

CITY OF MINNEOLA, FLORIDA
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2014

CITY OF MINNEOLA, FLORIDA

CITY OFFICIALS

MayorPat Kelley
Vice-MayorPam Serviss
Councilor.....Lisa Jones
Councilor.....Kelly Price
Councilor.....Joseph Saunders
City ManagerMark Johnson
City Clerk.....Christina Stidham
Finance Manager.....Charlotte Gentile

CITY OF MINNEOLA, FLORIDA
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2014

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Herbert John Greenlee, Jr., CPA
(Retired)
Dorothy A. Kurras, CPA (1937 – 2010)
Jerry D. Brown, CPA (1950 – 2013)

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minneola, Florida, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

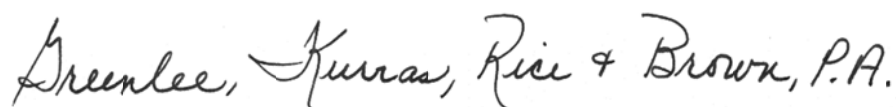
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 34 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2015, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Minneola, Florida's internal control over financial reporting and compliance.



Mount Dora, Florida
June 23, 2015

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, 2014. 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, 2014 by \$30,612,185 (net assets). Of this amount, \$7,150,126 (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 \$1,786,079 as a result of current year operations.

The City's total amount of outstanding loan debt at September 30, 2014 was \$15,464,217 of which \$488,902 is classified as current and \$14,975,315 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 Position 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 34 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 Position and Statement of Activities by posting adjustments for the following:

Capital assets, net of accumulated depreciation, have been added to the Statement of Net Position. 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 Position and the related expenses have been included in the Statement of Activities.

The Statement of Net Position 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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$7,285,902	\$5,836,769	\$ 6,750,619	\$ 5,750,748	\$14,036,521	\$11,587,517
Capital assets	<u>6,030,526</u>	<u>6,076,378</u>	<u>29,624,395</u>	<u>30,180,614</u>	<u>35,654,921</u>	<u>36,256,992</u>
Total assets	13,316,428	11,913,147	36,375,014	35,931,362	49,691,442	47,844,509
Long-term liabilities	...	...	14,975,315	15,464,264	14,975,315	15,464,264
Other liabilities	<u>1,076,973</u>	<u>867,675</u>	<u>3,026,969</u>	<u>2,701,131</u>	<u>4,103,942</u>	<u>3,568,806</u>
Total liabilities	1,076,973	867,675	18,002,284	18,165,395	19,079,257	19,033,070
Net assets:						
Invested in capital assets, net of related debt	6,030,528	6,070,463	13,952,242	14,032,544	19,982,770	20,103,007
Restricted	1,901,322	1,469,808	1,577,967	1,310,079	3,479,289	2,779,887
Unrestricted	<u>4,307,605</u>	<u>3,505,201</u>	<u>2,842,521</u>	<u>2,423,344</u>	<u>7,150,126</u>	<u>5,928,545</u>
Total net assets	<u>\$12,239,455</u>	<u>\$11,045,472</u>	<u>\$18,372,730</u>	<u>\$17,765,967</u>	<u>\$30,612,185</u>	<u>\$28,811,439</u>

An additional portion of the City's net assets (11%) represents resources that are subject to external restrictions on how they may be spent. The remaining balance of unrestricted net assets (\$7,150,126) 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 \$10,685,299, and capital assets, net of accumulated depreciation of approximately \$35,654,921.

Current liabilities of \$4,103,942 consist primarily of accounts payable and accrued liabilities of \$810,705, and \$3,293,237 of the current portion of long-term debt and due to other funds.

The total net assets increased \$1,786,079 over the prior year to \$30,612,185. The major components of this category are “invested in capital assets, net of related debt,” \$19,982,770 which is the City’s investment in its net capital assets (original cost less accumulated depreciation, less debt) and restricted net assets of \$3,479,289 and unrestricted net assets of \$7,150,126.

Governmental Activities

Governmental activities increased the City’s overall net assets by \$1,179,316.

The major components of this increase were:

- Increase in ad valorem taxes of \$85,638.
- Increase in sales taxes of \$82,650.
- Increase in franchise and utility taxes of \$79,664.

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

Charges for services	\$ 682,808	12%
Property taxes	1,968,037	35%
Sales taxes	784,926	14%
Franchise and utility taxes	1,256,285	23%
Impact fees	328,894	6%
Motor fuel taxes	127,415	2%
Other revenues	<u>448,264</u>	<u>8%</u>
Total	<u>\$ 5,596,629</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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for service	\$ 682,808	\$ 597,358	\$ 2,790,844	\$ 2,712,563	\$ 3,473,652	\$ 3,309,921
Grants and contributions	328,894	206,970	103	216	328,997	207,186
General revenues:						
Property taxes	1,968,037	1,882,399	...	...	1,968,037	1,882,399
Other taxes	2,170,588	1,989,550	719,938	675,371	2,890,526	2,664,921
Impact fees	328,894	311,487	450,085	385,870	778,979	697,357
Other	<u>92,215</u>	<u>119,322</u>	<u>1,577</u>	<u>3,575</u>	<u>93,792</u>	<u>122,901</u>
Total revenues	5,456,545	5,107,091	3,962,547	3,777,595	9,419,092	8,884,685
Expenses:						
General government	1,177,633	1,150,869	...	...	1,177,633	1,150,869
Public safety	2,328,879	2,222,956	...	...	2,328,879	2,222,956
Roads and streets	339,444	322,052	...	...	339,444	322,052
Storm water	145,407	110,051	...	...	145,407	110,051
Culture and recreation & Parks	351,631	322,355	...	...	351,631	322,355
Physical Environment	59,655	65,586	...	...	59,655	65,586
Community redevelopment	14,665	25,277	...	...	16,665	25,277
Interest on long-term debt	...	26,436	424,821	442,603	424,821	469,039
Water/Sewer	...	...	2,060,387	2,033,267	2,060,387	2,033,267
Sanitation	<u>...</u>	<u>...</u>	<u>730,492</u>	<u>726,213</u>	<u>730,492</u>	<u>726,213</u>
Total expenses	4,417,314	4,245,582	3,215,700	3,202,083	7,633,014	7,447,665
Increase in net assets before transfers	1,039,232	861,509	746,847	575,512	1,786,079	1,437,021
Transfers	140,084	95,529	(140,084)	(95,529)	...	...
Net assets beginning	<u>11,060,139</u>	<u>10,103,101</u>	<u>17,765,967</u>	<u>17,285,984</u>	<u>28,786,162</u>	<u>27,389,085</u>
Net assets ending	<u>\$12,239,455</u>	<u>\$11,060,139</u>	<u>\$18,372,730</u>	<u>\$17,765,967</u>	<u>\$30,612,185</u>	<u>\$28,826,106</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 increased the City's overall net assets by \$606,763. A key element of this increase was the receipt of discretionary surtax revenue of \$719,938 received during the year.

