

CITY OF MINNEOLA, FLORIDA
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2013

CITY OF MINNEOLA, FLORIDA

CITY OFFICIALS

MayorPat Kelley
Vice-MayorJoseph Saunders
Councilor.....Lisa Jones
Councilor.....Kelly Price
Councilor.....Pam Serviss
City ManagerMark Johnson
City Clerk.....Jan McDaniel
Finance Manager.....Charlotte Gentile

CITY OF MINNEOLA, FLORIDA
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2013

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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
Allan L. Silbernagel, CPA
Gabriel P. Burroughs, CPA



GREENLEE
KURRAS
RICE &
BROWN, PA
CERTIFIED PUBLIC
ACCOUNTANTS

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, 2013, 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, 2013, 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 41 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 11, 2014, 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.

Greenlee, Kumar, Rice + Brown, PA

Mount Dora, Florida
June 11, 2014

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, 2013. 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, 2013 by \$28,811,439 (net assets). Of this amount, \$5,928,545 (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 \$1,422,354 as a result of current year operations.

The City's total amount of outstanding loan debt at September 30, 2012 was \$15,940,134 of which \$475,870 is classified as current and \$15,464,264 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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$5,836,769	\$5,758,849	\$ 5,750,748	\$ 4,668,168	\$11,587,517	\$10,427,017
Capital assets	<u>6,076,378</u>	<u>6,102,966</u>	<u>30,180,614</u>	<u>31,037,649</u>	<u>36,256,992</u>	<u>37,140,615</u>
Total assets	11,913,147	11,861,815	35,931,362	35,705,817	47,844,509	47,567,632
Long-term liabilities	...	925,000	15,464,264	15,969,365	15,464,264	16,894,365
Other liabilities	<u>867,675</u>	<u>833,714</u>	<u>2,701,131</u>	<u>2,481,098</u>	<u>3,568,806</u>	<u>3,314,812</u>
Total liabilities	867,675	1,758,714	18,165,395	18,450,463	19,033,070	20,209,177
Net assets:						
Invested in capital assets, net of related debt	6,070,463	5,007,965	14,032,544	14,284,218	20,103,007	19,292,183
Restricted	1,469,808	2,054,350	1,310,079	1,437,362	2,779,887	3,491,712
Unrestricted	<u>3,505,201</u>	<u>3,040,786</u>	<u>2,423,344</u>	<u>1,533,774</u>	<u>5,928,545</u>	<u>3,574,560</u>
Total net assets	<u>\$11,045,472</u>	<u>\$10,103,101</u>	<u>\$17,765,967</u>	<u>\$17,255,354</u>	<u>\$28,811,439</u>	<u>\$27,358,455</u>

An additional portion of the City's net assets (10%) represents resources that are subject to external restrictions on how they may be spent. The remaining balance of unrestricted net assets (\$4,574,560) 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 \$8,642,037, and capital assets, net of accumulated depreciation of approximately \$36,256,992.

Current liabilities of \$3,568,806 consist primarily of accounts payable and accrued liabilities of \$720,935, and \$2,847,871 of the current portion of long-term debt and due to other funds.

The total net assets increased \$1,422,254 over the prior year to \$28,811,439. The major components of this category are “invested in capital assets, net of related debt,” \$20,103,007 which is the City’s investment in its net capital assets (original cost less accumulated depreciation, less debt) and restricted net assets of \$2,779,887 and unrestricted net assets of \$5,928,545.

Governmental Activities

Governmental activities increased the City’s overall net assets by \$942,371.

The major components of this increase were:

- Increase in impact fees of \$265,508.
- Increase in grant revenues of \$203,309.
- Increase in general government charges for services, primarily permits, of \$90,833.

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

Charges for services	\$ 597,358	11%
Property taxes	1,882,399	36%
Sales taxes	702,276	14%
Franchise and utility taxes	1,176,621	23%
Impact fees	311,487	6%
Motor fuel taxes	110,629	2%
Other revenues	<u>421,849</u>	<u>8%</u>
Total	<u>\$ 5,202,619</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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program revenues:						
Charges for service	\$ 597,358	\$ 517,181	\$ 2,712,563	\$ 2,622,88	\$ 3,309,921	\$ 3,140,069
Grants and contributions	206,970	3,661	216	51,831	207,186	51,831
General revenues:						
Property taxes	1,882,399	2,112,053	...	...	1,882,399	2,112,053
Other taxes	1,989,550	2,006,899	675,371	651,072	2,664,921	2,657,971
Impact fees	311,487	45,979	385,870	301,816	697,357	347,795
Other	<u>119,327</u>	<u>104,603</u>	<u>3,575</u>	<u>6,319</u>	<u>122,901</u>	<u>110,922</u>
Total revenues	5,107,091	4,790,376	3,777,595	3,633,926	8,884,685	8,424,302
Expenses:						
General government	1,190,813	1,080,457	...	...	1,190,813	1,080,457
Public safety	2,222,956	2,220,586	...	...	2,222,956	2,220,586
Roads and streets	322,052	350,479	...	...	322,052	350,479
Storm water	110,051	104,065	...	...	110,051	104,065
Culture and recreation & Parks	322,355	338,039	...	...	322,355	338,039
Physical Environment	65,586	70,926	...	...	65,586	70,926
Interest on long-term debt	26,436	39,649	442,603	479,894	469,039	519,543
Water/Sewer	...	...	2,033,267	1,991,167	2,033,267	1,991,167
Sanitation	<u>...</u>	<u>...</u>	<u>726,213</u>	<u>715,492</u>	<u>726,213</u>	<u>715,492</u>
Total expenses	4,260,249	4,204,201	3,202,083	3,186,553	7,462,332	7,390,754
Increase in net assets before transfers	846,842	586,175	575,512	447,373	1,422,354	1,033,548
Transfers	95,529	74,169	(95,529)	(74,169)	...	...
Net assets beginning	<u>10,103,101</u>	<u>9,442,757</u>	<u>17,285,984</u>	<u>16,912,780</u>	<u>27,389,085</u>	<u>26,355,537</u>
Net assets ending	<u>\$ 11,045,472</u>	<u>\$ 10,103,101</u>	<u>\$ 17,765,967</u>	<u>\$ 17,285,984</u>	<u>\$ 28,811,439</u>	<u>\$ 27,389,085</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 \$479,983. A key element of this increase was the receipt of discretionary surtax revenue of \$675,371 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 \$4,969,094 a decrease of \$126,142 in comparison with the prior year. Over 67% 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 \$3,334,497, while total fund balance reached \$4,804,305.

