

CITY OF MINNEOLA, FLORIDA
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2011

CITY OF MINNEOLA, FLORIDA

CITY OFFICIALS

MayorPat Kelley

Vice-MayorKelly Price

CouncilmanJoseph Saunders

CouncilmanDeborah Flinn

CouncilmanRick Roderick

City ManagerMark Johnson

Accountant IIICharlotte Gentile

CITY OF MINNEOLA, FLORIDA
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2011

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CLERMONT OFFICE*Jerry D. Brown, C.P.A.**Herbert John Greenlee, Jr. C.P.A.
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David A. Donofrio, C.P.A.
Deborah R. Mullins, C.P.A.
Allan L. Silbernagel, C.P.A.
Gabriel P. Burroughs, C.P.A.***INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and City Council
City of Minneola, Florida

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 Minneola, Florida, as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Minneola, Florida's, management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 the City of Minneola, Florida, as of September 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with **Government Auditing Standards**, we have also issued our report dated January 18, 2012 on our consideration of the City of Minneola, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on page 3 through 11 and 37 through 43, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Minneola, Florida's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Greenlee, Humes, Rice + Brown, PA

Clermont, Florida
May 12, 2012

Management's Discussion and Analysis

As management of the City of Minneola, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2011. This discussion has been prepared by management and should be read in conjunction with the financial statements, which follow this section.

Financial Highlights

The City's assets exceeded its liabilities at September 30, 2011 by \$26,324,907 (net assets). Of this amount, \$3,486,237 (unrestricted net assets) may be used to meet the City's ongoing obligations to its customers and creditors.

The City's total net assets increased \$576,149 as a result of current year operations.

The City's total amount of outstanding loan debt at September 30, 2011 was \$18,585,629 of which \$906,206 is classified as current and \$17,682,423 as long-term.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The basic financial statements consist of three parts: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also includes supplementary information that explains in more detail some of the information in the financial statements.

Government-Wide Financial Statements

The government-wide financial statements of the City provide a broad overview of the City's finances and report information about the City using accounting methods similar to those used by private sector companies.

The Statement of Net Assets presents the City's assets less its liabilities at year end. The difference between these assets and liabilities is reported as net assets. Over time, increases or decreases in net assets 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 City's net assets changed during the fiscal year. All changes in net assets 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 periods.

The government-wide financial statements can be found on pages 12 and 13 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City has three funds; the general governmental fund, a special revenue fund and the proprietary fund.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, these funds 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. As a result of this difference in focus, reconciliation is provided in the notes to the financial statements between the fund and government-wide statements.

Special Revenue Funds - Special Revenue funds account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specified purposes.

The basic governmental fund financial statements can be found on page 14 and 15 of this report.

Proprietary Funds - Proprietary funds account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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 the financial statements can be found beginning on page 21 of this report.

Other information - In addition to the basic financial statements and notes, this report also presents certain required supplementary information concerning the City's annual appropriated budget for its general fund. A budgetary comparison schedule has been provided as required supplementary information for the general fund to demonstrate compliance with this budget. Supplementary information can be found beginning on page 37 of this report.

Government-Wide Financial Analysis

The City has implemented the provisions of Governmental Accounting Standards Board Statement Number 34, "*Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments.*" As a result, the accompanying fund financial statements are converted to the Statement of Net Assets and Statement of Activities by posting adjustments for the following:

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Capital assets, net of accumulated depreciation, have been added to the Statement of Net Assets. In addition, capital outlay has been taken out of expenses in the Statement of Activities and depreciation expense for all equipment has been included in expense.

The liabilities for debt and accrued compensated absences have been added to the Statement of Net Assets and the related expenses have been included in the Statement of Activities.

The Statement of Net Assets and the Statement of Activities report the net assets of the City and changes in them. Over time, increases or decreases in the City's net assets are one indicator of financial position. However, you will need to consider other non-financial factors such as changes in economic conditions, regulations and new or changed government legislation.

The largest portion of the City's net assets reflects its investment in capital assets (*e.g.*, infrastructure, land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in 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.

City of Minneola's Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$5,042,215	\$4,094,251	\$ 4,130,360	\$ 4,230,131	\$ 9,172,575	\$ 8,324,382
Capital assets	<u>6,326,771</u>	<u>6,602,695</u>	<u>31,916,833</u>	<u>30,679,491</u>	<u>38,243,604</u>	<u>37,282,186</u>
Total assets	11,368,986	10,696,946	36,047,193	34,909,622	47,416,179	45,606,568
Long-term liabilities	1,158,329	1,383,734	16,524,094	17,018,658	17,682,423	18,402,392
Other liabilities	<u>767,900</u>	<u>621,167</u>	<u>2,640,949</u>	<u>2,691,184</u>	<u>3,408,849</u>	<u>3,312,351</u>
Total liabilities	1,926,229	2,004,901	19,165,043	19,709,842	21,091,272	21,714,743
Net assets:						
Invested in capital assets, net of related debt	4,943,037	5,001,345	14,460,721	12,490,374	19,403,758	17,491,719
Restricted	2,104,903	1,449,220	1,330,009	1,284,786	3,434,912	2,734,006
Unrestricted	<u>2,394,817</u>	<u>2,241,480</u>	<u>1,091,420</u>	<u>1,424,620</u>	<u>3,486,237</u>	<u>3,666,100</u>
Total net assets	<u>\$9,442,757</u>	<u>\$8,692,045</u>	<u>\$16,882,150</u>	<u>\$15,199,780</u>	<u>\$26,324,907</u>	<u>\$23,891,825</u>

An additional portion of the City's net assets (13%) represents resources that are subject to external restrictions on how they may be spent. The remaining balance of unrestricted net assets (\$3,486,237) may be used to meet the City's ongoing obligations to citizens and creditors.

Assets of the City consist primarily of pooled cash and short-term investments of \$7,346,453, and capital assets, net of accumulated depreciation of approximately \$38,243,604.

Current liabilities of \$3,408,849 consist primarily of accounts payable and accrued liabilities of \$1,039,610, and \$2,369,239 of the current portion of long-term debt and due to other governments.

The total net assets increased \$576,149 over the prior year to \$26,324,907. The major components of this category are “invested in capital assets, net of related debt,” \$19,403,758 which is the City’s investment in its net capital assets (original cost less accumulated depreciation, less debt) and restricted net assets of \$3,434,912 and unrestricted net assets of \$3,486,237.

Governmental Activities

Governmental activities increased the City’s overall net assets by \$750,712.

The major components of this increase were:

- Invested in capital assets, net of related debt increased by \$655,683.
- Long term debt decreased by \$225,405.

The following table represents the composition of governmental activities revenue and percentages in relation to total governmental activities:

Charges for services	\$ 422,924	8%
Property taxes	2,070,253	40%
Sales taxes	1,240,976	24%
Franchise and utility taxes	1,198,904	23%
Impact fees	53,810	1%
Grants and contributions	67,852	1%
Other revenues	<u>162,581</u>	<u>3%</u>
Total	<u>\$ 5,217,300</u>	<u>100%</u>

City of Minneola's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues:						
Program revenues:						
Charges for service	\$ 422,924	\$ 497,881	\$ 2,655,032	\$ 2,443,070	\$ 3,077,956	\$ 2,940,951
Grants and contributions	67,852	274,848	73,044	189,953	140,896	464,801
General revenues:						
Property taxes	2,070,253	2,075,583	...	...	2,070,253	2,075,583
Other taxes	2,538,074	2,555,114	...	...	2,538,074	2,555,114
Impact fees	53,810	53,885	400,892	268,159	454,702	322,044
Other	<u>64,837</u>	<u>63,300</u>	<u>6,370</u>	<u>8,996</u>	<u>71,207</u>	<u>72,296</u>
Total revenues	5,217,300	5,520,611	3,135,338	2,910,178	8,352,638	8,430,789
Expenses:						
General government	1,081,116	1,601,099	...	...	1,081,116	1,601,099
Public safety	2,442,008	2,615,355	...	...	2,442,008	2,615,355
Roads and streets	331,299	333,463	...	...	331,299	333,463
Storm water	98,158	86,463	...	...	98,158	86,463
Culture and recreation & Parks	425,813	560,299	...	...	425,813	560,299
Physical Environment	85,191	157,074	...	...	85,191	157,074
Interest on long-term debt	73,868	73,416	474,740	503,669	548,608	577,085
Water/Sewer	...	...	2,063,884	2,619,113	2,063,884	2,619,113
Sanitation	<u>...</u>	<u>...</u>	<u>700,412</u>	<u>701,588</u>	<u>700,412</u>	<u>701,588</u>
Total expenses	4,537,453	5,427,169	3,239,036	3,824,370	7,776,489	9,251,539
Increase in net assets before transfers	679,847	93,442	(103,698)	(914,192)	576,149	(820,750)
Transfers	70,865	259,226	(70,865)	(259,226)	...	...
Net assets beginning	<u>8,692,045</u>	<u>8,339,377</u>	<u>17,056,713</u>	<u>18,230,131</u>	<u>25,748,758</u>	<u>26,569,508</u>
Net assets ending	<u>\$ 9,442,757</u>	<u>\$ 8,692,045</u>	<u>\$ 16,882,150</u>	<u>\$ 17,056,713</u>	<u>\$ 26,324,907</u>	<u>\$ 25,748,758</u>

Business-type Activities

The City's two types of business activities are the water system and sanitation services. The City operates the water system while it contracts with a third-party to provide the sanitation services.

