participants” in response to the Securities and Exchange Commission’s amendments in 2014 to regulations that apply to money market funds. GASB 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. If the external investment pool meets the criteria in GASB 79 and measures all of its investments at amortized cost, the pool’s participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes.

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

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2017

CITY OF DEBARY, FLORIDA

interest rates. All investments are governed by the City’s Investment Policies and related state statutes. Generally, the City limits the acquisition of investments with maturities to no more than five years, unless matched to a specific cash flow. Interest rate risk is minimized for all other investments, which are normally held for periods of less than six months.

The dollar weighted average days to maturity (WAM) of Florida PRIME at September 30, 2017, is 39 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME at September 30, 2017, is 76 days.

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

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

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

Credit Quality. The Florida PRIME is rated by Standard and Poors, with a rating of AAAM as of September 30, 2017. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal.

Foreign Currency Risk. The Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2016 through September 30, 2017.

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, Bureau of Collateral Management have established specific requirements relative to security and collateralization for public deposits. Accordingly, banks qualifying as a public depository in 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

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2017

CITY OF DEBARY, FLORIDA

are generally limited to obligations of the U. S. 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, F. S., is monitored by a Qualified Public Depository Oversight Board with members appointed by the State Chief Financial Officer. At September 30, 2017, all of the City's deposits and investments, including those in the Local Government Surplus Funds Trust Fund, were covered by federal depository insurance and/or collateral securities under the statutory provisions of the Act.

Disclosures per GASB 79. GASB 79 says that if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements.

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days."

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2017, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2017

CITY OF DEBARY, FLORIDA

NOTE 6 – DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables. Amounts are aggregated into single accounts receivable (net of allowance for uncollectible accounts) amounts for certain funds and aggregated columns. Below is a detail of receivables for the governmental activities anticipated to be collected within an operating cycle at September 30, 2017:

Delinquent taxes receivable	\$ 4,619	
Special assessments receivable	438,789	
Utility service taxes.....	148,902	
Franchise fees	93,108	
Escrow receivables.....	56,885	
Interest	3,940	
Other miscellaneous receivables.....	<u>1,498</u>	
	747,741	
Less: allowance for doubtful accounts.....	<u>(3,148)</u>	
Total governmental activities receivables, net		<u>\$ 744,593</u>

Payables: Amounts are aggregated into single accounts payable and accrued liabilities lines for certain funds and aggregated columns. Below is a detail of payables for the governmental activities anticipated to be paid within one annual operating cycle at September 30, 2017:

Accounts payable	\$ 1,078,614	
Contracts payable and retentions	186,735	
Due to other governments.....	17,248	
Accrued wages and benefits.....	<u>83,594</u>	
Total governmental activities payables		<u>\$ 1,366,191</u>

NOTES TO THE FINANCIAL STATEMENTS -- (Continued)

September 30, 2017

CITY OF DEBARY, FLORIDA

NOTE 7 - INTERFUND ACCOUNTS

The outstanding balances between funds result mainly from the time lag between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system, and when payments between funds are made. Individual fund transfers made during the year ended September 30, 2017, are as follows:

Funds	Transfer In	Transfer Out
General Fund:		
Solid Waste Fund.....	\$ 112,300	\$ -
Stormwater Management Fund.....	38,770	-
Franchise Fees Fund.....	750,000	-
Nonmajor funds:		
Economic Opportunity Fund.....	7,281	-
Fire Station Bond Series 2016 Debt Service Fund.....	-	302,445
	<u>908,351</u>	<u>302,445</u>
Solid Waste Fund:		
General Fund.....	-	112,300
Stormwater Management:		
General Fund.....	-	38,770
Franchise Fee:		
General Fund.....	-	750,000
Nonmajor funds:		
Economic Opportunity Fund:		
General Fund.....	-	7,281
Fire Station Bond Series 2016 Debt Service Fund:		
General Fund.....	302,445	-
Fire Station Capital Projects Fund:		
Public Buildings Benefit Fund.....	60,000	-
Public Buildings Benefit:		
Fire Station Capital Projects Fund.....	-	60,000
	<u>362,445</u>	<u>67,281</u>
Totals.....	<u>\$ 1,270,796</u>	<u>\$ 1,270,796</u>

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2017

CITY OF DEBARY, FLORIDA

NOTE 8 - CAPITAL ASSETS

A summary of the capital assets activity for the year ended September 30, 2017, is as follows:

	Balances 9/30/2016	Additions	Deletions	Balances 9/30/2017
Capital assets not being depreciated:				
Land.....	\$ 7,323,288	\$ -	\$ -	\$ 7,323,288
Construction in progress.....	1,424,595	2,119,286	(3,296,659)	247,222
Total capital assets not being depreciated.....	<u>8,747,883</u>	<u>2,119,286</u>	<u>(3,296,659)</u>	<u>7,570,510</u>
Capital assets being depreciated:				
Buildings.....	5,209,369	1,990,730	-	7,200,099
Infrastructure.....	31,917,012	1,299,822	-	33,216,834
Machinery and equipment.....	2,808,030	164,730	(29,643)	2,943,117
Assets under capital leases.....	9,355	6,824	-	16,179
Total capital assets being depreciated.....	<u>39,943,766</u>	<u>3,462,106</u>	<u>(29,643)</u>	<u>43,376,229</u>
Less accumulated depreciation for:				
Buildings.....	(1,230,666)	(180,567)	-	(1,411,233)
Infrastructure.....	(8,232,372)	(1,198,715)	-	(9,431,087)
Machinery and equipment.....	(1,329,437)	(247,420)	27,941	(1,548,916)
Assets under capital leases.....	(1,511)	(3,131)	-	(4,642)
Total accumulated depreciation.....	<u>(10,793,986)</u>	<u>(1,629,833)</u>	<u>27,941</u>	<u>(12,395,878)</u>
Total capital assets being depreciated, net.....	<u>29,149,780</u>	<u>1,832,273</u>	<u>(1,702)</u>	<u>30,980,351</u>
Total capital assets, net.....	<u>\$ 37,897,663</u>	<u>\$ 3,951,559</u>	<u>\$ (3,298,361)</u>	<u>\$ 38,550,861</u>