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

- An increase in intergovernmental revenues of \$174,683
- An increase permitting fees of \$90,833
- An increase in impact fees of \$267,153
- Payoff of general fund debt of \$1,050,000

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, purchased customers and construction in progress. The total decrease in the City's investment in capital assets for the current fiscal year was less than one percent (less than one percent decrease for governmental activities and less than one percent decrease for business-type activities).

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

- Large expenditures in the governmental activities include 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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 2,111,908	\$ 2,111,908	\$ 304,026	\$ 304,026	\$ 2,415,934	\$ 2,415,934
Building	1,977,393	1,928,849	...	...	1,977,393	1,928,849
Infrastructure and improvements	1,766,750	1,788,741	...	...	1,766,750	1,788,741
Equipment	220,327	273,468	36,241	44,078	256,568	317,546
Water/waste-water systems	...	...	29,838,614	30,667,020	29,838,614	30,667,020
Purchased customers	.....	.....	1,733	22,525	1,733	22,525
Total assets	<u>\$ 6,076,378</u>	<u>\$ 6,102,966</u>	<u>\$ 30,180,614</u>	<u>\$ 31,037,649</u>	<u>\$ 36,256,992</u>	<u>\$ 37,140,613</u>

Long-Term Debt - At the end of the fiscal year, the City's total net debt decreased \$1,700,360 or 10%. This debt consists of a \$1,135,700 note payable secured by the state revenue sharing trust funds and half-cent sales tax revenues, \$13,861,570 and \$511,930 note payables secured by sewer revenue and related impact fees, and a \$430,934 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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Notes payable	\$...	\$ 1,095,000	\$ 16,448,416	\$ 16,448,416	\$ 17,543,417	\$ 17,543,417
Revenue bonds	97,078	.....	97,078
Total debt	<u>\$</u>	<u>\$ 1,095,000</u>	<u>\$ 16,545,494</u>	<u>\$ 16,545,494</u>	<u>\$ 17,640,495</u>	<u>\$ 17,640,495</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 6.9% and 7.2% 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 2013-2014 year. The City adopted the 2013 - 2014 budget at its September 17, 2013 meeting. The 2013 - 2014 General Fund budget includes a millage rate of 6.3676.

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

CITY OF MINNEOLA, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 3,633,762	\$ 3,130,971	\$ 6,764,733
Receivables	201,402	200,124	401,526
Due from other governments	66,645	54,607	121,252
Due from other funds	1,776,479	584,099	2,360,578
Prepaid insurance	35,894	26,230	62,124
Restricted cash and cash equivalents	122,587	1,754,717	1,877,304
Total Current Assets	<u>5,836,769</u>	<u>5,750,748</u>	<u>11,587,517</u>
Noncurrent Assets:			
Capital assets (net of accumulated depreciation/amortization):			
Purchased customers	...	1,733	1,733
Land	2,111,908	304,026	2,415,934
Buildings and system	1,977,393	...	1,977,393
Improvements other than buildings	1,766,750	...	1,766,750
Machinery and equipment	220,327	36,241	256,568
Water system	...	29,838,614	29,838,614
Total Noncurrent Assets	<u>6,076,378</u>	<u>30,180,614</u>	<u>36,256,992</u>
Total Assets	<u>\$ 11,913,147</u>	<u>\$ 35,931,362</u>	<u>\$ 47,844,509</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and other current liabilities	\$ 97,857	\$ 294,001	\$ 391,858
Due to other governments	11,423	...	11,423
Customer deposits	...	249,619	249,619
Current portion of long-term debt	...	475,870	475,870
Rental deposits	2,697	...	2,697
Due to other funds	696,719	1,663,859	2,360,578
Compensated absences	58,979	17,782	76,761
Total Current Liabilities	<u>867,675</u>	<u>2,701,131</u>	<u>3,568,806</u>
Noncurrent liabilities:			
Loans payable	...	15,464,264	15,464,264
Total Noncurrent Liabilities	<u>...</u>	<u>15,464,264</u>	<u>15,464,264</u>
Total Liabilities	<u>867,675</u>	<u>18,165,395</u>	<u>19,033,070</u>
NET ASSETS			
Invested in capital assets, net of related debt	6,070,463	14,032,544	20,103,007
Net Assets:			
Restricted	1,469,808	1,310,079	2,779,887
Unrestricted	3,505,201	2,423,344	5,928,545
Total Net Assets	<u>11,045,472</u>	<u>17,765,967</u>	<u>28,811,439</u>
Total Liabilities and Net Assets	<u>\$ 11,913,147</u>	<u>\$ 35,931,362</u>	<u>\$ 47,844,509</u>

