

**CITY OF GROVELAND, FLORIDA
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2014**

**CITY OF GROVELAND, FLORIDA
PRINCIPAL CITY OFFICIALS
SEPTEMBER 30, 2014**

Mayor.....Tim Loucks
Vice-Mayor.....James Smith
Councilman.....John Griffin
Councilman.....Dina Sweatt
Councilman.....Evelyn Wilson
City ManagerRemond Jones, II
Finance Director.....Gwen Walker
City Clerk.....Teresa Begley
Legal CounselAnita Geraci-Carver
Public Works DirectorJames Huish
Chief of PoliceM. S. Tennyson
Fire ChiefWilliam M. Morgan, Jr.

**CITY OF GROVELAND, FLORIDA
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2014**

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Principal City Officials

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Patricia A. Sykes-Amos, CPA
Keire Rice Hosley, CPA
Deborah R. Mullins, CPA
Allan L. Silbernagel, CPA
Gabriel P. Burroughs, CPA



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 Groveland, 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 Groveland, 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 Groveland, 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 41 through 47 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 26, 2015, on our consideration of the City of Groveland, 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 Groveland, Florida's internal control over financial reporting and compliance.

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

Mount Dora, Florida
June 26, 2015

Management's Discussion and Analysis

As management of the City of Groveland 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 as of September 30, 2014 by \$48,010,701 (net assets), total assets increased \$3,167,434, while long-term liabilities decreased \$100,005. The City's total net assets increased \$3,341,784.

The City outstanding debt is \$11,574,840 and accrued compensated absences for its employees is \$269,181. The total amount outstanding at September 30, 2014 was \$11,844,021 of which \$847,071 is classified as current and \$10,996,950 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 asset 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 fund, the proprietary fund and a special revenue 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, a 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 City's special revenue fund is a community redevelopment agency fund (CRA) that is specifically designed for redevelopment within the City's delineated blighted area.

The basic governmental fund financial statement can also be found on pages 14 through 17 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 22 of this report.

Other information - In addition to the basic financial statements and notes, this report also present certain supplementary information concerning the City's annual appropriated budget for its general fund. A budgetary comparison schedule has been provided as supplementary information for the general fund to demonstrate compliance with this budget. Individual fund statements and schedules can be found beginning on page 40 of this report.

Government-Wide Financial Analysis

The City has implemented the provisions of Governmental Accounting Standards Board Statement Number 34, "*Basic Financial Statements-and Management's Discussion and Analysis-for State and*

Local Governments.” As a result, the accompanying fund financial statements are converted to the Statement of Net Assets and Statement of Activities by posting adjustments for the following:

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

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

The Statement of Net 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 (76%) 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 Groveland’s Net Assets

	Governmental Activities		Business-type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 7,200,313	\$ 5,274,357	\$ 10,039,224	\$ 8,392,741	\$ 17,239,537	\$ 13,667,098
Capital assets	<u>13,722,336</u>	<u>14,105,661</u>	<u>31,800,768</u>	<u>31,747,643</u>	<u>45,523,104</u>	<u>45,853,304</u>
Total assets	20,922,649	19,380,018	41,839,992	40,140,384	62,762,641	59,520,402
Long-term liabilities	3,181,339	3,555,630	9,136,709	9,509,473	12,318,048	13,068,522
Other liabilities	<u>1,262,783</u>	<u>752,485</u>	<u>1,171,109</u>	<u>1,033,897</u>	<u>2,433,892</u>	<u>1,786,382</u>
Total liabilities	4,444,122	4,308,115	10,307,818	10,543,370	14,751,940	14,851,485
Net assets:						
Invested in capital assets, net of related debt	10,735,498	10,950,679	23,212,766	22,924,148	33,948,264	33,874,827
Restricted	5,605,970	4,056,947	6,910,436	6,225,977	12,516,406	10,282,924
Unrestricted	<u>137,059</u>	<u>64,277</u>	<u>1,408,972</u>	<u>446,889</u>	<u>1,546,031</u>	<u>511,166</u>
Total net assets	<u>\$ 16,478,527</u>	<u>\$ 15,071,903</u>	<u>\$ 31,532,174</u>	<u>\$ 29,597,014</u>	<u>\$ 48,010,701</u>	<u>\$ 44,668,917</u>

An additional portion of the City’s net assets (23%) represents resources that are subject to external restrictions on how they may be spent. The remaining balance of unrestricted net assets (\$1,546,031) may be used to meet the City’s ongoing obligations to citizens and creditors.

Assets of the City consist primarily of pooled cash and investments of \$16,619,828 and capital assets, net of accumulated depreciation of approximately \$45,523,104.

Current liabilities total \$2,433,892 which consists primarily of \$911,187 of accounts payable, \$542,625 in customer deposits and \$643,668 of the current portion of long-term debt and capital leases.

Net assets increased \$3,341,784 over the prior year to \$48,010,701. The major components of this category is “invested in capital assets, net of related debt,” \$33,948,264 which is the City’s investment in its net capital assets (original cost less accumulated depreciation, less debt) and restricted net assets of \$12,516,406.

Governmental Activities

Governmental activities increased the City’s overall net assets by \$1,406,624. The majority of this was driven by a 61% increase in charges for services and a 38% increase in impact fees.

Variances in governmental activities include:

- Net charges for services increased \$373,288 compared to the prior year due to permitting and building related activities.
- Impact fees increased \$287,883 over the prior year.

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

Charges for services	\$ 1,424,340	18%
Property taxes	2,181,956	28%
Sales and gas taxes	1,590,695	20%
Franchise and utility taxes	1,535,791	20%
Impact fees	1,052,953	14%
Grants and contributions	255,766	3%
Investment earnings	66,538	1%
Other revenues / inter-fund transfers	<u>(308,781)</u>	<u>-4%</u>
	<u>\$ 7,799,258</u>	<u>100%</u>

City of Groveland'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	\$ 1,424,340	\$ 885,233	\$ 5,454,598	\$ 4,769,778	\$ 6,878,936	\$ 5,655,011
Grants and contributions	255,766	94,161	204,593	16,556	460,359	110,717
General revenues:						
Property taxes	2,181,956	2,132,583	...	...	2,181,956	2,132,583
Other taxes	3,126,486	2,769,469	...	...	3,126,486	2,769,469
Impact fees	1,052,953	765,070	689,130	676,454	1,742,083	1,441,524
Other and interfund transfers	<u>(242,243)</u>	<u>(626,795)</u>	<u>465,184</u>	<u>808,538</u>	<u>222,941</u>	<u>125,076</u>
Total revenues	7,799,258	5,963,054	6,609,912	6,271,326	14,612,763	12,234,380
Expenses:						
General government	989,827	720,832	...	...	989,827	720,832
Public safety	3,632,531	3,699,556	...	...	3,632,531	3,699,556
Building department	183,110	186,311	...	...	183,110	186,311
Roads and streets	875,740	889,998	...	...	875,740	889,998
Parks and recreation	408,460	413,292	...	...	408,460	413,292
Community redevelopment	221,382	302,302	...	...	221,382	302,302
Interest on long-term debt	81,584	76,323	369,345	374,469	450,929	450,792
Water	...	...	1,721,288	1,580,994	1,721,288	1,580,994
Reclaimed water	...	...	559,132	345,545	559,132	345,545
Sewer and sanitation	<u>...</u>	<u>...</u>	<u>2,228,580</u>	<u>2,435,413</u>	<u>2,228,580</u>	<u>2,435,413</u>
Total expenses	6,392,634	6,288,614	4,878,345	4,736,421	11,270,979	11,025,035
Increase (decrease) in net assets net of transfers	1,406,624	(325,560)	1,935,160	1,534,905	3,341,784	1,209,345
Net assets beginning	<u>15,071,903</u>	<u>15,397,463</u>	<u>29,597,014</u>	<u>28,062,109</u>	<u>44,668,917</u>	<u>43,459,572</u>
Net assets ending	<u>\$ 16,478,527</u>	<u>\$ 15,071,903</u>	<u>\$ 31,532,174</u>	<u>\$ 29,597,014</u>	<u>\$ 48,010,701</u>	<u>\$ 44,668,917</u>

Business-type Activities

The City has four types of business activities, which are the water, reclaimed water, wastewater and sanitation services. The City operates the water, reclaimed water and wastewater system while it contracts with a third-party to provide the sanitation services.

Business-type activities increased the City's overall net assets by \$1,935,160.

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 \$6,335,234 an increase of \$1,489,014 in comparison with the prior year. Approximately 8% of this total amount (\$512,144) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balances is *restricted or committed* to indicate that it is not available for new spending because it has already been committed 1) parks and recreation capital expenditures (\$1,387,543), 2) police education (\$29,545), 3) city infrastructure (\$1,327,668) and 4) building department expenditures (\$585,503).

The general fund is the chief operating fund of the City of Groveland. At the end of the current fiscal year, unreserved fund balance of the general fund was \$512,144, while total fund balance was \$6,118,114.

The fund balance of the City's general fund increased by \$1,509,931 during the current fiscal year.

Key factors in this are as follows:

- Increase in franchise and utility taxes of \$197,877.
- Increase in inter-governmental revenues of \$201,250.
- Increase in building permit fee collection of \$417,087.
- Increase in impact fees of \$230,908.