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 \$6,208,927 an increase of \$1,225,193 in comparison with the prior year. Approximately 70% 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, and 4) 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 \$4,307,605, while total fund balance reached \$5,928,357.

The fund balance of the City's general fund increased by \$140,074 during the current fiscal year. Key factors are as follows:

- An increase in intergovernmental revenues of \$120,676
- An increase ad valorem taxes of \$85,638
- An increase in licenses and permits of \$76,616

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 2013 increased \$3,422 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 \$1,310,079. The increase in net assets was \$479,983. 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 of approximately 12%) and additional expenditures (increase of approximately 65%). The increase in expenditures is for the payoff of the city hall loan. The total revenues came in at \$21,706 over the final budget and the expenditures came in at \$67,951 under the final budget. The General Fund actual expenses were more than the actual total revenues by \$235,603, primarily due to the city hall loan payoff.

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, 2013, amounts to \$36,256,992 (net of accumulated depreciation/amortization). This investment in capital assets includes land, building and improvements, machinery and equipment, water-wastewater systems, and any 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 roof repair of \$101,290; a police vehicle of \$27,668; and stormwater improvements of \$112,886.
- Expansion and upgrades on various water-wastewater systems in the amount of \$95,339.

CITY OF MINNEOLA
(net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 2,111,908	\$ 2,111,908	\$ 304,026	\$ 304,026	\$ 2,415,934	\$ 2,415,934
Building	1,954,333	1,977,393	...	...	1,954,333	1,977,393
Infrastructure and improvements	1,664,490	1,766,750	...	...	1,664,490	1,766,750
Equipment	299,795	220,327	122,873	36,241	422,668	256,568
Water/waste-water systems	...	...	29,197,496	29,838,614	29,197,496	29,838,614
Purchased customers	...	...	...	1,733	...	1,733
Total assets	<u>\$ 6,030,526</u>	<u>\$ 6,076,378</u>	<u>\$ 29,624,395</u>	<u>\$ 31,037,649</u>	<u>\$ 35,654,921</u>	<u>\$ 37,140,613</u>

Long-Term Debt - At the end of the fiscal year, the City's total net debt decreased \$475,917 or 3%. This debt consists of a \$1,102,945 note payable secured by the state revenue sharing trust funds and half-cent sales tax revenues, \$13,442,995 and \$499,525 note payables secured by sewer revenue and related impact fees, and a \$418,751 note payable secured by sewer revenue and related impact fees.

CITY OF MINNEOLA
General Obligation Debt and Revenue Bonds

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Notes payable	\$ _____	\$ _____	\$ 15,464,217	\$ 15,940,134	\$ 15,464,217	\$ 15,940,134
Total debt	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 15,464,217</u>	<u>\$ 15,940,134</u>	<u>\$ 15,464,217</u>	<u>\$ 15,940,134</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 5.6% and 5.9% for the nation.
- Average inflation nationally as indicated by the consumer price index is 1.70%.

These factors were considered in preparing the City budget for the 2014-2015 year. The City adopted the 2014 - 2015 budget at its September 16, 2014 meeting. The 2014 - 2015 General Fund budget includes a millage rate of 6.2500.

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 Manager, Post Office Drawer 678, Minneola, Florida 34755, (352) 394-3598.

CITY OF MINNEOLA, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 4,782,786	\$ 3,782,124	\$ 8,564,910
Receivables	128,770	184,395	313,165
Due from other governments	110,822	56,193	167,015
Due from other funds	2,091,161	714,254	2,805,415
Prepaid insurance	38,089	27,538	65,627
Restricted cash and cash equivalents	134,274	1,986,115	2,120,389
Total Current Assets	<u>7,285,902</u>	<u>6,750,619</u>	<u>14,036,521</u>
Noncurrent Assets:			
Capital assets (net of accumulated depreciation/amortization):			
Land	2,111,908	304,026	2,415,934
Buildings and system	1,954,333	...	1,954,333
Improvements other than buildings	1,664,490	...	1,664,490
Machinery and equipment	299,795	122,873	422,668
Water system	...	29,197,496	29,197,496
Total Noncurrent Assets	<u>6,030,526</u>	<u>29,624,395</u>	<u>35,654,921</u>
Total Assets	<u>\$ 13,316,428</u>	<u>\$ 36,375,014</u>	<u>\$ 49,691,442</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and other current liabilities	\$ 94,700	\$ 404,307	\$ 499,007
Due to other governments	38,863	...	38,863
Customer deposits	...	219,148	219,148
Current portion of long-term debt	...	488,902	488,902
Rental deposits	2,557	...	2,557
Due to other funds	873,925	1,891,547	2,765,472
Compensated absences	66,928	23,065	89,993
Total Current Liabilities	<u>1,076,973</u>	<u>3,026,969</u>	<u>4,103,942</u>
Noncurrent liabilities:			
Loans payable	...	14,975,315	14,975,315
Total Noncurrent Liabilities	<u>...</u>	<u>14,975,315</u>	<u>14,975,315</u>
Total Liabilities	<u>1,076,973</u>	<u>18,002,284</u>	<u>19,079,257</u>
NET ASSETS			
Invested in capital assets, net of related debt	6,030,528	13,952,242	19,982,770
Net Assets:			
Restricted	1,901,322	1,577,967	3,479,289
Unrestricted	4,307,605	2,842,521	7,150,126
Total Net Assets	<u>12,239,455</u>	<u>18,372,730</u>	<u>30,612,185</u>
Total Liabilities and Net Assets	<u>\$ 13,316,428</u>	<u>\$ 36,375,014</u>	<u>\$ 49,691,442</u>