Business-type activities decreased the City's overall net assets by \$174,563. A key element of this decrease was the lack of revenue received for the recent construction of capital assets and the related depreciation expense.

Financial Analysis of the Government's Funds

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

Governmental Funds:

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,499,720 an increase of \$809,020 in comparison with the prior year. Over 53% of this total amount constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balances is *reserved* to indicate that it is not available for new spending because it has already been committed to 1) public safety 2) police education, 3) police communication, 4) capital expenditures, and 5) permitting expenditures.

The general fund is the chief operating fund of the City of Minneola. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,394,817, while total fund balance reached \$4,385,873.

The fund balance of the City's general fund increased by \$681,245 during the current fiscal year. Key factors are as follows:

- An increase in intergovernmental revenues of \$25,958
- A decrease in personnel costs of \$630,666
- An increase in sales tax revenues of \$43,877

Special Revenue Fund:

The special revenue fund is a storm water fund that is for the repair, maintenance and replacement of the storm water system. Revenues come from a monthly charge added to the utility bill. Revenues for the fiscal year 2011 increased \$21,748 from the previous fiscal year.

Proprietary Funds:

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Restricted net assets of the utility fund at the end of the year amounted to \$1,330,009. The total decline in net assets was \$174,563. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The original budget was modified to adjust for additional revenues (increase less than 1%) and less expenditures (decrease by less than 1%). The total revenues came in at \$30,316 over the final budget and the expenditures came in at \$52,915 favorable to the final budget. The General Fund actual revenues were more than the actual total expenditures by \$617,341.

Capital Assets and Debt Administration

Capital Assets - The City's investment in capital assets for its governmental and business type activities as of September 30, 2011, amounts to \$38,243,604 (net of accumulated depreciation/amortization). This investment in capital assets includes land, building and improvements, machinery and equipment, water-wastewater systems, purchased customers and construction in progress. The total decrease in the City's investment in capital assets for the current fiscal year was less than one percent (less than one percent decrease for governmental activities and less than one percent decrease for business-type activities).

Major capital asset acquisitions during the current fiscal year included the following:

- Large expenditures in the Governmental activities include library improvements of \$6,985; the firehouse expansion costs of \$10,390; fire equipment of \$87,904 and surveillance system components for \$1,625.
- Expansion and upgrades on various water-wastewater systems in the amount of \$298,449 for the water and waste water lines on Highway 27.

CITY OF MINNEOLA
(net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 2,111,908	\$ 2,111,908	\$ 304,026	\$ 304,026	\$ 2,415,934	\$ 2,415,934
Building	1,988,404	2,040,907	...	...	1,988,404	2,040,907
Infrastructure and improvements	1,826,011	1,933,784	...	...	1,826,011	1,933,784
Equipment	400,448	516,096	73,680	106,183	474,128	622,279
Water/waste-water systems and construction in progress	...	...	31,495,807	30,205,168	31,495,807	30,205,168
Purchased customers	...	...	43,320	64,114	43,320	64,114
Total assets	<u>\$ 6,326,771</u>	<u>\$ 6,602,695</u>	<u>\$ 31,916,833</u>	<u>\$ 30,679,491</u>	<u>\$ 38,243,604</u>	<u>\$ 37,282,186</u>

Long-Term Debt - At the end of the fiscal year, the City's total net debt decreased \$1,012,691 or 5.2%. This debt consists of \$326,544 of revenue bonds, a \$90,402 loan secured by net water and impact fees of the water system, a \$1,213,249 note payable secured by the state revenue sharing trust funds and half-cent sales tax revenues, \$14,666,127 and \$449,292 note payables secured by sewer revenue and related impact fees, a \$459,281 note payable secured by sewer revenue and related impact fees, a \$1,260,000 note secured by the infrastructure sales surtax along with a \$123,734 lease purchase agreement.

CITY OF MINNEOLA
General Obligation Debt and Revenue Bonds

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Notes payable	\$ 1,383,734	\$ 1,601,350	\$ 16,878,351	\$ 17,436,443	\$ 18,262,085	\$ 19,037,793
Revenue bonds	...	...	326,544	563,528	326,544	563,528
Total debt	<u>\$ 1,383,734</u>	<u>\$ 1,601,350</u>	<u>\$ 17,204,895</u>	<u>\$ 17,999,971</u>	<u>\$ 18,588,629</u>	<u>\$ 19,601,321</u>

For more detailed information regarding the City's capital assets and long-term debt, please refer to the notes to the financial statements.

Economic Factors and Next Year's Budget and Rates

- The average unemployment rate for the State is 11.1% and 9.1% for the nation.
- Average inflation nationally as indicated by the consumer price index is 3.90%.

These factors were considered in preparing the City budget for the 2011-2012 year. The City adopted the 2011 - 2012 budget at its September 21, 2011 meeting. The 2011 - 2012 General Fund budget includes a millage rate of 6.5716.

Requests for Information - This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to City of Minneola, Finance Director, Post Office Drawer 678, Minneola, Florida 34755, (352) 394-3598.

CITY OF MINNEOLA, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 3,516,074	\$ 1,943,586	\$ 5,459,660
Receivables	23,719	76,588	100,307
Due from other governments	228,922	180	229,102
Due from other funds	1,252,717	199,623	1,452,340
Prepaid insurance	20,783	23,590	44,373
Restricted cash and cash equivalents	...	1,886,793	1,886,793
Total Current Assets	<u>5,042,215</u>	<u>4,130,360</u>	<u>9,172,575</u>
Noncurrent Assets:			
Capital assets (net of accumulated depreciation/amortization):			
Purchased customers	...	43,320	43,320
Land	2,111,908	304,026	2,415,934
Buildings and system	1,988,404	...	1,988,404
Improvements other than buildings	1,826,011	...	1,826,011
Machinery and equipment	400,448	73,680	474,128
Water system	...	29,883,253	29,883,253
Construction in progress	...	1,612,554	1,612,554
Total Noncurrent Assets	<u>6,326,771</u>	<u>31,916,833</u>	<u>38,243,604</u>
Total Assets	<u>\$ 11,368,986</u>	<u>\$ 36,047,193</u>	<u>\$ 47,416,179</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and other current liabilities	\$ 180,539	\$ 445,634	\$ 626,173
Due to other governments	10,693	...	10,693
Customer deposits	...	316,080	316,080
Current portion of long-term debt	225,405	680,801	906,206
Rental deposits	4,797	...	4,797
Due to other funds	282,708	1,169,632	1,452,340
Accrued Wages	1,156	...	1,156
Compensated absences	62,602	28,802	91,404
Total Current Liabilities	<u>767,900</u>	<u>2,640,949</u>	<u>3,408,849</u>
Noncurrent liabilities:			
Loans payable	1,158,329	16,328,472	17,486,801
Bonds payable	...	195,622	195,622
Total Noncurrent Liabilities	<u>1,158,329</u>	<u>16,524,094</u>	<u>17,682,423</u>
Total Liabilities	<u>1,926,229</u>	<u>19,165,043</u>	<u>21,091,272</u>
NET ASSETS			
Invested in capital assets, net of related debt	4,943,037	14,460,721	19,403,758
Net Assets:			
Restricted	2,104,903	1,330,009	3,434,912
Unrestricted	2,394,817	1,091,420	3,486,237
Total Net Assets	<u>9,442,757</u>	<u>16,882,150</u>	<u>26,324,907</u>
Total Liabilities and Net Assets	<u>\$ 11,368,986</u>	<u>\$ 36,047,193</u>	<u>\$ 47,416,179</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MINNEOLA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Functions/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	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	\$ 1,081,116	\$ 146,124	\$...	\$...	(934,992)	\$...	\$ (934,992)
Public safety	2,442,008	24,412	67,335		(2,350,261)	...	(2,350,261)
Highways and streets	331,299	...	...	...	(331,299)	...	(331,299)
Storm water	98,158	221,020	...	...	122,862	...	122,862
Physical environment	85,191	...	...	...	(85,191)	...	(85,191)
Culture and recreation	425,813	31,368	517	...	(393,927)	...	(393,927)
Interest on long-term debt	73,868	...	...	...	(73,868)	...	(73,868)
Total governmental activities	4,537,453	422,924	67,852	...	(4,046,676)	...	(4,046,676)
Business-type activities:							
Water/Sewer	2,063,883	1,891,884	...	70,061	...	(101,938)	(101,938)
Sanitation	700,412	763,147	2,983	...	...	65,718	65,718
Interest on long-term debt	474,740	...	...	...	...	(474,740)	(474,740)
Total business-type activities	3,239,035	2,655,031	2,983	70,061	...	(510,960)	(510,960)
Total government	\$ 7,776,488	\$ 3,077,955	\$ 70,835	\$ 70,061	\$ (4,046,676)	\$ (510,960)	\$ (4,557,636)