Special Revenue Fund:

This fund is used to collect ad valorem taxes for properties located within a specific geographic area in the City's boundary and to collect a \$100 fee from developers of new construction. Funds collected must be used to redevelop blighted areas within the City. Tax collections for fiscal year 2014 increased \$1,781 to \$144,636 compared to the prior year collection of \$142,855. The City treats their payment of taxes as an inter-fund transfer. Fees from developers increased \$13,800 to \$46,850 compared to the prior year of \$33,050.

Expenditures were \$110,382 lower than the prior year primarily due to a \$104,479 decrease in capital expenditures.

Proprietary Funds:

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

Unrestricted net assets of the water and sewer fund at the end of the year amounted to \$1,408,972. For the current year, the total increase in net assets was \$1,935,160. Factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary

The City increased and decreased the original budget in several areas during the fiscal year. The net result of these increases and decreases changed the budget in several departments but did not change the overall City budget for the year. Attorney fees increased \$245,500 which was offset by a \$245,000 decrease in road and street improvements. Police department budgeted expenses increased \$72,960 across various areas but were offset by a \$72,960 reduction in professional services for police dispatch services. Differences between the final amended budget and actual results are included on page 17 of the accompanying financial statements.

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, 2014, amounts to \$45,523,104 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, machinery and equipment, park facilities, roads, and water-wastewater systems. The total net decrease in the City's investment in capital assets for the current fiscal year was less than 1.00%.

CITY OF GROVELAND
(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	\$ 8,692,106	\$ 8,692,106	\$ 1,160,332	\$ 1,160,332	\$ 9,852,438	\$ 9,852,438
Building	885,784	992,580	106,016	112,062	991,800	1,104,642
Infrastructure and improvements	2,700,873	2,813,696	17,601	19,308	2,718,474	2,833,004
Equipment	1,443,573	1,607,278	400,601	455,056	1,844,174	2,062,334
Water and sewer system	.....	.....	<u>30,116,218</u>	<u>30,000,885</u>	<u>30,116,218</u>	<u>30,000,885</u>
Total assets	<u>\$13,722,336</u>	<u>\$14,105,660</u>	<u>\$31,800,768</u>	<u>\$31,747,643</u>	<u>\$45,523,104</u>	<u>\$45,853,303</u>

Long-Term Debt and capital lease - At the end of the fiscal year, the City's total net debt decreased \$403,646 or 3% to \$11,574,840. Of this debt, \$643,668 is due within the next fiscal year. This debt consists of \$7,784,089 of revenue bonds and a \$784,664 note payable secured by water and sewer net revenues, a \$426,400 mortgage loan payable secured by the assignment of tax revenues of the Community Redevelopment Agency, mortgage loans of \$2,263,578 secured by real estate and impact fees and capital lease agreements of \$316,108.

CITY OF GROVELAND
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	\$...	\$...	\$ 784,664	\$ 852,826	\$ 784,664	\$ 852,826
Mortgage payable	2,689,978	2,972,748	...	...	2,689,978	2,972,748
Capital leases	296,860	182,243	19,249	25,208	316,109	207,451
Revenue bonds	.....	.....	<u>7,784,089</u>	<u>7,945,461</u>	<u>7,784,089</u>	<u>7,945,461</u>
Total debt	<u>\$2,986,838</u>	<u>\$ 3,154,991</u>	<u>\$ 8,588,002</u>	<u>\$ 8,823,495</u>	<u>\$11,574,840</u>	<u>\$11,978,486</u>

Compensated Absences - The City had \$209,021 in total compensated absence liabilities in the General Fund as of September 30, 2014 with \$143,567 due in the next fiscal year. The Proprietary Fund had a total of \$60,160 in compensated absence liabilities with \$59,836 due in the next fiscal year.

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

Next Year's Budget and Rates

The City adopted the 2014 - 2015 budget at its September 15, 2014 meeting. The 2014 - 2015 General Fund budget of \$13,042,514 includes a millage rate of 5.9900.

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 Groveland, Finance Director, 156 S. Lake Avenue, Groveland, Florida 34736, (352) 429-2141.

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

	Primary Government		
	Governmental Activities	Business-type Enterprises	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 3,608,968	\$ 3,279,990	\$ 6,888,958
Receivables	155,217	330,112	485,329
Due from other governments	12,461	...	12,461
Total Current Assets	<u>3,776,646</u>	<u>3,610,102</u>	<u>7,386,748</u>
Noncurrent Assets:			
Restricted cash and cash equivalents	3,423,667	6,307,203	9,730,870
Permit costs (net)	...	121,919	121,919
Land	8,692,106	1,160,332	9,852,438
Capital assets, net of accumulated depreciation			
Buildings	885,784	106,016	991,800
Machinery and equipment	1,443,573	400,601	1,844,174
Infrastructure and improvements	2,700,873	17,601	2,718,474
Water system	...	5,914,307	5,914,307
Reclaimed water system	...	1,778,373	1,778,373
Sewer system	...	22,423,538	22,423,538
Total Noncurrent Assets	<u>17,146,003</u>	<u>38,229,890</u>	<u>55,375,893</u>
Total Assets	<u>\$ 20,922,649</u>	<u>\$ 41,839,992</u>	<u>\$ 62,762,641</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 616,983	\$ 294,204	\$ 911,187
Due to other governments	77,654	...	77,654
Current portion long-term-debt and capital leases	397,704	245,964	643,668
Interest payable	26,875	28,480	55,355
Compensated absences	143,567	59,836	203,403
Customer deposits	...	542,625	542,625
Total Current Liabilities	<u>1,262,783</u>	<u>1,171,109</u>	<u>2,433,892</u>
Noncurrent liabilities:			
Note payable	...	714,375	714,375
Capital lease payable	188,119	13,066	201,185
Compensated absences	65,454	324	65,778
Due to customer	...	794,347	794,347
Deferred impact fee revenue	526,751	...	526,751
Mortgage liabilities	2,401,015	...	2,401,015
Bonds payable	...	7,614,597	7,614,597
Total Noncurrent Liabilities	<u>3,181,339</u>	<u>9,136,709</u>	<u>12,318,048</u>
Total Liabilities	<u>4,444,122</u>	<u>10,307,818</u>	<u>14,751,940</u>
NET ASSETS			
Invested in capital assets, net of related debt	10,735,498	23,212,766	33,948,264
Net Assets:			
Restricted	5,605,970	6,910,436	12,516,406
Unrestricted	137,059	1,408,972	1,546,031
Total Net Assets	<u>16,478,527</u>	<u>31,532,174</u>	<u>48,010,701</u>
Total Liabilities and Net Assets	<u>\$ 20,922,649</u>	<u>\$ 41,839,992</u>	<u>\$ 62,762,641</u>

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

CITY OF GROVELAND, 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	Capital Grants and Contributions	Operating Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 989,827	\$ 1,263,383	\$ 174,451	\$ 34,465	\$ 482,472	\$...	\$ 482,472
Public safety	3,632,531	160,957	...	...	(3,471,574)	...	(3,471,574)
Building department	183,110	...	...	...	(183,110)	...	(183,110)
Roads and streets	875,740	...	...	...	(875,740)	...	(875,740)
Parks and recreation	408,460	...	...	...	(408,460.00)	...	(408,460)
Community redevelopment	221,382	...	46,850	...	(174,532)	...	(174,532)
Interest on long-term debt	81,584	...	...	...	(81,584)	...	(81,584)
Total governmental activities	6,392,634	1,424,340	221,301	34,465	(4,712,528)	...	(4,712,528)
Business-type activities:							
Water	1,721,288	1,946,706	...	...	...	225,418	225,418
Sewer and sanitation	2,228,580	2,398,939	204,593	...	...	374,952	374,952
Reclaimed water	559,132	1,108,953	...	...	...	549,821	549,821
Interest on long-term debt	369,345	...	...	...	...	(369,345)	(369,345)
Total business-type activities	4,878,345	5,454,598	204,593	...	...	780,846	780,846
Total government	\$ 11,270,979	\$ 6,878,938	\$ 425,894	\$ 34,465	\$ (4,712,528)	\$ 780,846	\$ (3,931,682)
General revenues:							
Property taxes					\$ 2,181,956	\$...	\$ 2,181,956
Sales and gas taxes					1,590,695	...	1,590,695
Franchise and utility taxes					1,535,791	...	1,535,791
Impact fees					1,052,953	689,130	1,742,083
Miscellaneous revenues					76,219	80,173	156,392
Investment earnings					66,538	11	66,549
Interfund transfers					(385,000)	385,000	...
Total general revenues and transfers					6,119,152	1,154,314	7,273,466
Change in net assets					1,406,624	1,935,160	3,341,784
Net assets - beginning					15,071,903	29,597,014	44,668,917
Net assets - ending					\$ 16,478,527	\$ 31,532,174	\$ 48,010,701

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

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

	<u>General Fund</u>	<u>Community Redevelopment Agency Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 6,791,068	\$ 241,567	\$ 7,032,635
Receivables	155,217	...	155,217
Due from other governments	12,461	...	12,461
Total assets	<u>\$ 6,958,746</u>	<u>\$ 241,567</u>	<u>\$ 7,200,313</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 598,132	\$ 18,851	\$ 616,983
Accrued interest	26,115	760	26,875
Compensated absences	138,731	4,836	143,567
Due to other governments	77,654	...	77,654
Total liabilities	<u>840,632</u>	<u>24,447</u>	<u>865,079</u>
Fund balances:			
Restricted:			
For building department	585,503	...	585,503
For infrastructure	1,327,668	...	1,327,668
For police education	29,545	...	29,545
For law enforcement	27,646	...	27,646
For community redevelopment	...	217,120	217,120
Committed:			
For impact fees collections	2,115,530	...	2,115,530
For general fund sinking fund	1,500,000	...	1,500,000
For parking trust fund	20,078	...	20,078
Unreserved, undesignated			
Unreserved: undesignated	512,144	...	512,144
Total fund balances	<u>6,118,114</u>	<u>217,120</u>	<u>6,335,234</u>
Total liabilities and fund balances	<u>\$ 6,958,746</u>	<u>\$ 241,567</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.	13,722,336
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(3,579,043)</u>
Net assets of governmental activities	<u>\$ 16,478,527</u>