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

Governmental activities:	
General government	\$ 156,045
Public safety	129,620
Physical environment	854,441
Transportation.....	245,537
Culture/recreation	<u>244,190</u>
Total depreciation expense - governmental activities	<u>\$ 1,629,833</u>

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2017

CITY OF DEBARY, FLORIDA

NOTE 9 – GENERAL LONG-TERM DEBT

The City’s long-term debt outstanding at September 30, 2017, is as follows:

	Balance Due	Current Maturities
Notes and Bonds Payable:		
1.650% Series 2016 Stormwater Utility Assessment Refunding Revenue Note; dated December 1, 2016, interest payable semi-annually on June 1 and December 1, principal payable annually on June 1, through June 2023, secured by the City's stormwater utility assessments and a pledge to budget and appropriate non-advalorem revenues.....	\$ 3,803,000	\$ 282,000
2.330% Series 2012 Stormwater Utility Assessment Refunding Revenue Note, dated December 16, 2012, interest payable semi-annually on June 1 and December 1, principal payable annually on December 1, through December 2026, secured by the City's stormwater utility assessments and a covenant to budget and appropriate non-advalorem revenues.....	3,285,000	295,000
1.670% Series 2016 Water Line Assessment Revenue Bond; dated January 15, 2016, interest payable semi-annually on April 1 and October 1, principal payable annually on October 1, 2016 through October 1 2022, secured by the City's water line extension assessments and a covenant to budget and appropriate non-advalorem revenues.....	492,000	79,000
1.640% Series 2016 Fire Station Bond; dated April 27, 2016, interest payable semi-annually on June 1 and December 1, principal payable annually on December 1, 2016 through December 1, 2022, secured by the City's non-advalorem revenues and a covenant to budget and appropriate non-advalorem revenues.....	1,718,000	275,000
Capital Lease Obligations:		
\$16,179 capital leases for office machinery and equipment, for the City's administrative offices, payable in monthly installments of \$367 through December 2020, stated interest rates from 2.17% to 7.21%, secured with machinery and equipment with a book value of \$11,537 as of September 30, 2017.....	11,218	3,836
Total long-term debt.....	9,309,218	934,836
Other post-employment benefit obligation.....	47,878	-
Compensated absences (current portion estimated).....	130,585	91,410
Total long-term obligations.....	<u>\$ 9,487,681</u>	<u>\$ 1,026,246</u>

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2017

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

	Balances 9/30/2016	Additions	Deletions	Balances 9/30/2017
Notes and Bonds Payable:				
Series 2009 Revenue Note.....	\$ 4,000,000	\$ -	\$ (4,000,000)	\$ -
Series 2012 Refunding Revenue Note.....	3,575,000	-	(290,000)	3,285,000
Series 2016 Assessment Revenue Bond.....	555,000	-	(63,000)	492,000
Series 2016 Fire Station Bond.....	1,880,000	-	(162,000)	1,718,000
Series 2016 Refunding Revenue Note.....	-	4,000,000	(197,000)	3,803,000
Capital lease obligations.....	<u>7,780</u>	<u>6,824</u>	<u>(3,386)</u>	<u>11,218</u>
	10,017,780	4,006,824	(4,715,386)	9,309,218
Other post-employment benefit obligation....	32,454	15,424	-	47,878
Compensated absences.....	<u>94,499</u>	<u>36,086</u>	<u>-</u>	<u>130,585</u>
Totals.....	<u>\$ 10,144,733</u>	<u>\$ 4,058,334</u>	<u>\$ (4,715,386)</u>	<u>\$ 9,487,681</u>

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

Fiscal Year	Principal	Interest	Total
September 30, 2018.....	\$ 934,836	169,330	1,104,166
September 30, 2019.....	949,084	151,875	1,100,959
September 30, 2020.....	964,004	134,147	1,098,151
September 30, 2021.....	988,294	115,996	1,104,290
September 30, 2022.....	1,003,000	97,431	1,100,431
September 30, 2023 through 2027.....	<u>4,470,000</u>	<u>145,214</u>	<u>4,615,214</u>
Totals.....	<u>\$ 9,309,218</u>	<u>\$ 813,993</u>	<u>10,123,211</u>

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2017

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Pledged Revenues. The primary source of pledged revenues for all Revenue Note’s held by the City at September 30, 2017, are the City’s stormwater utility assessments and water line extension assessments; however to the extent that the stormwater utility and water line extension 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	\$ 1,984,095
Water line extension assessments.....	75,308
Non-ad valorem revenues (excludes ad valorem taxes, grants and.....	
all revenues restricted by enabling legislation).....	<u>6,488,706</u>
 Totals.....	 <u>\$ 8,548,109</u>
 Annual Debt Service Requirements:	
Series 2009 Revenue Note.....	\$ 81,000
Series 2012 Refunding Revenue Note.....	369,919
Series 2016 Assessment Revenue Bond.....	87,216
Series 2016 Fire Station Bond.....	191,504
Series 2016 Refunding Revenue Note.....	<u>230,000</u>
 Totals.....	 <u>\$ 959,639</u>

Advance Refunding. No advance refundings occurred during the year ended September 30, 2017.