	Net (Expense) Revenue and Changes in Net Assets		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
General revenues:			
Ad Valorem	\$ 2,070,253	\$...	\$ 2,070,253
Sales taxes	1,240,976	...	1,240,976
Franchise taxes and utility taxes	1,198,904	...	1,198,904
Impact fees	53,810	400,892	454,702
Motor fuel taxes	95,445	...	95,445
Alcoholic beverage taxes	2,748	...	2,748
Miscellaneous revenues	80,093	...	80,093
Interest and investment earnings	3,794	6,370	10,164
Loss on disposal	(19,500)	...	(19,500)
Transfers	70,865	(70,865)	...
Total general revenues and transfers	4,797,388	336,397	5,133,785
Change in net assets	750,712	(174,563)	576,149
Net assets - beginning	8,692,045	17,056,713	25,748,758
Net assets - ending	\$ 9,442,757	\$ 16,882,150	\$26,324,907

CITY OF MINNEOLA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	General	Special Revenue Storm water Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,516,074	\$...	\$ 3,516,074
Due from other governments	228,922	...	228,922
Prepaid expenditures	19,576	1,207	20,783
Receivables	15,098	8,621	23,719
Interfund receivables	848,865	403,852	1,252,717
Total assets	<u>\$ 4,628,535</u>	<u>\$ 413,680</u>	<u>\$ 5,042,215</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 141,184	\$ 14,937	\$ 156,121
Rental deposits	4,797	...	4,797
Compensated absences	60,414	2,188	62,602
Accrued wages	1,156	...	1,156
Interfund payable	...	282,708	282,708
Accrued interest	24,418		
Due to other governments	10,693	...	10,693
Total liabilities	<u>242,662</u>	<u>299,833</u>	<u>518,077</u>
Fund Balance:			
Non-spendable			
For prepaid insurance	19,576		19,576
Restricted			
For infrastructure expenditures	889,168	...	889,168
For street repairs	141,110		141,110
For confiscation funds	29,347		29,347
For permitting expenditures	862,295	...	862,295
For police education	24,677	...	24,677
Committed		...	
For cemetery care	4,851	...	4,851
For rails/trails	1,526	...	1,526
For tree replacement	9,834	...	9,834
For fire protection capital expenditures	8,672	...	8,672
For stormwater management	...	113,847	113,847
Unassigned	2,394,817	...	2,394,817
Total fund balances	<u>4,385,873</u>	<u>113,847</u>	<u>4,499,720</u>
Total liabilities and fund balances	<u>\$ 4,628,535</u>	<u>\$ 413,680</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,326,771
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,383,734)</u>

Net assets of governmental activities	<u>\$ 9,442,757</u>
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CITY OF MINNEOLA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	General	Storm water Fund	Total Governmental Funds
REVENUES			
Taxes:			
Ad Valorem	\$ 2,070,253	\$...	\$ 2,070,253
Franchise and utility taxes	1,198,904	...	1,198,904
Licenses and permits	135,353	...	135,353
Intergovernmental	1,438,876	...	1,438,876
Charges for services	30,963	221,020	251,983
Fines and forfeitures	30,432	...	30,432
Miscellaneous	107,603	...	107,603
	<u>5,012,384</u>	<u>221,020</u>	<u>5,233,404</u>
Total Revenues			
	<u>5,012,384</u>	<u>221,020</u>	<u>5,233,404</u>
EXPENDITURES			
Current:			
General government	1,228,108	...	1,228,108
Public safety	2,420,358	...	2,420,358
Physical environment	57,308	103,602	160,910
Highways and streets	280,515	...	280,515
Culture and recreation	408,754	...	408,754
	<u>4,395,043</u>	<u>103,602</u>	<u>4,498,645</u>
Total Expenditures			
	<u>4,395,043</u>	<u>103,602</u>	<u>4,498,645</u>
Excess of revenues over expenditures	<u>617,341</u>	<u>117,418</u>	<u>734,759</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	63,904	10,357	74,261
Financing proceeds	...	...	...
	<u>63,904</u>	<u>10,357</u>	<u>74,261</u>
Total other financing sources and uses			
	<u>63,904</u>	<u>10,357</u>	<u>74,261</u>
Net change in fund balances	681,245	127,775	809,020
Fund balances - beginning	<u>3,704,628</u>	<u>(13,928)</u>	<u>3,690,700</u>
Fund balances - ending	<u>\$ 4,385,873</u>	<u>\$ 113,847</u>	<u>\$ 4,499,720</u>

CITY OF MINNEOLA, 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, 2011

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

Net change in fund balances - total governmental funds	\$ 809,020
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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. This is the amount by which depreciation exceeded capital outlays in the current period.	(275,924)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>217,616</u>
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Change in net assets of governmental activities	<u><u>\$ 750,712</u></u>
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CITY OF MINNEOLA, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes	\$ 3,169,658	\$ 3,269,157	\$ 3,269,157	\$...
Licenses and permits	207,000	135,353	135,353	...
Intergovernmental	1,267,516	1,418,325	1,438,876	20,551
Charges for services	45,901	29,643	30,963	1,320
Fines and forfeitures	17,300	30,432	30,432	...
Miscellaneous revenues	98,005	99,158	107,603	8,445
Total Revenues	4,805,380	4,982,068	5,012,384	30,316
Expenditures:				
General government	1,368,346	1,282,769	1,228,108	54,661
Public safety	2,422,911	2,412,928	2,420,358	(7,430)
Physical environment	65,208	60,079	57,308	2,771
Transportation	279,414	283,870	280,515	3,355
Culture and recreation	441,157	408,312	408,754	(442)
Total Expenditures	4,577,036	4,447,958	4,395,043	52,915
Excess (Deficiency) of Revenues Over (Under) Expenditures	228,344	534,110	617,341	83,231
Other Financing Sources (Uses)				
Transfers in	38,000	63,904	63,904	...
Total other financing sources and uses	38,000	63,904	63,904	...
Net change in fund balances	266,344	598,014	681,245	83,231
Fund Balance - Beginning	3,704,628	3,704,628	3,704,628	...
Fund Balance - Ending	\$ 3,970,972	\$ 4,302,642	\$ 4,385,873	\$ 83,231

CITY OF MINNEOLA, FLORIDA
BALANCE SHEET
ENTERPRISE FUND
SEPTEMBER 30, 2011
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2010

	TOTALS	
	2011	2010
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 1,943,586	\$ 1,261,576
Interfund receivables	199,623	126,922
Accounts receivable	76,588	93,335
Prepaid insurance	23,590	24,310
Deposits	...	...
Total Current Assets	2,243,387	1,506,143
Restricted Assets:		
Cash and cash equivalents	1,886,793	2,622,958
Due from other governments	180	101,030
Total Current Restricted Assets	1,886,973	2,723,988
Property, Plant and Equipment:		
Purchased customers	207,936	207,936
Land	304,026	304,026
Water system	34,542,105	34,532,962
Machinery and equipment	340,145	360,938
Construction in process	1,612,554	1,307,610
Accumulated depreciation/amortization	(5,089,933)	(4,177,049)
Net Property, Plant and Equipment	31,916,833	32,536,423
TOTAL ASSETS	\$ 36,047,193	\$ 36,766,554

The notes to the financial statements are an integral part of this statement.