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

	<u>General Fund</u>	<u>Community Redevelopment Agency Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes:			
Ad Valorem	\$ 2,037,320	\$ 144,636	\$ 2,181,956
Sales	772,130	...	772,130
Franchise and utility taxes	1,535,791	...	1,535,791
Local option gas tax	102,608	...	102,608
Licenses and permits	766,931	...	766,931
Intergovernmental	937,290	...	937,290
Charges for services	528,691	...	528,691
Fines and forfeitures	83,123	...	83,123
Impact fees	912,128	...	912,128
Investment earnings	35,733	...	35,733
Miscellaneous	124,377	46,850	171,227
Total Revenues	<u>7,836,122</u>	<u>191,486</u>	<u>8,027,608</u>
EXPENDITURES			
Current:			
General government	1,088,509	...	1,088,509
Public safety	3,384,643	...	3,384,643
Road and streets	466,406	...	466,406
Parks and recreation	308,144	...	308,144
Community redevelopment	...	206,025	206,025
Debt service:			
Principal and interest	323,023	154,042	477,065
Capital Outlay:			
General government	1,683	...	1,683
Public safety	76,369	...	76,369
Road and streets	76,132	...	76,132
Parks and recreation	67,618	...	67,618
Community redevelopment	...	1,000	1,000
Total Expenditures	<u>5,792,527</u>	<u>361,067</u>	<u>6,153,594</u>
Excess of Revenues Over (Under) Expenditures	2,043,595	(169,581)	1,874,014
Other Financing Sources			
Interfund transfers in (out)	(533,664)	148,664	(385,000)
Total Other Financing Sources	<u>(533,664)</u>	<u>148,664</u>	<u>(385,000)</u>
Net change in fund balance	1,509,931	(20,917)	1,489,014
Fund Balances - Beginning of Year	<u>4,608,183</u>	<u>238,037</u>	<u>4,846,220</u>
Fund Balances - Ending of Year	<u>\$ 6,118,114</u>	<u>\$ 217,120</u>	<u>\$ 6,335,234</u>

CITY OF GROVELAND, 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	\$	1,489,014
 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.		 (399,586)
 The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net assets.		
 This amount is the net effect of these differences in the treatment of long-term debt and related items.		 176,371
 Some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds.		 <u>140,825</u>
 Change in net assets of governmental activities	 \$	 <u><u>1,406,624</u></u>

CITY OF GROVELAND, 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>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Taxes:				
Ad Valorem	\$ 2,098,826	\$ 2,098,826	\$ 2,037,320	\$ (61,506)
Sales	680,000	680,000	772,130	92,130
Franchise and utilities	1,246,500	1,246,500	1,535,791	289,291
Local option gas tax	100,000	100,000	102,608	2,608
Licenses and permits	226,200	226,200	766,931	540,731
Intergovernmental	936,322	936,322	937,290	968
Charges for services	322,000	322,000	528,691	206,691
Fines and forfeitures	102,000	102,000	83,123	(18,877)
Impact fees	487,000	487,000	912,128	425,128
Investment earnings	29,000	29,000	35,733	6,733
Miscellaneous	87,000	87,000	124,377	37,377
	<u>6,314,848</u>	<u>6,314,848</u>	<u>7,836,122</u>	<u>1,521,274</u>
Expenditures:				
Current:				
General government	932,579	1,179,933	1,106,079	73,854
Public safety	3,854,051	3,827,224	3,763,598	63,626
Road and streets	999,574	754,074	542,538	211,536
Parks and recreation	1,035,150	1,035,150	380,312	654,838
	<u>6,821,354</u>	<u>6,796,381</u>	<u>5,792,527</u>	<u>1,003,854</u>
Excess of Revenues Over (Under) Expenditures	<u>(506,506)</u>	<u>(481,533)</u>	<u>2,043,595</u>	<u>2,525,128</u>
Other Financing Uses:				
Transfer out	(616,278)	(616,278)	(533,664)	82,614
	<u>(616,278)</u>	<u>(616,278)</u>	<u>(533,664)</u>	<u>82,614</u>
Net change in fund balances	(1,122,784)	(1,097,811)	1,509,931	2,607,742
Fund Balance - Beginning	<u>4,608,183</u>	<u>4,608,183</u>	<u>4,608,183</u>	<u>...</u>
Fund Balance - Ending	<u>\$ 3,485,399</u>	<u>\$ 3,510,372</u>	<u>\$ 6,118,114</u>	<u>\$ 2,607,742</u>

CITY OF GROVELAND, FLORIDA
STATEMENT OF NET ASSETS - PROPRIETARY FUND
AS OF SEPTEMBER 30, 2014

<u>ASSETS</u>	<u>Water</u>	<u>Sewer</u>	<u>Reclaimed Water</u>	<u>Sanitation</u>	<u>Total</u>
Current Assets:					
Cash and cash equivalents	\$ 1,015,052	\$ 1,081,420	\$ 583,165	\$ 600,353	\$ 3,279,990
Accounts receivable	113,940	99,351	54,437	62,384	330,112
Total Current Assets	1,128,992	1,180,771	637,602	662,737	3,610,102
Restricted Assets:					
Cash and cash equivalents:					
Customer deposits	271,200	271,201	...	...	542,401
Impact fees	4,870,335	185,860	...	...	5,056,195
Debt service	94,180	94,179	...	...	188,359
Water revenue bonds - reserve	260,124	260,124	...	...	520,248
Total Restricted Cash and Cash Equivalents	5,495,839	811,364	...	...	6,307,203
Deferred Charges:					
Permit costs	229,049	37,954	...	...	267,003
	229,049	37,954	...	...	267,003
Less accumulated amortization	(116,933)	(28,151)	...	...	(145,084)
Net Deferred Charges	112,116	9,803	...	...	121,919
Property, Plant and Equipment:					
Land	1,020,775	139,557	...	...	1,160,332
Buildings and improvements	213,020	145,455	...	...	358,475
Water system	10,049,160	...	...	...	10,049,160
Sewer system	...	30,595,579	...	...	30,595,579
Reclaimed water system	...	...	1,881,850	...	1,881,850
Equipment	1,085,964	467,604	...	...	1,553,568
	12,368,919	31,348,195	1,881,850	...	45,598,964
Less accumulated depreciation	(5,074,138)	(8,620,581)	(103,477)	...	(13,798,196)
Net Property, Plant and Equipment	7,294,781	22,727,614	1,778,373	...	31,800,768
TOTAL ASSETS	\$ 14,031,728	\$ 24,729,552	\$ 2,415,975	\$ 662,737	\$ 41,839,992

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

<u>LIABILITIES AND NET ASSETS</u>	<u>Water</u>	<u>Sewer</u>	<u>Reclaimed Water</u>	<u>Sanitation</u>	<u>Total</u>
Liabilities:					
Current Liabilities (Payable From Current Assets):					
Accounts payable and accrued expenses	\$ 78,058	\$ 44,565	\$ 124,376	\$ 47,205	\$ 294,204
Compensated absences	29,694	18,273	11,869	...	59,836
Current portion of long-term debt and capital lease	3,091	72,980	...	...	76,071
Total Current Liabilities (Payable From Current Assets)	<u>110,843</u>	<u>135,818</u>	<u>136,245</u>	<u>47,205</u>	<u>430,111</u>
Current Liabilities (Payable From Restricted Assets):					
Customer deposits	271,313	271,312	...	...	542,625
Revenue bonds	35,000	134,893	...	...	169,893
Accrued interest	12,484	15,996	...	...	28,480
Total Current Liabilities (Payable From Restricted Assets)	<u>318,797</u>	<u>422,201</u>	<u>...</u>	<u>...</u>	<u>740,998</u>
Long-Term Liabilities:					
Compensated absences	324	...	...	...	324
Capital lease	6,533	6,533	...	...	13,066
Revenue bonds	651,000	6,963,597	...	...	7,614,597
Due to customer	794,347	...	...	...	794,347
Notes payable	...	714,375	...	...	714,375
Total Long-Term Liabilities	<u>1,452,204</u>	<u>7,684,505</u>	<u>...</u>	<u>...</u>	<u>9,136,709</u>
TOTAL LIABILITIES	<u>1,881,844</u>	<u>8,242,524</u>	<u>...</u>	<u>...</u>	<u>10,307,818</u>
Net Assets:					
Invested in capital assets, net of related debt	6,599,157	14,835,236	1,778,373	...	23,212,766
Restricted	6,096,456	813,980	...	...	6,910,436
Unrestricted	(545,729)	837,812	501,357	615,532	1,408,972
TOTAL NET ASSETS	<u>12,149,884</u>	<u>16,487,028</u>	<u>2,279,730</u>	<u>615,532</u>	<u>31,532,174</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,031,728</u>	<u>\$ 24,729,552</u>	<u>\$ 2,415,975</u>	<u>\$ 662,737</u>	<u>\$ 41,839,992</u>

