



# *City of Umatilla, Florida*



## *Comprehensive Annual Financial Report*

*For the Year Ended September 30, 2017*



#### COVER NOTES

Hurricanes are not a pleasant experience for Floridians, or anyone else. This cover illustrates how Hurricane Irma impacted Umatilla, including parks, businesses and homes.

The cover pictures include the roof ripped off and other damage to The Umatilla Inn, built in 1926 (top left), an old oak tree uprooted at a local park (middle right), and destruction at Olde Mill Stream, a local lakefront RV park (bottom left). This is just some of the damage caused by this enormous storm.

# City of Umatilla, Florida

## Comprehensive Annual Financial Report

For the Year Ended September 30, 2017



Prepared By  
Finance



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CITY OF UMATILLA, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2017

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## INTRODUCTORY SECTION



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# CITY OF UMATILLA

*"NATURE'S HOMETOWN"*

May 25, 2018

To the Honorable Mayor and Members of the City Council  
City of Umatilla, Florida

The Comprehensive Annual Financial Report for the City of Umatilla, Florida, for the fiscal year ended September 30, 2017 is hereby submitted pursuant to Florida Statutes Chapter 166.241(4) and Chapter 10.500 of the Rules of the Auditor General of the State of Florida. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the data presented are accurate in all material aspects; the information is presented in a manner designed to fairly set forth the financial position and results of operation of the City as measured by the financial activity of its various funds; and includes all disclosures necessary to enable the reader to gain a maximum understanding of the City's financial affairs.

## **Government Structure**

The City of Umatilla is operated under Council-City Manager form of government.

The City Council is responsible, among other things, for enacting ordinances, and adopting the budget. In addition, the City Council has the duty of contracting with the City Attorney and the City's Independent Auditor. The City Manager, an appointed official, is responsible for carrying out the policies of the Council overseeing the day-to-day operations and appointing department heads.

## **The City**

The City of Umatilla, incorporated in 1904, is located in central Florida. The City has a population of 3,908. The City's property tax millage rate is 7.298. The City is continuing a rebirth of its downtown core area with many infrastructure and redevelopment projects completed or underway. The population has remained relatively stable with a 4% increase over the prior year.

## **Discussion on Operations of the Enterprise Funds**

The Water and Sewer departments serve over 1,600 customers, providing water, sewer and irrigation. The City undertook a Rate Study for the Water and Wastewater Enterprise Fund in order to provide for future planning and funding necessary to properly maintain the System Infrastructure, improve the quality of the operation and provide for future needs. As a result of this study a new rate system was adopted and implemented during the last quarter of fiscal year 2014 with an ordinance providing for rate increases effective October 1<sup>st</sup> of 2015, 2016, and 2017 with increases based upon CPI adjustments in years 2018 and forward. This was a major rate change in the way the City bills for utility services. Each unit attached to the water and sewer system is required to pay a base fee even when the unit is not utilizing service.

Part of the reason that people live in this community is our ability to provide water and sewer services. As such, every property owner is obligated to help absorb the fixed costs associated with this portion of the infrastructure, even when consumptive services are not being provided. Therefore, a "Service Availability Fee" was established. The balance is a variable charge based on consumption.

Also, the City was extremely fortunate to have received Legislative Appropriations for Water System Capital Improvements. Approximately \$4 million was appropriated by the State to replace aging cast iron/galvanized water mains. This project completed construction during the 2017 fiscal year. Another \$1,077,055 was appropriated for Water Plant upgrades which totaled \$1,579,192 with the balance of the project being funded by water reserves.

During this fiscal year, operating revenues increased by 6.3% or \$82,595. Water and Sewer fund operating expenditures increased \$70,783 or 7.2%, exclusive of depreciation and debt service. The Sanitation Fund operating revenues increased slightly by \$3,171 or 0.5%. Airport Fund operating revenues were down by \$3,425, or 4.1%. Stormwater operating revenues remained relatively stable with a nominal increase of \$771 over the previous year.

### **Local Economic Condition & Outlook**

The City is still experiencing recovery from the effects from the national economic slowdown, with several new major constructions projects contributing to an improved outlook - the most significant of which was Lakeview Terrace which comprises 60.15 acres. Lakeview Terrace is a gated community which offers both independent and assisted living for senior citizens. It has undertaken a major renovation and construction project, increasing the population of the facilities significantly as well as adding value to the property tax base. Construction started during FY 2013, financed by a private (conduit) bond issue. Improvements and additions continued during FY 2016 and into FY 2017.

### **Major Initiatives**

The Community Redevelopment Agency (CRA) has continued participating in visible improvements and commercial redevelopment in the downtown core area of the City. These improvements were direct result of the CRA grant process functioning at its best. An increase in taxable values of these properties is anticipated to continue over the next few years. During fiscal year 2017, the City was able to do median improvements, landscaping and irrigation, moving the skatepark, installation of chainsaw tree carvings and construction of a bandshell/pavilion at Cadwell Park.

The One-Cent Discretionary Infrastructure Surtax has been in place since 2002 and in 2017 the voters of Lake County extended the tax for another 15 year term. This funding source continues to provide for infrastructure and capital project needs. Among other projects, the City has utilized these revenues for street improvements, water and sewer system improvements, public safety equipment, and for parks and recreation improvements and equipment.

During fiscal year 2017 the City did some upgrades to computers, servers, the network and firewall. Renovations and upgrades to the City's Police Department were done using surtax revenues as well as improvements to both Larkin Park and Cadwell Park. One vehicle and additional public works equipment was purchased and we also continued our street resurfacing and sidewalk paving program.

## **Long-term Financial Planning**

As part of the annual budget process, the City prepares a comprehensive capital budget for the next fiscal year and Capital Improvement Program for the following five fiscal years. Included in that process is a determination of the impact on future operating costs and a determination as to the appropriate funding mechanism for needed capital.

## **Accounting and Administrative Controls**

In designing the City's accounting system consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

1. The safeguarding of assets against loss from unauthorized use or disposition; and
2. The reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

1. The cost of the control should not exceed the benefits likely to be derived; and
2. The evaluation of costs and benefits requires estimates and judgments of management.

We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City of Umatilla maintains budgetary controls to ensure compliance with legal provisions contained in the annual appropriated budget approved by the City Council. Annual budgets are legally adopted for activities of the General Fund, the Discretionary Surtax Fund, the Community Redevelopment Fund (CRA), the Water and Sewer Enterprise Fund, the Sanitation Enterprise Fund, the Stormwater Enterprise Fund and the Airport Enterprise Fund, as well as non-major funds. Budgets are controlled at the department level by the City Manager who is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the net revenues, reserves, or expenditures of any department or fund must be approved by a majority vote of the City Council. The City Manager may amend the budget administratively to provide for grants awarded and insurance recoveries which result in no net change in revenues and expenditures.

## **Cash Management**

Cash is invested in either money-market accounts or in certificates of deposit which are insured by Federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool. The criteria used for placement of the City's funds include:

1. Minimize risk to the invested capital.
2. Maintain reasonable liquidity.
3. Maximize return.

## **Risk Management**

The City of Umatilla participates in the Public Risk Management of Florida pools for property, auto, general and professional liability and workers compensation as well as the PRM Group Health Trust to provide health and life insurance to employees.

## **Financial Reporting Standards**

Florida Statutes require that an annual financial audit be performed by an independent certified public accountant. This year the audit was performed by McDermitt Davis & Company, LLC, Certified Public Accountants. The audit process includes a thorough examination of the records of the Finance department, independent verification of transactions, review of bank statements and other original documents, and analysis of account balances and activities.

In addition to the detailed audit performed by an independent auditor, the City submits the completed CAFR to the Government Finance Officers Association of the United States and Canada (GFOA) as part of their awards program.

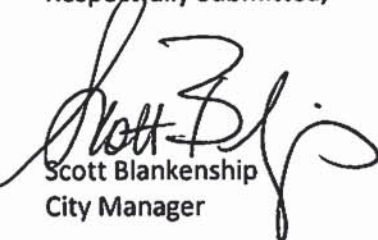
The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended September 30, 2016. This was the fifth year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement program's requirements and we will be submitting it to the GFOA to determine its eligibility for another certificate.

## **Acknowledgement**

This report represents numerous hours of preparation and is made possible by the dedicated efforts of the City Manager and Finance Department. I would like to express my appreciation to all staff members who contribute to and maintain the records upon which this report is based. I also thank the Mayor, and Council Members, and the City Clerk for their interest and support in planning and conducting the operations of the City in a responsible and progressive manner.

Respectfully Submitted,



Scott Blankenship  
City Manager





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Umatilla  
Florida**

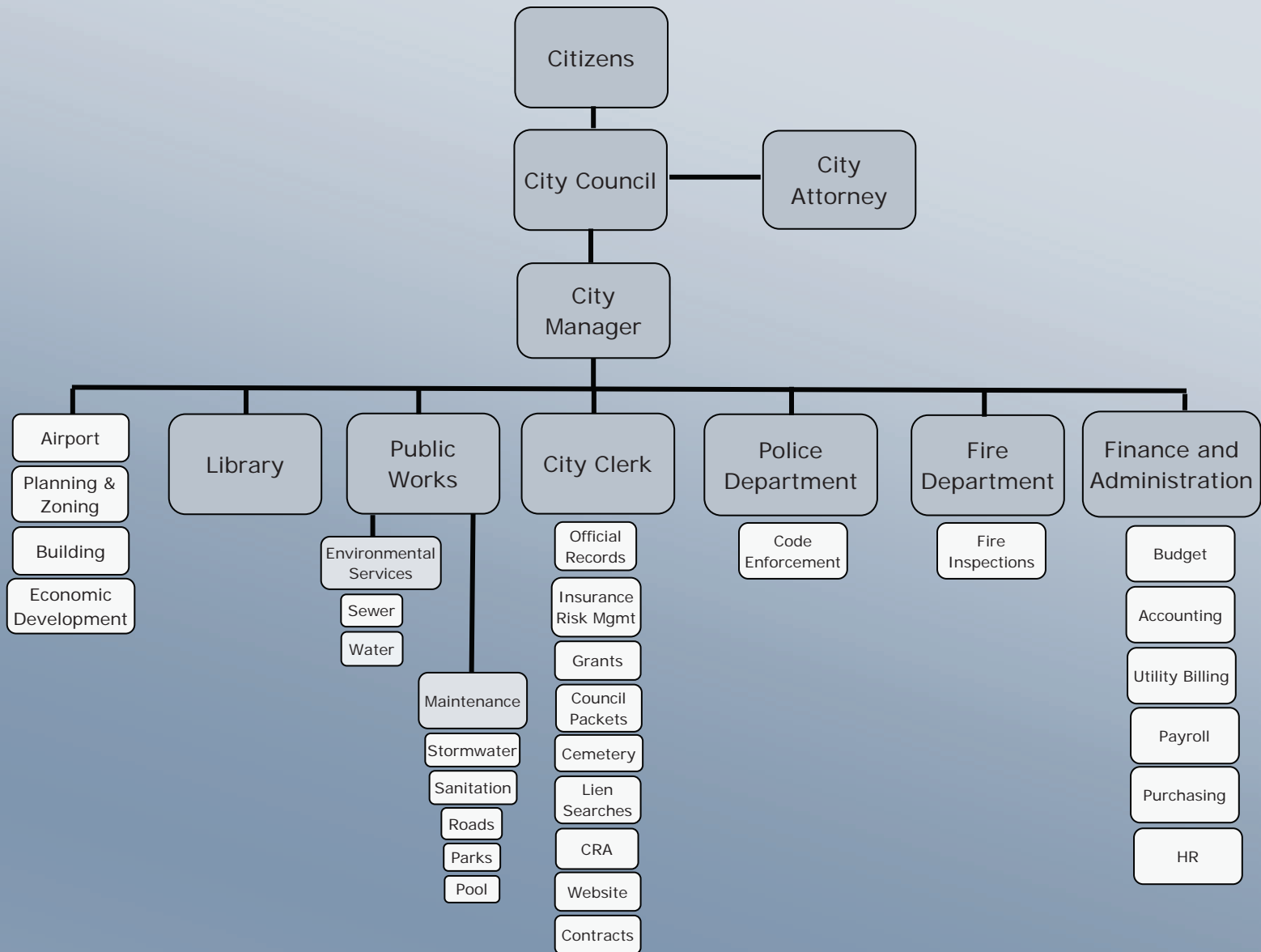
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2016**

*Christopher P. Morrell*

Executive Director/CEO

# Organization Chart





**CITY OF UMATILLA, FLORIDA**  
**CITY COUNCIL AND OFFICIALS**  
**SEPTEMBER 30, 2017**

Mayor.....	Mary Johnson
City Council Seat #1.....	Brian Butler
City Council Seat #2.....	Laura Wright
City Council Seat #3.....	Eric Olson
City Council Seat #4.....	H. Scott Purvis
City Council Seat #5.....	Katherine Adams
City Manager.....	Scott Blankenship
City Attorney.....	Kevin Stone
City Clerk.....	Karen Howard, CMC
Finance Director.....	Regina Frazier, CGFO, CPM



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## **FINANCIAL SECTION**



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**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members of the City Council  
*City of Umatilla, Florida*

**Report on the Financial Statements**

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 Umatilla, Florida (the City)*, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, community redevelopment agency fund and discretionary tax special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**MCDIRMIT DAVIS & COMPANY, LLC**

934 North Magnolia Avenue, Suite 100 Orlando, Florida 32803  
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America, require that the management's discussion and analysis and the pension disclosures on pages 3 through 12 and 65 through 69, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of state financial assistance (the Schedule) is presented for purposes of additional analysis as required by Chapter 10.550, *Rules of the Auditor General*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules of budgetary comparison information and the Schedule are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated May 9, 2018 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result 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.

