



# *CITY OF NEW SMYRNA BEACH, FLORIDA*

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FISCAL YEAR ENDED**

**OCTOBER 1, 2014 – SEPTEMBER 30, 2015**



**CITY OF NEW SMYRNA BEACH, FLORIDA**

**AUDITED FINANCIAL STATEMENTS**

**For the Year Ended September 30, 2015**

**Comprehensive Annual Financial Report**  
**Table of Contents**  
**September 30, 2015**

**INTRODUCTORY SECTION**

Table of Contents	1
City Manager's Letter of Transmittal	5
City Council Members and Officials	13
City of New Smyrna Beach, Florida Organizational Chart	15
Certificate of Achievement for Excellence in Financial Reporting	17

**FINANCIAL SECTION**

<b>Independent Auditors' Report</b>	19
-------------------------------------	----

<b>Management's Discussion and Analysis</b>	23
---	----

**Basic Financial Statements:**

Government-wide Financial Statements:	
Statement of Net Position	38
Statement of Activities	40

Fund Financial Statements:

Balance Sheet – Governmental Funds	42
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	45
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	46
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	49
Statement of Net Position - Proprietary Funds	50
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	52
Statement of Cash Flows – Proprietary Funds	53
Statement of Fiduciary Net Position – Pension Trust Funds	55
Statement of Changes in Fiduciary Net Position – Pension Trust Funds	56

Notes to Financial Statements	57
-------------------------------	----

**Required Supplementary Information:**

Required Pension Supplementary Information – Schedule of Proportionate Share of Net Pension Liability – Last Fiscal Year	107
Required Pension Supplementary Information – Schedule of Contributions Florida Retirement System - Last Fiscal Year	108
Required Pension Supplementary Information - Net Pension Liability and Related Ratios - Last Two Fiscal Years	109
Required Pension Supplementary Information – Schedule of Contributions Police Officers and Firefighters' Pension Plans - Last Two Fiscal Years	111
Required Pension Supplementary Information - Schedule of Investment Returns Police Officers and Firefighters' Pension Plans - Last Two Fiscal Years	112

**Comprehensive Annual Financial Report**  
**Table of Contents**  
**September 30, 2015**

Required Pension Supplementary Information – Notes to Schedule Police Officers and Firefighters’ Pension Plans	113
Required Other Postemployment Benefits Supplementary Information Schedules of Funding Progress Three Most Recent Actuarial Valuations	115
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	117
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Stormwater Utility Fund	118
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Community Redevelopment Agency	119
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Capital Projects Fund	120
Notes to Required Supplementary Information	121
<b>Nonmajor Governmental Funds:</b>	
Combining Balance Sheet – Nonmajor Governmental Funds	124
Schedule of Revenues, Expenditures, and Changes In Fund Balances – Nonmajor Governmental Funds	126
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Debt Service Fund	128
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Special Law Enforcement Trust Fund	129
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Building Inspections Fund	130
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Beach Parking Fund	131
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Airport Industrial Park Fund	132
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Law Enforcement Capital Fund	133
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Fire and Emergency Services Capital Fund	134
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Parks and Recreation Capital Fund	135
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Transportation Capital Fund	136
<b>STATISTICAL SECTION</b>	
Table 1 – Net Position by Component, Last Ten Fiscal Years	140
Table 2 – Changes in Net Position, Last Ten Fiscal Years	142
Table 3 – Fund Balances, Governmental Funds, Last Ten Fiscal Years	146
Table 4 – Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years	148
Table 5 – Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years	150

**Comprehensive Annual Financial Report**  
**Table of Contents**  
**September 30, 2015**

Table 6 – Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years	152
Table 7 – Principal Property Taxpayers, Current and Nine Years Ago	154
Table 8 – Property Tax Levies and Collections, Last Ten Fiscal Years	155
Table 9 – Ratio of Outstanding Debt by Type, Last Ten Fiscal Years	156
Table 10 – Ratio of Net General Bonded Debt Outstanding, Last Ten Fiscal Years	158
Table 11 – Direct and Overlapping Debt for Governmental Activities	159
Table 12 – Legal Debt Margin Information	161
Table 13 – Pledged Revenue Coverage, Last Ten Fiscal Years	162
Table 14 – Demographic and Economic Indicators, Last Ten Fiscal Years	164
Table 15 – Principal Employers, Current and Nine Years Ago	165
Table 16 – Full-Time Equivalent City Government Employees by Function/Program Last Ten Fiscal Years	166
Table 17 – Operating Indicators by Function/Program, Last Ten Fiscal Years	168
Table 18 – Capital Asset Statistics by Function/Program, Last Ten Fiscal Years	172

**REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS**

Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	173
Independent Auditors’ Report on Compliance for Each Major Federal Program and State Projects; Report on Internal Control Over Compliance and Report on the Schedule of Expenditures of Federal Awards and State Financial Assistance Required by OMB Circular A-133 and Chapter 10.550, Rules of the Florida Auditors General	175
Schedule of Expenditures of Federal Awards	177
Notes to the Schedule of Expenditures of Federal Awards	178
Schedule of Findings and Questioned Costs	179
Independent Auditors’ Management Letter	181
Independent Accountants’ Report on Compliance with Local Government Investment Policies	185

THIS PAGE IS INTENTIONALLY LEFT BLANK.



# *City of New Smyrna Beach*

---

May 24, 2016

Honorable Mayor Hathaway, and  
Members of the City Commission  
City of New Smyrna Beach, Florida

The City Charter and Florida Statutes require that all general-purpose local governments publish a complete set of financial statements presented in accordance with generally accepted accounting principles (GAAP) and be audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed public accountants. Pursuant to that requirement, we hereby submit the comprehensive annual financial report of the City of New Smyrna Beach, Florida for the fiscal year ended September 30, 2015, as prepared by the City's Finance Department.

## **Management Representations and Internal Controls**

The City's Finance Department is responsible for the content of this financial report and management's representations of the financial activity of the City of New Smyrna Beach. Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed to both protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of implementing these internal controls should not outweigh their benefits, the City's internal controls have been designed to provide reasonable, but not absolute, assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief we believe that this financial report is complete and, in all respects, free from material misstatement.

## **Independent Audit**

Carr, Riggs & Ingram, LLC, a firm of licensed certified public accountants, has issued an unmodified ("clean") opinion on the financial statements for the fiscal year ended September 30, 2015. Their report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federal mandated single audit, which is designed to meet the special needs of the federal grantor agencies. The single audit was conducted in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. There are supplementary reports and a schedule of expenditures of federal awards relative to a single audit presented in the last section of this report.

This letter of transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The City of New Smyrna Beach's MD&A can be found immediately following the report of the independent accountants.

## **Financial Reporting Entity**

The City provides a full range of municipal services including: general government administration, law enforcement and fire protection, community redevelopment, stormwater management, sanitation and solid waste, as well as construction and maintenance of infrastructure, recreational, and other cultural facilities. The City also operates a municipal airport, golf course, and marina.

The Utilities Commission, City of New Smyrna Beach, is a legally separate entity and is reported separately as a discretely presented component unit. The financial data of the Housing Authority of New Smyrna Beach is not included in this report as it does not qualify as a component unit. Additional information about these legally separate entities is located in Note 1(a) beginning on page 57.

## **City Profile**

New Smyrna Beach is approximately 40.7 square miles in size and serves a population of approximately 24,500. It is located on Florida's east coast, in the County of Volusia, just north of Cape Canaveral with easy access to both Interstate 95 and Interstate 4 and is:

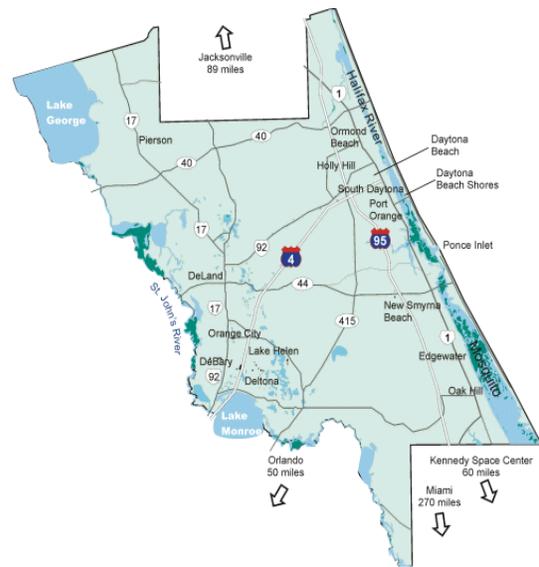
15 miles south of Daytona Beach

50 miles east of Orlando

60 miles north of Kennedy Space Center

89 miles south of Jacksonville

270 miles north of Miami



The City also boasts an estimated 7 miles of beachfront property and approximately 8 miles of intra-coastal waterway frontage.

The City was created in 1887 by adoption of its first charter, which was eventually replaced by the present charter through Chapter 224.08, Special Acts of Florida, 1943.

The legislative branch of the City is composed of an elected five-member City Commission consisting of the Mayor and four commissioners. The City Commission is governed by the City Charter and by state and local laws and regulations. The City Commission is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Commission-appointed City Manager.

## **Economic Condition and Outlook**

New Smyrna Beach prides itself on being a charming historic coastal community with a laid-back attitude. It is recognized as a thriving tourist center and artist community, with many natural preserve areas for fishing and eco-tourism. The white-sand beach area has been internationally recognized for outstanding surfing in magazines including National Geographic and Travel+Leisure, and on websites like SmarterTravel.com. There are also many opportunities to play golf, visit art galleries, and patronize shops and restaurants in two pedestrian friendly historic areas.

The major economic driver for New Smyrna Beach is the tourism/hospitality industry. The City leads the county in retail sales per capita, being both the historic trade center for Southeast Volusia County, as well as being a popular tourist area. Of the top ten employers, the industry sectors represented are:

Honorable Mayor Hathaway and  
Members of the City Commission  
City of New Smyrna Beach, Florida

- Retail
- Health
- Education
- Government
- Utilities
- Restaurant

Among the 16 cities in the County, New Smyrna Beach is the third highest for its share of residential property values: 83% of the property tax base is residential; and of the 13 cities that have industrial properties in the tax base, New Smyrna Beach is tied for last with the lowest share of its property tax base in industrial properties: 1%. The City is working very hard to address the disparity. New Smyrna Beach is the fifth lowest among the 16 cities in the County for commercial property share, at 10% of the property tax base.

Part of the local economic recovery following the recession, which is outpacing the majority of Volusia County, has been the result of City Commission policy directives in creating an “Open for Business” model. Initiatives range from numerous capital reinvestments in community infrastructure; forming an Economic Development Advisory Board and following an Economic Development Plan, which is now being updated; hosting regional economic development summits to identify best practices and review economic development trends; participating with county partners in events and activities; and pro-actively meeting with business owners wishing to expand or to move their business to the City. The City Commission also adopted a Tax Abatement Program that was approved by the voters in the November, 2014 election.

The City’s Economic Development Plan Update contains many new initiatives based on City Commission goals. A primary goal is to build on what is now in place to expand the number of higher wage jobs.

Specific economic conditions affecting the City’s financial position are discussed in greater detail in the MD&A in this report.

### **Relevant Financial Policies**

***Budgetary Controls*** The City adopts its annual budget by the end of the previous fiscal year. This annual budget serves as the foundation for the City’s financial planning and control. The budget is prepared by fund, function (i.e. Public safety), and department (i.e. Police). Shifts in appropriations within fund totals may be done administratively on authority of the City manager. Total fund appropriations and use of contingency appropriations must be approved by the City Commission. Original and final budget to actual comparisons are included in this report for each governmental fund.

***Cash Management and Emergency Reserves*** The City administers a cash management and investment program that seeks to maximize, in order of priority, the preservation of funds, liquidity, and interest earnings over its cash and investments. During the fiscal year, the City’s cash resources (excluding pension investments) were primarily invested in U.S. Agency and Treasury issues. The City did not invest in any derivatives or similar debt and investment instruments. The interest received on cash resources approximated .25 percent.

For the general fund, the City Commission adopted an emergency reserve policy based upon recommendations of management and Government Finance Officers Association (GFOA) recommended practices. The policy states that general fund unassigned fund balance equal to 25% of the current fiscal

Honorable Mayor Hathaway and  
Members of the City Commission  
City of New Smyrna Beach, Florida

year budgeted expenditures less capital outlay and transfers out, will be maintained for emergency purposes and are not otherwise to be appropriated. At the end of the fiscal year, unassigned fund balance for the general fund was at 30% of the current year budgeted expenditures, net of capital outlay and transfers out.

**Risk Management** The City contracts for all known risk elements through the purchase of insurance from outside insurance companies. The City maintains commercial insurance coverage in amounts management feels is adequate to protect and safeguard assets of the City. In the opinion of management and legal counsel, outstanding legal claims are not expected to have a material impact on the financial position of the City.

### **Major Events and Initiatives**

The City has chosen capital projects strategically. In most cases, the City has partnered with another local government (namely County of Volusia, Florida) or a state or federal agency to help offset the costs of the various projects. Major projects during the year include:

#### **Public Safety:**

- Construction of the new Central Fire Station was completed December 2014. This project was funded by proceeds from the 2005 general obligation bond.
- Construction is complete on 1-mile of various sidewalks throughout the City as part of the Phase 1 City Sidewalk Improvements project. Design for Phase 2 of the City Sidewalk Improvements project is comprised of +/- 3 miles of sidewalks and will be complete Spring 2016 in order to advertise for construction bids soon thereafter. This project was funded by proceeds from the 2005 general obligation bond.
- Construction on the Colony Park Roadway extension commenced in Summer 2014 and was completed in Spring 2015. This project was funded by Transportation Impact Fees.

#### **Stormwater Management:**

- Construction on the **Central Beach Phase III Drainage & Flood Mitigation** project began September 2014. This project is funded in support from FEMA Hazard Mitigation grant (\$3.78M), Utilities Commission (\$2.8M) and an additional (\$2.1M) from City Stormwater Funds.
- Design for the **Islesboro Stormwater** Master Plan began in late 2015 after thorough review and selection of Tetra Tech as the engineer of record via the Requests for Qualifications (RFQ) process.

#### **Recreation/Parks/Golf Course:**

- Numerous additional improvements were completed in 2015 at several recreational facilities including the North Causeway boat ramp improvements, Rocco Park Playground upgrades and a new playground at Riverside Park to replace the aging Manatee Park Playground equipment.
- Construction on the new Brannon Civic Center commenced in Summer of 2015. The project is scheduled for completion by Fall 2016.
- Renovation of the existing City Hall is set for the Summer of 2016.
- Design commenced on two parks funded in support by Volusia County ECHO Program in Fall of 2014; Holland Park which is located near the half-way point of the Multi-Use Trail offers the public a nature park complete with fishing & kayaking opportunities along with additional amenities. South Atlantic Beachfront Park is a (70) space off-beach parking lot for beachgoers leased to the City from Volusia County. Construction of the South Atlantic Beachfront Park (now formally named as the Marianne Clancy Park) began in March 2016.
- Replacement of the Sports Complex home- side bleachers (Phase II) was completed in Fall of 2015.

**Airport:**

- **Design Main Airport Apron and 1501 Airway Circle/United Drive Hangar Apron** The design phase for the rehab of the main terminal apron and the apron for 1501 Airway Circle/United Drive hangars including a new taxiway began in June 2015 and was completed December 2015. The project will consist of constructing new terminal apron pavement, replacement of existing unsuitable pavement, and modifying pavement markings to provide a clear taxi path through the terminal apron area for aircraft. The 1501 Airway Circle/United Drive hangar apron portion of the project will replace the existing 30' concrete taxilane with a new 35' wide asphalt-paved taxilane, relocated to provide better access to the apron area. The project was funded by an 80% grant from FDOT with the remaining 20% paid for from Airport funds. The construction phase of the project is estimated to begin in FY2016.
- **Rehab Runway 07/25 and a Portion of Taxiway 'D'** The design phase of the project was completed in FY15 with the construction phase to be completed in FY16. The project includes the resurfacing of Runway 07/25 pavement and the reconstruction of the portion of Taxiway 'D' from Runway 11/29 to Runway 02/20. This project will provide new surface and re-marking of the runway and taxiway to meet the current FAA standards and will assist in providing safety to the daily operations. The design phase was funded by a 90% grant from FAA, an 8% grant from the FDOT with the remaining 2% paid for from Airport funds.
- **Airport Master Plan Update (MPU)** The MPU will provide an outline of the capital improvement program for future development at the airport, as well as an overview of land use compatibility issues. The MPU will include the identification, location, timing, and costs of proposed developments necessary to meet future demands or to increase safety. In addition, this effort will result in the development of an Airport Layout Plan which meets both FAA and FDOT criteria. The MPU began in August 2015 and will take 18-24 months to complete. The project was funded by a 90% grant from FAA, an 8% grant from the FDOT with the remaining 2% paid for from Airport funds.
- **Waterproof and Paint the Air Traffic Control Tower (ATCT)** The project included waterproofing, weather sealing and painting the ATCT. The project began in June 2015 and was completed in November 2015. It was funded by an 80% grant from the FDOT with the remaining 20% paid for from Airport funds.
- **Demolition of Airport Facilities** The project included the demolition of the shade hangar, Civil Air Patrol building, old electric vault and the non-directional beacon (NDB). The facilities were beyond their useful life and repairs were cost prohibitive. The project was funded 100% with Airport funds. The project was completed in December 2014.

**Community Redevelopment Area:**

- A "Mini-park" was constructed on land leased from the Flagler Development group at the SW corner of US 1 and Canal St. The park includes landscaping and lighting.
- The expansion of the Babe James Community Center was completed in April 2015. This project added 1,380 square feet to enlarge the meeting room by moving office space in that area to the front extension of the building.
- The 3<sup>rd</sup> Ave Gateway project consists of an entry-way sign and landscaping at the NE corner of SR 44 and Peninsula Ave. The project was designed with input from the area merchants' group and was completed in December 2015.
- The Manatee Park Playground Project is part of the renovation of Riverside Park. Plans were developed in 2014 and the project was completed in August 2015.
- The lease with a church for property for parking on Flagler Ave was extended for five years. The property provides parking spaces for 65 vehicles.
- The City Commission approved a modification to the Rental Assistance Move-In Program and additional funding to allow "The HUB" to purchase the building they had been leasing. The HUB has been an important anchor for Canal St, bringing visitors to the area to view the work of over

Honorable Mayor Hathaway and  
Members of the City Commission  
City of New Smyrna Beach, Florida

60 artists. Several adjacent business owners have said that The HUB's location was a key factor when they chose to open their business.

- The North Causeway Beautification Project will provide bold landscaping, crosswalks, medians, and lighting. The Florida Department of Transportation has provided grant funds with the CRA for these improvements, which were in the planning phase in 2014. The project is currently under construction with a completion date set for 2016.
- The City has been awarded a US EPA Brownfield grant which provides \$200K for environmental site assessments for approved property owners in the City. The grant sunsets on September 30, 2016.
- The CRA awarded grant funds for projects underway in 2015 to:
  - Habitat for Humanity for repairs to a house at 324 Myrtle and the construction of two Duplexes on Sheldon St;
  - The New Smyrna Beach Housing Authority, for the construction of 6 units on Railroad Ave that will become part of the Authority's inventory of affordable housing options;
  - Construct infrastructure for Tabby House, a new housing development in the Canal St area. Such residential development is called for in the CRA Master Plan: "Residential and Employment must return to the downtown to re-establish proximate, sustainable purchasing power to support retail."(p.41)
  - Nine grants for property improvements were awarded in January, 2015.
- As the existing CRA sunset in FY2015, the City Commission directed City staff to prepare a request for a Delegation of Authority for a new CRA centered on US 1. The Volusia County Council approved a Delegation of Authority Resolution on December 11, 2014. The City Commission completed the CRA approval process in 2015. The first year of the new CRA began on October 1, 2015, and it is anticipated that revenues will be \$69,367. Per the Delegation of Authority, CRA projects in the first ten years will be in two areas:
  - The US 1 corridor (on the CRA map); and
  - The Historic Westside
- It is anticipated that the CRA funds for the first year will be spent for capital projects in the Historic Westside.

#### **Planning:**

- The Planning Department supported the Commission's Annexation program by processing 28 individual annexation requests. These annexations added over 900 acres to the City. During the Fiscal Year, the Commission led City Staff efforts toward the approval of 11 new or modified Planned Unit Developments for the City.
- The Department conducted thorough staff reviews of 22 site plans. These plans were key in supporting development, redevelopment and city wide projects.
- The Planning Department provided direct support to the Local Planning Agency / Planning and Zoning Board by reviewing and making professional recommendations on six (6) Comprehensive Plan Amendments, 29 Variances, seven (7) Zoning Text Changes, and dozens of other planning centric requirements.
- The Department provided staff support to the Historic Preservation Commission. Staff reviewed and recommended action on 12 construction applications that preserved the historic fabric of two nationally recognized historic districts. The Department also assisted the Historic Preservation Commission in selecting two nominees for the Donnadine Miller Historic Preservation Award.
- During the FY, Planning staff conducted a parcel-by-parcel analysis of the Central Beach, Coronado Island, Canal Street and the Historic Neighborhoods. This study verified our existing pattern of density and development intensity, and provided the City Commission with firm data to decide on future development patterns for the City.

Honorable Mayor Hathaway and  
Members of the City Commission  
City of New Smyrna Beach, Florida

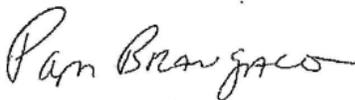
- The Planning Department initiated plans for three (3) key neighborhoods in the City. During this effort, the Department hosted nine (9) neighborhood workshops to gather stakeholder input focused on neighborhood needs.
- The Planning Department received an award from the National Alliance for Innovation and Civic Engagement. Of the 60+ case studies submitted to the Alliance, the City of New Smyrna Beach was selected to present its Neighborhood Task Force concept to the internationally attended 2016 Transforming Local Government conference in Minneapolis MN.

**Other Information**

**Awards** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of New Smyrna Beach, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 2014. This is the 33<sup>rd</sup> consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report meets the requirements for this program and are submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgments** The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. In closing, we would also like to thank the members of the City Commission for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Pamela Brangaccio  
City Manager



Althea Philord  
Finance Director

THIS PAGE IS INTENTIONALLY LEFT BLANK.

**City of New Smyrna Beach, Florida  
City Council Members and Officials  
September 30, 2015**



**City Commission**

Honorable Jim Hathaway  
Kirk Jones  
Judith A. Reiker  
Jason McGuirk  
Jake Sachs

Mayor  
Vice Mayor  
Commissioner  
Commissioner  
Commissioner

**Executive Management Team**

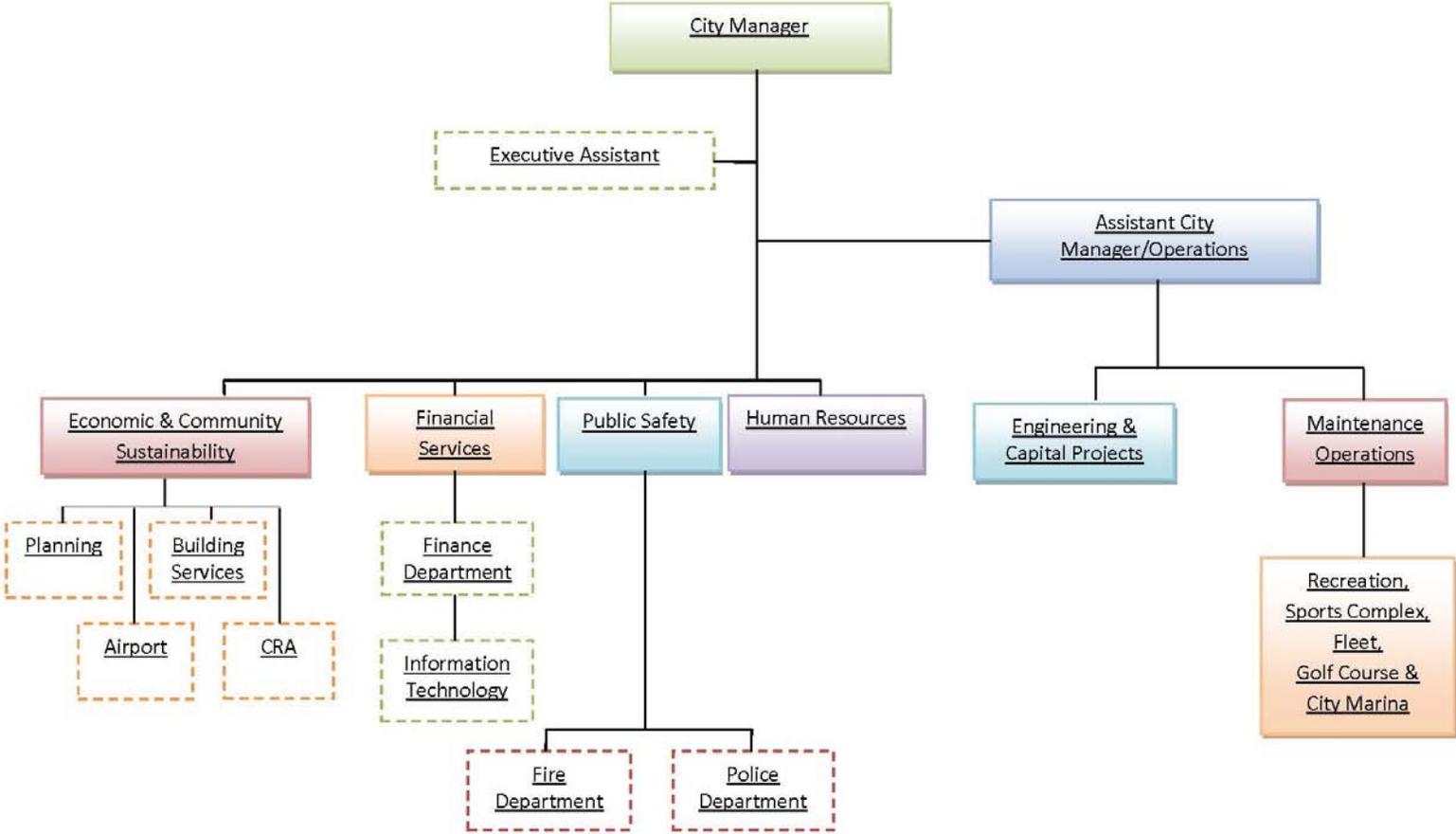
Pam Brangaccio  
Frank B. Gummey, III  
Althea Philord

City Manager  
City Attorney  
Director of Finance

*As of September 30, 2015*

THIS PAGE IS INTENTIONALLY LEFT BLANK.

City of New Smyrna Beach, Florida  
 Organizational Chart  
 September 30, 2015



THIS PAGE IS INTENTIONALLY LEFT BLANK.



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of New Smyrna Beach  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO

THIS PAGE IS INTENTIONALLY LEFT BLANK.

## **INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and Members of the City Commission  
City of New Smyrna Beach, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Smyrna Beach, Florida, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of New Smyrna Beach, Florida'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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Utilities Commission, City of New Smyrna Beach, Florida, which represent 100 percent of net assets, net position, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Utilities Commission, City of New Smyrna Beach, Florida, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Smyrna Beach, Florida, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As discussed in Note 1.D.11 to the financial statements, the City implemented the provisions of GASB Statement 68, *Accounting and Financial Reporting for Pensions: An Amendment of FASB Statement No. 27*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of New Smyrna Beach, Florida's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules of special revenue funds and schedule of expenditures of federal awards and State of Florida financial assistance, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (Circular A-133) and the Rules of the Florida Auditor General and other information, such as the introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements, budgetary schedules of special revenue funds, and schedule of expenditures of federal awards and State of Florida financial assistance 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 introductory section, combining and individual nonmajor fund financial statements, budgetary schedules of special revenue funds, and schedule of expenditures of federal awards and State of Florida financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2016 on our consideration of the City of New Smyrna Beach, 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 the City of New Smyrna Beach, Florida's internal control over financial reporting and compliance.

*Carri Riggs & Ingram, L.L.C.*

Melbourne, Florida

May 23, 2016

THIS PAGE IS INTENTIONALLY LEFT BLANK.

**City of New Smyrna Beach, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2015**

– No matters were reported. As financial management of the City of New Smyrna Beach, Florida, (hereinafter referred to as the “City”), we offer the readers of these basic financial statements this narrative overview and analysis of the City’s financial activities for the fiscal year that ended on September 30, 2015. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements, which follow this section, taken as a whole.

**Financial Highlights**

- General Fund unassigned fund balance is \$ 7.8 million, at year end, which is 36% of the budgeted FY2014/2015 General Fund expenditures. This is above the required 25% reservation policy.
- Government-wide, the City’s assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$97.6 million at year end, which is an increase in net position of \$9.5 million, or 11%, when compared to September 2014.
- Compared to 2014, total liabilities City-Wide increased by \$585,124, or 1.3% at year end.
- Capital assets increased in 2015 compared to 2014 by \$12.9 million, Government-wide.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of New Smyrna’s basic financial statements prepared in compliance with the pronouncements of the Governmental Accounting Standards Board. The City’s basic financial statements are comprised of three separate components: (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 and fiduciary fund 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 types 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 and its business-type 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, liabilities and deferred outflows and inflows of resources, 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. However, rate-regulated accounting principles applicable to private sector utilities are not used by governmental utilities. The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City’s operations in more detail than the government-wide financial statements. The governmental funds’ statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities which the government operates like businesses, such as the City’s municipal golf course, marina, and solid waste collection system (sanitation). Fiduciary fund statements provide information

**City of New Smyrna Beach, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2015**

about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others (like the retirement plan for the City's employees), to whom the resources in question belong.

***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:

- The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows and outflows of resources at the end of its fiscal year, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position, which indicates an improved financial condition.
- The *statement of activities* presents information showing how the government's net position changed during the most recently completed fiscal 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 related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of 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, airport operations, stormwater management, economic development, and recreation and leisure services. The business-type activities of the City include its municipal golf course, solid waste utilities (sanitation) and marina. The government-wide financial statements include not only the City of New Smyrna Beach itself (known as the *primary government*), but also a legally separate electric, water, wastewater and telecommunications utility (Utilities Commission, City of New Smyrna Beach) for which the City of New Smyrna Beach is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 38-41.

***Fund Financial Statements***

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

**City of New Smyrna Beach, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2015**

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 45 and 49.

The City maintains thirteen 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 Stormwater Utility Fund (special revenue), the Community Redevelopment Agency (special revenue) Fund, and the Capital Projects 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 nonmajor 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. The basic governmental fund financial statements can be found on pages 42 to 49 of this report. Budgetary comparison statements have been provided for each fund to demonstrate compliance with the budget. The General Fund and major special revenue fund budgetary comparison statements are presented as required supplementary information on pages 117 to 119 of this report. Other budgetary comparison schedules are presented as other supplemental information on page 120 and pages 128 to 136 of this report.

**Proprietary funds.** The City maintains three types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the fiscal activities of the City's marina, municipal golf course operations, and solid waste (sanitation) operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City various functions. The City uses an internal service fund to account for its vehicle fleet maintenance (garage) operations.

Because services accounted for in the internal service fund are charged back to the appropriate fund/department on services provided, its activities are already included in the financial statements of the governmental and business-type funds. Individual fund data for the internal service fund is provided in the proprietary fund financial statement.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate financial information for the golf course and solid waste (sanitation) operations, both of which are considered to be major funds of the City. Conversely, the internal service fund's financial activities are presented separately in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 50 to 54 of this report.

**Fiduciary funds.** The City is the trustee, or fiduciary, for its public safety employees' pension plans. Fiduciary funds are used to account for resources held for the benefit of parties outside the government and are separately reported in the statements of fiduciary net position and changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. Rather, the City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The basic fiduciary fund financial statements can be found on pages 55 to 56 of this report.

**City of New Smyrna Beach, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2015**

**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 57 to 103 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information concerning the City's progress in funding its obligation for other post-employment benefits and to provide certain pension benefits to its employees. Required supplementary information can be found on pages 107 to 122 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 124 to 136.

### **Government-wide Financial Analysis**

Reviewing the changes in assets, liabilities, resources and outlays during the fiscal period allows management to assess the City's current financial position and the results of operations for the last year. The following condensed information includes some of the basic data used to measure the City's progress over the past two years.

**Assets** – Government-wide assets increased over the prior year by \$10 million for a balance at year-end of \$141.4 million in total assets. This increase was primarily due to a combination of activities which took place in 2015 which include: an increase in capital assets (less accumulated depreciation) of \$12.9 million, or 13.7%; cash and cash equivalents decreased by 16%, or \$5.3 million as cash was used to finance the construction and purchase of capital assets; amounts due from other government units increased by \$2.1 million; and, receivables, net of allowance for uncollectible accounts increased by \$226,834 primarily due to an increase in service activity (charges for services).

**Liabilities** - Total government-wide liabilities increased by \$585,123 or 1.3%.

**Net Position** - As noted previously, net position may serve as a useful indicator of a government's financial position over time. Approximately 93% of the City's net position reflects its investment in capital assets (land, equipment, buildings, improvements other than buildings, machinery and equipment and infrastructure net of depreciation). The City uses these capital assets to provide services to its citizens; so consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to pay for these liabilities.

In the case of the City, assets exceeded liabilities, Government-wide, at the end of the fiscal year by over \$97.6 million. Total net position increased \$9.5 million from last year. Net position of the City's governmental activities increased alone by \$10 million and totaled \$97.4 million at the end of the fiscal year. Of this amount, approximately 99% is either restricted as to the purposes they can be used for or is invested in capital assets. Consequently, unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, totaled \$848,848 at the end of 2015. The implementation of GASB 68 (Net Pension Liability) in 2015 has produced prior period adjustments as well as the reduction in unrestricted net position of \$10.8 million.

**City of New Smyrna Beach, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2015**

In fiscal year 2015, the City's business-type activities experienced a significant reduction in net position of \$434,175 for a total net position of \$179,673 compared to \$613,849 (after restatement for implementation of the new pension accounting standards) total net position in 2014. The decrease is due to the transferring of \$500,000 from the Sanitation Fund to finance a share of the replacement of the Sports Complex's stadium bleachers.