CITY OF MINNEOLA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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	\$ 1,177,633	\$ 438,719	\$...	\$...	\$ (738,914)	\$...	\$ (738,914)
Public safety	2,328,879	8,781	211,003		(2,109,095)	...	(2,109,095)
Highways and streets	339,444	...	...	...	(339,444)	...	(339,444)
Storm water	145,407	234,452	...	...	89,045	...	89,045
Physical environment	59,655	...	...	...	(59,655)	...	(59,655)
Culture and recreation	351,631	856	3,000	...	(347,774)	...	(347,774)
Community redevelopment	14,665	...	...	...	(14,665)	...	(14,665)
Total governmental activities	4,417,314	682,808	214,003	...	(3,520,502)	...	(3,520,502)
Business-type activities:							
Water/Sewer	2,060,387	1,969,636	...	...	...	(90,751)	(90,751)
Sanitation	730,492	821,208	103	...	...	90,819	90,819
Interest on long-term debt	424,821	...	...	...	...	(424,821)	(424,821)
Total business-type activities	3,215,700	2,790,844	103	...	...	(424,753)	(424,753)
Total government	\$ 7,633,014	\$ 3,473,652	\$ 214,106	\$...	\$ (3,520,502)	\$ (424,753)	\$ (3,945,255)

	Net (Expense) Revenue and Changes in Net Assets		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
General revenues:			
Ad Valorem	\$ 1,968,037	\$...	\$ 1,968,037
Sales taxes	784,926	719,938	1,504,864
Franchise taxes and utility taxes	1,256,285	...	1,256,285
Impact fees	328,894	450,085	778,979
Motor fuel taxes	127,415	...	127,415
Alcoholic beverage taxes	1,962	...	1,962
Miscellaneous revenues	62,655	...	62,655
Interest and investment earnings	13	1,577	1,590
Rents	29,547	...	29,547
Transfers	140,084	(140,084)	...
Total general revenues and transfers	4,699,818	1,031,516	5,731,334
Change in net assets	1,179,316	606,763	1,786,079
Net assets - beginning	11,060,139	17,765,967	28,826,106
Net assets - ending	\$ 12,239,455	\$ 18,372,730	\$ 30,612,185

CITY OF MINNEOLA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	Special Revenue			Total Governmental Funds
	General	Storm water Fund	CRA Fund	
ASSETS				
Cash and cash equivalents	\$ 4,883,034	\$...	\$ 34,024	\$ 4,917,058
Due from other governments	98,600	...	...	98,600
Prepaid insurance	24,826	1,262	12,000	38,088
Receivables	128,770	12,222	...	140,992
Interfund receivables	993,344	1,083,150	...	2,076,494
Total assets	<u>\$ 6,128,574</u>	<u>\$ 1,096,634</u>	<u>\$ 46,024</u>	<u>\$ 7,271,232</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 92,820	\$ 1,880	\$...	\$ 94,700
Rental deposits	2,557	...	...	2,557
Compensated absences	65,977	950	...	66,927
Interfund payable	...	847,258	12,000	859,258
Accrued interest	...	...	...	...
Due to other governments	38,863	...	...	38,863
Total liabilities	<u>200,217</u>	<u>850,088</u>	<u>12,000</u>	<u>1,062,305</u>
Fund Balance:				
Non-spendable				
For prepaid insurance	24,826	...	...	24,826
Restricted				
For street repairs	330,828	...	...	330,828
For confiscation funds	2,068	...	...	2,068
For permitting expenditures	1,164,851	...	...	1,164,851
For police education	2,307	...	...	2,307
Committed				
For cemetery care	4,954	...	...	4,954
For rails/trails	1,527	...	...	1,527
For tree replacement	16,306	...	...	16,306
For fire protection capital expenditures	73,085	...	...	73,085
For community redevelopment	...	...	34,024	34,024
For stormwater management	...	246,546	...	246,546
Unassigned	4,307,605	...	...	4,307,605
Total fund balances	<u>5,928,357</u>	<u>246,546</u>	<u>34,024</u>	<u>6,208,927</u>
Total liabilities and fund balances	<u>\$ 6,128,574</u>	<u>\$ 1,096,634</u>	<u>\$ 46,024</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.				-
				<u>6,030,528</u>
Net assets of governmental activities				<u>\$ 12,239,455</u>

CITY OF MINNEOLA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General Fund	Special Revenue Storm water Fund	CRA Fund	Total Governmental Funds
REVENUES				
Taxes:				
Ad Valorem	\$ 1,934,013	\$...	\$ 34,024	\$ 1,968,037
Franchise and utility taxes	1,256,285	...	...	1,256,285
Licenses and permits	457,887	...	...	457,887
Intergovernmental	1,170,871	...	...	1,170,871
Charges for services	1,120	234,452	...	235,572
Fines and forfeitures	15,781	...	...	15,781
Miscellaneous	355,665	...	...	355,665
Total Revenues	<u>5,191,622</u>	<u>234,452</u>	<u>34,024</u>	<u>5,460,098</u>
EXPENDITURES				
Current:				
General government	1,169,398	...	...	1,169,398
Public safety	2,403,680	...	...	2,403,680
Physical environment	51,950	152,695	...	204,645
Highways and streets	301,787	...	...	301,787
Culture and recreation	280,814	...	...	280,814
Community redevelopment agency	...	...	14,665	14,665
Total Expenditures	<u>4,207,629</u>	<u>152,695</u>	<u>14,665</u>	<u>4,374,989</u>
Excess of revenues over expenditures	<u>983,993</u>	<u>81,757</u>	<u>19,359</u>	<u>1,085,109</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (net)	<u>125,419</u>	<u>...</u>	<u>14,665</u>	<u>140,084</u>
Total other financing sources and uses	<u>125,419</u>	<u>...</u>	<u>14,665</u>	<u>140,084</u>
Net change in fund balances	1,109,412	81,757	34,024	1,225,193
Fund balances - beginning	<u>4,818,945</u>	<u>164,789</u>	<u>...</u>	<u>4,983,734</u>
Fund balances - ending	<u>\$ 5,928,357</u>	<u>\$ 246,546</u>	<u>\$ 34,024</u>	<u>\$ 6,208,927</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, 2014

