

CITY OF MASCOTTE, FLORIDA

FINANCIAL REPORT

For The Year Ended September 30, 2015

Prepared by: Finance Department

INTRODUCTORY SECTION

CITY OF MASCOTTE, FLORIDA

FINANCIAL REPORT
TABLE OF CONTENTS

For the Year Ended September 30, 2015

	<u>Page</u>
I. Introductory Section:	
Table of Contents	i-ii
List of Principal Officials	iii
II. Financial Section:	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-12
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Infrastructure Special Revenue Fund	20
Statement of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual - Community Redevelopment Fund	21
Statement of Net Position - Proprietary Funds	22
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	23
Statement of Cash Flows - Proprietary Funds	24-25
Notes to Financial Statements	26-52
Required Supplementary Information	53

CITY OF MASCOTTE, FLORIDA

FINANCIAL REPORT
TABLE OF CONTENTS - CONTINUED

For the Year Ended September 30, 2015

	<u>Page</u>
II. Financial Section - Continued:	
Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet - Other Governmental Funds	54-55
Combining Statement of Revenues, Expenditures and Changes In Fund Balances - Other Governmental Funds	56-57
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual: Special Revenue Funds	58-64
III. Other Reports:	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	65-66
Management Letter	67-68
Independent Accountant's Report on Compliance with the Requirements of Section 218.415, Florida Statutes Communications with Those Charged with Governance	69 70-72

CITY OF MASCOTTE, FLORIDA

LIST OF PRINCIPAL OFFICIALS

As of September 30, 2015

MAYOR

Brenda Brasher

CITY COUNCIL

Steven Sheffield, Mayor Pro-Tem

Alberto Dominguez, Council Member

Sally Rayman, Council Member

Louise Thompson, Council Member

CITY MANAGER

Jim Gleason

DEPUTY CITY MANAGER
CITY FINANCE DIRECTOR

Dolly Miller

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Mascotte, 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 Mascotte, Florida*, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

City of Mascotte's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Mascotte, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, infrastructure special revenue fund, and community redevelopment fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

MCDIRMIT DAVIS & COMPANY, LLC

934 NORTH MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and other postemployment benefits disclosures on page 3 through 12, and 53 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 *City of Mascotte's* basic financial statements. The introductory section, combining and individual fund financial statements and schedules 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 and schedules are the responsibility of management and were derived from and related 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 19, 2016 on our consideration of *City of Mascotte's* internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering *City of Mascotte's* internal control over financial reporting and compliance.

McDiernit Davis & Company, LLC

Orlando, Florida
January 19, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the *City of Mascotte, Florida* we offer readers of the *City of Mascotte's* financial statements this narrative overview and analysis of the financial activities of the *City of Mascotte* for the fiscal year ended September 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets of the *City of Mascotte* exceeded its liabilities at the close of the most recent fiscal year by \$12,204,562 (net position). Of this amount, \$2,713,145 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$1,044,185.
- As of the close of the current fiscal year, the *City of Mascotte's* governmental funds reported combined ending fund balances of \$2,560,544, an increase of \$498,540 in comparison with the prior year. Approximately 72% of this total amount, \$1,845,451, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,845,451, or 80% of total general fund expenditures.

Overview of the Financial Statements

The financial statements focus on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government) and enhance the City's accountability.

This discussion and analysis are intended to serve as an introduction to the *City of Mascotte's* (the City) basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the *City of Mascotte's* financial position, in a manner similar to a private-sector business. They include a *Statement of Net Position* and a *Statement of Activities*.

The *Statement of Net Position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent 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 this 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).

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Both of the government-wide financial statements distinguish functions of the *City of Mascotte* that are principally supported by taxes and intergovernmental revenues (*governmental 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 of Mascotte* include general government, public safety, public works and recreation services. The business-type activities of the *City of Mascotte* include Water, Sanitation, and Stormwater management.

The government-wide financial statements include only the *City of Mascotte* itself (known as the *primary government*) and one blended component unit (The Community Redevelopment Fund).

The government-wide financial statements can be found on pages 13 - 14 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The *City of Mascotte*, 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 of Mascotte* can be divided into two categories: governmental funds and proprietary 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. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The *City of Mascotte* maintains ten individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Infrastructure Special Revenue Fund, and the Community Redevelopment Fund which are considered to be major funds. Data from the other seven 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 of Mascotte* adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for the General Fund, the Infrastructure Special Revenue Fund, and the Community Redevelopment Fund to demonstrate compliance with this budget at pages 19 - 21. Budgetary comparison schedules have been provided for the nonmajor funds at pages 58-64.

The basic governmental fund financial statements can be found on pages 15 - 18 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Proprietary Funds - *City of Mascotte* maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The *City of Mascotte* uses enterprise funds to account for Water, Sanitation and Stormwater Management.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water, Sanitation, and Stormwater Management.

The basic proprietary fund financial statements can be found on pages 22 - 25 of this report.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 26 - 52 of this report.

Required Supplementary Information (RSI) - RSI can be found on page 53 of this report.

Other Information - The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the Notes to Financial Statements. Combining and individual fund statements and schedules can be found on pages 54 - 64 of this report.

Government-Wide Financial Analysis

Statement of Net Position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the *City of Mascotte*, assets exceeded liabilities by \$12,204,562 at the close of the most recent fiscal year. The following table reflects the condensed statement of net position for the current and prior year. For more detail see the Statement of Net Position on page 13.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

City of Mascotte
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other assets	\$ 2,668,144	\$ 2,163,123	\$ 2,085,025	\$ 1,742,844	\$ 4,753,169	\$ 3,905,967
Capital Assets	4,577,719	4,611,161	6,414,904	6,236,303	10,992,623	10,847,464
Total Assets	<u>7,245,863</u>	<u>6,774,284</u>	<u>8,499,929</u>	<u>7,979,147</u>	<u>15,745,792</u>	<u>14,753,431</u>
Liabilities:						
Long term liabilities	1,220,517	1,244,363	1,393,669	1,746,471	2,614,186	2,990,834
Other liabilities	115,482	110,111	811,562	492,109	927,044	602,220
Total Liabilities	<u>1,335,999</u>	<u>1,354,474</u>	<u>2,205,231</u>	<u>2,238,580</u>	<u>3,541,230</u>	<u>3,593,054</u>
Net Position:						
Net investment in capital assets	3,677,087	3,576,899	5,103,621	4,540,526	8,780,708	8,117,425
Restricted	710,709	658,103	-	-	710,709	658,103
Unrestricted	1,522,068	1,184,808	1,191,077	1,200,041	2,713,145	2,384,849
Total Net Position	<u>\$ 5,909,864</u>	<u>\$ 5,419,810</u>	<u>\$ 6,294,698</u>	<u>\$ 5,740,567</u>	<u>\$ 12,204,562</u>	<u>\$ 11,160,377</u>

\$8,780,708 (72%) of the City's net position reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the *City of Mascotte'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 used to liquidate these liabilities.

Net position that are subject to external restrictions as to how they may be used total \$710,709 (6%). The remaining balance of *unrestricted net position* (\$2,713,145 or 22%) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position increased by \$1,044,185 during the current fiscal year. The following table reflects the condensed Statement of Activities for the current year. For more detail see the Statement of Activities on page 14.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