The following is a summary of net position for the years ended September 30, 2015 and 2014:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	Restated 2014	2015	Restated 2014	2015	Restated 2014
<b>Assets:</b>						
Current and other assets	\$ 33,332,972	\$ 35,773,898	\$ 927,484	\$ 1,328,504	\$ 34,260,456	\$ 37,102,402
Capital assets, net	107,046,078	94,133,783	119,173	139,046	107,165,251	94,272,829
<b>Total Assets</b>	<b>140,379,050</b>	<b>129,907,681</b>	<b>1,046,657</b>	<b>1,467,550</b>	<b>141,425,707</b>	<b>131,375,231</b>
<b>Deferred Outflows of Resources:</b>						
Deferred outflows related to pension costs	605,999	290,883	74,410	39,666	680,409	330,549
Deferred amounts on refunding	591,872	640,756	-	-	591,872	640,756
	<u>1,197,871</u>	<u>931,639</u>	<u>74,410</u>	<u>39,666</u>	<u>1,272,281</u>	<u>971,305</u>
<b>Total assets and deferred outflow of resources</b>	<b>141,576,921</b>	<b>130,839,320</b>	<b>1,121,067</b>	<b>1,507,216</b>	<b>\$ 142,697,988</b>	<b>\$ 132,346,536</b>
<b>Liabilities:</b>						
Current liabilities	4,620,684	3,380,608	561,611	552,209	5,182,295	3,932,817
Long-term debt outstanding	24,809,954	26,498,298	-	-	24,809,954	26,498,298
Other liabilities	14,017,147	13,044,362	331,039	279,834	14,348,186	13,324,196
<b>Total Liabilities</b>	<b>43,447,785</b>	<b>42,923,268</b>	<b>892,650</b>	<b>832,043</b>	<b>44,340,435</b>	<b>43,755,311</b>
<b>Deferred Inflows of Resources:</b>						
Deferred Inflows related to pension costs	690,680	449,709	48,744	61,324	739,424	511,033
	<u>690,680</u>	<u>449,709</u>	<u>48,744</u>	<u>61,324</u>	<u>739,424</u>	<u>511,033</u>
<b>Net Position:</b>						
Invested in capital assets	90,274,757	78,223,395	119,173	139,046	90,393,930	78,362,441
Restricted	6,314,851	6,844,850	-	-	6,314,851	6,844,850
Unrestricted	848,848	2,398,098	60,500	474,803	909,348	2,872,901
<b>Total net position</b>	<b>\$ 97,438,456</b>	<b>\$ 87,466,343</b>	<b>\$ 179,673</b>	<b>\$ 613,849</b>	<b>\$ 97,618,129</b>	<b>\$ 88,080,192</b>

**Changes in Net Position.** While the statement of net position shows a snapshot of the City's financial position at the end of the fiscal year, the statement of changes in net position provides answers as to the nature and source of those changes. During 2015, the City's combined net position totaled \$97.6 million, which is up \$9.5 million over last year's reported \$88.0 million (after restatement). The principal reason net position increased by \$9.5 million is due to the increase in the investment in capital assets. City-wide, capital assets increased by \$12.9 million, net of depreciation and related debt, when compared to last year's total. Current and other assets decreased by \$2.8 million as the City utilized over \$7.5 million in capital grants and \$4.4 million in cash to finance the construction and purchase of these capital items. In fiscal year 2014, the City's combined net position totaled \$88 million (after restatement), which is \$4.9 million below previous year's (2013) reported \$92.9 million (as originally reported).

During fiscal year 2015 the City's total revenues increased by approximately \$5.4 million to a total of \$45.1 million. In fiscal year 2014, the City's total revenues increased by \$4.2 million to a total of \$40.1 million. Approximately 26% of the City's combined activities revenue are derived from property taxes (28% in 2014), and 19% (21% in 2014) of every dollar raised comes from another type of tax. Another 32% (35% in 2014) comes from fees charged for services and 19% (12% in 2014) is from grant

**City of New Smyrna Beach, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2015**

contributions, while most of the remaining revenue is state and federal financial assistance and interest and other earnings.

Government-wide operating expenses increased by \$1.7 million during the period.

The following is a summary of changes in net position for the years ended September 30, 2015 and 2014:

	<b>Changes in Net Position</b>					
	As of September 30,					
	Governmental Activities		Business-type Activities		Total Primary Government	
	Restated		Restated		Restated	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 7,696,772	\$ 7,583,373	\$ 6,692,109	\$ 6,618,382	\$ 14,388,881	\$ 14,201,755
Operating grants/contributions	1,070,237	2,658,957	-	-	1,070,237	2,658,957
Capital grants/contributions	7,582,049	2,228,542	-	-	7,582,049	2,228,542
<b>General Revenues</b>						
Property taxes	11,867,963	11,128,948	-	-	11,867,963	11,128,948
Other taxes	5,014,860	4,888,841	-	-	5,014,860	4,888,841
6% payment from the Utilities Commission	3,550,060	3,487,211	-	-	3,550,060	3,487,211
Intergovernmental revenues	924,694	900,816	-	-	924,694	900,816
Other revenues	699,674	229,686	3,111	1,805	702,785	231,491
Gain on capital assets	252,459	330,433	-	-	252,459	330,433
<b>Total revenues</b>	<b>38,658,768</b>	<b>33,436,807</b>	<b>6,695,220</b>	<b>6,620,187</b>	<b>45,353,988</b>	<b>40,056,994</b>
<b>Expenses:</b>						
General government	3,614,857	3,418,609	-	-	3,614,857	3,418,609
Public safety	13,183,486	11,991,298	-	-	13,183,486	11,991,298
Transportation	4,373,481	4,467,014	-	-	4,373,481	4,467,014
Economic environment	2,079,700	2,496,356	-	-	2,079,700	2,496,356
Physical environment	1,327,420	977,494	-	-	1,327,420	977,494
Culture/recreation	3,202,899	2,891,609	-	-	3,202,899	2,891,609
Buildings & maintenance	566,013	561,254	-	-	566,013	561,254
Interest on long-term debt	865,380	897,374	-	-	865,380	897,374
Golf course operations	-	-	1,151,917	1,148,245	1,151,917	1,148,245
Marina operations	-	-	188,247	174,597	188,247	174,597
Solid waste operations	-	-	5,262,651	5,092,946	5,262,651	5,092,946
<b>Total expenses</b>	<b>29,213,236</b>	<b>27,701,008</b>	<b>6,602,815</b>	<b>6,415,788</b>	<b>35,816,051</b>	<b>34,116,796</b>
Increase in net position, before transfers	9,445,532	5,735,799	92,405	204,399	9,537,937	5,940,198
Transfers in (out)	526,581	280,700	(526,581)	(280,700)	-	-
<b>Changes in net position</b>	<b>9,972,113</b>	<b>6,016,499</b>	<b>(434,176)</b>	<b>(76,301)</b>	<b>9,537,937</b>	<b>5,940,198</b>
Net Position, beginning of year as restated	87,466,343	81,449,844	613,849	690,150	88,080,192	82,139,994
<b>Net Position, end of year</b>	<b>\$ 97,438,456</b>	<b>\$ 87,466,343</b>	<b>\$ 179,673</b>	<b>\$ 613,849</b>	<b>\$ 97,618,129</b>	<b>\$ 88,080,192</b>

**Governmental Activities**

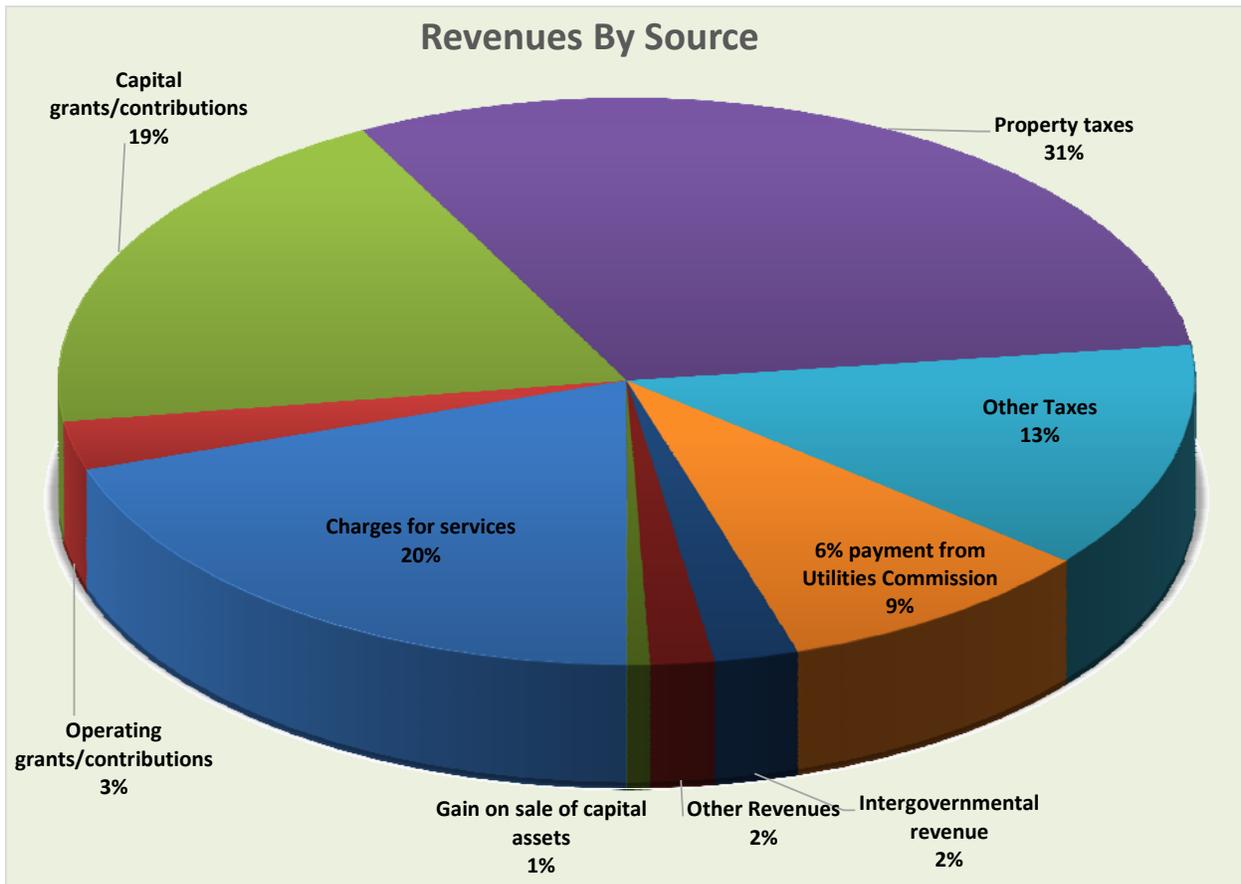
In 2015, net position for governmental activities improved by \$9.9 million, accounting for all of the 10% of the total growth in the City's net position. This is \$3.9 million more than the previous year's total of \$6.0 million.

**City of New Smyrna Beach, Florida  
Management's Discussion and Analysis  
September 30, 2015**

The increase in overall revenues of \$5.2 million or 15.6% from the previous year is due to increases in several revenue streams. The increase in property tax revenue of \$739,015 represents a 6.6% increase from the previous year. The increase in property taxes is attributable to an increase of 7.3% in taxable property values with a slight .18% reduction in millage. The 6% payment from the City's component unit increased \$62,849 or 1.8%. The increase is also attributable to an increase of \$113,399 (1.5%, when compared to 2014) for charges for services; an increase in public utility and telecommunication tax of \$68,788 (2.2%); and offset by a decrease in gain on capital assets of \$77,974. In 2015, capital grants and contributions increased significantly (by \$5.4 million) as a result of the grant-funded Central Beach Phase III project. The \$9.0 million project is partially financed by \$3.8 million in FEMA funds and \$2.9 million in contributions from the City's component unit, the Utilities Commission. However, operating grants decreased by \$1.6 million dollars (59.7%), as some of the City operating grant services ended in FY 2014.

The following is a summary of the City's governmental revenues - by source for fiscal year 2015:

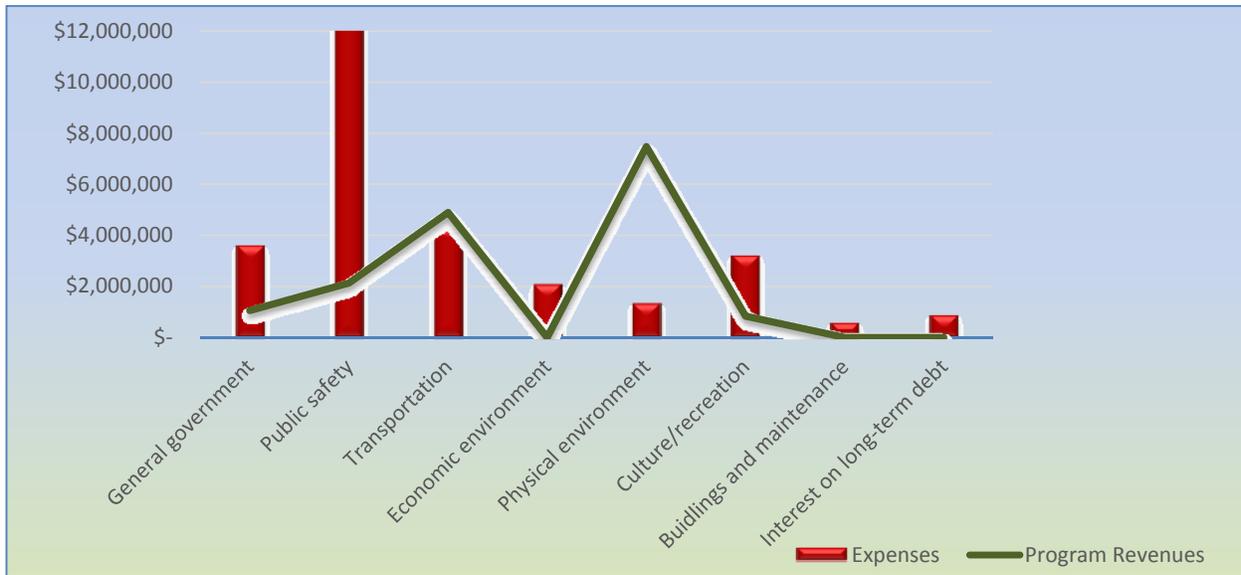
**Revenues by Source - Governmental Activities**



An individual comparison of the City's functional program revenues and costs of providing program services to its citizens during fiscal year 2015 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 presented in the following graph:

**City of New Smyrna Beach, Florida  
Management's Discussion and Analysis  
September 30, 2015**

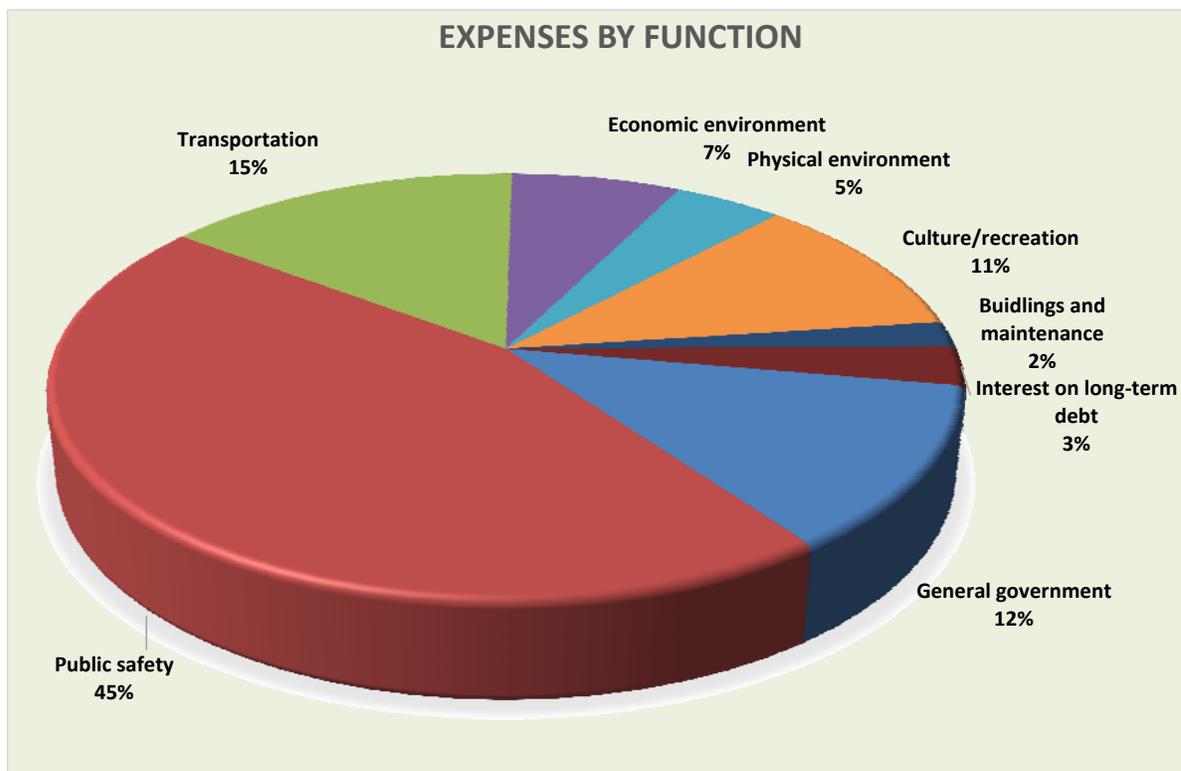
**Expenses and Program Revenues - Governmental Activities**



Combined governmental activities expenses for fiscal year 2015 totaled \$29.2 million which represents an increase of \$1.5 million or 5.5% more than last year's expenses of \$27.7 million. The increase in expenditures is primarily due to the increase in personnel costs and related benefits for public safety, and culture and recreation and for repair and maintenance costs for physical environment.

The following is a summary of the City's governmental expenses - by function for fiscal year 2015:

**Expenses by Function - Governmental Activities**



**City of New Smyrna Beach, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2015**

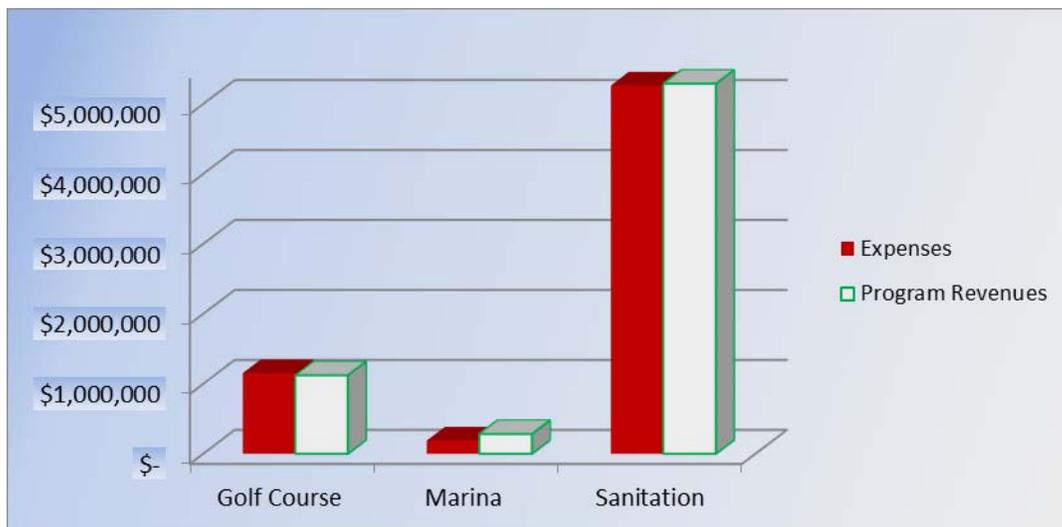
**Business-type Activities**

Business-type activities reduced the City's total net position by \$434,175 in 2015 and in 2014 by \$76,301 (after adjustment for implementation of new pension accounting standards). Overall, net position from the City's business-type activities account for only .18% and .70% of the City's combined total net position at September 30, 2015 and 2014, respectively. The Golf Course fund is reporting operating loss of \$28,793, which is a decrease from 2014 operating income \$69,181. The Sanitation fund had operating income of \$25,433; this is a decrease of \$10,230 from the prior year operating income of \$35,663. The Sanitation Fund has generated an operating income since renegotiating the City's waste collection contract to acquire lower prices, without having to increase costs passed on to the citizens. The Marina fund also had operating income in the amount of \$95,293. The City continues to review the operations of its Enterprise Funds to identify costs savings and revenue generating opportunities, to continue to increase the strength of its business-type activities operations.

The major sources of operating revenues for the City's business-type activities include charges for services for solid waste utilities (Municipal Sanitation Fund), the City Marina charges for live aboard fees, and for use of the City-owned golf course facility (Municipal Golf Course Fund). Combined operating revenues from these three activities increased slightly in 2015 and totaled \$6.7 million compared to \$6.6 million generated in 2014 and \$6.5 million reported in 2013.

A comparison of the City's functional program revenues and costs of providing business-type services to its customers in fiscal year 2015 is useful in identifying the capabilities of producing revenues sufficient to operate their programs. They are presented in the following graph:

**Expenses and Program Revenues - Business-type Activities**



Operating expenses of the business-type activities increased in 2015 to \$6.6 million, as compared to \$6.4 million incurred in 2014, and \$6.2 million in 2013.

### 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 \$28.4 million, which is \$3.2 million or 10% less than the \$31.6 million reported in 2014. Approximately 27% of this amount (\$7.8 million) is comprised of unassigned General Fund balance, which is available for spending at the City's discretion. The remainder of fund balance at the end of 2015 is restricted or committed for specific purposes. Restricted fund balance (totaling \$13.8 million) has legal restrictions from an outside third party and can only legally be spent for the following: Economic environment (CRA); Capital projects; Debt service; and public safety. Committed fund balance is comprised of items which have been pledged for specific purposes by the City Commission. While these amounts are not legally restricted, they have been committed via Resolution or Ordinance by the Commission. Committed fund balance is comprised primarily of items set-aside for stormwater improvements (\$3.4 million). Assigned fund balance (\$2.5 million) is comprised of items which have been "ear-marked" by the City for a particular purpose and the subsequent year's budget.

As of September 30, 2015, the unassigned fund balance in the general fund totaled \$7.8 million, while total fund balance for the general fund reached \$10 million. General fund unassigned fund balance increased 18%, or \$1.2 million from the 2014 general fund assigned fund balance of \$6.6 million. This increase is due to the sale of general fund properties and the release of funds from those committed or assigned for other uses.

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 at the end of 2015 represents approximately 36.2% of the total general fund expenditures (\$21.5 million). At the end of 2014, unassigned fund balance represented 30% of the total general fund expenditures (\$22.2 million after adjustment for new pension accounting standards).

**Community Redevelopment Agency.** The Community Redevelopment Agency trust fund is a major special revenue fund that accounts for tax increment revenue that is used to finance improvements in the community redevelopment district of the City. In 2015 the City's portion of the tax increment revenue increased slightly by \$68,715, to \$652,386, from 2014. Intergovernmental revenue increased by \$115,041 in 2015. As of September 30, 2015, the CRA ended after 30 years with the conveyance of its assets to the City. Although the CRA sunsets as of September 30, 2015, F.S. Ch.163.370 allows the City to complete projects within 3 years of appropriation. The City is scheduled to spend down the reserve balance for projects in progress as of September 30, 2015 or the unexpended funds must be "returned to each taxing authority which paid the increment in the proportion that the amount of the payment" (F.S. Ch. 163.370). The City is aggressively completing capital improvements planned for the designated areas. This is evident based on the reduction in fund balance of \$862,574 compared to the 2014 fund balance of \$2 million in the CRA fund.

The Volusia County Council has approved a new CRA in the City, which will fund projects on US.1 and in the Historic Westside Community in its first 10 years. The new CRA was approved for a total of 20 years and will generate \$15 million for capital projects and economic development incentives. The new CRA is set to commence October 1<sup>st</sup>, 2016.

**City of New Smyrna Beach, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2015**

**Stormwater Utility Fund.** The stormwater utility fund is a major special revenue fund that accounts for the maintenance of the City's sewer system. Stormwater utility fees are charged to City residents and collected through the property tax bill as a non-ad-valorem assessment. Each year the fees are adjusted based on the consumer price index, which is not to exceed 3%. In 2015, the fund experienced a decrease in fund balance of \$1.4 million, most of which is attributable to the Central Beach Phase III project. The estimated construction cost of the Central Beach Phase III project is \$9 million. Funding sources for the project include a \$3.7 million FEMA grant and \$2.9 million from the City's component unit, the Utilities Commission. The remaining balance will come from the stormwater utility fund.

**Capital Projects Fund.** In 2015, the City spent down funds provided through the issuance of the 2014 General Obligation Refunding Note for planned public safety improvements. As of September 30, 2015 the unspent proceeds totaled \$1.6 million, as two fire stations and a police station have been completed. The remaining proceeds will be spent in the next fiscal year as the City completes the construction of new sidewalks as approved by voters that resulted in the issuance of this debt.

In 2014, the City issued a capital note of \$8 million for the construction of capital improvements. As of September 30, 2015, the unspent proceeds from the issuance of the bank loan totaled \$5.6 million. The remaining proceeds will be spent during the next 2 years for the construction of a new civic center, city hall building renovations, and park improvements. The replacement of the municipal sports complex stadium bleachers was completed in 2015.

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Please refer to the government-wide analysis on page 26 for more information on the City's Golf Course, Sanitation, and Marina funds.

### **General Fund Budgetary Highlights**

Accurate revenue projection is critical to sound budgeting. The amount of resources available for appropriation is the foundation for any budget and should be the basis for decision-making in the budget process. The City Commission periodically revises the budget throughout the year to recognize projects carried over from the previous year, grant awards received during the year and to adjust budgets to reflect actual circumstances. In fiscal year 2015, the City Commission amended the General Fund budget on eleven separate occasions for changes in various departmental appropriations, to increase the amount of appropriated fund balance to cover estimated operating and capital expenditures. Actual expenditures in the General Fund for the current fiscal year were less than the budgetary amounts appropriated by \$1,786,089. This is largely due to capital projects budgeted in entirety, but not completed in a single fiscal year, resulting in additional amounts budgeted, not yet spent.

**City of New Smyrna Beach, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2015**

**Capital Assets and Debt Administration**

**Capital Assets.** At September 30, 2015, the City's investment in capital assets for its governmental and business-type activities totaled \$107 million (net of accumulated depreciation of \$43.9 million). This investment in capital assets, net of depreciation, for all activities is reflected in the following comparative schedule:

<b>Capital Assets</b>						
As of September 30,						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Assets:</b>						
Land and Improvements	\$ 29,193,123	\$ 29,147,913	\$ -	\$ -	\$ 29,193,123	\$ 29,147,913
Construction in progress	12,870,084	9,771,213	-	-	12,870,084	9,771,213
Buildings	38,636,738	33,141,718	15,410	13,016	38,652,148	33,154,734
Improvements other than buildings	23,573,582	23,573,582	-	-	23,573,582	23,573,582
Machinery and Equipment	14,838,463	12,350,317	708,855	698,903	15,547,318	13,049,220
Infrastructure	31,259,309	26,287,246	-	-	31,259,309	26,287,246
Accumulated depreciation	<u>(43,325,221)</u>	<u>(40,138,206)</u>	<u>(605,092)</u>	<u>(572,873)</u>	<u>(43,930,313)</u>	<u>(40,711,079)</u>
Total net of accumulated depreciation	<u>\$ 107,046,078</u>	<u>\$ 94,133,783</u>	<u>\$ 119,173</u>	<u>\$ 139,046</u>	<u>\$ 107,165,251</u>	<u>\$ 94,272,829</u>

This year's major additions to capital assets are as follows:

**Public Safety**

- Rescue Vehicle Purchase – Fire \$ 152,758

**Physical Environment:**

- Central Beach Phase III Stormwater Project – design phase 7,617,038
- Sidewalks 275,517
- 3<sup>rd</sup> Avenue Gateway Beautification – construction in progress 131,487

**Transportation:**

- Runway 11-29 Resurfacing – construction in progress 77,270
- Runway 7-25 Reconstruction– construction in progress 59,485

**Culture/ Recreation:**

- Brannon Center Expansion – construction in progress 1,479,022
- Manatee Park Playground - Parks 273,000

**Items completed from construction in progress and placed in service include:**

- Mainland Fire Station Design \$ 3,508,102
- Cross Volusia Multi-Use Trail 2,149,420
- Colony Park Road Expansion 1,566,938
- Sports Complex Bleachers – Phase II 1,549,619
- Airport Hangar Improvements 972,717
- N. Causeway Boat Ramp 889,518
- Babe James Expansion 839,787
- Canal Calore Dredging 142,713
- Flagler Ave Boardwalk Seawall 110,149

**Significant additions** \$ 21,794,540

**City of New Smyrna Beach, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2015**

Additional information on the City's capital assets can be found in Note 11 to the financial statements.

**Long-term Debt.** At year end, the City had \$24.8 million in notes and other long-term obligations outstanding, all of which are secured solely by specified revenue sources. More detailed information about the City's long-term debt is presented in Note 12 to the financial statements.

The City has an outstanding refunding note in the amount of \$9.6 million and an outstanding refunding revenue note of \$5.8 million. The proceeds of the notes were used to finance the construction of a police station, three fire stations, an emergency operations center, and certain public sidewalks and to provide financing resources for several capital projects programs. These notes are payable from all of the City's general revenues with the exception of its ad valorem tax revenue and are payable in varying amounts through 2029.

The City has an \$8 million capital note, which is financing the construction of a new civic center, city hall building renovations, and park improvements and has replaced the municipal sports complex stadium bleachers. The 2013 Capital Improvement Note is a 20 year note which matures in 2034.

The City has four promissory note obligations payable to the State of Florida, Department of Environmental Protection State Revolving Fund Loan Program totaling \$1.5 million at year end. The proceeds of these loans were used to finance the construction of needed stormwater drainage improvements. These notes are secured by the City's stormwater utility revenues and are payable in varying amounts through 2028.

#### **Economic Factors and Next Year's Budgets and Rates**

Many factors are considered each year by the City Commission 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.

- Local Governments (cities, counties, and school boards) primarily rely on property and a limited array of other permitted taxes (sales, gas, utilities services, etc.) and fees (franchise, business taxes, etc.) for their governmental activities. There are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from both the state and federal governments. For the business-type and certain governmental activities (permitting, recreational programs, etc.) the user pays a related fee or charge associated with the services.
- 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 Database (FRED). This agency estimates a countywide unemployment rate of 5.0% at the end of September 2015, which is lower than the 5.3% rate experienced one year earlier. The 2015 estimate is slightly higher than the State of Florida unemployment rate of 4.7% for fiscal year 2015.
- Property values for 2015 (revenues to be collected during fiscal year 2016) saw an increase of 7.3%. Total property tax values increased to \$2.92 billion, up from \$2.72 billion. For the budget year fiscal year 2016, the City Commission voted to adopt an operating millage rate of 3.5699 which a decrease of .18% when compared to last year's (2015) 3.5764 mills.



**City of New Smyrna Beach, Florida  
Management's Discussion and Analysis  
September 30, 2015**

**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 Finance Director, City of New Smyrna Beach, 210 Sams Avenue, New Smyrna Beach, Florida 32168-9985.