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

Net change in fund balances - total governmental funds \$ 1,225,193

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 (\$293,957) exceeded capital outlays capital outlays (\$251,633) in the current period. In addition, a loss (\$3,553) on the disposal fixed assets was recognized. (45,877)

Change in net assets of governmental activities \$ 1,179,316

CITY OF MINNEOLA, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 3,002,607	\$ 3,190,298	\$ 3,190,298	\$...
Licenses and permits	127,533	457,887	457,887	...
Intergovernmental	931,068	1,166,556	1,170,871	4,315
Charges for services	1,394	1,120	1,120	...
Fines and forfeitures	7,283	15,781	15,781	...
Miscellaneous revenues	269,690	355,665	355,665	...
	<u>4,339,575</u>	<u>5,187,307</u>	<u>5,191,622</u>	<u>4,315</u>
Total Revenues				
Expenditures:				
General government	1,060,624	1,165,964	1,169,398	(3,434)
Public safety	2,413,952	2,398,289	2,403,680	(5,391)
Physical environment	70,227	53,332	51,950	1,382
Transportation	302,893	301,353	301,787	(434)
Culture and recreation	303,453	281,243	280,814	429
	<u>4,151,149</u>	<u>4,200,181</u>	<u>4,207,629</u>	<u>(7,448)</u>
Total Expenditures				
Excess (Deficiency) of				
Revenues Over (Under) Expenditures	<u>188,426</u>	<u>987,126</u>	<u>983,993</u>	<u>(3,133)</u>
Other Financing Sources (Uses)				
Transfers in	<u>54,000</u>	<u>140,084</u>	<u>125,419</u>	<u>...</u>
	<u>54,000</u>	<u>140,084</u>	<u>125,419</u>	<u>...</u>
Total other financing sources and uses				
Net change in fund balances	242,426	1,127,210	1,109,412	(3,133)
Fund Balance - Beginning	<u>4,818,945</u>	<u>4,818,945</u>	<u>4,818,945</u>	<u>...</u>
Fund Balance - Ending	<u>\$ 5,061,371</u>	<u>\$ 5,946,155</u>	<u>\$ 5,928,357</u>	<u>\$ (3,133)</u>

CITY OF MINNEOLA, FLORIDA
BALANCE SHEET
ENTERPRISE FUND
SEPTEMBER 30, 2014
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2013

	TOTALS	
	2014	2013
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 3,782,124	\$ 3,130,971
Interfund receivables	714,254	584,099
Accounts receivable	184,395	200,124
Prepaid insurance	27,538	26,230
Total Current Assets	4,708,311	3,941,424
Restricted Assets:		
Cash and cash equivalents	1,986,115	1,754,717
Due from other governments	56,193	54,607
Total Current Restricted Assets	2,042,308	1,809,324
Property, Plant and Equipment:		
Purchased customers	207,936	207,936
Land	304,026	304,026
Water system	36,604,967	36,320,329
Machinery and equipment	458,368	355,109
Accumulated depreciation/amortization	(7,950,902)	(7,006,786)
Net Property, Plant and Equipment	29,624,395	30,180,614
TOTAL ASSETS	\$ 36,375,014	\$ 35,931,362

The independent auditor's report and notes to the financial statements are an integral part of this statement.

	TOTALS	
	2014	2013
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Current Liabilities (Payable From Current Assets):		
Accounts payable	\$ 215,307	\$ 102,373
Interfund payables	1,891,547	1,660,469
Accrued vacation and sick leave	23,065	17,782
Total Current Liabilities (Payable From Current Assets)	<u>2,129,919</u>	<u>1,780,624</u>
Current Liabilities (Payable From Restricted Assets):		
State of Florida revolving loan fund (due within one year)	488,902	475,870
Accrued interest	189,000	195,018
Customers' deposits	219,148	249,619
Total Current Liabilities (Payable From Restricted Assets)	<u>897,050</u>	<u>920,507</u>
Noncurrent Liabilities:		
State of Florida revolving loan fund	<u>14,975,315</u>	<u>15,464,264</u>
Total Noncurrent Liabilities	<u>14,975,315</u>	<u>15,464,264</u>
Total Liabilities	<u>18,002,284</u>	<u>18,165,395</u>
Net Assets:		
Invested in capital assets, net of related debt	13,952,242	14,032,544
Restricted for expansion	1,577,967	1,310,079
Unrestricted	2,842,521	2,423,344
Total Net Assets	<u>18,372,730</u>	<u>17,765,967</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 36,375,014</u>	<u>\$ 35,931,362</u>

CITY OF MINNEOLA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014
WITH COMPARITIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Year Ending September 30, 2014			
	Water	Sewer	Sanitation	Total
Operating Revenues:				
Water sales	\$ 1,279,658	\$...	\$...	\$ 1,279,658
Sewer charges	...	505,763	...	505,763
Sanitation fees	...	...	821,208	821,208
Meter installations	73,984	29,241	...	103,225
New connections	55,510	21,940	...	77,450
Other revenue	2,537	1,003	...	3,540
Total Operating Revenues	1,411,689	557,947	821,208	2,790,844
Operating Expenses:				
Personal services	518,058	89,075	...	607,133
Contract Services	35,515	44,575	730,492	810,582
Operating expenses	66,901	26,877	...	93,778
Utility services	79,160	59,521	...	138,681
Repairs and maintenance	91,739	36,133	...	127,872
Insurance	54,127	14,589	...	68,716
Depreciation and amortization	379,953	564,164	...	944,117
Total Operating Expenses	1,225,453	834,934	730,492	2,790,879
Operating Income (Loss)	186,236	(276,987)	90,716	(35)
Nonoperating Revenues (Expenses):				
Impact fees	176,102	273,983	...	450,085
Grant revenue	...	...	103	103
Interest revenue	1,130	447	...	1,577
Infrastructure surtax	...	719,938	...	719,938
Interest expense	...	(424,821)	...	(424,821)
Total Nonoperating Revenues (Expenses)	177,232	569,547	103	746,882
Net Income (Loss) Before Operating Transfers	363,468	292,560	90,819	746,847
Operating Transfers Out	...	...	(140,084)	(140,084)
Transfers	(49,265)	...	49,265	...
Net Assets - Beginning of Year	12,351,993	5,413,974	...	17,765,967
Net Assets - End of Year	\$ 12,666,196	\$ 5,706,534	\$...	\$ 18,372,730

The independent auditor's report and notes to the financial statements are an integral part of this statement.