		TOTALS	
		2011	2010
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities:			
Current Liabilities (Payable From Current Assets):			
Accounts payable	\$	196,214	\$ 120,088
Interfund payables		1,169,632	923,240
Accrued vacation and sick leave		28,802	25,402
Revenue bonds payable (due within one year)		130,922	156,914
Loan payable (due within one year)		45,383	26,338
Total Current Liabilities (Payable From Current Assets)		1,570,953	1,251,982
Current Liabilities (Payable From Restricted Assets):			
State of Florida revolving loan fund (due within one year)		504,496	798,060
Accrued interest		206,140	215,041
Contracts payable		43,280	82,900
Customers' deposits		316,080	343,201
Total Current Liabilities (Payable From Restricted Assets)		1,069,996	1,439,202
Noncurrent Liabilities:			
Revenue bonds payable (due after one year)		195,622	406,613
Loan payable		45,019	108,794
State of Florida revolving loan fund		16,283,453	16,503,250
Total Noncurrent Liabilities		16,524,094	17,018,657
Total Liabilities		19,165,043	19,709,841
Net Assets:			
Invested in capital assets, net of related debt		14,460,721	14,328,093
Restricted for expansion		1,330,009	1,284,786
Unrestricted		1,091,420	1,443,834
Total Net Assets		16,882,150	17,056,713
TOTAL LIABILITIES AND NET ASSETS	\$	36,047,193	\$ 36,766,554

CITY OF MINNEOLA, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2010

	TOTALS	
	2011	2010
Operating Revenues:		
Water sales	\$ 1,410,721	\$ 1,261,569
Sanitation fees	763,147	745,960
Wastewater services revenue	422,271	367,636
New connections	58,892	67,905
Total Operating Revenues	2,655,031	2,443,070
Operating Expenses:		
Personal services	613,419	680,582
Contractual services	816,571	878,433
Repairs and maintenance	37,807	30,760
Utilities	157,248	152,081
Operating supplies and expenses	131,921	108,346
Insurance	65,746	34,895
Office supplies and expenses	6,799	4,713
Depreciation and amortization	934,784	937,743
Total Operating Expenses	2,764,295	2,827,553
Operating Income	(109,264)	(384,483)
Non-operating Revenues (Expenses):		
Impact fees	400,892	268,159
Interest revenue	6,370	8,084
Interest expense	(474,740)	(503,669)
Recycling grant	2,983	2,114
Other grant	70,061	187,839
Other miscellaneous revenue	...	911
Total Non-operating Revenues (Expenses)	5,566	(36,562)
Income before operating transfer	(103,698)	(421,045)
Operating Transfer Out	(70,865)	(259,226)
Net Income	(174,563)	(680,271)
Net Assets - Beginning of Year	17,056,713	17,736,984
NET ASSETS - END OF YEAR	\$ 16,882,150	\$17,056,713

The notes to the financial statements are an integral part of this statement.

CITY OF MINNEOLA, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2010

	TOTALS	
	2011	2010
Cash Flows From Operating Activities:		
Cash received from customers	\$ 2,644,658	\$ 2,463,921
Cash payments for employee services	(610,019)	(689,300)
Cash payments to suppliers	(1,139,967)	(1,241,404)
Net Cash Provided By Operating Activities	894,672	533,217
Cash Flows From Noncapital Financing Activities:		
Operating transfer out	(49,519)	(259,226)
Interfund receivables (payables)	173,691	21,627
Customer deposits	(27,121)	...
Grants received	2,983	2,114
Net Cash Provided By (Used For) Noncapital Financing Activities	100,034	(235,485)
Cash Flows From Capital and Related Financing Activities:		
State of Florida revolving loan proceeds	130,080	519,181
Acquisition of capital assets less deletions	(308,698)	(1,194,142)
Principal paid on revenue bonds	(281,715)	(270,898)
Principal paid on State of Florida revolving loan	(643,440)	(776,807)
Grants received	70,061	...
Impact fees	400,892	268,159
Insurance proceeds	...	85
Prepaid insurance	...	(24,310)
Land deposit proceeds	...	20,000
Miscellaneous revenues	...	827
Due from other governments	100,850	(101,030)
Retainage Liabilities	(39,620)	82,900
Accrued Interest Payable	(8,901)	(6,999)
Interest paid	(474,740)	(503,669)
Net Cash Provided By (Used For) Capital and Related Financing Activities	(1,055,231)	(1,986,703)
Cash Flows From Investing Activities:		
Interest	6,370	8,084
Net Cash Provided By Investing Activities	6,370	8,084
Net increase (decrease) in cash and cash equivalents	(54,156)	(1,680,887)
Cash and cash equivalents - October 1	3,884,534	5,565,421
CASH AND CASH EQUIVALENTS - SEPTEMBER 30	\$ 3,830,378	\$ 3,884,534

The notes to the financial statements are an integral part of this statement.

	TOTALS	
	2011	2010
Reconciliation Of Operating Income To Net Cash Provided By Operating Activities:		
Operating Income (Loss)	\$ (109,264)	\$ (877,631)
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:		
Depreciation/amortization	934,784	1,430,891
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	16,747	(2,601)
(Decrease) increase in accounts payable	76,126	(32,176)
(Decrease) increase in accrued liabilities	3,400	(8,718)
(Decrease) increase in customer deposits	(27,121)	23,452
Total Adjustments	1,003,936	1,410,848
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 894,672	\$ 533,217

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
ENDED SEPTEMBER 31, 2011

1. Significant Accounting Policies:

The City of Minneola, Florida (the City) was incorporated on November 23, 1925, under a Special Act of 1925 of the State of Florida, Chapter 11620, and operates under the council-manager form of government.

The financial statements of the City of Minneola, Florida have been prepared in conformity with accounting principles as applicable to governments. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The City's significant accounting policies are described below.

A. Reporting Entity

The financial statements of the City include all funds that are controlled by or dependent on the City. The City did not have any oversight responsibilities with respect to a component unit, a separate governmental unit, agency or nonprofit corporation, which would require the inclusion of the component unit's financial statements with the City's financial statements.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements - The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities such as employee pension plans. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Interest on general long term liabilities is reported as a separate line item and excludes any direct interest expense, if any, reported in other functions. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Fund Accounting - The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds of the City are as follows:

Governmental Funds

General Fund - Accounts for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - To account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes.

Proprietary Fund

Enterprise Fund - Accounts for operations (a) that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available.) “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period.

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

The government considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

All major revenues, except property taxes and licenses, are considered measurable and available and, as such, susceptible to accrual.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (*e.g.*, revenues) and decreases (*e.g.*, expenses) in net total assets. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities normally would not be reported as components of operating income.

The accrual basis of accounting is utilized by proprietary fund types. Under this method revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Earned, but unbilled utility charges are not recorded at year end due to their immaterial amount.

D. Budgets

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

- a). Prior to August 31, the City Manager submits to the City Council the proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- b). Public hearings are conducted to obtain taxpayer comments.
- c). Prior to October 1, the budget is legally enacted through passage of an ordinance.

The legal level of budgetary control is the department level. The City does not use the encumbrance system of accounting and appropriations lapse at the end of each fiscal year.

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

The budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for the governmental funds except for debt proceeds and associated capital outlay.

Within the general fund, the following departments had excess expenditures over budget: executive of \$15,627, public safety of \$7,430 and parks and recreation of \$1,050.

The storm water fund has a surplus fund balance of \$113,847.

The enterprise fund budget is prepared on a GAAP basis.

E. Assets, Liabilities And Fund Equity

- a). *Cash, Cash Equivalents and Investments* - Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an original maturity date within three months of the date acquired by the government. Investments are stated at fair value.
- b). *Receivables* - Water, sewer, and sanitation charges are recognized when billed. The Utility Fund maintains the direct write-off method of bad debt recognition due to the immateriality of the amounts. The City has no concentrations of credit risk.
- c). *Intergovernmental Receivables* - Represents amounts due from other governments for shared revenues and taxes collected for the City that are measurable and available.
- d). *Due To / From Other Funds*- During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as interfund receivables or interfund payables on the balance sheet.
- e). *Fixed Assets* - The fixed assets, including property, buildings and systems, equipment and intangibles (see below), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Fixed assets are defined as assets with an initial, individual cost of more than \$1,000 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 fixed assets are recorded at estimated fair market value at the date of donation.