CITY OF MINNEOLA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

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	\$ 1,190,813	\$ 362,382	\$...	\$...	\$ (828,431)	\$...	\$ (828,431)
Public safety	2,222,956	5,998	196,869		(2,020,089)	...	(2,020,089)
Highways and streets	322,052	...	...	...	(322,052)	...	(322,052)
Storm water	110,051	227,768	...	...	117,717	...	117,717
Physical environment	65,586	...	...	...	(65,586)	...	(65,586)
Culture and recreation	322,355	1,210	10,101	...	(311,043)	...	(311,043)
Interest on long-term debt	26,436	...	...	...	(26,436)	...	(26,436)
Total governmental activities	4,260,249	597,358	206,970	...	(3,455,920)	...	(3,455,920)
Business-type activities:							
Water/Sewer	2,033,267	1,911,865	...	...	...	(121,402)	(121,402)
Sanitation	726,213	800,698	216	...	...	74,701	74,701
Interest on long-term debt	442,603	...	...	...	...	(442,603)	(442,603)
Total business-type activities	3,202,083	2,712,563	216	...	...	(489,304)	(489,304)
Total government	\$ 7,462,332	\$ 3,309,921	\$ 207,186	\$...	\$ (3,455,920)	\$ (489,304)	\$ (3,945,224)

	Net (Expense) Revenue and Changes in Net Assets		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
General revenues:			
Ad Valorem	\$ 1,882,399	\$...	\$ 1,882,399
Sales taxes	702,276	675,371	1,377,647
Franchise taxes and utility taxes	1,176,621	...	1,176,621
Impact fees	311,487	385,870	697,357
Motor fuel taxes	110,629	...	110,629
Alcoholic beverage taxes	24	...	24
Miscellaneous revenues	88,148	...	88,148
Interest and investment earnings	14	3,575	3,589
Rents	31,164	...	31,164
Transfers	95,529	(95,529)	...
Total general revenues and transfers	4,398,291	969,287	5,367,578
Change in net assets	942,371	479,983	1,422,354
Net assets - beginning	10,103,101	17,285,984	27,389,085
Net assets - ending	\$ 11,045,472	\$ 17,765,967	\$ 28,811,439

CITY OF MINNEOLA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	General	Special Revenue Storm water Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,756,349	\$...	\$ 3,756,349
Due from other governments	66,645	...	66,645
Prepaid expenditures	34,540	1,354	35,894
Receivables	189,877	11,525	201,402
Interfund receivables	925,822	850,657	1,776,479
Total assets	<u>\$ 4,973,233</u>	<u>\$ 863,536</u>	<u>\$ 5,836,769</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 97,250	\$ 607	\$ 97,857
Rental deposits	2,697	...	2,697
Compensated absences	57,558	1,421	58,979
Interfund payable	...	696,719	696,719
Accrued interest	...	...	0
Due to other governments	11,423	...	11,423
Total liabilities	<u>168,928</u>	<u>698,747</u>	<u>867,675</u>
Fund Balance:			
Non-spendable			
For prepaid insurance	34,540	...	34,540
Restricted			
For street repairs	257,620	...	257,620
For confiscation funds	44,485	...	44,485
For permitting expenditures	1,032,504	...	1,032,504
For police education	25,903	...	25,903
Committed			
For cemetery care	4,851	...	4,851
For rails/trails	1,526	...	1,526
For tree replacement	13,945	...	13,945
For fire protection capital expenditures	54,434	...	54,434
For stormwater management	...	164,789	164,789
Unassigned	3,334,497	...	3,334,497
Total fund balances	<u>4,804,305</u>	<u>164,789</u>	<u>4,969,094</u>
Total liabilities and fund balances	<u>\$ 4,973,233</u>	<u>\$ 863,536</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 6,070,463

Miscellaneous items 5,915

Net assets of governmental activities \$ 11,045,472

CITY OF MINNEOLA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	General	Storm water Fund	Total Governmental Funds
REVENUES			
Taxes:			
Ad Valorem	\$ 1,882,399	\$...	\$ 1,882,399
Franchise and utility taxes	1,176,621	...	1,176,621
Licenses and permits	378,271	...	378,271
Intergovernmental	1,050,195	...	1,050,195
Charges for services	1,619	227,768	229,387
Fines and forfeitures	13,810	...	13,810
Miscellaneous	370,492	...	370,492
Total Revenues	<u>4,873,407</u>	<u>227,768</u>	<u>5,101,175</u>
EXPENDITURES			
Current:			
General government	2,314,620	...	2,314,620
Public safety	2,199,689	...	2,199,689
Physical environment	52,972	213,836	266,808
Highways and streets	280,344	...	280,344
Culture and recreation	261,385	...	261,385
Total Expenditures	<u>5,109,010</u>	<u>213,836</u>	<u>5,322,846</u>
Excess of revenues over expenditures	<u>(235,603)</u>	<u>13,932</u>	<u>(221,671)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>95,529</u>	<u>...</u>	<u>95,529</u>
Total other financing sources and uses	<u>95,529</u>	<u>...</u>	<u>95,529</u>
Net change in fund balances	(140,074)	13,932	(126,142)
Fund balances - beginning	<u>4,944,379</u>	<u>150,857</u>	<u>5,095,236</u>
Fund balances - ending	<u>\$ 4,804,305</u>	<u>\$ 164,789</u>	<u>\$ 4,969,094</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, 2013