City of Mascotte
Changes in Net Position

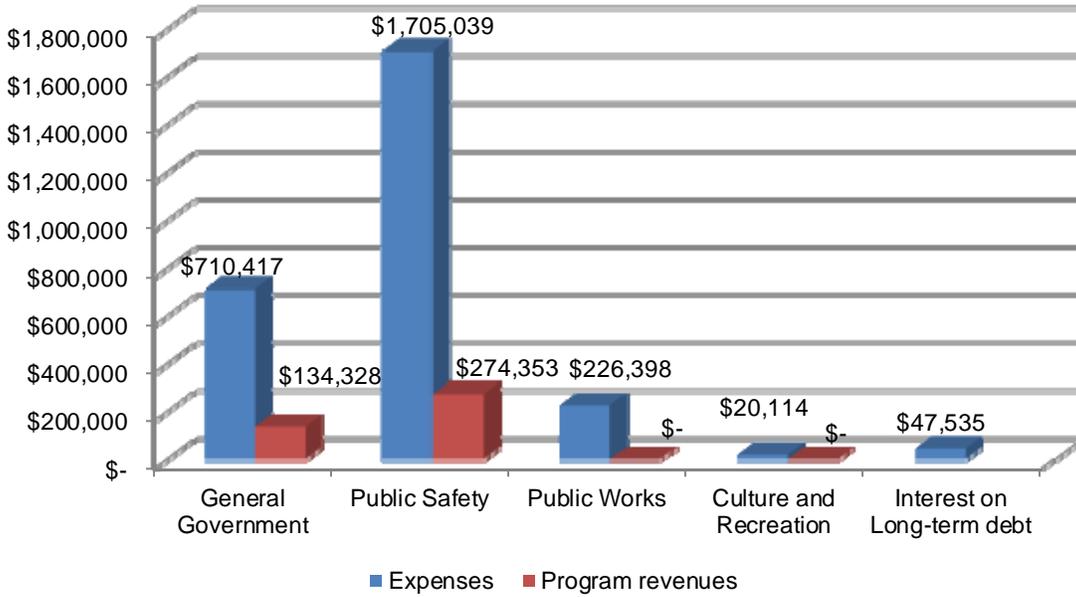
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program revenues -						
Charges for services	\$ 302,839	\$ 379,123	\$1,808,572	\$1,773,756	\$ 2,111,411	\$ 2,152,879
Operating grants and contributions	105,842	63,950	-	16,560	105,842	80,510
Capital grants and contributions	-	4,866	369,268	31,992	369,268	36,858
General revenues -						
Property taxes	905,532	880,499	-	-	905,532	880,499
Franchise and utility Taxes	463,734	456,721	-	-	463,734	456,721
Intergovernmental	1,013,438	945,960	-	-	1,013,438	945,960
Investment income and miscellaneous	101,571	102,373	11,767	9,278	113,338	111,651
Total revenues	<u>2,892,956</u>	<u>2,833,492</u>	<u>2,189,607</u>	<u>1,831,586</u>	<u>5,082,563</u>	<u>4,665,078</u>
Expenses:						
General government	710,417	666,033	-	-	710,417	666,033
Public safety	1,705,039	1,652,872	-	-	1,705,039	1,652,872
Public works	226,398	175,294	-	-	226,398	175,294
Culture and recreation	20,114	11,048	-	-	20,114	11,048
Interest on long-term debt	47,535	55,273	-	-	47,535	55,273
Water	-	-	807,304	777,746	807,304	777,746
Sanitation	-	-	376,682	353,566	376,682	353,566
Stormwater	-	-	144,889	140,043	144,889	140,043
Total expenses	<u>2,709,503</u>	<u>2,560,520</u>	<u>1,328,875</u>	<u>1,271,355</u>	<u>4,038,378</u>	<u>3,831,875</u>
Increase (Decrease) in Net Position Before Transfers	183,453	272,972	860,732	560,231	1,044,185	833,203
Transfers	306,601	(311,291)	(306,601)	311,291	-	-
Increase (Decrease) in Net Position	490,054	(38,319)	554,131	871,522	1,044,185	833,203
Net Position - beginning	5,419,810	5,458,129	5,740,567	4,869,045	11,160,377	10,327,174
Net Position - ending	<u>\$5,909,864</u>	<u>\$5,419,810</u>	<u>\$6,294,698</u>	<u>\$5,740,567</u>	<u>\$12,204,562</u>	<u>\$11,160,377</u>

Governmental Activities - Governmental activities increased the *City of Mascotte's* net position by \$490,054. This was due to the transfer of the sanitation assets to the governmental activities as a result of the general fund and sanitation funds consolidating.

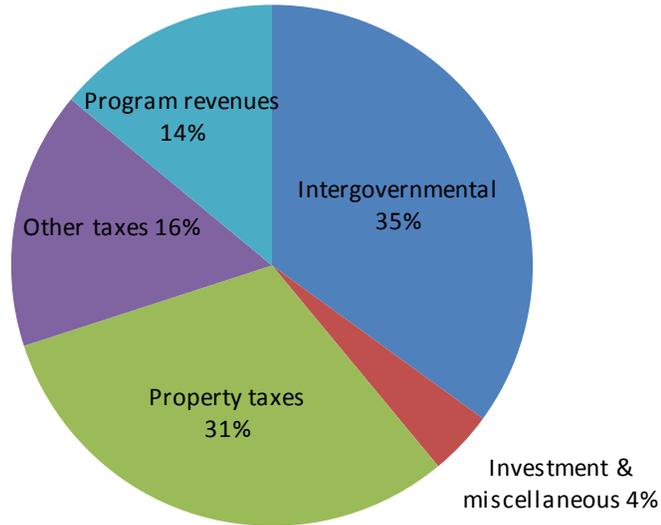
Business-Type Activities - Business-type activities increased the *City of Mascotte's* net position by \$554,131 primarily due to grant revenue received.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Expenses and Program Revenues - Governmental Activities

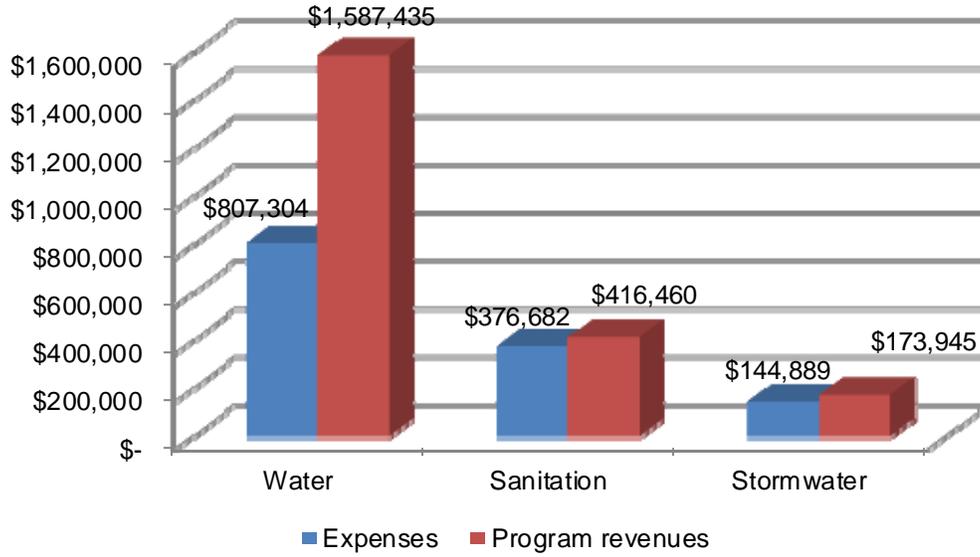


Revenue by Source - Governmental Activities

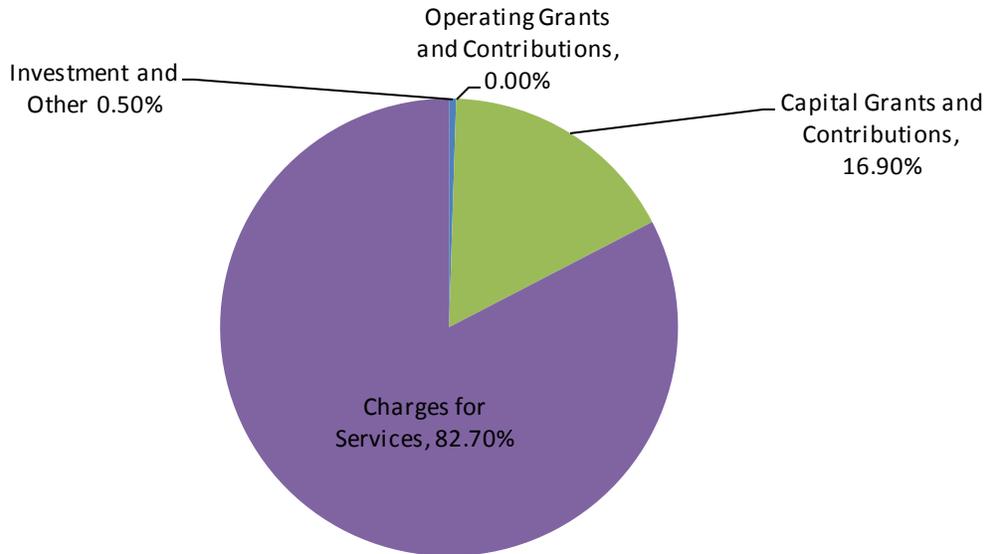


MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Expenses and Program Revenues - Business-Type Activities



Revenue by Source - Business-Type Activities



MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Financial Analysis of the Government's Funds

As noted earlier, the *City of Mascotte* used fund accounting to ensure and demonstrate compliance with finance-related 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 of Mascotte'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 of the end of the current fiscal year, the *City of Mascotte's* governmental funds reported combined ending fund balances of \$2,560,544, an increase of \$498,540 in comparison with the prior year. Approximately 72% or \$1,845,451 of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted, committed, or assigned to indicate that it is not available for new spending because it has already been committed for such purposes as debt service, capital projects, inventories and prepaid costs.

The general fund is the chief operating fund of the *City of Mascotte*. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,845,451, while total fund balance was \$1,848,648. 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 and total fund balance represent 80% and 80% respectively, of total General Fund expenditures.

The fund balance of the general fund increased by \$439,926 during the current fiscal year.

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

Unrestricted net position of the proprietary funds at the year-end amounted to \$1,191,077. The total increase in net position for these funds was \$554,131. Other factors concerning the finances of these three funds have already been addressed in the discussion of the *City of Mascotte's* business-type activities.

General Fund Budgetary Highlights

During the year, actual revenues were \$25,516 less than budgeted revenues and actual expenditures were \$221,830 less than budgeted expenditures. There were no differences between original and final budgets.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Capital Asset and Debt Administration

Capital Assets - The *City of Mascotte*'s investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounts to \$10,992,623 (net of accumulated depreciation), for an increase of \$145,159 from the prior year. This investment in capital assets includes land, buildings, improvements, machinery and equipment and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was 1% (a 1% decrease for governmental activities, and 2% increase for business-type activities).

