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

CITY OF GROVELAND, FLORIDA
PRINCIPAL CITY OFFICIALS
SEPTEMBER 30, 2011

Mayor	Michael Radzik
Vice-Mayor	John Griffin
Councilman	James Gearhart
Councilman	Tim Loucks
Councilman	Evelyn Wilson
City Manager & Finance Director	Florence Miller
City Clerk	Teresa Begley
Legal Counsel	Anita Geraci-Carver
Public Works Director	Robert Holland
Chief of Police	Thomas R. Merrill
Fire Chief	William M. Morgan, Jr.

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

TABLE OF CONTENTS

INTRODUCTORY SECTION

Title Page
Principal City Officials

Table of Contents — Page

FINANCIAL SECTION

Independent Auditor's Report 1

Management's Discussion and Analysis 3

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:
Statement of Net Assets 12
Statement of Activities 13

Fund Financial Statements:
Balance Sheet - Governmental Funds 14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund 17
Statement of Net Assets - Proprietary Fund 18
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Fund 19
Statement of Cash Flows - Proprietary Fund 20

Notes to Financial Statements 22

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

General Fund:

Balance Sheet 42

Schedule of Revenues - Budget and Actual 43

Schedule of Expenditures - Budget and Actual 45

Community Redevelopment Agency Fund:

Schedule of Revenues, Expenditures, and Changes in Retained Earnings - Community Redevelopment Agency Fund 48

OTHER REPORTS

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*** 49

Management Letter 51

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MOUNT DORA OFFICE
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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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Groveland, Florida's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Groveland, Florida, as September 30, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United State of America.

MEMBER: FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS & AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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In accordance with **Government Auditing Standards**, we have also issued our report dated May 17, 2012 on our consideration of the City of Groveland, Florida's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 41 through 47, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Mount Dora, Florida
May 17, 2012

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, 2011. This discussion has been prepared by management and should be read in conjunction with the financial statements, which follow this section.

Financial Highlights

The City's assets exceeded its liabilities as of September 30, 2011 by $43,900,575 (net assets). Of this amount, $2,175,848 (unrestricted net assets) may be used to meet the City's ongoing obligations to its customers and creditors. The City's total net assets increased $55,000.

The City outstanding debt is $13,382,558 and accrued compensated absences for its employees is $311,850. The total amount outstanding at September 30, 2011 was $13,694,409 of which $625,830 is classified as current and $13,068,578 as long-term.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

The largest portion of the City's net assets (74%) 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	
	2011	2010	2011	2010	2011	2010
Current and other assets	$ 6,119,774	$ 7,518,139	$ 6,117,068	$ 5,341,852	$12,236,842	$12,859,991
Capital assets	14,771,184	14,498,993	32,059,738	32,824,622	46,830,922	47,323,615
Total assets	20,890,958	22,017,132	38,176,806	38,166,474	59,067,764	60,183,606
Long-term liabilities	4,829,699	4,890,016	9,033,304	9,254,120	13,863,003	14,114,136
Other liabilities	525,405	1,380,084	778,781	821,651	1,304,186	2,201,735
Total liabilities	5,355,104	6,270,100	9,812,085	10,075,771	15,167,189	16,345,871
Net assets:						
Invested in capital assets, net of related debt	9,824,472	9,583,735	22,826,802	23,359,158	32,651,274	32,942,893
Restricted	4,133,796	3,223,128	4,939,657	4,459,084	9,073,453	7,682,212
Unrestricted	1,577,586	2,940,169	598,262	272,461	2,175,848	3,212,630
Total net assets	$15,535,854	$ 15,747,032	$ 28,364,721	$28,090,703	$43,900,575	$43,837,735

An additional portion of the City's net assets (21%) represents resources that are subject to external restrictions on how they may be spent. The remaining balance of unrestricted net assets ($2,175,848) 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 $11,643,617 and capital assets, net of accumulated depreciation of approximately $46,830,922.

Current liabilities total $1,304,186 which consist primarily of $182,688 of accounts payable and accrued liabilities and $432,966 of the current portion of long-term debt and capital leases.

Net assets increased $55,000 over the prior year to $43,900,575. The major components of this category is "invested in capital assets, net of related debt," $32,651,274 which is the City's investment in its net capital assets (original cost less accumulated depreciation, less debt) and restricted net assets of $9,073,453.

Governmental Activities

Governmental activities decreased the City's overall net assets by $219,018. While the City experienced a 54% decline in grant and investment revenues, this was offset by a 25% increase in charges for services and 3% decrease in overall expenses.

Variances in governmental activities include:

- Charges for services increased $116,023 over the prior year due to collection of code enforcement fines.
- Property taxes decreased $624,165 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	$ 583,901	10%
Property taxes	2,664,383	44%
Sales and gas taxes	1,131,446	19%
Franchise and utility taxes	1,250,114	21%
Impact fees	127,090	2%
Grants and contributions	223,600	4%
Investment earnings	49,298	1%
Other revenues and interfund transfer	(64,298)	- 1%
	$ 5,965,534	100%

City of Groveland's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for service	$ 583,901	$ 467,878	$ 4,145,353	$ 3,976,226	$ 4,729,244	$ 4,444,104
Grants and contributions	223,600	422,423	302,730	105,928	526,330	528,351
General revenues:						
Property taxes	2,664,383	3,288,548	...	...	2,664,383	3,288,548
Other taxes	2,381,560	2,378,114	...	...	2,381,560	2,378,114
Impact fees	127,090	122,446	481,933	419,100	609,023	541,546
Other and interfund transfers	(15,000)	377,342	147,350	(92,684)	132,250	284,658
Total revenues	5,965,534	7,056,751	5,077,366	4,408,570	11,042,790	11,465,321
Expenses:						
General government	702,845	724,804	...	...	702,845	724,804
Public safety	3,499,170	3,542,543	...	...	3,499,170	3,542,543
Building department	167,102	239,599	...	...	167,102	239,599
Roads and streets	958,725	895,567	...	...	958,725	895,567
Animal control	...	49,574	...	...	...	49,574
Parks and recreation	415,612	399,693	...	...	415,612	399,693
Community redevelopment	265,189	295,152	...	...	265,189	295,152
Interest on long-term debt	175,909	205,185	393,421	401,923	569,330	607,108
Water	...	...	1,751,913	2,254,185	1,751,913	2,254,185
Sewer and sanitation	...	...	2,658,004	2,695,167	2,658,004	2,695,167
Total expenses	6,184,552	6,352,117	4,803,338	5,351,275	10,987,890	11,703,392
Increase (decrease) in net assets net of transfers	(219,018)	704,634	274,018	(942,705)	42,099	(238,071)
Net assets beginning	15,754,872	15,052,238	28,090,703	29,033,408	43,845,575	44,075,806
Net assets ending	$ 15,535,854	$ 15,754,872	$ 28,364,721	$ 28,090,703	$ 43,900,575	$ 43,837,735