# **CITY OF NEW SMYRNA BEACH, FLORIDA**

Basic Financial Statements

**City of New Smyrna Beach, Florida**  
**Statement of Net Position**

<i>September 30, 2015</i>	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Utilities Commission
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 18,232,591	\$ 914,400	\$ 19,146,991	\$ 2,076,594
Receivables, net				
Accounts receivable	1,202,075	20,213	1,222,288	7,202,949
Other receivables	-	-	-	5,271,045
Due from other governments	3,863,170	-	3,863,170	-
Due from component unit	515,241	440,504	955,745	-
Internal balances	501,386	(501,386)	-	-
Inventories and prepaids	541,006	31,431	572,437	2,424,740
Unamortized regulatory / nonregulatory studies costs	-	-	-	181,799
Restricted equity in pooled cash and investments	8,343,977	22,322	8,366,299	45,809,186
Investment in joint venture	133,526	-	133,526	-
Capital assets not being depreciated	42,063,207	-	42,063,207	43,823,732
Capital assets, net of accumulated depreciation	64,982,871	119,173	65,102,044	114,750,193
Total assets	140,379,050	1,046,657	141,425,707	221,540,238
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pension costs	605,999	74,410	680,409	232,425
Deferred amounts on refunding	591,872	-	591,872	27,289
Total deferred outflows of resources	1,197,871	74,410	1,272,281	259,714

*The accompanying notes are an integral part of this statement.*

September 30, 2015	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Utilities Commission
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	3,324,573	453,359	3,777,932	3,453,166
Due to other governments	-	-	-	197,512
Due to primary government	-	-	-	955,745
Unearned revenue	714,693	85,930	800,623	-
Payable from restricted assets:				
Deposits	137,943	22,322	160,265	4,060,917
Accrued interest payable	443,475	-	443,475	599,327
Accounts payable	-	-	-	661,552
Noncurrent liabilities:				
Due within one year:				
Bonds and notes payable	1,709,310	-	1,709,310	5,110,000
Compensated absences payable	647,973	43,252	691,225	-
Due in more than one year:				
Bonds and notes payable	23,100,644	-	23,100,644	39,460,000
Compensated absences payable	834,417	105,031	939,448	431,317
Net OPEB obligation	983,122	64,878	1,048,000	326,054
Net pension liability	11,551,635	117,878	11,669,513	1,471,924
Asset retirement obligation	-	-	-	4,246,517
<b>Total liabilities</b>	<b>43,447,785</b>	<b>892,650</b>	<b>44,340,435</b>	<b>60,974,031</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pension costs	690,680	48,744	739,424	587,712
Deferred energy cost and fuel adjustments	-	-	-	365,787
<b>Total deferred inflows of resources</b>	<b>690,680</b>	<b>48,744</b>	<b>739,424</b>	<b>953,499</b>
<b>NET POSITION</b>				
Invested in capital assets	90,274,757	119,173	90,393,930	120,724,100
Restricted for:				
Capital projects	1,749,095	-	1,749,095	7,046,228
Debt service	301,771	-	301,771	5,109,999
Economic environment	1,222,097	-	1,222,097	-
Public safety	3,041,888	-	3,041,888	-
Unrestricted	848,848	60,500	909,348	26,992,095
<b>Total net position</b>	<b>\$ 97,438,456</b>	<b>\$ 179,673</b>	<b>\$ 97,618,129</b>	<b>\$ 159,872,422</b>

**City of New Smyrna Beach, Florida**  
**Statement of Activities**

*For the Year Ended September 30, 2015*

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
General government	\$ 3,614,857	\$ 1,017,574	\$ -	\$ 21,000
Public safety	13,183,486	1,757,344	107,062	249,681
Transportation	4,373,481	2,773,746	963,175	1,156,940
Economic environment	2,079,700	-	-	-
Physical environment	1,327,420	1,922,683	-	5,560,367
Culture and recreation	3,202,899	225,425	-	594,061
Buildings and maintenance	566,013	-	-	-
Interest on long-term debt	865,380	-	-	-
<b>Total governmental activities</b>	<b>29,213,236</b>	<b>7,696,772</b>	<b>1,070,237</b>	<b>7,582,049</b>
Business-type activities:				
Golf course	1,151,917	1,121,547	-	-
Marina	188,247	282,478	-	-
Sanitation	5,262,651	5,288,084	-	-
<b>Total business-type activities</b>	<b>6,602,815</b>	<b>6,692,109</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 35,816,051</b>	<b>\$ 14,388,881</b>	<b>\$ 1,070,237</b>	<b>\$ 7,582,049</b>
<b>Component Unit:</b>				
Utilities Commission	\$ 57,269,584	\$ 60,751,400	\$ -	\$ 3,510,852

General revenues:

- Property taxes
- Sales tax
- Public utility and telecommunications tax
- State revenue sharing not restricted to specific programs
- Intergovernmental revenues not restricted to specific programs
- Franchise fees
- Required payment from component unit
- Investment income
- Miscellaneous revenue
- Gain on sale/disposal of capital assets

Transfers, net

Total general revenues and transfers
Change in net position
Net position, beginning as previously reported
Adjustment (See Note 4)
Net position, beginning of year as restated
Net position, end of year

*The accompanying notes are an integral part of this statement.*

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Utilities Commission
\$ (2,576,283)	\$ -	\$ (2,576,283)	\$ -
(11,069,399)	-	(11,069,399)	-
520,380	-	520,380	-
(2,079,700)	-	(2,079,700)	-
6,155,630	-	6,155,630	-
(2,383,413)	-	(2,383,413)	-
(566,013)	-	(566,013)	-
(865,380)	-	(865,380)	-
(12,864,178)	-	(12,864,178)	-
-	(30,370)	(30,370)	-
-	94,231	94,231	-
-	25,433	25,433	-
-	89,294	89,294	-
(12,864,178)	89,294	(12,774,884)	-
-	-	-	6,992,668
11,867,963	-	11,867,963	-
1,208,002	-	1,208,002	-
3,136,070	-	3,136,070	-
456,271	-	456,271	-
468,423	-	468,423	-
670,788	-	670,788	-
3,550,060	-	3,550,060	-
78,273	1,637	79,910	32,350
621,401	1,474	622,875	572,563
252,459	-	252,459	2,887,763
526,581	(526,581)	-	-
22,836,291	(523,470)	22,312,821	10,485,344
9,972,113	(434,176)	9,537,937	10,485,344
98,222,327	706,767	98,929,094	151,357,489
(10,755,984)	(92,918)	(10,848,902)	(1,970,411)
87,466,343	613,849	88,080,192	149,387,078
\$ 97,438,456	\$ 179,673	\$ 97,618,129	\$ 159,872,422

**City of New Smyrna Beach, Florida**  
**Balance Sheet – Governmental Funds**

<i>September 30, 2015</i>	General	Stormwater Utility	Community Redevelopment Agency
<b>ASSETS</b>			
Equity in pooled cash and investments	\$ 9,096,583	\$ 2,151,432	\$ 729,460
Restricted equity in pooled cash and investments	-	-	568,282
Receivables, net	678,949	207,862	-
Due from component unit	515,241	-	-
Due from other governments	596,079	2,788,797	-
Advances to other funds	501,386	-	-
Inventories	4,472	-	-
Prepaid items	407,770	-	-
Total assets	\$ 11,800,480	\$ 5,148,091	\$ 1,297,742
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities			
Accounts payable and accrued liabilities	\$ 1,244,868	\$ 1,238,361	\$ 75,645
Deposits	85,260	-	-
Unearned revenue	209,494	504,000	-
Total liabilities	1,539,622	1,742,361	75,645
Deferred inflows of resources:			
Unavailable revenue - taxes	19,636	-	-
Unavailable revenue - special assessments	257,064	-	-
Total deferred inflows of resources	276,700	-	-
Fund balances:			
Nonspendable			
Inventories and prepaids	412,242	-	-
Advances	501,386	-	-
Spendable			
Restricted for:			
Public safety - Police	8,770	-	-
Community redevelopment	-	-	1,222,097
Debt service	-	-	-
Capital projects	30,000	-	-
Committed to:			
System maintenance and improvements	-	3,405,730	-
Assigned for:			
General government encumbrances	121,736	-	-
Public safety - Police vehicles	89,341	-	-
Airport park maintenance and improvements	-	-	-
Culture and recreation - Facility repairs	6,445	-	-
Parks and recreation assistance program	15,560	-	-
Capital equipment	321,638	-	-
Special events	42,940	-	-
Subsequent year's budget	663,693	-	-
Unassigned	7,770,407	-	-
Total fund balances	9,984,158	3,405,730	1,222,097
Total liabilities, fund balances	\$ 11,800,480	\$ 5,148,091	\$ 1,297,742

*The accompanying notes are an integral part of this statement.*

	Capital Projects	Nonmajor Funds	Total Governmental Funds
\$	-	\$ 5,986,504	\$ 17,963,979
	7,473,924	301,771	8,343,977
	-	314,538	1,201,349
	-	-	515,241
	404,980	73,314	3,863,170
	-	-	501,386
	-	30,424	34,896
	-	8,371	416,141
<b>\$</b>	<b>7,878,904</b>	<b>\$ 6,714,922</b>	<b>\$ 32,840,139</b>

\$	621,784	\$ 93,284	\$ 3,273,942
	-	52,683	137,943
	-	1,199	714,693
	621,784	147,166	4,126,578

	-	-	19,636
	-	-	257,064
	-	-	276,700

	-	38,795	451,037
	-	-	501,386

	-	3,033,118	3,041,888
	-	-	1,222,097
	-	301,771	301,771
	7,257,120	1,908,736	9,195,856

	-	-	3,405,730
	-	-	121,736
	-	-	89,341
	-	1,202,307	1,202,307
	-	-	6,445
	-	83,029	98,589
	-	-	321,638
	-	-	42,940
	-	-	663,693
	-	-	7,770,407
	7,257,120	6,567,756	28,436,861
<b>\$</b>	<b>7,878,904</b>	<b>\$ 6,714,922</b>	<b>\$ 32,840,139</b>

THIS PAGE IS INTENTIONALLY LEFT BLANK.

**City of New Smyrna Beach, Florida**  
**Reconciliation of the Balance Sheet of the Governmental Funds to the**  
**Statement of Net Position**

*Year Ended September 30, 2015*

<b>Fund Balances - Total Governmental Funds</b>	<b>\$ 28,436,861</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.</p>	
Governmental capital assets	149,688,267
Accumulated depreciation	<u>(42,830,198)</u>
	<b>106,858,069</b>
<p>Deferred outflows and inflows of resources not available in the current period and, therefore are not reported in the governmental funds</p>	
<p>Deferred outflows and inflows of resources at year-end consist of:</p>	
Deferred outflows related to pension costs	<b>581,196</b>
Deferred inflows related to pension costs	<b>(674,432)</b>
<p>The investment in joint venture asset is not available to pay for current period expenditures and is therefore not recorded in the fund statements.</p>	
	<b>133,526</b>
<p>Internal service funds are used by management to charge the costs of certain activities, such as workers' compensation to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.</p>	
	<b>436,384</b>
<p>Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds. Interest expense on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and non-current, are reported in the statement of net position. Long term liabilities at year end consist of:</p>	
Bonds and notes payable	<b>(24,809,954)</b>
Deferred amounts on refunding	<b>591,872</b>
Accrued interest payable	<b>(443,475)</b>
Compensated absences	<b>(1,472,166)</b>
Other post employment benefits obligation	<b>(963,783)</b>
Net pension obligation	<b>(11,512,342)</b>
<p>Because some taxes (\$19,636) and special assessments revenues (\$257,064) will not be collected within 60 days after the close of the City's fiscal year-end, they are not considered as "available" revenue in the governmental funds, and therefore, are reported as deferred inflow of resources. In the statement of net position, which is on the accrual basis, no deferral is reported since the revenue is fully recognized in the statement of activities.</p>	
	<b>276,700</b>
<b>Net Position of Governmental Activities</b>	<b>\$ 97,438,456</b>

*The accompanying notes are an integral part of this statement.*

**City of New Smyrna Beach, Florida**

**Statement of Revenues, Expenditures and Changes in Fund Balances –  
Governmental Funds**

<i>Year Ended September 30, 2015</i>	General	Stormwater Utility	Community Redevelopment Agency
<b>Revenues</b>			
Taxes	\$ 13,113,136	\$ -	\$ 652,386
Licenses and permits	4,455,721	-	-
Intergovernmental	2,362,346	5,560,367	1,251,815
Charges for services	490,846	1,922,683	-
Fines and forfeitures	136,875	-	-
Investment income	28,900	4,135	2,203
Miscellaneous	729,413	-	14,849
<b>Total revenues</b>	<b>21,317,237</b>	<b>7,487,185</b>	<b>1,921,253</b>
<b>Expenditures</b>			
Current:			
General government	3,046,510	-	-
Public safety	10,853,530	-	-
Transportation	1,380,523	-	-
Economic environment	-	-	1,380,301
Physical environment	-	682,445	-
Culture / recreation	2,696,199	-	-
Buildings and maintenance	486,160	67,963	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Capital outlay	1,260,893	7,926,377	1,241,132
<b>Total expenditures</b>	<b>19,723,815</b>	<b>8,676,785</b>	<b>2,621,433</b>
Excess (deficiency) of revenues over (under) expenditures	1,593,422	(1,189,600)	(700,180)
<b>Other financing sources (uses)</b>			
Transfers in	616,328	15,840	8,471
Transfers out	(1,727,076)	(249,348)	(267,065)
Proceeds from sale of capital asset	403,109	-	96,200
Net other financing sources (uses)	(707,639)	(233,508)	(162,394)
Net change in fund balances	885,783	(1,423,108)	(862,574)
Fund balances, beginning	9,098,375	4,828,838	2,084,671
Fund balances, ending	\$ 9,984,158	\$ 3,405,730	\$ 1,222,097

*The accompanying notes are an integral part of this statement.*

	Capital Projects	Nonmajor Funds	Total Governmental Funds
\$	-	\$ 1,189,755	\$ 14,955,277
	-	1,556,389	6,012,110
	428,981	960,011	10,563,520
	-	496,986	2,910,515
	-	37,239	174,114
	35,776	6,631	77,645
	-	2,814,288	3,558,550
	<u>464,757</u>	<u>7,061,299</u>	<u>38,251,731</u>
	40,480	846	3,087,836
	3,239	783,730	11,640,499
	-	2,479,061	3,859,584
	-	-	1,380,301
	-	-	682,445
	-	-	2,696,199
	-	-	554,123
	-	1,688,344	1,688,344
	-	706,363	706,363
	3,982,355	2,205,618	16,616,375
	<u>4,026,074</u>	<u>7,863,962</u>	<u>42,912,069</u>
	<u>(3,561,317)</u>	<u>(802,663)</u>	<u>(4,660,338)</u>
	1,211,000	1,433,486	3,285,125
	-	-	(2,243,489)
	-	-	499,309
	<u>1,211,000</u>	<u>1,433,486</u>	<u>1,540,945</u>
	<u>(2,350,317)</u>	<u>630,823</u>	<u>(3,119,393)</u>
	9,607,437	5,936,933	31,556,254
\$	<u>7,257,120</u>	<u>\$ 6,567,756</u>	<u>\$ 28,436,861</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK.

**City of New Smyrna Beach, Florida**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of the Governmental Funds to the Statement of Activities**

*Year Ended September 30, 2015*

Net change in fund balances - total governmental funds \$ (3,119,393)

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 allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	16,616,375	
Less: current year depreciation	<u>(3,489,324)</u>	<b>13,127,051</b>

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale (\$499,309). In the statement of activities, a gain or loss is recorded for the disposals (\$252,459). **(246,850)**

The investment in the joint venture asset is not available revenue for the current period and is therefore not recorded in the fund statements. **511**

Internal service funds are used by management to charge the costs of certain activities, such as workers' compensation to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. **(449,957)**

Deferred outflows and deferred inflows of resources related to pension costs are not recognized in the governmental funds; however they are recorded in the statement of net position under full accrual accounting **58,370**

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of principal of long-term debt	1,688,344	
Accrued interest on debt	(109,287)	
Deferred amounts on refunding	<u>(48,884)</u>	<b>1,530,173</b>

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when the financial resources are available.

Compensated absences	100,222	
Other post employment benefits obligation	(159,588)	
Net pension liability	<u>(928,599)</u>	<b>(987,965)</b>

Some taxes and special assessment revenues will not be collected within 60 days of year end, therefore they are not considered as available resources in the governmental funds. In the statement of activities, presented on the accrual basis, these revenues are recognized.

Unearned revenue - taxes	12,533	
Unearned revenue - special assessments	47,640	<b>60,173</b>

<b>Change in net position of governmental activities</b>		<b>\$ 9,972,113</b>
--	--	---------------------

*The accompanying notes are an integral part of this financial statement.*

**City of New Smyrna Beach, Florida**  
**Statement of Net Position – Proprietary Funds**

<i>September 30, 2015</i>	Business-type Activities - Enterprise Funds				Governmental
	Golf Course	Sanitation	Nonmajor Marina	Total	Activities - Internal Service Fund Garage
<b>ASSETS</b>					
Current assets:					
Equity in pooled cash and investments	\$ 61,132	\$ 125,555	\$ 727,713	\$ 914,400	\$ 268,612
Restricted equity in pooled cash and investments	5,000	-	17,322	22,322	-
Accounts receivable, net	13,831	2,415	3,967	20,213	726
Due from component unit	-	440,504	-	440,504	-
Inventories	26,981	-	-	26,981	89,019
Prepaid items	2,752	-	1,698	4,450	950
Total current assets	109,696	568,474	750,700	1,428,870	359,307
Capital assets, net:					
Buildings and improvements	15,410	-	-	15,410	254,654
Improvements other than buildings	-	-	-	-	219,622
Equipment	190,633	-	-	190,633	208,756
Less accumulated depreciation	(86,870)	-	-	(86,870)	(495,023)
Total capital assets, net	119,173	-	-	119,173	188,009
<b>Total assets</b>	<b>228,869</b>	<b>568,474</b>	<b>750,700</b>	<b>1,548,043</b>	<b>547,316</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pension costs	74,410	-	-	74,410	24,803
<b>Total deferred outflow of resources</b>	<b>74,410</b>	<b>-</b>	<b>-</b>	<b>74,410</b>	<b>24,803</b>

*The accompanying notes are an integral part of this financial statement.*

<i>September 30, 2015</i>	Business-type Activities - Enterprise Funds				Governmental
	Golf Course	Sanitation	Nonmajor Marina	Total	Activities - Internal Service Fund Garage
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable and accrued liabilities	\$ 28,639	\$ 417,414	\$ 7,306	\$ 453,359	\$ 50,631
Compensated absences	40,733	949	1,570	43,252	7,657
Unearned revenue	75,529	-	10,401	85,930	-
Deposits	5,000	-	17,322	22,322	-
<b>Total current liabilities</b>	<b>149,901</b>	<b>418,363</b>	<b>36,599</b>	<b>604,863</b>	<b>58,288</b>
Noncurrent liabilities:					
Compensated absences	104,877	58	96	105,031	2,567
Advances from other funds	501,386	-	-	501,386	-
Net pension liability	117,878	-	-	117,878	39,293
Net OPEB obligation	61,115	2,693	1,070	64,878	19,339
<b>Total noncurrent liabilities</b>	<b>785,256</b>	<b>2,751</b>	<b>1,166</b>	<b>789,173</b>	<b>61,199</b>
<b>Total liabilities</b>	<b>935,157</b>	<b>421,114</b>	<b>37,765</b>	<b>1,394,036</b>	<b>119,487</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pension costs	48,744	-	-	48,744	16,248
<b>Total deferred inflow of resources</b>	<b>48,744</b>	<b>-</b>	<b>-</b>	<b>48,744</b>	<b>16,248</b>
<b>NET POSITION</b>					
Net investment in					
capital assets	119,173	-	-	119,173	188,009
Unrestricted	(799,795)	147,360	712,935	60,500	248,375
<b>Total net position</b>	<b>\$ (680,622)</b>	<b>\$ 147,360</b>	<b>\$ 712,935</b>	<b>\$ 179,673</b>	<b>\$ 436,384</b>

**City of New Smyrna Beach, Florida**  
**Statement of Revenues, Expenses and Changes in Fund Net Position -**  
**Proprietary Funds**

Year Ended September 30, 2015	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund Garage
	Golf Course	Sanitation	Nonmajor Marina	Total	
<b>Operating revenues:</b>					
Charges for services	\$ 1,121,547	\$ 5,288,084	\$ 282,478	\$ 6,692,109	\$ 1,052,180
Miscellaneous	412	-	1,062	1,474	1,708
<b>Total operating revenues</b>	<b>1,121,959</b>	<b>5,288,084</b>	<b>283,540</b>	<b>6,693,583</b>	<b>1,053,888</b>
<b>Operating expenses:</b>					
Personal services	681,388	42,514	80,623	804,525	216,918
Utilities	57,914	236	29,823	87,973	9,130
Supplies and materials	148,697	737	2,362	151,796	16,224
Consulting engineers and contractual services	22,241	-	-	22,241	1,684
Cost of sales	44,498	5,219,164	956	5,264,618	710,161
Depreciation	32,219	-	-	32,219	11,590
Repairs and maintenance	120,120	-	17,245	137,365	15,747
Other services and charges	43,675	-	57,238	100,913	8,804
<b>Total operating expenses</b>	<b>1,150,752</b>	<b>5,262,651</b>	<b>188,247</b>	<b>6,601,650</b>	<b>990,258</b>
<b>Operating income</b>	<b>(28,793)</b>	<b>25,433</b>	<b>95,293</b>	<b>91,933</b>	<b>63,630</b>
<b>Nonoperating revenues (expenses):</b>					
Interest revenue	169	723	745	1,637	1,468
Interest/amortization expense	(1,165)	-	-	(1,165)	-
<b>Total nonoperating revenues (expenses)</b>	<b>(996)</b>	<b>723</b>	<b>745</b>	<b>472</b>	<b>1,468</b>
<b>Income before transfers</b>	<b>(29,789)</b>	<b>26,156</b>	<b>96,038</b>	<b>92,405</b>	<b>65,098</b>
Transfers in	2,920	-	1,199	4,119	-
Transfers out	-	(500,000)	(30,700)	(530,700)	(515,055)
<b>Change in net position</b>	<b>(26,869)</b>	<b>(473,844)</b>	<b>66,537</b>	<b>(434,176)</b>	<b>(449,957)</b>
<b>Net position (deficit), beginning as previously reported</b>	<b>(560,835)</b>	<b>621,204</b>	<b>646,398</b>	<b>706,767</b>	<b>917,314</b>
<b>Adjustment (Note 4)</b>	<b>(92,918)</b>	<b>-</b>	<b>-</b>	<b>(92,918)</b>	<b>(30,973)</b>
<b>Net position (deficit), beginning of year as restated</b>	<b>(653,753)</b>	<b>621,204</b>	<b>646,398</b>	<b>613,849</b>	<b>886,341</b>
<b>Net position (deficit), ending</b>	<b>\$ (680,622)</b>	<b>\$ 147,360</b>	<b>\$ 712,935</b>	<b>\$ 179,673</b>	<b>\$ 436,384</b>

*The accompanying notes are an integral part of this financial statement.*

**City of New Smyrna Beach, Florida**  
**Statement of Cash Flows - Proprietary Funds**

<i>Year Ended September 30, 2015</i>	Business-type Activities - Enterprise Funds				Governmental
	Golf Course	Sanitation	Nonmajor Marina	Total	Activities - Internal Service Fund Garage
<b>Cash flows from operating activities:</b>					
Cash received from customers for sales and services	\$ 1,124,068	\$ 5,271,790	\$ 283,199	\$ 6,679,057	\$ 1,053,798
Cash payments to suppliers for goods and services	(432,294)	(5,209,799)	(106,897)	(5,748,990)	(736,086)
Cash paid to employees	(678,570)	(41,650)	(83,443)	(803,663)	(247,875)
Net cash provided by operating activities	13,204	20,341	92,859	126,404	69,837
<b>Cash flows from noncapital financing activities:</b>					
Principal payment on advances from other funds	(49,996)	-	-	(49,996)	-
Interest paid on advances	(1,165)	-	-	(1,165)	-
Cash transfers out to other funds	-	(500,000)	(30,700)	(530,700)	(515,055)
Cash transfers in from other funds	2,920	-	1,199	4,119	-
Net cash used in noncapital financing activities	(48,241)	(500,000)	(29,501)	(577,742)	(515,055)
<b>Cash flows from capital and related financing activities:</b>					
Acquisition and construction of capital assets	(12,346)	-	-	(12,346)	(43,684)
Net cash used in capital and related financing activities	(12,346)	-	-	(12,346)	(43,684)
<b>Cash flows from investment activities:</b>					
Interest income	169	723	745	1,637	1,468
Net cash provided by investing activities	169	723	745	1,637	1,468
<b>Net increase (decrease) in cash and cash equivalents</b>	(47,214)	(478,936)	64,103	(462,047)	(487,434)
<b>Cash and cash equivalents, beginning of year</b>	113,346	604,491	680,932	1,398,769	756,046
<b>Cash and cash equivalents, end of year</b>	\$ 66,132	\$ 125,555	\$ 745,035	\$ 936,722	\$ 268,612

*The accompanying notes are an integral part of this financial statement.*

**City of New Smyrna Beach, Florida**  
**Statement of Cash Flows - Proprietary Funds (continued)**

<i>Year Ended September 30, 2015</i>	Business-type Activities - Enterprise Funds				Governmental
	Golf Course	Sanitation	Nonmajor Marina	Total	Activities - Internal Service Fund Garage
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating income (loss)	\$ (28,793)	\$ 25,433	\$ 95,293	\$ 91,933	\$ 63,630
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	32,219	-	-	32,219	11,592
Deferred outflows, pensions	(34,744)	-	-	(34,744)	(11,582)
Deferred inflows, pensions	(12,580)	-	-	(12,580)	(4,193)
Change in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	5,252	(18,709)	(2,022)	(15,479)	(90)
Inventories	5,135	-	-	5,135	11,759
Prepaid items	(431)	-	(256)	(687)	612
Increase (decrease) in liabilities:					
Compensated absences	3,524	1,007	(9,887)	(5,356)	(34,191)
Accounts payable and accrued liabilities	147	12,753	983	13,883	13,291
Unearned revenue	(16,049)	-	10,401	(5,648)	-
Net pension liability	46,618	-	-	46,618	15,540
Deposits	-	-	1,167	1,167	-
Net OPEB obligation	12,906	(143)	(2,820)	9,943	3,469
Total adjustments	41,997	(5,092)	(2,434)	34,471	6,207
Net cash provided by operating activities	\$ 13,204	\$ 20,341	\$ 92,859	\$ 126,404	\$ 69,837

*The accompanying notes are an integral part of this financial statement.*

**City of New Smyrna Beach, Florida**  
**Statement of Fiduciary Net Position – Pension Trust Funds**

<i>September 30, 2015</i>	Total Pension Trust Funds
<b>ASSETS</b>	
Receivables	
Employer contributions	\$ 543,710
State subsidy	18,778
Accrued income	37,139
Total receivables	599,627
Prepaid expenses	124,115
Investments, at fair value:	
Money funds	1,218,104
Common stock	9,950,553
Government bonds	2,947,054
Corporate bonds	1,914,635
Exchange traded and closed end funds	5,047,810
Annuity contracts	2,895,515
Hedge funds	2,213,142
Mutual funds	7,374,851
Total investments	33,561,664
Total assets	34,285,406
<b>LIABILITIES</b>	
	-
<b>NET POSITION</b>	
Held in trust for pension benefits	\$ 34,285,406

*The accompanying notes are an integral part of this financial statement.*

City of New Smyrna Beach, Florida

**Statement of Changes in Fiduciary Net Position – Pension Trust Funds**

<i>Year Ended September 30, 2015</i>	Total Pension Trust Funds
<b>ADDITIONS</b>	
Contributions	
Employees	\$ 376,294
Employer	1,923,578
State	454,464
Total contributions	2,754,336
Investment earnings	
Net appreciation in fair value of investments	337,195
Interest income	321,758
Total investment earnings	658,953
Total additions	3,413,289
<b>DEDUCTIONS</b>	
Benefit payments	4,788,898
Administrative expenses	217,298
Total deductions	5,006,196
Change in net position	(1,592,907)
Net position, beginning of year	35,878,313
Net position, end of year	\$ 34,285,406

*The accompanying notes are an integral part of this financial statement.*

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting entity**

The City of New Smyrna Beach, Florida, was created in 1887 by adoption of its first charter, which was eventually replaced by the present charter through Chapter 224.08, Special Acts of Florida, 1943. The legislative branch of the City is composed of an elected five-member City Commission consisting of the Mayor and four commissioners. The City Commission is governed by the City Charter and by state and local laws and regulations. The City Commission is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Commission-appointed City Manager. The Utilities Commission, City of New Smyrna Beach, Florida (a discretely presented component unit) was created by a Special Act of the Legislature through Chapter 67-1754 in 1967 and is governed by a five member board of Commissioners who are appointed by the City Commission. The financial statements of the City of New Smyrna Beach, Florida, have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

The accompanying financial statements present the financial position, results of operations and cash flows of the applicable fund types 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.

**Discretely presented component unit**

The component unit column in the basic financial statements includes the financial data of the Utilities Commission, City of New Smyrna Beach (the "Utilities Commission"). The financial statements of the Utilities Commission, City of New Smyrna Beach, are discretely reported in separate columns to emphasize that it is legally separate from the City (primary government). The Utilities Commission provides electric, water, and wastewater utility services to the City, its citizens, and surrounding service areas located outside of the City limits. It is included as a component unit because the City Commission appoints the Commissioners, as well as approves the operating budget and issuance of debt. Therefore, its exclusion from the financial reporting entity would render the City's financial statements misleading.

Complete financial statements of the component unit can be obtained directly from the Utilities Commission's administrative offices, which is as follows:

**Administrative Office:**  
Utilities Commission  
City of New Smyrna Beach  
P.O. Box 100  
New Smyrna Beach, FL 32170

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Blended component unit**

The Community Redevelopment Agency of New Smyrna Beach, Florida was organized under Section 163 of the Florida Statutes and formally came into existence during the fiscal year ending May 28, 1985. The Community Redevelopment Agency of New Smyrna Beach, Florida uses property tax incremental revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance development within that area.

The U.S. 1 Community Redevelopment Area was organized under Section 163 of the Florida Statutes and formally came into existence during the fiscal year ending February 24, 2015. The U.S. 1 Community Redevelopment Area uses property tax incremental revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance development within that area.

The blended component units do not issue separate financial statements. The U.S. 1 Community Redevelopment Area did not have activity for the year ended September 30, 2015. The Community Redevelopment Agency of New Smyrna Beach, Florida financial statements are included in the City's Comprehensive Annual Financial Report for the year ended September 30, 2015.

**Related organizations**

The City commission is also responsible for appointing the members of the board of directors for the Housing Authority of New Smyrna Beach. The City's accountability for this organization does not extend beyond making the appointments. The board members do not serve at the discretion of the Commission and can only be removed for cause. The City cannot impose its will on the Housing Authority and does not derive any financial benefit or burden from the relationship.

**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 and the discretely presented component unit. For the most part, 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 rely to a significant extent on fees charged to external parties for goods or services for support. Likewise, the primary government is reported separately from the legally separate component unit, for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, and (2) grants and contributions that are restricted to meeting the

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Government-wide and fund financial statements (continued)**

operational or capital requirements of a particular function or activity. Taxes and other nonexchange revenues not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual business-type 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, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

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 generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, intergovernmental revenue, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Proprietary fund and pension trust fund financial statements are reported using the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement focus, basis of accounting, and financial statement presentation (continued)**

The City reports the following major governmental funds:

The **general fund** is the principal fund of the City which accounts for all financial transactions not accounted for in other funds.

The **stormwater utility fund** is a special revenue fund used to maintain, repair, and improve the stormwater systems in the City. The fees are added to property tax bills as non-ad valorem fees

The **community redevelopment agency trust fund** ("CRA") is a blended component unit reported as a special revenue fund established by the City as authorized under Chapter 163, Part III, Florida Statutes, for the economic development of designated areas of the City. This fund receives special incremental ad-valorem tax levies to pay for rehabilitation and redevelopment of the specified area in need of improvement to sustain the tax base.

The **capital projects fund** is used to account for the financial resources (other than impact fees) to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds).

The City reports the following major proprietary funds:

The **municipal golf course fund** accounts for the costs and recovery of costs in the form of user charges related to the use of the 18-hole golf course owned and operated by the City. The maintenance and improvement of the golf course required to provide these goods and services are financed primarily from user charges, existing cash resources, and other City funds.

The **municipal sanitation fund** provides the community with refuse and recycling services provided by third-party contracted vendors, the costs of which are recovered by user charges.

**Internal service fund – garage** - The City's only internal service fund accounts for the financial activities of the Municipal garage that provides fleet management services to other departments and agencies of the City, or to other governments, on a cost reimbursement basis.

Additionally, the City reports the following fund types:

**Special revenue funds** – These funds account for the proceeds of specific revenue sources (other than special assessments or capital projects) which are legally restricted to finance particular functions or activities of the City.

**Capital project funds** – These funds account for the accumulation of resources that are restricted for capital projects and expansion.

**Nonmajor enterprise fund** - The City's only nonmajor enterprise fund accounts for the financial activities of the City owned and operated Marina. Revenues are derived from fees charged to customers.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement focus, basis of accounting, and financial statement presentation (continued)**

***Pension trust funds*** - Pension trust funds are accounted for by the City to provide data on the accumulation of financial resources to pay pension benefits to qualified participants in the City's Police and Fire pension trust funds.

Amounts reported in the funds as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances due to and due from these different types of activities within the primary government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing activities. For the City, operating revenues come from municipal golf course greens fees and related charges and refuse and recycling collection fees for sanitation services, which are the principal ongoing operations of the city's Golf Course and Sanitation Fund. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

**Budgets and budgetary accounting**

Annual budgets for all governmental and proprietary funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- (i) On or before July 1st, the City Manager submits a preliminary budget to the City Commission for the ensuing fiscal year.
- (ii) Budget workshop sessions are scheduled by the City Manager as needed.
- (iii) The general summary of the budget and notice of public hearing is published in the local newspaper.
- (iv) Prior to October 1, the budgets are legally enacted through passage of an ordinance.
- (v) The City Commission, by ordinance, may make supplemental appropriations in excess of those estimated for the year up to the amount of available revenue in accordance with Sections 54 to 57 of the City Charter. Prior to the end of the fiscal year, supplemental appropriations are made for unanticipated spending requirements by the Commission.
- (vi) The City Commission must approve all interfund budget amendments and/or appropriations transfers. Budgetary control is exercised at the fund level.
- (vii) Every appropriation lapses at the close of the fiscal year.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity**

**1. Cash and investments**

Cash and cash equivalents include amounts in demand deposits as well as investments that are readily convertible to known amounts of cash. Investments with original maturities of three months or less are considered to be cash equivalents.

**2. Deposits and investments**

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

**3. Interfund receivables and obligations**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**4. Inventories and prepaid items**

The cost of inventory is accounted for on the consumption method wherein inventories are charged as expenditures when used rather than when purchased. All inventories are valued at cost, which approximates market, by using the first-in, first-out valuation method.

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, and are accounted for using the consumption method.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)**

**5. Restricted assets**

Certain proceeds of the City's revenue note obligations, as well as certain resources set aside for their repayment, are classified as restricted assets in the government-wide financial statements because their use is limited by applicable bond covenants or laws/regulations imposed by other governmental agencies. The restricted assets are used to report resources set aside to 1) provide a reserve for debt service, 2) provide a reserve for maintenance and replacement costs, and 3) acquire capital assets.

**6. Capital assets**

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Property, plant, and equipment with initial, individual costs that equal \$5,000 and estimated useful lives of over one year are recorded as capital assets. For all infrastructure assets, costs must exceed \$5,000 or more before the assets are capitalized. Capital 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.

Buildings, improvements other than buildings, machinery and equipment, and infrastructure assets of the government are depreciated using the straight line method based upon the following estimated useful lives in years: Buildings 10 – 40, Improvements other than buildings 6 – 40, Machinery and equipment 1 – 30, and Infrastructure 10 – 50.