CITY OF GROVELAND, FLORIDA
STATEMENT OF NET ASSETS - PROPRIETARY FUND
AS OF SEPTEMBER 30, 2013

<u>ASSETS</u>	<u>Water</u>	<u>Sewer</u>	<u>Reclaimed Water</u>	<u>Sanitation</u>	<u>Total</u>
Current Assets:					
Cash and cash equivalents	\$ 1,132,164	\$ 400,668	\$ 394,820	\$ 301,685	\$ 2,229,337
Accounts receivable	105,981	85,108	45,080	45,156	281,325
Total Current Assets	1,238,145	485,776	439,900	346,841	2,510,662
Restricted Assets:					
Cash and cash equivalents:					
Customer deposits	240,072	240,072	...	...	480,144
Impact fees	4,572,386	...	...	...	4,572,386
Debt service	91,595	91,595	...	...	183,190
Water revenue bonds - reserve	260,119	260,118	...	...	520,237
Total Restricted Cash and Cash Equivalents	5,164,172	591,785	...	...	5,755,957
Deferred Charges:					
Permit costs	220,615	37,954	...	...	258,569
	220,615	37,954	...	...	258,569
Less accumulated amortization	(107,859)	(24,587)	...	...	(132,446)
Net Deferred Charges	112,756	13,367	...	...	126,123
Property, Plant and Equipment:					
Land	1,020,775	139,557	...	...	1,160,332
Buildings and improvements	213,020	145,456	...	...	358,476
Water system	9,794,542	...	...	...	9,794,542
Sewer system	...	30,493,482	...	...	30,493,482
Reclaimed water system	...	...	957,916	...	957,916
Equipment	984,796	561,414	...	...	1,546,210
	12,013,133	31,339,909	957,916	...	44,310,958
Less accumulated depreciation	(4,787,090)	(7,767,466)	(8,759)	...	(12,563,315)
Net Property, Plant and Equipment	7,226,043	23,572,443	949,157	...	31,747,643
TOTAL ASSETS	\$ 13,741,116	\$ 24,663,371	\$ 1,389,057	\$ 346,841	\$ 40,140,385

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

<u>LIABILITIES AND NET ASSETS</u>	<u>Water</u>	<u>Sewer</u>	<u>Reclaimed Water</u>	<u>Sanitation</u>	<u>Total</u>
Liabilities:					
Current Liabilities (Payable From Current Assets):					
Accounts payable and accrued expenses	\$ 62,537	\$ 35,704	\$ 99,645	\$ 37,817	\$ 235,703
Compensated absences	19,243	23,182	...	...	42,425
Current portion of long-term debt and capital lease	2,980	71,142	...	...	74,122
Total Current Liabilities (Payable From Current Assets)	84,760	130,028	99,645	37,817	352,250
Current Liabilities (Payable From Restricted Assets):					
Customer deposits	240,072	240,072	...	...	480,144
Revenue bonds	33,000	128,372	...	...	161,372
Accrued interest	12,764	15,008	...	...	27,772
Total Current Liabilities (Payable From Restricted Assets)	285,836	383,452	...	...	669,288
Long-Term Liabilities:					
Compensated absences	12,026	16,608	...	...	28,634
Capital lease	9,624	9,624	...	...	19,248
Revenue bonds	686,000	7,098,089	...	...	7,784,089
Due to customer	905,198	...	...	...	905,198
Notes payable	...	784,664	...	...	784,664
Total Long-Term Liabilities	1,612,848	7,908,985	...	...	9,521,833
TOTAL LIABILITIES	1,983,444	8,422,465	...	...	10,543,371
Net Assets:					
Invested in capital assets, net of related debt	6,494,439	15,480,552	949,157	...	22,924,148
Restricted	5,741,993	483,984	...	...	6,225,977
Unrestricted	(478,760)	276,370	340,255	309,024	446,889
TOTAL NET ASSETS	11,757,672	16,240,906	1,289,412	309,024	29,597,014
TOTAL LIABILITIES AND NET ASSETS	\$ 13,741,116	\$ 24,663,371	\$ 1,389,057	\$ 346,841	\$ 40,140,385

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

CITY OF GROVELAND, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Year Ending September 30, 2014				
	Water	Sewer	Reclaimed Water	Sanitation	Total
Operating Revenues:					
Water sales pledged as security for revenue bonds	\$ 1,789,336	\$...	\$...	\$...	\$ 1,789,336
Sewer charges pledged as security for revenue bonds	...	1,398,306	...	...	1,398,306
Reclaimed water sales	...	...	943,739	...	943,739
Sanitation fees	...	...	...	839,378	839,378
Meter installations	102,168	102,168	161,329	...	365,665
New connections	39,660	39,660	...	...	79,320
Delinquent and late fees	15,542	15,542	3,885	3,885	38,854
Total Operating Revenues	1,946,706	1,555,676	1,108,953	843,263	5,454,598
Operating Expenses:					
Personal services	564,915	332,281	226,560	...	1,123,756
Operating expenses	258,271	268,655	64,754	536,755	1,128,435
Utility services	135,624	127,318	...	...	262,942
Repairs and maintenance	263,214	110,823	145,407	...	519,444
Engineering	50,857	15,270	...	...	66,127
Insurance	81,544	60,574	18,660	...	160,778
Depreciation and amortization	366,863	776,904	103,751	...	1,247,518
Total Operating Expenses	1,721,288	1,691,825	559,132	536,755	4,509,000
Operating Income (Loss)	225,418	(136,149)	549,821	306,508	945,598
Nonoperating Revenues (Expenses):					
Impact fees	171,140	517,990	...	...	689,130
Grant revenue	...	...	204,593	...	204,593
Interest revenue	6	5	...	...	11
Miscellaneous revenue (expense)	32,069	197,200	235,904	...	465,173
Interest expense	(36,421)	(332,924)	...	...	(369,345)
Total Nonoperating Revenues (Expenses)	166,794	382,271	440,497	...	989,562
Net Income (Loss)	392,212	246,122	990,318	306,508	1,935,160
Net Assets - Beginning of Year	11,757,672	16,240,906	1,289,412	309,024	29,597,014
Net Assets - End of Year	\$ 12,149,884	\$ 16,487,028	\$ 2,279,730	\$ 615,532	\$ 31,532,174

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

CITY OF GROVELAND, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Year Ending September 30, 2013				
	Water	Sewer	Reclaimed Water	Sanitation	Total
Operating Revenues:					
Water sales pledged as security for revenue bonds	\$ 1,586,750	\$...	\$...	\$...	\$ 1,586,750
Sewer charges pledged as security for revenue bonds	...	1,266,753	...	...	1,266,753
Reclaimed water sales	...	...	770,776	...	770,776
Sanitation fees	...	...	...	750,878	750,878
Meter installations	73,977	73,978	118,274	...	266,229
New connections	32,131	32,131	...	...	64,262
Delinquent and late fees	23,728	19,880	10,260	10,262	64,130
Total Operating Revenues	1,716,586	1,392,742	899,310	761,140	4,769,778
Operating Expenses:					
Personal services	585,949	370,629	238,287	...	1,194,865
Operating expenses	201,905	286,914	9,839	487,635	986,293
Utility services	127,396	153,860	...	...	281,256
Repairs and maintenance	219,162	139,352	74,660	...	433,174
Engineering	50,435	14,383	...	...	64,818
Insurance	52,323	52,323	14,000	...	118,646
Depreciation and amortization	343,824	930,317	8,759	...	1,282,900
Total Operating Expenses	1,580,994	1,947,778	345,545	487,635	4,361,952
Operating Income (Loss)	135,592	(555,036)	553,765	273,505	407,826
Nonoperating Revenues (Expenses):					
Impact fees	239,630	436,824	...	...	676,454
Grant revenue	...	16,556	...	...	16,556
Interest revenue	269	269	...	...	538
Miscellaneous revenue (expense)	...	404,000	404,000	...	808,000
Transfers	...	266,166	...	(266,166)	...
Interest expense	(37,550)	(336,919)	...	...	(374,469)
Total Nonoperating Revenues (Expenses)	202,349	786,896	404,000	(266,166)	1,127,079
Net Income (Loss)	337,941	231,860	957,765	7,339	1,534,905
Net Assets - Beginning of Year	11,419,731	16,009,046	331,647	301,685	28,062,109
Net Assets - End of Year	\$ 11,757,672	\$ 16,240,906	\$ 1,289,412	\$ 309,024	\$ 29,597,014