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

Net change in fund balances - total governmental funds \$ (126,142)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (5,967)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 1,074,480

Change in net assets of governmental activities \$ 942,371

CITY OF MINNEOLA, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 2,948,726	\$ 3,059,021	\$ 3,059,020	\$...
Licenses and permits	127,533	378,425	378,271	...
Intergovernmental	933,171	1,028,028	1,050,195	22,167
Charges for services	1,394	1,619	1,619	...
Fines and forfeitures	6,783	13,811	13,810	...
Miscellaneous revenues	313,521	370,953	370,492	(461)
Total Revenues	<u>4,331,128</u>	<u>4,851,857</u>	<u>4,873,407</u>	<u>21,706</u>
Expenditures:				
General government	1,454,775	2,393,153	2,314,620	78,533
Public safety	2,280,055	2,189,918	2,199,689	(9,771)
Physical environment	65,947	51,869	52,972	(1,103)
Transportation	304,877	280,601	280,344	257
Culture and recreation	277,201	261,420	261,385	35
Total Expenditures	<u>4,382,855</u>	<u>5,176,961</u>	<u>5,109,010</u>	<u>67,951</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(51,727)</u>	<u>(325,104)</u>	<u>(235,603)</u>	<u>89,657</u>
Other Financing Sources (Uses)				
Transfers in	<u>95,529</u>	<u>95,529</u>	<u>95,529</u>	<u>...</u>
Total other financing sources and uses	<u>95,529</u>	<u>95,529</u>	<u>95,529</u>	<u>...</u>
Net change in fund balances	<u>43,802</u>	<u>(229,575)</u>	<u>(140,074)</u>	<u>89,657</u>
Fund Balance - Beginning	<u>4,944,379</u>	<u>4,944,379</u>	<u>4,944,379</u>	<u>...</u>
Fund Balance - Ending	<u>\$ 4,988,181</u>	<u>\$ 4,714,804</u>	<u>\$ 4,804,305</u>	<u>\$ 89,657</u>

CITY OF MINNEOLA, FLORIDA
BALANCE SHEET
ENTERPRISE FUND
SEPTEMBER 30, 2013
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2012

	TOTALS	
	2013	2012
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 3,130,971	\$ 2,459,653
Interfund receivables	584,099	339,905
Accounts receivable	200,124	112,773
Prepaid insurance	26,230	24,535
Total Current Assets	3,941,424	2,936,866
Restricted Assets:		
Cash and cash equivalents	1,754,717	1,681,906
Due from other governments	54,607	49,396
Total Current Restricted Assets	1,809,324	1,731,302
Property, Plant and Equipment:		
Purchased customers	207,936	207,936
Land	304,026	304,026
Water system	36,320,329	36,224,989
Machinery and equipment	355,109	336,503
Construction in process	...	...
Accumulated depreciation/amortization	(7,006,786)	(6,035,805)
Net Property, Plant and Equipment	30,180,614	31,037,649
TOTAL ASSETS	\$ 35,931,362	\$ 35,705,817

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

	TOTALS	
	2013	2012
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Current Liabilities (Payable From Current Assets):		
Accounts payable	\$ 102,373	\$ 89,672
Interfund payables	1,660,469	1,320,695
Accrued vacation and sick leave	17,782	18,489
Revenue bonds payable (due within one year)	...	37,264
Loan payable (due within one year)	...	45,054
	<u>1,780,624</u>	<u>1,511,174</u>
Current Liabilities (Payable From Restricted Assets):		
State of Florida revolving loan fund (due within one year)	475,870	463,181
Accrued interest	195,018	200,694
Customers' deposits	249,619	275,419
	<u>920,507</u>	<u>939,294</u>
Noncurrent Liabilities:		
Revenue bonds payable (due after one year)	...	29,183
State of Florida revolving loan fund	15,464,264	15,940,182
	<u>15,464,264</u>	<u>15,969,365</u>
	<u>18,165,395</u>	<u>18,419,833</u>
Net Assets:		
Invested in capital assets, net of related debt	14,032,544	14,284,218
Restricted for expansion	1,310,079	1,437,362
Unrestricted	2,423,344	1,564,404
	<u>17,765,967</u>	<u>17,285,984</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 35,931,362</u></u>	<u><u>\$ 35,705,817</u></u>

CITY OF MINNEOLA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013
WITH COMPARITIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	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

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

Year Ending September 30, 2012

	Water	Sewer	Sanitation	Total
Operating Revenues:				
Water sales	\$ 1,272,135	\$...	\$...	\$ 1,272,135
Sewer charges	...	448,877	...	448,877
Sanitation fees	...	...	780,502	780,502
Meter installations	29,117	29,117	...	58,234
New connections	31,570	31,570	...	63,140
Other revenue	285	285	...	570
Total Operating Revenues	1,333,107	509,849	780,502	2,623,458
Operating Expenses:				
Personal services	507,585	82,365	...	589,950
Contract Services	31,851	67,308	715,492	814,651
Operating expenses	56,748	24,278	...	81,026
Utility services	65,355	77,326	...	142,681
Repairs and maintenance	44,010	22,532	...	66,542
Insurance	49,179	13,115	...	62,294
Depreciation and amortization	393,832	555,683	...	949,515
Total Operating Expenses	1,148,560	842,607	715,492	2,706,659
Operating Income (Loss)	184,547	(332,758)	65,010	(83,201)
Nonoperating Revenues (Expenses):				
Impact fees	111,734	190,082	...	301,816
Grant revenue	...	50,733	1,098	51,831
Interest revenue	3,160	3,159	...	6,319
Infrastructure surtax	...	650,502	...	650,502
Interest expense	(31,741)	(448,153)	...	(479,894)
Total Nonoperating Revenues (Expenses)	83,153	446,323	1,098	530,574
Net Income (Loss) Before Operating Transfers	267,700	113,565	66,108	447,373
Operating Transfers Out	...	...	(74,169)	(74,169)
Transfers	(8,061)	...	8,061	...
Net Assets - Beginning of Year	11,783,145	5,129,635	...	16,912,780
Net Assets - End of Year	\$ 12,042,784	\$ 5,243,200	\$...	\$ 17,285,984