Major outlays for fixed 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.

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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.

Depreciation and amortization of fixed assets and intangible assets are computed using the straight-line method, over the following estimated useful lives:

	<u>Years</u>
Buildings and systems	40
Improvements	15 - 40
Water lines	10 - 50
Equipment	3 - 10
Intangible	10 - 15

Interest is capitalized on assets and improvements as projects are constructed with tax-exempt debt. 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.

- f). *Employee Benefits* - Vacation leave is earned at the rate of one day per month for the first year of employment, with increasing amounts thereafter. At termination employees are compensated for any unused vacation time. Sick pay benefits are earned at the rate of one-half day per month for the first year of employment, and one day per month thereafter. An employee who voluntarily separates from City employment through retirement or resignation shall be entitled to pro-rata compensation for unused sick leave.

A retiring employee must have completed at least ten years of continuous full-time service to the City and a resigning employee must have completed at least fifteen year of continuous full-time service. Retired or terminated employees have the option of continued participation in insurance programs at the employees' own expense.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as long-term liabilities. No expenditure is reported for these amounts. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of

Statement of Financial Accounting Standards No. 43, *Accounting For Compensated Absences*, a liability is recorded for vesting accumulating rights to receive sick pay benefits.

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

- g). *Long-term Obligations* - In the government-wide financial statements, and for proprietary fund types in the fund financial statements long-term and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statements of net assets.
- h). *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; natural disasters; and job-related illnesses or injuries to employees. Significant losses are covered through participation in a local government non-assessable self insurance pool. For these insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.
- i). *Fund Balance* - The City adopted **GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*** as of September 30, 2011. Two primary purposes of GASB No. 54 are to provide new fund balance reporting classification in the government funds and to redefine governmental fund types. It eliminates reporting fund balances as either reserved or unrestricted, the designation of unreserved fund balance and special revenue funds that are not financed primarily by a revenue source that is restricted or committed to a specific purpose.

The five classifications of fund balances in highest restriction order are as follows:

Non-spendable represents amounts that cannot be spent because they are not in a spendable form or are amounts that are legally or contractually required to remain intact.

Restricted represents amounts that are externally restricted by creditors, grantors, contributors, or laws or regulations of other governments and can be enforceable by external parties. Restrictions can be imposed by law through constitutional provisions or enabling legislation.

Committed represents amounts that arise when the City's highest level of decision-making authority, the City Council, imposes constraints on the use of resources by appropriate formal action which is by city ordinance. These accounts cannot be used for another purpose unless the governing body first removes the original constraint by formal action. These amounts include resources that must be set aside to satisfy contractual obligations.

Assigned represents amounts that are intended to be used for a specified purpose but that are neither restricted or committed. The decision to assign these amounts can be made at any level of decision-making authority in the City to whom the City Council delegates assignment authority. Assigned fund balance is the residual fund balance category of any governmental fund except the general fund.

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Unassigned is the residual fund balance classification for the general fund. It represents spendable general fund assets that are not restricted, committed or assigned to specific purposes.

If available, the City uses restricted resources first towards incurred expenditures before using other resources. The order of spending other resources is to use committed, then assigned, then unassigned.

- j). *Fund Equity* - Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources. If available, restricted/reserved resources are first applied to an incurred expense/expenditure before using unrestricted/unreserved resources.
- k). *Comparative data* - Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

F. Revenues, Expenditures and Expenses

- a). Unbilled revenue, resulting from cyclical billing practices is recorded in the following fiscal year.
- b). *Inter-fund Transactions* - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.
- c). All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.
- d). *Ad Valorem Tax Recognition* - Key dates in the property tax cycle (latest date where appropriate) are as follows:

Assessment/lien date	January 1
Assessment roll validated	July 1

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Millage resolution approved	September 30
Beginning of fiscal year for which taxes have been levied	October 1
Tax bills rendered	November 1
Property Taxes Payable:	
Maximum discount	November 30
Delinquent	April 1
Tax certificates sold	May 31

Ad Valorem taxes are collected and remitted by the county tax collector. The City does not accrue its portion of county held tax sale certificates because such amounts are neither measurable nor available at balance sheet date.

The statutory maximum tax rates which may be assessed by the City are as follows:

Ad valorem millage	10 mills
Utility tax	10%

2. Stewardship, Compliance and Accountability:

A. Enterprise Fund Budget Comparison:

Comparison of budgeted and actual (budgetary basis) expense amounts for the enterprise fund are presented as follows:

	<u>Utility Fund</u>
Actual (GAAP Basis)	\$ 3,239,035
Budget	<u>3,144,083</u>
Variance-favorable (unfavorable)	<u>\$ 94,952</u>

3. Deposits and Investments:

The Florida Security for Depositors Act identifies those financial institutions that have deposited the required collateral in the name of the treasurer of the State of Florida as qualified public depositories. These authorized depositories participate in a shared risk collateral pool which

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

protects the deposits and certificates of deposits for governmental jurisdictions. The City only places deposits and investments with qualified public depositories. Therefore, all City deposits are entirely insured through either FDIC or Florida's Multiple Financial Institution Collateral Pool.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will fulfill its obligations. Obligations of the U.S. Government and obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City has no formal policy on custodial credit risk.

All the City's investment obligations are guaranteed by the United States.

4. Summary Of Governmental Fund Fixed Assets:

	Balance 9/30/10	Additions	Deletions	Depreciation	Balance 9/30/11
Land	\$ 2,111,908	\$...	\$...	\$...	\$ 2,111,908
Buildings	2,499,751	10,390	...	...	2,510,141
Infrastructure and improvements	2,353,216	26,340	...	...	2,379,556
Equipment	<u>1,532,835</u>	<u>89,529</u>	<u>(91,002)</u>	<u>...</u>	<u>1,531,362</u>
Total	8,497,710	106,904	(91,002)	...	8,532,967
Less: Accumulated Depreciation	<u>(1,895,015)</u>	<u>...</u>	<u>71,502</u>	<u>(382,683)</u>	<u>(2,206,196)</u>
Net Fixed Assets	<u>\$ 6,602,695</u>	<u>\$ 106,904</u>	<u>\$ 19,500</u>	<u>\$ (368,771)</u>	<u>\$ 6,326,771</u>

Governmental Accounting Standards Board Statement Number 34 allows the City the ability to not retroactively report major general infrastructure assets costs. It is the City's position to report these historical infrastructure assets in future financial statements as the historical data is collected. Depreciation expense was charged to functions/programs of the primary government as follows:

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Governmental activities:

General government	\$ 94,586
Public safety	119,944
Highways and streets	50,783
Storm water	13,912
Physical environment	27,883
Culture and recreation	<u>75,575</u>

Total depreciation expense – governmental activities	<u>\$ 382,683</u>
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5. Summary Of Enterprise Fund Fixed Assets:

	Balance 9/30/10	Additions	Deletions	Depreciation	Balance 9/30/11
Land	\$ 304,026	\$...	\$...	\$...	\$ 304,026
Office equipment	29,007	...	...	...	29,007
Machinery and equipment	331,931	1,107	(21,900)	...	311,138
Water system	34,532,962	9,143	...	...	34,542,105
Construction in process	1,307,610	304,944	...	...	1,612,554
Intangible assets	<u>207,936</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>207,936</u>
Total	36,713,472	312,907	(21,900)	...	37,006,766
Less: Accumulated Depreciation	<u>(4,177,049)</u>	<u>...</u>	<u>21,900</u>	<u>(934,784)</u>	<u>(5,089,933)</u>
Net Fixed Assets	<u>\$32,536,423</u>	<u>\$ 312,907</u>	<u>\$...</u>	<u>\$ (934,784)</u>	<u>\$31,916,833</u>

6. Due To Other Governments:

The City collects impact fees and remits to Lake County per an inter-local agreement.