CITY OF MINNEOLA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014
WITH COMPARITIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Year Ending September 30, 2013			
	Water	Sewer	Sanitation	Total
Operating Revenues:				
Water sales	\$ 1,268,819	\$...	\$...	\$ 1,268,819
Sewer charges	...	465,057	...	465,057
Sanitation fees	...	...	800,698	800,698
Meter installations	45,454	45,454	...	90,908
New connections	42,286	42,285	...	84,571
Other revenue	1,255	1,255	...	2,510
Total Operating Revenues	1,357,814	554,051	800,698	2,712,563
Operating Expenses:				
Personal services	491,015	75,551	...	566,566
Contract Services	56,708	47,999	726,213	830,920
Operating expenses	71,076	13,916	...	84,992
Utility services	72,564	59,034	...	131,598
Repairs and maintenance	63,318	46,149	...	109,467
Insurance	51,291	13,665	...	64,956
Depreciation and amortization	402,029	568,952	...	970,981
Total Operating Expenses	1,208,001	825,266	726,213	2,759,480
Operating Income (Loss)	149,813	(271,215)	74,485	(46,917)
Nonoperating Revenues (Expenses):				
Impact fees	183,188	202,682	...	385,870
Grant revenue	...	...	216	216
Interest revenue	1,788	1,787	...	3,575
Infrastructure surtax	...	675,371	...	675,371
Interest expense	(4,752)	(437,851)	...	(442,603)
Total Nonoperating Revenues (Expenses)	180,224	441,989	216	622,429
Net Income (Loss) Before Operating Transfers	330,037	170,774	74,701	575,512
Operating Transfers Out	...	...	(95,529)	(95,529)
Transfers	(20,828)	...	20,828	...
Net Assets - Beginning of Year	12,042,784	5,243,200	...	17,285,984
Net Assets - End of Year	\$ 12,351,993	\$ 5,413,974	\$...	\$ 17,765,967

CITY OF MINNEOLA, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013

	TOTALS	
	2014	2013
Cash Flows From Operating Activities:		
Cash received from customers	\$ 2,806,573	\$ 2,625,212
Cash payments for employee services	(601,850)	(567,273)
Cash payments to suppliers	(1,128,003)	(1,210,927)
Net Cash Provided By Operating Activities	<u>1,076,720</u>	<u>847,012</u>
Cash Flows From Noncapital Financing Activities:		
Operating transfer out	(140,084)	(95,529)
Interfund receivables (payables)	100,923	95,580
Customer deposits	(30,471)	(25,800)
Infrastructure surtax	719,938	675,371
Grants received	103	216
Net Cash Provided By (Used For) Noncapital Financing Activities	<u>650,409</u>	<u>649,838</u>
Cash Flows From Capital and Related Financing Activities:		
Acquisition of capital assets less deletions	(387,898)	(113,945)
Principal paid on revenue bonds and notes payable	. . .	(111,501)
Principal paid on State of Florida revolving loan	(475,917)	(463,229)
Grants received	. . .	. . .
Impact fees	450,085	385,870
Due from other governments	(1,586)	(5,211)
Accrued Interest Payable	(6,018)	(5,676)
Interest paid	(424,821)	(442,603)
Net Cash Provided By (Used For) Capital and Related Financing Activities	<u>(846,155)</u>	<u>(756,295)</u>
Cash Flows From Investing Activities:		
Interest	1,577	3,575
Net Cash Provided By Investing Activities	<u>1,577</u>	<u>3,575</u>
Net increase (decrease) in cash and cash equivalents	882,551	744,130
Cash and cash equivalents - October 1	<u>4,885,688</u>	<u>4,141,558</u>
CASH AND CASH EQUIVALENTS - SEPTEMBER 30	<u>\$ 5,768,239</u>	<u>\$ 4,885,688</u>

The independent auditor's report and notes to the financial statements are an integral part of this statement.

	TOTALS	
	2014	2013
Reconciliation Of Operating Income To Net Cash Provided By Operating Activities:		
Operating Income (Loss)	\$ (35)	\$ (46,917)
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:		
Depreciation/amortization	944,117	970,981
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	15,729	(87,351)
(Increase) decrease in prepaid expenses	(1,308)	(1,695)
(Decrease) increase in accounts payable	112,934	12,701
(Decrease) increase in accrued liabilities	5,283	(707)
Total Adjustments	1,076,755	893,929
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,076,720</u>	<u>\$ 847,012</u>

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
ENDED SEPTEMBER 30, 2014

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, 2014

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, 2014

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, 2014

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 (greater \$1,000): executive of \$3,434 and fire \$4,506.

The storm water fund has a surplus fund balance of \$246,546.

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.

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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.

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 1.54 hours every two weeks 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 four hours 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, provided that they meet the following criteria:

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

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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

- 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.

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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.

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 appropriable 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.

CITY OF MINNEOLA, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2014

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
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)	\$ 3,215,700
Budget	<u>3,352,725</u>
Variance-favorable (unfavorable)	<u>\$ 137,025</u>

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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 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 <u>9/30/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Depreciation</u>	Balance <u>9/30/14</u>
Land	\$ 2,111,908	\$...	\$...	\$...	\$ 2,111,908
Buildings	2,625,664	48,032	...	...	2,673,696
Infrastructure and improvements	2,600,165	39,491	...	...	2,639,656
Equipment	<u>1,506,636</u>	<u>163,839</u>	<u>(102,887)</u>	<u>...</u>	<u>1,567,588</u>
Total	8,844,373	251,362	(102,887)	...	8,992,848
Less: Accumulated Depreciation	<u>(2,767,995)</u>	<u>...</u>	<u>99,361</u>	<u>(293,957)</u>	<u>(2,962,590)</u>
Net Fixed Assets	<u>\$ 6,076,378</u>	<u>\$ 251,362</u>	<u>\$ (3,527)</u>	<u>\$ (293,957)</u>	<u>\$ 6,030,526</u>