*McDiernit Davis & Company, LLC*

Orlando, Florida  
May 9, 2018

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Umatilla, we offer readers of the City of Umatilla's financial statements this narrative overview and analysis of the financial activities of the City of Umatilla for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through iii of this report.

### Financial Highlights

- The assets and deferred outflows of the City of Umatilla exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$24,824,665 (net position). Of this amount, \$17,861 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$3,882,003 or 19%.
- As of the close of the current fiscal year, the City of Umatilla's governmental funds reported combined ending fund balances of \$1,091,634. Approximately 36% of this total amount, \$395,917, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$395,917, or 13% of total general fund expenditures.
- The City of Umatilla's total debt increased by \$93,894 (18%) during the current fiscal year. All required debt service payments were made.

### Overview of the Financial Statements

The financial statements focus on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government) and enhance the City's accountability.

This discussion and analysis are intended to serve as an introduction to the City of Umatilla's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Umatilla's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City of Umatilla's assets, liabilities, deferred inflows, and deferred outflows with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Umatilla is improving or declining.

The *Statement of Activities* presents information showing how the government's net position changed during the fiscal year. All changes in net position 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 fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Overview of the Financial Statements (Continued)

#### **Government-wide financial statements. (Continued)**

Both of the government-wide financial statements distinguish functions of the City of Umatilla that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Umatilla include general government, public safety, physical environment, transportation (which includes roads and street maintenance), culture and recreation and economic environment. The business-type activities of the City of Umatilla include enterprise funds to account for water and sewer utility services, sanitation services, airport activities, and stormwater utility.

The government-wide financial statements include only the City of Umatilla itself (known as the *primary government*) and one blended component unit (The City of Umatilla Community Redevelopment Fund). The Water and Sewer Utility, the Sanitation Utility, the Stormwater Utility, and Airport function as departments of the City of Umatilla, and therefore, have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 13-14 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 of Umatilla, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Umatilla can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements 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. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Umatilla maintains five individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Discretionary Surtax Fund, and the Community Redevelopment Fund. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Overview of the Financial Statements (Continued)

#### **Governmental Funds. (Continued)**

The City of Umatilla adopts an annual appropriated budget for all governmental funds. Budgetary comparison statements have been provided for those funds to demonstrate budgetary compliance. Budgetary comparison statements have been provided for the General Fund, Discretionary Tax Fund, and Community Redevelopment Agency to demonstrate compliance with this budget on pages 18-20. Budgetary comparison schedules for the nonmajor funds are presented on pages 72-73.

The basic governmental fund financial statements can be found on pages 15-17 of this report.

**Proprietary funds.** The City of Umatilla maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Umatilla uses enterprise funds to account for the Water and Sewer Utility, Sanitation Utility, Stormwater Utility and Airport activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Utility, Sanitation Fund, Stormwater Utility, and Airport activities.

The basic proprietary fund financial statements can be found on pages 21-25 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Umatilla's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 26-27 of this report.

**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 on pages 28-64 of this report.

**Required Supplementary Information (RSI).** RSI can be found on pages 65-69 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the Notes to Financial Statements. Combining and individual fund statements and schedules can be found on pages 70-73 of this report.

### Government-wide Financial Analysis

**Statement of Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Umatilla, assets exceeded liabilities by \$24,824,665 at the close of the most recent fiscal year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Government-wide Financial Analysis (Continued)

**Statement of Net Position (Continued).** Of the City of Umatilla's net position \$24,156,071 (or 97.3%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related outstanding debt used to acquire those assets. The City of Umatilla uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Umatilla's investment in its 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. Net position that is subject to external restrictions as to how it may be used totals \$650,733 (2.6%). The remaining balance of *unrestricted net position* (\$17,861 or 0.1%) may be used to meet the government's ongoing obligations to citizens and creditors.

At September 30, 2017, the City of Umatilla is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. This was also the case at the close of the prior fiscal year.

The following table reflects the condensed *Statement of Net Position* for the current and prior year. For more detail see the *Statement of Net Position* on page 13.

City of Umatilla Statement of Net Position As of September 30						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
<b>Assets:</b>						
Current and other assets	\$ 1,766,560	\$ 1,778,389	\$ 1,935,681	\$ 2,038,072	\$ 3,702,241	\$ 3,816,461
Capital assets	3,610,171	3,578,888	19,581,370	15,691,194	23,191,541	19,270,082
Total assets	5,376,731	5,357,277	21,517,051	17,729,266	26,893,782	23,086,543
<b>Deferred Outflows of Resources</b>	443,975	385,286	74,195	64,742	518,170	450,028
<b>Liabilities:</b>						
Current liabilities	145,975	122,943	275,500	584,687	421,475	707,630
Long term liabilities	1,165,681	1,140,119	852,198	691,708	2,017,879	1,831,827
Total liabilities	1,311,656	1,263,062	1,127,698	1,276,395	2,439,354	2,539,457
<b>Deferred Inflows of Resources</b>	131,380	45,183	16,553	9,269	147,933	54,452
<b>Net Position:</b>						
Net investment in capital assets	3,547,466	3,503,133	20,608,605	15,215,811	24,156,071	18,718,944
Restricted	345,319	301,405	305,414	203,480	650,733	504,885
Unrestricted	484,885	629,780	(467,024)	1,089,053	17,861	1,718,833
Total net position	<u>\$ 4,377,670</u>	<u>\$ 4,434,318</u>	<u>\$ 20,446,995</u>	<u>\$ 16,508,344</u>	<u>\$ 24,824,665</u>	<u>\$ 20,942,662</u>

**Statement of Activities.** The following table reflects the condensed *Statement of Activities* for the current and prior year. For more detailed information see the *Statement of Activities* on page 14. Note that the government's total net position increased by \$3,882,003 or 18.5% in fiscal year 2017. The previous fiscal year, 2016, net position increased by \$1,788,920.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

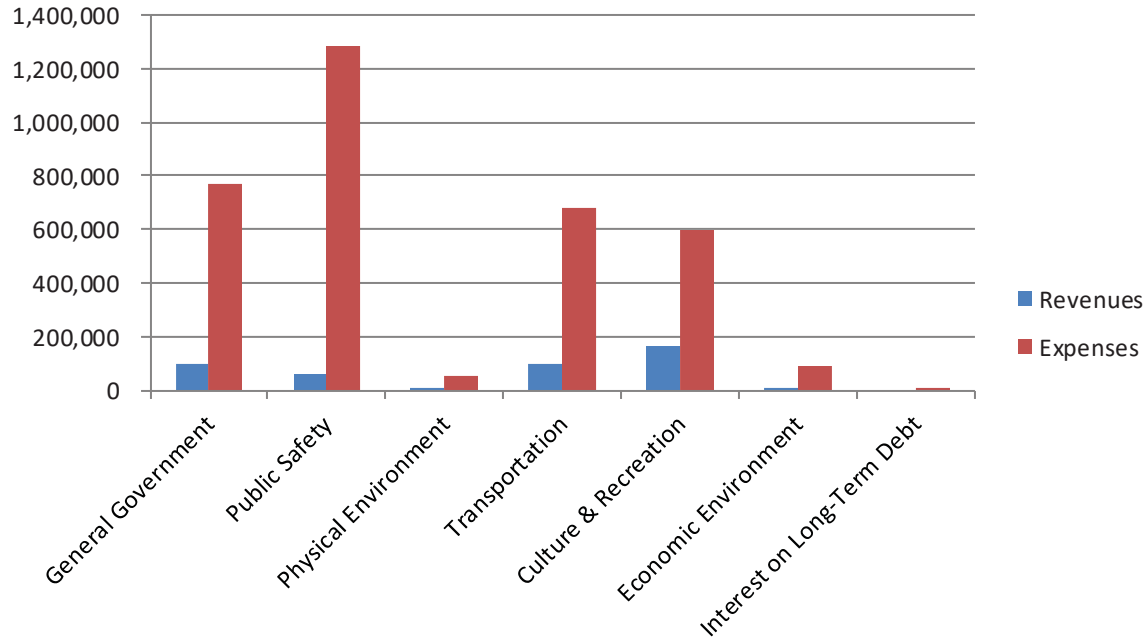
### Government-wide Financial Analysis (Continued)

**Statement of Activities (Continued)** Governmental activities decreased by \$56,648 in fiscal year 2017 compared to an increase of \$113,374 in 2016. Revenues increased by \$104,221 from the previous year and total expenses increased by \$194,243. Charges for services decreased by \$5,007. On the expense side, transportation and public safety expenses increased \$178,669. Business-type activities increased net position by \$3,938,651 in fiscal year 2017 compared to an increase of \$1,675,546 in 2016. This is primarily a result of an increase in grants received from outside agencies.

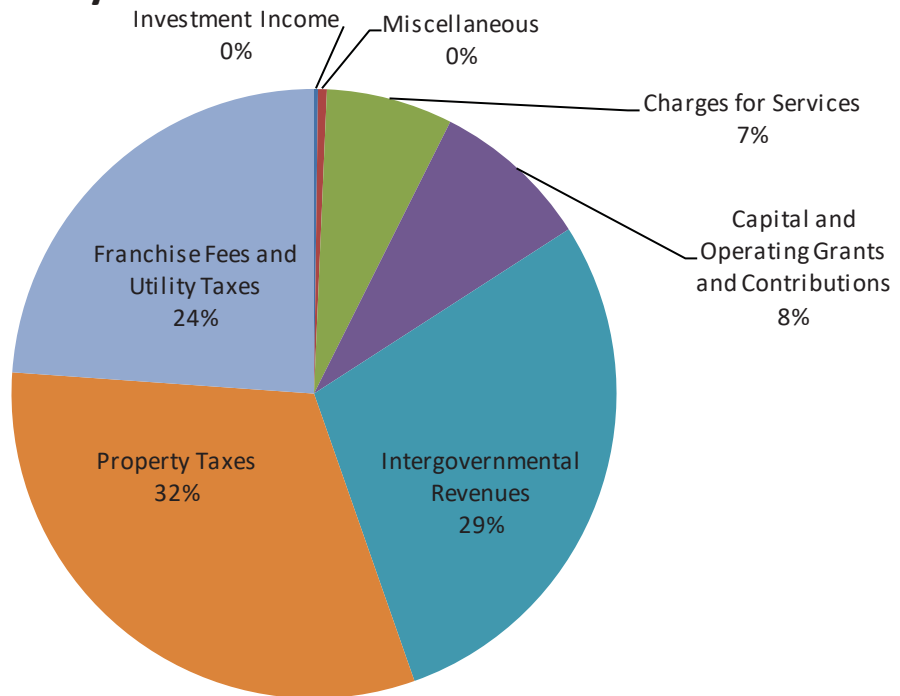
City of Umatilla Changes in Net Position For the Year Ended September 30						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
<b>Program Revenues:</b>						
Charges for services	196,927	\$ 201,934	\$ 2,232,270	\$ 2,154,146	\$ 2,429,197	\$ 2,356,080
Operating grants and contributions	243,937	242,969	-	-	243,937	242,969
Capital grants and contributions	3,530	4,164	4,089,333	1,853,449	4,092,863	1,857,613
<b>General Revenues:</b>						
Property taxes	918,170	906,859	-	-	918,170	906,859
Utility taxes and franchise fees	695,947	707,492	-	-	695,947	707,492
Intergovernmental- unrestricted	835,531	727,568	-	-	835,531	727,568
Unrestricted investment earnings	6,108	11,756	402	403	6,510	12,159
Miscellaneous	13,748	6,935	-	-	13,748	6,935
Total revenues	<u>2,913,898</u>	<u>2,809,677</u>	<u>6,322,005</u>	<u>4,007,998</u>	<u>9,235,903</u>	<u>6,817,675</u>
<b>Expenses:</b>						
General government	767,664	764,931	-	-	767,664	764,931
Public safety	1,281,196	1,160,901	-	-	1,281,196	1,160,901
Physical environment	52,626	53,898	-	-	52,626	53,898
Transportation	681,336	622,962	-	-	681,336	622,962
Culture and recreation	597,212	611,094	-	-	597,212	611,094
Economic Environment	89,457	56,026	-	-	89,457	56,026
Interest on long-term debt	1,055	6,491	-	-	1,055	6,491
Water and sewer	-	-	1,048,099	978,641	1,048,099	978,641
Sanitation	-	-	384,668	365,137	384,668	365,137
Airport	-	-	320,499	319,492	320,499	319,492
Stormwater	-	-	130,088	89,182	130,088	89,182
Total expenses	<u>3,470,546</u>	<u>3,276,303</u>	<u>1,883,354</u>	<u>1,752,452</u>	<u>5,353,900</u>	<u>5,028,755</u>
Increase (Decrease) in Net Position Before Transfers	(556,648)	(466,626)	4,438,651	2,255,546	3,882,003	1,788,920
Transfers	<u>500,000</u>	<u>580,000</u>	<u>(500,000)</u>	<u>(580,000)</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	(56,648)	113,374	3,938,651	1,675,546	3,882,003	1,788,920
Net Position - October 1	<u>4,434,318</u>	<u>4,320,944</u>	<u>16,508,344</u>	<u>14,832,798</u>	<u>20,942,662</u>	<u>19,153,742</u>
Net Position - September 30	<u>\$ 4,377,670</u>	<u>\$ 4,434,318</u>	<u>\$ 20,446,995</u>	<u>\$ 16,508,344</u>	<u>\$ 24,824,665</u>	<u>\$ 20,942,662</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Expenses and Program Revenues - Governmental Activities