City of Mascotte
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land	\$ 2,181,582	\$ 2,196,579	\$ 1,680,689	\$ 1,680,689	\$ 3,862,271	\$ 3,877,268
Construction in Progress	-	-	1,179,054	787,967	1,179,054	787,967
Buildings	1,311,869	1,339,630	-	-	1,311,869	1,339,630
Improvements / Infrastructure	717,627	724,815	3,480,918	3,686,553	4,198,545	4,411,368
Machinery and Equipment	362,527	350,137	31,325	37,148	393,852	387,285
Intangibles	4,114	-	42,918	43,946	47,032	43,946
Total	<u>\$ 4,577,719</u>	<u>\$ 4,611,161</u>	<u>\$ 6,414,904</u>	<u>\$ 6,236,303</u>	<u>\$ 10,992,623</u>	<u>\$ 10,847,464</u>

Additional information on the *City of Mascotte*'s capital assets can be found in Note 6 of this report.

Long-Term Debt - At the end of the current fiscal year, the *City of Mascotte* had total debt outstanding of \$2,211,915. This debt includes bonds payable and notes payable. Additional information on long-term debt can be found in Note 7 of this report.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Bonds Payable	\$ -	\$ -	\$ 136,000	\$ 149,000	\$ 136,000	\$ 149,000
Notes Payable	900,632	1,034,262	1,175,283	1,546,777	2,075,915	2,581,039
	<u>\$ 900,632</u>	<u>\$ 1,034,262</u>	<u>\$ 1,311,283</u>	<u>\$ 1,695,777</u>	<u>\$ 2,211,915</u>	<u>\$ 2,730,039</u>

The *City of Mascotte*'s total debt decreased by \$518,124 (19%) during the current fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Next Year's Budget and Rates

During the current fiscal year, the unassigned fund balance in the General Fund totaled \$1,831,951. None of the unassigned fund balance is budgeted for appropriations in the 2016 budget. The City is expecting to incur enough revenues in 2016 to cover expenditures to mitigate any need to draw on 2015 unassigned fund balance.

Requests for Information

This financial report is designed to provide a general overview of the *City of Mascotte's* finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to the office of the Finance Director, *City of Mascotte*, 100 East Myers Boulevard, Mascotte, Florida 34753.

BASIC FINANCIAL STATEMENTS

CITY OF MASCOTTE, FLORIDA

STATEMENT OF NET POSITION

September 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 2,431,191	\$ 1,577,096	\$ 4,008,287
Receivables, net	60,608	563,312	623,920
Internal balances	74,115	(74,115)	-
Due from other governments	99,033	-	99,033
Inventories	3,197	18,732	21,929
Capital Assets:			
Capital assets not being depreciated	2,181,582	2,859,743	5,041,325
Capital assets being depreciated, net of accumulated depreciation	2,396,137	3,555,161	5,951,298
Total capital assets	<u>4,577,719</u>	<u>6,414,904</u>	<u>10,992,623</u>
Total assets	<u>7,245,863</u>	<u>8,499,929</u>	<u>15,745,792</u>
LIABILITIES:			
Accounts payable and accrued expenses	107,600	361,617	469,217
Accrued interest	7,882	6,545	14,427
Deposits payable	-	190,400	190,400
Unearned revenue	-	253,000	253,000
Noncurrent liabilities:			
Due within one year	157,138	518,248	675,386
Due in more than one year	1,063,379	875,421	1,938,800
Total liabilities	<u>1,335,999</u>	<u>2,205,231</u>	<u>3,541,230</u>
NET POSITION:			
Net investment in capital assets	3,677,087	5,103,621	8,780,708
Restricted for:			
Infrastructure	489,296	-	489,296
Community redevelopment	323	-	323
Public safety	59,135	-	59,135
Physical environment	154,346	-	154,346
Culture and recreation	7,609	-	7,609
Unrestricted	1,522,068	1,191,077	2,713,145
Total net position	<u>\$ 5,909,864</u>	<u>\$ 6,294,698</u>	<u>\$ 12,204,562</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF MASCOTTE, FLORIDA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities							
General Government	\$ 710,417	\$ 33,181	\$ 101,147	\$ -	\$ (576,089)	\$ -	\$ (576,089)
Public Safety	1,705,039	269,658	4,695	-	(1,430,686)	-	(1,430,686)
Public Works	226,398	-	-	-	(226,398)	-	(226,398)
Culture and Recreation	20,114	-	-	-	(20,114)	-	(20,114)
Interest on Long-term debt	47,535	-	-	-	(47,535)	-	(47,535)
Total governmental activities	<u>2,709,503</u>	<u>302,839</u>	<u>105,842</u>	<u>-</u>	<u>(2,300,822)</u>	<u>-</u>	<u>(2,300,822)</u>
Business-type activities:							
Water	807,304	1,218,167	-	369,268	-	780,131	780,131
Sanitation	376,682	416,460	-	-	-	39,778	39,778
Stormwater	144,889	173,945	-	-	-	29,056	29,056
Total business-type activities	<u>1,328,875</u>	<u>1,808,572</u>	<u>-</u>	<u>369,268</u>	<u>-</u>	<u>848,965</u>	<u>848,965</u>
Total primary government	<u>\$ 4,038,378</u>	<u>\$ 2,111,411</u>	<u>\$ 105,842</u>	<u>\$ 369,268</u>	<u>(2,300,822)</u>	<u>848,965</u>	<u>(1,451,857)</u>
General Revenues:							
Property taxes					905,532	-	905,532
Franchise and utility taxes					463,734	-	463,734
Intergovernmental					1,013,438	-	1,013,438
Unrestricted investment earnings					15,357	11,767	27,124
Miscellaneous					86,214	-	86,214
Transfers					306,601	(306,601)	-
Total general revenues and transfers					<u>2,790,876</u>	<u>(294,834)</u>	<u>2,496,042</u>
Change in net position					490,054	554,131	1,044,185
Net Position - beginning					5,419,810	5,740,567	11,160,377
Net Position - ending					<u>\$ 5,909,864</u>	<u>\$ 6,294,698</u>	<u>\$ 12,204,562</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF MASCOTTE, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2015

	<u>General Fund</u>	<u>Infrastructure Special Revenue Fund</u>	<u>Community Redevelopment Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and cash equivalents	\$ 1,747,297	\$ 461,294	\$ 323	\$ 222,277	\$ 2,431,191
Due from other funds	74,115	-	-	-	74,115
Due from other governments	67,457	31,576	-	-	99,033
Other receivables	60,608	-	-	-	60,608
Inventories	3,197	-	-	-	3,197
Total assets	<u>\$ 1,952,674</u>	<u>\$ 492,870</u>	<u>\$ 323</u>	<u>\$ 222,277</u>	<u>\$ 2,668,144</u>
LIABILITIES:					
Accounts payable	\$ 42,181	\$ 3,574	\$ -	\$ -	\$ 45,755
Other accrued expenses	61,845	-	-	-	61,845
Total liabilities	<u>104,026</u>	<u>3,574</u>	<u>-</u>	<u>-</u>	<u>107,600</u>
FUND BALANCES:					
Nonspendable	3,197	-	-	-	3,197
Restricted	-	489,296	323	222,277	711,896
Unassigned	1,845,451	-	-	-	1,845,451
Total fund balances	<u>1,848,648</u>	<u>489,296</u>	<u>323</u>	<u>222,277</u>	<u>2,560,544</u>
Total Liabilities and Fund Balances	<u>\$ 1,952,674</u>	<u>\$ 492,870</u>	<u>\$ 323</u>	<u>\$ 222,277</u>	<u>\$ 2,668,144</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF MASCOTTE, FLORIDA

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

September 30, 2015

Total Fund Balance, governmental funds	\$ 2,560,544
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.	4,577,719
Accrued interest payable is not due in the current period and therefore is not reported in the funds.	(7,882)
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(1,220,517)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 5,909,864</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF MASCOTTE, FLORIDA

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

For the Year Ended September 30, 2015

	<u>General Fund</u>	<u>Infrastructure Special Revenue Fund</u>	<u>Community Redevelopment Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:					
Taxes:					
Property	\$ 905,532	\$ -	\$ -	\$ -	\$ 905,532
Franchise and utility	463,734	-	-	-	463,734
Fees and fines	8,889	-	-	984	9,873
Licenses and permits	18,111	-	-	-	18,111
Intergovernmental	649,243	470,037	-	-	1,119,280
Charges for services	274,855	-	-	-	274,855
Investment earnings	10,608	3,082	110	1,557	15,357
Miscellaneous	86,212	2	-	-	86,214
Total revenues	<u>2,417,184</u>	<u>473,121</u>	<u>110</u>	<u>2,541</u>	<u>2,892,956</u>
EXPENDITURES:					
Current:					
General government	601,011	4,389	35,000	-	640,400
Public safety	1,553,441	92,713	-	10,225	1,656,379
Public works	156,418	57,819	-	-	214,237
Culture and recreation	-	7,031	-	4,678	11,709
Debt service:					
Principal	-	133,630	-	-	133,630
Interest and other charges	-	48,645	-	-	48,645
Total expenditures	<u>2,310,870</u>	<u>344,227</u>	<u>35,000</u>	<u>14,903</u>	<u>2,705,000</u>
Excess (deficiency) of revenues over expenditures	<u>106,314</u>	<u>128,894</u>	<u>(34,890)</u>	<u>(12,362)</u>	<u>187,956</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	333,612	-	-	-	333,612
Transfers out	-	(23,028)	-	-	(23,028)
Total other financing sources (uses)	<u>333,612</u>	<u>(23,028)</u>	<u>-</u>	<u>-</u>	<u>310,584</u>
Net change in fund balances	439,926	105,866	(34,890)	(12,362)	498,540
Fund balances - beginning	1,408,722	383,430	35,213	234,639	2,062,004
Fund balances - ending	<u>\$ 1,848,648</u>	<u>\$ 489,296</u>	<u>\$ 323</u>	<u>\$ 222,277</u>	<u>\$ 2,560,544</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF MASCOTTE, FLORIDA