**7. Unearned revenue**

Cash received but for which the revenue recognition criteria have not been met are reported as unearned revenue in the government-wide, governmental, enterprise and fiduciary fund financial statements. Unearned revenues recorded on the governmental funds balance sheet in the amount of \$714,693 consist of \$210,693 of business service taxes collected in advance and \$504,000 of unearned grant revenue. Unearned revenues recorded on the business-type funds statement of net position in the amount of \$85,930 consist of memberships and rentals paid in advance and gift cards outstanding as of year end.

**8. Long-term obligations**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type 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.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)**

**9. Deferred outflows/inflows of resources**

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The City and the Utilities Commission, the City's component unit, both present a deferred amount on refunding which is reported in the government-wide statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Utilities Commission, the city's component unit, records its deferred energy costs and fuel adjustments in the government-wide statement of net position in this category. This is a result of unearned rate and fuel adjustment collections. This amount is deferred and recognized in the period it becomes available.

The deferred outflows and inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Total deferred outflows of resources related to pensions were \$680,409 and deferred inflows of resources related to pensions were \$739,424 for the year ended September 30, 2015. Note 13 includes a complete discussion of retirement commitments. The Utilities Commission reported deferred outflows of resources related to pensions of \$232,425 and deferred inflows of resources related to pensions of \$587,712 as of September 30, 2015.

**10. Fund equity**

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)**

**10. Fund equity (continued)**

*Nonspendable fund balance* - amounts that are not in spendable form (such as prepaid expenses, inventory and advances due from other funds) or are required to be maintained intact.

*Restricted fund balance* - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation.

*Committed fund balance* - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority through formal action. The city commission is the highest level of decision-making authority that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

*Assigned fund balance* - amounts the City intends to use for a specific purpose, but do not meet the criteria to be classified as committed. The city commission has by resolution, authorized the city manager to assign fund balance.

*Unassigned fund balance* - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Disbursements of fund balance reserves will first be made from restricted amounts when both restricted and unrestricted fund balance is available. Additionally, the City will first use committed fund balance, followed by assigned fund balance, and then unassigned fund balance when expenditures are incurred for purposes which amounts in any of the unrestricted fund balance classifications could be used.

**11. Accounting changes**

The City has implemented GASB Statement No. 68, *Accounting and Financial Reports for Pensions*, which amends or supersedes the Accounting for Pensions by State and Local Government Employers. The statement requires the government to record either a net pension liability or a net pension asset for defined benefit pension plans and deferred outflows and inflows of resources, if applicable. It also requires additional disclosures in the notes to the financial statements and requires supplementary information. These pronouncements required the restatement of the September 30, 2014 net position in governmental activities, business-type activities, and enterprise funds as detailed in Note 4.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)**

**12. Pensions**

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

**13. 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.

**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 the above referenced financial statement.

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 the above referenced financial statement.

**NOTE 3: FUND BALANCE POLICY**

The City has a policy establishing minimum levels of unassigned fund balance for the general fund, which is fund balance equal to 25% (or 90 days) of the current fiscal year budgeted expenditures less capital outlay and transfers out, using the adopted budget figures. At September 30, 2015, the minimum fund balance is \$5,268,197.

**City of New Smyrna Beach, Florida**  
**Notes to Financial Statements**

**NOTE 4: CHANGE IN ACCOUNTING PRINCIPLE**

During fiscal year 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. These pronouncements required the restatement of the September 30, 2014 net position in governmental activities, business-type activities, and enterprise funds. This change is in accordance with generally accepted accounting principles.

	Governmental Activities		Total	Component Unit
	Governmental Activities	Business-type Activities		Utilities Commission
Net position, September 30 2014, as previously reported	\$ 98,222,327	\$ 706,767	\$ 98,929,094	\$ 151,357,489
Cumulative effect of application of GASB 68:				
Florida Retirement System Adjustment	(419,058)	(57,144)	(476,202)	-
Health Insurance Subsidy Adjustment	(262,341)	(35,774)	(298,115)	-
Police Officers' Plan Adjustment	(3,374,355)	-	(3,374,355)	-
Firefighters' Plan Adjustment	(6,700,230)	-	(6,700,230)	-
Net position, September 30, 2014, as restated	\$ 87,466,343	\$ 613,849	\$ 88,080,192	\$ 151,357,489

**NOTE 5: PROPERTY TAX CALENDAR**

Under Florida law, the assessment of all properties and the collection of all City, municipal and school district property taxes are consolidated in the offices of the City Property Appraiser and City Finance Director. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The millage rate assessed by the City on the tax roll certified on July 31, 2014 was 3.5764.

The property tax calendar is as follows:

Valuation Date	January 1
Property Appraiser prepares the assessment roll with values as of January 1, submits this preliminary roll for approval by the State and notifies each taxing authority of their respective valuations.	July 1
City Commission holds two required public hearings and adopts a budget and ad valorem tax millage rate for the coming fiscal year	September
Property Appraiser certifies 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 may be paid November through March, with the following applicable discounts:	November 1

**City of New Smyrna Beach, Florida**  
**Notes to Financial Statements**

**NOTE 5: PROPERTY TAX CALENDAR (Continued)**

<u>Month Paid</u>	<u>Discount Percent</u>	
November	4	November 1, 2014
December	3	through
January	2	March 31, 2015
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 and May
Tax certificates are sold on all real estate parcels with unpaid real property taxes (Lien date).		May 31
A court order is obtained authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent personal property taxes.		August 29

**NOTE 6: DEPOSITS AND INVESTMENTS**

The City maintains a cash pool that is used by all funds. This pool consists of an interest bearing checking account and a zero balance checking account.

**Deposits** - All bank balance deposit amounts are covered by federal depository insurance or collateral with the State of Florida under the Florida Security for Public Deposits Act.

The Florida Security for Public Deposits Act, establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements, and characteristics of eligible collateral. Under the Act, City deposits in qualified public depositories are fully insured. The qualified public depository must pledge 50% of the average daily balance for each month of all public deposits in excess of any applicable depository insurance. Additional collateral, up to a maximum of 125% may be required if deemed necessary under the conditions set forth in the Act. Obligations pledged to secure deposits must be delivered to the State Treasurer, or with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer.

**Investments** - The City's investment policies are governed by state statutes and City Ordinances. As of September 30, 2015 no separate written investment policy had been adopted, and therefore, the City is restricted to investments as authorized under Section 218.415(17), Florida Statutes. Investments authorized under this provision of the state statutes are limited to: the Florida Local Government Surplus Funds Trust Fund (SBA), or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest bearing time deposits or savings accounts in state-certified qualified public depositories; and direct obligations of the U.S. Treasury.

**NOTE 6: DEPOSITS AND INVESTMENTS (Continued)**

Investments administered by the trustees of the City's Municipal Firefighters' Pension Trust Fund Board and Municipal Police Officers' Pension Trust Fund Board are restricted to investments as defined under State statutes; specifically, Section 175.071(a) and (b), Florida Statutes, and Section 185.06(a) and (b), Florida Statutes, respectively. The City created a policy for the Firefighters' Pension Trust Board on May 8, 2014, and a policy for the Municipal Police Officers' Pension Trust Fund on February 13, 2014. The provision under both statutes limit investments to: investment in annuity and life insurance contracts of life insurance companies; time or savings accounts of a national bank, a state bank insured by the Bank Insurance Fund, or savings, building and loan association insured by the Savings Association Insurance Fund which is administered by the Federal Deposit Insurance Corporation or a state or federal chartered credit union with share accounts insured by the National Credit Union Share Insurance Fund; obligations of the United States or obligations guaranteed as to principal and interest by the government of the United States; bonds issued by the State of Israel; and bonds, stocks, or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided that the corporation is listed on any one or more of the recognized national stock exchanges or on the National Market System of the NASDAQ Stock Market and, in case of bonds only, holds a rating in one of the three highest classifications by a major rating service. Also, the board of trustees shall not invest more than 5 percent of its assets in the common stock or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 12 percent of the outstanding capital stock of that company.

At the close of the fiscal year, the City held investments in United States government bonds, notes, money funds, and corporate stocks and bonds, as well as an annuity contract.

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. In accordance with the provisions of the state statutes governing allowable investments, the City manages its exposure to declines in fair values by limiting the maturity of specific investments to provide sufficient liquidity to pay obligations as they come due.

**Credit Risk** - Credit rate risk is the risk of losses due to the failure of the security issue or backer. This is mitigated by investing in the assets allowed under State Ordinance and by diversifying the portfolio so that potential losses on individual securities will be minimized.

**Custodial Credit Risk** - For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2015, the City's investment in the guaranteed annuity contract is not subject to custodial credit risk. The City's investments are held in street name in the form of stock, corporate bonds, and U.S. Government bonds through a financial brokerage firm segregated out from the assets and investments held by other clients of the investment firm and their own assets.

**City of New Smyrna Beach, Florida**  
**Notes to Financial Statements**

**NOTE 6: DEPOSITS AND INVESTMENTS (Continued)**

**Concentrations of Credit Risk** - The provisions under Sections 218.415(17), 175.071 (b) and 185.06(b), Florida Statutes, for general investments, and investments held by the trustees for the Municipal Firefighters' and Municipal Police Officers' Pension Trust Funds, respectively, generally limit the City's investment to securities that by their nature are either guaranteed by a life insurance company or the United States, or have the highest credit rating. With respect to investments in common or capital stock, the City is restricted to investing not more than 5% of its total assets held in the pension trust funds in any one issuing company. These provisions exist to limit the concentration of credit risk that can arise from the failure to adequately diversify investments.

**Foreign Currency Risk** - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The City has no investments in foreign currencies.

At September 30, 2015 the city had the following deposits and investments:

Investment Type	Credit Quality	Fair Value	Maturity		
			Within 1 year	1 - 5 years	6 - 10 years
Money funds	N/A	\$ 1,218,104	\$ 1,218,104	\$ -	\$ -
Common stocks	N/A	9,950,554	9,950,554	-	-
Government bonds	AAA	2,947,054	642,419	1,936,672	367,963
Corporation bonds	AA+ thru BBB+	1,914,635	-	1,914,635	
Exchange traded and closed end funds	N/A	5,047,810	5,047,810	-	-
Annuity contract	N/A	2,895,515	2,895,515	-	-
Hedge funds	N/A	2,213,142	2,213,142	-	-
Mutual funds	N/A	7,374,850	7,374,850	-	-
<b>Total fiduciary fund investments</b>		<b>33,561,664</b>	<b>29,342,394</b>	<b>3,851,307</b>	<b>367,963</b>
Cash and cash equivalents		19,146,991	N/A	N/A	N/A
Restricted cash and cash equivalents		8,366,299	N/A	N/A	N/A
Joint venture		133,526	N/A	133,526	N/A
<b>Total carrying value of cash and investments</b>		<b>\$ 61,208,480</b>	<b>\$ 29,342,394</b>	<b>\$ 3,984,833</b>	<b>\$ 367,963</b>

**NOTE 7: RESTRICTED ASSETS**

A summary of restricted cash of the City at September 30, 2015, is as follows:

Debt service funds	\$ 301,771
Deposits	22,322
Community redevelopment agency	568,282
Capital projects funds	7,473,924
<b>Total restricted assets</b>	<b>\$ 8,366,299</b>

**City of New Smyrna Beach, Florida**  
**Notes to Financial Statements**

**NOTE 8: RECEIVABLES**

The City's receivables at September 30, 2015, consist of the following:

	Accounts Receivable	Special Assessments Receivable	Notes and Other Receivables	Allowance for Doubtful Accounts	Accounts Receivable, Net
<b>Governmental activities:</b>					
General fund	\$ 304,992	\$ 373,957	\$ -	\$ -	\$ 678,949
<b>Special revenue funds:</b>					
Stormwater utility	207,862	-	-	-	207,862
Transporations fund	2,308	-	-	-	2,308
Airport industrial park	191,400	-	40,893	(89,171)	143,122
Building inspections	167,909	-	-	-	167,909
Debt service	1,199	-	-	-	1,199
Internal service fund	726	-	-	-	726
<b>Total governmental activities</b>	<b>876,396</b>	<b>373,957</b>	<b>40,893</b>	<b>(89,171)</b>	<b>1,202,075</b>
<b>Business-type activities:</b>					
Golf course	13,831	-	-	-	13,831
Sanitation	2,415	-	-	-	2,415
Municipal marina	3,967	-	-	-	3,967
<b>Total business-type activities</b>	<b>20,213</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,213</b>
<b>Totals</b>	<b>\$ 896,609</b>	<b>\$ 373,957</b>	<b>\$ 40,893</b>	<b>\$ (89,171)</b>	<b>\$ 1,222,288</b>
Component Unit	\$ 7,550,532	\$ -	\$ 5,271,045	\$ (347,583)	\$ 12,473,994

**NOTE 9: INTERFUND ACCOUNTS**

The outstanding balances between funds result mainly from the time lag between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system and when payments between funds are made. Individual fund interfund receivables and payables, at September 30, 2015, consist of the following:

	Advances to Other Funds	Advances From Other Funds
<b>Governmental fund:</b>		
General fund	\$ 501,386	\$ -
<b>Enterprise fund:</b>		
Municipal golf course fund	-	501,386
<b>Total</b>	<b>\$ 501,386</b>	<b>\$ 501,386</b>

**City of New Smyrna Beach, Florida**  
**Notes to Financial Statements**

**NOTE 9: INTERFUND ACCOUNTS (Continued)**

	Due from Component Unit	Due to Primary Government
<b>Primary Fund:</b>		
General fund	\$ 515,241	\$ -
Stormwater fund	440,504	-
<b>Component Unit:</b>		
Utilities Commission, City of New Smyrna Beach	-	955,745
<b>Total</b>	<b>\$ 955,745</b>	<b>\$ 955,745</b>

The interfund loan from the general fund to the municipal golf course fund was made to cover operating costs of the golf course in excess of revenues received by the golf course. The loan payable by the municipal golf course fund to the general fund bears interest at a variable rate, based on the average annual yield of the City's invested cash and cash equivalents. For the year ended September 30, 2015, the applicable interest rate on the loan was .25% per annum and total interest charged on the loan was \$1,165. The loan will balloon in 2025, if the principal has not been paid off with the use of available cash. Amounts due to the City from the City's component unit arose from costs associated with the Utilities Commission's participation in certain capital projects from which both the City and the Utilities Commission would benefit.

**NOTE 10: INTERFUND TRANSFERS**

Transfers occur to move monies from various funds to debt service funds as debt service principal and interest payments become due and to move funds to finance various programs, provide grant matching funds, or to subsidize operations that the City must account for in other funds in accordance with budgetary authorizations.

During the fiscal year ended September 30, 2015, the City made the following transfers:

	General Fund	Storm- water Utility	Community Redevelopment Agency	Capital Projects	Enterprise - Golf Course	Enterprise - Marina	Non-major Funds	Total transfers out
<b>Governmental funds:</b>								
General fund	\$ -	\$ -	\$ -	\$ 561,000	\$ -	\$ -	\$ 1,166,076	\$ 1,727,076
Stormwater utility	-	-	-	-	-	-	249,348	249,348
Community redevelopment agency	117,065	-	-	150,000	-	-	-	267,065
<b>Enterprise funds:</b>								
Sanitation	-	-	-	500,000	-	-	-	500,000
Nonmajor - Marina	30,700	-	-	-	-	-	-	30,700
<b>Internal service fund:</b>								
Garage	468,563	15,840	8,471	-	2,920	1,199	18,062	515,055
<b>Total transfers in</b>	<b>\$ 616,328</b>	<b>\$ 15,840</b>	<b>\$ 8,471</b>	<b>\$ 1,211,000</b>	<b>\$ 2,920</b>	<b>\$ 1,199</b>	<b>\$ 1,433,486</b>	<b>\$ 3,289,244</b>

**City of New Smyrna Beach, Florida**  
**Notes to Financial Statements**

**NOTE 10: INTERFUND TRANSFERS (Continued)**

The general fund and the sanitation fund transferred \$1,061,000 to reimburse the capital projects fund to replace bleachers. The stormwater utility fund, and general fund transferred \$1,232,746 to the debt service fund for debt service payments. The general fund transferred \$182,678 to the beach parking fund as start up money. The community redevelopment agency transferred \$117,065 to the parking fund for the prepayment funds of a parking lease, and \$150,000 to the capital projects fund to finance the north causeway boat ramp. The marina transferred \$30,700 to the general fund for repairs and maintenance costs. The garage fund transferred to the general, stormwater, airport, community redevelopment agency, golf course, and marina funds \$515,055 to refund revenue in excess of cost.

**NOTE 11: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended September 30, 2015 was as follows:

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 28,906,967	\$ 292,060	\$ (246,850)	\$ 28,952,177
Improvements	240,946	-	-	240,946
Construction in progress	9,771,213	3,098,871	-	12,870,084
<b>Total capital assets, not being depreciated</b>	<b>38,919,126</b>	<b>3,390,931</b>	<b>(246,850)</b>	<b>42,063,207</b>
Capital assets, being depreciated/amortized:				
Buildings and improvements	33,141,718	5,560,697	(65,677)	38,636,738
Improvements other than buildings	23,573,582	-	-	23,573,582
Machinery and equipment	12,350,317	2,736,368	(248,222)	14,838,463
Infrastructure	26,287,246	4,972,063	-	31,259,309
<b>Total capital assets, being depreciated</b>	<b>95,352,863</b>	<b>13,269,128</b>	<b>(313,899)</b>	<b>108,308,092</b>
Less accumulated depreciation for:				
Buildings and improvements	(10,776,405)	(760,062)	65,677	(11,470,790)
Improvements other than buildings	(13,390,896)	(828,993)	-	(14,219,889)
Machinery and equipment	(9,337,137)	(650,052)	248,222	(9,738,967)
Infrastructure	(6,633,768)	(1,261,807)	-	(7,895,575)
<b>Total accumulated depreciation</b>	<b>(40,138,206)</b>	<b>(3,500,914)</b>	<b>313,899</b>	<b>(43,325,221)</b>
<b>Total capital assets being depreciated, net</b>	<b>55,214,657</b>	<b>9,768,214</b>	<b>-</b>	<b>64,982,871</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 94,133,783</b>	<b>\$ 13,159,145</b>	<b>\$ (246,850)</b>	<b>\$ 107,046,078</b>

**City of New Smyrna Beach, Florida**  
**Notes to Financial Statements**

**NOTE 11: CAPITAL ASSETS (Continued)**

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Buildings	\$ 13,016	\$ 2,394	\$ -	\$ 15,410
Machinery and equipment	698,903	9,952	-	708,855
<b>Total capital assets, being depreciated</b>	<b>711,919</b>	<b>12,346</b>	<b>-</b>	<b>724,265</b>
Less accumulated depreciation for:				
Buildings	(54)	(386)	-	(440)
Machinery and equipment	(572,819)	(31,833)	-	(604,652)
<b>Total accumulated depreciation</b>	<b>(572,873)</b>	<b>(32,219)</b>	<b>-</b>	<b>(605,092)</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 139,046</b>	<b>\$ (19,873)</b>	<b>\$ -</b>	<b>\$ 119,173</b>

Depreciation expense was charged to the following functions/programs as follows:

**Governmental activities:**

General government	\$ 491,922
Public safety	688,386
Transportation	416,374
Economic environment	696,080
Physical environment	644,485
Culture and recreation	537,653
Buildings and maintenance	14,424
Garage - Internal service fund	11,590
<b>Total depreciation expense for governmental activities</b>	<b>\$ 3,500,914</b>

**Business-type activities:**

Municipal golf course	\$ 32,218
<b>Total depreciation expense for business-type activities</b>	<b>\$ 32,218</b>

**NOTE 12: LONG-TERM DEBT**

**Governmental Activities** – The City has entered into several long-term debt obligations where it pledges specific income streams or income derived from the acquired or constructed assets to pay debt service.

**City of New Smyrna Beach, Florida**  
**Notes to Financial Statements**

**NOTE 12: LONG-TERM DEBT (Continued)**

The City's revenue obligations outstanding at September 30, 2015 are summarized as follows:

**Governmental activities:**

General Obligations Refunding Note, Series 2014 - 1.95% dated September 16, 2014, due serially to 2024; general obligations of the City secured by full faith, credit and taxing power as pledged by the City	\$ 9,589,000
Capital Improvements Refunding Revenue Note, Series 2014 - 2.74% dated September 16, 2014 due serially to 2029, secured by a lien and pledge of the non-ad valorem tax revenues and any other revenue appropriated by the City	5,765,000
Capital Improvement Revenue Note, Series 2013 - 3.95% dated December 17, 2013, due serially to 2033, secured by a lien and pledge of the non-ad valorem tax revenues and any other revenue appropriated by the City	7,935,000
3.03% to 3.07% State Revolving Fund promissory note payable dated May 4, 2001 with various maturities and amortization; secured by the stormwater utility revenue of the City. Loan payments made May 15, 2001 through 2021	769,563
3.09% State Revolving Fund promissory note payable dated August 12, 2002; with semiannual loan payments of \$20,204 beginning August 15, 2003 through 2022; secured by the stormwater utility revenue of the City	268,666
2.96% State Revolving Fund promissory note payable dated December 31, 2003; with semiannual loan payments of \$16,655 beginning November 15, 2004 through 2023; secured by the stormwater utility revenue of the City	261,498
2.47% State Revolving Fund promissory note payable dated September 19, 2006; with semiannual loan payments of \$10,000 beginning January 15, 2009 through 2028; secured by the stormwater utility revenue of the City	221,227
Total governmental activities	\$ 24,809,954
Less: current maturities	(1,709,310)
Total governmental long-term debt	\$ 23,100,644

On September 15, 2014, the City adopted Resolution 25-14 authorizing the issuance of not to exceed \$11,000,000 for the purpose of refunding the City's outstanding General Obligation Bonds, Series 2005. On September 16, 2014, the City issued \$10,595,000 General Obligation Refunding Note, Series 2014 for this purpose. The Note bears interest at a fixed rate of 1.95%. The difference in cash flows required to service the new debt versus the old debt is a decrease of \$2,490,324. The economic gain resulting from the refunding was \$1,061,005.

**NOTE 12: LONG-TERM DEBT (Continued)**

This refunding constituted an economic defeasance, but did not legally release the City from its obligation to repay the General Obligation Bonds, Series 2005. Under the terms of the refunding bond issue, sufficient assets to pay all principal and interest on the refunded bond issue was placed into an irrevocable trust account at a commercial bank. The assets, liabilities and financial transactions of this trust account are not reflected in the financial statements of the City. At September 30, 2015, the principal amount of the refunded bonds outstanding was \$10,315,000.

On September 15, 2014, the City adopted Resolution 26-14 authorizing the issuance of not to exceed \$6,250,000 in principal for the purpose of refunding the City's outstanding Capital Improvement Refunding Revenue Bonds, Series 2005 issued pursuant to Resolution 12-05 adopted by the City on March 8, 2005. On September 16, 2014, the City issued \$6,140,000 Capital Improvement Refunding Revenue Note, Series 2014 for this purpose. The Note bears interest at a fixed rate of 2.74%. The difference in cash flows required to service the new debt versus the old debt is a decrease of \$479,758. The economic gain resulting from the refunding was \$389,003.

This refunding constituted an economic defeasance, but did not legally release the City from its obligation to repay the Capital Improvement Refunding Revenue Bonds, Series 2005. Under the terms of the refunding bond issue, sufficient assets to pay all principal and interest on the refunded bond issue was placed into an irrevocable trust account at a commercial bank. The assets, liabilities and financial transactions of this trust account are not reflected in the financial statements of the City. At September 30, 2015, the principal amount of the refunded bonds outstanding was \$5,475,000.

On November 19, 2013, the City adopted Ordinance 224-13 and on December 10, 2013 adopted Resolution 40-13 authorizing the issuance of not to exceed \$10,000,000 Capital Improvement Revenue Note, Series 2013 for the purpose of financing capital projects and refunding the City's outstanding Florida Municipal Loan Council Revenue Bonds, Series 2000B. On December 17, 2013, the City issued \$8,045,000 Capital Improvement Revenue Note, Series 2013. The note bears interest at a rate of 3.95%.

On June 30, 1999, the City executed a Master Plan Improvements Loan Agreement with the Florida Department of Environmental Protection to provide State Revolving Fund assistance for the construction of stormwater system improvements. The loan proceeds were disbursed on a reimbursement basis with loans made at various interest rates. The original award of \$959,000 was loaned at a fixed interest rate of 3.03%, with the first amendment award of \$1,010,000 loaned at a fixed interest rate of 3.05%, and the final amendment award of \$285,670 loaned at a fixed interest rate of 3.07%. The loan is secured by a pledge of the City's stormwater utility fees. Repayments are made semiannually on November 15th and May 15th with principal and interest payments of \$76,516 each period.

On August 12, 2002, the City executed a separate loan agreement with the Florida Department of Environmental Protection to provide State Revolving Fund assistance for the construction of additional stormwater system improvements. The total amount disbursed under this agreement was \$651,331. The loan terms require 40 semiannual payments at a fixed interest rate of 3.09%.

**City of New Smyrna Beach, Florida**  
**Notes to Financial Statements**

**NOTE 12: LONG-TERM DEBT (Continued)**

The loan is secured by a pledge of the City's stormwater utility fees. Repayments are made semiannually on August 15th and February 15th with principal and interest payments of \$20,204 each period.

On December 31, 2003, the City executed a loan agreement with the Florida Department of Environmental Protection to provide State Revolving Fund assistance for the construction of additional stormwater system improvements. The loan terms require 40 semiannual payments at a fixed interest rate of 2.96%. Repayments are made semiannually on November 15th and May 15th, with principal and interest payments of \$16,655 each period.

On September 19, 2006, the City executed a Clean Water State Revolving Fund Loan Agreement with the Florida Department of Environmental Protection to borrow \$466,402 to finance costs related to the Central Beach Phase 2 Flood Mitigation Improvements project. Repayments are made semiannually on January 15th and July 15th, with principal and interest payments of \$10,000 each period until paid in full.

**Business-Type Activities** – The City had no outstanding long-term indebtedness in its business-type activities.

A summary of the changes in the City's total long-term debt for the year ended September 30, 2015, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Capital Improvement Refunding					
Revenue Note, Series 2014	\$ 6,140,000	\$ -	\$ (375,000)	\$ 5,765,000	\$ 315,000
General Obligation Refunding					
Note, Series 2014	10,595,000	-	(1,006,000)	9,589,000	986,000
Capital Improvement Revenue					
Note, Series 2013	8,045,000	-	(110,000)	7,935,000	205,000
Promissory notes	1,718,298	-	(197,344)	1,520,954	203,310
Bond issuance discount	-	-	-	-	-
Bond issuance premium	-	-	-	-	-
Total bonds and notes payable	26,498,298	-	(1,688,344)	24,809,954	1,709,310
Compensated absences payable	1,616,803	1,310,561	(1,444,974)	1,482,390	647,973
Net OPEB obligation	820,065	163,057	-	983,122	-
Total governmental activities	\$ 28,935,166	\$ 1,473,618	\$ (3,133,318)	\$ 27,275,466	\$ 2,357,283
<b>Business-Type Activities</b>					
Compensated absences payable	\$ 153,639	\$ 128,134	\$ (133,490)	\$ 148,283	\$ 43,252
Net OPEB obligation	54,935	9,943	-	64,878	-
Total business-type activities	\$ 208,574	\$ 138,077	\$ (133,490)	\$ 213,161	\$ 43,252

**City of New Smyrna Beach, Florida**  
**Notes to Financial Statements**

**NOTE 12: LONG-TERM DEBT (Continued)**

Aggregate long-term debt obligation debt service requirements in each of the next five years and to maturity are as follows:

Fiscal Year Ending September 30,	General Obligation Refunding Note, Series 2014		Capital Improvement Revenue Note, Series 2013		Capital Improvement Refunding Revenue Note, Series 2014	
	Principal	Interest	Principal	Interest	Principal	Interest
	2016	\$ 986,000	\$ 186,986	\$ 205,000	\$ 309,384	\$ 315,000
2017	1,002,000	167,759	215,000	301,089	325,000	149,330
2018	1,025,000	148,220	225,000	292,399	330,000	140,425
2019	1,043,000	128,232	230,000	283,413	345,000	131,383
2020	1,064,000	107,894	245,000	274,031	350,000	121,930
2021 - 2025	4,469,000	220,077	1,370,000	1,215,415	1,910,000	459,909
2026 - 2030	-	-	1,685,000	914,326	2,190,000	183,169
2031 - 2034	-	-	3,760,000	304,348	-	-
<b>Totals</b>	<b>\$ 9,589,000</b>	<b>\$ 959,168</b>	<b>\$ 7,935,000</b>	<b>\$ 3,894,405</b>	<b>\$ 5,765,000</b>	<b>\$ 1,344,107</b>

Fiscal Year Ending September 30,	Promissory Notes		Total Governmental Activities	
	Principal	Interest	Principal	Interest
	2016	\$ 203,310	\$ 43,440	\$ 1,709,310
2017	209,458	37,292	1,751,458	655,470
2018	215,792	30,958	1,795,792	612,002
2019	222,318	24,432	1,840,318	567,460
2020	229,043	17,708	1,888,043	521,563
2021 - 2025	383,545	27,230	8,132,545	1,922,631
2026 - 2030	57,488	2,510	3,932,488	1,100,005
2031 - 2034	-	-	3,760,000	304,348
<b>Totals</b>	<b>\$ 1,520,954</b>	<b>\$ 183,570</b>	<b>\$ 24,809,954</b>	<b>\$ 6,381,250</b>

Internal service funds predominately serve the governmental funds. Accordingly, \$10,224 of internal service fund compensated absences and \$19,339 of net OPEB obligation are included in the above amounts. Also, for the governmental activities, compensated absences and the net OPEB obligation are generally liquidated by the general fund.

**City of New Smyrna Beach, Florida**  
**Notes to Financial Statements**

**NOTE 12: LONG-TERM DEBT (Continued)**

**Utilities Commission, City of New Smyrna Beach, Florida** (a discretely presented component unit):  
A summary of long term debt activity for the year ended September 30, 2015 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Utilities revenue certificates	\$ 48,270,000	\$ -	\$ (3,700,000)	\$ 44,570,000	\$ 5,110,000
Total bonds payable	\$ 48,270,000	\$ -	\$ (3,700,000)	\$ 44,570,000	\$ 5,110,000

The above Utilities Commission, City of New Smyrna Beach, Florida (the “Commission”) long-term debt presentation contains highly summarized select data. A more detailed debt presentation is available in the Commission’s separately issued financial report, which may be obtained by contacting the administrative office of the Director of Finance, Post Office Box 100, New Smyrna Beach, Florida 32170-0100.

**NOTE 13: EMPLOYEES’ PENSION PLANS**

**Florida Retirement System**

*General Information.* All of the City’s employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (“Investment Plan”) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (“SBA”). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, City government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: [www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

*Plan Description.* The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees.

**NOTE 13: EMPLOYEES' PENSION PLANS (Continued)**

*Benefits Provided.* Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

*Contributions.* Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively, were as follows: Regular—7.37% and 7.26%; Special Risk Administrative Support—42.07% and 32.95%; Special Risk—19.82% and 22.04%; Senior Management Service—21.14% and 21.43%; Elected Officers'—43.24% and 42.27%; and DROP participants—12.28% and 18.75%. These employer contribution rates include 1.26% and 1.66% HIS Plan subsidy for the periods October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively.

The City's contributions, including employee contributions, to the Pension Plan totaled \$143,404 for the fiscal year ended September 30, 2015.

**City of New Smyrna Beach, Florida**  
**Notes to Financial Statements**

**NOTE 13: EMPLOYEES' PENSION PLANS (Continued)**

*Pension Liabilities and Pension Expense.* In its financial statements for the year ended September 30, 2015, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2015 and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2015. The City's proportion of the net pension liabilities were based on the City's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

		FRS		HIS
Net pension liability	\$	648,620	\$	333,694
Proportion at:				
Current measurement date		0.005021702%		0.003272000%
Prior measurement date		0.004756798%		0.003246958%
Pension expense (benefit)	\$	96,724	\$	23,736

*Deferred outflows/inflows of resources related to pensions.* At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 68,475	\$ 15,382	\$ -	\$ -
Changes of assumptions	43,051	-	26,253	-
Net difference between projected and actual earnings on pension plan investments	228,462	383,342	180	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	223,073	-	1,943	7,475
Employer contributions subsequent to the measurement date	25,792	-	2,854	-
Total	\$ 588,853	\$ 398,724	\$ 31,230	\$ 7,475

**City of New Smyrna Beach, Florida**  
**Notes to Financial Statements**

**NOTE 13: EMPLOYEES' PENSION PLANS (Continued)**

Deferred outflows of resources related to employer contributions of \$28,646 paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2016. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30,	FRS	HIS
2016	\$ 21,509	\$ 3,386
2017	21,509	3,386
2018	21,509	3,386
2019	21,509	3,386
2020	60,230	3,342
Thereafter	18,071	4,015
<b>Total</b>	<b>\$ 164,337</b>	<b>\$ 20,901</b>

*Actuarial Assumptions.* The total pension liability for each of the defined benefit plans, measured as of June 30, 2015, was determined by an actuarial valuation dated July 1, 2015, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.65%	N/A
Discount rate	7.65%	3.80%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2015 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2015:

FRS: No changes in key actuarial assumptions.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 4.29% to 3.80%.

**City of New Smyrna Beach, Florida**  
**Notes to Financial Statements**

**NOTE 13: EMPLOYEES' PENSION PLANS (Continued)**

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.2%	3.1%
Fixed income	18%	4.8%	4.7%
Global equity	53%	8.5%	7.2%
Real estate (property)	10%	6.8%	6.2%
Private equity	6%	11.9%	8.2%
Strategic investments	12%	6.7%	6.1%
	<u>100%</u>		

*Discount Rate.* The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.65%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.80% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

*Sensitivity Analysis.* The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the City's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
Employer's proportionate share of the net pension liability	\$ 1,680,722	\$ 648,620	\$ (210,258)	\$ 380,227	\$ 333,693	\$ 294,890

**NOTE 13: EMPLOYEES' PENSION PLANS (Continued)**

*Pension Plans' Fiduciary Net Position.* Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

*Payables to the Pension Plans.* As of September 30, 2015, the City had an outstanding payable to the plans of \$10,248 for regular employee and employer contributions that were legally required to be paid to the plans but not remitted prior to the end of the year.