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

7. Long-Term Debt:

The following is the change in liabilities in the Enterprise Fund for the year ended September 30, 2011:

	Balance <u>10/1/10</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>9/30/11</u>
\$3,000,000 1999 Water Revenue Bonds due in monthly installments of \$14,807 including principal and interest. The obligation creates a first lien on the net revenues from the water system and a first lien on water impact fees. The interest rate is 4.41%. and has a due date of February 2014.	\$ 563,528	\$. . .	\$ 236,984	\$ 326,544
\$501,000 fifteen year bank loan with a ten year put option. The loan is secured by net water revenues and impact fees of the water system. The variable interest rate at September 30, 2011 is 1.36% and the loan matures in 2015.	135,132	. . .	44,730	90,402
Note payable, State of Florida Revolving Loan Fund. The loan is collateralized with the guaranteed entitlement portion of state revenue sharing trust funds and half-cent sales tax revenues. The semiannual loan payment amount is \$52,202 with the last payment due October 15, 2026.	1,272,522	. . .	59,273	1,213,249
Note payable, State of Florida Revolving Loan Fund. The specific revenues pledged as security for repayment are gross revenues, together with reuse revenues and impact fees, from the yearly operation of the sewer system after operation and maintenance expense and the satisfaction of all yearly payment obligations on account of any senior obligation issued. The semiannual loan payment amount of \$393,035 is due on April 15th and October 15 th and matures in 2037.	15,217,225	. . .	551,098	14,666,127
Note payable, State of Florida Revolving Loan Fund. The specific revenues pledged as security for repayment are gross revenues, together with reuse revenues and impact fees, from the yearly operation of the sewer system after payment of operation and maintenance expense and the satisfaction of all yearly payment obligations on account of any senior obligations issued. The semiannual repayments were renegotiated to \$17,002 beginning October 15, 2009 until the loan matures in 2017	480,222	. . .	20,941	459,281
Note payable, State of Florida Revolving Loan Fund. The Sewer system revenues together with Impact Fees are pledged as security for repayment. The semiannual repayments of \$18,294 are scheduled to begin August 15, 2011 until the loan matures in 2022.	<u>331,342</u>	<u>130,079</u>	<u>12,129</u>	<u>449,292</u>
Total	<u>\$ 17,999,971</u>	<u>\$ 130,079</u>	<u>\$ 925,155</u>	<u>\$ 17,204,895</u>

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

The annual requirements to amortize the long-term debt outstanding of the Enterprise Fund as of September 30, 2011 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 680,802	\$ 465,291
2013	699,233	445,876
2014	590,580	425,943
2015	546,548	410,518
2016	561,735	395,331
2017 - 2021	3,051,760	1,733,569
2022 - 2026	3,055,411	1,284,917
2027 - 2031	3,242,570	865,396
2032 - 2036	3,560,658	369,690
2037	<u>770,597</u>	<u>15,473</u>
Total	<u>\$ 17,204,894</u>	<u>\$ 4,453,932</u>

The following is the change in long-term liabilities reported for governmental activities in the government-wide statement of net assets for the year ended September 30, 2011.

	<u>Balance 10/1/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/11</u>
\$2,400,000 Infrastructure Sales Surtax Revenue Note, Series 2003 bearing interest of 4.14% issued to finance the cost of the city hall and related facilities. Semiannual payments are due June 1st and December 1st. The note matures 2017 and requires debt service coverage of 125%.	\$1,420,000	\$...	\$ 160,000	\$ 1,260,000
Lease purchase agreement with five payments of \$66,394 each beginning 10/31/2008 for MAC lighting.	<u>181,350</u>	<u>...</u>	<u>57,616</u>	<u>123,734</u>
Total	<u>\$ 1,601,350</u>	<u>\$...</u>	<u>\$ 217,616</u>	<u>\$ 1,383,734</u>

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

The annual requirements to amortize the long-term debt outstanding of the governmental funds as of September 30, 2011, including interest payments of \$194,526 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 225,405	\$ 54,738
2013	233,329	44,879
2014	180,000	34,569
2015	185,000	27,014
2016	195,000	19,147
2017 - 2018	<u>365,000</u>	<u>14,179</u>
Total	<u>\$ 1,383,734</u>	<u>\$ 194,526</u>

8. Post-retirement Benefits:

Retired or terminated employees have the option of continuing the same type of health, dental, or life insurance coverage available to them while they were employed with the City, in accordance with the provisions of the Consolidated Omnibus Budget Reconciliation Act. The cost of the premiums is paid totally by the former employees. There is no measurable direct cost to the City for these benefits.

9. Pension Plans:

FLORIDA RETIREMENT SYSTEM

Plan Description: The City contributes to the Florida Retirement System, a cost-sharing multiple-employer defined benefit pension plan administered by the Florida Division of Retirement. The Plan provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. Florida Statutes Chapter 121 assigns the authority to administer the Plan to the Division of Retirement. The Florida Legislature establishes and amends benefit provisions and contribution levels. The Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Florida Division of Retirement, 2639 North Monroe Street, Building C, Tallahassee, Florida 32399-1560.

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Funding Policy: Employees contribute 3% to the Plan. The City is required to contribute at an actuarially determined rate. The current rates for regular, special risk members, and senior management are 10.77%, 23.25%, and 14.57% respectively, of annual covered payroll. The contribution requirements of the City are established and may be amended by the Florida Legislature and Legislature. The City's contributions to the System for the year ending September 30, 2011, 2010, and 2009 were \$234,170, \$ 270,232, and \$272,484 respectively, equal to the required contributions.

10. Inter-fund Receivables and Payables:

Individual fund inter-fund receivable and payable balances at September 30, 2011 are as follows:

	<u>Inter-fund Receivables</u>	<u>Inter-fund Payable</u>
General Fund	\$ 848,865	\$. . .
Storm water Fund	403,852	282,708
Enterprise Fund	<u>199,623</u>	<u>1,169,632</u>
Totals	<u>\$ 1,452,340</u>	<u>\$1,452,340</u>

The interfund balances represent the amount advanced to the storm water fund for expenditures and payroll and advances from the general fund to the enterprise fund for payroll expenditures.

11. Segment Information:

The City's utility fund provides water and sanitation services. Water treatment services began October 1, 2007. Segment information for the year ended September 30, 2011, is as follows:

	<u>Water/Sewer</u>	<u>Sanitation</u>	<u>Total Enterprise Fund</u>
CONDENSED STATEMENT OF NET ASSETS			
Assets			
Current assets	\$ 4,101,530	\$ 28,830	\$ 4,130,360
Capital assets	<u>31,916,833</u>	<u>. . .</u>	<u>31,916,833</u>
Total assets	<u>36,018,363</u>	<u>28,830</u>	<u>36,047,193</u>

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Liabilities

Inter-fund payables	1,169,632	...	1,169,632
Other current liabilities	1,471,317	...	1,471,317
Noncurrent liabilities	<u>16,524,094</u>	<u>...</u>	<u>16,524,094</u>
Total liabilities	<u>19,165,043</u>	<u>...</u>	<u>19,165,043</u>

	<u>Water/Sewer</u>	<u>Sanitation</u>	<u>Total</u>
Invested in capital assets (net of related debt)	14,460,721	...	14,460,721
Restricted	1,330,009	...	1,330,009
Unrestricted	<u>1,062,590</u>	<u>28,830</u>	<u>1,091,420</u>
Total net assets	<u>\$ 16,853,311</u>	<u>\$ 28,830</u>	<u>\$ 16,882,150</u>

CONDENSED STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN NET ASSETS

Operating revenues	\$ 1,891,884	\$ 763,147	\$ 2,655,031
Depreciation expense	(934,784)	...	(934,784)
Other operating expenses	<u>(1,129,099)</u>	<u>(700,412)</u>	<u>(1,829,511)</u>
Operating income	<u>(171,999)</u>	<u>62,375</u>	<u>(109,264)</u>
Non-operating revenues (expenses):			
Impact Fees	400,892	...	400,892
Interest revenue	6,370	...	6,730
Interest expense	(474,740)	...	(474,740)
Grants	70,061	2,983	73,044
Transfers Out	<u>(6,961)</u>	<u>(63,904)</u>	<u>(70,865)</u>
Change in net assets	(176,377)	1,814	(174,563)
Beginning net assets	<u>17,029,697</u>	<u>27,016</u>	<u>17,056,713</u>
Ending net assets	<u>\$ 16,853,320</u>	<u>\$ 28,830</u>	<u>\$ 16,882,150</u>