CITY OF GROVELAND, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Water	Sewer	Reclaimed Water	Sanitation	Total
Cash Flows From Operating Activities:					
Cash received from customers	\$ 1,846,742	\$ 1,752,779	\$ 1,292,096	\$ 826,035	\$ 5,717,652
Cash payments to suppliers for goods and services	(777,789)	(572,998)	(201,071)	(527,367)	(2,079,225)
Cash payments for employee services	(566,490)	(353,798)	(214,691)	...	(1,134,979)
Net Cash Provided From Operating Activities	<u>502,463</u>	<u>825,983</u>	<u>876,334</u>	<u>298,668</u>	<u>2,503,448</u>
Cash Flows From Noncapital Financing Activities:					
Utility deposits received from (paid to) customers	<u>31,241</u>	<u>31,241</u>	...	...	<u>62,482</u>
Net Cash Provided From Noncapital Financing Activities	<u>31,241</u>	<u>31,241</u>	...	...	<u>62,482</u>
Cash Flows From Capital and Related Financing Activities:					
Principal paid on revenue bonds and notes payable	(75,576)	(153,735)	...	...	(229,311)
Acquisition and construction of capital assets	(261,978)	(102,094)	(889,563)	...	(1,253,635)
Interest paid on revenue bonds and notes payable	(36,701)	(331,936)	...	...	(368,637)
Proceeds from capital leases	(3,091)	(3,091)	...	...	(6,182)
Proceeds from impact fees	171,140	517,990	...	...	689,130
Proceeds from grants	...	...	204,593	...	204,593
Net Cash Used by Capital and Related Financing Activities	<u>(206,206)</u>	<u>(72,866)</u>	<u>(684,970)</u>	...	<u>(964,042)</u>
Cash Flows From Investing Activities:					
Interest and other	<u>6</u>	<u>5</u>	...	...	<u>11</u>
Net Cash Provided From Investing Activities	<u>6</u>	<u>5</u>	...	...	<u>11</u>
Net decrease in cash and cash equivalents	327,504	784,363	191,364	298,668	1,601,899
Cash and cash equivalents at beginning of year	<u>6,179,587</u>	<u>1,109,202</u>	<u>394,820</u>	<u>301,685</u>	<u>7,985,294</u>
Cash and cash equivalents at end of year	<u>\$ 6,507,091</u>	<u>\$ 1,893,565</u>	<u>\$ 586,184</u>	<u>\$ 600,353</u>	<u>\$ 9,587,193</u>
Reconciliation Of Operating Income (Loss) To Net Cash Provided From Operating Activities:					
Operating Income (Loss)	<u>\$ 225,418</u>	<u>\$ (136,149)</u>	<u>\$ 549,821</u>	<u>\$ 306,508</u>	<u>945,598</u>
Adjustment To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities					
Depreciation and amortization	366,863	776,904	103,751	...	1,247,518
(Increase) decrease in accounts receivable	(7,959)	(14,243)	(9,357)	(17,228)	(48,787)
Increase (decrease) in accounts payable	15,521	8,861	24,731	9,388	58,501
Increase (decrease) in compensated absences	10,451	(4,909)	11,869	...	17,411
Interfund transfers	...	192,500	192,500	...	385,000
Bad debt expense	3,020	3,019	3,019	...	9,058
Due to customer	(110,851)	...	...	...	(110,851)
Total Adjustments	<u>277,045</u>	<u>962,132</u>	<u>326,513</u>	<u>(7,840)</u>	<u>1,557,850</u>
Net Cash Provided From Operating Activities	<u>\$ 502,463</u>	<u>\$ 825,983</u>	<u>\$ 876,334</u>	<u>\$ 298,668</u>	<u>\$ 2,503,448</u>

CITY OF GROVELAND, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Water	Sewer	Reclaimed Water	Sanitation	Total
Cash Flows From Operating Activities:					
Cash received from customers	\$ 1,610,405	\$ 1,803,458	\$ 1,267,741	\$ 764,703	\$ 5,446,307
Cash payments to suppliers for goods and services	(587,188)	(619,087)	(33,633)	(463,018)	(1,702,926)
Cash payments for employee services	(597,430)	(356,711)	(238,287)	...	(1,192,428)
Net Cash Provided From Operating Activities	425,787	827,660	995,821	301,685	2,550,953
Cash Flows From Noncapital Financing Activities:					
Utility deposits received from (paid to) customers	27,440	27,440	...	...	54,880
Net Cash Provided From Noncapital Financing Activities	27,440	27,440	...	...	54,880
Cash Flows From Capital and Related Financing Activities:					
Principal paid on revenue bonds and notes payable	(75,686)	(146,783)	...	...	(222,469)
Acquisition and construction of capital assets	(408,747)	(20,002)	(601,001)	...	(1,029,750)
Interest paid on revenue bonds and notes payable	(38,547)	(337,915)	...	...	(376,462)
Proceeds from capital leases	12,605	12,605	...	...	25,210
Proceeds from impact fees	239,630	436,824	...	...	676,454
Proceeds from grants	...	16,556	...	...	16,556
Net Cash Used by Capital and Related Financing Activities	(270,745)	(38,715)	(601,001)	...	(910,461)
Cash Flows From Investing Activities:					
Interest and other	269	269	...	...	538
Net Cash Provided From Investing Activities	269	269	...	...	538
Net decrease in cash and cash equivalents	182,751	816,654	394,820	301,685	1,695,910
Cash and cash equivalents at beginning of year	6,113,585	175,799	...	...	6,289,384
Cash and cash equivalents at end of year	<u>\$ 6,296,336</u>	<u>\$ 992,453</u>	<u>\$ 394,820</u>	<u>\$ 301,685</u>	<u>\$ 7,985,294</u>
Reconciliation Of Operating Income (Loss) To Net Cash Provided From Operating Activities:					
Operating Income (Loss)	<u>\$ 135,592</u>	<u>\$ (555,036)</u>	<u>\$ 553,765</u>	<u>\$ 273,505</u>	<u>407,826</u>
Adjustment To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities					
Depreciation and amortization	343,824	930,317	8,759	...	1,282,900
(Increase) decrease in accounts receivable	5,852	4,700	2,489	3,552	16,593
Increase (decrease) in accounts payable	57,803	46,419	24,587	24,628	153,437
Increase (decrease) in compensated absences	(4,962)	(4,961)	...	...	(9,923)
Interfund transfers	...	404,000	404,000	...	808,000
Bad debt expense	2,222	2,221	2,221	...	6,664
Due to customer	(114,544)	...	...	...	(114,544)
Total Adjustments	290,195	1,382,696	442,056	28,180	2,143,127
Net Cash Provided From Operating Activities	<u>\$ 425,787</u>	<u>\$ 827,660</u>	<u>\$ 995,821</u>	<u>\$ 301,685</u>	<u>\$ 2,550,953</u>

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

1. Significant Accounting Policies:

The City of Groveland, Florida, is incorporated under the Special Acts of 1923 of the State of Florida, Chapter 9764, and operates under a Council-Mayor form of government under its charter adopted pursuant to the laws of the State of Florida. The City provides the following services: public safety (police and fire), highways and streets, water, sewer and sanitation, culture and recreation, and general administrative services.

The Community Redevelopment Agency was created by Ordinance 2002-05-15.

The financial statements of the City of Groveland, Florida have been prepared in conformity with generally accepted 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 following is a summary of the City's more significant accounting policies:

A. Reporting Entity

These financial statements include all the City's funds. There are no component units, separate governmental units, agencies or nonprofit corporations which require inclusion in 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. 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 GROVELAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

Fund Accounting - The accounts of the City are organized on the basis of funds which are 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 - The General Fund is the general operating fund of the City. It is used to account 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 - The enterprise fund is used to account 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

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 this fund presents increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statements and proprietary fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all

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

liabilities associated with the operation of these funds are included on the statement of net assets and balance sheet, respectively.

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 measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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 for property taxes and licenses, are considered measurable and available and, as such, susceptible to accrual.

Proprietary funds are accounted for using the flows of economic resources. Recognition is given to revenues 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 and Budgetary Accounting

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

1. The City Finance Director submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at City Hall to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The City Finance Director is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.

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

6. Budgets are adopted for all funds. Budget amounts for the governmental fund types are reported in the financial statements. A comparison of budgeted and actual (budgetary basis) expenses in the enterprise fund is shown in notes to financial statements Number
7. The City is not on the encumbrance system and appropriations lapse at the end of each fiscal year. Supplemental appropriations were not made during the year. The budget is adopted with fund level control, thus expenditures may not legally exceed budgeted appropriations at the fund level.

E. Assets, Liabilities and Fund Equity

1. *Cash, Cash Equivalents, and Investments* - For purpose of cash flows, cash includes amounts in demand deposits as well as short-term investments with an original maturity date of three months or less.

Investments are stated at fair value.

2. *Receivables* - Water, sewer and sanitation charges are recognized when billed. Receivables are shown net of an allowance for doubtful accounts. The City has no concentration of credit risk.
3. *Due from other governmental units* - Those amounts that represent a claim against another government, are measurable and have been accrued.
4. *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.

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

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 nor 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.

5. *Fixed Assets* - The fixed assets includes property, plant, equipment, and infrastructure assets, (see below), are reported in the applicable governmental or business-type activities columns in the government-wide financial statement. 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.

The cost of infrastructure assets, including road, bridges, curbs and gutters, streets, sidewalks, drainage systems and lighting systems are recorded in the government-wide financial statements.

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 of fixed assets is computed using the straight-line method over the following estimated useful lives:

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

	<u>Years</u>
Buildings	40
Improvements	25 – 40
Machinery and equipment	5 – 15
Water and sewer systems	25 – 40
Infrastructure	20 - 30

6. *Long-Term Obligations* - In the government-wide financial statements, and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. *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 nonassessable self insurance pool. For these insured programs, there have been no significant reductions in insurance coverage.
8. *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.

- F. *Property Taxes* - Key dates in the property tax cycle (latest date where appropriate) are as follows:

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 and due	November 1
Property Taxes Payable:	
Maximum discount	November 30
Delinquent	April 1
Tax certificates sold	May 31

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

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

Ad valorem millage	10 mills
Utility tax (Electric, gas, telephone)	10%

G. Employee Benefits

Retired or terminated employees have the option of continued participation in group insurance at the employees' own expense.