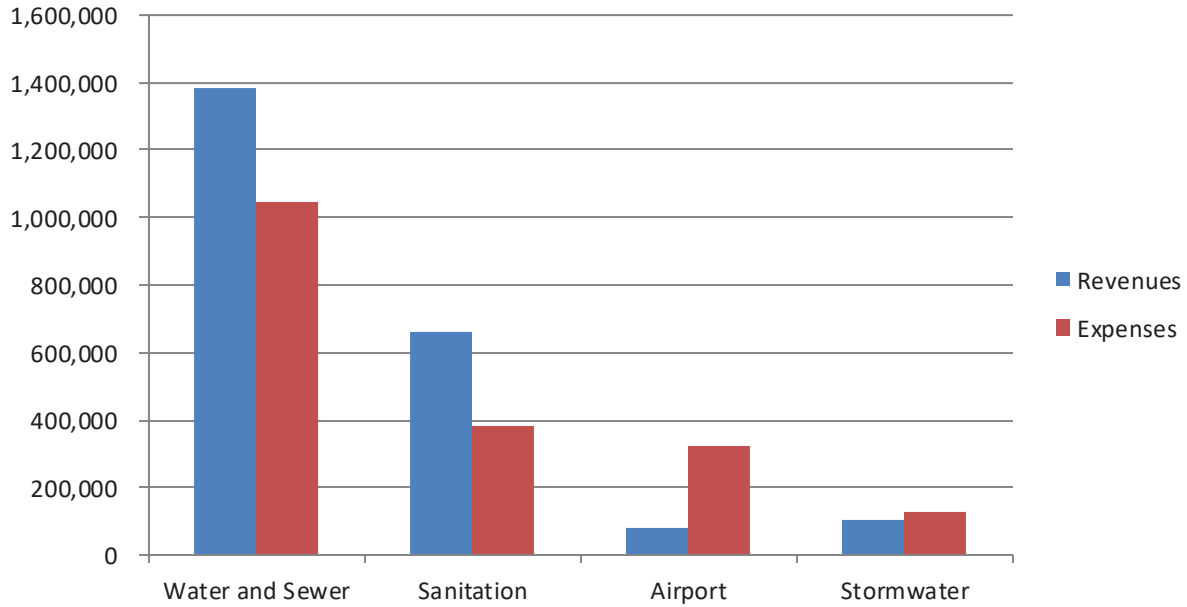


### Revenues by Source - Governmental Activities

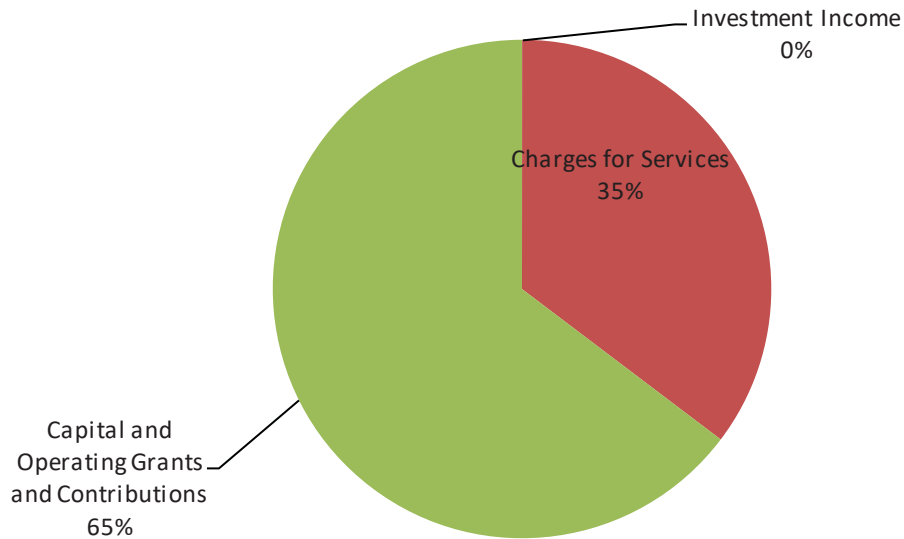


## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Operating Revenues and Expenses - Business-Type Activities



### Revenues by Source - Business-Type Activities



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### 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 of Umatilla'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 of Umatilla's financing requirements. In particular, *unassigned 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 September 30, 2017, the City of Umatilla's governmental funds reported combined ending fund balances of \$1,091,634, a decrease of \$74,010 from the prior year. Approximately 36% or \$395,917 of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted, committed, or assigned to indicate that it is not available for new spending because it has already been committed for such purposes as debt service, capital projects, community redevelopment, public safety, inventories, prepaid costs, and subsequent year's expenditures.

The general fund is the chief operating fund of the City of Umatilla. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$395,917, while total fund balance was \$746,315. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance represent 13% and 25%, respectively, of total General Fund expenditures. General fund revenues increased \$26,467 over previous year and expenses increased \$41,026, a combined decrease of \$14,559 over 2016. Including transfers in from enterprise funds, general fund balance decreased \$117,924.

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

Unrestricted net position of the Water and Sewer Utility Fund at the end of the year amounted to \$294,398 and total net position increased \$4,135,815. Operating revenue increased by \$82,595 or 6.3%, and operating expenses increased by \$70,783 for a net operating result improvement of \$11,812 and net operating income of \$337,337. That increase was further improved by impact fees of \$120,118 and grant revenue of \$3,877,958, which is the primary reason that the Water and Sewer Fund had an increase in net position of \$4,135,815.

Unrestricted net position of the Sanitation Fund at the end of the year amounted to \$89,393 and total net position decreased \$21,434. An operating result of \$278,566 was offset by a transfer to the general fund of \$300,000.

Unrestricted net position of the Airport Fund at the end of the year amounted to \$189,108 and total net position decreased by \$184,103 which is a decrease from the 2016 result, primarily due to higher grant revenues in 2016.

Unrestricted net position of the Stormwater Fund at the end of the year amounted to \$661,707 and total net position increased \$8,373, of which \$35,000 came from grant revenues. Stormwater fees are collected for the purpose of maintenance and improvement of drainage structures as funds become available.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### General Fund Budgetary Highlights

During the year revenues were more than budgetary estimates by \$68,937, primarily due to higher than expected collections of intergovernmental revenues (\$66,833). Expenditures were less than budgetary estimates by \$215,372 as a result of conservative spending by all departments.

The original General Fund appropriations increased \$5,858 mostly for public safety due to increased inspections relating to permits.

The comparison of budgeted results to actual results for the General Fund is shown on page 18.

### Capital Asset and Debt Administration

**Capital assets.** The City of Umatilla's investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounts to \$23,191,541 (net of accumulated depreciation), for an increase of \$3,921,459 from the prior year. This investment in capital assets includes land, buildings, water system, infrastructure, improvements and equipment. The total increase in the City of Umatilla's investment in capital assets for the current fiscal year was 20.35% (a .87% increase for governmental activities, and a 24.79% increase for business-type activities).

Major capital asset events included the following:

- Water plant upgrades.
- Sewer line rehabilitation.

Additional information on the City of Umatilla's capital assets can be found in Note 6 on pages 43-44 of this report.

**City of Umatilla**  
**Capital Assets (Net of Depreciation)**  
**As of September 30**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Land	\$ 494,347	\$ 494,347	\$ 1,029,452	\$ 1,029,452	\$ 1,523,799	\$ 1,523,799
Buildings	1,711,054	1,681,868	2,708,193	1,185,357	4,419,247	2,867,225
Improvements/Infrastructure	1,060,472	921,990	15,336,585	11,768,875	16,397,057	12,690,865
Machinery and Equipment	344,298	480,683	147,170	187,489	491,468	668,172
Construction in Progress	-	-	359,970	1,520,021	359,970	1,520,021
Total	<u>\$ 3,610,171</u>	<u>\$ 3,578,888</u>	<u>\$ 19,581,370</u>	<u>\$ 15,691,194</u>	<u>\$ 23,191,541</u>	<u>\$ 19,270,082</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Capital Asset and Debt Administration (Continued)

**Long-term debt.** At September 30, 2017, the City of Umatilla had total debt outstanding of \$649,901, an increase of \$98,763 from \$551,138 at September 30, 2016.

There are no limitations placed on the amount of debt the City may issue either by the City's charter, code of ordinances or by the Florida State Statutes.

Additional information on the City of Umatilla's long-term debt can be found in Notes 7 and 8 on pages 45-47 of this report.

#### City of Umatilla Long Term Debt As of September 30

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
SRF Note Payable	\$ -	\$ -	\$ 627,051	\$ 475,383	\$ 627,051	\$ 475,383
Capital Improvement Revenue Note, Series 2014	22,850	65,711	-	-	22,850	65,711
Capital Leases	-	10,044	-	-	-	10,044
Total	<u>\$ 22,850</u>	<u>\$ 75,755</u>	<u>\$ 627,051</u>	<u>\$ 475,383</u>	<u>\$ 649,901</u>	<u>\$ 551,138</u>

### Requests for Information

This financial report is designed to provide a general overview of the City of Umatilla's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Post Office Box 2286, Umatilla, Florida, 32784.



## **BASIC FINANCIAL STATEMENTS**



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CITY OF UMATILLA, FLORIDA

**STATEMENT OF NET POSITION**

September 30, 2017

	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 989,938	\$ 930,083	\$ 1,920,021
Investments	102,134	-	102,134
Receivables, net	56,130	272,315	328,445
Inventories	391	-	391
Due From Other Governments	88,397	29,226	117,623
Prepaid Costs	619	-	619
Restricted Assets:			
Cash and cash equivalents	-	299,634	299,634
Investments	-	404,423	404,423
Net Pension Asset	528,951	-	528,951
Capital Assets Not Being Depreciated	494,347	1,389,422	1,883,769
Capital Assets, Net of Accumulated Depreciation	3,115,824	18,191,948	21,307,772
Total Capital Assets	<u>3,610,171</u>	<u>19,581,370</u>	<u>23,191,541</u>
Total Assets	<u>5,376,731</u>	<u>21,517,051</u>	<u>26,893,782</u>
<b>Deferred Outflows of Resources:</b>			
Deferred Outflows of Pension Earnings	<u>443,975</u>	<u>74,195</u>	<u>518,170</u>
<b>Liabilities:</b>			
Accounts Payable	78,667	71,283	149,950
Accrued Liabilities	58,279	785	59,064
Accrued Interest Payable	-	1,460	1,460
Due To Other Governments	3,041	-	3,041
Unearned Revenue	5,138	6,875	12,013
Customer Deposits Payable	850	195,097	195,947
Noncurrent Liabilities:			
Due within one year	43,430	33,358	76,788
Due in more than one year	1,122,251	818,840	1,941,091
Total liabilities	<u>1,311,656</u>	<u>1,127,698</u>	<u>2,439,354</u>
<b>Deferred Inflows of Resources:</b>			
Deferred Inflows of Pension Earnings	<u>131,380</u>	<u>16,553</u>	<u>147,933</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	3,547,466	20,608,605	24,156,071
Restricted for:			
Community redevelopment	244,660	-	244,660
Public safety	19,755	-	19,755
Capital projects	80,904	305,414	386,318
Unrestricted	484,885	(467,024)	17,861
Total net position	<u>\$ 4,377,670</u>	<u>\$ 20,446,995</u>	<u>\$ 24,824,665</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF UMATILLA, FLORIDA

**STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2017

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 767,664	\$ 101,173	\$ -	\$ -	\$ (666,491)	\$ -	\$ (666,491)
Public safety	1,281,196	27,481	28,623	3,530	(1,221,562)	-	(1,221,562)
Physical environment	52,626	12,100	-	-	(40,526)	-	(40,526)
Transportation	681,336	15,178	86,084	-	(580,074)	-	(580,074)
Culture and recreation	597,212	33,290	129,230	-	(434,692)	-	(434,692)
Economic environment	89,457	7,705	-	-	(81,752)	-	(81,752)
Interest on long-term debt	1,055	-	-	-	(1,055)	-	(1,055)
Total governmental activities	3,470,546	196,927	243,937	3,530	(3,026,152)	-	(3,026,152)
Business-type activities							
Water and sewer	1,048,099	1,385,436	-	3,998,076	-	4,335,413	4,335,413
Sanitation	384,668	663,234	-	-	-	278,566	278,566
Airport	320,499	80,139	-	56,257	-	(184,103)	(184,103)
Stormwater	130,088	103,461	-	35,000	-	8,373	8,373
Total business-type activities	1,883,354	2,232,270	-	4,089,333	-	4,438,249	4,438,249
Total primary government	\$ 5,353,900	\$ 2,429,197	\$ 243,937	\$ 4,092,863	(3,026,152)	4,438,249	1,412,097
General Revenues:							
Property taxes					918,170	-	918,170
Franchise fees and utility taxes					695,947	-	695,947
Intergovernmental-unrestricted					835,531	-	835,531
Unrestricted investment earnings					6,108	402	6,510
Miscellaneous					13,748	-	13,748
Transfers					500,000	(500,000)	-
Total general revenues					2,969,504	(499,598)	2,469,906
Change in net position					(56,648)	3,938,651	3,882,003
Net Position - beginning					4,434,318	16,508,344	20,942,662
Net Position - ending					\$ 4,377,670	\$ 20,446,995	\$ 24,824,665

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF UMATILLA, FLORIDA

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

September 30, 2017

	General Fund	Discretionary Tax	Community Redevelopment Agency	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 676,242	\$ 46,231	\$ 247,710	\$ 19,755	\$ 989,938
Investments	102,134	-	-	-	102,134
Receivables, net	56,130	-	-	-	56,130
Inventories, at cost	391	-	-	-	391
Due from other governments	53,724	34,673	-	-	88,397
Prepaid costs	619	-	-	-	619
Total assets	<u>\$ 889,240</u>	<u>\$ 80,904</u>	<u>\$ 247,710</u>	<u>\$ 19,755</u>	<u>\$ 1,237,609</u>
<b>Liabilities and Fund Balances:</b>					
Accounts payable	\$ 75,617	\$ -	\$ 3,050	\$ -	\$ 78,667
Accrued liabilities	58,279	-	-	-	58,279
Due to other governments	3,041	-	-	-	3,041
Unearned revenue	5,138	-	-	-	5,138
Deposits	850	-	-	-	850
Total liabilities	<u>142,925</u>	<u>-</u>	<u>3,050</u>	<u>-</u>	<u>145,975</u>
<b>Fund Balances:</b>					
Nonspendable	1,010	-	-	-	1,010
Spendable:					
Restricted	-	80,904	244,660	19,755	345,319
Assigned	349,388	-	-	-	349,388
Unassigned	395,917	-	-	-	395,917
Total fund balances	<u>746,315</u>	<u>80,904</u>	<u>244,660</u>	<u>19,755</u>	<u>1,091,634</u>
Total liabilities and fund balances	<u>\$ 889,240</u>	<u>\$ 80,904</u>	<u>\$ 247,710</u>	<u>\$ 19,755</u>	

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	3,610,171
Net pension assets are not current financial resources and therefore are not reported in the funds.	528,951
Deferred inflows and outflows of resources related to pension earnings are not recognized in the governmental funds, however, they are recorded in net position under full accrual accounting.	312,595
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(1,165,681)
Net Position of Governmental Activities	<u>\$ 4,377,670</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

## CITY OF UMATILLA, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2017

	General Fund	Discretionary Tax	Community Redevelopment Agency	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes:					
Taxes and impact fees	\$ 1,550,290	\$ -	\$ 149,911	\$ -	\$ 1,700,201
Licenses and permits	101,173	-	-	-	101,173
Intergovernmental revenues	583,018	413,896	-	-	996,914
Charges for services	60,855	-	7,705	-	68,560
Fines and forfeitures	26,879	-	-	315	27,194
Investment income	5,232	876	-	-	6,108
Miscellaneous	13,748	-	-	-	13,748
Total revenues	<u>2,341,195</u>	<u>414,772</u>	<u>157,616</u>	<u>315</u>	<u>2,913,898</u>
<b>Expenditures:</b>					
Current:					
General government	708,801	50,464	-	-	759,265
Public safety	1,129,611	65,952	-	16,846	1,212,409
Physical environment	43,831	-	-	-	43,831
Transportation	550,177	154,569	-	-	704,746
Economic environment	-	-	95,651	-	95,651
Culture and recreation	526,699	91,310	-	-	618,009
Debt service:					
Principal	-	52,905	-	-	52,905
Interest and fiscal charges	-	1,092	-	-	1,092
Total expenditures	<u>2,959,119</u>	<u>416,292</u>	<u>95,651</u>	<u>16,846</u>	<u>3,487,908</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(617,924)</u>	<u>(1,520)</u>	<u>61,965</u>	<u>(16,531)</u>	<u>(574,010)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	500,000	-	-	-	500,000
Total Other Financing Sources (Uses)	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
Net Change in Fund Balances	(117,924)	(1,520)	61,965	(16,531)	(74,010)
Fund Balances - beginning	864,239	82,424	182,695	36,286	1,165,644
Fund Balances - ending	<u>\$ 746,315</u>	<u>\$ 80,904</u>	<u>\$ 244,660</u>	<u>\$ 19,755</u>	<u>\$ 1,091,634</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF UMATILLA, 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, 2017

Net Change in Fund Balances - Total Governmental Funds: \$ (74,010)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets 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. 31,283

Repayments of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 52,905

Governmental funds report cash contributions to pensions as expenditures because they consume current financial resources. The Statement of Activities reports the change in pension liability and related deferrals as pension expense. This is the amount of the difference between the two amounts. (58,089)

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. (8,737)

Change in net position of governmental activities \$ (56,648)

The accompanying Notes to Financial Statements are an integral part of these statements.

## CITY OF UMATILLA, FLORIDA

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended September 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and impact fees	\$ 1,555,103	\$ 1,555,103	\$ 1,550,290	\$ (4,813)
Licenses and permits	107,700	107,700	101,173	(6,527)
Intergovernmental revenues	484,024	487,562	554,395	66,833
Charges for services	52,750	55,070	60,855	5,785
Fines and forfeitures	13,200	13,200	26,879	13,679
Investment income	4,000	4,000	5,232	1,232
Miscellaneous	21,000	21,000	13,748	(7,252)
Total revenues	<u>2,237,777</u>	<u>2,243,635</u>	<u>2,312,572</u>	<u>68,937</u>
<b>Expenditures:</b>				
Current:				
General government	801,434	801,434	708,801	92,633
Public safety	1,149,694	1,155,552	1,100,988	54,564
Physical environment	45,009	45,009	43,831	1,178
Transportation	583,733	583,733	550,177	33,556
Culture and recreation	560,140	560,140	526,699	33,441
Total expenditures	<u>3,140,010</u>	<u>3,145,868</u>	<u>2,930,496</u>	<u>215,372</u>
Excess (deficiency) of revenues over expenditures	<u>(902,233)</u>	<u>(902,233)</u>	<u>(617,924)</u>	<u>284,309</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	500,000	500,000	500,000	-
Total other financing sources (uses)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Net Change in Fund Balance	(402,233)	(402,233)	(117,924)	284,309
Fund Balance - Beginning	864,239	864,239	864,239	-
Fund Balance - Ending	<u>\$ 462,006</u>	<u>\$ 462,006</u>	<u>\$ 746,315</u>	<u>\$ 284,309</u>

The accompanying Notes to Financial Statements are an integral part of these statements.



## CITY OF UMATILLA, FLORIDA

**DISCRETIONARY TAX SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended September 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental revenues	\$ 773,647	\$ 773,647	\$ 413,896	\$ (359,751)
Investment income	100	100	876	776
Total revenues	<u>773,747</u>	<u>773,747</u>	<u>414,772</u>	<u>(358,975)</u>
<b>Expenditures:</b>				
Current:				
General government	61,748	61,748	50,464	11,284
Public safety	80,000	80,000	65,952	14,048
Transportation	446,147	446,147	154,569	291,578
Culture and recreation	119,130	119,130	91,310	27,820
Debt Service:				
Principal	51,322	51,322	52,905	(1,583)
Interest	1,007	1,007	1,092	(85)
Total expenditures	<u>759,354</u>	<u>759,354</u>	<u>416,292</u>	<u>343,062</u>
Excess (deficiency) of revenues over expenditures	<u>14,393</u>	<u>14,393</u>	<u>(1,520)</u>	<u>(15,913)</u>
Net Change in Fund Balance	14,393	14,393	(1,520)	(15,913)
Fund Balance - Beginning	82,424	82,424	82,424	-
Fund Balance - Ending	<u>\$ 96,817</u>	<u>\$ 96,817</u>	<u>\$ 80,904</u>	<u>\$ (15,913)</u>

The accompanying Notes to Financial Statements are an integral part of these statements.



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## CITY OF UMATILLA, FLORIDA

**COMMUNITY REDEVELOPMENT AGENCY SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended September 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and impact fees	\$ 145,449	\$ 145,449	\$ 149,911	\$ 4,462
Charges for services	700	700	7,705	7,005
Total revenues	146,149	146,149	157,616	11,467
<b>Expenditures:</b>				
Current:				
Economic environment	207,370	207,370	95,651	111,719
Total expenditures	207,370	207,370	95,651	111,719
Excess (deficiency) of revenues over expenditures	(61,221)	(61,221)	61,965	123,186
Net Change in Fund Balance	(61,221)	(61,221)	61,965	123,186
Fund Balance - Beginning	182,695	182,695	182,695	-
Fund Balance - Ending	<u>\$ 121,474</u>	<u>\$ 121,474</u>	<u>\$ 244,660</u>	<u>\$ 123,186</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

## CITY OF UMATILLA, FLORIDA

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

September 30, 2017

	Enterprise Funds				
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Stormwater Fund	Total
<b>Assets:</b>					
Current assets:					
Cash and cash equivalents	\$ 438,434	\$ 73,181	\$ 45,266	\$ 373,202	\$ 930,083
Restricted cash	299,634	-	-	-	299,634
Restricted investments	404,423	-	-	-	404,423
Receivables, net	181,808	76,947	-	13,560	272,315
Due from other governments	-	-	29,226	-	29,226
Total current assets	1,324,299	150,128	74,492	386,762	1,935,681
Noncurrent assets:					
Capital assets:					
Land	522,849	-	506,603	-	1,029,452
Improvements	13,957,053	-	4,268,444	3,171,189	21,396,686
Buildings	3,578,160	-	1,602,755	-	5,180,915
Equipment	983,952	127,418	52,600	71,297	1,235,267
Construction in progress	98,163	-	98,962	162,845	359,970
Less: accumulated depreciation	(5,648,668)	(109,060)	(2,868,019)	(995,173)	(9,620,920)
Total capital assets (net of depreciation)	13,491,509	18,358	3,661,345	2,410,158	19,581,370
Total noncurrent assets	13,491,509	18,358	3,661,345	2,410,158	19,581,370
Total assets	14,815,808	168,486	3,735,837	2,796,920	21,517,051
<b>Deferred Outflows of Resources:</b>					
Deferred outflows of pension earnings	64,323	9,872	-	-	74,195

The accompanying Notes to Financial Statements are an integral part of these statements.

	Enterprise Funds				
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Stormwater Fund	Total
<b>Liabilities:</b>					
Current Liabilities:					
Accounts payable	34,115	28,398	7,008	-	69,521
Accrued liabilities	677	-	-	-	677
Unearned revenue	-	-	6,875	-	6,875
Customer deposits payable	186,441	1,870	8,548	-	196,859
Accrued interest payable	-	-	-	1,460	1,460
Compensated absences	3,136	169	-	-	3,305
Notes payable	-	-	-	30,053	30,053
Total current liabilities	<u>224,369</u>	<u>30,437</u>	<u>22,431</u>	<u>31,513</u>	<u>308,750</u>
Noncurrent liabilities:					
Compensated absences	28,225	1,630	-	-	29,855
Notes payable	-	-	-	596,998	596,998
Net pension liability	166,536	25,559	-	-	192,095
Total noncurrent liabilities	<u>194,761</u>	<u>27,189</u>	<u>-</u>	<u>596,998</u>	<u>818,948</u>
Total liabilities	<u>419,130</u>	<u>57,626</u>	<u>22,431</u>	<u>628,511</u>	<u>1,127,698</u>
<b>Deferred Inflows of Resources:</b>					
Deferred inflows of pension earnings	<u>14,351</u>	<u>2,202</u>	<u>-</u>	<u>-</u>	<u>16,553</u>
<b>Net Position:</b>					
Net investment in capital assets	13,846,838	29,137	3,902,514	2,830,116	20,608,605
Restricted for utility capital projects	305,414	-	-	-	305,414
Unrestricted	294,398	89,393	(189,108)	(661,707)	(467,024)
Total net position	<u>\$ 14,446,650</u>	<u>\$ 118,530</u>	<u>\$ 3,713,406</u>	<u>\$ 2,168,409</u>	<u>\$ 20,446,995</u>

The accompanying Notes to Financial Statements are an integral part of these statements.