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

	<u>Water/Sewer</u>	<u>Sanitation</u>	<u>Total</u>
CONDENSED STATEMENT OF CASH FLOWS			
Net cash provided (used) by:			
Operating activities	\$ 764,009	\$ 130,663	\$ 894,672
Noncapital financing activities	100,034	...	100,035
Capital and related financing activities	(1,055,231)	...	(1,055,231)
Investing activities	<u>6,370</u>	<u>...</u>	<u>6,370</u>
Net increase (decrease)	(184,818)	130,663	(54,155)
Beginning cash and cash equivalents	<u>3,857,518</u>	<u>27,016</u>	<u>3,884,534</u>
Ending cash and cash equivalents	<u>\$ 3,672,700</u>	<u>\$ 157,679</u>	<u>\$ 3,830,379</u>

SUPPLEMENTARY INFORMATION

CITY OF MINNEOLA, FLORIDA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2011 AND 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 3,516,074	\$ 2,820,602
Accounts receivable	15,098	59,808
Prepaid insurance	19,576	21,544
Interfund receivables	848,865	818,501
Due from other governments	228,922	166,595
	<hr/>	<hr/>
TOTAL ASSETS	<u>4,628,535</u>	<u>3,887,050</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable and accrued expenditures	\$ 141,184	\$ 91,524
Contracts payable	...	1,981
Due to other governments	10,693	28,446
Accrued interest	24,418	...
Rental Deposits	4,797	4,697
Accrued employee benefits	1,156	3,417
Accrued vacation	60,414	52,357
	<hr/>	<hr/>
Total Liabilities	<u>242,662</u>	<u>182,422</u>
Fund Balance:		
Non-spendable		
For prepaid insurance	19,576	21,544
Restricted		
For infrastructure expenditures	889,168	476,494
For street repairs	141,110	57,607
For confiscation funds	29,347	12,367
For permitting expenditures	862,295	773,400
For police education	24,677	22,871
Committed		
For cemetery care	4,851	4,849
For rails/trails	1,526	1,525
For tree replacement	9,834	9,504
For fire protection capital expenditures	8,672	90,603
Unassigned	2,394,817	2,255,408
	<hr/>	<hr/>
Total Fund Balance	<u>4,385,873</u>	<u>3,228,134</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,628,535</u>	<u>\$ 3,410,556</u>

CITY OF MINNEOLA, FLORIDA
STORM WATER FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011
WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2010

	FINAL BUDGET	2011 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2010 ACTUAL
Revenues:				
Charges for services	\$ 221,020	\$ 221,020	\$...	\$ 199,272
Total Revenues	221,020	221,020	...	199,272
Expenditures:				
Personal services	68,369	69,037	(668)	70,593
Professional services	12,345	12,788	(443)	759
Membership and training	500	...	500	250
Office	...	...	...	153
Operating supplies	400	367	33	498
Miscellaneous	...	1,825	(1,825)	...
Repairs and maintenance	100	...	100	...
Tools and equipment	500	230	270	45
Travel and meals	100	...	100	500
Uniforms	100	...	100	286
Capital outlay out	37,000	19,355	17,645	58,920
Total Expenditures	119,414	103,602	15,812	132,004
Excess (Deficiency) of Revenues Over Expenditures	101,606	117,418	15,812	67,268
Income before operating transfer	101,606	117,418	15,812	67,268
Other Financing Sources (Uses)				
Operating transfer (net)	...	10,357	(10,357)	...
Fund Balance - October 1	(13,928)	(13,928)	...	(81,196)
FUND BALANCE - SEPTEMBER 30	\$ 87,678	\$ 113,847	\$ 5,455	\$ (13,928)

CITY OF MINNEOLA, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011
WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2010

	FINAL BUDGET	2011 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2010 ACTUAL
Revenues:				
Taxes:				
Ad valorem	\$ 2,070,253	\$ 2,070,253	\$...	\$ 2,075,583
Franchise fees	492,219	492,219	...	511,976
Utility taxes	706,685	706,685	...	769,335
Yardage regulatory fees	...	...	...	3,634
Total Taxes	<u>3,269,157</u>	<u>3,269,157</u>	<u>...</u>	<u>3,360,528</u>
Licenses and Permits:				
Occupational licenses	26,078	26,078	...	26,656
Permits	109,275	109,275	...	188,725
Total Licenses and Permits	<u>135,353</u>	<u>135,353</u>	<u>...</u>	<u>215,381</u>
Intergovernmental Revenues:				
Local option gas tax	45,377	45,377	...	47,377
Eight cent gas tax	38,127	38,127	...	34,354
Special fuel tax	253	253	...	60
Infrastructure surtax	709,848	728,287	18,439	684,411
State revenue sharing	100,212	100,212	...	84,304
Mobile home licenses	494	494	...	76
Alcoholic beverage tax	636	2,748	2,112	6,191
Library Impact Fees	21,885	21,885	...	20,276
Grants	67,335	67,335	...	269,775
Half-cent sales tax	412,477	412,477	...	404,455
City share of county occupational licenses	9,994	9,994	...	9,710
Additional one-cent gas tax	11,687	11,687	...	12,652
Total Intergovernmental Revenues	<u>1,418,325</u>	<u>1,438,876</u>	<u>20,551</u>	<u>1,573,641</u>
Charges For Services:				
Copies and records	192	192	...	10
Qualifying fees and fire inspections	584	584	...	2,303
Culture & recreation	28,867	30,187	1,320	51,675
Total Charges For Services	<u>29,643</u>	<u>30,963</u>	<u>1,320</u>	<u>53,988</u>

CITY OF MINNEOLA, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011
WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2010

	FINAL BUDGET	2011 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2010 ACTUAL
Fines and Forfeitures:				
Court fines	22,606	22,606	...	17,569
Abandon property fees	6,020	6,020	...	0
Police education	1,806	1,806	...	1,885
Total Fines and Forfeitures	30,432	30,432	...	19,454
Miscellaneous Revenues:				
Interest	3,794	3,794	...	5,791
Rentals	26,578	26,578	...	10,030
Impact fees	52,997	52,997	...	53,885
Tree replacement	300	330	...	270
Miscellaneous	13,752	23,387	...	23,298
Contributions	1,737	517	(1,220)	5,073
Total Miscellaneous Revenues	99,158	107,603	(1,220)	98,348
TOTAL REVENUES	\$ 4,982,068	\$ 5,012,384	\$ 20,651	\$ 5,321,340

CITY OF MINNEOLA, FLORIDA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011
WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2010

	FINAL BUDGET	2011 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2010 ACTUAL
<u>GENERAL GOVERNMENT:</u>				
Legislative:				
Personal services	\$ 24,000	\$ 24,000	\$...	\$ 24,000
Operating expenditures	1,060	1,060	...	5,598
Capital outlay	...	...	...	111,073
Total Legislative	<u>25,060</u>	<u>25,060</u>	<u>...</u>	<u>140,671</u>
Executive:				
Personal services	175,637	179,740	(4,103)	165,385
Operating expenditures	37,696	31,352	6,344	29,268
Debt service	216,000	233,868	(17,868)	216,978
Total Executive	<u>429,333</u>	<u>444,960</u>	<u>(15,627)</u>	<u>411,631</u>
Financial and Administrative:				
Personal services	171,711	170,093	1,618	276,423
Operating expenditures	46,340	36,392	9,948	58,072
Total Financial and Administrative	<u>218,051</u>	<u>206,485</u>	<u>11,566</u>	<u>334,495</u>
Legal Services:				
City Attorney:				
Operating expenditures	125,000	113,682	11,318	153,079
Total Legal Services	<u>125,000</u>	<u>113,682</u>	<u>11,318</u>	<u>153,079</u>
City Planning:				
Personal services	64,626	63,816	810	157,119
Operating expenditures	68,287	67,176	1,111	137,328
Total City Planning	<u>132,913</u>	<u>130,992</u>	<u>1,921</u>	<u>294,447</u>
Technology:				
Personal services	7,542	7,542	...	113,228
Operating expenditures	111,500	85,082	26,418	109,352
Capital outlay	3,000	1,625	1,375	35,588
Total Technology	<u>122,042</u>	<u>94,249</u>	<u>27,793</u>	<u>258,168</u>
Fleets & Facilities:				
Personal services	...	...	...	48,283
Operating expenditures	165,747	147,272	18,475	145,913
Capital outlay	2,000	5,185	(3,185)	...
Total Fleets & Facilities	<u>167,747</u>	<u>152,457</u>	<u>15,290</u>	<u>194,196</u>
Human Resources:				
Personal services	49,861	48,640	1,221	60,027
Operating expenditures	12,762	11,583	1,179	16,676
Total Human Resources	<u>62,623</u>	<u>60,223</u>	<u>2,400</u>	<u>76,703</u>
Total General Government	<u>1,282,769</u>	<u>1,228,108</u>	<u>54,661</u>	<u>1,863,390</u>