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2017

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, 2016:

	<u>09/30/2015</u>	<u>09/30/2016</u>	<u>09/30/2017</u>
Annual required contribution (ARC)	\$ 9,163	9,441	19,207
Interest on net OPEB obligation	925	1,186	1,298
Adjustment to annual required contribution.....	<u>(1,292)</u>	<u>(1,570)</u>	<u>(1,960)</u>
Annual OPEB cost	8,796	9,057	18,545
Estimated net contributions made	<u>(2,993)</u>	<u>(2,960)</u>	<u>(3,121)</u>
Increase (decrease) in net OPEB obligation.....	5,803	6,097	15,424
Net OPEB obligation-beginning of year	<u>20,554</u>	<u>26,357</u>	<u>32,454</u>
Net OPEB obligation-end of year	<u>\$ 26,357</u>	<u>32,454</u>	<u>47,878</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percent of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
09/30/17	\$ 18,545	\$ 3,121	16.83%	\$ 47,878
09/30/16	\$ 9,057	\$ 2,960	32.68%	\$ 32,454
09/30/15	\$ 8,796	\$ 2,993	34.02%	\$ 26,357

Funded Status and Funding Progress. Based on the October 1, 2016 actuarial valuation, the funded status of the OPEB Plan was as follows:

Actuarial accrued liability (AAL)	\$ 42,849
Actuarial value of plan assets.....	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 42,849</u>
Funded ratio (actuarial value of plan assets/AAL).....	0.00%
Covered payroll (annual payroll of active employees covered by the plan).....	\$ 1,538,233
UAAL as a percentage of covered payroll	2.79%

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

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types

NOTES TO THE FINANCIAL STATEMENTS -- (Continued)

September 30, 2017

CITY OF DEBARY, FLORIDA

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, 2016 actuarial valuation, the Entry Age Normal Cost Method was used. The actuarial assumptions include a 0.0% payroll growth and inflation assumption, and a 4.0% percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. Health care inflation is based on a Pre-Medicare and Post-Medicare annual healthcare cost trend rate of 8.75% percent in 2017 trending down with annual decreases to an ultimate rate of 4.0% in 2073. The UAAL is being amortized over a level percentage of payroll (closed amortization over 30 years).

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

NOTE 11 – PENSION PLANS

1. Defined Contribution Plan – ICMA-RC IRC 401(a) Plan

The City contributes to the City of DeBary, Florida Money Purchase Plan and Trust (the “Plan”), a defined contribution pension plan, for all regular full time and regular part time employees hired on or after October 1, 1994. The Plan is presently administered by International City Management Association Retirement Corporation (ICMA-RC), 777 North Capitol Street NE, Suite 600, Washington DC 20002-4240.

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the City Council. This plan has no provision for providing benefits of past services and there were no current year changes in plan provisions. For each employee in the Plan, the City is required to contribute 10 percent of annual salary to an individual employee account. The required contribution may be less than 10% if employees are terminated prior to vesting. Employees are permitted to make contributions to the pension plan, up to applicable Internal Revenue Code limits. For the year ended September 30, 2017, employee contributions totaled \$-0-, and the City recognized pension expense of \$172,127.

All qualifying employees are eligible to participate in the plan upon the date of employment. Employees are immediately vested in their own contributions and earnings on those contributions. The “vested percentage” in an employee account attributable to employer contributions is based on vesting years of service. Employees will become 100% vested in City contributions and earnings on City contributions only after completion of 36 months of creditable service with the City. Employees will always, however, be 100% vested in these contributions if employed on or after their normal retirement age or if they die or become disabled. Nonvested City contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan’s administrative expenses. For the year ended September 30, 2017, forfeitures reduced the City’s pension expense by \$27,091. There were no unremitted amounts due to the Plan from the City at September 30, 2017.

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2017

CITY OF DEBARY, FLORIDA

2. Deferred Employee Benefits – ICMA-RC IRC 457(b) Plan

The City contributes to a defined contribution pension plan, which provides for an IRC Section 457(b) deferred compensation plan for employer and employee contributions. This Plan is presently administered by International City Management Association Retirement Corporation (ICMA-RC), 777 North Capitol Street NE, Suite 600, Washington DC 20002-4240, to accommodate supplemental employee elective deferrals for employees covered in the City's defined contribution plan. Employees are permitted to make contributions to the pension plan, up to applicable Internal Revenue Code limits. For the year ended September 30, 2017, employee contributions totaled \$78,733 and the City recognized pension expense of \$-0-.

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

NOTE 12 - LEGAL MATTERS

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

NOTE 13 - COMMITMENTS AND CONTINGENCIES

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

NOTE 14 - RISK MANAGEMENT

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

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

September 30, 2017

CITY OF DEBARY, FLORIDA

NOTE 15 – SUBSEQUENT EVENTS

Tax Cuts and Jobs Act (the “Act”): This Act was signed into law on December 22, 2017, and decreased the U.S. Federal Corporate Tax rate effective January 1, 2018. Notably, effective January 1, 2018, the corporate tax rate was reduced to 21% from a maximum rate of 35%. As a tax exempt borrower, the equivalent corporate tax rate change may impact several of the City’s outstanding revenue bonds, notes and other obligations, as the underlying documents governing these tax exempt loans often include yield maintenance provisions that are required to be revised in the event of a reduction in the maximum federal corporate tax rate. Generally, this yield maintenance language provides that the rate of interest to be paid on the City’s tax exempt obligations will be increased or decreased, as applicable, with decreases or increases, respectively, in the corporate tax rate. In the event of this proposed decrease, the equivalent adjusted rate of interest on the City’s tax exempt revenue bonds, notes and other obligations may be increased by a factor of 1.215.