**General Employees - Defined Contribution Plan**

The City contributes to a defined contribution plan which is administered by the Principal Mutual Life Insurance Company, P. O. Box 9396, Des Moines, IA 50306-9396. The City established the plan for all regular full time and regular part time employees hired on or after January 1, 1996 by revoking its participation in the FRS, with respect to such employees. All qualifying employees at least 18 years of age participate in the plan on the date of employment. Normal retirement and disability benefits are available after 5 years of service and attaining age 62. Early retirement and disability benefits are available after 5 years of service and attaining age 55. Employer contributions to the plan are 8% of the employee gross wages. Employees may make supplemental contributions to the extent permitted by law. The City Commission has the authority to amend the Plan's provisions including any amendments to the contribution rate.

Employer contributions to the defined contribution plan for the years ended September 30, 2015, 2014 and 2013 were \$391,216, \$353,698, and \$330,292, respectively. Employee contributions to the defined contribution plan for the years ended September 30, 2015, 2014, and 2013 were \$28,063, \$32,713, and \$22,926, respectively.

**Municipal Police Officers and Firefighters - Defined Benefit Pension Plans**

The City maintains and administers separate single-employer pension plans for all eligible police officers and firefighters, which assets are included in the Municipal Police Officers' Retirement Trust Fund (the "Police Officers' Pension Plan") and the Municipal Firefighters' Pension Trust Fund (the "Firefighters' Pension Plan"). The plans do not issue stand-alone financial reports and are not included in any other retirement system's or entity's financial report.

**NOTE 13: EMPLOYEES' PENSION PLANS (Continued)**

*Plan Description.* All certified police officers and firefighters are eligible to participate in the respective plans after a six month probationary period. Benefits vest with eligible employees after ten years of participation. The funding methods and the determination of benefits payable are provided in the various acts of the Florida Legislature, which created the funds, including subsequent amendments thereto. These statutes provide, in general, that funds are to be accumulated from employee contributions, City contributions, State appropriations and income from investments from accumulated funds. The statutes also provide that should the accumulated funds at any time be insufficient to meet and pay the benefits due, the City shall supplement the funds by an appropriation from current funds or from any revenues which may be lawfully used for said purposes in an amount sufficient to make up the deficiency. The investments of the two funds are administered, managed, and operated by their respective boards of trustees using the services of the City staff and local financial institutions.

*Benefits Provided.* Both plans provide retirement, termination, disability and death benefits to plan Members and beneficiaries.

*Basis of Accounting.* The financial statements of the Plans are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

*Method Used to Value Investments.* Plan investments are reported at fair value and are managed by an independent third party money manager. Investments that do not have an established market are reported at estimated fair value. Performance reporting, administrative expenses and the City's asset valuation are based on the custodians' determination of value. Administrative costs of the Plan are financed through investment earnings or, at the exclusive annual option of the City, from expense reimbursements made by the City.

*Funding Policy.* The State of Florida has established guidelines for state and local pension plan funding and requires submission to and approval of the local government's actuarial reports by a State Bureau at least every third year. Authority to establish and amend benefits rests with the City Commission. The contribution requirements are actuarially determined and employees covered under the plans are required to make contributions of 10% of their eligible compensation.

The City uses the Frozen Initial Liability Actuarial Cost Method for the Police Officers' Retirement Plan and Entry Age Normal Actuarial Cost Method for the Firefighters' Retirement Plan to determine required contribution under its retirement systems because it provides for the systematic funding of the normal cost and any unfunded actuarial accrued liabilities. These are acceptable methods to the State of Florida.

**City of New Smyrna Beach, Florida**  
**Notes to Financial Statements**

**NOTE 13: EMPLOYEES' PENSION PLANS (Continued)**

*Plan Administration.* The Plans are administered by a Board of Trustees comprised of the following:

Police Officers' Pension Plan	Firefighters' Pension Plan
a) Two legal residents of the City, appointed by the City Commission;	a) Two legal residents of the City, appointed by the City Commission;
b) Two Members of the Plan elected by a majority of the Police Officers who are members of the Plan; and	b) Two Members of the Plan elected by a majority of the Firefighters who are members of the Plan; and
c) A fifth Trustee who is chosen by a majority of the first four Trustees.	c) a fifth Trustee who is chosen by a majority of the first four Trustees.

*Plan Membership.* At October 1, 2014, Plan membership consisted of the following:

	Police Officers' Pension Plan	Firefighters' Pension Plan
Inactive plan members or beneficiaries currently receiving benefits	50	43
Inactive plan members entitled to but not yet receiving benefits	14	8
Active plan members	36	30
	100	81

***Police Officers' Pension Plan:***

Normal Retirement: Normal retirement occurs at the earlier of: 1) age 55 and the completion of 10 years of credited service, or 2) the completion of 20 years of credited service, regardless of age. Pension benefits are paid at 3.0% of Average Final Compensation (AFC) times credited service.

Early Retirement: A Member is eligible for early retirement upon attaining age 50 and 10 years of credited service. Pension benefits under early retirement are determined as for normal retirement and reduced 3.0% for each year that early retirement precedes normal retirement.

Disability: Eligibility for a service incurred disability is covered from date of employment. Eligibility for a non-service incurred disability vests after 10 years of credited service. Benefits are accrued to date of disability. The minimum benefit for service incurred is 42% of AFC and 25% of AFC for non-service incurred.

**NOTE 13: EMPLOYEES' PENSION PLANS (Continued)**

Pre-Retirement Death Benefits: For vested or eligible-to-retain Members, a monthly benefit equal to 50% of the Member's AFC is payable for the life of the spouse or date there is no longer a surviving dependent. For non-vested Members, the Plan provides a refund of the required contribution account.

Termination of Employment: If a Member terminates employment with the City in less than 10 years, the Member receives a refund of accumulated contributions without interest. If a Member terminates employment with the City after 10 years or more of credited service, the Member receives a refund of contributions with an actuarially discounted benefit payable upon reaching retirement age or the accrued benefit payable at retirement age.

Contributions: Effective October 1, 2014, all Members will contribute 10% of their salary. For City and State contributions, it is the remaining amount required in order to pay current costs and amortize unfunded past service costs, if any, as provided in Part VII, Chapter 112, Florida Statutes.

Concentrations: The Plan did not hold investments in any one organization that represents 5 percent or more of the Pension Plan's fiduciary net position.

***Firefighters' Pension Plan:***

Normal Retirement: Normal retirement occurs at the earlier of: 1) age 55 and the completion of 10 years of credited service, or 2) the completion of 20 years of credited service, regardless of age. Pension benefits are paid at 3.0% of average final compensation times credited service for Members hired before July 1, 2012 and are paid at 2.0% of average final base compensation times credited service for Members hired on and after July 1, 2012.

Early Retirement: A Member is eligible for early retirement upon attaining age 50 and 10 years of credited service. Pension benefits under early retirement are determined as for normal retirement and reduced 3.0% for each year that early retirement precedes normal retirement.

Disability: Eligibility for a service incurred disability is covered from date of employment. Eligibility for a non-service incurred disability vests after 5 years of credited service. Benefits are accrued to date of disability. The minimum benefit for service incurred is 42% of AFC and 25% of average monthly earnings for non-service incurred.

Vesting: A Member is fully vested (100%) after 10 years of credited service. A Member will receive the vested portion of his (her) accrued benefit payable at the otherwise normal retirement date.

Pre-Retirement Death Benefits: For pre-retirement death in the line of duty, 50% of AFC is payable for the life of the spouse. For the pre-retirement death of a Member (not in the line of duty) with less than 10 years of credited service, the Plan provides a refund of accumulated contributions. In the event of the pre-retirement death of a Member (not in the line of duty) with more than 10 years of credited service, the Plan provides a monthly spouse benefit assuming the Member retired and selected 50% Joint and Survivor Annuity.

**NOTE 13: EMPLOYEES' PENSION PLANS (Continued)**

Contributions: Effective October 1, 2014, all Members will contribute 10% of their base compensation. For City and State contributions, it is the remaining amount required in order to pay current costs and amortize unfunded past service costs, if any, as provided in Part VII, Chapter 112, Florida Statutes.

Concentrations: The Plan did not hold investments in any one organization that represents 5 percent or more of the Pension Plan's fiduciary net position.

*State Contributions.* The City of New Smyrna Beach, Florida participates under Chapters 175 and 185, Florida Statutes in establishing its own Municipal Police Officers' and Firefighters' Retirement Trust Funds. As a participating city, the City of New Smyrna Beach, Florida receives annual distributions of fire insurance premium tax and casualty insurance premium tax on property and casualty insurance policies written within the City's legal limits. The tax monies are collected by the Florida Department of Revenue and disbursed by the Florida Division of Retirement to each participating city or district. Amounts received by the City are legally restricted to be deposited directly into the respective retirement trust funds. These contributions are recorded and recognized in the General Fund as intergovernmental revenue with a corresponding expenditure reported in Public Safety personal service costs.

*Investment Policy.* The following was the Pension Board's adopted asset allocation policy as of September 20, 2015:

<i>Asset class</i>	Target Allocation	
	Police Officers' Pension Plan	Firefighters' Pension Plan
Domestic equity	35.0%	50.0%
International equity	15.0%	10.0%
Fixed income	0.0%	27.5%
Hedge funds	10.0%	5.0%
Private real estate	10.0%	7.5%
Bonds	25.0%	0.0%
Cash	5.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

*Rate of Return.* The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended September 30, 2015 the annual money-weighted rate of return on the Police and Fire Pension Plan investments, net of pension plan investment expense, was 2.11%, and .99%, respectively.

**City of New Smyrna Beach, Florida**  
**Notes to Financial Statements**

**NOTE 13: EMPLOYEES' PENSION PLANS (Continued)**

*Deferred Retirement Option Program.* The provisions for the deferred retirement option program (DROP) for both Plans are as follows:

	Police Officers' Pension Plan	Firefighters' Pension Plan
Eligibility	Eligibility for Normal Retirement. Members hired on or after January 23, 2013 are not eligible.	Satisfaction of Normal Retirement requirements and hired prior to July 1, 2012.
Participation	Not to exceed 60 months.	Not to exceed 60 months.
Rate of Return	Interest is credited after each month at a fixed rate of 6.50% for members who entered prior to October 1, 2012. Other members receive the actual plan earnings, subject to a maximum of 6.50% and a minimum of 0% per year.	At participant's election (prior to October 1, 2012): a) 6.5% interest or b) actual net rate of investment return credited each fiscal quarter.  May change election once during the DROP period.  For those members entered DROP on or after October 1, 2012, actual rate of investment return up to a maximum of 6.5% per annum and a minimum of 0.0% per annum credited quarterly.
DROP balance as of September 30, 2015	\$436,680	\$495,483

*Net Pension Liability of the Sponsor.* The components of the net pension liability at September 30, 2015 were as follows:

	Police Officers' Pension Plan	Firefighters' Pension Plan
Total Pension Liability	\$ 20,103,916	\$ 24,870,995
Plan Fiduciary Net Position	(16,165,572)	(18,122,140)
<b>Sponsor's Net Pension Liability</b>	<b>\$ 3,938,344</b>	<b>\$ 6,748,855</b>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	80.41%	72.86%

**City of New Smyrna Beach, Florida**  
**Notes to Financial Statements**

**NOTE 13: EMPLOYEES' PENSION PLANS (Continued)**

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions applied to all measurement periods.

	Police Officers' Pension Plan	Firefighters' Pension Plan
Inflation	3.00%	3.00%
Salary Increases	Graduated	5.75%
Discount Rate	8.00%	7.90%
Investment Rate of Return	8.00%	7.90%

Police Officers' Pension Plan	Firefighters' Pension Plan
RP-2000 Combined Healthy Mortality Table, projected to valuation date using scale AA. Based on a study of over 650 public safety funds, this tables relects more than a 10% margin for future mortality improvements.	RP-2000 Table with no projection - Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 5 years).

The actuarial assumptions used in the October 1, 2015 valuation were based on the results of an actuarial experience study for the period 1990-2010.

The actuarial assumptions used in the October 1, 2015 valuation were based on the results of an actuarial experience study for the period 1990-2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 are summarized in the following table:

**City of New Smyrna Beach, Florida**  
**Notes to Financial Statements**

**NOTE 13: EMPLOYEES' PENSION PLANS (Continued)**

<i>Asset class</i>	Long Term Expected Real Rate of Return	
	Police Officers' Pension Plan	Firefighters' Pension Plan
Domestic equity	8.0%	7.7%
International equity	3.0%	7.7%
Fixed Income	-	2.4%
Hedge Funds	4.3%	4.0%
Real estate	4.6%	6.3%
Bonds	4.4%	-
Cash	1.1%	-

*Discount Rate.* The discount rate used to measure the total pension liability for the Police and Fire Pension Plan investments was 8.0% and 7.9%, respectively.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability (asset) to changes in the discount rate.* The following presents the net pension liability of the City, calculated using the discount rate, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

<i>Sponsor's Net Pension Liability</i>	Current Discount		
	1% Decrease	Rate	1% Increase
<b>Police Officers' Pension Plan:</b>			
Rate	7.0%	8.0%	9.0%
Amount	\$ 6,060,925	\$ 3,938,344	\$ 2,150,723
<b>Firefighters' Pension Plan:</b>			
Rate	6.9%	7.9%	8.9%
Amount	\$ 9,446,346	\$ 6,748,855	\$ 4,474,959

**City of New Smyrna Beach, Florida**  
**Notes to Financial Statements**

**NOTE 13: EMPLOYEES' PENSION PLANS (Continued)**

*Net Pension Liability and Changes in the Net Pension Liability.* The net pension liability for the Plans was measured as of September 30, 2015 and the total pension liability used to calculate the net pension liability was also determined as of that date.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<i>Police Officers' Pension Plan</i>			
Reporting period ending September 30, 2014	\$ 20,154,739	\$ 16,645,830	\$ 3,508,909
Changes for the year:			
Service cost	320,867	-	320,867
Interest	1,570,033	-	1,570,033
Change in funding standard account	172,643	-	172,643
Share plan allocation	54,834	-	54,834
Differences between expected and actual experience	(468,804)	-	(468,804)
Contributions - Employer	-	557,661	(557,661)
Contributions - State	-	177,297	(177,297)
Contributions - Employee	-	184,836	(184,836)
Net investment income	-	337,826	(337,826)
Benefit payments, including refunds of employee contributions	(1,700,396)	(1,700,396)	-
Administrative expense	-	(37,482)	37,482
Net changes	(50,823)	(480,258)	429,435
Reporting period ending September 30, 2015	\$ 20,103,916	\$ 16,165,572	\$ 3,938,344

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<i>Firefighters' Pension Plan</i>			
Reporting period ending September 30, 2014	\$ 25,809,825	\$ 19,233,813	\$ 6,576,012
Changes for the year:			
Service cost	213,595	-	213,595
Interest	1,933,796	-	1,933,796
Differences between expected and actual experience	3,756	-	3,756
Contributions - Employer	-	1,361,079	(1,361,079)
Contributions - State	-	277,167	(277,167)
Contributions - Employee	-	189,832	(189,832)
Net investment income	-	178,352	(178,352)
Benefit payments, including refunds of employee contributions	(3,089,977)	(3,089,977)	-
Administrative expense	-	(28,126)	28,126
Net changes	(938,830)	(1,111,673)	172,843
Reporting period ending September 30, 2015	\$ 24,870,995	\$ 18,122,140	\$ 6,748,855

**City of New Smyrna Beach, Florida**  
**Notes to Financial Statements**

**NOTE 13: EMPLOYEES' PENSION PLANS (Continued)**

*Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions.* For the year ended September 30, 2015, the City will recognize pension expense of \$1,497,617 and \$1,739,623 for the Police Officers' and Firefighters' Pension Plans, respectively. At September 30, 2015, the City reported deferred outflows and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Police Officers' Pension Plan</i>		
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 333,225
<b>Total Police Officers' Pension Plan</b>	<b>-</b>	<b>333,225</b>
<i>Firefighters' Pension Plan</i>		
Differences between expected and actual experience		
Net difference between projected and actual earnings on pension plan investments	60,326	-
<b>Total Firefighters' Pension Plan</b>	<b>60,326</b>	<b>-</b>
<b>Total deferred outflows and deferred inflows of resources related to pensions</b>	<b>\$ 60,326</b>	<b>\$ 333,225</b>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Police Officers' Pension Plan	Firefighters' Pension Plan
Year ended September 30:		
2016	\$ (83,306)	\$ 15,081
2017	(83,306)	15,081
2018	(83,306)	15,081
2019	(83,307)	15,083
<b>Total</b>	<b>\$ (333,225)</b>	<b>\$ 60,326</b>

The Plans' fiduciary net position has been determined on the same basis used by the pension plans and is equal to the market value of assets calculated under the accrual basis of accounting.

**City of New Smyrna Beach, Florida**  
**Notes to Financial Statements**

**NOTE 13 – EMPLOYEES’ PENSION PLANS (Continued)**

***Fiduciary Fund Financial Statements***

The City does not issue separate financial statements for the Municipal Police Officers’ Retirement Trust Fund or the Municipal Firefighters’ Retirement Trust Fund. The basic financial statements of the City include a statement of fiduciary net position and a statement of changes in fiduciary net position that presents a single column presented by fund type for both pension trust funds. The pension trust funds fiduciary net position activity as of September 30, 2015 was as follows:

	Pension Trust Funds		
	Police Officers' Pension Plan	Firefighters' Pension Plan	Total
<b>Assets</b>			
Receivables			
Employer contributions	\$ 176,933	\$ 366,777	\$ 543,710
State subsidy	-	18,778	18,778
Accrued income	-	37,139	37,139
Total receivables	176,933	422,694	599,627
Prepaid expenses	-	124,115	124,115
Investments, at fair value:			
Money funds	1,212,698	5,406	1,218,104
Common stock	-	9,950,553	9,950,553
Government bonds	-	2,947,054	2,947,054
Corporate bonds	-	1,914,635	1,914,635
Exchange traded and closed end funds	5,047,810	-	5,047,810
Annuity contracts	2,895,515	-	2,895,515
Hedge Funds	-	2,213,142	2,213,142
Mutual funds	6,828,647	546,204	7,374,851
Total investments	15,984,670	17,576,994	33,561,664
Total assets	16,161,603	18,123,803	34,285,406
<b>Liabilities</b>			
Accounts payable	-	-	-
Total liabilities	-	-	-
<b>Net position, held in trust for pension benefits</b>	<b>\$ 16,161,603</b>	<b>\$ 18,123,803</b>	<b>\$ 34,285,406</b>

**City of New Smyrna Beach, Florida**  
**Notes to Financial Statements**

**NOTE 13: EMPLOYEES' PENSION PLANS (Continued)**

The pension trust funds change in fiduciary net position activity as of September 30, 2015 was as follows:

	Pension Trust Funds		
	Police Officers' Pension Plan	Firefighters' Pension Plan	Total
<b>Additions</b>			
Contributions			
Employees	\$ 184,836	\$ 191,458	\$ 376,294
Employer	557,661	1,365,917	1,923,578
State	177,297	277,167	454,464
Total contributions	919,794	1,834,542	2,754,336
Investment earnings			
Net appreciation in fair value of investments	358,991	(21,796)	337,195
Interest income	-	321,758	321,758
Total investment earnings	358,991	299,962	658,953
Total additions	1,278,785	2,134,504	3,413,289
<b>Deductions</b>			
Benefits paid	1,700,396	3,088,502	4,788,898
Administrative expenses	62,616	154,682	217,298
Total deductions	1,763,012	3,243,184	5,006,196
Changes in net position	(484,227)	(1,108,680)	(1,592,907)
Net position held in trust for pension benefits, beginning of year	16,645,830	19,232,483	35,878,313
Net position held in trust for pension benefits, end of year	\$ 16,161,603	\$ 18,123,803	\$ 34,285,406

**NOTE 14: DEFERRED EMPLOYEE BENEFITS**

The City provides its employees with a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The assets of these plans are administered by the International City Managers Association Retirement Corporation. The plans have been amended to include provisions changed by the Economic Growth and Tax Relief Reconciliation Act of 2001. Annual contributions, determined by the participant, may not exceed the lesser of \$17,500 or 100% of gross annual compensation for plan years beginning in 2014. Deferred compensation withheld from a participating employee's pay is taxable as current income. Such compensation is not available to the employees until employment termination, retirement, or death. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries.

**NOTE 15: OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**Plan Description** – Effective October 1, 2008, the City implemented GASB Statement No. 45, *Accounting and Reporting for Post Employment Benefits Other Than Pensions (OPEB)*, for certain post employment healthcare benefits provided by the City. The requirements of this statement are being implemented prospectively, with the actuarially determined liability of \$534,000 at October 1, 2008, the date of transition, amortized over 10 years. Accordingly, for financial reporting purposes, no liability is reported for the post employment healthcare benefit liability at the date of transition. The OPEB Plan is a single-employer benefit plan administered by the City. Retirees are charged whatever the insurance company charges for the type of coverages elected, however, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. The older retirees actually have a higher cost which means the City is subsidizing the cost of the retiree coverage because it pays all or a significant portion of the premium on behalf of the active employee. GASB No. 45 calls this the “implicit rate subsidy.” Retirees and their dependents are permitted to remain covered under the City’s respective health care plans as long as they pay a full premium applicable to the coverages elected. This conforms to the minimum required of Florida governmental employers per Chapter 112.08 of Florida Statutes. The OPEB Plan does not issue a stand-alone report.

At January 1, 2014, the date of the latest actuarial valuation, plan participation consisted of:

Active employees	199
Inactive employees	20
Total	219

**NOTE 15: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

**Funding Policy** – For the OPEB Plan, contribution requirements of the City are established and may be amended through action from the City Commission. Currently, the City’s OPEB Benefits are unfunded. The required contributions are based on pay-as-you-go financing requirements. There is no separate Trust fund or equivalent into which the City would make contributions to advance-fund the obligation. Therefore, ultimate subsidies which are provided over time are financed directly by general assets of the City, which are invested in very short-term fixed income instruments according to its current investment policy. The interest rate used to calculate the present value and costs of OPEB must be the long-range expected return on such short-term fixed income instruments. The City selected an interest discount of 4.00% for this purpose.

**Annual OPEB Cost and Net OPEB Obligation** – The City’s annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB 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 accrued liabilities over a period not to exceed thirty years. The unfunded actuarial accrued liability represents an actuarial measurement of the obligation that has accrued so far based on the promise that has been made to current retirees and to current employees. Since the City’s OPEB is currently unfunded, the offset to that expense comes from actual subsidies paid on behalf of the current retirees and their dependents for the current year. This offset is called the Employer Contribution and equals the total age-adjusted costs paid by the City for coverage for the retirees and their dependents for the year (net of the retiree’s own payments for the year). The components of the annual OPEB cost for the current year, the total contributions and the changes in the net obligation are as follows:

Annual required contribution	\$ 332,000
Interest on net OPEB obligation	35,000
Adjustment to annual required contribution	(104,000)
Annual OPEB cost (expense)	263,000
Contributions made	(88,000)
Interest on employer contributions	(2,000)
Increase in net OPEB obligation	173,000
Net OPEB obligation – beginning of year	875,000
Net OPEB obligation – end of year	\$ 1,048,000

**City of New Smyrna Beach, Florida**  
**Notes to Financial Statements**

**NOTE 15: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015, 2014 and 2013 were as follows:

Year Ended September 30,	Annual OPEB Cost	City Contribution	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
2015	\$ 263,000	\$ 88,000	33%	\$ 1,048,000
2014	271,000	78,000	29%	875,000
2013	78,000	26,000	33%	684,000

**Funding Status and Funding Progress** – The funding status of the plan as of January 1, 2014, the most recent actuarial valuation date, was as follows:

<i>2014 fiscal year valuation as of January 1, 2014</i>	
Actuarial accrued liability (AAL)	\$ 2,212,000
Actuarial value of plan asset	N/A
Unfunded actuarial accrued liability (UAAL)	\$ 2,212,000
Funded ratio (actuarial value of plan assets/AAL)	N/A
Covered payroll (active members)	\$ 8,344,000
UAAL as a percentage of covered payroll	26.5%

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, termination, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the City are subject to continual revision and 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 multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability 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 City and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members to that point. The projections do not explicitly incorporate the potential effects of legal or contractual funding limitations. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The projected unit cost method is used to determine the Plan's liabilities and costs. For each participant, benefits earned to date are calculated using projected benefits based on accrual to the date of expected retirement and the participant's benefit service, when eligible. Costs are attributed from the date of hire to the date first eligible for full benefits.

**NOTE 15: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)**

The individual's service cost is the actuarial present value of the benefit earned at the end of the plan year less the actuarial present value of benefits earned at the beginning of the plan year. The individual's actuarial accrued liability is the actuarial present value of benefits earned as of the beginning of the plan year.

The following is a summary of the significant actuarial methods and assumptions:

**Actuarial valuation:**

Frequency	Bi-annual
Latest date	1/1/2014
Cost method	Projected unit credit

**UAAL amortization:**

Method	Level-dollar payment
Open / closed	Open
Remaining amortization period	10 years

**Asset valuation actuarial assumptions:**

Investment return	4%
Inflation rate	2.75%
Healthcare cost trend rate	8% initial - 5% ultimate

**NOTE 16: LEGAL MATTERS**

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

**NOTE 17: COMMITMENTS AND CONTINGENCIES**

Amounts received or receivable from grantor agencies 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 from current or prior years which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts not recorded, if any, to be immaterial. The City has active construction projects as of September 30, 2015. At year-end, the City's commitments with contractors are as follows:

**NOTE 17: COMMITMENTS AND CONTINGENCIES (Continued)**

	Outstanding Commitments
General fund	\$ 236,761
Airport fund	1,732,778
Stormwater utility	2,102,872
Community redevelopment agency fund	1,133,830
Capital projects fund	4,088,649
Nonmajor - fire and emergency service capital fund	2,100
Nonmajor - building inspections fund	49,233
Total	\$ 9,346,223

The commitments for park-related projects are financed by revenues derived from grants and user fees. Airport improvements are mainly funded by federal and state matching grants. CRA streetscape projects are funded via incremental tax revenues and federal grants. Public safety construction projects are funded through the issuance of bonds.

Additionally, the City's CRA has offered incentives to a developer for a construction project to build a hotel within the CRA district. These incentives represent a commitment of the CRA and are summarized as follows: a) up to \$86,500 in construction costs for the provision of electrical power to the businesses east of the project that are currently served by the overhead line traversing the project property; b) an easement required by the Utilities Commission for electrical service, estimated to cost \$21,240; and c) payment of one-half of the impact fees not to exceed \$325,000. The developer may recapture the \$325,000 estimated impact fee cost from TIF tax payments once the project is built. Any TIF payments remaining after the developer's reimbursement shall be paid to the CRA trust fund. The CRA and project owner agree that TIF funds may be exhausted prior to the developer's complete reimbursement due to the CRA expiration date in 2015. Through September 30, 2015, \$330,035 had been paid on this commitment. As of September 30, 2015, there was no available balance on this commitment.

**NOTE 18: ENCUMBRANCES**

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts and other commitments are recorded in order to reserve the portion of appropriations necessary to liquidate the commitment. Non-capital related encumbrances outstanding are cancelled and are not re-appropriated; however, encumbrances outstanding at year end for capital projects are cancelled and re-appropriated in the succeeding year's budget by way of a budget amendment. These amounts for are recorded as part of *restricted*, *committed* or *assigned* fund balances, depending on the classification of the resources that will be used to liquidate the encumbrance in a subsequent fiscal year. At September 30, 2015, encumbrances were reported under various fund balance classifications as follows:

**NOTE 18: ENCUMBRANCES (Continued)**

	Outstanding Encumbrances
General fund	\$ 236,761
Stormwater fund	2,102,872
Airport fund	1,234,691
Fire and emergency service capital fund	2,100
Building inspection fund	49,233
Community redevelopment agency fund	1,133,830
Capital projects	4,088,649
Outstanding encumbrances	\$ 8,848,136

**NOTE 19: 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 are, in the opinion of management, 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 any of the past three years.

In accordance with GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, the City has identified specific locations which may require site remediation due to various soil and groundwater pollutants. An assessment has been performed at two locations on the City's airport property as well as at the City garage. As of September 30, 2015, no costs of cleanup have been determined with regards to the airport sites, rather the possible contaminated portions of the property have been roped off so as not to be disturbed. The garage property is undergoing additional assessments to determine the extent of the pollution. If it is determined the City is liable for clean-up, the maximum exposure to the City will be the pollution remediation insurance deductible of \$25,000. All estimates of liability are subject to change over time due to changes in the costs of goods and services, changes in remediation technology, or changes in laws and regulations governing remediation efforts.

**NOTE 20: FUND DEFICITS**

The golf course proprietary fund had a deficit of \$680,622 at September 30, 2015. The deficit is primarily a result of expenses exceeding revenues over time.

**NOTE 21: FUTURE ACCOUNTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board has issued statements that will become effective in 2016. The statements address:

- Fair value measurement and application;
- GAAP hierarchy.

The City is currently evaluating the effects that these statements will have on its 2016 financial statements.

**NOTE 22: INVESTMENT IN JOINT VENTURE**

On January 11, 2002, the cities of New Smyrna Beach, Port Orange and Edgewater entered into an interlocal agreement to provide a consolidated dispatch communications and records system servicing law enforcement, fire, rescue and emergency communications for each of the cities. This entity, known as the Communications Interlocal Agency (CIA), was established pursuant to Florida Statutes, Section 163.01(7). The CIA operates as a public entity using the same fiscal year as the City of New Smyrna Beach, ending on September 30th.

The CIA is an instrumentality of the municipal parties and is entitled to sovereign immunity, except where waived by general law. It operates pursuant to direction from its governing board. The governing board is comprised of three mayors from the respective cities mentioned above. Operating guidelines, procedures, designations and restrictions are determined by this governing body.

Substantially all costs of the CIA are allocated to Port Orange, New Smyrna Beach, and Edgewater in the respective amounts of 44%, 33%, and 23%. The books and records are maintained using accounting principles generally accepted in the United States of America. The City of Port Orange, as agent, performs all cash and accounting transactions.

The financial statements of the joint venture can be obtained by contacting the Finance Director of the City of Port Orange, Florida, at the following address: City of Port Orange, 1000 City Center Circle, Port Orange, FL 32129.

Summarized audited information of the Communications Interlocal Agency for the year ended September 30, 2015 is as follows:

Operating revenues	\$	1,549
Operating expenses		-
Net income	\$	1,549
Total assets	\$	307,074
Total net assets	\$	307,074

**NOTE 22: INVESTMENT IN JOINT VENTURE (Continued)**

A summary of the changes in the City's investment in the Communications Interlocal Agency from the year ended September 30, 2013, the last year reported, to the year ended September 30, 2015 is as follows:

September 30, 2012	\$	150,959
Fiscal year 2013 activity		(17,339)
Total investment at September 30, 2013		133,620
Fiscal year 2014 activity		(605)
Total investment at September 30, 2014		133,015
Fiscal year 2015 activity		511
Total investment at September 30, 2015		\$ 133,526

Effective September 30, 2011, the CIA was dissolved as the City of Volusia, Florida voted to go to a centralized dispatch service for the entire City. The CIA is still determining the dissolution of assets between the three cities, and the remaining assets are expected to be distributed during the year ended September 30, 2016.

**NOTE 23: SUBSEQUENT EVENTS**

On October 28, 2015 the City of New Smyrna Beach, Florida entered into a lease purchase agreement in the amount of \$165,406 to purchase 55 fleet golf carts.

THIS PAGE IS INTENTIONALLY LEFT BLANK.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

THIS PAGE IS INTENTIONALLY LEFT BLANK.

**City of New Smyrna Beach, Florida**  
**Required Pension Supplementary Information**  
**Schedule of Proportionate Share of Net Pension Liability**  
**Last Fiscal Year**

<b><i>Florida Retirement System (FRS)</i></b>	<b>2015</b>
Employer's proportion of the net pension liability (asset)	0.0050%
Employer's proportionate share of the net pension liability (asset)	\$ 648,620
Employer's covered-employee payroll (2)	\$ 906,883
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	71.52%
Plan fiduciary net position as a percentage of the total pension liability	92.00%
<b><i>Health Insurance Subsidy Program (HIS)</i></b>	<b>2015</b>
Employer's proportion of the net pension liability (asset)	0.0033%
Employer's proportionate share of the net pension liability (asset)	\$ 333,693
Employer's covered-employee payroll (2)	\$ 906,883
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	36.80%
Plan fiduciary net position as a percentage of the total pension liability	0.50%

**Notes to schedules:**

(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

(2) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

*GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.*

**City of New Smyrna Beach, Florida**  
**Required Pension Supplementary Information**  
**Schedule of Contributions – Florida Retirement System**  
**Last Fiscal Year**

<b><i>Florida Retirement System (FRS)</i></b>	2015
Contractually required contribution	\$ 113,890
Contributions in relation to the contractually required contribution	113,890
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>
Employer's covered-employee payroll (1)	\$ 906,883
Contributions as a percentage of covered-employee payroll	12.56%
<hr/>	
<b><i>Health Insurance Subsidy Program (HIS)</i></b>	2015
Contractually required contribution	\$ 12,459
Contributions in relation to the contractually required contribution	12,459
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>
Employer's covered-employee payroll (1)	\$ 906,883
Contributions as a percentage of covered-employee payroll	1.37%

**Notes to schedules:**

(1) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

*GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.*

**City of New Smyrna Beach, Florida**  
**Required Pension Supplementary Information**  
**Net Pension Liability and Related Ratios**  
**Last Two Fiscal Years**

<b>Police Officers' Pension Plan</b>		
<i>For the year ended September 30,</i>	2015	2014
<b>Total Pension Liability</b>		
Service Cost	\$ 320,867	\$ 307,413
Interest	1,570,033	1,556,015
Change in funding standard account	172,643	(229,824)
Share plan allocation	54,834	51,740
Differences between expected and actual experience	(468,804)	-
Employee Contributions	(1,700,396)	(1,346,754)
<b>Net Change in Total Pension Liability</b>	<b>(50,823)</b>	<b>338,590</b>
<b>Total Pension Liability -Beginning</b>	<b>20,154,739</b>	<b>19,816,149</b>
<b>Total Pension Liability- Ending (a)</b>	<b>\$ 20,103,916</b>	<b>\$ 20,154,739</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 557,661	\$ 470,733
Contributions - State	177,297	174,203
Contributions - Employee	184,836	137,166
Net Investment Income	337,826	1,640,698
Benefit Payments, Including Refunds of Employee Contributions	(1,700,396)	(1,346,754)
Administrative Expense	(37,482)	(29,248)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(480,258)</b>	<b>1,046,798</b>
<b>Plan Fiduciary Net Position- Beginning</b>	<b>16,645,830</b>	<b>15,599,032</b>
<b>Plan Fiduciary Net Position- Ending (b)</b>	<b>\$ 16,165,572</b>	<b>\$ 16,645,830</b>
<b>Net Pension Liability- Ending (a) - (b)</b>	<b>\$ 3,938,344</b>	<b>\$ 3,508,909</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>80.41%</b>	<b>82.59%</b>
<b>Covered employee payroll</b>	<b>\$ 2,206,819</b>	<b>\$ 1,658,351</b>
<b>Net pension liability as a percentage of covered employee payroll</b>	<b>178.46%</b>	<b>211.59%</b>

**Notes to the schedules:**

(1) For the 2014 fiscal year, the covered employee payroll figure was not available. Pensionable salary has been reported instead.