Business-type Activities

The City has only two types of business activities, which are the water and wastewater service system and sanitation services. The City operates the 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 $274,018.

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 $5,008,491 a decrease of $1,271,621 in comparison with the prior year. Approximately 9% of this total amount ($473,717) 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 and city administrative capital expenditures ($848,955), 2) police education ($35,761), 3) city infrastructure ($1,665,477) and 4) building department expenditures ($221,126).

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 $473,717, while total fund balance was $4,607,513.

The fund balance of the City's general fund decreased by $1,128,035 during the current fiscal year. Key factors in this are as follows:

- Inter-fund transfers of $340,123 to the CRA and Water and Sewer Funds.
- Land acquired in exchange of recreational impact fees of $807,325.

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 2011 decreased $70,735 to $218,486 compared to the prior year collection of $289,221. The City treats their payment of taxes as an inter-fund transfer. Fees from developers increased $1,050 to $5,650 compared to the prior year of $4,600.

Expenditures were $896,682 higher than the prior year primarily due to the pay-off of the line-of-credit. This line-of-credit was converted into a six-year loan.

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 $598,262. The total increase in net assets was $274,018. 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 did not amend the original budget during the fiscal year. 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, 2011, amounts to $46,830,922 (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 approximately 1.00%.

CITY OF GROVELAND
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	$ 9,072,791	$ 8,265,466	$ 1,160,332	$ 1,160,332	$ 10,233,123	$ 9,425,798
Building	1,165,530	1,210,265	124,155	130,201	1,289,685	1,340,466
Infrastructure and improvements	3,080,505	3,585,295	24,988	32,125	3,105,493	3,617,420
Equipment	1,452,358	1,437,966	448,426	444,593	1,900,784	1,882,559
Water and sewer system	...	...	30,301,837	31,057,371	30,301,837	1,057,371
Total assets	$ 14,771,184	$ 14,498,993	$ 32,059,738	$ 34,009,831	$ 46,830,922	$ 47,323,614

Long-Term Debt and capital lease - At the end of the fiscal year, the City's total net debt decreased $998,446 or 7% to $13,382,558. Of this debt, $432,966 is due within the next fiscal year. This debt consists of $8,249,193 of revenue bonds and a $983,742 note payable secured by water and sewer net revenues, a $838,857 mortgage loan payable secured by the assignment of tax revenues of the Community Redevelopment Agency, mortgage loans of $3,221,505 secured by real estate and impact fees and capital lease agreements of $79,025.

CITY OF GROVELAND
General Obligation Debt and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Notes payable	$ ...	$ 959,034	$ 983,742	$ 1,046,978	$ 983,742	$ 2,006,012
Mortgage payable	4,060,362	3,789,545	...	...	4,060,362	3,789,545
Capital leases	79,025	166,678	10,236	26,670	89,261	193,348
Revenue bonds	...	...	8,249,193	8,391,816	8,249,193	8,391,816
Total debt	$ 4,139,387	$ 4,915,257	$ 9,465,464	$ 9,465,464	$ 13,382,558	$ 14,380,721

Compensated Absences - The City had $257,569 in total compensated absence liabilities in the General Fund as of September 30, 2011 with $151,531 due in the next fiscal year. The Proprietary Fund had a total of $54,282 in compensated absence liabilities with $41,333 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 2011 - 2012 budget at its September 19, 2011 meeting. The 2011 - 2012 General Fund budget of $14,054,700 includes a millage rate of 5.6000.

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 ASSETS
SEPTEMBER 30, 2011

	Primary Government		
	Governmental Activities	Business-type Enterprises	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 3,457,295	$ 950,944	$ 4,408,239
Receivables	69,653	277,654	347,307
Prepaid expense	. . .	7,452	7,452
Due from other governments	7,220	. . .	7,220
Total Current Assets	3,534,168	1,236,050	4,770,218
Noncurrent Assets:			
Restricted cash and cash equivalents	2,584,002	4,651,376	7,235,378
Bond and permit costs (net)	1,604	229,642	231,246
Land	9,072,791	1,160,332	10,233,123
Capital assets, net of accumulated depreciation			
Buildings	1,165,530	124,155	1,289,685
Machinery and equipment	1,452,358	448,426	1,900,784
Infrastructure and improvements	3,080,505	24,988	3,105,493
Water system	. . .	6,509,960	6,509,960
Sewer system	. . .	23,791,877	23,791,877
Total Noncurrent Assets	17,356,790	36,940,756	54,297,546
Total Assets	$ 20,890,958	$ 38,176,806	$ 59,067,764
LIABILITIES			
Current Liabilities:			
Accounts payable	$ 97,320	$ 85,368	$ 182,688
Due to other governments	3,469	. . .	3,469
Current portion long-term-debt and capital leases	210,151	222,815	432,966
Interest payable	62,934	30,365	93,299
Compensated absences	151,531	41,333	192,864
Customer deposits	. . .	398,900	398,900
Total Current Liabilities	525,405	778,781	1,304,186
Noncurrent liabilities:			
Note payable	. . .	918,905	918,905
Capital leases	3,518	. . .	3,518
Compensated absences	106,038	12,948	118,986
Deferred impact fee revenue	794,425	. . .	794,425
Mortgage liabilities	3,925,718	. . .	3,925,718
Bonds payable	. . .	8,101,451	8,101,451
Total Noncurrent Liabilities	4,829,699	9,033,304	13,863,003
Total Liabilities	5,355,104	9,812,085	15,167,189
NET ASSETS			
Invested in capital assets, net of related debt	9,824,472	22,826,802	32,651,274
Net Assets:			
Restricted	4,133,796	4,939,657	9,073,453
Unrestricted	1,577,586	598,262	2,175,848
Total Net Assets	15,535,854	28,364,721	43,900,575
Total Liabilities and Net Assets	$ 20,890,958	$ 38,176,806	$ 59,067,764