Typically, compliance with the underlying promissory note(s) and other yield maintenance provisions contained in the loan documentation is non-discretionary. Most institutional lenders do not hold an option to enforce or not enforce such rate adjustments. As a result, failing to adhere to the agreements could cause a reissuance of one or more of the City’s outstanding obligations. While it is anticipated that an incremental interest rate increase will be requested, the City will consult with its legal counsel and/or financial advisors to identify the related potential impacts that will result from this change in the Tax Code and to assess the need for any reissuance opinions, if necessary.

The individual tax exempt revenue obligations of the City that may be affected by this change in the Tax Code are as follows:

- Series 2009 Revenue Note;
- Series 2012 Refunding Revenue Note;
- Series 2016 Assessment Revenue Bond;
- Series 2016 Fire Station Bond; and
- Series 2016 Refunding Revenue Note.

Evaluation of Events and Transactions: In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through March 15, 2018, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS AND CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS PROGRAM
For the Year Ended September 30, 2017
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>
10/1/2016	\$ -	\$ 42,849	\$ 42,849	0.00%	\$ 1,538,233	2.79%
10/1/2015	\$ -	N/A	N/A	N/A	N/A	N/A
10/1/2014	\$ -	N/A	N/A	N/A	N/A	N/A
10/1/2013	\$ -	\$ 32,060	\$ 32,060	0.00%	\$ 1,165,799	2.75%

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>
9/30/2016	\$ 19,207	\$ 3,121	\$ -	16.25%
9/30/2015	\$ 9,441	\$ 2,960	\$ -	31.35%
9/30/2014	\$ 9,163	\$ 2,993	\$ -	32.66%
9/30/2013	\$ 9,477	\$ 3,540	\$ -	37.35%

Actuarial Valuation Dated: October 1, 2016

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OTHER SUPPLEMENTARY INFORMATION

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**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES BUDGET AND ACTUAL - STORMWATER CAPITAL PROJECTS FUND**
For the Fiscal Year Ended September 30, 2017
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenue:	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital Outlay:				
Physical environment.....	50,000	92,941	92,941	-
Total expenditures.....	50,000	92,941	92,941	-
Excess of revenue over (under) expenditures.....	(50,000)	(92,941)	(92,941)	-
Other Financing Sources (Uses):				
Appropriated fund balance.....	50,000	92,941	-	(92,941)
Total other financing sources (uses).	50,000	92,941	-	(92,941)
Net changes in fund balances.....	-	-	(92,941)	(92,941)
Fund balances, beginning of year	92,941	92,941	92,941	-
Fund balances, end of year	<u>\$ 92,941</u>	<u>\$ 92,941</u>	<u>\$ -</u>	<u>\$ (92,941)</u>

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES BUDGET AND ACTUAL - FIRE STATION CAPITAL PROJECTS FUND**
For the Fiscal Year Ended September 30, 2017
CITY OF DEBARY, FLORIDA

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital Outlay:				
Fire safety.....	1,560,000	1,336,870	1,291,170	45,700
Transportation.....	-	-	-	-
Total expenditures.....	<u>1,560,000</u>	<u>1,336,870</u>	<u>1,291,170</u>	<u>45,700</u>
Excess of revenue over (under) expenditures.....	<u>(1,560,000)</u>	<u>(1,336,870)</u>	<u>(1,291,170)</u>	<u>45,700</u>
Other Financing Sources (Uses):				
Contingency.....	<u>1,560,000</u>	<u>1,336,870</u>	<u>60,000</u>	<u>(1,276,870)</u>
Total other financing sources (uses).	<u>1,560,000</u>	<u>1,336,870</u>	<u>60,000</u>	<u>(1,276,870)</u>
Net changes in fund balances.....	-	-	(1,231,170)	(1,231,170)
Fund balances, beginning of year	<u>1,276,869</u>	<u>1,276,869</u>	<u>1,276,869</u>	-
Fund balances, end of year	<u>\$ 1,276,869</u>	<u>\$ 1,276,869</u>	<u>\$ 45,699</u>	<u>\$ (1,231,170)</u>

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2017
CITY OF DEBARY, FLORIDA