(2) The amounts presented for each fiscal year were determined as of September 30. The City implemented GASB Statement No. 67 for the fiscal year ending September 30, 2014. As a result this information is only available for the past two fiscal years.

**City of New Smyrna Beach, Florida**  
**Required Pension Supplementary Information**  
**Net Pension Liability and Related Ratios**  
**Last Two Fiscal Years**

<b>Firefighters' Pension Plan</b>		
<i>For the year ended September 30,</i>	2015	2014
<b>Total Pension Liability</b>		
Service Cost	\$ 213,595	\$ 203,023
Interest	1,933,796	1,944,483
Differences between expected and actual experience	3,756	-
Employee Contributions	(3,089,977)	(1,496,734)
<b>Net Change in Total Pension Liability</b>	<b>(938,830)</b>	<b>650,772</b>
<b>Total Pension Liability -Beginning</b>	<b>25,809,825</b>	<b>25,159,053</b>
<b>Total Pension Liability- Ending (a)</b>	<b>\$ 24,870,995</b>	<b>\$ 25,809,825</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 1,361,079	\$ 1,014,458
Contributions - State	277,167	295,516
Contributions - Employee	189,832	131,769
Net Investment Income	178,352	1,341,294
Benefit Payments, Including Refunds of Employee Contributions	(3,089,977)	(1,496,734)
Administrative Expense	(28,126)	(25,835)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(1,111,673)</b>	<b>1,260,468</b>
<b>Plan Fiduciary Net Position- Beginning</b>	<b>19,233,813</b>	<b>17,973,345</b>
<b>Plan Fiduciary Net Position- Ending (b)</b>	<b>\$ 18,122,140</b>	<b>\$ 19,233,813</b>
<b>Net Pension Liability- Ending (a) - (b)</b>	<b>\$ 6,748,855</b>	<b>\$ 6,576,012</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>72.86%</b>	<b>74.52%</b>
<b>Covered employee payroll</b>	<b>\$ 2,513,046</b>	<b>\$ 1,727,904</b>
<b>Net pension liability as a percentage of covered employee payroll</b>	<b>268.55%</b>	<b>380.58%</b>

**Notes to the schedules:**

(1) For the 2014 fiscal year, the covered employee payroll figure was not available. Pensionable salary has been reported instead.

(2) The amounts presented for each fiscal year were determined as of September 30. The City implemented GASB Statement No. 67 for the fiscal year ending September 30, 2014. As a result this information is only available for the past two fiscal years.

**City of New Smyrna Beach, Florida**  
**Required Pension Supplementary Information**  
**Schedule of Contributions – Police Officers’ and Firefighters’ Pension Plans**  
**Last Two Fiscal Years**

<b>Police Officers' Pension Plan</b>		
<i>For the year ended September 30,</i>	2015	2014
Actuarially required contribution	\$ 750,435	\$ 823,020
Contributions in relation to the actuarially determined contributions	750,435	823,020
Contributions deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 2,206,819	\$ 1,658,351
Contributions as a percentage of covered employee payroll	34.01%	49.63%

<b>Firefighters' Pension Plan</b>		
<i>For the year ended September 30,</i>	2015	2014
Actuarially required contribution	\$ 1,638,246	\$ 1,309,974
Contributions in relation to the actuarially determined contributions	1,638,246	1,309,974
Contributions deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 2,513,046	\$ 1,727,904
Contributions as a percentage of covered employee payroll	65.19%	75.81%

**Notes to the schedules:**

(1) For the 2014 fiscal year, the covered employee payroll figure was not available. Pensionable salary has been reported instead.

(2) The amounts presented for each fiscal year were determined as of September 30. The City implemented GASB Statement No. 67 for the fiscal year ending September 30, 2014. As a result this information is only available for the past two fiscal years.

**City of New Smyrna Beach, Florida**  
**Required Pension Supplementary Information**  
**Schedule of Investment Returns – Police Officers’ and Firefighters’ Pension Plans**  
**Last Two Fiscal Years**

<b>Police Officers' Pension Plan</b>		
<i>For the year ended September 30,</i>	2015	2014
Annual Money-Weighted Rate of Return		
Net of Investment Expense	2.11%	10.88%

<b>Firefighters' Pension Plan</b>		
<i>For the year ended September 30,</i>	2015	2014
Annual Money-Weighted Rate of Return		
Net of Investment Expense	0.99%	7.64%

**Note to the schedules:**

(1) The amounts presented for each fiscal year were determined as of September 30. The City implemented GASB Statement No. 67 for the fiscal year ending September 30, 2014. As a result this information is only available for the past two fiscal years.

**City of New Smyrna Beach, Florida**  
**Required Supplementary Pension Information**  
**Notes to Schedule – Police Officers’ and Firefighters’ Pension Plans**

Valuation date: October 1, 2013

*Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.*

	<b>Police Officers' Pension Plan</b>	<b>Firefighters' Pension Plan</b>
Funding Method:	Frozen Initial Liability Actuarial Cost Method.	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level dollar basis.	Level Percentage of Pay, Closed.
Remaining Amortization Period:	29 Years (as of 10/01/2013)	28 Years (as of 10/01/2013)
Asset Valuation Method:	All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a 4-year period.	The actuarial value of assets is brought forward using the historical geometric 4-year average of market value returns. Over time, this may result in an insignificant bias that is above or below the market value of assets.
Inflation:	3.0% per year.	3.0% per year.
Salary Increases:	Table S-5 from the Actuaries Pension Handbook plus 3.0%, plus a percentage for Lump Sums.	5.75% for all ages. The final salary is increased based on the frozen hours (up to 500) as of October 1, 2012 for each member.
Interest Rate:	8.0% per year compounded annually, net of investment related expenses.	7.9% per year compounded annually, net of investment related expenses.
Payroll Growth:	None.	Up to 3.0% per year (0.0% used for 10/01/2013 valuation).
Retirement Age:	For active members, the later of a) age 50, or b) the earlier of age 55 with 10 years of credited service or completion of 20 years of service. For inactive members, normal retirement age as defined in the Summary of Plan Provisions.	Earlier of a) age 56 and 10 years of credited service or b) 26 years of credited service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
Early Retirement:	Commencing with eligibility for Early Retirement (Age 50 with 10 years of credited service), members are assumed to retire with an immediate benefit rate of 5% per year.	Commencing with eligibility for Early Retirement (Age 50), members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year.
Termination Rates:	2003 Society of Actuaries Small Plan Age Table, multiplied by 0.45.	See table below.

**City of New Smyrna Beach, Florida**  
**Required Supplementary Pension Information**  
**Notes to Schedule – Police Officers’ and Firefighters’ Pension Plans**

	<b>Police Officers' Pension Plan</b>	<b>Firefighters' Pension Plan</b>
Disability Rates:	1987 Commissioner's Group Disability Table, six month elimination period, rates have been multiplied by 2 for occupational disability.	See table below.
	<i>It is assumed that 75% of disablements will be in-line of duty and 25% will not be in-line of duty.</i>	
Mortality	RP-2000 Combined Healthy Mortality Table, projected to 2005 using scale AA - Based on a study of over 650 public safety funds, this table reflects more than a 10% margin for future mortality improvements.	RP-2000 Table with no projection. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements (Disabled lives set forward 5 years).

**Police Officers' Pension Plan**

<u>Age</u>	<u>% Terminating During the Year</u>	<u>Salary Increase</u>
20	10.94%	8.10%
25	8.78%	7.18%
30	6.98%	6.57%
35	5.45%	6.11%
40	4.23%	5.72%
45	3.29%	5.39%
50	2.52%	5.12%
55	1.89%	4.88%

**Firefighters' Pension Plan**

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
20	17.2%	0.07%
30	15.0%	0.11%
40	8.2%	0.19%
50	1.7%	0.51%

**City of New Smyrna Beach, Florida**  
**Required Other Postemployment Benefits Supplementary Information**  
**Schedules of Funding Progress Three Most Recent Actuarial Valuations**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability AAL (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
1/1/2014	\$ -	\$ 2,212,000	\$ 2,212,000	0.0%	\$ 8,344,000	26.51%
1/1/2012	-	871,000	871,000	0.0%	8,030,000	10.85%
7/1/2010	-	777,000	777,000	0.0%	9,127,000	8.51%

THIS PAGE IS INTENTIONALLY LEFT BLANK.

**City of New Smyrna Beach, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual - General Fund**

<i>Year ended September 30, 2015</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	12,444,091	12,879,776	\$ 13,113,136	\$ 233,360
Licenses and permits	4,362,552	4,362,552	4,455,721	93,169
Intergovernmental	2,325,815	2,517,891	2,362,346	(155,545)
Charges for services	417,162	534,362	490,846	(43,516)
Fines and forfeitures	62,450	62,450	136,875	74,425
Investment income	28,000	28,000	28,900	900
Miscellaneous	276,778	178,961	729,413	550,452
<b>Total revenues</b>	<b>19,916,848</b>	<b>20,563,992</b>	<b>21,317,237</b>	<b>753,245</b>
<b>Expenditures</b>				
Current:				
General government	3,041,950	3,182,645	3,046,510	136,135
Public safety	11,075,183	11,442,632	10,853,530	589,102
Transportation	1,225,057	1,438,267	1,380,523	57,744
Culture and recreation	2,682,001	2,733,528	2,696,199	37,329
Buildings and maintenance	497,254	498,382	486,160	12,222
Capital outlay	1,335,261	2,214,430	1,260,893	953,537
<b>Total expenditures</b>	<b>19,856,706</b>	<b>21,509,884</b>	<b>19,723,815</b>	<b>1,786,069</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>60,142</b>	<b>(945,892)</b>	<b>1,593,422</b>	<b>2,539,314</b>
<b>Other financing sources (uses)</b>				
Transfers in	545,756	499,263	616,328	117,065
Transfers out	(983,398)	(1,727,076)	(1,727,076)	-
Proceeds from sale of capital assets	-	-	403,109	403,109
<b>Total other financing sources (uses)</b>	<b>(437,642)</b>	<b>(1,227,813)</b>	<b>(707,639)</b>	<b>520,174</b>
<b>Net change in fund balances</b>	<b>(377,500)</b>	<b>(2,173,705)</b>	<b>885,783</b>	<b>3,059,488</b>
<b>Fund balances, beginning of year</b>	<b>9,098,375</b>	<b>9,098,375</b>	<b>9,098,375</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 8,720,875</b>	<b>\$ 6,924,670</b>	<b>\$ 9,984,158</b>	<b>\$ 3,059,488</b>

**City of New Smyrna Beach, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual – Stormwater Utility Fund**

<i>Year ended September 30, 2015</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Charges for services	\$ 1,799,696	\$ 1,912,183	\$ 1,922,683	\$ 10,500
Investment income	-	-	4,135	4,135
Intergovernmental	6,638,722	6,638,722	5,560,367	(1,078,355)
<b>Total revenues</b>	<b>8,438,418</b>	<b>8,550,905</b>	<b>7,487,185</b>	<b>(1,063,720)</b>
<b>Expenditures</b>				
Physical environment	571,371	1,358,044	682,445	675,599
Buildings and maintenance	80,000	73,721	67,963	5,758
Capital outlay	8,790,553	9,821,249	7,926,377	1,894,872
<b>Total expenditures</b>	<b>9,441,924</b>	<b>11,253,014</b>	<b>8,676,785</b>	<b>2,576,229</b>
<b>Deficiency of revenues under expenditures</b>	<b>(1,003,506)</b>	<b>(2,702,109)</b>	<b>(1,189,600)</b>	<b>1,512,509</b>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	15,840	15,840
Transfers out	(249,347)	(249,348)	(249,348)	-
<b>Total other financing sources (uses)</b>	<b>(249,347)</b>	<b>(249,348)</b>	<b>(233,508)</b>	<b>15,840</b>
<b>Net change in fund balances</b>	<b>(1,252,853)</b>	<b>(2,951,457)</b>	<b>(1,423,108)</b>	<b>1,528,349</b>
<b>Fund balances, beginning of year</b>	<b>4,828,838</b>	<b>4,828,838</b>	<b>4,828,838</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 3,575,985</b>	<b>\$ 1,877,381</b>	<b>\$ 3,405,730</b>	<b>\$ 1,528,349</b>

**City of New Smyrna Beach, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual – Community Redevelopment Agency**

<i>Year ended September 30, 2015</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 645,388	\$ 652,386	\$ 652,386	\$ -
Intergovernmental	1,240,553	1,751,816	1,251,815	(500,001)
Interest and other	-	-	2,203	2,203
Miscellaneous	-	18,898	14,849	(4,049)
<b>Total revenues</b>	<b>1,885,941</b>	<b>2,423,100</b>	<b>1,921,253</b>	<b>(501,847)</b>
<b>Expenditures</b>				
Current:				
Economic environment	2,135,548	2,081,225	1,380,301	700,924
Physical environment	-	-	-	-
Capital outlay	957,832	2,372,746	1,241,132	1,131,614
<b>Total expenditures</b>	<b>3,093,380</b>	<b>4,453,971</b>	<b>2,621,433</b>	<b>1,832,538</b>
<b>Deficiency of revenues under expenditures</b>	<b>(1,207,439)</b>	<b>(2,030,871)</b>	<b>(700,180)</b>	<b>1,330,691</b>
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	-	96,200	96,200	-
Transfers in	-	-	8,471	8,471
Transfers out	-	(150,000)	(267,065)	(117,065)
<b>Other financing sources (uses)</b>	<b>-</b>	<b>(53,800)</b>	<b>(162,394)</b>	<b>(108,594)</b>
<b>Net change in fund balance</b>	<b>(1,207,439)</b>	<b>(2,084,671)</b>	<b>(862,574)</b>	<b>1,222,097</b>
<b>Fund deficit, beginning of year</b>	<b>2,084,671</b>	<b>2,084,671</b>	<b>2,084,671</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 877,232</b>	<b>\$ -</b>	<b>\$ 1,222,097</b>	<b>\$ 1,222,097</b>

**City of New Smyrna Beach, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual – Capital Projects Fund**

<i>Year ended September 30, 2015</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 707,500	\$ 707,500	\$ 428,981	\$ (278,519)
Investment income	-	-	35,776	35,776
<b>Total revenues</b>	<b>707,500</b>	<b>707,500</b>	<b>464,757</b>	<b>(242,743)</b>
<b>Expenditures</b>				
General government	22,911	40,482	40,480	2
Public safety	1,352	3,239	3,239	-
Capital outlay	9,183,587	10,340,280	3,982,355	6,357,925
<b>Total expenditures</b>	<b>9,207,850</b>	<b>10,384,001</b>	<b>4,026,074</b>	<b>6,357,927</b>
<b>Deficiency of revenues under expenditures</b>	<b>(8,500,350)</b>	<b>(9,676,501)</b>	<b>(3,561,317)</b>	<b>6,115,184</b>
<b>Other financing sources</b>				
Transfers in	-	1,211,000	1,211,000	-
Other financing sources	-	1,211,000	1,211,000	-
<b>Net change in fund balance</b>	<b>(8,500,350)</b>	<b>(8,465,501)</b>	<b>(2,350,317)</b>	<b>6,115,184</b>
<b>Fund balances, beginning of year</b>	<b>9,607,437</b>	<b>9,607,437</b>	<b>9,607,437</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 1,107,087</b>	<b>\$ 1,141,936</b>	<b>\$ 7,257,120</b>	<b>\$ 6,115,184</b>

**City of New Smyrna Beach, Florida**  
**Notes to Required Supplementary Information**

**A. Budgetary information**

An annual budget is prepared for all Funds of the City except for the Pension Trust Funds which are effectively controlled through governing agreements and related City ordinances. The annual operating budgets are prepared on a basis consistent with generally accepted accounting principles except for the Enterprise Fund, which uses a modified basis that includes debt proceeds, capital contributions, capital outlay, and debt service principal. Budgets are adopted by the City Council pursuant to City Charter using the following procedures:

- Budget preparation begins with the formulation of a budget calendar by the City Manager, which is distributed generally during April of each year.
- Workshops with the City Council are then held regarding budget priorities.
- Budget instructions containing City Council priorities are then distributed to department heads along with forms and worksheets.
- Each department of the City submits an initial expenditure budget proposal to the Finance Director during May of each year. The Finance Director prepares a proposed budget showing each fund, organization unit (department), program activity, purpose or object of expenditure for the past three years, the current years actual to date and budget, and the next year's proposed budget.
- The City Manager reviews the departmental request, then meets with department heads, where proposed departmental budgets are amended.
- The City Manager and Finance Director prepare their final revenue estimates, which contain comparative and estimated data for each fund and revenue source, during June.
- The proposed budget is presented to the City Council during July each year. At this time, the City Clerk advertises the public hearing on the proposed budget.
- The City Council holds a series of budget workshops and public hearings on the proposed budget, and adopts the official annual budget of the City during September of each year.
- When the budget is formally approved, budget documents are distributed to departments for budget implementation on October 1. During the fiscal year, the Finance Director monitors and reviews budgetary activities and prepares projections to be used to determine year-end cash balances and to prepare for the upcoming fiscal year budget.

Budgetary integration is established in the accounting records for management control purposes at the object of expenditure level; however, the City Charter establishes the level at which expenditures may not legally exceed the total City-wide appropriations. Therefore, the City Manager may, at any time, transfer appropriation amounts between line items, expenditure classifications, departments, and funds without formal approval by City Council. However, any revisions that increase the total appropriations at the fund level of the City must be approved through amendment by the City Council. The Council approved several budgetary amendments during the year.

**City of New Smyrna Beach, Florida**  
**Notes to Required Supplementary Information**

**B. Encumbrances**

Encumbrance accounting is employed in the general, capital project and special revenue funds. Under this method, open purchase orders and other commitments are recognized as expenditures in the period in which the actual goods or services are received and a liability is incurred. Purchase orders, contracts and other commitments outstanding at year-end do not constitute expenditures for liabilities. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are cancelled and capital related obligations are re-appropriated as an expenditure in the succeeding year's budget by way of a budget amendment. Accordingly, there were no encumbrances outstanding at year end.

**C. Financial Reporting for Pension Plans**

Governmental Accounting Standard Board Statement No. 67, *Financial Reporting for Pension Plans*, requires supplementary information be reporting on the local pension plans in addition to that provided in the Notes to Financial Statements. This information is presented in the Required Supplementary Information section of the report.

# CITY OF NEW SMYRNA BEACH, FLORIDA

## Nonmajor Governmental Funds

### Debt Service Fund

---

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

---

### Special Revenue Funds

---

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

---

**Special Law Enforcement Trust Fund** - This fund accounts for proceeds generated by confiscation activities of the Police Department. Expenditures are restricted for law enforcement purposes only.

**Building Inspections Fund** - This fund accounts for revenues generated from licenses and permits charged by the City to enforce State and City building codes.

**Beach Parking Fund** - This fund is used for parking fees and general fund revenues offset the costs of operation, maintenance, and development of parking facilities and parking initiatives, and provide appropriate regulation of utilization.

**Airport Industrial Park** - This fund is used to account for user charges for those using the airport facilities and to account for user charges assessed for the use of industrial park area facilities. Federal awards and state financial assistance is also often a major source of revenue to assist with the maintenance and improvements of these facilities.

### Capital Project Funds

---

Capital project funds account for all resources used for the acquisition and/or construction of capital facilities by the City, except those financed by the enterprise funds.

---

**Special Law Enforcement Capital Fund** - This fund accounts for impact fees assessed and collected against new construction activities. Use of these funds is restricted for expansion of law enforcement facilities and services.

**Fire and Emergency Service Capital Fund** - This fund accounts for impact fees assessed and collected against new construction activities. Use of these funds is restricted for expansion of fire and emergency facilities and services.

**Parks and Recreation Capital Fund** - This fund accounts for impact fees assessed and collected against new construction activities. Use of these funds is restricted for construction or expansion of existing parks and recreation facilities.

**Transportation Capital Fund** - This fund accounts for impact fees assessed and collected against new construction activities. Use of these funds is restricted for expansion of existing local roadway links or construction of new local roadways.

**City of New Smyrna Beach, Florida**  
**Combining Balance Sheet - Nonmajor Governmental Funds**

	<b>Special Revenue Funds</b>				
	Debt Service Fund	Special Law Enforcement Trust	Building Inspections	Beach Parking	Airport Industrial Park
<i>September 30, 2015</i>					
<b>ASSETS</b>					
Equity in pooled cash and investments	\$ -	\$ 96,657	\$ 2,801,761	\$ 91,957	\$ 1,089,701
Restricted equity in pooled cash and investments	301,771	-	-	-	-
Receivables, net					
Accounts receivable	1,199	-	167,909	-	143,122
Due from other governments	-	-	-	-	73,314
Inventories	-	-	-	-	30,424
Prepaid items	-	-	6,411	-	1,960
<b>Total assets</b>	<b>\$ 302,970</b>	<b>\$ 96,657</b>	<b>\$ 2,976,081</b>	<b>\$ 91,957</b>	<b>\$ 1,338,521</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 33,209	\$ 8,928	\$ 51,147
Deposits	-	-	-	-	52,683
Unearned revenue	1,199	-	-	-	-
<b>Total liabilities</b>	<b>1,199</b>	<b>-</b>	<b>33,209</b>	<b>8,928</b>	<b>103,830</b>
<b>FUND BALANCES</b>					
Nonspendable					
Inventories and prepaids	-	-	6,411	-	32,384
Spendable:					
Restricted for:					
Public Safety	-	96,657	2,936,461	-	-
Capital Projects	-	-	-	-	-
Debt Service	301,771	-	-	-	-
Assigned for:					
Parks and recreation assistance program	-	-	-	83,029	-
Transportation	-	-	-	-	1,202,307
<b>Total fund balances</b>	<b>301,771</b>	<b>96,657</b>	<b>2,942,872</b>	<b>83,029</b>	<b>1,234,691</b>
<b>Total liabilities and fund balances</b>	<b>\$ 302,970</b>	<b>\$ 96,657</b>	<b>\$ 2,976,081</b>	<b>\$ 91,957</b>	<b>\$ 1,338,521</b>

<b>Capital Projects Funds</b>					
Law Enforcement Capital	Fire & Emergency Service Capital	Parks & Recreation Capital	Transportation Capital	Total Nonmajor Governmental Funds	
\$ 1,125,470	\$ 397,156	\$ 70,733	\$ 313,069	\$ 5,986,504	
-	-	-	-	301,771	
-	-	-	2,308	314,538	
-	-	-	-	73,314	
-	-	-	-	30,424	
-	-	-	-	8,371	
<b>\$ 1,125,470</b>	<b>\$ 397,156</b>	<b>\$ 70,733</b>	<b>\$ 315,377</b>	<b>\$ 6,714,922</b>	
\$ -	\$ -	\$ -	\$ -	93,284	
-	-	-	-	52,683	
-	-	-	-	1,199	
-	-	-	-	147,166	
-	-	-	-	38,795	
-	-	-	-	3,033,118	
1,125,470	397,156	70,733	315,377	1,908,736	
-	-	-	-	301,771	
-	-	-	-	83,029	
-	-	-	-	1,202,307	
<b>1,125,470</b>	<b>397,156</b>	<b>70,733</b>	<b>315,377</b>	<b>6,567,756</b>	
<b>\$ 1,125,470</b>	<b>\$ 397,156</b>	<b>\$ 70,733</b>	<b>\$ 315,377</b>	<b>\$ 6,714,922</b>	

**City of New Smyrna Beach, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor**  
**Governmental Funds**

	Special Revenue				
	Debt Service Fund	Special Law Enforcement Trust	Building Inspections	Beach Parking	Airport Industrial Park
<i>Year Ended September 30, 2015</i>					
<b>REVENUES</b>					
Taxes	\$ 1,189,755	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	1,556,389	-	-
Intergovernmental revenue	-	-	25,000	-	935,011
Charges for services	-	-	5,357	377	-
Fines and forfeitures	-	37,239	-	-	-
Investment income	893	16	2,957	-	431
Miscellaneous	-	1,283	9,948	-	2,799,043
<b>Total revenues</b>	<b>1,190,648</b>	<b>38,538</b>	<b>1,599,651</b>	<b>377</b>	<b>3,734,485</b>
<b>EXPENDITURES</b>					
Current:					
General government	846	-	-	-	-
Public safety	-	-	783,730	-	-
Transportation	-	-	-	16,532	2,458,029
Debt service:					
Principal	1,688,344	-	-	-	-
Interest	706,363	-	-	-	-
Capital outlay	-	9,090	2,619	83,494	918,147
<b>Total expenditures</b>	<b>2,395,553</b>	<b>9,090</b>	<b>786,349</b>	<b>100,026</b>	<b>3,376,176</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,204,905)</b>	<b>29,448</b>	<b>813,302</b>	<b>(99,649)</b>	<b>358,309</b>
<b>OTHER FINANCING SOURCES</b>					
Transfers in	1,232,746	-	4,245	182,678	13,817
<b>Total other financing sources</b>	<b>1,232,746</b>	<b>-</b>	<b>4,245</b>	<b>182,678</b>	<b>13,817</b>
<b>Net change in fund balances</b>	<b>27,841</b>	<b>29,448</b>	<b>817,547</b>	<b>83,029</b>	<b>372,126</b>
<b>Fund balances, beginning of year</b>	<b>273,930</b>	<b>67,209</b>	<b>2,125,325</b>	<b>-</b>	<b>862,565</b>
<b>Fund balances, end of year</b>	<b>\$ 301,771</b>	<b>\$ 96,657</b>	<b>\$ 2,942,872</b>	<b>\$ 83,029</b>	<b>\$ 1,234,691</b>

Capital Projects					Total
Law Enforcement Capital	Fire & Emergency Service Capital	Parks & Recreation Capital	Transportation Capital	Nonmajor Governmental Funds	
\$ -	\$ -	\$ -	\$ -	\$ 1,189,755	
-	-	-	-	1,556,389	
-	-	-	-	960,011	
135,598	114,083	25,653	215,918	496,986	
-	-	-	-	37,239	
1,107	489	77	661	6,631	
-	-	-	4,014	2,814,288	
136,705	114,572	25,730	220,593	7,061,299	
-	-	-	-	846	
-	-	-	-	783,730	
-	-	-	4,500	2,479,061	
-	-	-	-	1,688,344	
-	-	-	-	706,363	
-	171,252	-	1,021,016	2,205,618	
-	171,252	-	1,025,516	7,863,962	
136,705	(56,680)	25,730	(804,923)	(802,663)	
-	-	-	-	1,433,486	
-	-	-	-	1,433,486	
136,705	(56,680)	25,730	(804,923)	630,823	
988,765	453,836	45,003	1,120,300	5,936,933	
\$ 1,125,470	\$ 397,156	\$ 70,733	\$ 315,377	\$ 6,567,756	

**City of New Smyrna Beach, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and**  
**Actual – Debt Service Fund**

<i>Year ended September 30, 2015</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 1,172,691	\$ 1,172,691	\$ 1,189,755	\$ 17,064
Investment income	-	-	893	893
<b>Total revenues</b>	<b>1,172,691</b>	<b>1,172,691</b>	<b>1,190,648</b>	<b>17,957</b>
<b>Expenditures</b>				
General government	-	-	846	(846)
Debt service:				
Principal	1,686,443	1,688,344	1,688,344	-
Interest and fiscal charges	718,993	716,246	706,363	9,883
<b>Total expenditures</b>	<b>2,405,436</b>	<b>2,404,590</b>	<b>2,395,553</b>	<b>9,037</b>
<b>Deficiency of revenues under expenditures</b>	<b>(1,232,745)</b>	<b>(1,231,899)</b>	<b>(1,204,905)</b>	<b>26,994</b>
<b>Other financing sources</b>				
Transfers in	1,232,745	1,232,745	1,232,746	1
Other financing sources	1,232,745	1,232,745	1,232,746	1
<b>Net change in fund balance</b>	<b>-</b>	<b>846</b>	<b>27,841</b>	<b>26,995</b>
<b>Fund balances, beginning of year</b>	<b>273,930</b>	<b>273,930</b>	<b>273,930</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 273,930</b>	<b>\$ 274,776</b>	<b>\$ 301,771</b>	<b>\$ 26,995</b>

**City of New Smyrna Beach, Florida**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Special Law Enforcement Trust Fund**

<i>Year ended September 30, 2015</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Fines and forfeitures	\$ -	\$ -	\$ 37,239	\$ 37,239
Investment income	-	-	16	16
Miscellaneous	-	-	1,283	1,283
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>38,538</b>	<b>38,538</b>
<b>Expenditures</b>				
Public safety	30,138	15,138	-	15,138
Capital outlay	-	15,000	9,090	5,910
<b>Total expenditures</b>	<b>30,138</b>	<b>30,138</b>	<b>9,090</b>	<b>21,048</b>
<b>Net change in fund balance</b>	<b>(30,138)</b>	<b>(30,138)</b>	<b>29,448</b>	<b>59,586</b>
<b>Fund balances, beginning of year</b>	<b>67,209</b>	<b>67,209</b>	<b>67,209</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 37,071</b>	<b>\$ 37,071</b>	<b>\$ 96,657</b>	<b>\$ 59,586</b>

**City of New Smyrna Beach, Florida**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Building Inspections Fund**

<i>Year ended September 30, 2015</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Licenses and permits	\$ 803,462	\$ 889,662	\$ 1,556,389	\$ 666,727
Intergovernmental revenue	25,000	25,000	25,000	-
Charges for services	71,988	71,988	5,357	(66,631)
Investment income	-	-	2,957	2,957
Miscellaneous	9,900	9,900	9,948	48
<b>Total revenues</b>	<b>910,350</b>	<b>996,550</b>	<b>1,599,651</b>	<b>603,101</b>
<b>Expenditures</b>				
Public safety	861,945	1,000,703	783,730	216,973
Capital outlay	48,405	248,405	2,619	245,786
<b>Total expenditures</b>	<b>910,350</b>	<b>1,249,108</b>	<b>786,349</b>	<b>462,759</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>(252,558)</b>	<b>813,302</b>	<b>1,065,860</b>
<b>Other financing sources</b>				
Transfers in	-	-	4,245	4,245
Other financing sources	-	-	4,245	4,245
<b>Net change in fund balance</b>	<b>-</b>	<b>(252,558)</b>	<b>817,547</b>	<b>1,070,105</b>
<b>Fund balances, beginning of year</b>	<b>2,125,325</b>	<b>2,125,325</b>	<b>2,125,325</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 2,125,325</b>	<b>\$ 1,872,767</b>	<b>\$ 2,942,872</b>	<b>\$ 1,070,105</b>

**City of New Smyrna Beach, Florida**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Beach Parking Fund**

<i>Year ended September 30, 2015</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Charges for services	\$ -	\$ -	\$ 377	\$ 377
Total revenues	-	-	377	377
<b>Expenditures</b>				
Transportation	-	40,120	16,532	23,588
Capital outlay	-	90,000	83,494	6,506
Total expenditures	-	130,120	100,026	30,094
<b>Deficiency of revenues under expenditures</b>	-	(130,120)	(99,649)	30,471
<b>Other financing sources</b>				
Transfers in	-	182,678	182,678	-
Other financing sources	-	182,678	182,678	-
<b>Net change in fund balance</b>	-	52,558	83,029	30,471
<b>Fund balances, beginning of year</b>	-	-	-	-
<b>Fund balances, end of year</b>	\$ -	\$ 52,558	\$ 83,029	\$ 30,471

**City of New Smyrna Beach, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and**  
**Actual – Airport Industrial Park Fund**

<i>Year ended September 30, 2015</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 1,987,085	\$ 3,224,994	\$ 935,011	\$ (2,289,983)
Investment income	-	-	431	431
Miscellaneous	3,240,322	3,240,322	2,799,043	(441,279)
<b>Total revenues</b>	<b>5,227,407</b>	<b>6,465,316</b>	<b>3,734,485</b>	<b>(2,730,831)</b>
<b>Expenditures</b>				
Current:				
Transportation	2,925,014	3,222,462	2,458,029	764,433
Capital outlay	3,240,322	3,240,322	918,147	2,322,175
<b>Total expenditures</b>	<b>6,165,336</b>	<b>6,462,784</b>	<b>3,376,176</b>	<b>3,086,608</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(937,929)</b>	<b>2,532</b>	<b>358,309</b>	<b>355,777</b>
<b>Other financing sources</b>				
Transfer in	-	-	13,817	13,817
Other financing sources	-	-	13,817	13,817
<b>Net change in fund balance</b>	<b>(937,929)</b>	<b>2,532</b>	<b>372,126</b>	<b>369,594</b>
<b>Fund balances, beginning of year</b>	<b>862,565</b>	<b>862,565</b>	<b>862,565</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ (75,364)</b>	<b>\$ 865,097</b>	<b>\$ 1,234,691</b>	<b>\$ 369,594</b>

**City of New Smyrna Beach, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and**  
**Actual – Law Enforcement Capital Fund**

<i>Year ended September 30, 2015</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Charges for services	\$ 30,000	\$ 30,000	\$ 135,598	\$ 105,598
Investment income	-	-	1,107	1,107
<b>Total revenues</b>	<b>30,000</b>	<b>30,000</b>	<b>136,705</b>	<b>106,705</b>
<b>Expenditures</b>				
Public safety	30,000	30,000	-	30,000
<b>Total expenditures</b>	<b>30,000</b>	<b>30,000</b>	<b>-</b>	<b>30,000</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>136,705</b>	<b>136,705</b>
<b>Fund balances, beginning of year</b>	<b>988,765</b>	<b>988,765</b>	<b>988,765</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 988,765</b>	<b>\$ 988,765</b>	<b>\$ 1,125,470</b>	<b>\$ 136,705</b>

**City of New Smyrna Beach, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and**  
**Actual – Fire and Emergency Service Capital Fund**

<i>Year ended September 30, 2015</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Charges for services	\$ 30,000	\$ 30,000	\$ 114,083	\$ 84,083
Investment income	-	-	489	489
<b>Total revenues</b>	<b>30,000</b>	<b>30,000</b>	<b>114,572</b>	<b>84,572</b>
<b>Expenditures</b>				
Public safety	30,000	30,000	-	30,000
Capital outlay	235,000	235,000	171,252	63,748
<b>Total expenditures</b>	<b>265,000</b>	<b>265,000</b>	<b>171,252</b>	<b>93,748</b>
<b>Net change in fund balance</b>	<b>(235,000)</b>	<b>(235,000)</b>	<b>(56,680)</b>	<b>178,320</b>
<b>Fund balances, beginning of year</b>	<b>453,836</b>	<b>453,836</b>	<b>453,836</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 218,836</b>	<b>\$ 218,836</b>	<b>\$ 397,156</b>	<b>\$ 178,320</b>

**City of New Smyrna Beach, Florida**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Parks and Recreation Capital Fund**

<i>Year ended September 30, 2015</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Charges for services	\$ 14,000	\$ 14,000	\$ 25,653	\$ 11,653
Investment income	-	-	77	77
<b>Total revenues</b>	<b>14,000</b>	<b>14,000</b>	<b>25,730</b>	<b>11,730</b>
<b>Expenditures</b>				
Culture / recreation	14,000	14,000	-	14,000
<b>Total expenditures</b>	<b>14,000</b>	<b>14,000</b>	<b>-</b>	<b>14,000</b>
<b>Excess of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>25,730</b>	<b>25,730</b>
<b>Other financing uses</b>				
Transfers out	-	(77,000)	-	77,000
<b>Other financing uses</b>	<b>-</b>	<b>(77,000)</b>	<b>-</b>	<b>77,000</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>(77,000)</b>	<b>25,730</b>	<b>102,730</b>
<b>Fund balances, beginning of year</b>	<b>45,003</b>	<b>45,003</b>	<b>45,003</b>	<b>-</b>
<b>Fund balances , end of year</b>	<b>\$ 45,003</b>	<b>\$ (31,997)</b>	<b>\$ 70,733</b>	<b>\$ 102,730</b>

**City of New Smyrna Beach, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and**  
**Actual – Transportation Capital Fund**

<i>Year ended September 30, 2015</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Charges for services	\$ 61,830	\$ 61,830	\$ 215,918	\$ 154,088
Investment income	-	-	661	661
Miscellaneous	-	-	4,014	4,014
<b>Total revenues</b>	<b>61,830</b>	<b>61,830</b>	<b>220,593</b>	<b>158,763</b>
<b>Expenditures</b>				
Transportation	61,830	12,500	4,500	8,000
Capital outlay	-	1,053,405	1,021,016	32,389
<b>Total expenditures</b>	<b>61,830</b>	<b>1,065,905</b>	<b>1,025,516</b>	<b>40,389</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>(1,004,075)</b>	<b>(804,923)</b>	<b>199,152</b>
<b>Fund balances, beginning of year</b>	<b>1,120,300</b>	<b>1,120,300</b>	<b>1,120,300</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 1,120,300</b>	<b>\$ 116,225</b>	<b>\$ 315,377</b>	<b>\$ 199,152</b>

## **STATISTICAL SECTION**

THIS PAGE IS INTENTIONALLY LEFT BLANK.