The City changed its compensated absence policy from vacation and sick leave to personal leave during the fiscal year ending September 30, 2007. Vested or accumulated personal leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated personal 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 personal leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

Personal leave accumulates at an equivalent of 14.67 hours per month. Employees earn 96 hours a year in medical related pay and 80 hours in vacation related pay. A total of 600 hours of personal leave can be accumulated with 100% being paid when employment ends.

H. Comparative Data

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

2. Stewardship, Compliance and Accountability:

A. Enterprise Fund Budget Comparisons:

Comparison of budgeted and actual (budget basis) expenses at the legal level of control for the Enterprise Funds is presented as follows:

	<u>Water, Sewer and Sanitation Fund</u>
Actual (GAAP Basis)	\$ 4,878,345
Add: Principal payments	235,493
Capital outlay	1,288,005
Less: Depreciation and amortization	<u>(1,247,518)</u>

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

Actual (Budget Basis)	5,154,325
Budget	<u>7,947,600</u>
Variance – favorable (unfavorable)	<u>\$ 2,793,275</u>

3. Deposits and Investments:

Deposits

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. The City only places deposits with qualified public depositories. Therefore, all City deposits are either insured by FDIC or Florida’s Multiple Financial Institution Collateral Pool.

Investments

State statutes and the City’s investment policies authorize investment in:

- (1) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Inter-local Cooperation Act, as provided in s. 163.01.
- (2) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (3) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in s. 280.02.
- (4) Direct obligations of the U.S. Treasury.
- (5) Ordinance No. 90-12-15 and No. 98-04-03 authorize the City to invest surplus funds with a brokerage firm in investments that would not be allowed by the Florida Security for Public Deposits Act.

On February 17, 2003, the City Council approved resolution 2003-02-02 authorizing the City to invest surplus funds in the Local Government Surplus Funds Trust Fund, (commonly referred to as the SBA).

The State Board of Administration (Board) was established on June 21, 1928, pursuant to Chapter 14486, 1929, Laws of Florida. The Board was subsequently created as a constitutional body corporate on January 1, 1943, under the provisions of Senate Joint Resolution No. 324, 1941; approved by the electorate in November 1942. The Board is composed of the Governor, as Chairman, the State Treasurer, as Treasurer, and the State Comptroller, as Secretary, and provides the following services by law: (1) investment of funds of the Florida Retirement System (FRS); (2) administration of debt service funds; (3) investment of trust and agency funds; and (4) distribution of the “Second Gas Tax.”

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

The SBA is governed by Ch. 19-7 of the Florida Administrative Code, which identifies the Rules of the State Board of Administration. These rules provide guidance and establish the general operating procedures for the administration of the SBA. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration.

The SBA is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund. Therefore the pool account balance (amortized cost) can be used as fair value for financial reporting.

Financial statements for the Local Government Surplus Funds Trust Fund Investment Pool can be obtained through the SBA website at www.sba.Fla.com. See Note 11 for additional information.

	<u>Carrying Value</u>	<u>Fair Value</u>
Investment in Local Government Surplus Funds Trust	\$219,973	\$219,973

4. Receivables:

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
<u>Receivable</u>			
Franchise fees	\$ 63,380	\$...	\$ 63,380
Utility taxes	71,222	...	71,222
Accounts receivables	<u>20,615</u>	<u>370,666</u>	<u>391,281</u>
Gross receivables	155,217	370,666	525,883
Less: allowance for uncollectible	<u>...</u>	<u>(40,554)</u>	<u>(40,554)</u>
Net receivable	<u>\$ 155,217</u>	<u>\$ 330,112</u>	<u>\$ 485,329</u>

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

5. General Fixed Assets:

A summary of changes in general fixed assets follows:

	Balance October 1, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Depreciation</u>	Balance September 30, <u>2014</u>
Land	\$ 8,692,105	\$...	\$...	\$...	\$ 8,692,105
Buildings	1,979,962	...	...	...	1,979,962
Infrastructure and improvements	8,295,556	84,928	...	...	8,380,484
Equipment	<u>4,049,610</u>	<u>302,542</u>	<u>...</u>	<u>...</u>	<u>4,352,152</u>
Total	23,017,233	387,470		...	23,404,703
Less accumulated depreciation	<u>(8,911,573)</u>	<u>...</u>	<u>...</u>	<u>(770,794)</u>	<u>(9,682,367)</u>
Net fixed assets	<u>\$ 14,105,660</u>	<u>\$ 387,470</u>	<u>\$...</u>	<u>\$ (770,794)</u>	<u>\$ 13,722,336</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 74,740
Public safety	230,441
Road and street	368,092
Physical environment	83,165
Community redevelopment	<u>14,356</u>
Total depreciation expense – governmental activities	<u>\$ 770,794</u>

6. Proprietary Fund Fixed Assets:

A summary of proprietary fund fixed assets at September 30, 2014, follows:

	Balance October 1, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Depreciation</u>	Balance September 30, <u>2014</u>
Land	\$ 1,160,332	\$...	\$...	\$...	\$ 1,160,332
Building	221,078	...	...	...	221,078
Infrastructure & improvements	137,398	...	...	...	137,398
Water system	9,794,541	254,619	...	...	10,049,160

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

Reclaimed water system	957,917	923,933	...	...	1,881,850
Sewer system	30,493,483	102,094	...	...	30,595,577
Equipment	<u>1,546,209</u>	<u>7,359</u>	<u>...</u>	<u>...</u>	<u>1,553,568</u>
Total	44,310,958	1,288,005	...	...	45,598,963
Less accumulated depreciation	<u>(12,563,315)</u>	<u>...</u>	<u>...</u>	<u>(1,234,880)</u>	<u>(13,798,195)</u>
Net fixed assets	<u>\$ 31,747,643</u>	<u>\$ 1,288,005</u>	<u>\$...</u>	<u>\$ (1,234,880)</u>	<u>\$ 31,800,768</u>

7. Retirement Plan:

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

Eligibility

The plan covers any employee who on the plan effective date or any subsequent anniversary date, has completed one year of service with the City and attained age 18.

Normal Retirement Age:

The plan defines normal retirement age as the later of:

- (a) the participant's 65th birthday or
- (b) the date ten years subsequent to the date of the participant's commencement of participation in this plan or a predecessor plan which this plan amended and succeeded.

Vesting Schedule:

The City's contributions are vested to the individual participant's accounts as follows:

<u>Years of Participation</u>	<u>% Vested</u>
0 - 1	0
1 - 2	20
2 -3	40
3 - 4	60
4 - 5	80
6 and up	100

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. City contributions and forfeited interest by employees who leave

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

employment before vesting are used to reduce the City's current-period contribution requirement or is refunded to the City.

Funding Policy

The plan is non-contributory. The City contributes 4% of the monthly compensation of each participant. The City's total payroll for the year ended September 30, 2014 was \$4,015,730. The City's contribution of \$132,210 was calculated on covered payroll of \$3,305,240.

8. Long-Term Debt:

The following is a summary of changes in long-term liabilities reported for governmental activities in the government-wide statement of net assets for the year ended September 30, 2014.

	Balance October 1, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance September 30, <u>2014</u>
Compensated absences	\$ 69,927	\$. . .	\$ (4,473)	\$ 65,454
Capital lease	182,243	227,337	(112,720)	296,860
Mortgage payable	<u>2,972,739</u>	<u>. . .</u>	<u>(282,761)</u>	<u>2,689,978</u>
	<u>\$ 3,224,909</u>	<u>\$ 227,337</u>	<u>\$ (399,954)</u>	<u>\$ 3,052,292</u>

The long-term debt for governmental activities in the government-wide financial statement of net assets is comprised of the following at September 30, 2014:

Compensated absences represent the general fund's liability for accrued personal leave. \$ 65,454

Mortgage payable to bank, dated September 26, 2012 for \$2,696,005, interest rate of 2.40%, principal and interest payments in semi-annual installments with total principal and accrued un-paid interest due October 1, 2019. The loan is secured by 100% of the City's law enforcement and fire impact fees. If the impact fees are insufficient to pay the required debt, then the loan will be paid from communication service tax collected by the City. The first payment of \$75,543 is due April 1, 2013 and the amount due for each subsequent payment increases by 1.17%. 2,276,972

Mortgage payable to bank, dated August 2, 2011 for \$850,000, interest rate of 2.08%, principal and interest payments of \$12,568 in monthly installments for 72 months. Secured by assignment of tax revenues from the Community Redevelopment Agency. Maturing August 2017. 413,006

Total \$ 2,755,432

Interest expense of \$10,228 was a direct expense of the Community Redevelopment Agency and interest expense of \$61,145 was a direct expense of the general fund.