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, 2011

Functions/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants and Contributions	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets — Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
Primary government:							
Governmental activities:							
General government	$ 702,845	$ 173,557	$ ...	$ 2,936	$ (526,352)	$ ...	$ (526,352)
Public safety	3,499,170	410,344	180,770	...	(2,908,056)	...	(2,908,056)
Building department	167,102	...	...	...	(167,102)	...	(167,102)
Roads and streets	958,725	...	...	...	(958,725)	...	(958,725)
Parks and recreation	415,612	...	34,244	...	$ (381,368)	...	(381,368)
Community redevelopment	265,189	...	5,650	...	(259,539)	...	(259,539)
Interest on long-term debt	175,909	...	...	...	(175,909)	...	(175,909)
Total governmental activities	6,184,552	583,901	220,664	2,936	(5,377,051)	...	(5,377,051)
Business-type activities:							
Water	1,751,913	2,335,655	...	...	...	583,742	583,742
Sewer and sanitation	2,658,004	1,809,688	302,730	...	...	(545,586)	(545,586)
Interest on long-term debt	393,421	...	...	...	...	(393,421)	(393,421)
Total business-type activities	4,803,338	4,145,343	302,730	...	...	(355,265)	(355,265)
Total government	$ 10,987,890	$ 4,729,244	$ 523,394	$ 2,936	$ (5,377,051)	$ (355,265)	$ (5,732,316)
General revenues:							
Property taxes					$ 2,664,383	$ ...	$ 2,664,383
Sales and gas taxes					1,131,446	...	1,131,446
Franchise and utility taxes					1,250,114	...	1,250,114
Impact fees					127,090	481,933	609,023
Miscellaneous revenues					62,580	...	62,580
Investment earnings					49,298	20,172	69,470
Gain (loss) on disposal of capital assets					300	...	300
Interfund transfers					(127,178)	127,178	...
Total general revenues and transfers					5,158,033	629,283	5,787,316
Change in net assets					(219,018)	274,018	55,000
Net assets - beginning					15,754,872	28,090,703	43,845,575
Net assets - ending					$ 15,535,854	$ 28,364,721	$ 43,900,575

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

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

	General Fund	Community Redevelopment Agency Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 5,618,252	$ 423,045	$ 6,041,297
Receivables	69,653	...	69,653
Due from other governments	7,220	...	7,220
Total assets	$ 5,695,125	$ 423,045	$ 6,118,170
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 76,708	$ 20,613	$ 97,321
Accrued interest	61,479	1,454	62,933
Compensated absences	151,531	...	151,531
Due to other governments	3,469		3,469
Deferred impact fee revenue	794,425	...	794,425
Total liabilities	1,087,612	22,067	1,109,679
Fund balances:			
Restricted:			
For building department	221,126	...	221,126
For infrastructure	1,665,477	...	1,665,477
For police education	35,761	...	35,761
For law enforcement	27,766	...	27,766
For community redevelopment	...	400,978	400,978
Committed:			
For impact fees collections	848,955	...	848,955
For general fund sinking fund	1,320,000	...	1,320,000
For parking trust fund	14,711	...	14,711
Unreserved, undesignated			
Unreserved: undesignated	473,717	...	473,717
Total fund balances	4,607,513	400,978	5,008,491
Total liabilities and fund balances	$ 5,695,125	$ 423,045	

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.	15,752,788
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(5,225,425)
Net assets of governmental activities	$ 15,535,854

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

CITY OF GROVELAND, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	General Fund	Community Redevelopment Agency Fund	Total Governmental Funds
REVENUES			
Taxes:			
Ad Valorem	$ 2,445,897	$ 218,486	$ 2,664,383
Sales	558,660	...	558,660
Franchise and utility taxes	1,250,114	...	1,250,114
Local option gas tax	105,057	...	105,057
Licenses and permits	107,479	...	107,479
Intergovernmental	753,129	...	753,129
Charges for services	177,701	...	177,701
Fines and forfeitures	234,912	...	234,912
Impact fees	127,092	...	127,092
Investment earnings	30,613	...	30,613
Miscellaneous	77,839	5,735	83,574
Total Revenues	5,868,493	224,221	6,092,714
EXPENDITURES			
Current:			
General government	788,628	...	788,628
Public safety	3,260,144	...	3,260,144
Road and streets	492,899	...	492,899
Parks and recreation	330,666	...	330,666
Community redevelopment	...	211,713	211,713
Debt service:			
Principal and interest	745,610	1,059,539	1,805,149
Capital Outlay:			
General government	24,957	...	24,957
Public safety	161,625	...	161,625
Road and streets	9,940	...	9,940
Parks and recreation	34,611	...	34,611
Community redevelopment	...	159,500	159,500
Total Expenditures	5,849,080	1,430,752	7,279,832
Excess of Revenues Over (Under) Expenditures	19,413	(1,206,531)	(1,187,118)
Other Financing Sources			
Interfund transfers in (out)	(340,123)	212,945	(127,178)
Proceeds from debt issuance	...	850,000	850,000
Total Other Financing Sources	(340,123)	1,062,945	722,822
Net change in fund balance before special items	(320,710)	(143,586)	(464,296)
Special items:			
Land acquired in lieu of impact fees	(807,325)	...	(807,325)
Net change in fund balance	(1,128,035)	(143,586)	(1,271,621)
Fund Balances - Beginning of Year	5,735,548	544,564	6,280,112
Fund Balances - Ending of Year	$ 4,607,513	$ 400,978	$ 5,008,491