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

For the Year Ended September 30, 2015

Net Change in Fund Balances - total governmental funds: \$ 498,540

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays were less than depreciation in the current period. (18,339)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and disposals) is to decrease net assets (15,103)

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds. 133,630

The net effect of transfers from/(to) proprietary funds. (3,983)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. (104,691)

Change in net position of governmental activities \$ 490,054

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF MASCOTTE, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes:				
Property taxes	\$ 949,999	\$ 949,999	\$ 905,532	\$ (44,467)
Franchise and utility	462,001	462,001	463,734	1,733
Fees and Fines	14,000	14,000	8,889	(5,111)
Licenses and Permits	75,800	75,800	18,111	(57,689)
Intergovernmental	586,700	586,700	649,243	62,543
Charges for Services	304,800	304,800	274,855	(29,945)
Investment Earnings	7,900	7,900	10,608	2,708
Miscellaneous	41,500	41,500	86,212	44,712
Total revenues	<u>2,442,700</u>	<u>2,442,700</u>	<u>2,417,184</u>	<u>(25,516)</u>
EXPENDITURES:				
Current:				
General government	600,900	593,700	601,011	(7,311)
Public safety	1,762,400	1,768,000	1,553,441	214,559
Public works	169,400	171,000	156,418	14,582
Total expenditures	<u>2,532,700</u>	<u>2,532,700</u>	<u>2,310,870</u>	<u>221,830</u>
Excess (deficiency) of revenues over expenditures	<u>(90,000)</u>	<u>(90,000)</u>	<u>106,314</u>	<u>196,314</u>
OTHER FINANCING SOURCES:				
Transfers In	90,000	90,000	333,612	243,612
Total other financing sources	<u>90,000</u>	<u>90,000</u>	<u>333,612</u>	<u>243,612</u>
Net change in fund balances	-	-	439,926	439,926
Fund Balance - beginning	1,408,722	1,408,722	1,408,722	-
Fund Balance - ending	<u>\$ 1,408,722</u>	<u>\$ 1,408,722</u>	<u>\$ 1,848,648</u>	<u>\$ 439,926</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF MASCOTTE, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
INFRASTRUCTURE SPECIAL REVENUE FUND**

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 392,000	\$ 392,000	\$ 470,037	\$ 78,037
Investment Earnings	-	-	3,082	3,082
Miscellaneous	-	-	2	2
Total revenues	<u>392,000</u>	<u>392,000</u>	<u>473,121</u>	<u>81,121</u>
EXPENDITURES:				
Current:				
General government	-	6,500	4,389	2,111
Public safety	79,500	100,600	92,713	7,887
Public works	50,000	57,300	57,819	(519)
Culture and recreation	-	7,100	7,031	69
Debt Service:				
Principal	132,000	133,700	133,630	70
Interest and other charges	62,900	61,200	48,645	12,555
Total expenditures	<u>324,400</u>	<u>366,400</u>	<u>344,227</u>	<u>22,173</u>
Excess (deficiency) of revenues over expenditures	<u>67,600</u>	<u>25,600</u>	<u>128,894</u>	<u>103,294</u>
OTHER FINANCING USES:				
Transfers Out	(100,000)	(100,000)	(23,028)	76,972
Total other financing uses	<u>(100,000)</u>	<u>(100,000)</u>	<u>(23,028)</u>	<u>76,972</u>
Net change in fund balances	(32,400)	(74,400)	105,866	180,266
Fund Balance - beginning	383,430	383,430	383,430	-
Fund Balance - ending	<u>\$ 351,030</u>	<u>\$ 309,030</u>	<u>\$ 489,296</u>	<u>\$ 180,266</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF MASCOTTE, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
COMMUNITY REDEVELOPMENT FUND**

For the Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Investment Earnings	\$ -	\$ -	\$ 110	\$ 110
Total revenues	-	-	110	110
EXPENDITURES:				
Current:				
General government	35,000	35,000	35,000	-
Total expenditures	35,000	35,000	35,000	-
Excess (deficiency) of revenues over expenditures	(35,000)	(35,000)	(34,890)	110
Net change in fund balances	(35,000)	(35,000)	(34,890)	110
Fund Balance - beginning	35,213	35,213	35,213	-
Fund Balance - ending	\$ 213	\$ 213	\$ 323	\$ 110

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF MASCOTTE, FLORIDA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

September 30, 2015

	Enterprise Funds			Total
	Water	Sanitation	Stormwater	
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 1,249,982	\$ -	\$ 327,114	\$ 1,577,096
Accounts receivable, net	538,611	-	24,701	563,312
Inventories	18,732	-	-	18,732
Total current assets	<u>1,807,325</u>	<u>-</u>	<u>351,815</u>	<u>2,159,140</u>
Noncurrent assets:				
Capital assets:				
Land	1,680,689	-	-	1,680,689
Construction in Progress	1,179,054	-	-	1,179,054
Infrastructure	5,934,617	-	1,147,542	7,082,159
Intangible assets	75,741	-	766	76,507
Buildings	4,620	-	-	4,620
Machinery and equipment	258,180	-	97,470	355,650
Less accumulated depreciation	<u>(3,540,927)</u>	<u>-</u>	<u>(422,848)</u>	<u>(3,963,775)</u>
Total noncurrent assets	<u>5,591,974</u>	<u>-</u>	<u>822,930</u>	<u>6,414,904</u>
Total assets	<u>7,399,299</u>	<u>-</u>	<u>1,174,745</u>	<u>8,574,044</u>
LIABILITIES:				
Current Liabilities:				
Accounts payable	346,960	-	17	346,977
Salaries payable	10,400	-	1,885	12,285
Other accrued expenses	2,355	-	-	2,355
Accrued interest payable	6,545	-	-	6,545
Due to other funds	74,115	-	-	74,115
Customer deposits payable	190,400	-	-	190,400
Unearned revenue	253,000	-	-	253,000
Compensated absences	5,805	-	1,480	7,285
Notes and loans payable - current	374,963	-	-	374,963
Bonds payable - current	136,000	-	-	136,000
Total current liabilities	<u>1,400,543</u>	<u>-</u>	<u>3,382</u>	<u>1,403,925</u>
Noncurrent Liabilities:				
Compensated absences	52,241	-	13,323	65,564
Other post employment benefits	6,847	-	2,690	9,537
Bonds, notes and loans payable	800,320	-	-	800,320
Total noncurrent liabilities	<u>859,408</u>	<u>-</u>	<u>16,013</u>	<u>875,421</u>
Total liabilities	<u>2,259,951</u>	<u>-</u>	<u>19,395</u>	<u>2,279,346</u>
NET POSITION:				
Net investment in capital assets	4,280,691	-	822,930	5,103,621
Unrestricted	858,657	-	332,420	1,191,077
Total net position	<u>\$ 5,139,348</u>	<u>\$ -</u>	<u>\$ 1,155,350</u>	<u>\$ 6,294,698</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF MASCOTTE, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS

For the Year Ended September 30, 2015

	Enterprise Funds			Total
	Water	Sanitation	Stormwater	
REVENUES:				
Charges for Services	\$ 1,218,167	\$ 416,460	\$ 173,945	\$ 1,808,572
Total operating revenues	1,218,167	416,460	173,945	1,808,572
OPERATING EXPENSES:				
Salaries and Benefits	378,114	35,063	74,305	487,482
Contractual Services	88,446	337,654	31,947	458,047
Repairs and Maintenance	12,675	-	7	12,682
Other Supplies and Expenses	88,635	3,965	4,972	97,572
Depreciation	182,395	-	33,658	216,053
Total operating expenses	750,265	376,682	144,889	1,271,836
Operating income	467,902	39,778	29,056	536,736
NONOPERATING REVENUES (EXPENSES):				
Interest and Investment Income	7,746	1,948	2,073	11,767
Capital Grants and Contributions	369,268	-	-	369,268
Interest Expense	(57,039)	-	-	(57,039)
Total nonoperating revenue (expenses)	319,975	1,948	2,073	323,996
Income before transfers	787,877	41,726	31,129	860,732
Transfers In	23,028	-	-	23,028
Transfers Out	-	(329,629)	-	(329,629)
Change in net position	810,905	(287,903)	31,129	554,131
Total Net Position - beginning	4,328,443	287,903	1,124,221	5,740,567
Total Net Position - ending	\$ 5,139,348	\$ -	\$ 1,155,350	\$ 6,294,698

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF MASCOTTE, FLORIDA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For The Year Ended September 30, 2015