	Nonmajor Special Revenue Funds				
	Street Lighting Districts	Orlandia Heights Neighborhood Improvement District	Tree Preservation	Economic Opportunity Fund	Park Benefit Impact Fee Fund
Assets:					
Cash and cash equivalents.....	\$ 350,759	\$ 16,915	\$ 55,124	\$ 382,581	\$ 46,762
Receivables (net):					
Special assessments receivable.....	-	-	-	-	-
Due from other governments.....	-	-	-	4,232	-
Inventories.....	-	-	-	-	-
Prepays.....	-	4,440	-	-	-
Total assets.....	<u>\$ 350,759</u>	<u>\$ 21,355</u>	<u>\$ 55,124</u>	<u>\$ 386,813</u>	<u>\$ 46,762</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities..	\$ 26,830	\$ -	\$ -	\$ -	\$ -
Total liabilities.....	<u>26,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:					
Unavailable revenue-business tax receipts	-	-	-	19,361	-
Unavailable revenue-special assessments.	-	-	-	-	-
Total deferred inflows of resources...	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,361</u>	<u>-</u>
Fund Balances:					
Nonspendable.....	-	4,440	-	-	-
Restricted.....	-	-	-	-	46,762
Committed.....	323,929	16,915	-	367,452	-
Assigned.....	-	-	55,124	-	-
Unassigned.....	-	-	-	-	-
Total fund balances.....	<u>323,929</u>	<u>21,355</u>	<u>55,124</u>	<u>367,452</u>	<u>46,762</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 350,759</u>	<u>\$ 21,355</u>	<u>\$ 55,124</u>	<u>\$ 386,813</u>	<u>\$ 46,762</u>

Public Buildings Benefit Impact Fee Fund	Total Special Revenue Funds	Debt Service Funds			Capital Projects Fund	
		Ft. Florida Rd. Assessment Bond Series 2016 Fund	Fire Station Bond Series 2016 Fund	Total Debt Service Funds	Ft. Florida Rd. Extension Fund	Total Nonmajor Governmental Funds
\$ 16,737	\$ 868,878	\$ 78,228	\$ 238,592	\$ 316,820	\$ 70,970	\$ 1,256,668
-	-	438,789	-	438,789	-	438,789
-	4,232	-	-	-	-	4,232
-	-	-	-	-	-	-
-	4,440	-	-	-	-	4,440
<u>\$ 16,737</u>	<u>\$ 877,550</u>	<u>\$ 517,017</u>	<u>\$ 238,592</u>	<u>\$ 755,609</u>	<u>\$ 70,970</u>	<u>\$ 1,704,129</u>
\$ -	\$ 26,830	\$ -	\$ -	\$ -	\$ -	\$ 26,830
-	26,830	-	-	-	-	26,830
-	19,361	-	-	-	-	19,361
-	-	438,789	-	438,789	-	438,789
-	19,361	438,789	-	438,789	-	458,150
-	4,440	-	-	-	-	4,440
16,737	63,499	78,228	238,592	316,820	-	380,319
-	708,296	-	-	-	-	708,296
-	55,124	-	-	-	70,970	126,094
-	-	-	-	-	-	-
<u>16,737</u>	<u>831,359</u>	<u>78,228</u>	<u>238,592</u>	<u>316,820</u>	<u>70,970</u>	<u>1,219,149</u>
<u>\$ 16,737</u>	<u>\$ 877,550</u>	<u>\$ 517,017</u>	<u>\$ 238,592</u>	<u>\$ 755,609</u>	<u>\$ 70,970</u>	<u>\$ 1,704,129</u>

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES-NONMAJOR GOVERNMENTAL FUNDS**
For the Fiscal Year Ended September 30, 2017
CITY OF DEBARY, FLORIDA

	Nonmajor Special Revenue Funds				
	Street Lighting District	Orlandia Heights Neighborhood Improvement District	Tree Preservation	Economic Opportunity Fund	Park Benefit Impact Fee Fund
Revenue:					
Taxes.....	\$ -	\$ -	\$ -	\$ 48,540	\$ -
Permits, fees and special assessments	371,658	95,597	-	-	45,988
Miscellaneous	-	-	-	-	-
Total revenue.....	<u>371,658</u>	<u>95,597</u>	<u>-</u>	<u>48,540</u>	<u>45,988</u>
Expenditures:					
Physical environment.....	-	-	1,008	-	-
Transportation.....	374,534	84,169	-	-	-
Economic environment	-	-	-	5,000	-
Culture/recreation	-	-	-	-	52,500
Capital Outlay:					
Physical environment	-	-	-	-	-
Debt Service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges.....	-	-	-	-	-
Total expenditures.....	<u>374,534</u>	<u>84,169</u>	<u>1,008</u>	<u>5,000</u>	<u>52,500</u>
Excess of revenue over (under) expenditures.....	(2,876)	11,428	(1,008)	43,540	(6,512)
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	-
Transfers out.....	-	-	-	(7,281)	-
Total other financing sources (uses)...	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,281)</u>	<u>-</u>
Net changes in fund balances.....	(2,876)	11,428	(1,008)	36,259	(6,512)
Fund balances, beginning of year	<u>326,805</u>	<u>9,927</u>	<u>56,132</u>	<u>331,193</u>	<u>53,274</u>
Fund balances, end of year	<u>\$ 323,929</u>	<u>\$ 21,355</u>	<u>\$ 55,124</u>	<u>\$ 367,452</u>	<u>\$ 46,762</u>