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

The following is a summary of changes in long-term liabilities of the proprietary fund for the year ended September 30, 2014:

	Balance October 1, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance September 30, <u>2014</u>
Compensated absences	\$ 16,274	\$...	\$ (15,950)	\$ 324
Capital lease	19,248	...	(6,182)	13,066
USDA water revenue bonds payable	719,000	...	(33,000)	686,000
USDA sewer revenue bonds payable	1,440,000	...	(43,000)	1,397,000
USDA water and sewer bond payable	1,795,767	...	(26,494)	1,769,273
USDA water and sewer bond payable	3,990,695	...	(58,878)	3,931,817
Note payable – State of Florida	<u>852,826</u>	<u>...</u>	<u>(68,582)</u>	<u>784,664</u>
	<u>\$ 8,833,810</u>	<u>\$...</u>	<u>\$ (251,666)</u>	<u>\$ 8,582,144</u>

The long-term debt of the proprietary fund is comprised of the following at September 30, 2014:

Compensated absences representing the long-term portion of the proprietary fund liability for accrued vacation and sick leave.	\$ 324
United States Department of Agriculture water revenue bonds, original issue \$998,200, due serially in annual installments of \$9,200 to \$57,000 to September 2028, interest at 5% due annually.	586,000
United States Department of Agriculture water revenue bonds, original issue \$170,000, due serially in annual installments of \$1,000 to \$10,000 to September 2028, interest at 5% due annually.	100,000
United States Department of Agriculture sewer revenue bonds (1994 A Series), original issue \$1,451,000, due serially in annual installments ranging from \$72,550 to \$88,200 to September 2033, interest at 5% annually.	1,040,000
United States Department of Agriculture sewer revenue bonds (1994 B Series) original issue \$500,000 due serially in annual installments ranging from \$25,000 to \$30,050 to September 2033, interest at 5% annually.	357,000
United States Department of Agriculture water and sewer revenue bond (2007A Series) original issue \$4,309,000 due serially in annual installments ranging from \$10,912 to \$214,640 to September 2046, interest at 4.125% annually.	3,931,818
United States Department of Agriculture water and sewer revenue bond (2007B Series) original issue \$1,939,000 due serially in annual installments ranging from \$4,911 to \$96,586 to September 2046, interest at 4.125% annually.	1,769,272
State of Florida Revolving Fund Capitalization Grant (SRF) loan for sewer transmission facilities. The loan consists of two amounts of \$148,125 at an interest rate of 1.58% and \$1,222,250 at a rate of 1.22% with a combined semi-annual payment of \$44,609. The loan matures September 2024.	<u>784,664</u>
Total	<u>\$ 8,569,078</u>

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

The water and sewer revenue bonds and the SRF loan are payable from and secured by a lien on the net revenues of the water and sewer systems. Florida Statute Section 212.055 (2)(E) and Attorney General Opinion 88-59 permit the use of infrastructure surtax funds to service bond indebtedness incurred subsequent to July 1, 1987, for infrastructure purposes.

For the fiscal year ending September 30, 2014, the City’s proprietary fund net revenues met the requirement of being at least 125% of the maximum bond service requirement on the outstanding debt secured by such revenues.

The annual requirements to amortize all long-term debt outstanding as of September 30, 2014, including interest payments of \$123,445 in governmental activities and \$5,859,072 in the proprietary fund, are as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	<u>Proprietary Fund</u>
2015	\$ 300,224	\$ 598,430
2016	303,652	597,380
2017	281,916	599,180
2018	155,086	598,680
2019	149,333	596,980
2020 – 2024	1,623,422	2,991,402
2025 – 2029	...	2,472,597
2030 – 2034	...	2,084,017
2035 – 2039	...	1,620,317
2040 – 2044	...	1,620,317
2045 – 2046	<u>65,454</u>	<u>648,127</u>
Total	<u>\$ 2,878,876</u>	<u>\$ 14,043,269</u>

9. Capital Leases:

The City entered into a lease for law enforcement equipment under capital leases in the fiscal year ending September 30, 2014. The gross amount of assets recorded under the leases totaled \$227,337. The assets are amortized over the lower of their related lease terms or their estimated useful lives. Payments are made annually with the initial payment being principal only. Amortization expense on completed leases of \$57,270 is included in depreciation expense.

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

Future minimum lease payments under the capital leases at September 30, 2014 are as follows:

Year ending	Governmental Activities	Proprietary Fund
2015	\$ 120,950	\$ 6,901
2016	76,545	6,901
2017	76,545	6,901
2018	<u>48,525</u>	<u>...</u>
Total minimum lease payments	322,565	20,703
Less imputed interest	<u>(25,705)</u>	<u>(1,455)</u>
Present value of net minimum		
Lease payment	296,860	19,248
Less current maturities	<u>(108,741)</u>	<u>(6,182)</u>
	<u>\$ 188,119</u>	<u>\$ 13,066</u>

10. Fund Balances and Retained Earnings:

Fund balances have been established for the following items in the General Fund:

Restricted imposed by law through constitutional provisions or enabling legislation.

Reserved for Infrastructure - \$1,327,668 reserved by state statute for capital expenditures.

Reserved for Police Education - \$29,545 reserved by state statute for education of police officers.

Reserved for Law Enforcement - \$27,646 reserved specifically for drug investigations.

Reserved for Building Department - \$585,503 reserved by state statute for building department expenditures.

Committed by city ordinance.

Reserved for Impact Fees - \$2,115,530 reserved by City ordinance for public safety, park and recreational and city administrative capital expenditures.

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

Reserved for General Fund Sinking Fund - \$1,500,000 reserved by City ordinance for daily cash flow needs, to maintain investment grade bond ratings, offset economic downturn and revenue shortfalls, and provide funds for unforeseen expenditures due to emergencies.

Reserved for Parking Trust Fund - \$20,078 reserved by City ordinance for parking related expenditures.

Unassigned.

Unassigned - \$512,144 that are not restricted, committed or assigned to specific purposes.

Net Assets - Restrictions for the proprietary fund have been established for the following items.

Restricted for debt service	\$ 525,257
Restricted for alternate water supply	598,000
Restricted for water and sewer system expansion	<u>5,787,179</u>
Total restricted balance at September 30, 2014	<u>\$ 6,910,436</u>

11. Prior Period Adjustments:

Prior period adjustments were made by the City for the implementation of GASB 65 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources and Net Position* and for the allocation of a portion of the City’s administrative management accrued compensated absences to the utility fund in the fiscal year ending September 30, 2014.

The effect of the GASB 65 adjustment was to expense in the prior year the total bond amortization costs in the general fund (\$9,285) and the utility fund (\$64,520). The net amount allocated from the general fund to the utility fund for accrued compensated absences was \$12,358. The results of this adjustment reduced overall government wide beginning net assets by \$73,805.

12. Contingencies:

The City is involved in various legal proceedings arising in the ordinary course of business. In the opinion of management, although the outcome of any legal proceedings cannot be predicted, the ultimate liability of the City in connection with its legal proceedings will not have a material adverse effect on the financial position or activities of the City.

The City was unsuccessful in challenging the issuance of a consumptive use permit by the St. John’s River Water Management District to Niagara Bottling Company, LLC. (Niagara) during

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

the year ending September 30, 2009. Niagara filed motions to recover attorneys' fees against the City as allowed under Florida state statutes. A settlement agreement was entered into January 5, 2011 which grants Niagara a credit of \$1.24 million towards sewer-utility payments. The City will pay incidental additional costs for Niagara but will in turn receive Niagara's wastewater at no charge. The City intends to sell the wastewater for irrigation as reclaimed water. As of September 30, 2014, the Niagara had a credit of \$794,347 which is reported as Due to Customer in the financial statements.

13. State Board of Administration

At September 30, 2014, the City had \$219,973 invested in the State Board of Administration's Local Government Surplus Trust Fund Investment Pool (Pool). On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub-prime mortgage risk. On December 4, 2007, based upon recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets while Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk. At the time of restructuring, all current pool participants had their existing balances proportionately allocated to Pool A and Pool B. Participants can withdraw any amount from Pool A, without penalty. Pool B participants are prohibited from withdrawing any amount from the Pool. However, a percentage amount from Pool B are transferred to Pool A when those investments mature. The amount transferred is determined upon the total amount held in Pool B.

As of September 30, 2014, the City had \$219,973 invested in Pool A and no amount in Pool B.

Additional information regarding the Local Government Surplus Trust Fund may be obtained from the State Board of Administration.

14. Community Redevelopment Agency

The City established a Community Redevelopment Agency to redevelop blighted areas within the City boundaries. Property taxes collected from various agencies are utilized to fund these activities. Included in the audit and reported with and separately in the City's Financial Statements is the financial position and activities of the Community Redevelopment Agency Fund as of and for the year ended September 30, 2014.

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

15. Inter-fund Transfer

The City transferred \$148,664 from the general fund to the special revenue fund (CRA) for its assessed portion of taxes in the CRA district and \$385,000 to the water and sewer fund for reclaimed water expansion. The CRA funds will be used to redevelop blighted areas.