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

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, 2011

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

Net change in fund balances - total governmental funds	$	(477,196)
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 capital outlays exceeded depreciation in the current period.		(535,673)
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. Also, governmental funds report the issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		804,217
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(10,366)
Change in net assets of governmental activities	$	(219,018)

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

CITY OF GROVELAND, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Taxes:				
Ad Valorem	$ 2,566,300	2,566,300	$ 2,445,897	$ (120,403)
Sales	555,000	555,000	558,660	3,660
Franchise and utilities	1,205,700	1,205,700	1,250,114	44,414
Local option gas tax	100,000	100,000	105,057	5,057
Licenses and permits	158,200	158,200	107,479	(50,721)
Intergovernmental	683,100	683,100	753,129	70,029
Charges for services	165,000	165,000	177,701	12,701
Fines and forfeitures	103,600	103,600	234,912	131,312
Impact fees	114,000	114,000	114,192	192
Investment earnings	190,500	190,500	30,613	(159,887)
Miscellaneous	77,600	77,600	77,839	239
Total Revenues	5,919,000	5,919,000	5,855,593	(63,407)
Expenditures:				
Current:				
General government	1,600,500	1,600,500	1,386,531	213,969
Public safety	3,628,000	3,628,000	3,589,848	38,152
Road and streets	537,300	537,300	502,839	34,461
Parks and recreation	854,500	854,500	369,862	484,638
Total Expenditures	6,620,300	6,620,300	5,849,080	771,220
Excess of Revenues Over (Under) Expenditures	(701,300)	(701,300)	6,513	707,813
Other Financing Uses:				
Transfer out	(1,088,200)	(1,088,200)	(340,123)	748,077
Total other financing uses	(1,088,200)	(1,088,200)	(340,123)	748,077
Net change in fund balances	(1,789,500)	(1,789,500)	(333,610)	1,455,890
Fund Balance - Beginning	5,724,622	5,724,622	5,735,548	. . .
Fund Balance - Ending	$ 3,935,122	$ 3,935,122	$ 5,401,938	$ 1,455,890

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

CITY OF GROVELAND, FLORIDA
STATEMENT OF NET ASSETS - PROPRIETARY FUND
WATER, SEWER AND SANITATION FUND
SEPTEMBER 30, 2011
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2010

	TOTALS	
	2011	2010
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 950,944	$ 567,959
Accounts receivable	277,654	277,462
Prepaid expenses	7,452	. . .
Total Current Assets	1,236,050	845,421
Restricted Assets:		
Cash and cash equivalents:		
Customer deposits	398,975	380,500
Impact fees	3,629,425	3,286,996
Debt service	174,700	171,031
Water revenue bonds - reserve	448,276	408,762
Total Restricted Cash and Cash Equivalents	4,651,376	4,247,289
Deferred Charges:		
Bond issuance cost	101,679	101,679
Permit costs	258,569	258,569
	360,248	360,248
Less accumulated amortization	130,606	111,106
Net Deferred Charges	229,642	249,142
Property, Plant and Equipment:		
Land	1,160,332	1,160,332
Buildings and improvements	358,476	358,476
Water system	9,594,365	9,527,381
Sewer system	29,679,195	29,341,611
Equipment	1,396,462	1,300,776
	42,188,830	41,688,576
Less accumulated depreciation	10,129,092	8,863,954
Net Property, Plant and Equipment	32,059,738	32,824,622
TOTAL ASSETS	$ 38,176,806	$ 38,166,474

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

LIABILITIES AND NET ASSETS	TOTALS 2011	TOTALS 2010
Liabilities:		
Current Liabilities (Payable From Current Assets):		
Accounts payable and accrued expenses	$ 85,368	$ 145,406
Compensated absences	41,333	43,081
Current portion of long-term debt and capital lease	75,073	79,097
Total Current Liabilities (Payable From Current Assets)	201,774	267,584
Current Liabilities (Payable From Restricted Assets):		
Customer deposits	398,900	380,500
Revenue bonds	147,742	142,623
Accrued interest	30,365	30,944
Total Current Liabilities (Payable From Restricted Assets)	577,007	554,067
Long-Term Liabilities:		
Compensated absences	12,948	10,376
Capitalized lease	. . .	10,809
Revenue bonds	8,101,451	8,249,193
Notes payable	918,905	983,742
Total Long-Term Liabilities	9,033,304	9,254,120
TOTAL LIABILITIES	9,812,085	10,075,771
Net Assets:		
Invested in capital assets, net of related debt	22,826,802	23,359,158
Restricted	4,939,657	4,459,084
Unrestricted	598,262	272,461
TOTAL NET ASSETS	28,364,721	28,090,703
TOTAL LIABILITIES AND NET ASSETS	$ 38,176,806	$ 38,166,474

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
WATER, SEWER AND SANITATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011
WITH COMPARITIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2010

	TOTALS	
	2011	2010
Operating Revenues:		
Water sales pledged as security for revenue bonds	$ 2,205,939	$ 2,035,228
Sanitation fees	662,038	771,923
Sewer charges pledged as security for revenue bonds	1,147,650	1,052,154
Meter installations	29,558	27,753
New connections	45,009	43,402
Delinquent and late fees	55,249	45,766
Total Operating Revenues	4,145,443	3,976,226
Operating Expenses:		
Personal services	1,286,994	1,327,606
Operating expenses	971,712	1,102,482
Utility services	278,994	263,763
Repairs and maintenance	270,544	228,298
Engineering	190,520	606,719
Insurance	126,516	136,213
Depreciation and amortization	1,284,637	1,284,271
Total Operating Expenses	4,409,917	4,949,352
Operating Income (Loss)	(264,474)	(973,126)
Nonoperating Revenues (Expenses):		
Impact fees	481,833	419,100
Grant revenue	302,730	105,928
Interest revenue	20,172	70,064
Miscellaneous revenue (expense)	127,178	(126,355)
Loss on disposal of asset	. . .	(36,393)
Interest expense	(393,421)	(401,923)
Total Nonoperating Revenues (Expenses)	538,492	30,421
Net Income (Loss)	274,018	(942,705)
Net Assets - Beginning of Year	28,090,703	29,033,408
Net Assets - End of Year	$ 28,364,721	$ 28,090,703