Public Buildings Benefit Impact Fee Fund	Total-Special Revenue Funds	Debt Service Funds			Capital Projects Fund	
		Ft. Florida Rd. Assessment Bond Series 2016 Fund	Fire Station Bond Series 2016 Fund	Total Debt Service Funds	Ft. Florida Extension Fund	Total Nonmajor Governmental Funds
\$ -	\$ 48,540	\$ -	\$ -	\$ -	\$ -	\$ 48,540
23,205	536,448	75,308	-	75,308	-	611,756
-	-	-	-	-	54,883	54,883
<u>23,205</u>	<u>584,988</u>	<u>75,308</u>	<u>-</u>	<u>75,308</u>	<u>54,883</u>	<u>715,179</u>
-	1,008	-	-	-	-	1,008
-	458,703	-	-	-	-	458,703
-	5,000	-	-	-	-	5,000
-	52,500	-	-	-	-	52,500
-	-	-	-	-	30,184	30,184
-	-	63,000	162,000	225,000	-	225,000
-	-	8,742	29,504	38,246	-	38,246
-	<u>517,211</u>	<u>71,742</u>	<u>191,504</u>	<u>263,246</u>	<u>30,184</u>	<u>810,641</u>
23,205	67,777	3,566	(191,504)	(187,938)	24,699	(95,462)
-	-	-	302,445	302,445	-	302,445
<u>(60,000)</u>	<u>(67,281)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(67,281)</u>
<u>(60,000)</u>	<u>(67,281)</u>	<u>-</u>	<u>302,445</u>	<u>302,445</u>	<u>-</u>	<u>235,164</u>
(36,795)	496	3,566	110,941	114,507	24,699	139,702
<u>53,532</u>	<u>830,863</u>	<u>74,662</u>	<u>127,651</u>	<u>202,313</u>	<u>46,271</u>	<u>1,079,447</u>
<u>\$ 16,737</u>	<u>\$ 831,359</u>	<u>\$ 78,228</u>	<u>\$ 238,592</u>	<u>\$ 316,820</u>	<u>\$ 70,970</u>	<u>\$ 1,219,149</u>

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES-BUDGET AND ACTUAL
STREET LIGHTING DISTRICT FUND**
For the Fiscal Year Ended September 30, 2017
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Permits, fees and special assessments.....	\$ 366,420	\$ 366,420	\$ 371,658	\$ 5,238
Total revenue.....	<u>366,420</u>	<u>366,420</u>	<u>371,658</u>	<u>5,238</u>
Expenditures:				
Current:				
Transportation.....	<u>408,465</u>	<u>408,465</u>	<u>374,534</u>	<u>33,931</u>
Total expenditures.....	<u>408,465</u>	<u>408,465</u>	<u>374,534</u>	<u>33,931</u>
Excess of revenue over (under) expenditures.....	<u>(42,045)</u>	<u>(42,045)</u>	<u>(2,876)</u>	<u>39,169</u>
Other Financing Sources (Uses):				
Appropriated fund balance.....	<u>42,045</u>	<u>42,045</u>	<u>-</u>	<u>(42,045)</u>
Total other financing sources (uses).	<u>42,045</u>	<u>42,045</u>	<u>-</u>	<u>(42,045)</u>
Net changes in fund balances.....	<u>-</u>	<u>-</u>	<u>(2,876)</u>	<u>(2,876)</u>
Fund balances, beginning of year	<u>326,805</u>	<u>326,805</u>	<u>326,805</u>	<u>-</u>
Fund balances, end of year	<u>\$ 326,805</u>	<u>\$ 326,805</u>	<u>\$ 323,929</u>	<u>\$ (2,876)</u>

**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, 2017
CITY OF DEBARY, FLORIDA**

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Permits, fees and special assessments.....	\$ 94,100	\$ 94,100	\$ 95,597	\$ 1,497
Total revenue.....	94,100	94,100	95,597	1,497
Expenditures:				
Current:				
Transportation.....	93,863	94,363	84,169	10,194
Total expenditures.....	93,863	94,363	84,169	10,194
Excess of revenue over (under) expenditures.....	237	(263)	11,428	11,691
Other Financing Sources (Uses):				
Appropriated fund balance.....	(237)	263	-	(263)
Total other financing sources (uses).	(237)	263	-	(263)
Net changes in fund balances.....	-	-	11,428	11,428
Fund balances, beginning of year	9,927	9,927	9,927	-
Fund balances, end of year	\$ 9,927	\$ 9,927	\$ 21,355	\$ 11,428

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES-BUDGET AND ACTUAL
TREE PRESERVATION SPECIAL REVENUE FUND**
For the Fiscal Year Ended September 30, 2017
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Total revenue.....	-	-	-	-
Expenditures:				
Current:				
Physical environment.....	20,000	20,000	1,008	18,992
Total expenditures.....	20,000	20,000	1,008	18,992
Excess of revenue over (under) expenditures.....	(20,000)	(20,000)	(1,008)	18,992
Other Financing Sources (Uses):				
Appropriated fund balance.....	20,000	20,000	-	(20,000)
Total other financing sources (uses).	20,000	20,000	-	(20,000)
Net changes in fund balances.....	-	-	(1,008)	(1,008)
Fund balances, beginning of year	56,132	56,132	56,132	-
Fund balances, end of year	<u>\$ 56,132</u>	<u>\$ 56,132</u>	<u>\$ 55,124</u>	<u>\$ (1,008)</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, 2017
CITY OF DEBARY, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Taxes.....	\$ 45,000	\$ 45,000	\$ 48,540	\$ 3,540
Total revenue.....	45,000	45,000	48,540	3,540
Expenditures:				
Current:				
Economic environment	49,000	48,000	5,000	43,000
Total expenditures.....	49,000	48,000	5,000	43,000
Excess of revenue over (under) expenditures.....	(4,000)	(3,000)	43,540	46,540
Other Financing Sources (Uses):				
Appropriated fund balance.....	10,750	10,750	-	(10,750)
Transfers out.....	(6,750)	(7,750)	(7,281)	469
Total other financing sources (uses).	4,000	3,000	(7,281)	(10,281)
Net changes in fund balances.....	-	-	36,259	36,259
Fund balances, beginning of year	331,193	331,193	331,193	-
Fund balances, end of year	\$ 331,193	\$ 331,193	\$ 367,452	\$ 36,259