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CITY OF UMATILLA, FLORIDA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND NET POSITION - PROPRIETARY FUNDS**

For the Year Ended September 30, 2017

	<b>Enterprise Funds</b>				
	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Airport Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
<b>Operating Revenues:</b>					
Charges for services	\$ 1,382,431	\$ 663,234	\$ 80,139	\$ 103,461	\$ 2,229,265
Miscellaneous operating revenues	3,005	-	-	-	3,005
Total operating revenues	<u>1,385,436</u>	<u>663,234</u>	<u>80,139</u>	<u>103,461</u>	<u>2,232,270</u>
<b>Operating Expenses:</b>					
Personal services	284,079	46,727	-	-	330,806
Contract services	108,267	322,133	13,259	15,821	459,480
Utilities	85,044	-	14,525	-	99,569
Insurance claims and expenses	58,906	-	18,950	-	77,856
Operating supplies	55,737	-	-	-	55,737
Depreciation and amortization	355,329	10,779	265,238	94,583	725,929
Other operating expenses	38,837	5,029	1,114	-	44,980
Repairs and maintenance	61,900	-	7,413	-	69,313
Total operating expenses	<u>1,048,099</u>	<u>384,668</u>	<u>320,499</u>	<u>110,404</u>	<u>1,863,670</u>
Operating income (loss)	<u>337,337</u>	<u>278,566</u>	<u>(240,360)</u>	<u>(6,943)</u>	<u>368,600</u>
<b>Nonoperating Revenue (Expenses):</b>					
Investment income	402	-	-	-	402
Interest expense	-	-	-	(19,684)	(19,684)
Total nonoperating revenue (expenses)	<u>402</u>	<u>-</u>	<u>-</u>	<u>(19,684)</u>	<u>(19,282)</u>
Income (loss) before contributions and transfers	<u>337,739</u>	<u>278,566</u>	<u>(240,360)</u>	<u>(26,627)</u>	<u>349,318</u>
<b>Capital Contributions:</b>					
Impact fees	120,118	-	-	-	120,118
Grant revenue	3,877,958	-	56,257	35,000	3,969,215
Transfers Out	<u>(200,000)</u>	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>
Change in net position	<u>4,135,815</u>	<u>(21,434)</u>	<u>(184,103)</u>	<u>8,373</u>	<u>3,938,651</u>
Net Position - beginning	<u>10,310,835</u>	<u>139,964</u>	<u>3,897,509</u>	<u>2,160,036</u>	<u>16,508,344</u>
Net Position - ending	<u>\$ 14,446,650</u>	<u>\$ 118,530</u>	<u>\$ 3,713,406</u>	<u>\$ 2,168,409</u>	<u>\$ 20,446,995</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

## CITY OF UMATILLA, FLORIDA

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

For The Year Ended September 30, 2017

	Enterprise Funds				Total
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Stormwater Fund	
<b>Cash Flows from Operating Activities:</b>					
Receipts from customers	\$ 1,359,117	\$ 649,173	\$ 80,500	\$ 101,274	\$ 2,190,064
Payments to suppliers	(715,593)	(312,327)	(80,948)	(18,696)	(1,127,564)
Payments to employees	(283,486)	(40,623)	-	-	(324,109)
Net cash provided by operating activities	360,038	296,223	(448)	82,578	738,391
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Transfers out	(200,000)	(300,000)	-	-	(500,000)
Increase (decrease) in due from other funds	8,094	14,692	-	14,933	37,719
Decrease (increase) in due to other funds	(19,080)	(23,660)	-	(505)	(43,245)
Net cash provided (used) by non-capital financing activities	(210,986)	(308,968)	-	14,428	(505,526)
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Grant receipts	4,666,217	-	54,247	142,224	4,862,688
Proceeds from notes payable	-	-	-	189,783	189,783
Acquisition of capital assets	(4,496,954)	-	(84,151)	(35,000)	(4,616,105)
Principal paid on revenue bonds, notes and leases	-	-	-	(38,115)	(38,115)
Interest paid on revenue bonds, notes and leases	-	-	-	(19,684)	(19,684)
Impact fees	120,118	-	-	-	120,118
Net cash provided (used) by capital and related financing activities	289,381	-	(29,904)	239,208	498,685
<b>Cash Flows from Investing Activities:</b>					
Investment income	402	-	-	-	402
Net cash provided by investing activities	402	-	-	-	402
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	438,835	(12,745)	(30,352)	336,214	731,952
<b>Cash and Cash Equivalents - beginning</b>	299,233	85,926	75,618	36,988	497,765
<b>Cash and Cash Equivalents - end</b>	<u>\$ 738,068</u>	<u>\$ 73,181</u>	<u>\$ 45,266</u>	<u>\$ 373,202</u>	<u>\$ 1,229,717</u>
<b>Classified As:</b>					
Cash and cash equivalents	\$ 438,434	\$ 73,181	\$ 45,266	\$ 373,202	\$ 930,083
Restricted cash and cash equivalents	299,634	-	-	-	299,634
Total	<u>\$ 738,068</u>	<u>\$ 73,181</u>	<u>\$ 45,266</u>	<u>\$ 373,202</u>	<u>\$ 1,229,717</u>

The accompanying Notes to Financial Statements are in integral part to these statements.



	Enterprise Funds				
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Stormwater Fund	Total
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>					
Operating income (loss)	\$ 337,337	\$ 278,566	\$ (240,360)	\$ (6,943)	\$ 368,600
<b>Adjustments Not Affecting Cash:</b>					
Depreciation and amortization	355,329	10,779	265,238	94,583	725,929
<b>Change in Assets and Liabilities:</b>					
(Increase) decrease in accounts receivable	(37,142)	(14,275)	-	(2,187)	(53,604)
(Increase) decrease deferred outflows of pension earnings	(6,164)	(3,289)	-	-	(9,453)
Increase (decrease) in accounts payable	(234,584)	14,835	(25,687)	(2,875)	(248,311)
Increase (decrease) in accrued liabilities	(64)	-	-	-	(64)
Increase (decrease) in retainage payable	(72,318)	-	-	-	(72,318)
Increase (decrease) in unearned revenues	-	-	300	-	300
Increase (decrease) in customer deposits	10,823	214	61	-	11,098
Increase (decrease) in compensated absences	(5,895)	667	-	-	(5,228)
Increase (decrease) in net pension liability	6,691	7,467	-	-	14,158
Increase (decrease) in deferred inflows of pension earnings	6,025	1,259	-	-	7,284
Total adjustments	(332,628)	6,878	(25,326)	(5,062)	(356,138)
<b>Net Cash Provided By Operating Activities</b>	<u>\$ 360,038</u>	<u>\$ 296,223</u>	<u>\$ (448)</u>	<u>\$ 82,578</u>	<u>\$ 738,391</u>

The accompanying Notes to Financial Statements are in integral part to these statements.

CITY OF UMATILLA, FLORIDA

**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**

September 30, 2017

	Police Pension Trust Fund
<b>Assets:</b>	
Cash and cash equivalents	\$ 7,108
Investments, at fair value:	
U.S. Government & other debt securities	745,046
Equities	1,169,058
Total Investments	<u>1,914,104</u>
Total assets	<u>1,921,212</u>
<b>Net Position:</b>	
Net position restricted for pensions	<u>\$ 1,921,212</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

CITY OF UMATILLA, FLORIDA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**

For the Year Ended September 30, 2017

	Police Pension Trust Fund
<b>Additions:</b>	
Contributions:	
Employer	\$ 15,095
Plan members	1,677
State	28,623
Total contributions	<u>45,395</u>
Investment income:	
Net increase in fair value of investments	<u>226,124</u>
Net investment income (loss)	<u>226,124</u>
Total additions	<u>271,519</u>
<b>Deductions:</b>	
Benefit payments	46,875
Administrative expenses	8,637
Total deductions	<u>55,512</u>
Change in net position	216,007
Net Position - beginning	<u>1,705,205</u>
Net Position - ending	<u><u>\$ 1,921,212</u></u>

The accompanying Notes to Financial Statements are an integral part of these statements.



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## **NOTES TO FINANCIAL STATEMENTS**



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**NOTES TO FINANCIAL STATEMENTS**

September 30, 2017

**Note 1 - Summary of Significant Accounting Policies:**

***A. Reporting Entity***

The *City of Umatilla*, Florida (the City) is a political subdivision of the State of Florida located in Lake County. The City is governed by an elected Mayor and five-member City Council. The City was established by the adoption of its Charter in the Laws of Florida, Chapter 8376, on May 9, 1904. The City provides services to its citizens including Public Safety (Police and Fire), Transportation (Roads & Streets), Culture and Recreation (Library, Parks, and Recreation), Public Improvements, Physical Environment (Cemetery), Economic Environment (Community Development), Planning and Zoning, and General Government Services. The City operates Water & Sewer, Sanitation, Stormwater, and Airport enterprises. The Mayor and City Council are responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the City Manager.

In evaluating how to define the government, for financial reporting purposes, the City has considered all potential component units. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organizations' resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. In applying the above criteria, the City has one blended component unit as follows:

**The *City of Umatilla* Community Redevelopment Fund**

The *City of Umatilla* created the Community Redevelopment Agency in April of 1980. This is a dependent taxing district established in accordance with Chapter 163, Part III, Florida Statutes. Notification to affected taxing agency was done in compliance with Chapter 163.346, Part III, Florida Statutes. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the described area. The City Council, being the duly elected governmental body for the designated area, passed Ordinance 1980-B, which established the *City of Umatilla* as the Redevelopment Agency for the purpose of carrying out the community redevelopment programs and plans within the area. Through Ordinance 1980-B the City established the Community Redevelopment Trust Fund to account for all transactions generated by this special revenue fund. The *City of Umatilla* Community Redevelopment Fund is presented as a blended component unit, since the City Council is the governing board and the City has operational responsibility for the Fund.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 1 - Summary of Significant Accounting Policies (Continued):**

***B. Government-Wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

***C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 1 - Summary of Significant Accounting Policies (Continued):**

***C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)***

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The government reports the following funds:

**Major Governmental Funds**

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Discretionary Tax Fund* was established as a special revenue fund to account for discretionary sales surtax revenues that are legally restricted for expenditure on certain non-capital expenditures and on infrastructure.

The *Community Redevelopment Fund* was established as a dependent taxing district. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the described area.

**Nonmajor Governmental Fund Types**

*Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes other than debt service or capital projects.

**Major Proprietary Funds**

*Water and Sewer Fund* is used to account for the operations of the City's water and sewer utility operations, which are financed in a manner similar to private business enterprises, where the costs, including depreciation, of providing services to the general public on an ongoing basis are financed primarily through user charges.

*Sanitation Fund* is used to account for the fiscal activities of the City's refuse collection and disposal operation.

*Airport Fund* is used to account for operation and maintenance of the Umatilla Municipal Airport.

*Stormwater Fund* is used to account for the fiscal activities of the City's stormwater drainage operation, as well as the funding and payment of related debt.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 1 - Summary of Significant Accounting Policies (Continued):**

***C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)***

**Fiduciary Funds**

*Pension Trust Fund* accounts for activities of the police officers retirement plan which accumulates resources for pension benefit payments to qualified employees.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the City's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer, sanitation, airport and stormwater utility funds are charges to customers for sales and services. The City also recognizes as operating revenue the meter fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

***D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance***

**1. Deposits and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments of the City are reported at fair value and are categorized within the fair value hierarchy established in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. The City's investments consist of investments authorized in accordance with Section 218.415, Florida Statutes.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 1 - Summary of Significant Accounting Policies (Continued):**

***D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)***

**2. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are shown net of an allowance for uncollectibles. The County bills and collects property taxes and remits them to the City. City property tax revenues are recognized when levied to the extent that they result in current receivables.

All property is reassessed according to its fair value on the lien date, or January 1 of each year. Taxes are levied on October 1 of each year. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The taxes paid in March are without discount. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. On or around May 31 following the tax year, certificates are sold for all delinquent taxes on real property.

**3. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These are recorded as expenditures when consumed rather than when purchased.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 1 - Summary of Significant Accounting Policies (Continued):*****D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)*****4. Restricted Assets**

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their use is limited by applicable bond covenants. Assets so designated are identified as restricted assets on the balance sheet.

**5. Capital Assets**

Capital assets, which include property, plant, equipment, intangible and infrastructure assets (e.g., roads, sidewalks, drainage systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$500 or more 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 capital assets are recorded at estimated acquisition value at the date of donation.