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

CITY OF GROVELAND, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
WATER, SEWER AND SANITATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2010

	TOTALS	
	2011	2010
Cash Flows From Operating Activities:		
Cash received from customers	$ 4,272,429	$ 4,026,985
Cash payments to suppliers for goods and services	(1,905,775)	(2,294,149)
Cash payments for employee services	(1,286,169)	(1,318,530)
Net Cash Provided From Operating Activities	1,080,485	414,306
Cash Flows From Noncapital Financing Activities:		
Utility deposits received from (paid to) customers	18,400	11,055
Net Cash Provided From Noncapital Financing Activities	18,400	11,055
Cash Flows From Capital and Related Financing Activities:		
Principal paid on revenue bonds and notes payable	(222,293)	(211,808)
Acquisition and construction of capital assets	(500,255)	(492,119)
Interest paid on revenue bonds and notes payable	(394,000)	(402,779)
Proceeds from impact fees	481,833	419,100
Proceeds from grants	302,730	105,928
Net Cash Used by Capital and Related Financing Activities	(331,985)	(581,678)
Cash Flows From Investing Activities:		
Interest and other	20,172	70,064
Net Cash Provided From Investing Activities	20,172	70,064
Net decrease in cash and cash equivalents	787,072	(86,253)
Cash and cash equivalents at beginning of year	4,815,248	4,901,501
Cash and cash equivalents at end of year	$ 5,602,320	$ 4,815,248

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

CITY OF GROVELAND, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
WATER, SEWER AND SANITATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2010

	TOTALS	
	2011	2010
Reconciliation Of Operating Income (Loss) To Net Cash Provided From Operating Activities:		
Operating Loss	$ (264,474)	$ (973,126)
Adjustment To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities		
Depreciation and amortization	1,284,637	1,284,271
(Increase) decrease in accounts receivable	(192)	(89,957)
(Increase) decrease in prepaid assets	(7,452)	. . .
Increase (decrease) in accounts payable	(60,038)	43,326
Increase (decrease) in compensated absences	826	9,076
Interfund transfers	127,178	135,645
Sale of asset	. . .	5,071
Total Adjustments	1,344,959	1,387,432
Net Cash Provided From Operating Activities	$ 1,080,485	$ 414,306

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

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.

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

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.

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.

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:

	Years
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

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:

		Water, Sewer and Sanitation Fund
Actual (GAAP Basis)		$ 4,803,338
Add:	Principal payments	222,293
	Capital outlay	500,255
Less:	Depreciation and amortization	1,284,637

Actual (Budget Basis)	4,241,249
Budget	6,192,100
Variance – favorable (unfavorable)	$ 1,950,851

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 Interlocal 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."

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.

	Carrying Value	Fair Value
Investment in Local Government Surplus Funds Trust	$369,393	$369,393

4. Receivables:

Receivable	General Fund	Enterprise Fund	Total
Franchise fees	$ 33,420	$ ...	$ 33,420
Utility taxes	36,233	...	36,233
Accounts	...	301,660	301,660
Gross receivables	69,653	301,660	371,313
Less: allowance for uncollectible	...	(24,006)	(24,006)
Net receivable	$ 69,653	$ 277,654	$ 347,307

5. General Fixed Assets:

A summary of changes in general fixed assets follows:

	Balance October 1, 2010	Additions	Deletions	Depreciation	Balance September 30, 2011
Land	$ 8,265,466	$ 807,325	$ ...	$ ...	$ 9,072,791
Buildings	1,896,598	64,864	...	...	1,961,462
Infrastructure and improvements	7,540,367	...	...	...	7,540,367
Equipment	3,338,789	297,845	...	...	3,636,634
Total	21,041,220	1,170,035		...	22,211,255
Less accumulated depreciation	(6,542,227)	...	...	(897,843)	(7,440,070)
Net fixed assets	$ 14,498,993	$ 1,170,035	$ ...	$ (897,843)	$ 14,771,185

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

Governmental activities:	
General government	$ 80,026
Public safety	264,610
Road and street	462,894
Physical environment	71,591
Community redevelopment	18,722
Total depreciation expense – governmental activities	$ 897,843

6. Proprietary Fund Fixed Assets:

A summary of proprietary fund fixed assets at September 30, 2011, follows:

	Balance October 1, 2010	**Additions**	**Deletions**	**Depreciation**	**Balance September 30, 2011**
Land	$ 1,160,332	$ ...	$ ...	$ ...	$ 1,160,332
Building	221,078	...	...	...	221,078
Infrastructure & improvements	137,398	...	...	...	137,398

Water system	9,527,381	66,984	...	...	9,594,365
Sewer system	29,341,611	337,584	...	...	29,679,195
Equipment	1,300,776	95,686	...	...	1,396,462
Total	41,688,576	500,254	...	...	42,188,830
Less accumulated depreciation	(8,863,954)	...	...	(1,264,771)	(10,129,092)
Net fixed assets	$ 32,824,622	$ 500,254	$ ...	$ (1,264,771)	$ 32,059,738

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:

Years of Participation	% Vested
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 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, 2011 was $3,929,055. The City's contribution of $148,577 was calculated on covered payroll of $3,716,056.

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, 2011.