	<u>Water</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Receipts from customers	\$ 855,058	\$ 475,327	\$ 175,496	\$ 1,505,881
Payments to suppliers	149,504	(367,672)	(36,919)	(255,087)
Payments to employees	(349,902)	(39,754)	(66,841)	(456,497)
Net cash provided (used) by operating activities	<u>654,660</u>	<u>67,901</u>	<u>71,736</u>	<u>794,297</u>
Cash Flows from Noncapital Financing Activities:				
Net operating transfers in	23,028	-	-	23,028
Net operating transfers out	-	(329,629)	-	(329,629)
Operating grants	369,268	-	-	369,268
Decrease in advances from other funds	(73,800)	-	-	(73,800)
Net cash provided by noncapital financing activities	<u>318,496</u>	<u>(329,629)</u>	<u>-</u>	<u>(11,133)</u>
Cash Flows from Capital and Related Financing Activities:				
Purchase of capital assets	(394,654)	-	-	(394,654)
Principal paid on long-term debt	(384,494)	-	-	(384,494)
Interest paid on long-term debt	(61,477)	-	-	(61,477)
Net cash provided (used) by capital and related financing activities	<u>(840,625)</u>	<u>-</u>	<u>-</u>	<u>(840,625)</u>
Cash Flows from Investing Activities:				
Investment income	7,746	1,948	2,073	11,767
Net cash provided by investing activities	<u>7,746</u>	<u>1,948</u>	<u>2,073</u>	<u>11,767</u>
Net Increase in Cash and Cash Equivalents	140,277	(259,780)	73,809	(45,694)
Cash and Cash Equivalents - beginning	1,109,705	259,780	253,305	1,622,790
Cash and Cash Equivalents - ending	<u>\$ 1,249,982</u>	<u>\$ -</u>	<u>\$ 327,114</u>	<u>\$ 1,577,096</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

	<u>Water</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities				
Operating income	\$ 467,902	\$ 39,778	\$ 29,056	\$ 536,736
Adjustments Not Affecting Cash:				
Depreciation and amortization	182,395	-	33,658	216,053
Change in Assets and Liabilities:				
Decrease (increase) in accounts receivable	(375,743)	58,867	1,551	(315,325)
Decrease in inventory	1,250	-	-	1,250
Increase (decrease) in accounts payable	338,010	(26,053)	7	311,964
Increase (Decrease) in accrued liabilities	-	(707)	-	(707)
Increase in compensated absences	25,343	(3,984)	6,508	27,867
Increase in OPEB obligation	2,869	-	956	3,825
Increase in customer deposits	12,634	-	-	12,634
Total adjustments	<u>186,758</u>	<u>28,123</u>	<u>42,680</u>	<u>257,561</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 654,660</u>	<u>\$ 67,901</u>	<u>\$ 71,736</u>	<u>\$ 794,297</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 1 - Summary of Significant Accounting Policies:

A. Reporting Entity

The *City of Mascotte*, Florida ("the City") is a political subdivision of the state of Florida located in Lake County. The *City of Mascotte* was originally incorporated under the laws of the State of Florida on November 23, 1925. The City recently changed to a City Manager form of government by a referendum vote of the citizens. The legislative branch of the City is composed of a Mayor and a four (4) member elected Council. The City Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Council appointed City Manager.

In evaluating how to define the government, for financial reporting purposes, the City has considered all potential component units. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organizations' resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. In applying the above criteria, the City has one blended component unit as follows:

The *City of Mascotte* Community Redevelopment Fund

The *City of Mascotte* created the Community Redevelopment Agency in April of 2005. This is a dependent taxing district established in accordance with Chapter 163, Part III, Florida Statutes. Notification to affected taxing agency was done in compliance with Chapter 163.346, Part III, Florida Statutes. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the described area. The City Council, being the duly elected governmental body for the designated area, passed Resolution 2005-03-350, which established the *City of Mascotte* as the Redevelopment Agency for the purpose of carrying out the community redevelopment programs and plans within the area. The Council adopted a community development redevelopment plan through Resolution 2005-06-352. Through Ordinance 2005-06-380 the City established the Community Redevelopment Trust Fund to account for all transactions generated by this special revenue fund.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued):

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead 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 enterprise funds are reported as 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.

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 soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued):

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued):

Property taxes, franchise taxes, licenses, 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The government reports the following funds:

Major Governmental Funds

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Infrastructure Special Revenue Fund* is a special revenue fund established to account for the accumulation of proceeds of the local government infrastructure surtax to be received by the City until December 2032. The proceeds and interest accrued thereto, by law, are only to be used to finance, plan and construct infrastructure.

The *Community Redevelopment Fund* was established as a dependent taxing district. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the described area.

Nonmajor Governmental Fund Types

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

Major Proprietary Funds

Water Fund is used to account for the operations of the City's water system, which are financed in a manner similar to private business enterprises, where the costs, including depreciation, of providing services to the general public on an ongoing basis are financed primarily through user charges.

Sanitation Fund is used to account for the fiscal activities of the City's refuse collection and disposal operation. This fund was closed to the General Fund at September 30, 2015.

Stormwater Fund is used to account for the operation and maintenance of the City's stormwater system.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued):

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued):

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the City's water function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 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.

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 operations. The principal operating revenues of the City's water and sanitation funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds 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 government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance:

1. Deposits and Investments

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

Investments of the City are reported at fair value. The City's investments consist of investments authorized per their investment policy, adopted in accordance with Section 218.415, Florida Statutes.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued):

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (Continued):

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a non-spendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are shown net of an allowance for uncollectibles. The County bills and collects property taxes and remits them to the City. City property tax revenues are recognized when levied to the extent that they result in current receivables.

All property is reassessed according to its fair value on the lien date, or January 1 of each year. Taxes are levied on October 1 of each year. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The taxes paid in March are without discount. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. On or around May 31 following the tax year, certificates are sold for all delinquent taxes on real property.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued):

***D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance
(Continued):***

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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.

4. Restricted Assets

The use of certain assets of the Water fund may be restricted by specific provisions of bond resolutions, city ordinances and/or agreements with various parties. Assets so designated are identified as restricted assets on the balance sheet.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City's capitalization policy as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the year ended September 30, 2015.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued):

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (Continued):

5. Capital Assets (Continued):

Property, plant, and equipment of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Improvements	15-50
Infrastructure	30-50
Equipment	3-15
Intangible Assets	3-15

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Since the City's policy is to pay all vacation and a portion of sick pay when employees separate from service, these amounts are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For governmental activities, compensated absences are generally liquidated by the general fund.

7. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the 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 bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued):

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (Continued):

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position 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(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any item that qualifies for reporting in this category for the year ended September 30, 2015.

In addition to liabilities, the statement of financial 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(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City does not have any item that qualifies for reporting in this category for the year ended September 30, 2015.

9. Net Position Flow Assumptions

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

10. Fund Balance Flow Assumptions

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued):

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (Continued):

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the city's highest level of decision-making authority. The Council is the highest level of decision-making authority for the city that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the city for specific purposes but do not meet the criteria to be classified as committed. The council has maintained authority to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

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 Positions

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$1,220,517) difference are as follows:

Notes Payable	\$ (900,632)
Compensated Absences	(248,109)
Other Post Employment Benefits	<u>(71,776)</u>
Net Adjustment to Reduce <i>Fund Balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (1,220,517)</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net positions of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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 and reported as depreciation expense.” The details of this \$(18,339) difference are as follows:

Capital Outlay	\$ 190,519
Depreciation Expense	<u>(208,858)</u>
Net Adjustment to Decrease Net Changes in Fund Balances - <i>total governmental funds</i> to arrive at changes in <i>net position of</i> <i>governmental activities</i>	<u>\$ (18,339)</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements (Continued):

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued)

Another element of that reconciliation states that “the issuance of long-term debt (e.g., notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$133,630 difference are as follows:

Debt Issued or Incurred:	
Principal repayment	\$ 133,630
Net Adjustment to Increase Net Changes in Fund Balances - <i>total governmental funds</i> to arrive at changes in <i>net position of</i> <i>governmental activities</i>	<u>133,630</u>
	<u>\$ 133,630</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(104,691) difference are as follows:

Compensated Absences	\$ (81,890)
Other Post Employment Benefits	(23,911)
Accrued Interest Payable	<u>1,110</u>
Net Adjustment to Decrease Net Changes in Fund Balances - <i>total governmental funds</i> to arrive at changes in <i>net position of</i> <i>governmental activities</i>	<u>(104,691)</u>
	<u>\$ (104,691)</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to the end of the fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) The general summary of the budget and notice of public hearing is published in the local newspaper. Public hearings are conducted to obtain taxpayer comments. Prior to October 1, budgets are legally enacted through passage of an ordinance.
- (3) The City Manager is authorized to transfer budgeted amounts within and between divisions and departments; however, any revisions that alter the total appropriations of any fund must be approved by the City Council. The level of classification detail at which expenditures may not legally exceed appropriations is the fund level.
- (4) Appropriations lapse at the close of the fiscal year to the extent they have not been expended.
- (5) Budgets are adopted for the general fund and special revenue funds on a basis consistent with accounting principles generally accepted in the United States of America. Budgets are also adopted for the enterprise funds; however, this data is not presented under generally accepted accounting principles.
- (6) The City Council, by ordinance or resolution, may make supplemental appropriations in excess of those originally estimated for the year up to the amount of available revenues. Budgeted amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

Note 4 - Deposits and Investments:

Deposits

At year-end, the carrying amount of the City's deposits was \$4,007,187 and the bank balance was \$4,089,192. Petty cash funds of \$1,100 are not on deposit with a financial institution.

All bank deposits were covered by Federal Depository Insurance or by collateral held in banks that are members of the State of Florida's Collateral Pool as specified under Florida law. Florida Statutes provide for collateral pooling by banks and savings and loans. This limits local government deposits to "authorized depositories".