CITY OF MINNEOLA, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	TOTALS	
	2013	2012
Cash Flows From Operating Activities:		
Cash received from customers	\$ 2,625,212	\$ 2,553,195
Cash payments for employee services	(567,273)	(600,263)
Cash payments to suppliers	(1,210,927)	(1,241,173)
Net Cash Provided By Operating Activities	<u>847,012</u>	<u>711,759</u>
Cash Flows From Noncapital Financing Activities:		
Operating transfer out	(95,529)	(74,169)
Interfund receivables (payables)	95,580	84,950
Customer deposits	(25,800)	(40,661)
Infrastructure surtax	675,371	651,072
Grants received	216	1,098
Net Cash Provided By (Used For) Noncapital Financing Activities	<u>649,838</u>	<u>622,290</u>
Cash Flows From Capital and Related Financing Activities:		
State of Florida revolving loan proceeds	...	89,490
Acquisition of capital assets less deletions	(113,945)	(144,500)
Principal paid on revenue bonds and notes payable	(111,501)	(274,815)
Principal paid on State of Florida revolving loan	(463,229)	(474,075)
Grants received	...	50,733
Impact fees	385,870	301,816
Due from other governments	(5,211)	(49,216)
Retainage Liabilities	...	(43,280)
Accrued Interest Payable	(5,676)	(5,446)
Interest paid	(442,603)	(479,894)
Net Cash Provided By (Used For) Capital and Related Financing Activities	<u>(756,295)</u>	<u>(1,029,187)</u>
Cash Flows From Investing Activities:		
Interest	<u>3,575</u>	<u>6,319</u>
Net Cash Provided By Investing Activities	<u>3,575</u>	<u>6,319</u>
Net increase (decrease) in cash and cash equivalents	744,130	311,180
Cash and cash equivalents - October 1	<u>4,141,558</u>	<u>3,830,378</u>
CASH AND CASH EQUIVALENTS - SEPTEMBER 30	<u>\$ 4,885,688</u>	<u>\$ 4,141,558</u>

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

	TOTALS	
	2013	2012
Reconciliation Of Operating Income To Net Cash Provided By Operating Activities:		
Operating Income (Loss)	\$ (46,917)	\$ (83,771)
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:		
Depreciation/amortization	970,981	949,515
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(89,046)	(36,185)
(Decrease) increase in accounts payable	12,701	(106,542)
(Decrease) increase in accrued liabilities	(707)	(11,258)
Total Adjustments	893,929	795,530
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 847,012	\$ 711,759

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
ENDED SEPTEMBER 30, 2013

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, 2013

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, 2013

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, 2013

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 \$7,786, police and code enforcement \$2,332, fire \$7,439, public works \$1,103.

The storm water fund has a surplus fund balance of \$164,789.

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, 2013

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, 2013

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.

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

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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.
- d). *Ad Valorem Tax Recognition* - Key dates in the property tax cycle (latest date where appropriate) are as follows:

CITY OF MINNEOLA, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2013

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)	\$ 3,202,083
Budget	<u>2,933,633</u>
Variance-favorable (unfavorable)	<u>\$ (268,450)</u>

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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>9/30/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Depreciation</u>	Balance <u>9/30/13</u>
Land	\$ 2,111,908	\$...	\$...	\$...	\$ 2,111,908
Buildings	2,513,567	112,097	...	...	2,625,664
Infrastructure and improvements	2,476,723	123,442	...	...	2,600,165
Equipment	<u>1,524,724</u>	<u>61,681</u>	<u>(79,769)</u>	<u>...</u>	<u>1,506,636</u>
Total	8,626,922	297,220	(79,769)	...	8,844,373
Less: Accumulated Depreciation	<u>(2,523,957)</u>	<u>...</u>	<u>79,769</u>	<u>(323,807)</u>	<u>(2,767,995)</u>
Net Fixed Assets	<u>\$ 6,102,965</u>	<u>\$ 297,220</u>	<u>\$...</u>	<u>\$ (323,807)</u>	<u>\$ 6,076,378</u>

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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	\$ 92,433
	Public safety	77,056
	Highways and streets	49,488
	Storm water	18,190
	Physical environment	12,614
	Culture and recreation	<u>74,026</u>
	Total depreciation expense – governmental activities	<u>\$ 323,807</u>