CITY OF MINNEOLA, FLORIDA
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SEPTEMBER 30, 2014

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:

Governmental activities:		
	General government	\$ 94,561
	Public safety	45,586
	Highways and streets	50,302
	Storm water	20,953
	Physical environment	7,705
	Culture and recreation	<u>74,850</u>
	Total depreciation expense – governmental activities	<u>\$ 293,957</u>

5. Summary Of Enterprise Fund Fixed Assets:

	Balance <u>9/30/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Depreciation</u>	Balance <u>9/30/14</u>
Land	\$ 304,026	\$...	\$...	\$...	\$ 304,026
Office equipment	30,113	...	...	...	30,113
Machinery and equipment	324,995	103,259	...	...	428,254
Water system	36,320,329	284,638	...	...	36,604,967
Intangible assets	<u>207,936</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>207,936</u>
Total	37,187,399	387,897	...	...	37,575,296
Less: Accumulated Depreciation	<u>(7,006,785)</u>	<u>...</u>	<u>...</u>	<u>(944,142)</u>	<u>(7,950,927)</u>
Net Fixed Assets	<u>\$30,180,614</u>	<u>\$ 387,897</u>	<u>\$...</u>	<u>\$ (944,142)</u>	<u>\$30,624,394</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, 2014

7. Long-Term Debt:

The following is the change in liabilities in the Enterprise Fund for the year ended September 30, 2014:

	<u>Balance</u> 10/1/13	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> 9/30/14
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 \$34,813 with the last payment due October 15, 2026.	\$ 1,135,700	...	\$ 32,755	\$ 1,102,945
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.	13,861,751	...	418,576	13,442,995
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 \$11,975 beginning October 15, 2009 until the loan matures in 2038.	430,933	...	12,182	418,751
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 \$13,555 are scheduled to begin August 15, 2011 until the loan matures in 2041.	<u>511,930</u>	<u>...</u>	<u>12,404</u>	<u>499,526</u>
Total	<u>\$ 15,940,134</u>	<u>\$...</u>	<u>\$ 475,917</u>	<u>\$ 15,464,217</u>

The annual requirements to amortize the long-term debt outstanding of the Enterprise Fund as of September 30, 2014 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 488,902	\$ 417,855
2016	502,294	404,463

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

2017	516,053	390,704
2018	530,192	376,565
2019	544,718	362,039
2020 – 2024	2,955,853	1,577,930
2025 - 2029	3,383,839	1,149,945
2030 – 2034	3,874,042	659,742
2035 – 2039	2,628,804	135,411
2040 - 2041	<u>39,520</u>	<u>1,146</u>
Total	<u>\$ 15,464,217</u>	<u>\$ 5,475,799</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.

Funding Policy: Employees contribute 3% to the Plan. The City is required to contribute at an actuarially determined rate. The current rates for the City for regular, special risk members, and senior management are 7.37%, 19.82%, and 21.14% respectively, of annual covered payroll. The

CITY OF MINNEOLA, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2014

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, 2014, 2013, and 2012 were \$210,334, \$ 163,793, and \$160,453 respectively, equal to the required contributions.

10. Inter-fund Receivables and Payables:

Individual fund inter-fund receivable and payable balances at September 30, 2014 are as follows:

	<u>Inter-fund Receivables</u>	<u>Inter-fund Payable</u>
General fund	\$ 993,344	\$...
Storm water fund	1,083,150	847,258
Community redevelopment	...	51,943
Enterprise fund	<u>714,254</u>	<u>1,891,547</u>
Totals	<u>\$ 2,790,748</u>	<u>\$2,790,748</u>

The inter-fund 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. The City paid \$14,665 and \$25,278 on behalf of the CRA fund in the fiscal years ending September 30, 2014 and 2013, respectively, to establish the fund. The City anticipates the CRA fund to reimburse this total amount of \$39,943 due the general fund for these expenses in subsequent years. Only \$12,000 paid for prepaid insurance is reflected in the financial statements.

SUPPLEMENTARY INFORMATION

CITY OF MINNEOLA, FLORIDA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2014 AND 2013

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 4,883,034	\$ 3,756,349
Accounts receivable	128,770	189,877
Prepaid insurance	24,826	34,540
Interfund receivables	993,344	940,487
Due from other governments	98,600	66,645
TOTAL ASSETS	<u>6,128,574</u>	<u>4,987,898</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable and accrued expenditures	\$ 92,820	\$ 97,275
Due to other governments	38,863	11,423
Rental Deposits	2,557	2,697
Accrued vacation and benefits\	65,977	57,558
Total Liabilities	<u>200,217</u>	<u>168,953</u>
Fund Balance:		
Non-spendable		
For prepaid insurance	24,826	34,540
Restricted		
For street repairs	330,828	257,620
For confiscation funds	2,068	44,485
For permitting expenditures	1,164,851	1,032,504
For police education	2,307	25,903
Committed		
For cemetery care	4,954	4,851
For rails/trails	1,527	1,526
For tree replacement	16,306	13,945
For fire protection capital expenditures	73,085	54,434
Unassigned	4,307,605	3,349,137
Total Fund Balance	<u>5,928,357</u>	<u>4,818,945</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 6,128,574</u>	<u>\$ 4,987,898</u>

CITY OF MINNEOLA, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014
WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013

	FINAL BUDGET	2014 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2013 ACTUAL
Revenues:				
Taxes:				
Ad valorem	\$ 1,934,013	\$ 1,934,013	\$...	\$ 1,882,399
Franchise fees	506,365	506,365	...	456,388
Utility taxes	749,920	749,920	...	720,233
Total Taxes	3,190,298	3,190,298	...	3,059,020
Licenses and Permits:				
Occupational licenses	38,942	38,942	...	31,650
Yardage regulatory fees	28,772	28,772	...	25,805
Permits	390,173	390,173	...	320,816
Total Licenses and Permits	457,887	457,887	...	378,271
Intergovernmental Revenues:				
Local option gas tax	52,696	52,696	...	45,597
Eight cent gas tax	62,162	62,162	...	53,889
Special fuel tax	68	68	...	52
Infrastructure surtax	96,458	100,772	4,314	88,393
State revenue sharing	179,928	179,928	...	151,277
Mobile home licenses	126	126	...	76
Alcoholic beverage tax	1,962	1,962	...	24
Library impact fees	28,960	28,960	...	29,247
Park interlocal agreement	7,138	7,139	...	1,644
Grants	211,003	211,003	...	196,868
Half-cent sales tax	504,226	504,226	...	462,530
City share of county occupational licenses	9,340	9,340	...	9,507
Additional one-cent gas tax	12,489	12,489	...	11,091
Total Intergovernmental Revenues	1,166,556	1,170,871	4,314	1,050,195
Charges For Services:				
Copies and records	9	9	...	44
Qualifying fees and fire inspections	255	255	...	365
Culture & recreation	856	856	...	1,210
Total Charges For Services	1,120	1,120	...	1,619