Investments

Investments in all fund types are stated at fair value, which is the amount for which an investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. Fair value is based on quoted market prices. Changes in the fair value of investments are recognized as revenue and included in investment income. Investment income is recognized as earned and is allocated to the participating funds based on their equity participation. The City's investment policies are governed by Florida Statutes, which allow the following investments:

- (a) Florida Local Government Surplus Funds Trust Fund Investment Pool (SBA LGIP)
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest bearing time deposit or savings accounts in qualified public depositories
- (d) Direct obligations of the U.S. Treasury

CITY OF MASCOTTE, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

Note 4 - Deposits and Investments (Continued):

Investments (Continued):

The City does not have an investment policy that addresses credit risk, concentration of credit risk, custodial credit risk, or interest rate risk. However, all deposits are potentially subject to custodial credit risk. The City policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposit Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2015, all of the City's bank deposits were in qualified public depositories.

Note 5 - Receivables:

Receivables as of year end for the City's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Water Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Receivables:				
Accounts	\$ 63,228	\$ 629,873	\$ 39,166	\$ 732,267
Less allowance for uncollectible accounts	(2,620)	(91,262)	(14,465)	(108,347)
	<u>\$ 60,608</u>	<u>\$ 538,611</u>	<u>\$ 24,701</u>	<u>\$ 623,920</u>

CITY OF MASCOTTE, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

Note 6 - Capital Assets:

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,196,579	\$ -	\$ (14,997)	\$ 2,181,582
Total capital assets, not being depreciated	<u>2,196,579</u>	<u>-</u>	<u>(14,997)</u>	<u>2,181,582</u>
Capital assets, being depreciated:				
Buildings	2,094,453	21,770	-	2,116,223
Improvements/Infrastructure	2,234,492	59,599	(1,621)	2,292,470
Machinery and equipment	2,648,656	119,564	(456,257)	2,311,963
Intangible assets	147,927	7,016	-	154,943
Total capital assets, being depreciated	<u>7,125,528</u>	<u>207,949</u>	<u>(457,878)</u>	<u>6,875,599</u>
Less accumulated depreciation for:				
Buildings	(754,823)	(49,531)	-	(804,354)
Improvements/Infrastructure	(1,509,677)	(66,787)	1,621	(1,574,843)
Machinery and equipment	(2,298,519)	(107,068)	456,151	(1,949,436)
Intangible assets	(147,927)	(2,902)	-	(150,829)
Total accumulated depreciation	<u>(4,710,946)</u>	<u>(226,288)</u>	<u>457,772</u>	<u>(4,479,462)</u>
Total capital assets, being depreciated, net	<u>2,414,582</u>	<u>(18,339)</u>	<u>(106)</u>	<u>2,396,137</u>
Government activities capital assets, net	<u>\$ 4,611,161</u>	<u>\$ (18,339)</u>	<u>\$ (15,103)</u>	<u>\$ 4,577,719</u>

Increases in accumulated depreciation for governmental activities includes accumulated depreciation on assets transferred from business-type activities, therefore, total increases is not the same as depreciation expense disclosed below. The difference is \$17,430. Increases in accumulated depreciation for business-type activities include depreciation on assets transferred from governmental. This difference is \$7,000.

CITY OF MASCOTTE, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

Note 6 - Capital Assets (Continued):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,680,689	\$ -	\$ -	\$ 1,680,689
Construction in progress	787,967	391,087	-	1,179,054
Total capital assets, not being depreciated	<u>2,468,656</u>	<u>391,087</u>	<u>-</u>	<u>2,859,743</u>
Capital assets, being depreciated:				
Buildings	4,620	-	-	4,620
Improvements/Infrastructure	7,082,159	-	-	7,082,159
Machinery and equipment	368,525	10,067	(22,942)	355,650
Intangible assets	77,543	500	(1,536)	76,507
Total capital assets, being depreciated	<u>7,532,847</u>	<u>10,567</u>	<u>(24,478)</u>	<u>7,518,936</u>
Less accumulated depreciation for:				
Buildings	(4,620)	-	-	(4,620)
Improvements/Infrastructure	(3,395,606)	(205,635)	-	(3,601,241)
Machinery and equipment	(331,377)	(15,890)	22,942	(324,325)
Intangible assets	(33,597)	(1,528)	1,536	(33,589)
Total accumulated depreciation	<u>(3,765,200)</u>	<u>(223,053)</u>	<u>24,478</u>	<u>(3,963,775)</u>
Total capital assets, being depreciated, net	<u>3,767,647</u>	<u>(212,486)</u>	<u>-</u>	<u>3,555,161</u>
Business-type activities capital assets, net	<u>\$ 6,236,303</u>	<u>\$ 178,601</u>	<u>\$ -</u>	<u>\$ 6,414,904</u>

CITY OF MASCOTTE, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

Note 6 - Capital Assets (Continued):

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 92,035
Public safety	82,281
Transportation/public works	21,458
Culture and recreation	13,084
Total Depreciation Expense - governmental activities	<u>\$ 208,858</u>
Business-type Activities:	
Water	\$ 182,395
Stormwater	33,658
Total Depreciation Expense - business type activities	<u>\$ 216,053</u>

Note 7 - Long-Term Debt:

Revenue Bonds

The City issues bonds where the City pledges revenue derived from the acquired or constructed assets to pay debt service. Revenue bonds have been issued for business-type activities. The original amount of revenue bonds issued in prior years, as well as revenue bonds outstanding at year end, are as follows:

	<u>Interest Rates and Dates</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Balance, September 30, 2015</u>
<u>Business-Type Activities</u>				
Water Revenue Bonds	5% (9/1)	9/1/86- 9/1/23	<u>\$ 353,800</u>	<u>\$ 136,000</u>

These Water Revenue Bonds are secured by a first lien on and pledge of the net revenues of the water system and a first lien on and pledge of allowable impact fees imposed on new users of the system. Total principal and interest remaining to be paid on this series is \$136,672. For the fiscal year, principal and interest paid on this bond was \$20,450 and total pledged revenue was \$684,569.

CITY OF MASCOTTE, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

Note 7 - Long-Term Debt (Continued):

The Water Revenue Bonds resolution provides for:

- (1) Establishment and maintenance of various funds and accounts and;
- (2) The City shall establish rates, which will provide for necessary operating expenses, including principal and interest payments.

Annual debt service requirements to maturity for water revenue bonds are as follows:

Year Ending September 30,	Business-Type Activities	
	Principal	Interest
2016	\$ 136,000	\$ 672
Total	<u>\$ 136,000</u>	<u>\$ 672</u>

CITY OF MASCOTTE, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

Note 7 - Long-Term Debt (Continued):

Notes Payable - Business-type Activities

At September 30, 2015 notes payable consisted of:

Capital improvement revenue note payable to bank in annual installments. Interest paid quarterly at 3.175% through October 2015; secured by infrastructure sales surtax; 2015 pledged revenue was \$470,037. Principal and Interest paid in 2015 was \$97,454.	\$ 281,460
Line of credit payable to bank; interest due quarterly at 5.05%; principal due semiannually through September 2016 of \$129,167, secured by CRA revenues and wastewater impact fees, 2015 pledged revenue was \$110. Principal and interest paid in 2015 was \$293,535.	558,000
Note payable to SRF in 41 semi-annual installments of \$10,154, including interest at 2.68%, beginning on January 15, 2012; secured by net revenues from operation of water and sewer system, together with impact fees. 2015 pledged revenue was \$664,119. Principal and interest paid in 2015 was \$20,309.	275,845
Note payable to SRF in 20 semi-annual installments of \$7,112, including interest at 2.64%, beginning June 15, 2010; secured by net revenues from operation of water and sewer system. 2015 pledged revenue was \$664,119. Principal and interest paid in 2015 was \$14,223.	59,978
	<u>\$ 1,175,283</u>

CITY OF MASCOTTE, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

Note 7 - Long-Term Debt (Continued):

Annual debt service requirements to maturity on the notes payable are as follows:

Year Ending September 30,	Business-Type Activities	
	Principal	Interest
2016	\$ 374,963	\$ 36,940
2017	378,539	20,378
2018	165,222	8,662
2019	27,849	6,683
2020	21,483	5,938
2021-2025	78,387	23,158
2026-2030	89,549	11,996
2031-2032	39,291	1,328
Total	<u>\$ 1,175,283</u>	<u>\$ 115,083</u>

State Revolving Loan

During 2008, the City executed two loan agreements with the Department of Environmental Protection to finance the planning, design, and construction of public water systems and wastewater pollution control facilities. The State Revolving Fund Loans are approved for the following amounts:

Water System	\$ 240,000
Wastewater Facilities	469,064

The water system loan will be paid back in 10 years, starting on June 15, 2010 and the wastewater facilities loan will be paid back in 20 years starting on January 15, 2013. The total amount to be paid back will also include loan service fees and capitalized interest not included in above amounts.

Line of Credit

On September 7, 2007 the City borrowed \$2,100,000, the full amount available, on a line of credit with a bank. The funds were used for land purchases and secured by wastewater impact fees. Interest payments are due quarterly at 5.05% and principal payments are semiannual. The line matures in September of 2016.