# STATISTICAL SECTION

This part of the City of New Smyrna Beach, Florida's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

## Table of Contents

### A. Financial Trends

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

<b>Table 1</b>	Net Position by Component, Last Ten Fiscal Years
<b>Table 2</b>	Changes in Net Position, Last Ten Fiscal Years
<b>Table 3</b>	Fund Balances, Governmental Funds, Last Ten Fiscal Years
<b>Table 4</b>	Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years
<b>Table 5</b>	Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years
<b>Table 6</b>	Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years
<b>Table 7</b>	Principal Property Taxpayers, Current and Nine Years Ago
<b>Table 8</b>	Property Tax Levies and Collections, Last Ten Fiscal Years
<b>Table 9</b>	Ratios of Outstanding Debt by Type, Last Ten Fiscal Years
<b>Table 10</b>	Ratios of Net General Bonded Debt Outstanding, Last Ten Fiscal Years
<b>Table 11</b>	Direct and Overlapping Debt for Governmental Activities
<b>Table 12</b>	Legal Debt Margin Information
<b>Table 13</b>	Pledged Revenue Coverage, Last Ten Fiscal Years
<b>Table 14</b>	Demographic and Economic Indicators, Last Ten Fiscal Years
<b>Table 15</b>	Principal Employers, Current and Nine Years Ago
<b>Table 16</b>	Full-Time Equivalent City Government Employees by Function/Program, Last Ten Fiscal Years
<b>Table 17</b>	Operating Indicators by Function/Program, Last Ten Fiscal Years
<b>Table 18</b>	Capital Asset Statistics by Function/Program, Last Ten Fiscal Years

### Additional Notes

Unless otherwise noted, the information in these schedules is derived from the City's Comprehensive Annual Financial Report (CAFR) for the relevant year.

**City of New Smyrna Beach, Florida**  
**Net Position by Component, Last Ten Fiscal Years**

<i>Fiscal Year Ended September 30,</i>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Governmental Activities:</b>				
Invested in capital assets	\$ 90,274,757	\$ 78,223,395	\$ 72,837,452	\$ 68,606,704
Restricted	6,314,851	6,844,850	6,976,592	10,144,140
Unrestricted	848,848	2,398,098	12,386,601	11,427,059
<b>Total governmental activities net position</b>	<b>\$ 97,438,456</b>	<b>\$ 87,466,343</b>	<b>\$ 92,200,645</b>	<b>\$ 90,177,903</b>
<b>Business-type Activities:</b>				
Invested in capital assets	\$ 119,173	\$ 139,046	\$ 108,271	\$ 82,689
Unrestricted	60,500	474,803	674,090	1,482,050
<b>Total business-type activities net position</b>	<b>\$ 179,673</b>	<b>\$ 613,849</b>	<b>\$ 782,361</b>	<b>\$ 1,564,739</b>
<b>Primary Government:</b>				
Invested in capital assets	\$ 90,393,930	\$ 78,362,441	\$ 72,945,723	\$ 68,689,393
Restricted	6,314,851	6,844,850	6,976,592	10,144,140
Unrestricted	909,348	2,872,901	13,060,691	12,909,109
<b>Total primary government net position</b>	<b>\$ 97,618,129</b>	<b>\$ 88,080,192</b>	<b>\$ 92,983,006</b>	<b>\$ 91,742,642</b>

**Table 1**

2011	2010	2009	2008	2007	2006
\$ 61,529,420	\$ 54,002,170	\$ 50,935,317	\$ 48,513,689	\$ 40,515,634	\$ 37,234,282
13,093,265	16,870,174	15,146,650	12,938,547	12,221,370	7,898,924
11,232,777	11,169,827	11,297,863	13,580,821	12,061,784	10,082,295
<u>\$ 85,855,462</u>	<u>\$ 82,042,171</u>	<u>\$ 77,379,830</u>	<u>\$ 75,033,057</u>	<u>\$ 64,798,788</u>	<u>\$ 55,215,501</u>
\$ 44,049	\$ 2,748,890	\$ 2,955,440	\$ 3,111,596	\$ 3,305,043	\$ 3,088,419
1,301,107	(1,721,556)	(1,639,485)	(1,329,342)	(1,374,191)	(936,892)
<u>\$ 1,345,156</u>	<u>\$ 1,027,334</u>	<u>\$ 1,315,955</u>	<u>\$ 1,782,254</u>	<u>\$ 1,930,852</u>	<u>\$ 2,151,527</u>
\$ 61,573,469	\$ 56,751,060	\$ 53,890,757	\$ 51,625,285	43,820,677	40,322,701
13,093,265	16,870,174	15,146,650	12,938,547	12,221,370	7,898,924
12,533,884	9,448,271	9,658,378	12,251,479	10,687,593	9,145,403
<u>\$ 87,200,618</u>	<u>\$ 83,069,505</u>	<u>\$ 78,695,785</u>	<u>\$ 76,815,311</u>	<u>\$ 66,729,640</u>	<u>\$ 57,367,028</u>

**City of New Smyrna Beach, Florida**  
**Changes in Net Position, Last Ten Fiscal Years**

<i>Fiscal Year Ended September 30,</i>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Expenses:</b>				
<b>Governmental Activities:</b>				
General government	\$ 3,614,857	\$ 3,418,609	\$ 2,900,453	\$ 2,828,557
Public safety	13,183,486	11,991,298	12,065,182	11,793,168
Transportation	4,373,481	4,467,014	4,665,184	3,318,479
Economic environment	2,079,700	2,496,356	3,306,426	2,237,200
Physical environment	1,327,420	977,494	932,060	977,478
Human services	-	-	-	-
Culture/recreation	3,202,899	2,891,609	2,790,501	2,760,098
Intragovernmental services	566,013	561,254	429,002	352,355
Interest on long-term debt	865,380	897,374	922,751	995,642
Total governmental activities expenses	29,213,236	27,701,008	28,011,559	25,262,977
<b>Business-Type Activities:</b>				
Sanitation	5,262,651	5,092,946	4,975,471	4,903,865
Golf course	1,151,917	1,147,538	1,114,149	1,099,174
Marina	188,247	174,597	173,757	183,250
Total business-type activities expenses	6,602,815	6,415,081	6,263,377	6,186,289
Total primary government expenses	35,816,051	34,116,089	34,274,936	31,449,266
<b>Program Revenues:</b>				
<b>Governmental Activities:</b>				
<b>Charges for Services:</b>				
General government	1,017,574	917,787	735,488	705,084
Public safety	1,757,344	1,816,131	1,675,729	1,254,593
Transportation	2,773,746	2,695,161	2,672,797	1,851,577
Economic environment	-	-	-	-
Physical environment	1,922,683	1,868,307	1,815,929	1,260,015
Culture/recreation	225,425	285,987	300,470	279,589
Operating grants and contributions	1,070,237	2,658,957	1,079,061	1,023,888
Capital grants and contributions	7,582,049	2,228,542	1,486,748	3,635,971
Total governmental activities program revenues	16,349,058	12,470,872	9,766,222	10,010,717

Table 2

	2011	2010	2009	2008	2007	2006
\$	3,015,088	\$ 3,064,966	\$ 3,581,208	\$ 3,812,525	\$ 3,961,799	\$ 3,874,356
	12,296,368	10,501,207	13,049,015	12,916,101	13,304,055	12,119,668
	3,581,157	3,898,353	2,889,765	2,078,168	2,729,379	2,284,003
	1,560,623	3,580,406	1,203,546	619,792	425,900	667,182
	755,328	546,962	896,077	723,596	308,537	315,810
	-	-	-	40,987	31,697	17,386
	2,996,608	3,444,935	3,580,298	3,762,117	3,574,958	3,245,963
	364,404	509,468	522,213	464,316	510,380	478,161
	1,084,163	1,182,887	1,532,430	1,284,564	1,363,934	1,421,610
	25,653,739	26,729,184	27,254,552	25,702,166	26,210,639	24,424,139
	5,122,574	5,039,321	5,069,091	4,921,802	4,736,063	2,788,909
	1,095,600	1,302,760	1,529,305	1,653,133	1,660,803	1,290,836
	188,150	-	-	-	-	-
	6,406,324	6,342,081	6,598,396	6,574,935	6,396,866	4,079,745
	32,060,063	33,071,265	33,852,948	32,277,101	32,607,505	28,503,884
	754,910	780,828	1,037,598	665,878	864,884	486,319
	818,247	668,666	757,829	805,910	1,041,512	1,014,951
	1,877,293	1,246,117	732,791	888,723	922,218	23,872
	7,075	5,550	3,600	2,550	58,702	-
	1,292,246	1,198,614	1,201,382	1,243,564	1,211,454	1,188,726
	204,033	554,070	575,966	590,331	569,220	414,847
	1,779,466	1,322,659	2,280,105	2,599,531	2,164,836	1,027,960
	2,399,895	2,784,637	1,367,708	4,229,658	2,866,560	1,544,021
	9,133,165	8,561,141	7,956,979	11,026,145	9,699,386	5,700,696

**City of New Smyrna Beach, Florida**  
**Changes in Net Position, Last Ten Fiscal Years (continued)**

<i>Fiscal Year Ended September 30,</i>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Program Revenues (continued):</b>				
Business-Type Activities:				
Charges for Services:				
Sanitation	5,288,084	5,128,609	5,012,251	4,956,381
Golf course	1,121,547	1,214,833	1,232,023	1,192,013
Marina	282,478	274,940	276,005	286,343
Total business-type activities				
program revenues	6,692,109	6,618,382	6,520,279	6,434,737
Total primary government program revenues	23,041,167	19,089,254	16,286,501	16,445,454
<b>Net (Expense)/Revenue:</b>				
Governmental activities	(12,864,178)	(15,230,136)	(18,245,337)	(15,252,260)
Business-type activities	89,295	203,301	256,902	248,448
Total primary government net expense	(12,774,883)	(15,026,835)	(17,988,435)	(15,003,812)
<b>General Revenues and Other Changes in Net Position:</b>				
Governmental Activities:				
Taxes:				
Property taxes	11,867,963	11,128,948	10,829,994	10,510,181
Franchise fees	670,788	718,704	593,815	603,999
Public service taxes	3,136,070	3,067,282	2,839,351	2,907,666
Sales taxes	1,208,002	1,102,855	1,049,653	982,026
Intergovernmental revenues	924,694	900,816	848,741	814,428
Investment earnings	78,273	32,699	24,808	26,769
Required payment from component unit	3,550,060	3,487,211	3,235,374	3,388,376
Miscellaneous revenue	621,401	196,987	162,158	310,556
Gain on sale of capital	252,459	330,433	-	-
Transfers	526,581	280,700	1,042,706	30,700
Total governmental activities	22,836,291	21,246,635	20,626,600	19,574,701
Business-Type Activities:				
Investment earnings	1,637	-	-	108
Miscellaneous revenue	1,474	1,807	3,426	1,727
Transfers	(526,581)	(280,700)	(1,042,706)	(30,700)
Total business-type activities	(523,470)	(278,893)	(1,039,280)	(28,865)
Total primary government	22,312,821	20,967,742	19,587,320	19,545,836
<b>Changes in Net Position:</b>				
Governmental activities	9,972,113	6,016,499	2,381,263	4,322,441
Business-type activities	(434,176)	(75,592)	(782,378)	219,583
Total primary government	\$ 9,537,937	\$ 5,940,907	\$ 1,598,885	\$ 4,542,024

**Table 2 (continued)**

<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
4,887,167	4,862,934	4,943,920	5,031,777	4,828,073	2,945,739
1,216,902	1,182,596	1,233,347	1,418,904	1,206,440	756,437
279,713	-	-	-	-	-
6,383,782	6,045,530	6,177,267	6,450,681	6,034,513	3,702,176
15,516,947	14,606,671	14,134,246	17,476,826	15,733,899	9,402,872
(16,520,574)	(18,168,043)	(19,297,573)	(14,676,021)	(16,511,253)	(16,511,253)
(22,542)	(296,551)	(421,129)	(124,254)	(362,353)	(2,694,690)
(16,543,116)	(18,464,594)	(19,718,702)	(14,800,275)	(16,873,606)	(19,205,943)
10,936,803	13,119,859	14,056,637	14,698,046	15,807,235	15,030,956
587,539	603,585	602,672	608,298	589,508	555,919
2,963,241	3,084,314	2,963,642	3,074,281	2,833,413	2,800,596
958,810	957,309	962,699	1,049,366	1,139,619	1,623,428
734,884	824,168	785,805	456,556	698,332	403,341
74,296	163,621	248,175	1,034,146	1,978,484	1,559,388
3,564,277	3,833,942	3,601,805	3,612,083	3,670,560	3,665,315
850,155	243,586	245,124	302,514	729,180	2,655,787
-	-	-	-	-	-
30,700	-	(10,480)	75,000	(65,912)	-
20,700,705	22,830,384	23,456,079	24,910,290	27,380,419	28,294,730
3,050	6,553	10,969	44,651	75,766	52,264
1,174	1,377	1,237	6,005	-	-
(30,700)	-	10,480	(75,000)	65,912	-
(26,476)	7,930	22,686	(24,344)	141,678	52,264
20,674,229	22,838,314	23,478,765	24,885,946	27,522,097	28,346,994
4,180,131	4,662,341	4,158,506	10,234,269	10,869,166	11,783,477
(49,018)	(288,621)	(398,443)	(148,598)	(220,675)	(2,642,426)
\$ 4,131,113	\$ 4,373,720	\$ 3,760,063	\$ 10,085,671	\$ 10,648,491	\$ 9,141,051

**City of New Smyrna Beach, Florida**  
**Fund Balances, Governmental Funds, Last Ten Fiscal Years**

<i>September 30,</i>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>General Fund:</b>				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	913,628	784,518	1,273,261	853,528
Spendable				
Restricted	38,770	37,471	110,189	151,083
Committed	-	-	-	23,396
Assigned	1,261,353	1,690,358	1,985,572	1,229,998
Unassigned	7,770,407	6,586,028	5,629,440	6,193,805
<b>Total general fund</b>	<b>\$ 9,984,158</b>	<b>\$ 9,098,375</b>	<b>\$ 8,998,462</b>	<b>\$ 8,451,810</b>
<b>All Other Governmental Funds:</b>				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Nonspendable	38,795	71,921	40,193	47,423
Spendable				
Restricted	13,722,842	16,754,533	11,580,808	15,362,159
Committed	3,405,730	4,828,838	3,483,609	2,827,179
Assigned	1,285,336	802,587	803,807	749,405
Unassigned	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 18,452,703</b>	<b>\$ 22,457,879</b>	<b>\$ 15,908,417</b>	<b>\$ 18,986,166</b>

Note: Beginning in 2011, implementation of GASB 54 has changed the fund balance designations.

**Table 3**

	2011	2010	2009	2008	2007	2006
\$	-	\$ 5,111,950	\$ 1,621,741	\$ 2,545,805	\$ 1,285,529	\$ 1,005,542
	-	6,871,824	10,975,084	10,359,978	10,820,432	11,310,676
	960,250	-	-	-	-	-
	297,044	-	-	-	-	-
	18,671	-	-	-	-	-
	323,973	-	-	-	-	-
	7,090,354	-	-	-	-	-
<b>\$</b>	<b>8,690,292</b>	<b>\$ 11,983,774</b>	<b>\$ 12,596,825</b>	<b>\$ 12,905,783</b>	<b>\$ 12,105,961</b>	<b>\$ 12,316,218</b>
\$	-	\$ 8,880,115	\$ 15,081,010	\$ 26,877,328	\$ 27,081,600	\$ 22,570,728
	-	14,197,582	(87,209)	2,513,410	588,195	1,571,727
	-	801,078	10,975,084	-	-	-
	64,171	-	-	-	-	-
	17,878,252	-	-	-	-	-
	3,065,456	-	-	-	-	-
	982,772	-	-	-	-	-
	(6,400)	-	-	-	-	-
<b>\$</b>	<b>21,984,251</b>	<b>\$ 23,878,775</b>	<b>\$ 25,968,885</b>	<b>\$ 29,390,738</b>	<b>\$ 27,669,795</b>	<b>\$ 24,142,455</b>

**City of New Smyrna Beach, Florida**  
**Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years**

<i>Fiscal Year Ended September 30,</i>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Revenue:</b>				
Taxes	\$ 14,955,277	\$ 14,477,868	\$ 13,628,683	\$ 13,612,756
Licenses and fees	6,012,110	5,894,830	5,493,584	5,121,557
Intergovernmental	10,563,520	6,707,036	4,189,353	6,382,936
Charges for services	2,910,515	2,486,735	2,291,548	1,790,422
Fines and forfeitures	174,114	135,052	78,236	58,161
Investment earnings	77,645	32,700	24,808	26,769
Other revenues	3,558,550	3,597,078	3,558,312	2,440,215
<b>Total revenue</b>	<b>38,251,731</b>	<b>33,331,299</b>	<b>29,264,524</b>	<b>29,432,816</b>
<b>Expenditures:</b>				
General government	3,087,836	2,907,718	2,576,858	2,435,005
Public safety	11,640,499	11,113,749	11,121,231	11,345,214
Transportation	3,859,584	4,001,762	4,003,205	2,950,648
Economic environment	1,380,301	1,807,054	2,909,623	1,894,667
Physical environment	682,445	314,881	444,991	250,942
Human services	-	-	-	-
Culture/recreation	2,696,199	2,366,865	2,249,784	2,133,464
Building and maintenance	554,123	544,020	413,832	333,422
Capital outlay	16,616,375	9,412,952	6,026,388	8,221,718
<b>Debt Service:</b>				
Principal retirement	1,688,344	2,946,345	2,141,132	2,103,467
Interest and fiscal charges	706,363	1,134,038	951,283	1,031,536
<b>Total expenditures</b>	<b>42,912,069</b>	<b>36,549,384</b>	<b>32,838,327</b>	<b>32,700,083</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(4,660,338)</b>	<b>(3,218,085)</b>	<b>(3,573,803)</b>	<b>(3,267,267)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in (out)	1,041,636	280,700	1,042,706	30,700
Capital-related debt issued	-	-	-	-
Proceeds from issuance of debt	-	24,780,000	-	-
Payment to refunding escrow agent	-	(16,825,341)	-	-
Bond issuance costs	-	-	-	-
Premium (discount) on debt issued	-	-	-	-
Proceeds of refunding bonds	-	-	-	-
Proceeds from sale of capital assets	499,309	1,632,101	-	-
<b>Total other financing sources (uses)</b>	<b>1,540,945</b>	<b>9,867,460</b>	<b>1,042,706</b>	<b>30,700</b>
<b>Net change in fund balances</b>	<b>\$ (3,119,393)</b>	<b>\$ 6,649,375</b>	<b>\$ (2,531,097)</b>	<b>\$ (3,236,567)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>9.1%</b>	<b>15.0%</b>	<b>11.5%</b>	<b>12.7%</b>

Table 4

2011	2010	2009	2008	2007	2006
\$ 14,009,961	\$ 15,368,115	\$ 16,005,076	\$ 16,918,936	\$ 18,937,619	\$ 17,019,585
4,802,244	5,102,462	4,815,826	4,841,622	4,186,289	5,056,126
5,127,435	6,712,067	6,877,843	8,796,901	7,369,500	5,663,846
1,731,719	2,072,832	2,173,721	2,213,707	2,442,509	1,886,258
285,501	166,096	99,907	150,551	257,428	162,458
74,300	160,625	248,177	1,034,146	1,978,484	1,559,388
3,291,305	1,855,736	1,314,928	1,831,996	1,969,354	2,600,190
29,322,465	31,437,933	31,535,478	35,787,859	37,141,183	33,947,851
2,569,509	3,288,748	3,359,370	3,632,105	3,924,339	3,809,217
11,742,984	12,320,773	11,813,983	12,448,837	12,740,459	11,383,822
2,985,296	2,905,667	2,242,232	1,471,523	2,029,280	1,500,753
1,330,128	1,020,431	1,463,951	485,273	437,636	519,667
254,249	544,376	480,875	511,301	96,242	103,515
-	-	-	40,987	31,697	17,386
2,216,549	2,944,409	3,094,062	3,008,388	3,079,144	3,476,514
337,424	463,709	472,110	413,857	432,352	616,627
7,364,925	7,593,276	8,817,322	8,638,493	6,451,732	9,949,415
2,004,805	2,001,385	1,961,541	1,596,541	1,760,183	1,713,059
1,114,576	1,182,842	1,249,002	1,161,790	1,521,954	1,288,486
31,920,445	34,265,616	34,954,448	33,409,095	32,505,018	34,378,461
(2,597,980)	(2,827,683)	(3,418,970)	2,378,764	4,636,165	(430,610)
(2,718,186)	-	-	142,001	(65,912)	-
-	124,518	-	-	32,709	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	332,739	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
495,000	-	-	-	-	-
(2,223,186)	124,518	332,739	142,001	(33,203)	-
\$ (4,821,166)	\$ (2,703,165)	\$ (3,086,231)	\$ 2,520,765	\$ 4,602,962	\$ (430,610)
12.6%	11.9%	12.3%	11.1%	12.6%	12.3%

**City of New Smyrna Beach, Florida**  
**Assessed Value and Estimated Actual Value of Taxable Property,**  
**Last Ten Fiscal Years**

Fiscal Year <sup>2</sup> Ended September 30,	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Institutional Property	Governmental Property
2006	\$ 3,194,973,902	\$ 211,775,243	\$ 26,667,315	\$ 8,673,388	\$ 49,020,272	\$ 122,181,480
2007	4,257,914,487	264,371,984	30,700,167	38,285,480	59,426,704	157,768,843
2008	4,173,803,718	271,571,334	34,143,264	42,039,565	55,915,233	169,220,896
2009	3,783,955,083	269,255,809	33,299,369	43,238,395	54,813,362	157,526,521
2010	2,657,863,366	294,557,232	32,211,542	976,147	47,348,888	134,349,671
2011	2,408,084,268	247,885,861	27,677,554	680,908	39,970,180	57,714,605
2012	2,342,004,615	225,970,455	24,485,981	673,972	37,355,385	69,714,230
2013	2,403,446,644	227,013,083	23,575,862	678,375	37,460,082	122,362,414
2014	2,477,659,029	242,549,870	23,580,787	902,857	38,112,705	122,392,149
2015	2,662,911,966	264,239,522	24,807,438	1,416,412	42,546,782	132,820,223

Source: Volusia County, Florida, Property Appraiser.

Note: <sup>1</sup>Property in The City of New Smyrna Beach is reassessed each year by the Volusia County Property Appraiser. Property is assessed at 85% of actual value. Tax rates are per \$1,000 of assessed value.

<sup>2</sup>All property valuations for the specified fiscal year ends are obtained from the previous year's tax roll (i.e. all fiscal 2013 data was obtained from the 2012 calendar year tax roll).

**Table 5**

<b>Vacant Land and Other</b>	<b>Tangible Personal Property</b>	<b>Total Assessed Value</b>	<b>Less: Tax-Exempt Property</b>	<b>Total Taxable Assessed Value<sup>1</sup></b>	<b>Total Direct Tax Rate<sup>1</sup></b>
\$ 218,140,595	\$ 66,342,093	\$ 3,897,774,288	\$ 1,052,366,297	\$ 2,845,407,991	\$ 4.81189
361,036,976	73,607,463	5,243,112,104	1,499,636,807	3,743,475,297	3.74303
301,699,421	96,460,839	5,144,854,270	1,394,368,462	3,750,485,808	3.47811
308,301,735	101,635,480	4,752,025,754	1,308,797,668	3,443,228,086	3.51304
190,315,443	100,120,016	3,457,742,305	612,552,554	2,845,189,751	3.99990
209,065,101	100,999,812	3,092,078,289	584,130,316	2,507,947,973	4.07400
200,124,416	99,214,618	2,999,543,672	591,696,575	2,407,847,097	4.10110
129,905,505	160,107,446	3,104,549,411	651,875,258	2,452,674,153	4.05750
115,242,545	173,608,473	3,194,048,415	674,237,186	2,519,811,229	4.17630
118,502,798	172,284,943	3,419,530,084	696,808,459	2,722,721,625	4.02830

**City of New Smyrna Beach, Florida**  
**Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years**

Fiscal Year <sup>1</sup> Ended September 30,	City of New Smyrna Beach			Overlapping Rates	
	Operating	Debt Service	Total City of New Smyrna	Volusia County School District	Volusia County
2006	\$ 4.31030	\$ 0.50159	\$ 4.81189	\$ 8.25900	\$ 6.29400
2007	3.36710	0.37593	3.74303	7.68500	5.13330
2008	3.10000	0.37811	3.47811	7.46700	4.70334
2009	3.10000	0.41304	3.51304	7.45900	5.40373
2010	3.47930	0.52060	3.99990	7.80500	6.37434
2011	3.47930	0.59470	4.07400	8.23700	6.30250
2012	3.47930	0.62180	4.10110	8.06300	6.77910
2013	3.44450	0.61300	4.05750	7.88800	6.88090
2014	3.57640	0.59990	4.17630	7.35800	7.27090
2015	3.57640	0.45190	4.02830	7.33600	7.27090

Source: Volusia County, Florida, Property Appraiser.

Note: Tax millage rates are per \$1,000 of assessed value.

<sup>1</sup>All property valuations for the specified fiscal year ends are obtained from the previous year's tax roll (i.e. all fiscal 2015 data was obtained from the 2014 calendar year tax roll).

**Table 6**

Overlapping Rates						
	<b>Southeast Volusia Hospital District</b>	<b>Southeast Volusia Mosquito Control</b>	<b>Ponce Inlet and Port Authority</b>	<b>St. Johns Water Management District</b>	<b>Florida Inland Navigation District</b>	<b>Total- All Taxing Districts</b>
\$	2.35000	\$ 0.23800	\$ 0.09000	\$ 0.46200	\$ 0.03850	\$ 22.54339
	2.21620	0.19020	0.07190	0.46200	0.03850	19.54013
	2.16878	0.17856	0.06750	0.41580	0.03450	18.51359
	2.85294	0.20556	0.07771	0.41580	0.03450	19.96228
	3.59870	0.20966	0.09360	0.41580	0.03450	22.53150
	3.25000	0.20800	0.09290	0.41580	0.03450	22.61470
	3.30150	0.20800	0.09290	0.33130	0.03450	22.91140
	3.03000	0.20800	0.09290	0.33130	0.03450	22.52310
	2.93910	0.20800	0.09290	0.32830	0.03450	22.40800
	2.78420	0.18800	0.09290	0.31640	0.03450	22.05120

**City of New Smyrna Beach, Florida**  
**Principal Property Taxpayers, Current and Nine Years Ago**  
**Table 7**

Taxpayer	September 30, 2015			September 30, 2006		
	(2014 Tax Roll) Assessed Taxable Value	Rank	Percent to Total Assessed Taxable Value	(2005 Tax Roll) Assessed Taxable Value	Rank	Percent to Total Assessed Taxable Value
Coconut Palms Condo Association	\$ 14,421,429	1	0.53%			
Wal-Mart Stores East, LP	13,243,948	2	0.49%	6,392,130	10	0.22%
NS CS Hammock Creek LLC	11,866,000	3	0.44%			
Cathy S Truett Trust	9,508,795	4	0.35%			
Lyme Stone Ranch Investors LTD	9,240,760	5	0.34%	19,781,524	2	0.70%
Islander Beach Club Condo Association	8,078,157	6	0.30%	12,520,176	3	0.44%
Coconut Palms II Condo Association	7,413,322	7	0.27%			
Florida East Coast Railway CO	7,156,160	8	0.26%			
Bellsouth Telecommunication, Inc.	7,053,768	9	0.26%	10,344,157	5	0.36%
Home Depot USA INC	6,889,725	10	0.25%			
Ocean Development Group, Inc.				42,689,139	1	1.50%
I.R.T. Property Co.				10,508,902	4	0.37%
MMR Holdings LLC				9,040,467	6	0.32%
Samuel R. Sutton, Trustee				8,433,495	7	0.30%
Newport Sound Partners LTD				7,768,507	8	0.27%
811 Development Corporation				7,352,268	9	0.26%
<b>Total</b>	<b>\$ 94,872,064</b>		<b>3.48%</b>	<b>\$ 134,830,765</b>		<b>4.74%</b>

Source: Volusia County, Florida, Property Appraiser.

**City of New Smyrna Beach, Florida**  
**Property Tax Levies and Collections, Last Ten Fiscal Years**  
**Table 8**

Fiscal Year Ended September 30,	Taxes Levied For Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2006	\$ 13,691,790	\$ 13,170,512	96.19%	\$ 34,709	\$ 13,205,221	96.45%
2007	14,011,941	13,487,463	96.26%	157,039	13,644,502	97.38%
2008	13,044,602	12,449,133	95.44%	48,679	12,497,812	95.81%
2009	12,096,198	11,705,015	96.77%	58,822	11,763,837	97.25%
2010	11,380,475	11,004,371	96.70%	28,615	11,032,986	96.95%
2011	10,217,380	9,878,926	96.69%	14,835	9,893,761	96.83%
2012	9,874,821	9,540,210	96.61%	13,943	9,554,153	96.75%
2013	9,874,821	9,596,845	97.19%	15,142	9,611,987	97.34%
2014	10,523,488	10,192,443	96.85%	2,108	10,194,550	96.87%
2015	10,967,940	10,601,509	96.66%	-	10,601,509	96.66%

Source: The City of New Smyrna Beach Finance Department

Note: Tax collections are stated net of early payment discounts ranging from 1% to 4% based on the date of taxpayer payments. Actual tax collections received in each fiscal year are from the prior year's tax levy (i.e. 2014 collections are from the 2013 tax levy).