5. Summary Of Enterprise Fund Fixed Assets:

	Balance <u>9/30/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Depreciation</u>	Balance <u>9/30/13</u>
Land	\$ 304,026	\$...	\$...	\$...	\$ 304,026
Office equipment	30,113	...	...	...	30,113
Machinery and equipment	306,389	18,606	...	...	324,995
Water system	36,224,990	95,339	...	...	36,320,329
Intangible assets	<u>207,936</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>207,936</u>
Total	37,073,454	113,945	...	...	37,187,399
Less: Accumulated Depreciation	<u>(6,035,805)</u>	<u>...</u>	<u>...</u>	<u>(970,980)</u>	<u>(7,006,785)</u>
Net Fixed Assets	<u>\$31,037,649</u>	<u>\$ 113,945</u>	<u>\$...</u>	<u>\$ (970,980)</u>	<u>\$30,180,614</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, 2013

7. Long-Term Debt:

The following is the change in liabilities in the Enterprise Fund for the year ended September 30, 2013:

	<u>Balance</u> <u>10/1/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/13</u>
\$3,000,000 1999 Water Revenue Bonds due in monthly installments of \$14,807 including principal and interest. The obligation creates a first lien on the net revenues from the water system and a first lien on water impact fees. The interest rate is 4.41% and was satisfied in 2013.	\$ 97,078	\$...	\$ 97,078	\$...
\$501,000 fifteen year bank loan with a ten year put option. The loan is secured by net water revenues and impact fees of the water system. The variable interest rate at September 30, 2011 is 1.36% and was satisfied in 2013.	45,054	...	45,054	...
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.	1,167,410	...	31,710	1,135,700
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 15 th and October 15 th and matures in 2037.	14,269,186	...	407,615	13,861,751
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.	442,787	...	11,854	430,933
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>523,980</u>	<u>...</u>	<u>12,050</u>	<u>511,930</u>
Total	<u>\$ 16,545,495</u>	<u>\$...</u>	<u>\$ 605,361</u>	<u>\$ 15,940,134</u>

CITY OF MINNEOLA, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

The annual requirements to amortize the long-term debt outstanding of the Enterprise Fund as of September 30, 2013 are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 475,870	\$ 430,887
2015	488,902	417,855
2016	502,294	404,463
2017	516,053	390,704
2018	530,192	376,565
2019 – 2023	2,877,007	1,656,777
2024 - 2028	3,293,532	1,240,251
2029 - 2033	3,770,607	763,177
2034 - 2038	3,420,741	223,120
2039 - 2041	<u>64,936</u>	<u>2,840</u>
Total	<u>\$ 15,940,134</u>	<u>\$ 5,906,639</u>

The following is the change in long-term liabilities reported for governmental activities in the government-wide statement of net assets for the year ended September 30, 2013.

	<u>Balance</u> <u>10/1/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/13</u>
\$2,400,000 Infrastructure Sales Surtax Revenue Note, Series 2003 bearing interest of 4.14% issued to finance the cost of the city hall and related facilities. Semiannual payments are due June 1st and December 1st. The note was scheduled to mature 2017 but was satisfied in 2013.	<u>\$1,095,000</u>	<u>\$. . .</u>	<u>\$ 1,095,000</u>	<u>\$. . .</u>
Total	<u>\$ 1,095,000</u>	<u>\$. . .</u>	<u>\$ 1,095,000</u>	<u>\$. . .</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.

CITY OF MINNEOLA, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2013

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 5.72%, 17.83%, and 17.08% respectively, of annual covered payroll. The contribution requirements of the City are established and may be amended by the Florida Legislature and Legislature. The City's contributions to the System for the year ending September 30, 2013, 2012, and 2011 were \$163,793, \$ 160,453, and \$234,170 respectively, equal to the required contributions.

10. Inter-fund Receivables and Payables:

Individual fund inter-fund receivable and payable balances at September 30, 2012 are as follows:

	<u>Inter-fund Receivables</u>	<u>Inter-fund Payable</u>
General Fund	\$ 925,822	\$. . .
Storm water Fund	850,657	696,719
Enterprise Fund	<u>584,099</u>	<u>1,663,859</u>
Totals	<u>\$ 2,360,578</u>	<u>\$2,360,578</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.

SUPPLEMENTARY INFORMATION

CITY OF MINNEOLA, FLORIDA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2013 AND 2012

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 3,756,349	\$ 4,122,040
Accounts receivable	189,877	130,794
Prepaid insurance	34,540	19,630
Interfund receivables	925,822	781,948
Due from other governments	66,645	67,619
	4,973,233	5,122,031
TOTAL ASSETS	4,973,233	5,122,031
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable and accrued expenditures	\$ 97,250	\$ 103,576
Due to other governments	11,423	10,604
Accrued interest	...	15,394
Rental Deposits	2,697	3,156
Accrued vacation and benefits\	57,558	44,922
	168,928	177,652
Total Liabilities	168,928	177,652
Fund Balance:		
Non-spendable		
For prepaid insurance	34,540	19,630
Restricted		
For street repairs	257,620	190,397
For confiscation funds	44,485	40,587
For permitting expenditures	1,032,504	953,456
For police education	25,903	25,545
Committed		
For infrastructure expenditures	...	784,868
For cemetery care	4,851	4,851
For rails/trails	1,526	1,526
For tree replacement	13,945	13,464
For fire protection capital expenditures	54,434	20,026
Unassigned	3,334,497	2,890,029
	4,804,305	4,944,379
Total Fund Balance	4,804,305	4,944,379
TOTAL LIABILITIES AND FUND BALANCE	\$ 4,973,233	\$ 5,122,031