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.

Major outlays for capital 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.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Buildings	30-40
Improvements Other Than Buildings	10-20
Water and Sewer Systems	10-50
Equipment	5-20
Infrastructure	30

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 1 - Summary of Significant Accounting Policies (Continued):**

***D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)***

**6. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. A portion of sick pay is accrued for employees with at least five (5) years of service. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For governmental activities, compensated absences and net pension obligations are generally liquidated by the general fund.

**7. Long-Term Obligations**

In the government-wide financial statements, and 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, business-type activities, or proprietary fund type statement of net position.

**8. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category, which is the deferred outflows of pension earnings.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category, which is the deferred inflows of pension earnings.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 1 - Summary of Significant Accounting Policies (Continued):**

***D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)***

**9. Net Position Flow Assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position in the governmental financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

**10. Fund Balance Flow Assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**11. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of a Resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 1 - Summary of Significant Accounting Policies (Continued):**

***D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance - (Continued)***

**11. Fund Balance Policies (Continued)**

The amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council holds the authority to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**12. Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities as of the financial statement date and the reported amounts of revenues and expenses or expenditures during the reporting period. Actual results could differ from those estimates.

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 2 - Reconciliation of Government-Wide and Fund Financial Statements:****A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position**

The governmental fund balance sheet includes a reconciliation between fund balance - *total governmental funds* and *net position of governmental activities* as reported in the government-wide statement of net position.

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "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." The details of this difference are as follows:

Capital Outlay	\$ 438,911
Depreciation Expense	<u>(407,628)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 31,283</u>

Another element of that reconciliation states that "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." The details of this difference are as follows:

Compensated Absences	\$ (8,774)
Accrued Interest Payable	<u>37</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (8,737)</u>



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 3 - Stewardship, Compliance, and Accountability:**

***A. Budgetary Information***

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

- (1) Prior to the end of the fiscal year, the City Manager 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 budget workshops are held where the Mayor, City Council, City Manager and department heads refine budget detail items.
- (3) The general summary of the budget and notice of public hearing is published in the local newspaper.
- (4) Public hearings are conducted to obtain taxpayer comments.
- (5) Prior to October 1, the budgets are legally enacted through passage of a resolution.
- (6) The City Manager is authorized to transfer budgeted amounts between departments; however, any revisions that alter the total appropriations of any fund must be approved by a majority vote of the City Council.
- (7) The level of classification detail at which expenditures may not legally exceed appropriations is the fund level.
- (8) Unexpended appropriations lapse at the close of the fiscal year.
- (9) Budgets are adopted for the general fund, special revenue funds, debt service funds and the capital projects fund on a basis consistent with generally accepted accounting principles, except as described below under Budget Basis of Accounting. Budgets are also adopted for the enterprise funds; however, this data is not presented under generally accepted accounting principles.
- (10) The City Council, by Ordinance or Resolution, may make supplemental appropriations in excess of those originally estimated for the year up to the amount of available revenues. Budgeted amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

***B. Budgetary Basis of Accounting***

The City includes a portion of the prior year's fund balances represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior periods' excess of revenues over expenditures. Also, the City does not budget for the state pension contributions that must be recorded as intergovernmental revenue and public safety expenditures in the General Fund GAAP financial statements.

For the fiscal year ended September 30, 2017 the following adjustments are necessary to convert General Fund revenues and expenditures on the GAAP basis to the budgetary basis:

	<b><u>Expenditures</u></b>	<b><u>Revenues</u></b>
GAAP Basis	\$ 2,959,119	\$ 2,341,195
Nonbudgeted State Pension Amounts	<u>(28,623)</u>	<u>(28,623)</u>
Budgetary basis	<u><u>\$ 2,930,496</u></u>	<u><u>\$ 2,312,572</u></u>

**Note 4 - Cash and Investments:*****Deposits***

At year-end, the carrying amount of the City's deposits was \$2,219,655 and the bank balance was \$2,299,179. Petty cash funds of \$2,302 are not on deposit with a financial institution, and fiduciary fund cash of \$7,108 held by the pension fund is not in the City's bank. All bank deposits were fully covered by Federal Depository Insurance or held in banks that are members of the State of Florida's Collateral Pool as specified under Florida law. Florida Statutes provide for collateral pooling by banks and savings and loans. This limits local government deposits to "authorized depositories".

***Investments***

Investments in all fund types are stated at fair value, which is the amount for which an investment could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. Fair value is based on quoted market prices. Changes in the fair value of investments are recognized as revenue and included in investment income.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 4 - Cash and Investments (Continued):*****Investments (Continued)***

The City's investment policies are governed by state statute. Authorized investments, other than those held in pension funds, are:

- (a) Florida Local Government Surplus Funds Trust Fund Investment Pool (SBA LGIP)
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality
- (c) Interest bearing time deposit or savings accounts
- (d) Direct obligations of the U.S. Treasury

The assets of the City's police pension fund are invested in the pooled investment fund for the Florida Municipal Pension Trust Fund (FMPTF). Investments held in this fund consist of corporate bonds and stocks and cash equivalents. The fund is stated at fair value, and investment earnings are allocated to participants in the fund based on their equity in this pooled investment account as provided by the Florida Municipal Pension Fund. The Fund is not subject to U.S. Securities Exchange Commission or other regulatory oversight; the Fund's Board of Trustees provides oversight.

Investments made by the *City of Umatilla* at September 30, 2017 are summarized below. Defined benefit pension plan investments, other than \$1,169,058 in mutual funds investing in equity securities, are included below. In accordance with GASB 31, investments are reported at fair value, except certificates of deposit, which are reported at amortized cost, which approximates fair value.

<b>Investment Type</b>	<b>Fair Value</b>	<b>Credit Rating</b>	<b>Weighted Average Maturity</b>
Certificates of Deposit	\$ 466,011	Unrated	295 days
FMLvT Broad Market HQ Bond Fund	300,862	AAf/S4	6.1 years
FMLvT Core Plus Fixed Income	444,184	Unrated	7.4 years
	<u>\$ 1,211,057</u>		

## CITY OF UMATILLA, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 4 - Cash and Investments (Continued):*****Investments (Continued)***

The City and the Police Pension Trust Fund have the following recurring fair value measurements as of September 30, 2017:

	9/30/2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
City of Umatilla Investments				
Money Market Mutual Fund	\$ 40,546	\$ -	\$ 40,546	\$ -
Total	<u>\$ 40,546</u>	<u>\$ -</u>	<u>\$ 40,546</u>	<u>\$ -</u>
Police Officers' Pension				
Equities				
FMIvT High Quality Growth	\$ 154,466	\$ -	\$ 154,466	\$ -
FMIvT Large Cap Diversified Value	151,968	-	151,968	-
FMIvT Russell 1000 Enhanced Index	447,642	-	447,642	-
FMIvT Diversified Small to Mid Cap	210,373	-	210,373	-
FMIvT International Equity	204,609	-	204,609	-
Fixed Income				
FMIvT Broad Market HQ Bond Fund	300,862	-	300,862	-
FMIvT Core Plus Fixed Income	444,184	-	-	444,184
Total	<u>\$ 1,914,104</u>	<u>\$ -</u>	<u>\$ 1,469,920</u>	<u>\$ 444,184</u>

Investments categorized as Level 2 are reported at the net asset value of fund portfolio, whereby the underlying assets are valued based on quoted prices or market-corroborated input. Investments categorized as Level 3 are reported at the net asset value of the fund portfolio, which is invested in a variety of financial instruments, some of which are valued using significant unobservable inputs.

**Credit Risk:**

Credit risk exists when there is a possibility that the issuer, or the counterparty to an investment, may be unable to fulfill its obligations. The City's investment policy limits credit risk by restricting authorized investments to those described above. Pension investments, other than those identified above, are not rated by any nationally recognized organization.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 4 - Cash and Investments (Continued):**

***Investments (Continued)***

Custodial Credit Risk:

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2017, all of the city's bank deposits were in qualified public depositories.

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2017, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk:

The City's investment policy requires diversification, but does not specify limits on types of investments.

Interest Rate Risk:

The City's investment policy does not specifically address interest rate risk; however, the general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. The City manages its exposure to declines in fair values by investing primarily in pooled investments that have a weighted average maturity of less than three months.

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## CITY OF UMATILLA, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 5 - Receivables:**

Receivables as of year end for the City's individual major funds and non-major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<b>General Fund</b>	<b>Water Fund</b>	<b>Sanitation Fund</b>	<b>Stormwater Fund</b>	<b>Total</b>
Receivables:					
Accounts	\$ 56,130	\$ 225,336	\$ 89,664	\$ 14,645	\$ 385,775
Less Allowance for Uncollectible Accounts	-	(43,528)	(12,717)	(1,085)	(57,330)
	<u>\$ 56,130</u>	<u>\$ 181,808</u>	<u>\$ 76,947</u>	<u>\$ 13,560</u>	<u>\$ 328,445</u>

**Note 6 - Capital Assets:**

Capital asset activity for the year ended September 30, 2017 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Capital Assets, not being depreciated:				
Land	\$ 494,347	\$ -	\$ -	\$ 494,347
Total capital assets, not being depreciated	<u>494,347</u>	<u>-</u>	<u>-</u>	<u>494,347</u>
Capital Assets, being depreciated:				
Buildings	2,783,413	115,144	-	2,898,557
Improvements/infrastructure	2,000,186	219,736	-	2,219,922
Machinery and equipment	2,309,667	104,031	-	2,413,698
Total capital assets being depreciated	<u>7,093,266</u>	<u>438,911</u>	<u>-</u>	<u>7,532,177</u>
Less Accumulated Depreciation for:				
Buildings	(1,101,545)	(85,958)	-	(1,187,503)
Improvements/infrastructure	(1,078,196)	(81,254)	-	(1,159,450)
Machinery and equipment	(1,828,984)	(240,416)	-	(2,069,400)
Total accumulated depreciation	<u>(4,008,725)</u>	<u>(407,628)</u>	<u>-</u>	<u>(4,416,353)</u>
Total capital assets being depreciated, net	<u>3,084,541</u>	<u>31,283</u>	<u>-</u>	<u>3,115,824</u>
Governmental activities capital assets, net	<u>\$ 3,578,888</u>	<u>\$ 31,283</u>	<u>\$ -</u>	<u>\$ 3,610,171</u>

## CITY OF UMATILLA, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 6 - Capital Assets (Continued):**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Business-type Activities:</b>				
Capital Assets, not being depreciated:				
Land	\$ 1,029,452	\$ -	\$ -	\$ 1,029,452
Construction in progress	1,520,021	4,546,122	(5,706,173)	359,970
Total capital assets, not being depreciated	<u>2,549,473</u>	<u>4,546,122</u>	<u>(5,706,173)</u>	<u>1,389,422</u>
Capital Assets, being depreciated:				
Buildings	1,654,501	3,526,414	-	5,180,915
Improvements/infrastructure	19,157,858	2,238,828	-	21,396,686
Machinery and equipment	1,224,353	10,914	-	1,235,267
Total capital assets being depreciated	<u>22,036,712</u>	<u>5,776,156</u>	<u>-</u>	<u>27,812,868</u>
Less Accumulated Depreciation for:				
Buildings	(544,959)	(61,795)	-	(606,754)
Improvements/infrastructure	(7,313,166)	(612,903)	-	(7,926,069)
Machinery and equipment	<u>(1,036,866)</u>	<u>(51,231)</u>	<u>-</u>	<u>(1,088,097)</u>
Total accumulated depreciation	<u>(8,894,991)</u>	<u>(725,929)</u>	<u>-</u>	<u>(9,620,920)</u>
Total capital assets being depreciated, net	<u>13,141,721</u>	<u>5,050,227</u>	<u>-</u>	<u>18,191,948</u>
Business-type activities capital assets, net	<u>\$ 15,691,194</u>	<u>\$ 9,596,349</u>	<u>\$ (5,706,173)</u>	<u>\$ 19,581,370</u>

Depreciation expense was charged to functions/programs as follows:

<b>Governmental Activities:</b>	
General government	\$ 37,075
Public safety	158,321
Physical environment	5,518
Transportation	113,113
Economic Environment	16,436
Culture and recreation	77,165
Total Depreciation Expense - governmental activities	<u>\$ 407,628</u>
<b>Business-type Activities</b>	
Water and Sewer	\$ 355,329
Sanitation	10,779
Airport	265,238
Stormwater	94,583
Total Depreciation Expense - business-type activities	<u>\$ 725,929</u>

## CITY OF UMATILLA, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 7 - Long-Term Debt:*****Notes Payable***

On June 20, 2014, the City issued a Capital Improvement Revenue Note, Series 2014. This note was issued to finance repairs and improvements to the city hall building in the amount of \$100,000. Quarterly interest only payments based on the outstanding note balance commenced on October 1, 2014. On October 1, 2015, quarterly principal and interest payments commence through the maturity date, July 1, 2018. The Note is secured by requirement to budget and appropriate from legally available non ad valorem revenues in each fiscal year the amounts needed for annual payments of principal and interest. The total principal and interest remaining to be paid on the note is \$25,296. For the fiscal year, total principal and interest paid on this series was \$43,939.