CITY OF MASCOTTE, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

Note 7 - Long-Term Debt (Continued):

Notes Payable - Governmental Activities

Summarized below are the City's notes outstanding at September 30, 2015:

Note payable to a bank in monthly installments including interest at 4.75% through February 2022; secured by City Hall building. Principal and interest paid was \$42,893.	\$ 233,631
Note payable to a bank in semiannual installments including interest at 4.87% due quarterly. Secured by infrastructure sales surtax; 2015 pledged revenue was \$470,037. Principal and interest paid in 2015 was \$117,288.	625,000
Line of credit payable to a bank; interest due quarterly at 5.05%; principal due semiannually through September 2018 secured by CRA revenues and wastewater impact fees. 2015 pledged revenue was \$110. Principal and interest paid in 2015 was \$22,094.	42,001
	<u>\$ 900,632</u>

Debt service requirements for the above notes are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 132,327	\$ 44,892
2017	139,481	32,562
2018	122,054	28,935
2019	120,694	23,028
2020	122,528	17,113
2021-2023	263,548	17,433
Total	<u>\$ 900,632</u>	<u>\$ 163,963</u>

CITY OF MASCOTTE, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

Note 7 - Long-Term Debt (Continued):

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Notes Payable	\$ 1,034,262	\$ -	\$ (133,630)	\$ 900,632	\$ 132,327
Compensated Absences	162,236	85,873	-	248,109	24,811
Other post employment benefits	47,865	23,911	-	71,776	-
Governmental activity long-term liabilities	<u>\$ 1,244,363</u>	<u>\$ 109,784</u>	<u>\$ (133,630)</u>	<u>\$ 1,220,517</u>	<u>\$ 157,138</u>
Business-Type Activities					
Bonds payable -					
Revenue Bonds	\$ 149,000	\$ -	\$ (13,000)	\$ 136,000	\$ 136,000
Notes payable -					
Capital Improvement revenue note	369,566	-	(88,106)	281,460	90,903
SRF Loans	360,878	-	(25,055)	335,823	25,726
Line of credit	816,333	-	(258,333)	558,000	258,334
Total notes payable	<u>1,546,777</u>	<u>-</u>	<u>(371,494)</u>	<u>1,175,283</u>	<u>374,963</u>
Compensated absences	44,982	27,867	-	72,849	7,285
Other post employment benefits	5,712	3,825	-	9,537	-
Business-type activity long-term liabilities	<u>\$ 1,746,471</u>	<u>\$ 31,692</u>	<u>\$ (384,494)</u>	<u>\$ 1,393,669</u>	<u>\$ 518,248</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

Note 8 - Interfund Receivables, Payables and Transfers:

The General Fund advanced \$74,115 to the Water Fund for working capital loans that the General Fund expects to collect in 2016.

The Infrastructure Special Revenue Fund transferred \$23,028 to the Water Fund for debt service payments and for the CDBG grant.

The Sanitation Fund transferred \$329,629 to the General Fund as the effect of closing the sanitation fund in the year, and consolidating into the General Fund.

Note 9 - Retirement Plan:

The City has adopted a Defined Contribution Retirement Plan to provide certain benefits for its employees upon their retirement from active service and for their beneficiaries in the event of death.

Eligibility - The plan covers all employees of the City who on the effective date of the plan has (a) completed one year of service prior to the effective date, and (b) attained age 18.

Funding Policy - The City contributes 10% of the compensation of each participant after one year of service. Forfeitures are used to reduce the City's contributions. Employer contributions on behalf of participants are made on each payroll period. Each participant may make voluntary contributions to the plan which are immediately vested. Voluntary contributions may not exceed 5% of the annual compensation paid by the employer to the participant in the plan year.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

Note 9 - Retirement Plans (Continued):

During the year ended September 30, 2015, the City's total payroll was \$1,640,249. The City contributed \$126,942 to the plan for the year ended September 30, 2015. Of this total, \$14,113 was contributed from the forfeiture account.

As defined by the plan, normal retirement age is 65.

Vesting Schedule - All voluntary contributions are fully vested to participant. The City's contributions are vested to the individual participants' accounts as follows:

<u>Years of Service</u>	<u>% Vested</u>
5 or more	100%

The assets of the plan are held by an independent party acting as investment custodian and plan administrator, and are invested in mutual funds selected by the participant.

Note 10 - Deferred Compensation Plan:

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by ICMA Retirement Corporation. The plan permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Because the Plan Assets are held in trust for the exclusive benefit of plan participants and their beneficiaries, the Plan is not accounted for in the City's fund financials.

Note 11 - Other Post-Employment Benefits:

In accordance with Florida Statutes Section 112.0801, the City makes continued group health insurance through the City's current provider available to retirees and eligible dependents provided certain service requirements and normal age retirement requirements have been met. This benefit has no cost to the City, other than the implicit cost of including retirees in the group calculation. All premiums are paid by the retiree. The City has one retiree currently receiving benefits. The City has chosen pay-as-you-go funding, but is recording the liability in the government wide financial statements. This plan does not issue stand-alone financial statements.

As of October 1, 2014, the most recent actuarial valuation date, the actuarial accrued liabilities (AAL) and unfunded actuarial accrued liability (UAAL) for benefits was \$110,808.

CITY OF MASCOTTE, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

Note 11 - Other Post-Employment Benefits (Continued):

The annual required contribution and Net OPEB Obligation for the fiscal year ended September 30, 2015 is as follows:

Annual Required Contribution	\$ 40,798
Interest on Net OPEB Obligation	2,411
Adjustment to Annual Required Contribution	<u>(3,341)</u>
Annual OPEB Cost	39,868
Estimated Net Contributions Made	<u>(12,132)</u>
Increase in Net OPEB Obligation	27,736
Net OPEB Obligation (beginning of year)	<u>53,577</u>
Net OPEB Obligation (end of year)	<u><u>\$ 81,313</u></u>

Three Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2013	32,256	29.40%	37,562
9/30/2014	27,792	42.40%	53,577
9/30/2015	39,868	30.40%	81,313

Summary of Actuarial Methods & Assumptions:

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

Note 11 - Other Post-Employment Benefits (Continued):

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

The City qualifies to use the alternative measurement method, and has elected to do so. The following are the significant assumptions used:

Actuarial Cost Method - the entry age normal (level % of pay)

Amortization Method - level percentage of payroll (closed amortization over 30 years)

Mortality - RP-2000 Combined Healthy Mortality Table.

Interest Rate - 4.50% per year compounded annually, net of investment related expenses.

Retirement Rate - 100% at age 58.

Participation Rate - 20% of active employees are assumed to maintain benefit coverage after retirement.

Spousal Coverage - 50% of active employees who have elected benefit coverage are assumed to cover their spouse.

Retiree Contributions- retirees participating in the group insurance plans offered by the City are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums.

Healthcare Inflation - Pre-Medicare: 7.5% in fiscal 2014; trending to 4.5% in fiscal 2017. Post-Medicare: 7.5% in fiscal 2014, trending to 4.5% in fiscal 2017.

Note 12 - Commitments and Contingencies:

Litigation - The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2015. While the ultimate outcome of the litigation cannot be determined at this time, management believes that any amounts not covered by insurance, if any, resulting from these lawsuits would not materially affect the financial position of the City.

CITY OF MASCOTTE, FLORIDA

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015

Note 12 - Commitments and Contingencies - (Continued):

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; and natural disasters for which the City carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded insurance coverage during the past three years.

Note 13 - Fund Balance:

At September 30, 2015 the City's governmental fund balances were as follows:

	<u>General Fund</u>	<u>Infrastructure Special Revenue Fund</u>	<u>Community Redevelopment Special Revenue Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund Balances					
Nonspendable					
Inventory	\$ 3,197	\$ -	\$ -	\$ -	\$ 3,197
Spendable					
Restricted for:					
Public safety	-	-	-	60,322	60,322
Culture and recreation	-	-	-	7,609	7,609
Physical environment	-	-	-	154,346	154,346
Infrastructure	-	489,296	-	-	489,296
Community redevelopment	-	-	323	-	323
Unassigned	1,845,451	-	-	-	1,845,451
	<u>\$ 1,848,648</u>	<u>\$ 489,296</u>	<u>\$ 323</u>	<u>\$ 222,277</u>	<u>\$ 2,560,544</u>

Note 14 - Subsequent Events:

The City has evaluated subsequent events through the date of the independent auditor's report, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MASCOTTE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2015

Retiree Continuation Insurance Plan

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	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
10/1/2011**	\$ -	\$ 79,412	\$ 79,412	0%	\$1,355,359	5.9%
10/1/2012	-	119,678	119,678	0%	1,371,254	8.7%
10/1/2013	-	95,182	95,182	0%	1,471,006	6.5%
10/1/2014	-	110,808	110,808	0%	1,598,130	6.9

** Initial valuation date

Schedule of Contributions from Employers and Other Contributing Entities

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
9/30/2012	\$ 21,329	30.7%	\$ 14,780
9/30/2013	32,257	29.4%	37,563
9/30/2014	28,421	42.4%	53,577
9/30/2015	40,798	30.4%	81,313

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF MASCOTTE, FLORIDA

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

September 30, 2015

	<u>Police Education</u>	<u>Police Forfeitures</u>	<u>Police Automation</u>
ASSETS:			
Cash and Cash Equivalents	\$ 38,777	\$ 1,187	\$ 342
Total assets	<u>\$ 38,777</u>	<u>\$ 1,187</u>	<u>\$ 342</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted	<u>38,777</u>	<u>1,187</u>	<u>342</u>
Total fund balances	<u>38,777</u>	<u>1,187</u>	<u>342</u>
Total Liabilities and Fund Balances	<u>\$ 38,777</u>	<u>\$ 1,187</u>	<u>\$ 342</u>