	Balance October 2, 2010	Additions	Reductions	Balance September 30, 2010
Compensated absences	$ 110,417	$ ...	$ (4,379)	$ 106,038
Mortgage payable	3,789,545	850,000	(579,184)	4,060,361
Note payable	959,034	...	(959,034)	...
	$ 4,858,996	$ 850,000	$ (1,542,597)	$ 4,858,996

The long-term debt for governmental activities in the government-wide financial statement of net assets is comprised of the following at September 30, 2011:

Compensated absences represent the general fund's liability for accrued personal leave.	$ 106,038
Mortgage payable to bank, dated June 13, 2007 for $2,890,000, interest rate of 3.81%, interest payments only in semi-annual installments with total principal and accrued unpaid interest due October 1, 2012. The loan is secured by 100% of the City's law enforcement impact fees and 60% of the City's fire impact fees. The City has elected to make principal payments each month, at its discretion, along with the interest payments but is not bound to make such principal payments until maturity.	2,696,005

Mortgage payable to bank, dated June 8, 2007 for $1,200,000, interest rate of 3.81%, interest payments only in semi-annual installments with total principal and accrued unpaid interest due October 1, 2012. The loan is secured by 100% of the City's administrative facilities impact fees. The City has elected to make principal payments each month along with the interest payments but is not bound to make such principal payments until maturity.	525,500
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.	838,856
Total	$ 4,166,399

Interest expense of $41,545 was a direct expense of the Community Redevelopment Agency and interest expense of $134,364 was a direct expense of the general fund.

The following is a summary of changes in long-term liabilities of the proprietary fund for the year ended September 30, 2011:

	Balance October 2, 2010	Additions	Reductions	Balance September 30, 2011
Compensated absences	$ 10,376	$ 2,573	$ ...	$ 12,949
USDA water revenue bonds payable	810,000	...	(29,000)	781,000
USDA sewer revenue bonds payable	1,559,000	...	(38,000)	1,521,000
USDA water and sewer bond payable	1,869,117	...	(23,469)	1,845,648
USDA water and sewer bond payable	4,153,699	...	(52,154)	4,101,545
Note payable – State of Florida	1,046,978	...	(63,236)	983,742
	$ 9,449,170	$ 2,573	$ (205,859)	$ 9,245,884

The long-term debt of the proprietary fund is comprised of the following at September 30, 2011:

Compensated absences representing the long-term portion of the proprietary fund liability for accrued vacation and sick leave.	$ 12,949
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.	667,000
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.	114,000

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.	1,132,000
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.	389,000
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.	4,101,545
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.	1,845,648
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.	983,742
Total	$ 9,245,884

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, 2011, 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, 2011, including interest payments of $7,315,579 are as follows:

Year Ending September 30	Governmental Activities	Proprietary Fund
2012	293,555	597,380
2013	3,443,689	598,930
2014	150,813	597,230
2015	150,813	598,430
2016	210,849	597,380
2017 – 2021	138,190	2,991,952

2022 – 2026	. . .	2,808,998
2027 – 2031	. . .	2,337,367
2032 – 2036	. . .	1,852,667
2037 – 2041	. . .	1,620,317
2042 – 2046	106,038	1,620,317
Total	$ 4,493,947	$ 16,220,967

9. Capital Leases:

The City leases computer and related equipment under a capital lease in the fiscal year ending September 30, 2011. The gross amount of assets recorded under the lease totaled $300,010. The assets are amortized over the lower of their related lease terms or their estimated useful lives. Amortization expense of $72,531 is included in depreciation expense.

Future minimum lease payments under the capital leases at September 30, 2011 are as follows:

Year ending September 30:	Amount
2012	$ 88,641
2013	3,554
Total minimum lease payments	92,195
Less imputed interest	2,933
Present value of net minimum lease payment	89,262
Less current maturities	85,744
	$ 3,554

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 - $1,665,477 reserved by state statute for capital expenditures.

Reserved for Police Education - $35,761 reserved by state statute for education of police officers.

Reserved for Law Enforcement - $27,766 reserved specifically for drug investigations.

Reserved for Building Department - $221,126 reserved by state statute for building department expenditures.

Committed by city ordinance.

Reserved for Impact Fees - $848,955 reserved by City ordinance for public safety, park and recreational and city administrative capital expenditures.

Reserved for General Fund Sinking Fund - $1,320,000 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 - $14,711 reserved by City ordinance for parking related expenditures.

Unassigned.

Unassigned - $473,717 that are not restricted, committed or assigned to specific purposes.

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

Restricted for debt service - Funds reserved for debt service payments.	$ 736,557
Restricted for water and sewer system expansion	4,203,100
Total restricted balance at September 30, 2011	$ 4,939,657

11. Grants:

The City received the following intergovernmental grants:

Florida Department of Laws Enforcement	
Criminal justice grant - equipment purchases	$ 8,694
Lake County Government	
Dispatcher salaries	$ 17,544
Department of Homeland Security	
SAFER grant - fire department personnel	$ 170,170
Florida Department of Environmental Protection	
Recreational park grant	$ 16,700

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

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 the year ending September 30, 2009. Niagara filed motions to recover attorneys' fees against the City as allowed under Florida state statues. 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.

13. State Board of Administration

At September 30, 2010, the City had $368,867 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.

Currently, Pool A participants can withdraw any amount from Pool A, without penalty. New investments in Pool A are not subject to the redemption fee or withdrawal restrictions. Future withdrawal provisions from Pool A will be subject to further evaluation based on the maturities of existing investments and the liquidity requirements of the Pool.

Currently, Pool B participants are prohibited from withdrawing any amount form 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, 2011, the City had $156,363 and $213,030 invested in Pool A and B respectively. Additional information regarding the Local Government Surplus Trust Fund may be obtained from the State Board of Administration.