The City entered into the State Revolving Loan Agreement SW350720 for the purpose of constructing stormwater improvements. The City is authorized to borrow up to \$672,067 plus capitalized interest at an interest rate of 1.34%. The loan is secured by gross revenues of the stormwater utility after payment of operation and maintenance costs. During the year ended September 30, 2017 \$189,783 was drawn on the loan. For the fiscal year, total principal and interest paid on the note was \$44,358, and total revenues pledged were \$87,640.

The annual debt service payments as of September 30, 2017 on the notes, based on balances outstanding at year end are as follows:

<u>Year ending September 30,</u>	<b>Governmental Activities</b>		<b>Business - Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2018	\$ 22,850	\$ 221	\$ 30,053	\$ 8,121
2019	-	-	30,457	7,715
2020	-	-	30,867	7,303
2021	-	-	31,282	6,886
2022	-	-	31,702	6,462
2023 - 2027	-	-	165,021	25,764
2028 - 2032	-	-	176,417	14,300
2033 - 2036	-	-	131,252	2,750
Total	<u>\$ 22,850</u>	<u>\$ 221</u>	<u>\$ 627,051</u>	<u>\$ 79,301</u>



## CITY OF UMATILLA, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 7 - Long-Term Debt (Continued):*****Changes in Long-Term Liabilities***

Long-term liability activity for the year ended September 30, 2017 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities</b>					
Revenue note payable	\$ 65,711	\$ -	\$ (42,861)	\$ 22,850	\$ 22,850
Capital lease	10,044	-	(10,044)	-	-
Compensated absences	19,028	533,057	(346,283)	205,802	20,580
Net pension liability	867,336	69,693	-	937,029	-
Governmental activity long-term liabilities	<u>\$ 962,119</u>	<u>\$ 602,750</u>	<u>\$ (399,188)</u>	<u>\$ 1,165,681</u>	<u>\$ 43,430</u>
<b>Business-type Activities</b>					
SRF Note payable	\$ 475,383	\$ 189,783	\$ (38,115)	\$ 627,051	\$ 30,053
Compensated absences	33,790	62,906	(63,644)	33,052	3,305
Net pension liability	177,937	14,158	-	192,095	-
Business-type activity long-term liabilities	<u>\$ 687,110</u>	<u>\$ 266,847</u>	<u>\$ (101,759)</u>	<u>\$ 852,198</u>	<u>\$ 33,358</u>

**Note 8 - Conduit Debt:**

On December 3, 2012, the City issued Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2017, there was an outstanding principal balance of \$40,038,000 of the \$48,610,000 originally issued.

**Note 9 - Interfund Receivables, Payables and Transfers:**

During the year ended September 30, 2017, the water and sewer fund transferred \$200,000 to the general fund and the sanitation fund transferred \$300,000 to the general fund.

Transfers were used to reimburse the general government for services provided on behalf of the proprietary funds.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 10 - Retirement Plans:**

***Police Officers' Retirement Trust Fund***

The City has established a defined benefit pension plan for Police Officers. The investment and administrative agent for the defined benefit plan is the Florida Municipal Pension Trust Fund, an agent of the multiple-employer Public Employee Retirement System.

Plan Administration - The City of Umatilla Municipal Police Officers' Retirement Trust Fund is independently governed by a separate board of trustees. The Board consists of five Trustees, two of whom are legal residents of the City who are appointed by the City Council, two of whom are Members of the plan who are elected by a majority of the police officers who are members of the plan and a fifth trustee who is chosen by a majority of the first four trustees. Assets may not be used for any purpose other than to benefit the plan's participants as defined in their authorizing ordinance. The board contracts with the Florida Municipal Pension Trust Fund (FMPTF), a private, not-for-profit corporation established by the Florida League of Cities (FLC) for FLC members who wish to use its services. The FMPTF acts as a common investment and administrative agent for its members, contracting with a bank custodian, investment manager, and actuary to provide a commingled investment fund and plan valuation services. The plan is included as part of the City's reporting entity in the Police Pension Trust Fund. The Umatilla City Council adopted and may amend plan provisions by resolution.

Stand-alone audited financial statements of the FMPTF are maintained on file at the FLC offices in Tallahassee, Florida, and are available upon request to the Pension Services Division.

**Summary of Significant Accounting Policies**

Basis of Accounting - The Plans' financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments - Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

Publicly available financial reports for each plan, that include detailed actuarial data, can be obtained from the City's Finance and Administrative Services Department.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 10 - Retirement Plans (Continued):*****Police Officers' Retirement Trust Fund (Continued) -***

Membership of the police officers' pension plan consisted of the following at September 30, 2017:

	<b>Police Officers</b>
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	2
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	2
Active Plan Members	9
	<u>13</u>

Plan Description - The police officers' defined benefit pension plan is a local law, single employer, defined benefit pension plans as defined under Florida Statutes, Chapters 175 and 185, which covers all sworn police officers. Employees are eligible to participate after one year of service.

Benefits Provided - The plan provides retirement, termination, disability and death benefits. Retirement age is the earlier of the attainment of age 52 and 25 years of service, or attainment of age 55 and 10 years of service. The normal retirement benefit is the number of years of credited service multiplied by 2.5%, of average final compensation. Early retirement is available after age 50 and 10 years of service; however, the early retirement benefit is reduced by 3% for each year before the normal retirement date.

Members are 100% vested after 10 years of credited service. Vested members will receive the vested portion of accrued benefit payable at the otherwise normal retirement date.

Disability incurred in service is covered from the date of employment. Non-service incurred disability is covered after 10 years of credited service. Benefits are accrued to date of disability but not less than 42% of average final compensation for service incurred disability or 25% of average final compensation for non-service incurred disability.

Pre-retirement death benefits for vested employees is the monthly accrued benefit payable to the designated benefited beneficiary for 10 years at the otherwise normal or early retirement rate. Beneficiaries of nonvested employees will receive a refund of accumulated contributions without interest.

Contributions - Police officers make a minimum mandatory contribution of 0.5%, in order to take advantage of the insurance premium tax rebate provided for in the statutes. The City is required to contribute the amount required in order to pay current costs and amortization of the accrued past service liability, if any, as provided in Chapter 112, Florida Statutes.

Concentrations - The plan did not hold investments in any one organization that represents 5 percent or more of the plan's fiduciary net position.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 10 - Retirement Plans (Continued):*****Police Officers' Retirement Trust Fund (Continued) -***

Rate of Return - For the year ended September 30, 2017, the annual money-weighted rate of return on the plan investments, net of pension plan investment expense, was 13.18 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Asset of the Sponsor - The components of the net pension asset of the sponsor on September 30, 2017 were as follows:

Total Pension Liability	\$ 1,392,261
Plan Fiduciary Net Position	(1,921,212)
Net Pension Liability (Asset)	<u>\$ (528,951)</u>
Plan Net Position as a Percentage of Total Pension Liability (Asset)	-137.99%

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of October 1, 2016 updated to September 30, 2017 using the following actuarial assumptions:

Inflation	2.92%
Salary Increases	Service based
Discount Rate	7.00%
Investment Rate of Return	7.00%

The mortality table used are as follows:

Mortality Rate Healthy Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

Mortality Rate Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

The significant assumptions are based upon the most recent actuarial experience study dated December 1st, 2013 for the period 2002 - 2012.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 10 - Retirement Plans (Continued):*****Police Officers' Retirement Trust Fund (Continued) -***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. For 2017, the inflation rate assumption of the advisor was 2.9%. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Long-Term Real Return</u>
U.S. Large Cap Equity	34.00%	5.1% per annum
U.S. Small Cap Equity	11.00%	5.6% per annum
Non-U.S. Equity	15.00%	5.6% per annum
Core Bonds	12.00%	1.4% per annum
Core Plus	18.00%	1.7% per annum
Core Real Estate	<u>10.00%</u>	4.5% per annum
Total or Weighted Arithmetic Average	<u><u>100.00%</u></u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of Net Pension Asset to Changes in the Discount Rate**

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
Net Pension Liability (Asset)	\$ (281,814)	\$ (528,951)	\$ (728,177)

## CITY OF UMATILLA, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 10 - Retirement Plans (Continued):*****Police Officers' Retirement Trust Fund (Continued) -*****Changes in Net Pension Asset**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances at September 30, 2016	\$ 1,215,366	\$ (1,705,205)	\$ (489,839)
Changes for Year:			
Service Cost	62,352	-	62,352
Interest	87,800	-	87,800
Difference between expected and actual experience	73,619	-	73,619
Net investment income	-	(222,596)	(222,596)
Contributions-employer & state	-	(43,241)	(43,241)
Contributions-employee	-	(2,155)	(2,155)
Benefit payments and refunds	(46,876)	46,876	-
Administrative Expense	-	5,109	5,109
Balances at September 30, 2017	<u>\$ 1,392,261</u>	<u>\$ (1,921,212)</u>	<u>\$ (528,951)</u>

**Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions -**

For the year ended September 30, 2017, the City recognized pension expense of \$42,414. On September 30, 2017, the City reported deferred outflows and inflows of resources related to the plan from the following sources:

Description	Deferred Outflow of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual		
Differences between expected and actual experience	\$ 63,102	\$ -
Changes of assumptions	18,960	-
Net difference between projected and actual	-	50,634
Balance, September 30, 2017	<u>\$ 82,062</u>	<u>\$ 50,634</u>

Amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	
2018	\$ 8,444
2019	12,676
2020	(10,031)
2021	(7,015)
2022	13,677
Thereafter	13,677
	<u>\$ 31,428</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 10 - Retirement Plans (Continued):**

***Florida Retirement System (FRS)*** - All City employees, other than sworn police officers, are covered under the Florida Retirement System (FRS), a cost-sharing multiple employer public employee retirement system administered by the State of Florida Department of Management Services, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions.

Early retirement benefits may also be provided; however, there is a reduction in benefits for each year prior to normal retirement. Generally, membership was compulsory for all full-time and part-time employees. There is a 3% requirement for employees to contribute to FRS effective July 1, 2011.

The 2007 Florida Legislature continued the uniform contribution rate system under which participating employers make uniform contributions to support the FRS Pension Plan and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.405, Florida Statutes, FRS also provides a defined contribution plan (Investment Plan) alternative to the FRS defined benefit pension plan. Employers contribute based upon blended rates determined as a percentage of the total payroll for each class or subclass of FRS membership, regardless of which retirement plan individuals elect.

The State of Florida issues a report that includes financial statements and required supplementary information for FRS. The report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the website:

[www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

Funding Policy: The FRS has ten (10) classes of membership. Only three (3) classes are applicable to the City's eligible employees. These classes, with descriptions and contribution rates in effect during the period ended September 30, 2017 are as follows:

Regular Class - Members not qualifying for other classes (10.52% [includes 3% employee contribution] from October 1, 2016 through June 30, 2016 and 10.92% [includes 3% employee contribution] from July 1, 2017 through September 30, 2017.)

Deferred Retirement Option Program (DROP) - 12.99% [DROP participants are not required to contribute] from October 1, 2016 through June 30, 2016 and 13.26% from July 1, 2017 through September 30, 2017.

Senior Management - 24.77% [includes 3% employee contribution] from October 1, 2016 through June 30, 2016 and 25.71% [includes 3% employee contribution] from July 1, 2017 through September 30, 2017.

These employer contribution rates include 1.66% HIS Plan subsidy for both periods October 1, 2016 through June 30, 2016 and from July 1, 2017 through September 30, 2017.



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 10 - Retirement Plans (Continued):**

***Florida Retirement System Pension Plan***

Plan Description - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 10 - Retirement Plans (Continued):*****Florida Retirement System Pension Plan (Continued)***

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year.

The City's contributions to the Pension Plan totaled \$65,828 for the fiscal year ended September 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2017, the City reported a liability of \$766,489 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The City's proportionate share of the net pension liability was based on the City's 2017 fiscal year contributions relative to the 2016 fiscal year contributions of all participating members. At June 30, 2017, the City's proportionate share was .00259 percent, which was an increase of .000035 percent from its proportionate share measured as of June 30, 2016.