CITY OF MINNEOLA, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014
WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013

	FINAL BUDGET	2014 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2013 ACTUAL
Fines and Forfeitures:				
Court fines	8,411	8,411	...	5,640
Abandon property fees	7,000	7,000	...	7,812
Police education	370	370	...	358
Total Fines and Forfeitures	<u>15,781</u>	<u>15,781</u>	<u>-</u>	<u>13,810</u>
Miscellaneous Revenues:				
Interest	13	13	...	14
Rentals	29,547	29,547	...	31,164
Impact fees	299,934	299,934	...	311,487
Tree replacement	2,500	2,500	...	480
Miscellaneous	20,671	20,671	7,565	17,246
Contributions	3,000	3,000	...	10,101
Total Miscellaneous Revenues	<u>355,665</u>	<u>355,665</u>	<u>7,565</u>	<u>370,492</u>
TOTAL REVENUES	<u><u>\$ 5,187,307</u></u>	<u><u>\$ 5,191,622</u></u>	<u><u>\$ 11,879</u></u>	<u><u>\$ 4,563,371</u></u>

CITY OF MINNEOLA, FLORIDA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014
WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013

	FINAL BUDGET	2013 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2013 ACTUAL
<u>GENERAL GOVERNMENT:</u>				
Legislative:				
Personal services	\$ 30,000	\$ 30,000	\$...	\$ 24,000
Operating expenditures	1,016	1,016	...	482
Capital outlay	...	...	...	2,690
Total Legislative	<u>31,016</u>	<u>31,016</u>	<u>...</u>	<u>27,172</u>
Executive:				
Personal services	128,567	137,723	(9,156)	116,764
Operating expenditures	62,713	62,713	...	39,192
Debt service	...	...	...	1,124,171
Total Executive	<u>191,280</u>	<u>200,436</u>	<u>(9,156)</u>	<u>1,280,127</u>
Financial and Administrative:				
Personal services	151,278	148,964	2,314	133,330
Operating expenditures	41,411	41,411	...	33,593
Total Financial and Administrative	<u>192,689</u>	<u>190,375</u>	<u>2,314</u>	<u>166,923</u>
Legal Services:				
City Attorney:				
Operating expenditures	98,063	98,063	...	74,535
Total Legal Services	<u>98,063</u>	<u>98,063</u>	<u>...</u>	<u>74,535</u>
City Planning:				
Personal services	80,994	81,246	(252)	75,594
Operating expenditures	244,884	242,219	2,665	214,861
Capital outlay	8,264	8,264	...	2,176
Total City Planning	<u>334,142</u>	<u>331,729</u>	<u>2,413</u>	<u>290,455</u>
Technology:				
Operating expenditures	87,180	87,180	...	82,320
Total Technology	<u>87,180</u>	<u>87,180</u>	<u>...</u>	<u>82,320</u>
Fleets & Facilities:				
Operating expenditures	151,510	151,510	...	345,395
Capital outlay	25,394	25,394	...	...
Total Fleets & Facilities	<u>176,904</u>	<u>176,904</u>	<u>...</u>	<u>345,395</u>
Human Resources:				
Personal services	45,684	44,689	995	39,334
Operating expenditures	9,006	9,006	...	6,183
Total Human Resources	<u>54,690</u>	<u>53,695</u>	<u>995</u>	<u>45,517</u>
Total General Government	<u>1,165,964</u>	<u>1,169,398</u>	<u>(3,434)</u>	<u>2,312,444</u>

CITY OF MINNEOLA, FLORIDA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014
WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013

	FINAL BUDGET	2014 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2013 ACTUAL
<u>PUBLIC SAFETY:</u>				
Police Department and Code Enforcement:				
Personal services	\$ 1,181,805	\$ 1,182,690	\$ (885)	\$ 1,181,013
Operating expenditures	48,888	48,888	...	6,966
Capital outlay	57,000	57,000	...	30,081
Total Police Department and Code Enforcement	<u>1,287,693</u>	<u>1,288,578</u>	<u>(885)</u>	<u>1,218,060</u>
Fire Department:				
Personal services	929,364	933,870	(4,506)	886,357
Operating expenditures	116,488	116,488	...	95,272
Capital outlay	64,744	64,744	...	...
Total Fire Department	<u>1,110,596</u>	<u>1,115,102</u>	<u>(4,506)</u>	<u>981,629</u>
Total Public Safety	<u>2,398,289</u>	<u>2,403,680</u>	<u>(5,391)</u>	<u>2,199,689</u>
<u>PHYSICAL ENVIRONMENT:</u>				
Public Works:				
Personal services	52,171	50,789	1,382	50,727
Operating expenditures	1,161	1,161	...	2,245
Total Public Works	<u>53,332</u>	<u>51,950</u>	<u>1,382</u>	<u>52,972</u>
Total Physical Environment	<u>53,332</u>	<u>51,950</u>	<u>1,382</u>	<u>52,972</u>
<u>TRANSPORTATION:</u>				
Roads and Streets				
Personal services	34,564	34,998	(434)	28,638
Operating expenditures	242,237	242,237	...	244,796
Capital outlay	24,552	24,552	...	6,910
Total Transportation	<u>301,353</u>	<u>301,787</u>	<u>(434)</u>	<u>280,344</u>
<u>CULTURE AND RECREATION:</u>				
Library:				
Personal services	48,598	48,454	144	47,165
Operating expenditures	10,744	10,744	...	10,103
Capital outlay	4,948	4,948	...	895
Total Library	<u>64,290</u>	<u>64,146</u>	<u>144</u>	<u>58,163</u>