**City of New Smyrna Beach, Florida**  
**Ratios of Outstanding Debt by Type, Last Ten Fiscal Years**

Fiscal Year Ended September 30,	Governmental Activities						Total
	General Obligation Refunding Note	Capital Revenue Note	Public Improvement Bonds	2013 Capital Improvement Note	Promissory Notes		
2006	\$ 17,635,000	\$ 7,335,000	\$ 2,155,411	\$ -	\$ 6,868,367	\$ 33,993,778	
2007	16,920,000	7,130,000	1,908,072	-	6,308,232	32,266,304	
2008	16,180,000	7,130,000	1,649,411	-	5,709,608	30,669,019	
2009	15,420,000	6,915,000	1,378,909	-	5,327,005	29,040,914	
2010	14,640,000	6,695,000	1,096,025	-	4,733,022	27,164,047	
2011	13,825,000	6,465,000	800,192	-	4,069,050	25,159,242	
2012	12,990,000	6,230,000	490,817	-	3,344,958	23,055,775	
2013	12,125,000	5,985,000	167,281	-	2,637,362	20,914,643	
2014	10,595,000	6,140,000	-	8,045,000	1,718,298	26,498,298	
2015	9,589,000	5,765,000	-	7,935,000	1,520,954	24,809,954	

Source:

<sup>1</sup> Amount computed by dividing Total Outstanding Debt by Personal Income as shown in Table 14.

<sup>2</sup> Amount computed by dividing Total Outstanding Debt by Population as shown in Table 14.

**Table 9**

<b>Business-type Activities</b>	<b>Long Term Notes</b>	<b>Primary Government Total</b>	<b>Percent of Personal Income<sup>1</sup></b>	<b>Per Capita<sup>2</sup></b>	<b>Personal Income<sup>3</sup></b>	<b>Population</b>
\$ -	-	\$ 33,993,778	5.46%	\$ 1,487	\$ 622,037,984	22,864
-	-	32,266,304	4.90%	1,386	658,248,648	23,286
-	-	30,669,019	4.36%	1,293	704,033,176	23,716
-	-	29,040,914	4.08%	1,238	712,239,926	23,449
-	-	27,164,047	3.61%	1,198	753,436,354	22,668
-	-	25,159,242	3.44%	1,104	731,156,340	22,792
-	-	23,055,775	3.03%	997	762,073,312	23,119
-	-	20,914,643	2.63%	878	796,333,955	23,834
-	-	26,498,298	3.22%	1,112	822,988,020	23,834
-	-	24,809,954	2.81%	1,013	883,274,000	24,500

**City of New Smyrna Beach, Florida**  
**Ratios of General Bonded Debt Outstanding, Last Ten Fiscal Years**  
**Table 10**

<b>Fiscal Year Ended September 30,</b>	<b>Governmental Activities General Obligation Bonds</b>	<b>Percentage of Total Taxable Assessed Value of Property</b>	<b>Percent of Personal Income</b>	<b>Per Capita</b>	<b>Population</b>
2006	\$ 17,635,000	0.62%	2.84%	\$ 771	22,864
2007	16,920,000	0.45%	2.57%	727	23,286
2008	16,180,000	0.43%	2.30%	682	23,716
2009	15,420,000	0.45%	2.17%	658	23,449
2010	14,640,000	0.51%	1.94%	624	23,473
2011	13,825,000	0.55%	1.89%	610	22,668
2012	12,990,000	0.54%	1.70%	570	22,792
2013	12,125,000	0.49%	1.52%	524	23,119
2014	10,595,000	0.42%	1.29%	445	23,834
2015	9,589,000	0.35%	1.09%	391	24,500

Source:

Percent of Personal Income is calculated by dividing the General Obligation bonds by the total Personal Income per Table 14

Per Capita is calculated by dividing the General Obligation Bonds by the Population per Table 14

**City of New Smyrna Beach, Florida**  
**Direct and Overlapping Debt for Governmental Activities**  
**Table 11**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
Debt Repaid with Property Taxes:			
County of Volusia, Florida:			
General Obligation Bonds	\$ 21,295,000	10.62%	\$ 2,261,144
Other Debt:			
District School Board of Volusia County, Florida:			
State School Bonds	5,309,000	10.62%	563,720
Sales Tax Revenue Bonds	51,100,000	10.62%	5,425,896
Certificates of participation	257,865,000	10.62%	27,380,600
County of Volusia, Florida:			
Revenue bonds	152,164,669	10.62%	16,157,136
Notes payable	31,725,221	10.62%	3,368,645
Total overlapping debt			55,157,141
City direct debt			24,809,954
Total direct and overlapping debt			\$ 79,967,095

Estimated percentage of debt applicable to the City of New Smyrna Beach was determined by dividing the total taxable assessed value of the City into the total taxable assessed value of Volusia County.

Source: Assessed valuation data used to estimate applicable percentages provided by Volusia County Property Appraiser. Debt outstanding data provided by each governmental unit. Debt outstanding was obtained from each of the taxing districts, respectively.

THIS PAGE IS INTENTIONALLY LEFT BLANK.

**City of New Smyrna Beach, Florida**  
**Legal Debt Margin Information**  
**Table 12**

The Constitution of the State of Florida, Section 200.181, Florida Statutes, and City of New Smyrna Beach, Florida have set no legal debt limit.

**City of New Smyrna Beach, Florida**  
**Pledged Revenue Coverage, Last Ten Fiscal Years**

<i>Fiscal Year Ended September 30,</i>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Community Redevelopment Agency Bonds:</b>				
Tax increment revenues	\$ 1,904,212	\$ 1,720,445	\$ 1,543,968	\$ 1,512,930
Less: operating expenses	-	-	-	-
<b>Net revenue available for debt service</b>	<b>\$ 1,904,212</b>	<b>\$ 1,720,445</b>	<b>\$ 1,543,968</b>	<b>\$ 1,512,930</b>
<b>Debt Service payments:</b>				
Principal	\$ -	\$ 167,281	\$ 323,537	\$ 309,374
Interest	-	3,671	18,588	32,816
<b>Total debt service payments</b>	<b>\$ -</b>	<b>\$ 170,952</b>	<b>\$ 342,125</b>	<b>\$ 342,190</b>
<b>Coverage (times)</b>	<b>N/A</b>	<b>10.06</b>	<b>4.51</b>	<b>4.42</b>

<b>Capital Revenue Bonds and Notes:</b>				
Gross revenues	\$ 33,791,679	\$ 37,048,720	\$ 25,246,967	\$ 27,821,835
Less: operating expenses	-	-	-	-
<b>Net revenue available for debt service</b>	<b>\$ 33,791,679</b>	<b>\$ 37,048,720</b>	<b>\$ 25,246,967</b>	<b>\$ 27,821,835</b>
<b>Debt Service payments:</b>				
Principal	\$ 1,688,344	\$ 2,779,064	\$ 1,817,595	\$ 1,794,093
Interest	706,364	1,130,367	932,695	998,720
<b>Total debt service payments</b>	<b>\$ 2,394,708</b>	<b>\$ 3,909,431</b>	<b>\$ 2,750,290</b>	<b>\$ 2,792,813</b>
<b>Coverage (times)</b>	<b>14.11</b>	<b>9.48</b>	<b>9.18</b>	<b>9.96</b>

**Notes:**

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

The Community Redevelopment Agency Public Improvement Bonds and Public Improvement Refunding Revenue Bonds are secured in part by the pledge of Agency revenues, which include tax increment revenues. The City has covenanted in the Bond Resolutions that in the event the Agency revenues are not sufficient to pay the principal and interest on the Bonds the City would appropriate for payment from legally available non-ad valorem revenues amounts sufficient to provide for the payment of principal and interest on the Bonds.

Gross revenues pledged as security for the Capital Revenue Bonds and Notes are non-ad valorem revenues. "Non-ad valorem revenues" are defined in the Resolutions to mean all revenues and taxes from any source whatsoever, other than ad valorem taxation on real and personal property.

**Table 13**

2011	2010	2009	2008	2007	2006
\$ 1,639,894	\$ 2,851,365	\$ 3,181,663	\$ 3,055,359	\$ 3,467,345	\$ 2,914,306
-	-	-	-	-	-
<u>\$ 1,639,894</u>	<u>\$ 2,851,365</u>	<u>\$ 3,181,663</u>	<u>\$ 3,055,359</u>	<u>\$ 3,467,345</u>	<u>\$ 2,914,306</u>
\$ 295,833	\$ 282,884	\$ 270,502	\$ 258,661	\$ 247,339	\$ 236,513
46,228	59,131	71,407	83,368	94,964	104,072
<u>\$ 342,061</u>	<u>\$ 342,015</u>	<u>\$ 341,909</u>	<u>\$ 342,029</u>	<u>\$ 342,303</u>	<u>\$ 340,585</u>
4.79	8.34	9.31	8.93	10.13	8.56
\$ 20,539,323	\$ 19,770,512	\$ 17,324,190	\$ 21,103,726	\$ 21,273,412	\$ 18,908,873
-	-	-	-	-	-
<u>\$ 20,539,323</u>	<u>\$ 19,770,512</u>	<u>\$ 17,324,190</u>	<u>\$ 21,103,726</u>	<u>\$ 21,273,412</u>	<u>\$ 18,908,873</u>
\$ 1,708,972	\$ 1,718,457	\$ 1,691,039	\$ 1,337,880	\$ 1,512,844	\$ 1,476,546
1,059,309	1,122,575	1,176,368	1,078,422	1,426,990	1,184,414
<u>\$ 2,768,281</u>	<u>\$ 2,841,032</u>	<u>\$ 2,867,407</u>	<u>\$ 2,416,302</u>	<u>\$ 2,939,834</u>	<u>\$ 2,660,960</u>
7.42	6.96	6.04	8.73	7.24	7.11

**City of New Smyrna Beach, Florida**  
**Demographic and Economic Indicators, Last Ten Fiscal Years**  
**Table 14**

<b>Fiscal Year Ended September 30,</b>	<b>Population<sup>1</sup></b>	<b>Personal Income<sup>2</sup></b>	<b>County Per Capita Personal Income<sup>3</sup></b>	<b>County Median Household Income<sup>3</sup></b>	<b>County Median HUD Income<sup>3</sup></b>	<b>County Unemployment Rate<sup>3</sup></b>
2006	22,864	\$622,037,984	\$ 27,206	\$ 40,857	n/a	3.30%
2007	23,286	658,248,648	28,268	42,268	n/a	4.30%
2008	23,716	704,033,176	29,686	45,831	\$ 52,300	7.20%
2009	23,449	712,239,926	30,374	43,326	n/a	11.70%
2010	23,473	753,436,354	32,098	41,368	n/a	12.50%
2011	22,668	731,156,340	32,255	41,368	n/a	10.80%
2012	22,792	762,073,312	33,436	38,477	n/a	8.80%
2013	23,119	796,333,955	34,445	40,114	n/a	6.30%
2014	23,834	822,988,020	34,530	40,908	n/a	5.30%
2015	24,500	883,274,000	36,052	40,881	n/a	5.00%

**Source:**

<sup>1</sup> Office of Economic and Demographic Research, Bureau of Economic and Business Research, University of Florida

<sup>2</sup> Amount computed by multiplying population and per capita personal income statistics for Volusia County, Florida.

<sup>3</sup> Florida Research and Economic Database. Amounts indicated are for Volusia County, Florida.

**City of New Smyrna Beach, Florida**  
**Principal Employers, Current and Nine Years Ago**  
**Table 15**

Employer	September 30, 2015			September 30, 2006		
	Total Employees	Rank	Percent to Total City Employment	Total Employees	Rank	Percent to Total City Employment
BFMC Community Medical Center	800	1	5.13%	730	1	9.14%
Volusia County Public Schools	471	2	3.02%	n/a	-	n/a
Publix Supermarkets	301	3	1.93%	275	2	3.44%
City of New Smyrna Beach	236	5	1.51%	260	3	3.25%
Wal Mart	215	4	1.38%	215	4	2.69%
New Smyrna Beach Utilities Commission	173	6	1.11%	160	6	2.00%
Ocean View Nursing & Rehab Center	170	7	1.09%	185	5	2.32%
McDonald's	146	8	0.94%	n/a	-	n/a
Winn Dixie Stores, Inc.	143	9	0.92%	150	8	1.88%
Home Depot	120	10	0.77%	130	10	1.63%
Pizza Hut/KFC/Taco Bell	111	11	0.71%	n/a	-	n/a
Epic Aviation	100	T12	0.64%	n/a	-	n/a
Norwood's Seafood Restaurant	100	T12	0.64%	n/a	-	n/a
Daytona Beach State College	80	T13	0.51%	n/a	-	n/a
Holiday Inn Hotels	80	T13	0.51%	n/a	-	n/a
Grille at Riverview	72	T14	0.46%	n/a	-	n/a
Pink Door Hospital Auxillary	72	T14	0.46%	n/a	-	n/a
New Smyrna Beach Chevrolet	70	15	0.45%	160	7	2.00%
Beall's Inc	67	16	0.43%	n/a	-	n/a
ADT Security	60	17	0.38%	n/a	-	n/a
Verns Insulation	n/a	-	n/a	135	9	n/a
<b>Total</b>	<b>3,587</b>		<b>23.00%</b>			
Estimated Total Number of Employees in the City of New Smyrna Beach						15,595

Source: Infogroup Employer Database 2015 ed. 1

n/a - No known source for employment data for prior period exists.

**City of New Smyrna Beach, Florida**  
**Full-Time Equivalent City Government Employees by Function/Program**  
**Last Ten Fiscal Years**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>General Government:</b>				
Legislative	5.00	5.00	5.00	5.00
Management	3.00	3.00	3.00	3.00
Legal	2.50	2.50	2.50	2.50
Human Resources	2.50	2.00	2.00	2.00
Planning & Engineering	6.50	6.50	6.50	6.50
Community Redevelopment	7.75	6.75	8.75	7.00
City Clerk	2.00	2.00	2.00	2.00
Finance	8.00	7.25	6.75	6.00
Information Systems	4.00	4.00	3.00	3.00
General Government	2.00	1.00	-	-
<b>Police:</b>				
Chief of Police	1.00	1.00	1.00	1.00
Patrol	35.00	31.00	31.00	31.00
Operations (Cmmdr & Detectives)	15.25	13.75	13.75	13.00
Support	11.50	10.50	10.50	12.00
Dispatch	-	-	-	-
<b>Fire:</b>				
Administration	6.00	6.00	6.00	6.00
Operations	34.00	34.00	34.00	34.00
<b>Maintenance Operations</b>				
Administration	2.00	2.00	2.00	2.00
Fleet Maintenance	4.00	4.00	4.00	4.00
Airport	4.00	4.00	4.00	4.00
Parks	10.00	10.00	-	-
Stormwater	2.00	2.00	-	-
Sanitation	1.00	1.00	1.00	1.00
Building Maintenance & Streets	21.00	21.00	22.00	20.00
<b>Leisure Services:</b>				
Recreation	14.50	13.50	23.00	24.00
Golf course	18.00	17.50	18.00	15.50
Marina	2.50	2.50	2.50	2.00
Building & Permitting	11.00	10.00	8.00	8.00
<b>Total</b>	<b>236.00</b>	<b>223.75</b>	<b>220.25</b>	<b>214.50</b>

Source: The City of New Smyrna Beach, Department of Human Resources

Note: Part-time and seasonal employees for all departments are assumed to be 0.5 FTEs for all reporting agencies

**Table 16**

<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
5.00	5.00	5.00	5.00	5.00
3.00	3.00	3.00	2.00	3.00
2.50	2.50	2.50	2.50	2.50
2.00	2.00	2.00	2.00	2.00
7.00	12.00	11.50	11.50	13.50
7.00	10.00	9.50	9.50	8.00
2.00	2.00	2.00	2.00	4.00
5.50	6.25	6.50	7.50	7.50
2.00	2.00	2.00	2.00	3.00
-	-	-	-	-
1.00	1.00	1.00	1.00	1.00
31.00	40.00	40.00	39.00	40.00
13.00	13.00	13.00	13.00	13.00
12.00	12.00	12.75	12.75	11.50
1.00	1.00	-	-	-
7.00	5.00	5.00	5.00	5.00
37.00	45.00	44.00	46.00	46.00
2.00	3.00	4.00	4.00	4.00
4.00	4.00	4.00	5.00	5.00
3.00	3.00	2.00	2.00	2.00
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
21.00	25.00	25.00	29.00	34.00
22.00	33.50	34.50	38.00	43.00
15.50	15.50	20.50	21.00	22.50
2.00	2.00	2.00	2.00	3.00
7.00	9.00	9.00	9.00	9.00
<b>214.50</b>	<b>256.75</b>	<b>260.75</b>	<b>270.75</b>	<b>287.50</b>

**City of New Smyrna Beach, Florida**  
**Operating Indicators by Function/Program, Last Ten Fiscal Years**

<i>Fiscal Year Ended September 30,</i>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Police:</b>				
Physical arrests (based on calendar year)	1,360	1,024	839	1,071
Parking violations (based on calendar year)	2,022	259	203	127
Traffic violations (based on calendar year)	3,503	4,770	5,908	5,586
<b>Fire:</b>				
Emergency responses	4,656	4,383	4,074	3,866
Non-fire/EMS	3,610	4,323	3,825	2,801
Inspections by Engine Companies	-	-	528	396
Inspections by Fire Inspectors/Marshal	386	534	144	128
<b>Solid Waste:</b>				
Refuse collected (tons per week)	409.4	383.3	373.8	462.8
Yard trash (tons per week)	115.0	108.9	102.8	90.4
Recyclables collected (tons per week)	41.5	37.8	32.5	32.3
<b>Public Works-Transportation</b>				
Street construction (miles)	0.45	1.00	0.72	0.36
Street resurfacing (miles)	1.0	1.0	4.0	1.0
Potholes repaired	155	150	162	150
<b>Building Development:</b>				
Residential/single family permits issued	217	307	190	111
Commercial/multi-family permits issued	10	18	15	7
Miscellaneous permits issued	5,374	4,434	3,640	4,084

Source: Various City Departments

**Table 17**

<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
1,181	1,463	2,140	1,491	2,172	1,328
275	211	487	743	1,272	826
4,778	10,897	10,472	9,297	5,599	4,382
3,911	4,482	4,482	4,559	4,607	4,415
2,345	2,218	2,218	995	1,085	2,836
95	-	-	-	-	283
990	991	991	993	1,800	1,000
338.1	348.0	348.0	342.0	349.3	328.0
87.5	49.0	49.0	74.0	36.1	34.1
32.0	32.0	32.0	35.0	34.5	34.2
-	-	-	-	1.4	28.0
1.7	2.0	2.0	2.0	2.0	2.5
175	250	250	240	210	200
72	98	98	195	286	316
4	16	16	17	13	16
n/a	3,712	3,712	685	865	991

**City of New Smyrna Beach, Florida**  
**Capital Asset Statistics by Function/Program, Last Ten Fiscal Years**

<i>Fiscal Year Ended September 30,</i>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
General Government:				
Area (Sq. miles)	40.7	38.9	38.9	38.0
Police:				
Stations	1	1	1	1
Zone office	1	1	1	1
Patrol units	49	49	49	49
Fire stations	4	4	4	4
Public Works-Transportation				
Paved streets (miles)	195.4	188.4	188.3	188.3
Unpaved streets (miles)	16.0	16.0	16.0	16.0
Streetlights	2,875	2,875	2,860	2,850
Traffic signals	33	33	33	33
Parks and recreation				
Area (acres)	253.0	253.0	253.0	253.0
Tennis Courts	9	9	9	9
Playgrounds	12	12	11	10
Recreation (community) centers	3	3	3	3
Shuffleboard/lawn bowling courts	21	21	21	21
Soccer/football fields	6	6	6	6
Baseball/softball diamonds	9	9	9	9
Basketball courts	7	7	7	7
18 hole golf courses	1	1	1	1
Marina boat slips	42	42	42	42
Boat ramps	6	6	6	6
Parks and picnic areas	24	24	24	23

Source: Various City Departments

**Table 18**

<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
38.0	38.0	38.0	38.0	37.7	37.7
1	1	1	1	1	1
1	1	1	-	-	-
50	41	40	38	36	31
4	4	4	4	4	4
188.0	198.0	198.0	198.0	206.8	183.0
16.3	22.0	22.0	17.0	14.2	14.2
2,817	2,863	2,863	2,660	2,664	2,618
31	30	30	21	21	10
275.5	275.5	275.5	275.5	273.5	273.5
9	9	9	9	9	12
11	10	10	10	10	11
3	3	3	3	3	2
21	40	40	40	40	40
6	6	6	6	6	5
9	9	9	9	9	9
7	7	7	7	7	8
1	1	1	1	1	1
42	42	42	42	42	42
6	6	6	6	6	6
23	23	23	23	22	22

THIS PAGE IS INTENTIONALLY LEFT BLANK.



Carr, Riggs & Ingram, LLC  
215 Baytree Drive  
Melbourne, Florida 32940

(321) 255-0088  
(321) 259-8648 (fax)  
www.cricpa.com

**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***

Honorable Mayor and Members of City Commission  
City of New Smyrna Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Smyrna Beach, Florida, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of New Smyrna Beach, Florida's basic financial statements, and have issued our report thereon dated May 23, 2016.

**Internal Control Over Financial Reporting**

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of New Smyrna Beach, Florida's financial statements are free of 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 result 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.

*Caru, Riggs & Ingram, L.L.C.*

Melbourne, Florida  
May 23, 2016



Carr, Riggs & Ingram, LLC  
215 Baytree Drive  
Melbourne, Florida 32940

(321) 255-0088  
(321) 259-8648 (fax)  
www.cricpa.com

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE FLORIDA AUDITOR GENERAL**

Honorable Mayor and Members of City Commission  
City of New Smyrna Beach, Florida

**Report on Compliance for Each Major Federal Program and State Projects**

We have audited the City of New Smyrna Beach, Florida's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and Chapter 10.550, Rules of the Florida Auditor General that could have a direct and material effect on each of City of New Smyrna Beach, Florida's major federal programs for the year ended September 30, 2015. The City of New Smyrna Beach, Florida's major federal programs and state projects are identified in the summary of auditors' 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 and state projects.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of New Smyrna Beach, Florida's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133 and Chapter 10.550, 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 or state project occurred. An audit includes examining, on a test basis, evidence about the City of New Smyrna Beach, 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 and state project. However, our audit does not provide a legal determination of the City of New Smyrna Beach, Florida's compliance.

## Opinion on Each Major Federal Program and State Projects

In our opinion, the City of New Smyrna Beach, 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 and state projects for the year ended September 30, 2015.

## Report on Internal Control Over Compliance

Management of the City of New Smyrna Beach, Florida is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the City of New Smyrna Beach, Florida's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program and state project 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 state project, and to test and report on internal control over compliance in accordance with OMB Circulars A-133 and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of New Smyrna Beach, 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 or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program and state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circulars A-133 and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*Car, Riggs & Ingram, L.L.C.*

Melbourne, Florida

May 23, 2016

**City of New Smyrna Beach, Florida**  
**Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For the year ended September 30, 2015**

Federal/State Agency Pass Through Entity Federal Program/State Projects	CFDA CSFA Number	Contract/ Grant Number	Expenditures
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<i>Passed through Volusia County Dept. Community Services:</i>			
Community Development Block Grant / Entitlement Grants	14.218	2013-2014 (Park Improvements)	\$ 19,833
Community Development Block Grant / Entitlement Grants	14.218	2013-2014 (After School PAL)	3,187
Community Development Block Grant / Entitlement Grants	14.218	2013-2014 (ACA Mural Project)	1,448
Community Development Block Grant / Entitlement Grants	14.218	2013-2014 (Recreational Coordinator)	9,294
Community Development Block Grant / Entitlement Grants	14.218	2014-2015 (Pettis Pavilion Extension)	22,301
Community Development Block Grant / Entitlement Grants	14.218	2014-2015 (After School PAL)	30,392
Community Development Block Grant / Entitlement Grants	14.218	2014-2015 (Code Enforcement)	25,000
Community Development Block Grant / Entitlement Grants	14.218	2014-2015 (ACA Art Projects)	4,274
<b>Total U.S. Department of Housing and Urban Development</b>			<b>115,729</b>
<b><u>U.S. Department of Justice</u></b>			
<i>Passed through Florida Office of Attorney General:</i>			
Crime Victim Assistance - Victims Advocate	16.575	V14131	61,717
Edward Byrne Memorial Justice Assistance Grant	16.738	2015-JAGD-VOLU-7-R1-093	7,443
<b>Total U.S. Department of Justice</b>			<b>69,160</b>
<b><u>U.S. Department of Transportation</u></b>			
<i>Passed through the Federal Aviation Administration:</i>			
Airport Improvement Program - Rehab Taxiway D&E and Runway 11/29	20.106	FAA AIP No. 3-12-0054-016-2013	247,217
Airport Improvement Program - Rehab Taxiway D & Runway 7/25 Design	20.106	FAA AIP No. 3-12-0054-017-2014	49,800
Airport Improvement Program - Airport Master Plan	20.106	FAA AIP No. 3-12-0054-018-2014	52,934
Airport Improvement Program - Rehab 7-25 & Taxiway D Construction	20.106	FAA AIP No. 3-12-0054-019-2015	2,236
<i>Passed through Florida Department of Transportation:</i>			
Highway Planning and Construction - Cross Volusia Trail (Phase 58 and 68)	20.205	AQF 87/ FPN: 430078-1-58/68-01	133,265
<b>Total U.S. Department of Transportation</b>			<b>485,452</b>
<b><u>U.S. Office of National Drug Control Policy</u></b>			
<i>Passed through Volusia County Sheriff's Office:</i>			
High Intensity Drug Trafficking Area Program	95.001	G15CF0003A	11,602
<b><u>U.S. Department of Homeland Security</u></b>			
<i>Passed through Florida Division of Emergency Management:</i>			
Flood Mitigation Assistance (Central Beach Phase III)	97.029	13FM-23-06-74-02-344	3,008,146
<b>Total Expenditures of Federal Awards</b>			<b>\$ 3,690,089</b>
<b>STATE PROJECTS</b>			
<b><u>Florida Department of Transportation</u></b>			
Aviation Development Grants - Improvement to Hangar @ 1501 Airway	55.004	AR887/ FPN: 431577-1-94-01	\$ 566,862
Aviation Development Grants -Rehab Runway 11/29 and Taxiway D&E	55.004	AR886/ FPN: 420857-1-94-01	19,106
Aviation Development Grants -Rehab Runway 7/25 and taxiway D & E	55.004	AR886/ FPN: 420857-1-94-01	4,741
Aviation Development Grants -Apron Improvements	55.004	G0124/FPN: 431578-1-94-01	10,256
Aviation Development Grants - Air Traffic Control Tower	55.004	G0125/FPN: 431579-1-94-01	9,664
Aviation Development Grants -Airport Master Plan	55.004	ARR72/FPN: 41897-1-94-01	4,465
Sidewalk Project 7th Street	55.004	ARD99/FPN: 433619-1-58/68-01	22,021
Sidewalk Project Michigan Street	55.004	ARe01/FPN: 433619-1-58/68-01	36,924
<b>Total Florida Department of Transportation</b>			<b>674,039</b>
<b>Total Expenditures of State Financial Assistance</b>			<b>674,039</b>
<b>Total Expenditures of Federal Awards and State Financial Assistance</b>			<b>\$ 4,364,128</b>

**City of New Smyrna Beach, Florida**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the year ended September 30, 2015**

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal spending of City of New Smyrna Beach, Florida and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

**Sub-recipients**

During the year ended September 30, 2015 the City of New Smyrna Beach, Florida had no sub-recipients.

**Loan Payable**

The City has four Federal loans through the Florida Department of Environmental Protection (FDEP) under CFDA 66.458. The loans will be repaid over 40 semi-annual payments. As of September 30, 2015, the City owned the FDEP \$769,563, \$268,666, \$261,498 and \$221,227, respectively.

**City of New Smyrna Beach, Florida**  
**Schedule of Findings and Questioned Costs**  
**For the year ended September 30, 2015**

**Section I—Summary of Auditors’ Results**

*Financial Statements*

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ yes     X no
- Significant deficiency(ies) identified? \_\_\_ yes     X none reported

Noncompliance material to financial statements noted? \_\_\_ yes     X no

*Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_ yes     X no
- Significant deficiency(ies) identified? \_\_\_ yes     X none reported

Type of auditors’ report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 and/or Chapter 10.550? \_\_\_yes     X no

Identification of major federal programs:

<u>Federal CFDA Numbers</u>	<u>Federal Program</u>
20.205	Highway Planning and Construction – Cross Volusia Trail
97.029	Flood Mitigation Assistance (Central Beach Phase III)

<u>State CSFA Numbers</u>	<u>State Project</u>
55.004	Aviation Development Grants:
	Improvement to Hangar @ 1501 Airway
	Rehab Runway 11/29 and Taxiway D&E
	Rehab Runway 7/25 and taxiway D & E
	Apron Improvements
	Air Traffic Control Tower
	Airport Master Plan
	Sidewalk Project 7th Street
	Sidewalk Project Michigan Street

Dollar threshold used to distinguish between type A and B programs was \$300,000 for major federal programs.

Auditee qualified as a low-risk auditee for federal purposes? X yes     \_\_\_ no

**City of New Smyrna Beach, Florida**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the year ended September 30, 2015**

**Section II—Financial Statement Findings** – No matters were reported.

**Section III—Federal Award and State Financial Assistance Findings and Questioned Costs** – No matters were reported.

**Section IV- Other Issues**

*Summary Schedule of Prior Audit Findings* – No Summary Schedule of Prior Audit Findings is required because there were no prior year findings related to Federal programs and state projects.

*Recommendations to Improve Financial Management*

**2015-001 System for Award Management (“SAM”)**

**Criteria:** OMB guidance at 2 CFR Part 180 requires the City to determine that entities receiving sub-awards of any value and procurement contracts equal to or exceeding \$25,000 are not suspended or debarred, and specifies the means that will be used to make that determination, e.g., checking the Excluded Parties List System maintained by the General Services Administration, referred to as “SAM.”

**Condition:** During testing of disbursements from the Highway Planning and Construction Grant (CFDA No. 20.205), we noted that a check of the Excluded Parties List System was not performed for a vendor paid from funds sourced from this grant award. It should be noted that a search of the SAM listing by the auditors did not identify the vendor as an excluded party.

**Cause:** The City has controls in place in which a member of the Finance department reviews grant agreements and identifies compliance requirements applicable to the City. A checklist is developed to be used for monitoring grant compliance as the City proceeds with the various programs. In the case of this grant award, the obligation to check vendors against the Excluded Parties List System was not clear in the grant agreement and, as a result, was not identified as a compliance component to be monitored.

**Potential Effect:** The City could be out of compliance with the requirements of the grant award if they contracted with an excluded party.

**Recommendation:** We recommend that, in addition to review of the grant agreement, the City refers to the Office of Management and Budget (OMB) website and/or the Federal agency’s website to obtain the applicable compliance supplement for the Federal grant. If a compliance supplement is available for the grant program, the supplement should be reviewed to identify potential compliance components.

**MANAGEMENT RESPONSE:** *We concur with this recommendation. Currently, the City of New Smyrna Beach conducts SAM searches for airport grants as part of the bid award process. Expansion of this activity to the approval process of all City grants will not only enhance our compliance goals, but also increase our ability to promote coordination and consistency throughout the grant process. Current checklists have been revised to ensure our goal of 100% grant compliance continues to be met by the City.*



Carr, Riggs & Ingram, LLC  
215 Baytree Drive  
Melbourne, Florida 32940

(321) 255-0088  
(321) 259-8648 (fax)  
www.cricpa.com

## **INDEPENDENT AUDITORS' MANAGEMENT LETTER**

Honorable Mayor and Members of City Commission  
City of New Smyrna Beach, Florida

### **Report on the Financial Statements**

We have audited the financial statements of the City of New Smyrna Beach, Florida as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated May 23, 2016.

### **Auditors' 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, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550 Rules of the Florida Auditor General.

### **Other Reports and Schedule**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an Examination Conducted in Accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports and schedule, which are dated May 23, 2016, should be considered in conjunction with this management letter.

### **Official Title and Legal Authority**

Section 10.554(l)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authorities of the City of New Smyrna Beach, Florida and its component unit are disclosed in the footnotes.

## **Financial Condition**

Section 10.554(l)(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 of New Smyrna Beach, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City of New Smyrna Beach, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

## **Annual Financial Report**

Section 10.554(l)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City of New Smyrna Beach, Florida for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

## **Other Matters**

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit of the City, we conducted a limited IT risk assessment by applying both a data security and business view of IT risk. We noted some areas where controls over the IT department could be improved. The subject matter of some of the areas of risk identified are confidential in nature, and thus specific details of these risks are disclosed in a separate report in order to avoid the possibility of compromising City information and security. This separate report is exempt from public access provided by Florida Statutes 119.07(1) and 286.001 and other laws and rules requiring public access or disclosure. This exemption is addressed under Florida Statute 281.301, Security systems; records and meetings exempt from public access or disclosure.

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we had a recommendation related to procurement compliance noted in Section IV of the Schedule of Findings and Questioned Costs.

*Car, Riggs & Ingram, L.L.C.*

Melbourne, Florida

May 23, 2016

THIS PAGE IS INTENTIONALLY LEFT BLANK.



Carr, Riggs & Ingram, LLC  
215 Baytree Drive  
Melbourne, Florida 32940

(321) 255-0088  
(321) 259-8648 (fax)  
www.cricpa.com

## **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES**

Honorable Mayor and Members of City Commission  
City of New Smyrna Beach, Florida

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City of New Smyrna Beach's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City of New Smyrna Beach's compliance with specified requirements.

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

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

*Carr, Riggs & Ingram, L.L.C.*

Melbourne, Florida  
May 23, 2016