**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, 2017
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
Revenue:				
Permits, fees and special assessments	\$ 10,000	\$ 10,000	\$ 45,988	\$ 35,988
Total revenue.....	10,000	10,000	45,988	35,988
Expenditures:				
Current:				
Culture/recreation	30,000	63,274	52,500	10,774
Total expenditures.....	30,000	63,274	52,500	10,774
Excess of revenue over (under) expenditures.....	(20,000)	(53,274)	(6,512)	46,762
Other Financing Sources (Uses):				
Appropriated fund balance.....	20,000	53,274	-	(53,274)
Total other financing sources (uses).	20,000	53,274	-	(53,274)
Net changes in fund balances.....	-	-	(6,512)	(6,512)
Fund balances, beginning of year	53,274	53,274	53,274	-
Fund balances, end of year	\$ 53,274	\$ 53,274	\$ 46,762	\$ (6,512)

**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, 2017
CITY OF DEBARY, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Permits, fees and special assessments	\$ 10,000	\$ 10,000	\$ 23,205	\$ 13,205
Total revenue.....	<u>10,000</u>	<u>10,000</u>	<u>23,205</u>	<u>13,205</u>
Expenditures:				
Current:				
General Government:				
Nondepartmental.....	-	-	-	-
Total expenditures.....	-	-	-	-
Excess of revenue over (under) expenditures.....	<u>10,000</u>	<u>10,000</u>	<u>23,205</u>	<u>13,205</u>
Other Financing Sources (Uses):				
Appropriated fund balance.....	50,000	50,000	-	(50,000)
Transfers out.....	(60,000)	(60,000)	(60,000)	-
Total other financing sources (uses).	<u>(10,000)</u>	<u>(10,000)</u>	<u>(60,000)</u>	<u>(50,000)</u>
Net changes in fund balances.....	-	-	(36,795)	(36,795)
Fund balances, beginning of year	<u>53,532</u>	<u>53,532</u>	<u>53,532</u>	-
Fund balances, end of year	<u>\$ 53,532</u>	<u>\$ 53,532</u>	<u>\$ 16,737</u>	<u>\$ (36,795)</u>

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES-BUDGET AND ACTUAL
FT. FLORIDA ROAD SPECIAL ASSESSMENT BOND DEBT SERVICE FUND**
For the Fiscal Year Ended September 30, 2017
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Permits, fees and special assessments	\$ 74,600	\$ 74,600	\$ 75,308	\$ 708
Total revenue.....	<u>74,600</u>	<u>74,600</u>	<u>75,308</u>	<u>708</u>
Expenditures:				
Debt Service:				
Principal retirement	63,000	63,000	63,000	-
Interest and fiscal charges.....	<u>8,744</u>	<u>8,744</u>	<u>8,742</u>	<u>2</u>
Total expenditures.....	<u>71,744</u>	<u>71,744</u>	<u>71,742</u>	<u>2</u>
Excess of revenue over (under) expenditures.....	<u>2,856</u>	<u>2,856</u>	<u>3,566</u>	<u>710</u>
Other Financing Sources (Uses):				
Appropriated fund balance.....	<u>(2,856)</u>	<u>(2,856)</u>	<u>-</u>	<u>2,856</u>
Total other financing sources (uses).	<u>(2,856)</u>	<u>(2,856)</u>	<u>-</u>	<u>2,856</u>
Net changes in fund balances.....	-	-	3,566	3,566
Fund balances, beginning of year	<u>74,662</u>	<u>74,662</u>	<u>74,662</u>	<u>-</u>
Fund balances, end of year	<u>\$ 74,662</u>	<u>\$ 74,662</u>	<u>\$ 78,228</u>	<u>\$ 3,566</u>

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES-BUDGET AND ACTUAL
FIRE STATION REVENUE BOND DEBT SERVICE FUND
For the Fiscal Year Ended September 30, 2017
CITY OF DEBARY, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenue:	\$ -	\$ -	\$ -	\$ -
Total revenue.....	-	-	-	-
Expenditures:				
Debt Service:				
Principal retirement	162,000	162,000	162,000	-
Interest and fiscal charges.....	29,504	29,504	29,504	-
Total expenditures.....	191,504	191,504	191,504	-
Excess of revenue over (under) expenditures.....	(191,504)	(191,504)	(191,504)	-
Other Financing Sources (Uses):				
Transfers in	191,504	302,445	302,445	-
Appropriated fund balance.....	-	(110,941)	-	110,941
Total other financing sources (uses).	191,504	191,504	302,445	110,941
Net changes in fund balances.....	-	-	110,941	110,941
Fund balances, beginning of year	127,651	127,651	127,651	-
Fund balances, end of year	\$ 127,651	\$ 127,651	\$ 238,592	\$ 110,941

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCES-BUDGET AND ACTUAL
FT. FLORIDA EXTENSION CAPITAL PROJECTS FUND**
For the Fiscal Year Ended September 30, 2017
CITY OF DEBARY, FLORIDA