CITY OF MINNEOLA, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013
WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	FINAL BUDGET	2013 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2012 ACTUAL
Revenues:				
Taxes:				
Ad valorem	\$ 1,882,399	\$1,882,399	\$...	\$ 2,112,053
Franchise fees	456,388	456,388	...	462,086
Utility taxes	720,234	720,233	(1)	710,156
Total Taxes	3,059,021	3,059,020	...	3,284,295
Licenses and Permits:				
Occupational licenses	31,650	31,650	...	38,053
Yardage regulatory fees	25,805	25,805	...	11,819
Permits	320,970	320,816	...	229,983
Total Licenses and Permits	378,425	378,271	...	279,855
Intergovernmental Revenues:				
Local option gas tax	45,597	45,597	...	40,157
Eight cent gas tax	53,889	53,889	...	42,630
Special fuel tax	52	52	...	82
Infrastructure surtax	66,225	88,393	22,168	81,485
State revenue sharing	151,277	151,277	...	111,416
Mobile home licenses	76	76	...	87
Alcoholic beverage tax	24	24	...	2,084
Library impact fees	30,892	30,891	...	28,568
Park interlocal agreement	...	...	...	119,509
Grants	196,868	196,868	...	500
Half-cent sales tax	462,530	462,530	...	426,584
City share of county occupational licenses	9,507	9,507	...	9,290
Additional one-cent gas tax	11,091	11,091	...	13,120
Total Intergovernmental Revenues	1,028,028	1,050,195	22,168	875,512
Charges For Services:				
Copies and records	44	44	...	7
Qualifying fees and fire inspections	365	365	...	75
Culture & recreation	1,210	1,210	...	1,769
Total Charges For Services	1,619	1,619	...	1,851

CITY OF MINNEOLA, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013
WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	FINAL BUDGET	2013 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2012 ACTUAL
Fines and Forfeitures:				
Court fines	5,640	5,640	...	12,790
Abandon property fees	7,813	7,812	(1)	8,540
Police education	358	358	...	868
Total Fines and Forfeitures	<u>13,811</u>	<u>13,810</u>	<u>(1)</u>	<u>22,198</u>
Miscellaneous Revenues:				
Interest	11	14	3	39
Rentals	31,164	31,164	...	35,481
Impact fees	312,002	311,487	...	44,334
Tree replacement	480	480	...	3,630
Miscellaneous	17,195	17,246	7,565	12,515
Contributions	10,101	10,101	...	3,661
Total Miscellaneous Revenues	<u>370,953</u>	<u>370,492</u>	<u>7,568</u>	<u>99,660</u>
TOTAL REVENUES	<u><u>\$ 4,851,857</u></u>	<u><u>\$ 4,873,407</u></u>	<u><u>\$ 29,735</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, 2013
WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	FINAL BUDGET	2013 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2012 ACTUAL
<u>GENERAL GOVERNMENT:</u>				
Legislative:				
Personal services	\$ 24,000	\$ 24,000	\$...	\$ 24,000
Operating expenditures	482	482	...	532
Capital outlay	2,690	2,690	...	...
Total Legislative	<u>27,172</u>	<u>27,172</u>	<u>...</u>	<u>24,532</u>
Executive:				
Personal services	109,156	116,764	(7,608)	124,922
Operating expenditures	39,192	39,192	...	29,325
Debt service	1,139,565	1,124,171	15,394	204,649
Total Executive	<u>1,287,913</u>	<u>1,280,127</u>	<u>7,786</u>	<u>358,896</u>
Financial and Administrative:				
Personal services	133,667	133,330	337	136,797
Operating expenditures	33,578	33,593	(15)	41,199
Total Financial and Administrative	<u>167,245</u>	<u>166,923</u>	<u>322</u>	<u>177,996</u>
Legal Services:				
City Attorney:				
Operating expenditures	74,535	74,535	...	84,529
Total Legal Services	<u>74,535</u>	<u>74,535</u>	<u>...</u>	<u>84,529</u>
City Planning:				
Personal services	75,396	75,594	(198)	75,318
Operating expenditures	214,861	214,861	...	139,063
Total City Planning	<u>290,257</u>	<u>290,455</u>	<u>(198)</u>	<u>214,381</u>
Technology:				
Operating expenditures	82,349	82,320	29	98,510
Capital outlay	2,177	2,176	1	2,769
Total Technology	<u>84,526</u>	<u>84,496</u>	<u>30</u>	<u>101,279</u>
Fleets & Facilities:				
Operating expenditures	416,356	345,395	70,961	214,972
Total Fleets & Facilities	<u>416,356</u>	<u>345,395</u>	<u>70,961</u>	<u>214,972</u>
Human Resources:				
Personal services	38,968	39,334	(366)	29,107
Operating expenditures	6,181	6,183	(2)	6,242
Total Human Resources	<u>45,149</u>	<u>45,517</u>	<u>(368)</u>	<u>35,349</u>
Total General Government	<u>2,393,153</u>	<u>2,314,620</u>	<u>78,533</u>	<u>1,211,934</u>