CITY OF MINNEOLA, FLORIDA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014
WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013

	FINAL BUDGET	2014 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2013 ACTUAL
<u>CULTURE AND RECREATION:</u>				
Parks and Recreation:				
Personal services	184,141	183,856	285	181,937
Operating expenditures	32,812	32,812	...	21,285
Capital outlay	...	...	...	...
Total Parks and Recreation	<u>216,953</u>	<u>216,668</u>	<u>285</u>	<u>203,222</u>
Total Culture and Recreation	<u>281,243</u>	<u>280,814</u>	<u>429</u>	<u>261,069</u>
TOTAL EXPENDITURES	<u>\$ 4,200,181</u>	<u>\$ 4,207,629</u>	<u>\$ (7,448)</u>	<u>\$ 5,106,518</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfer from Utility Fund	\$ 140,084	\$ 140,084	\$...	\$ 95,529
Transfer to CRA Fund	...	(14,665)	14,665	...
Total Other Financing Uses	<u>\$ 140,084</u>	<u>\$ 125,419</u>	<u>\$ 14,665</u>	<u>\$ 95,529</u>

CITY OF MINNEOLA, FLORIDA
 STORM WATER FUND
 COMPARATIVE BALANCE SHEETS
 SEPTEMBER 30, 2014 AND 2013

	TOTALS	
	2014	2013
<u>ASSETS</u>		
Current Assets:		
Accounts receivable	\$ 12,222	\$ 11,525
Prepaid insurance	1,262	1,354
Interfund receivable	1,083,150	850,657
TOTAL ASSETS	\$ 1,096,634	\$ 863,536
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 1,880	\$ 607
Accrued vacation and sick leave	950	1,421
Interfund payable	847,258	696,719
Total Liabilities	850,088	698,747
Fund Balance:		
Committed		
For storm water management	246,546	164,789
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,096,634	\$ 863,536

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, 2014
 WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013

	FINAL BUDGET	2014 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2013 ACTUAL
Revenues:				
Charges for services	\$ 234,452	\$ 234,452	\$...	\$ 227,768
Total Revenues	<u>234,452</u>	<u>234,452</u>	<u>...</u>	<u>227,768</u>
Expenditures:				
Personal services	72,024	71,554	470	67,775
Professional services	5,463	5,463	...	1,883
Membership and training	884	884	...	664
Office	...	...	...	368
Operating supplies	2,212	2,212	...	1,023
Repairs and maintenance	1,713	1,713	...	...
Tools and equipment	200	200	...	596
Uniforms	134	134	...	125
Capital outlay out	70,535	70,535	...	141,402
Total Expenditures	<u>153,165</u>	<u>152,695</u>	<u>470</u>	<u>213,836</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>81,287</u>	<u>81,757</u>	<u>470</u>	<u>13,932</u>
Income before operating transfer	81,287	81,757	470	13,932
Fund Balance - October 1	<u>164,789</u>	<u>164,789</u>	<u>...</u>	<u>150,857</u>
FUND BALANCE - SEPTEMBER 30	<u><u>\$ 246,076</u></u>	<u><u>\$ 246,546</u></u>	<u><u>\$ 470</u></u>	<u><u>\$ 164,789</u></u>

CITY OF MINNEOLA, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2014 AND 2013

	TOTALS	
	2014	2013
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 34,024	\$. . .
Prepaid insurance	12,000	12,000
TOTAL ASSETS	\$ 46,024	\$ 12,000
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Interfund payable	\$ 12,000	\$ 12,000
Total Liabilities	12,000	12,000
Fund Balance:		
Committed	34,024	. . .
TOTAL LIABILITIES AND FUND BALANCE	\$ 46,024	\$ 12,000

CITY OF MINNEOLA, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014
WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013

	FINAL BUDGET	2014 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2013 ACTUAL
Revenues:				
Ad valorem	\$ 34,024	\$ 34,024	\$...	\$...
Total Revenues	<u>34,024</u>	<u>34,024</u>	<u>...</u>	<u>...</u>
Expenditures:				
Insurance	...	12,000	(12,000)	...
Professional services	...	2,665	(2,665)	25,277
Total Expenditures	<u>...</u>	<u>14,665</u>	<u>(14,665)</u>	<u>25,277</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>34,024</u>	<u>19,359</u>	<u>(14,665)</u>	<u>(25,277)</u>
Income (loss) before operating transfer	34,024	19,359	(14,665)	(25,277)
Other Financing Sources (Uses)				
Transfers in	...	14,665	14,665	25,277
Total other financing sources and uses	<u>...</u>	<u>14,665</u>	<u>14,665</u>	<u>25,277</u>
Fund Balance - October 1	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
FUND BALANCE - SEPTEMBER 30	<u>\$ 34,024</u>	<u>\$ 34,024</u>	<u>\$...</u>	<u>\$...</u>

OTHER REPORTS

John S. Rice, CPA
C.L. (Chip) Garner, CPA
David A. Donofrio, CPA

Patricia A. Sykes-Amos, CPA
Keire Rice Hosley, CPA
Deborah R. Mullins, CPA
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**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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minneola, Florida, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise City of Minneola, Florida's basic financial statements, and have issued our report thereon dated June 23, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Greenlee, Kuras, Rice & Brown, P.A.

Mount Dora, Florida
June 23, 2015

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MANAGEMENT LETTER

Honorable Mayor and City Council
City of Minneola
Minneola, Florida

We have audited the financial statements of the City of Minneola, Florida, as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated June 23, 2015.

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; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in those reports and schedule, which are dated June 23, 2015, should be considered in conjunction with this management letter.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective action has been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts and grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes the financial statements. The City of Minneola was established by charter in 1925 of the State of Florida, Chapter 9764. The City has no component units.
- Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the City of Minneola did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City of Minneola for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6c., and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City of Minneola'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.

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

Greenlee, Kuras, Rice & Brown, P.A.

Mount Dora, Florida
June 23, 2015

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INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and City Council
City of Minneola, Florida

We have examined the City of Minneola's compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2014. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

Greenlee, Kurras, Rice & Brown, P.A.

Mount Dora, Florida
June 23, 2015