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>		
Revenue:				
Miscellaneous	\$ -	54,883	54,883	-
Total revenue.....	-	54,883	54,883	-
Expenditures:				
Capital Outlay:				
Physical environment	-	101,154	30,184	70,970
Total expenditures.....	-	101,154	30,184	70,970
Excess of revenue over (under) expenditures.....	-	(46,271)	24,699	70,970
Other Financing Sources (Uses):				
Appropriated fund balance.....	-	46,271	-	(46,271)
Total other financing sources (uses).	-	46,271	-	(46,271)
Net changes in fund balances.....	-	-	24,699	24,699
Fund balances, beginning of year	46,271	46,271	46,271	-
Fund balances, end of year	\$ 46,271	\$ 46,271	\$ 70,970	\$ 24,699

SUPPLEMENTAL AUDIT REPORTS

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended September 30, 2017

CITY OF DEBARY, FL

Federal Agency Pass-through Entity Program or Cluster Title	CFDA/ CSFA Number	Grant Identification Number	Pass-through Entity/Agency Identifying Number	Federal/ State Expenditures
Federal Awards:				
Other Programs:				
Department of Homeland Security				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)				
Hurricane Matthew Disaster Declaration.....	97.036	FEMA 4283-DR-FL	PA-U5-74-01-027 Florida Dept of Emergency management	\$ 327,150
Hurricane Irma Disaster Declaration.....	97.036	FEMA 4337-DR-FL		<u>418,552</u>
Total - Department of Homeland Security.....				<u>745,702</u>
Department of Housing and Urban Development				
Community Development Block Grants/Entitlement Grants				
Community Dvlpmnt Block Grants/Entitlement Grants...	14.218	CDBG--B-15-MC-12-0008	County of Volusia	105,737
Community Dvlpmnt Block Grants/Entitlement Grants...	14.218	CDBG--B-16-MC-12-008	County of Volusia	<u>50,969</u>
Total Department of Housing and Urban Development.....				<u>156,706</u>
Total Other Programs.....				<u>\$ 902,408</u>
Total Expenditures of Federal Awards.....				<u>\$ 902,408</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended September 30, 2017
CITY OF DEBARY, FL

(Continued)

The preceding schedule of expenditures of federal awards is presented on the modified accrual basis of accounting. Under the modified accrual basis, revenue is recognized if it is measurable and available for use during the fiscal year. Expenditures are recognized in the period liabilities are incurred, if measurable. Amounts reported in the schedule have been reconciled to, and are in material agreement with, amounts recorded in the accounting records from which the basic financial statements were prepared.

No sub-recipient payments were made by City of DeBary, FL during the year ended September 30, 2017.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended September 30, 2017
 CITY OF DEBARY, FLORIDA

Part I — Summary of Auditor's Results

Financial statements section

Type of auditor's report issued:	<u>Unqualified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	<u> </u> Yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> no

Federal awards section

Internal control over major programs:		
Material weakness(es) identified?	<u> </u> Yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> none reported
Type of auditor's report issued on compliance for major programs:	<u>Unqualified</u>	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200	<u> </u> Yes	<u> X </u> no

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

<u>Federal Programs or Clusters:</u>	<u>Federal CFDA No.</u>
Federal Department of Emergency Management	97.036

Dollar threshold used to distinguish between Type A and Type B programs:	
Federal programs	<u>\$750,000</u>

Auditee qualified as low-risk auditee? x Yes no

Part II — Financial Statement Findings Section

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* require reporting in a Uniform Guidance audit. No significant matters were identified.

Part III — Federal Award Findings and Questioned Costs Section

This section identifies the audit findings required to be reported by 2 CFR Part 200 Uniform Guidance (for example, material weaknesses, significant deficiencies, and material instances of noncompliance, including questioned costs), as well as any abuse findings involving federal awards that are material to a major program. Where practical, findings should be organized by federal agency or pass-through entity. No significant matters were identified.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND CORRECTIVE ACTION PLAN**

Year Ended September 30, 2017

CITY OF DEBARY, FLORIDA

Part I - Prior Year Findings and Questioned Costs - Major Federal Programs

This section reports the status of any audit findings included in the prior audit's schedule of findings and questioned costs relating to federal awards and state financial assistance, if applicable. This section also includes audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected or no longer valid or not warranting further action. No significant matters were identified or reported.

Part II – Corrective Action Plan

There are no audit findings for the year ended September 30, 2017, relative to federal programs that require corrective action on the part of the auditee.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the City of DeBary, Florida's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of DeBary, Florida's major federal programs for the year September 30, 2017. The 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 the 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City 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 the City of DeBary, Florida's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2017.

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

Report on Internal Control Over Compliance

The City of DeBary, Florida's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



March 15, 2018

**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, 2017, and the related notes to the financial statements, which collectively comprise City of DeBary, Florida's basic financial statements, and have issued our report thereon dated March 15, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of DeBary, Florida's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of DeBary, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of City of DeBary, Florida's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

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

Purpose of this Report

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

BMC CPAs

March 15, 2018

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of DeBary, Florida (the “City”), as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated March 15, 2018.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 15, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

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

Financial Condition

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

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

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2017, 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, 2017. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

Handwritten signature in blue ink that reads "BMC CPAs".

March 15, 2018

INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined City of DeBary, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the period October 1, 2016 to September 30, 2017. Management of the City of DeBary, Florida is responsible for the City of DeBary, Florida's compliance with the specific requirements. Our responsibility is to express an opinion on City of DeBary, Florida's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City of DeBary, Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City of DeBary, Florida complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion

Our examination does not provide a legal determination on the City of DeBary, Florida's compliance with specified requirements.

In our opinion, City of DeBary, Florida, complied, in all material respects, with the aforementioned requirements during the period October 1, 2016 to September 30, 2017.

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

BMC CPAs

March 15, 2018