CITY OF MINNEOLA, FLORIDA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013
WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	FINAL BUDGET	2013 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2012 ACTUAL
<u>PUBLIC SAFETY:</u>				
Police Department and Code Enforcement:				
Personal services	\$ 1,178,681	\$ 1,181,013	\$ (2,332)	\$ 1,177,987
Operating expenditures	6,966	6,966	...	1,808
Capital outlay	30,081	30,081	...	20,784
Total Police Department and Code Enforcement	<u>1,215,728</u>	<u>1,218,060</u>	<u>(2,332)</u>	<u>1,200,579</u>
Fire Department:				
Personal services	878,817	886,357	(7,540)	811,050
Operating expenditures	95,373	95,272	101	118,560
Total Fire Department	<u>974,190</u>	<u>981,629</u>	<u>(7,439)</u>	<u>929,610</u>
Total Public Safety	<u>2,189,918</u>	<u>2,199,689</u>	<u>(9,771)</u>	<u>2,130,189</u>
<u>PHYSICAL ENVIRONMENT:</u>				
Public Works:				
Personal services	49,623	50,727	(1,104)	52,046
Operating expenditures	2,246	2,245	1	1,296
Total Public Works	<u>51,869</u>	<u>52,972</u>	<u>(1,103)</u>	<u>53,342</u>
Total Physical Environment	<u>51,869</u>	<u>52,972</u>	<u>(1,103)</u>	<u>53,342</u>
<u>TRANSPORTATION:</u>				
Roads and Streets				
Personal services	28,896	28,638	258	33,240
Operating expenditures	244,795	244,796	(1)	253,929
Capital outlay	6,910	6,910	...	13,371
Total Transportation	<u>280,601</u>	<u>280,344</u>	<u>257</u>	<u>300,540</u>
<u>CULTURE AND RECREATION:</u>				
Library:				
Personal services	46,534	47,165	(631)	43,006
Operating expenditures	10,102	10,103	(1)	12,568
Capital outlay	895	895	...	2,273
Total Library	<u>57,531</u>	<u>58,163</u>	<u>(632)</u>	<u>57,847</u>

CITY OF MINNEOLA, FLORIDA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013
WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	FINAL BUDGET	2013 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2012 ACTUAL
<u>CULTURE AND RECREATION:</u>				
Parks and Recreation:				
Personal services	181,869	181,937	(68)	183,528
Operating expenditures	22,020	21,285	735	22,245
Capital outlay	...	...	...	119,509
Total Parks and Recreation	<u>203,889</u>	<u>203,222</u>	<u>667</u>	<u>325,282</u>
Total Culture and Recreation	<u>261,420</u>	<u>261,385</u>	<u>35</u>	<u>383,129</u>
TOTAL EXPENDITURES	<u>\$ 5,176,961</u>	<u>\$ 5,109,010</u>	<u>\$ 67,951</u>	<u>\$ 4,079,134</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfer from Utility Fund	<u>\$ 95,529</u>	<u>\$ 95,529</u>	<u>\$...</u>	<u>\$ 74,169</u>
Total Other Financing Uses	<u>\$ 95,529</u>	<u>\$ 95,529</u>	<u>\$...</u>	<u>\$ 74,169</u>

CITY OF MINNEOLA, FLORIDA
 STORM WATER FUND
 COMPARATIVE BALANCE SHEETS
 SEPTEMBER 30, 2013 AND 2012

	TOTALS	
	2013	2012
<u>ASSETS</u>		
Current Assets:		
Accounts receivable	\$ 11,525	\$ 10,123
Prepaid insurance	1,354	1,050
Interfund receivable	850,657	625,645
TOTAL ASSETS	\$ 863,536	\$ 636,818
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 607	\$ 59,453
Accrued vacation and sick leave	1,421	3,094
Interfund payable	696,719	423,414
Total Liabilities	698,747	485,961
Fund Balance:		
Committed		
For storm water management	164,789	150,857
TOTAL LIABILITIES AND FUND BALANCE	\$ 863,536	\$ 636,818

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, 2013
 WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	FINAL BUDGET	2013 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2012 ACTUAL
Revenues:				
Charges for services	\$ 227,768	\$ 227,768	\$...	\$ 224,346
Total Revenues	<u>227,768</u>	<u>227,768</u>	<u>...</u>	<u>224,346</u>
Expenditures:				
Personal services	69,504	67,775	1,729	69,303
Professional services	1,883	1,883	...	1,194
Membership and training	800	664	...	500
Office	368	368	...	999
Operating supplies	1,023	1,023	...	763
Repairs and maintenance	515	...	...	40
Tools and equipment	773	596	...	599
Travel and meals	...	...	...	375
Uniforms	155	125	...	293
Capital outlay out	141,402	141,402	...	113,270
Total Expenditures	<u>216,423</u>	<u>213,836</u>	<u>1,729</u>	<u>187,336</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>11,345</u>	<u>13,932</u>	<u>2,587</u>	<u>37,010</u>
Income before operating transfer	11,345	13,932	2,587	37,010
Other Financing Sources (Uses)				
Operating transfer (net)	...	...	...	10,357
Fund Balance - October 1	<u>150,857</u>	<u>150,857</u>	<u>...</u>	<u>150,857</u>
FUND BALANCE - SEPTEMBER 30	<u>\$ 162,202</u>	<u>\$ 164,789</u>	<u>\$ 2,587</u>	<u>\$ 198,224</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
Allan L. Silbernagel, CPA
Gabriel P. Burroughs, CPA



GREENLEE
KURRAS
RICE &
BROWN, PA
CERTIFIED PUBLIC
ACCOUNTANTS

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

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, 2013, 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 11, 2014.

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.

SERVING CLIENTS WITH PERSONAL ATTENTION SINCE 1933

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, Hunas, Rine + Brown, PA

Mount Dora, Florida
June 11, 2014

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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, 2013, and have issued our report thereon dated June 11, 2014.

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 May 15, 2014, 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.

SERVING CLIENTS WITH PERSONAL ATTENTION SINCE 1933

- 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, 2013, 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, 2013. 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, Kunas, Dine & Brown, PA

Mount Dora, Florida
June 11, 2014