INDIVIDUAL FUND STATEMENTS

CITY OF GROVELAND, FLORIDA
GENERAL FUND
BALANCE SHEET
SEPTEMBER 30, 2014
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2013

<u>ASSETS</u>	<u>TOTALS</u>	
	2014	2013
Cash and cash equivalents	\$ 6,791,068	\$ 4,888,683
Accounts receivable	155,217	120,220
Due from other governmental units	12,461	13,606
TOTAL ASSETS	\$ 6,958,746	\$ 5,022,509
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 598,132	\$ 187,255
Accrued interest payable	26,115	27,828
Compensated absences	138,731	157,798
Due to other governments	77,654	41,445
Total Liabilities	840,632	414,326
Fund Balance:		
Restricted:		
For building department	585,503	146,935
For infrastructure	1,327,668	944,338
For police education	29,545	27,093
For law enforcement	27,646	27,646
Committed:		
For impact fees collections	2,115,530	1,451,674
For general fund sinking fund	1,500,000	1,440,000
For parking trust fund	20,078	19,261
Unreserved, undesignated	512,144	551,236
Total Fund Balance	6,118,114	4,608,183
TOTAL LIABILITIES AND FUND BALANCE	\$ 6,958,746	\$ 5,022,509

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

	<u>BUDGET</u>	<u>2014 ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>2013 ACTUAL</u>
Revenues:				
Taxes:				
Ad Valorem	\$ 2,098,826	\$ 2,037,320	\$ (61,506)	\$ 1,989,728
Infrastructure surtax	680,000	772,130	92,130	702,012
Franchise fees	461,000	611,246	150,246	508,897
Utility service taxes	785,500	924,545	139,045	829,017
Local option gas tax	100,000	102,608	2,608	102,340
	<u>4,125,326</u>	<u>4,447,849</u>	<u>322,523</u>	<u>4,131,994</u>
Licenses and Permits:				
Professional and occupational Permits	15,000	23,360	8,360	10,910
	<u>211,200</u>	<u>743,571</u>	<u>532,371</u>	<u>338,934</u>
	<u>226,200</u>	<u>766,931</u>	<u>540,731</u>	<u>349,844</u>
Intergovernmental:				
State revenue sharing	140,000	210,513	70,513	173,641
Mobile home licenses	7,000	5,743	(1,257)	5,278
Alcoholic beverage licenses	3,000	2,823	(177)	2,337
Half-cent sales tax	446,522	476,054	29,532	425,255
One-cent gas tax	31,000	29,389	(1,611)	28,307
County shared revenue	51,000	38,317	(12,683)	54,166
Grants	257,800	174,451	(83,349)	47,056
	<u>936,322</u>	<u>937,290</u>	<u>968</u>	<u>736,040</u>
Charges For Services:				
Other public safety charges	311,500	505,391	193,891	360,709
Fire protections services	10,500	23,300	23,300	15,230
	<u>322,000</u>	<u>528,691</u>	<u>217,191</u>	<u>375,939</u>

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

	BUDGET	2014 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2013 ACTUAL
Fines and Forfeitures:				
Court fines	55,000	43,179	(11,821)	60,154
Police education	3,500	2,452	(1,048)	2,373
Other	43,500	37,492	(6,008)	46,126
Total Fines and Forfeitures	102,000	83,123	(18,877)	108,653
Miscellaneous Revenues:				
Interest	29,000	35,733	6,733	30,210
Impact fees	487,000	912,128	425,128	681,220
Other income	48,000	90,072	42,072	55,850
Rents	39,000	34,305	(4,695)	34,408
Total Miscellaneous Revenues	603,000	1,072,238	469,238	801,688
Total Revenues	\$ 6,314,848	\$ 7,836,122	\$ 1,531,774	\$ 6,504,158

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

	BUDGET	2014 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2013 ACTUAL
<u>GENERAL GOVERNMENT:</u>				
Legislative:				
City Council:				
Personal services	\$ 50,363	\$ 50,361	\$ 2	\$ 54,489
Operating expenses	56,740	56,474	266	38,478
Total Legislative	<u>107,103</u>	<u>106,835</u>	<u>268</u>	<u>92,967</u>
Executive:				
Personal services	201,081	192,292	8,789	193,633
Operating expenses	135,880	130,810	5,070	136,536
Capital outlay	1,700	1,683	17	...
Debt service	6,934	6,787	147	3,450
Total Executive	<u>345,595</u>	<u>331,572</u>	<u>14,023</u>	<u>333,619</u>
Building Department:				
Personal services	169,905	158,384	11,521	168,499
Operating expenses	64,225	20,590	43,635	14,128
Debt service	8,185	4,550	3,635	4,454
Total Building Department	<u>242,315</u>	<u>183,524</u>	<u>58,791</u>	<u>187,081</u>
Legal Services:				
City Attorney:				
Operating expenses	345,500	345,428	72	148,615
Comprehensive Planning:				
Personal services	82,779	82,480	299	90,024
Operating expenses	52,041	51,690	351	33,604
Debt service	4,600	4,550	50	3,450
Total Comprehensive Planning	<u>139,420</u>	<u>138,720</u>	<u>700</u>	<u>127,078</u>
Total General Government	<u>1,179,933</u>	<u>1,106,079</u>	<u>73,854</u>	<u>889,360</u>
<u>PUBLIC SAFETY:</u>				
Law Enforcement:				
Personal services	1,405,345	1,400,188	5,157	1,364,104
Operating expenses	346,215	338,346	7,869	335,207
Capital outlay	32,700	32,655	45	7,885
Debt service	183,158	182,246	912	117,774
Total Police Department	<u>1,967,418</u>	<u>1,953,435</u>	<u>13,983</u>	<u>1,824,970</u>

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

	<u>BUDGET</u>	<u>2014 ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>2013 ACTUAL</u>
<u>PUBLIC SAFETY (CONTINUED):</u>				
Fire Department:				
Personal services	1,177,873	1,175,247	2,626	1,155,954
Operating expenses	122,920	121,706	1,214	119,434
Capital outlay	21,900	21,844	56	27,137
Debt service	104,036	102,207	1,829	71,348
Total Fire Department	<u>1,426,729</u>	<u>1,421,004</u>	<u>5,725</u>	<u>1,373,873</u>
Detention:				
Personal services	311,687	310,450	1,237	324,052
Operating expenses	17,390	350	17,040	169
Capital outlay	41,200	21,870	19,330	...
Debt service	14,900	14,683	217	...
Total Detention	<u>385,177</u>	<u>347,353</u>	<u>37,824</u>	<u>324,221</u>
Code Enforcement:				
Personal services	19,400	18,006	1,394	20,944
Operating expenses	24,450	20,350	4,100	17,717
Capital outlay	...	...	...	7,338
Debt service	4,050	3,450	600	3,450
Total Fire Department	<u>47,900</u>	<u>41,806</u>	<u>6,094</u>	<u>49,449</u>
Total Public Safety	<u>3,827,224</u>	<u>3,763,598</u>	<u>63,626</u>	<u>3,572,513</u>
<u>TRANSPORTATION:</u>				
Roads and Streets:				
Personal services	218,800	203,186	15,614	229,803
Operating expenses	304,100	263,220	40,880	294,035
Capital outlay	231,174	76,132	155,042	331,552
Total Transportation	<u>754,074</u>	<u>542,538</u>	<u>211,536</u>	<u>855,390</u>

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

	BUDGET	2014 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2013 ACTUAL
<u>CULTURE AND RECREATION:</u>				
Parks and Recreation:				
Personal services	210,450	199,702	10,748	218,028
Operating expenses	125,750	108,442	17,308	125,289
Capital outlay	693,150	67,618	625,532	108,507
Debt service	5,800	4,550	1,250	3,450
Total Culture and Recreation	<u>1,035,150</u>	<u>380,312</u>	<u>654,838</u>	<u>455,274</u>
Total Expenditures	<u>\$ 6,796,381</u>	<u>\$ 5,792,527</u>	<u>\$ 1,003,854</u>	<u>\$ 5,772,537</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfer to CRA Fund	\$ (147,778)	\$ (148,664)	\$ 886	\$ (150,079)
Transfer to Water & Sewer Fund\	(468,500)	(385,000)	(83,500)	(808,000)
Total Other Financing Uses	<u>\$ (616,278)</u>	<u>\$ (533,664)</u>	<u>\$ (82,614)</u>	<u>\$ (958,079)</u>

CITY OF GROVELAND, FLORIDA
COMMUNITY REDEVELOPMENT AGENCY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>BUDGET</u>	<u>2014 ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Revenues:			
Ad Valorem taxes	\$ 153,662	\$ 144,636	\$ (9,026)
Miscellaneous Revenues			
Contributions	<u>5,000</u>	<u>46,850</u>	<u>41,850</u>
Total Revenues	<u>158,662</u>	<u>191,486</u>	<u>32,824</u>
Expenditures:			
Personnel services	158,250	110,564	47,686
Operating expenses	128,400	95,461	32,939
Capital outlay	81,450	1,000	80,450
Debt service	<u>157,900</u>	<u>154,042</u>	<u>3,858</u>
Total Expenditures	<u>526,000</u>	<u>361,067</u>	<u>164,933</u>
Excess of Revenues Over (Under) Expenditures	(367,338)	(169,581)	197,757
Other Financing Sources			
Transfer from general fund	<u>147,778</u>	<u>148,664</u>	<u>886</u>
Total Other Financing Sources	<u>147,778</u>	<u>148,664</u>	<u>886</u>
Fund Balance - Beginning of Year	<u>238,037</u>	<u>238,037</u>	...
Fund Balance - End of Year	<u>\$ 18,477</u>	<u>\$ 217,120</u>	<u>\$ 198,643</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



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 Groveland, 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 Groveland, Florida, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise City of Groveland, Florida's basic financial statements, and have issued our report thereon dated June 26, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Groveland, 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 Groveland, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Groveland, 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 Groveland, 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 26, 2015

MANAGEMENT LETTER

The Honorable Mayor and City Commissioners
City of Groveland, Florida

We have audited the financial statements of the City of Groveland, Florida, as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated June 26, 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 26, 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 in the 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 Groveland 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 Groveland 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 Groveland 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 Groveland'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, Kurras, Rice & Brown, P.A.

Mount Dora, Florida
June 26, 2015

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



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

INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and City Council
City of Groveland, Florida

We have examined the City of Groveland'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 26, 2015