CITY OF MINNEOLA, FLORIDA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011
WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2010

	FINAL BUDGET	2011 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2010 ACTUAL
<u>PUBLIC SAFETY:</u>				
Police Department and Code Enforcement:				
Personal services	\$ 1,373,292	\$ 1,374,697	\$ (1,405)	\$ 1,455,576
Operating expenditures	950	3,278	(2,328)	63,013
Total Police Department and Code Enforcement	<u>1,374,242</u>	<u>1,377,975</u>	<u>(3,733)</u>	<u>1,518,589</u>
Fire Department:				
Personal services	838,564	845,431	(6,867)	872,544
Operating expenditures	120,972	103,762	17,210	98,093
Capital outlay	79,150	93,190	(14,040)	40,171
Total Fire Department	<u>1,038,686</u>	<u>1,042,383</u>	<u>(3,697)</u>	<u>1,010,808</u>
Total Public Safety	<u>2,412,928</u>	<u>2,420,358</u>	<u>(7,430)</u>	<u>2,529,397</u>
<u>PHYSICAL ENVIRONMENT:</u>				
Engineering:				
Personal services	...	...	...	27,560
Operating expenditures	...	...	...	549
Total Engineering	<u>...</u>	<u>...</u>	<u>...</u>	<u>28,109</u>
Public Works:				
Personal services	56,081	55,705	376	95,895
Operating expenditures	3,998	1,603	2,395	2,168
Total Public Works	<u>60,079</u>	<u>57,308</u>	<u>2,771</u>	<u>98,063</u>
Total Physical Environment	<u>60,079</u>	<u>57,308</u>	<u>2,771</u>	<u>126,172</u>
<u>TRANSPORTATION:</u>				
Roads and Streets				
Personal services	30,760	30,988	(228)	34,350
Operating expenditures	245,310	249,527	(4,217)	248,330
Capital outlay	7,800	...	7,800	...
Total Transportation	<u>283,870</u>	<u>280,515</u>	<u>3,355</u>	<u>282,680</u>
<u>CULTURE AND RECREATION:</u>				
Library:				
Personal services	53,966	54,898	(932)	72,128
Operating expenditures	11,771	9,431	2,340	15,825
Capital outlay	1,000	1,800	(800)	66,741
Total Library	<u>66,737</u>	<u>66,129</u>	<u>608</u>	<u>154,694</u>

CITY OF MINNEOLA, FLORIDA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011
WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2010

	FINAL BUDGET	2011 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2010 ACTUAL
<u>CULTURE AND RECREATION:</u>				
Parks and Recreation:				
Personal services	229,287	227,944	1,343	311,642
Operating expenditures	44,623	42,298	2,325	92,175
Capital outlay	915	...	915	22,063
Debt service	66,750	72,383	(5,633)	66,394
Total Parks and Recreation	<u>341,575</u>	<u>342,625</u>	<u>(1,050)</u>	<u>492,274</u>
Total Culture and Recreation	<u>408,312</u>	<u>408,754</u>	<u>(442)</u>	<u>646,968</u>
TOTAL EXPENDITURES	<u>\$ 4,447,958</u>	<u>\$ 4,395,043</u>	<u>\$ 52,915</u>	<u>\$ 5,448,607</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfer from Utility Fund	<u>\$ 63,904</u>	<u>\$ 63,904</u>	<u>\$...</u>	<u>\$ 45,260</u>
Total Other Financing Uses	<u>\$ 63,904</u>	<u>\$ 63,904</u>	<u>\$...</u>	<u>\$ 45,260</u>

CITY OF MINNEOLA, FLORIDA
STORM WATER FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2011 AND 2010

	TOTALS	
	2011	2010
<u>ASSETS</u>		
Current Assets:		
Accounts receivable	\$ 8,621	\$ 8,861
Prepaid insurance	1,207	914
Interfund receivable	403,852	197,426
TOTAL ASSETS	<u>\$ 413,680</u>	<u>\$ 207,201</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 14,937	\$. . .
Accrued vacation and sick leave	2,188	1,520
Interfund payable	282,708	219,609
Total Liabilities	<u>299,833</u>	<u>221,129</u>
Fund Balance:		
Committed		
For storm water management	<u>113,847</u>	<u>(13,928)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 413,680</u>	<u>\$ 207,201</u>

OTHER REPORTS

CLERMONT OFFICE

Jerry D. Brown, C.P.A.

Herbert John Greenlee, Jr. C.P.A.
Suzanne M. Brownlee, C.P.A.
**GREENLEE
KURRAS
RICE &
BROWN, PA**
 CERTIFIED PUBLIC
ACCOUNTANTS
MOUNT DORA OFFICEJohn S. Rice, C.P.A.
Patricia A. Sykes-Amos, C.P.A.
C. L. (Chip) Garner, C.P.A.Kelre Rice Hosley, C.P.A.
David A. Donofrio, C.P.A.
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Allan L. Silbernagel, C.P.A.
Gabriel P. Burroughs, C.P.A.

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 Minneola, Florida

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Minneola, Florida as of and for the year ended September 30, 2011, which collectively comprise the City of Minneola, Florida's basic financial statements and have issued our report thereon dated January 18, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Minneola, Florida's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Minneola, Florida's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Minneola, Florida's internal control over financial reporting.

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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Minneola, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards**.

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

Greerlee, Humes, Hine & Brown, P.A.

Mount Dora, Florida
May 12, 2012

CLERMONT OFFICE

Jerry D. Brown, C.P.A.

Herbert John Greenlee, Jr. C.P.A.
Suzanne M. Brownlee, C.P.A.



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133

The Honorable Mayor and City Council
City of Minneola, Florida

Compliance

We have audited the compliance of the City of Minneola, Florida with the types of compliance requirements described in the United States Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Minneola's major federal programs for the year ended September 30, 2011. The City of Minneola, Florida's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Minneola, Florida's management. Our responsibility is to express an opinion of the City of Minneola, Florida's compliance based on our audit.

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

our auditing procedures did not disclose any instances of material noncompliance that are to be reported in accordance with *OMB Circular A-133*.

In our opinion, the City of Minneola, Florida, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2011.

Internal Control Over Compliance

The management of the City of Minneola, Florida, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Minneola, Florida's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Minneola, Florida's internal control over compliance.

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, City Council, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Greener, Kunes, Rice & Brown, P.A.

Mount Dora, Florida
May 12, 2012

CLERMONT OFFICE*Jerry D. Brown, C.P.A.**Herbert John Greenlee, Jr. C.P.A.
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Gabriel P. Burroughs, C.P.A.***MANAGEMENT LETTER**

Honorable Mayor and City Council
City of Minneola
Minneola, Florida

This report contains our comments as required by Chapter 10.550, Rules of the Auditor General, Local Governmental Entity Audits, for the City of Minneola, Florida, for the year ended September 30, 2011. Section 10.554(1)(i)1., requires that we determine whether or not corrective action has been taken to address significant findings and recommendations made in the preceding annual financial audit report. Recommendations in the preceding annual financial audit have been implemented.

Section 10.554(1)(i)2., requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City of Minneola complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., requires that we address in the management letter any recommendations to improve financial management. We recommend that the City look for new sources of revenue and/or reduce expenditures to meet current and long-term obligations.

Section 10.554(1)(i)4., requires that we address violations of laws, regulations, contracts or grant agreements, or abuses that have occurred, or likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. Our audit did not disclose any violations or abuses.

Section 10.554(1)(i)5., provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors:

- (1) violations of laws, rules, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred and (2) control deficiencies that are not significant deficiencies.

Section 10.554(1)(i)6. requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless, disclosed in the notes to the financial statements. The City of Minneola was incorporated under a Special Act of 1925 of the State of Florida, Chapter 11620. The City had no component units.

Section 10.554(1)(i)7a. requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. The City did not experience the conditions as listed in F.S. 218.503(1).

Section 10.554(1)(i)7b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City of Minneola for the fiscal year ended September 30, 2010, filed with the Florida Department of Financial Services pursuant to Section 2187.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2011. In connection with our audit, we determined that these two reports were in agreement.

Section 10.554(1)(i)7c., and 10.556(7) require that we apply financial condition assessment procedures. It is management's responsibility to monitor the entity'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 the same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Greenlee, Kunes, Rice + Brown, P.A.

Mount Dora, Florida
May 12, 2012