14. Segment Information for Enterprise Funds:

The City operates an enterprise fund which provides water and sewer services. Segment information for the year ended September 30, 2011, is as follows:

	Water	Sewer	Sanitation	Total Proprietary Fund
Operating Activities				
Operating revenues	$ 2,270,797	$ 1,212,608	$ 662,038	$ 4,145,443
Operating expense	(1,388,421)	(1,320,774)	(416,085)	(3,125,280)
Depreciation	(363,492)	(921,145)	...	(1,284,637)
Operating Income	518,884	(1,029,311)	245,953	(264,474)
Non-Operating Income (Expense)				
Impact fees	160,985	320,848	...	481,833
Interest expenses	(42,231)	(351,190)	...	(393,421)
Transfers	...	256,623	(256,623)	...
Other non-operating income	10,086	439,994	...	450,080
Total non-operating income (expenses)	128,840	666,275	(256,623)	538,492
Net Income (loss)	647,724	(363,036)	(10,670)	(274,018)
Cash Flow				
Cash flow - provided (used)				
Operating activities	882,376	144,694	53,415	1,080,485
Noncapital financing	18,400	...	...	18,400
Capital financing	(60,508)	(271,477)	...	331,985
Investing activities	10,086	10,086	...	20,172
Total cash provided (used)	850,354	(116,697)	53,415	787,072
Beginning cash	5,212,750	(397,502)	...	4,815,248
Ending cash	6,063,104	(514,199)	53,415	5,602,320

Assets				
Current assets	618,025	564,610	53,415	1,236,050
Capital assets	7,388,910	24,670,828	...	32,059,738
Other assets	4,454,709	426,309	...	4,881,018
Total assets	12,461,644	25,715,162	53,415	38,176,806
Current liabilities	528,172	250,610	...	778,781
Long-term liabilities	1,498,246	7,535,058	...	9,033,304
Total liabilities	2,026,418	7,785,668	...	9,812,085
Net Assets				
Beginning net assets	11,581,231	16,445,387	64,085	28,090,703
Changes in net assets	647,724	(363,036)	(10,670)	274,018
Ending net assets	12,228,955	16,082,351	53,415	28,364,721
Invested in assets, net	5,790,848	17,035,954	...	22,826,802
Restricted	4,476,676	462,981	...	4,939,657
Unrestricted	1,961,431	(1,416,584)	53,415	598,262
	$ 12,228,955	$ 16,082,351	$ 53,415	$ 28,364,721

15. 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, 2011.

16. Inter-fund Transfer

The City transferred $212,945 from the general fund to the special revenue fund (CRA) for its assessed portion of taxes in the CRA district and $127,178 to the water and sewer fund for operating expenses. The water and sewer fund transferred real property to the CRA fund in the amount of $262,000 for eventual development and resale. The CRA funds will be used to redevelop blighted areas.

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF GROVELAND, FLORIDA
GENERAL FUND
BALANCE SHEET
SEPTEMBER 30, 2011
WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2010

	TOTALS	
ASSETS	2011	2010
Cash and cash equivalents	$ 5,618,252	$ 6,880,031
Accounts receivable	69,653	73,958
Due from other governmental units	7,220	5,057
TOTAL ASSETS	$ 5,695,125	$ 6,959,046
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$ 76,708	$ 173,090
Accrued interest payable	61,479	72,424
Compensated absences	151,531	156,905
Due to other governments	3,469	832,005
Total Liabilities	293,187	1,234,424
Fund Balance:		
Restricted:		
For building department	221,126	377,544
For infrastructure	1,665,477	1,979,795
For police education	35,761	33,236
For law enforcement	27,766	18,525
Committed:		
For impact fees collections	848,955	814,028
For general fund sinking fund	1,320,000	1,260,000
For parking trust fund	14,711	12,111
Unreserved, undesignated	1,268,142	1,229,383
Total Fund Balance	5,401,938	5,724,622
TOTAL LIABILITIES AND FUND BALANCE	$ 5,695,125	$ 6,959,046

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

	BUDGET	2011 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2010 ACTUAL
Revenues:				
Taxes:				
Ad Valorem	$ 2,566,300	$ 2,445,897	$ (120,403)	$ 2,999,327
Infrastructure surtax	555,000	558,660	3,660	546,564
Franchise fees	478,700	489,160	10,460	503,198
Utility service taxes	727,000	760,954	33,954	760,088
Local option gas tax	100,000	105,057	5,057	108,139
Total Taxes	4,427,000	4,359,728	(67,272)	4,917,316
Licenses and Permits:				
Professional and occupational	15,000	12,730	(2,270)	17,954
Permits	143,200	94,749	(48,451)	105,730
Total Licenses and Permits	158,200	107,479	(50,721)	123,684
Intergovernmental:				
State revenue sharing	107,000	113,779	6,779	104,955
Mobile home licenses	5,000	4,180	(820)	3,920
Alcoholic beverage licenses	2,000	1,407	(593)	1,211
Half-cent sales tax	300,000	324,364	24,364	323,285
One-cent gas tax	23,000	29,586	6,586	31,886
County shared revenue	55,000	64,798	9,798	65,504
Grants	191,100	215,015	23,915	400,827
Total Intergovernmental	683,100	753,129	70,029	931,588
Charges For Services:				
Other public safety charges	43,000	55,859	12,859	52,091
Fire protections services	122,000	121,842	(158)	121,842
Total Charges For Services	165,000	177,701	12,701	173,933

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

	BUDGET	2011 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2010 ACTUAL
Fines and Forfeitures:				
Court fines	50,000	52,848	2,848	47,392
Police education	5,600	4,176	(1,424)	4,090
Law enforcement communication	15,000	1,065	(13,935)	15,394
Other	33,000	176,823	143,823	34,047
Total Fines and Forfeitures	103,600	234,912	131,312	100,923
Miscellaneous Revenues:				
Interest	190,500	30,613	(159,887)	166,060
Impact fees	114,000	114,192	192	122,446
Other income	27,600	53,497	25,897	74,985
Rents	50,000	24,342	(25,658)	24,274
Total Miscellaneous Revenues	382,100	222,644	(159,456)	387,765
Total Revenues	$ 5,919,000	$ 5,855,593	$ (63,407)	$ 6,635,209