Police Impact	Fire Impact	Parks and Recreation Impact	Road Impact	Total Other Governmental Funds
\$ 2,970	\$ 17,046	\$ 7,609	\$ 154,346	\$ 222,277
<u>\$ 2,970</u>	<u>\$ 17,046</u>	<u>\$ 7,609</u>	<u>\$ 154,346</u>	<u>\$ 222,277</u>
\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2,970	17,046	7,609	154,346	222,277
<u>2,970</u>	<u>17,046</u>	<u>7,609</u>	<u>154,346</u>	<u>222,277</u>
<u>\$ 2,970</u>	<u>\$ 17,046</u>	<u>\$ 7,609</u>	<u>\$ 154,346</u>	<u>\$ 222,277</u>

CITY OF MASCOTTE, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
OTHER GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2015

	<u>Police Education</u>	<u>Police Forfeitures</u>	<u>Police Automation</u>
REVENUES			
Fees and Fines	\$ 984	\$ -	\$ -
Investment earnings	270	8	3
Total revenues	<u>1,254</u>	<u>8</u>	<u>3</u>
EXPENDITURES			
Current:			
Public safety	1,303	-	-
Culture and recreation	-	-	-
Total expenditures	<u>1,303</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(49)</u>	<u>8</u>	<u>3</u>
Net change in Fund Balances	(49)	8	3
Fund Balances - beginning	38,826	1,179	339
Fund Balances - ending	<u>\$ 38,777</u>	<u>\$ 1,187</u>	<u>\$ 342</u>

Police Impact	Fire Impact	Parks and Recreation Impact	Road Impact	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 984
36	116	67	1,057	1,557
<u>36</u>	<u>116</u>	<u>67</u>	<u>1,057</u>	<u>2,541</u>
8,922	-	-	-	10,225
-	-	4,678	-	4,678
<u>8,922</u>	<u>-</u>	<u>4,678</u>	<u>-</u>	<u>14,903</u>
(8,886)	116	(4,611)	1,057	(12,362)
(8,886)	116	(4,611)	1,057	(12,362)
11,856	16,930	12,220	153,289	234,639
<u>\$ 2,970</u>	<u>\$ 17,046</u>	<u>\$ 7,609</u>	<u>\$ 154,346</u>	<u>\$ 222,277</u>

CITY OF MASCOTTE, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
POLICE EDUCATION**

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Fees and Fines	\$ 1,500	\$ 1,500	\$ 984	\$ (516)
Investment Earnings	-	-	270	270
Total revenues	<u>1,500</u>	<u>1,500</u>	<u>1,254</u>	<u>(246)</u>
EXPENDITURES:				
Current:				
Public safety	<u>2,500</u>	<u>2,500</u>	<u>1,303</u>	<u>1,197</u>
Total expenditures	<u>2,500</u>	<u>2,500</u>	<u>1,303</u>	<u>1,197</u>
Excess (deficiency) of revenues over expenditures	<u>(1,000)</u>	<u>(1,000)</u>	<u>(49)</u>	<u>951</u>
Net change in fund balance	(1,000)	(1,000)	(49)	951
Fund Balance - beginning	<u>38,826</u>	<u>38,826</u>	<u>38,826</u>	<u>-</u>
Fund Balance - ending	<u>\$ 37,826</u>	<u>\$ 37,826</u>	<u>\$ 38,777</u>	<u>\$ 951</u>

CITY OF MASCOTTE, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
POLICE FORFEITURES

For the Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Investment Earnings	\$ -	\$ -	\$ 8	\$ 8
Total revenues	-	-	8	8
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	8	8
Net change in fund balance	-	-	8	8
Fund Balance - beginning	1,179	1,179	1,179	-
Fund Balance - ending	<u>\$ 1,179</u>	<u>\$ 1,179</u>	<u>\$ 1,187</u>	<u>\$ 8</u>

CITY OF MASCOTTE, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
POLICE AUTOMATION

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Investment Earnings	\$ -	\$ -	\$ 3	\$ 3
Total revenues	-	-	3	3
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	3	3
Net change in fund balance	-	-	3	3
Fund Balance - beginning	339	339	339	-
Fund Balance - ending	<u>\$ 339</u>	<u>\$ 339</u>	<u>\$ 342</u>	<u>\$ 3</u>

CITY OF MASCOTTE, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
POLICE IMPACT**

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Impact Fees/Special Assessments	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	-	36	36
Total revenues	-	-	36	36
EXPENDITURES:				
Current:				
Public safety	5,300	9,400	8,922	478
Total expenditures	5,300	9,400	8,922	478
Excess (deficiency) of revenues over expenditures	(5,300)	(9,400)	(8,886)	514
Net change in fund balance	(5,300)	(9,400)	(8,886)	514
Fund Balance - beginning	11,856	11,856	11,856	-
Fund Balance - ending	\$ 6,556	\$ 2,456	\$ 2,970	\$ 514

CITY OF MASCOTTE, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FIRE IMPACT

For the Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Impact Fees/Special Assessments	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	-	116	116
Total revenues	-	-	116	116
EXPENDITURES:				
Current:				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	116	116
OTHER FINANCING SOURCES (USES):				
Transfers out	(16,200)	(16,200)	-	16,200
Total other financing sources and uses	(16,200)	(16,200)	-	16,200
Net change in fund balance	(16,200)	(16,200)	116	16,316
Fund Balance - beginning	16,930	16,930	16,930	-
Fund Balance - ending	\$ 730	\$ 730	\$ 17,046	\$ 16,316

CITY OF MASCOTTE, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PARKS AND RECREATION IMPACT**

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Impact Fees/Special Assessments	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	-	67	67
Total revenues	-	-	67	67
EXPENDITURES:				
Current:				
Culture and recreation	7,600	7,600	4,678	2,922
Total expenditures	7,600	7,600	4,678	2,922
Excess (deficiency) of revenues over expenditures	(7,600)	(7,600)	(4,611)	2,989
Net change in fund balance	(7,600)	(7,600)	(4,611)	2,989
Fund Balance - beginning	12,220	12,220	12,220	-
Fund Balance - ending	\$ 4,620	\$ 4,620	\$ 7,609	\$ 2,989

CITY OF MASCOTTE, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
ROAD IMPACT

For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Impact Fees/Special Assessments	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	-	1,057	1,057
Total revenues	-	-	1,057	1,057
EXPENDITURES:				
Current:				
Public works	5,000	5,000	-	5,000
Total expenditures	5,000	5,000	-	5,000
Excess (deficiency) of revenues over expenditures	(5,000)	(5,000)	1,057	6,057
Net change in fund balance	(5,000)	(5,000)	1,057	6,057
Fund Balance - beginning	153,289	153,289	153,289	-
Fund Balance - ending	\$ 148,289	\$ 148,289	\$ 154,346	\$ 6,057

OTHER REPORTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and City Council
City of Mascotte, Florida

We have audited, 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, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the *City of Mascotte, Florida*, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 19, 2016.

Internal Control Over Financial Reporting

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

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

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

MCDIRMIT DAVIS & COMPANY, LLC

934 NORTH MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

Compliance and Other Matters

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

Purpose of this Report

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

McDiernit Davis & Company, LLC

Orlando, Florida
January 19, 2016

MANAGEMENT LETTER

Honorable Mayor and City Council
City of Mascotte, Florida

Report on the Financial Statements

We have audited the financial statements of the *City of Mascotte, Florida*, as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated January 19, 2016.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reports

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements accordance with Chapter 10.550, rules of the Auditor General. Disclosures in those reports, which are dated January 19, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

MCDIRMIT DAVIS & COMPANY, LLC

934 NORTH MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

Financial Condition

Section 10.554(1)(i)5.a., 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 Mascotte, 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 Mascotte, 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 the *City of Mascotte, 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(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the *City of Mascotte, 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, we did not have any such recommendations.

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

Purpose of this Letter

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

McDermitt Davis & Company, LLC

Orlando, Florida
January 19, 2016

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES**

The Honorable Mayor and City Council
City of Mascotte, Florida

We have examined City of Mascotte's (the City) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2015. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

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

MCDIRMIT DAVIS & COMPANY, LLC

Orlando, Florida
January 19, 2015

MCDIRMIT DAVIS & COMPANY, LLC

934 NORTH MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

Honorable Mayor and City Council
City of Mascotte, Florida

We have audited the financial statements of *City of Mascotte* as of and for the year ended September 30, 2015, and have issued our report thereon dated January 19, 2016. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 8, 2013, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of *City of Mascotte* solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

MCDIRMIT DAVIS & COMPANY, LLC
934 NORTH MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by City of Mascotte is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2015. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate for the allowance for doubtful accounts is based on historical loss levels, and an analysis of the individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimation for the allowance for depreciation is based on the estimated useful lives of the capital assets. We evaluated the reasonableness of the useful lives as well as the depreciation methods in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting City of Mascotte's financial statements relate to revenue recognition as described in Note 1.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all such misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of audit procedures. None of the misstatements identified by us as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to City of Mascotte's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated January 19, 2016.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with City of Mascotte , we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as City of Mascotte's auditors.

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

Very truly yours,

McDiernit Davis & Company, LLC

Orlando, Florida
January 19, 2016