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

	BUDGET	2011 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2010 ACTUAL
GENERAL GOVERNMENT:				
Legislative:				
City Council:				
Personal services	$ 58,000	$ 57,850	$ 150	$ 65,009
Operating expenses	31,800	27,620	4,180	28,245
Total Legislative	89,800	85,470	4,330	93,254
Executive:				
Personal services	200,900	189,600	11,300	196,296
Operating expenses	117,900	96,535	21,365	98,588
Capital outlay	57,300	22,742	34,558	. . .
Debt service	567,600	564,242	3,358	57,873
Total Executive	943,700	873,119	70,581	352,757
Building Department:				
Personal services	159,200	148,116	11,084	203,770
Operating expenses	163,500	17,878	145,622	29,163
Capital outlay	2,300	2,215	85	2,183
Debt service	5,300	4,352	948	5,276
Total Building Department	330,300	172,561	157,739	240,392
Legal Services:				
City Attorney:				
Operating expenses	75,000	98,733	(23,733)	106,321
Comprehensive Planning:				
Personal services	56,000	69,527	(13,527)	32,818
Operating expenses	100,400	82,769	17,631	127,162
Debt service	5,300	4,352	948	5,276
Total Comprehensive Planning	161,700	156,648	5,052	165,256
Total General Government	1,600,500	1,386,531	213,969	957,980
PUBLIC SAFETY:				
Law Enforcement:				
Personal services	1,366,900	1,330,921	35,979	1,403,334
Operating expenses	258,600	338,854	(80,254)	260,340
Capital outlay	75,000	71,982	3,018	135,448
Debt service	117,300	109,028	8,272	105,108
Total Police Department	1,817,800	1,850,785	(32,985)	1,904,230

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

	BUDGET	2011 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2010 ACTUAL
PUBLIC SAFETY (CONTINUED):				
Fire Department:				
Personal services	1,187,900	1,107,655	80,245	1,131,230
Operating expenses	110,900	111,186	(286)	93,915
Capital outlay	75,000	89,643	(14,643)	...
Debt service	62,000	56,766	5,234	58,656
Total Fire Department	1,435,800	1,365,250	70,550	1,283,801
Detention:				
Personal services	329,900	323,534	6,366	346,553
Operating expenses	...	...	...	8,586
Debt service	...	...	...	5,276
Total Detention	329,900	323,534	6,366	360,415
Code Enforcement:				
Personal services	21,900	19,967	1,933	22,408
Operating expenses	20,300	28,027	(7,727)	21,720
Debt service	2,300	2,285	15	2,286
Total Fire Department	44,500	50,279	(5,779)	46,414
Total Public Safety	3,628,000	3,589,848	38,152	3,594,860
TRANSPORTATION:				
Roads and Streets:				
Personal services	245,900	225,692	20,208	233,077
Operating expenses	276,400	267,207	9,193	204,880
Capital outlay	15,000	9,940	5,060	89,865
Total Transportation	537,300	502,839	34,461	527,822
HUMAN SERVICES:				
Animal Control:				
Personal services	...	...	...	43,207
Operating expenses	...	...	...	7,650
Total Human Services	...	...	...	50,857

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

	BUDGET	2011 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2010 ACTUAL
CULTURE AND RECREATION:				
Parks and Recreation:				
Personal services	237,000	217,926	19,074	229,911
Operating expenses	104,300	112,740	(8,440)	98,311
Capital outlay	510,900	34,611	476,289	56,716
Debt service	2,300	4,585	(2,285)	2,285
Total Culture and Recreation	854,500	369,862	484,638	387,223
Total Expenditures	$ 6,620,300	$ 5,849,080	$ 771,220	$ 5,518,742
OTHER FINANCING SOURCES (USES):				
Transfer to CRA Fund	$ (213,000)	$ (212,945)	$ 55	$ (282,030)
Transfer to Water & Sewer Fund\	(875,200)	(127,178)	748,022	(135,645)
Total Other Financing Uses	$ (1,088,200)	$ (340,123)	$ 748,077	$ (417,675)

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, 2011

	BUDGET	2011 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:			
Ad Valorem taxes	$ 220,000	$ 218,486	$ (1,514)
Miscellaneous Revenues			
Contributions	3,000	5,650	2,650
Miscellaneous	...	85	...
Total Revenues	223,000	224,221	1,136
Expenditures:			
Personnel services	61,700	61,781	(81)
Operating expenses	226,000	149,932	76,068
Capital outlay	1,548,500	159,500	1,389,000
Debt service	243,700	1,059,539	(815,839)
Total Expenditures	2,079,900	1,430,752	649,148
Excess of Revenues Over (Under) Expenditures	(1,856,900)	(1,206,531)	650,369
Other Financing Sources			
Transfer from general fund	213,000	212,945	(55)
Proceeds from debt issuance	1,000,000	850,000	(150,000)
Total Other Financing Sources	1,213,000	1,062,945	(150,055)
Fund Balance - Beginning of Year	544,564	544,564	...
Fund Balance - End of Year	$ (99,336)	$ 400,978	$ 500,314

OTHER REPORTS

CLERMONT OFFICE
Jerry D. Brown, C.P.A.

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

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Allan L. Silbernagel, C.P.A.
Gabriel P. Burroughs, C.P.A.

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

The Honorable Mayor and City Council
City of Groveland, Florida

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Groveland, Florida as of and for the year ended September 30, 2011, which collectively comprise the City of Groveland, Florida's basic financial statements and have issued our report thereon dated May 17, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of

control deficiencies, that adversely affects the City of Groveland, Florida's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting
principles such that there is more than a remote likelihood that a misstatement of the City of Groveland, Florida's financial statements that is more than inconsequential will not be prevented or detected by the City of Groveland, Florida's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Groveland, Florida's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of 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**.

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

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

Mount Dora, Florida
May 17, 2012

CLERMONT OFFICE
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Suzanne M. Brownlee, C.P.A.

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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, 2011, and have issued our report thereon dated May 17, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Compliance and Internal Control over Financial Reporting. Disclosures in those reports and schedule, which are dated 1, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, this letter is required to include the following information.

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. No recommendations were made in the preceding annual financial 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, accounting procedures, and internal controls. In connection with our audit, we did not have any such recommendations.

MEMBER: FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS & AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuses that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, requires, based upon professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that comes to the attention of, the auditor.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless, disclosed in the notes to the financial statements. The City of Groveland was established by Special Acts of 1923 of the State of Florida, Chapter 9764. The City had no component units.

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

Section 10.554(1)(i)7c., and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.

This management letter is intended solely for the information of City of Groveland and management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

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

Mount Dora, Florida - May 17, 2012