For the fiscal year ended September 30, 2017, the City recognized pension expense of \$59,577. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Description</b>	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 70,345	\$ 4,246
Change of Assumptions	257,595	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	18,996
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	14,765	30,498
Pension Plan Contributions Subsequent to the Measurement Date	17,720	-
	<u>\$ 360,425</u>	<u>\$ 53,740</u>

CITY OF UMATILLA, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 10 - Retirement Plans (Continued):**

***Florida Retirement System Pension Plan (Continued)***

The deferred outflows of resources related to the Pension Plan, totaling \$17,720 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<b><u>Year Ended September 30,</u></b>	
2018	\$ 37,513
2019	103,450
2020	69,910
2021	9,437
2022	49,179
Thereafter	19,476
	<u>\$ 288,965</u>

Actuarial Assumptions - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25%, average, including inflation
Investment Rate of Return	7.10%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

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## CITY OF UMATILLA, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 10 - Retirement Plans (Continued):*****Florida Retirement System Pension Plan (Continued)***

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.00%	3.00%	1.80%
Fixed Income	18.00%	4.50%	4.40%	4.20%
Global Equity	53.00%	7.80%	6.60%	17.00%
Real Estate	10.00%	6.60%	5.90%	12.80%
Private Equity	6.00%	11.50%	7.80%	30.00%
Strategic Investments	12.00%	6.10%	5.60%	9.70%
Total	100.00%			
Assumed Inflation - Mean		2.60%		1.90%

(1) As outlined in the Pension Plan's investment policy

**Discount Rate** - The discount rate used to measure the total pension liability was 7.10%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

**Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate** - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate:

	Discount Rate Minus 1% 6.10%	Current Discount Rate 7.10%	Discount Rate Plus 1% 8.10%
City's Proportionate Share of Net Pension Liability (FRS)	\$ 1,387,299	\$ 766,489	\$ 251,075

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 10 - Retirement Plans (Continued):**

***Florida Retirement System Pension Plan (Continued)***

Pension Plan Fiduciary Net Position - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2017, the City reported no amounts payable for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2017.

***Florida Retirement System HIS Plan***

Plan Description - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided - For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2017, the HIS contribution for the period October 1, 2016 through June 30, 2016 and from July 1, 2017 through September 30, 2017 was 1.66% for both years ended. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Plan totaled \$17,407 for the fiscal year ended September 30, 2017.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 10 - Retirement Plans (Continued):*****Florida Retirement System HIS Plan (Continued)***

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2017, the City reported a liability of \$362,635 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The City's proportionate share of the net pension liability was based on the City's 2017 fiscal year contributions relative to the 2016 fiscal year contributions of all participating members. At June 30, 2017, the City's proportionate share was 0.00339 percent, which was a decrease of 0.00004 percent from its proportionate share measured as of June 30, 2016.

For the fiscal year ended September 30, 2017, the City recognized pension expense of \$11,328. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Description</b>	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 755
Change of Assumptions	50,974	31,358
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	201	-
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	20,140	11,446
Pension Plan Contributions Subsequent to the Measurement Date	4,368	-
	<u>\$ 75,683</u>	<u>\$ 43,559</u>

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CITY OF UMATILLA, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 10 - Retirement Plans (Continued):**

***Florida Retirement System HIS Plan (Continued)***

The deferred outflows of resources related to the HIS Plan, totaling \$4,368 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	
2018	\$ 7,095
2019	7,057
2020	7,038
2021	6,455
2022	4,840
Thereafter	(4,729)
	<u>\$ 27,756</u>

Actuarial Assumptions - The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25%, average, including inflation
Municipal Bond Rate	3.80% net of pension plan investment expense

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate - The discount rate used to measure the total pension liability was 3.58%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

CITY OF UMATILLA, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 10 - Retirement Plans (Continued):**

***Florida Retirement System HIS Plan (Continued)***

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 3.58%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.58%) or one percentage point higher (4.58%) than the current rate:

	Discount Rate Minus 1% 2.58%	Current Discount Rate 3.58%	Discount Rate Plus 1% 4.58%
City's Proportionate Share of Net Pension Liability (FRS)	\$ 413,814	\$ 362,635	\$ 320,005

Pension Plan Fiduciary Net Position - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 10 - Retirement Plans (Continued):**

***Florida Retirement System Investment Plan***

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Senior Management, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2017 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30% and Senior Management Service class 7.67%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income. The pension expense for the City's Investment Plan for the fiscal year ended September 30, 2017 was \$7,823.



## CITY OF UMATILLA, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 10 - Retirement Plans (Continued):*****Aggregate Amounts of All Pension Plans***

The aggregate amounts for all of the City's defined benefit pension plans at September 30, 2017 are as follows:

	Governmental Activities			
	Net Pension Asset (Liability)	Deferred Inflows	Deferred Outflows	Expense
Police Pension Plan	\$ 528,951	\$ (50,634)	\$ 82,062	\$ (827)
FRS Pension Plan	(636,089)	(44,598)	299,106	49,484
HIS Pension Plan	(300,940)	(36,148)	62,807	9,432
	<u>\$ (408,078)</u>	<u>\$ (131,380)</u>	<u>\$ 443,975</u>	<u>\$ 58,089</u>
	Business-type Activities			
	Net Pension Asset (Liability)	Deferred Inflows	Deferred Outflows	Expense
FRS Pension Plan	\$ (130,400)	\$ (9,142)	\$ 61,319	\$ 10,093
HIS Pension Plan	(61,695)	(7,411)	12,876	1,896
	<u>\$ (192,095)</u>	<u>\$ (16,553)</u>	<u>\$ 74,195</u>	<u>\$ 11,989</u>

**Note 11 - Other Post Employment Benefits (OPEB):**

In accordance with Florida Statutes Section 112.0801, the City makes continued group health insurance through the city's current provider available to retirees and eligible dependents provided certain service requirements and normal age retirement requirements have been met. This benefit has no cost to the City, other than the implicit cost of including retirees in the group calculation. All premiums are paid by the retiree. This plan is a single employer plan. The City has chosen pay-as-you-go funding, but is recording the liability in the government wide financial statements, if any. This plan does not issue stand-alone financial statements.

The City currently has no OPEB liability due to the following conditions:

The only other postemployment benefit the city offers is the ability for retirees to self-pay under the City's group health plan.

The average number of self-paying retirees at any one time has not exceeded one for the last five years.

The City does not expect this situation to change in the foreseeable future.

Accordingly, the City has a net OPEB obligation at September 30, 2017 of zero.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 12 - Risk Management:**

The City is a member of Public Risk Management of Florida (the pool), a local government liability risk pool. The pool has 52 local government agency members.

The pool administers insurance activities relating to property, general liability, police, professional, automobile liability, public officials' liability, workers' compensation, and boiler and machinery. The pool absorbs losses up to a specified amount for each pool year and purchases excess and other specific coverages from third-party carriers. The pool assesses each member its pro rata share of the estimated amount required to meet current year losses and operating expenses. If total member assessments do not produce sufficient funds to meet its obligations, the pool can make additional limited assessments. Losses, if any, in excess of the pools ability to assess its members would revert back to the member that incurred the loss. There has been no significant reduction in insurance coverage from the prior year, and no settlements in excess of insurance coverage in any of the prior three years. There were no additional assessments levied against the City for the fiscal year ended September 30, 2017. The cost of the insurance is allocated among the appropriate departments and funds.

**Note 13 - Commitments and Contingencies:**

Amounts received or receivable from grantor are subject to audit and adjustment by grantor agencies, principally federal and state government. 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 to be immaterial.

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2017. While the ultimate outcome of the litigation cannot be determined at this time, management believes that any amounts not covered by insurance, if any, resulting from these lawsuits would not materially affect the financial position of the City.

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## CITY OF UMATILLA, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2017

**Note 14 - Fund Balance:**

	<b>General Fund</b>	<b>Discretionary Fund</b>	<b>Community Redevelopment Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
Fund Balances					
Nonspendable					
Inventory/prepays	\$ 1,010	\$ -	\$ -	\$ -	\$ 1,010
Spendable					
Restricted for:					
Community					
redevelopment	-	-	244,660	-	244,660
Capital projects	-	80,904	-	-	80,904
Public safety	-	-	-	19,755	19,755
Assigned for:					
Roads and streets	53,228	-	-	-	53,228
Subsequent year					
expenditures	296,160	-	-	-	296,160
Unassigned	395,917	-	-	-	395,917
	<u>\$ 746,315</u>	<u>\$ 80,904</u>	<u>\$ 244,660</u>	<u>\$ 19,755</u>	<u>\$ 1,091,634</u>

**Note 15 - Subsequent Event:**

On March 6, 2018, the government issued a State Revolving Fund Loan in the amount of \$35,100 to fund a sewer project design study. The interest rate on the note is 1.14% and the maturity date is March 6, 2038.

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## **REQUIRED SUPPLEMENTARY INFORMATION**



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## CITY OF UMATILLA, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION****SCHEDULE OF CHANGES IN THE CITY'S NET PENSION  
LIABILITY AND RELATED RATIOS - POLICE PENSION**

September 30, 2017

	9/30/2017	9/30/2016	9/30/2015	9/30/2014
<b>Total Pension Liability</b>				
Service Cost	\$ 62,352	\$ 52,149	\$ 48,398	\$ 45,232
Interest	87,800	79,144	73,867	68,715
Differences Between Expected and Actual Experience	73,619	-	-	-
Changes of Assumptions	-	25,280	-	-
Benefit Payments, including refunds of employee contributions	(46,876)	(46,876)	(46,876)	(40,168)
Net Change in Total Pension Liability	176,895	109,697	75,389	73,779
Total Pension Liability - beginning	1,215,366	1,105,669	1,030,280	956,501
Total Pension Liability - ending (a)	<u>\$ 1,392,261</u>	<u>\$ 1,215,366</u>	<u>\$ 1,105,669</u>	<u>\$ 1,030,280</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	14,618	20,798	47,980	42,479
Contributions - state	28,623	35,314	23,731	23,027
Contributions - employee	2,155	2,120	1,889	1,588
Net Investment Income	222,596	125,610	(3,466)	121,384
Benefit Payments, Including Refunds of Employee Contributions	(46,876)	(46,876)	(46,876)	(40,168)
Administrative Expense	(5,109)	(10,191)	(7,692)	(7,518)
Net Change in Plan Fiduciary Net Position	216,007	126,775	15,566	140,792
Plan Fiduciary Net Position- beginning	1,705,205	1,578,430	1,562,864	1,422,072
Plan Fiduciary Net Position- ending (b)	<u>\$ 1,921,212</u>	<u>\$ 1,705,205</u>	<u>\$ 1,578,430</u>	<u>\$ 1,562,864</u>
Net Pension Liability (Asset) - ending (a) - (b)	<u>\$ (528,951)</u>	<u>\$ (489,839)</u>	<u>\$ (472,761)</u>	<u>\$ (532,584)</u>
Plan Fiduciary Net Position as a				
Percentage of Total Pension Liability	137.99%	140.30%	142.76%	151.69%
Covered-employee Payroll	\$ 431,000	\$ 424,000	\$ 377,800	\$ 317,519
Net Pension Liability as a Percentage of				
Covered Employee Payroll	-122.73%	-115.53%	-125.14%	-167.73%

**Notes to Schedule:**

Ordinance No. 2016-D, adopted August 16, 2016, transitioned the plan to "Local Law"

Changes of assumptions - For measurement date 9/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees. The inflation assumption rate was lowered from 3.00% to 2.92%, matching the long-term inflation assumption utilized by the plan's investment consultant.

CITY OF UMATILLA, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CONTRIBUTIONS - POLICE PENSION**

September 30, 2017

	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Actuarially Determined Contribution	\$ -	\$ -	\$ 57,048	\$ 47,944
Contributions in Relation to the				
Actuarially Determined Contribution	43,241	56,112	71,711	51,219
Contribution Deficiency (Excess)	<u>\$ (43,241)</u>	<u>\$ (56,112)</u>	<u>\$ (14,663)</u>	<u>\$ (3,275)</u>
Covered Employee Payroll	431,000	424,000	377,800	317,519
Contributions as a Percentage of				
Covered Employee Payroll	10.03%	13.23%	18.98%	16.13%

Notes to Schedule

Valuation Date 10/1/2014

Actuarially determined contribution rates are calculated as of October 1, three years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method	Aggregate Actuarial Cost Method
Mortality	RP-2000 Table (Sex Distinct)
Interest Rate	7.0% per year, compounded annually gross of investment related expenses.
Retirement Age	5.0% per year eligible for Early Retirement. 10.0% per year eligible for Normal Retirement (with 100% at age 58 with 13 years of service or age 55 with 28 years of service). Also, any member who has reached normal retirement age on the valuation date is assumed to continue employment for one year.

Disability Rates:

	% Becoming Disabled
<u>Age</u>	<u>During the Year</u>
20	.03%
30	.04%
40	.07%
50	.18%

Termination and Salary Increases:

	% Terminating	
<u>Years of Service</u>	<u>During the Year</u>	<u>Salary Increases</u>
0	20.00%	10.00%
1	20.00%	8.00%
2	20.00%	7.00%
3	15.00%	7.00%
4	15.00%	7.00%
5+	5.00%	5.50%

Projected salary in year of retirement is increased 10.0% to account for non-regular compensation.

Payroll Growth Assumption

None



CITY OF UMATILLA, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF INVESTMENT RETURNS - POLICE PENSION**

September 30, 2017

	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Annual Money-Weighted Rate of Return				
Net of Investment Expense	13.18%	7.95%	-.22%	9.75%

CITY OF UMATILLA, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET  
PENSION LIABILITY - FLORIDA RETIREMENT SYSTEM**

September 30, 2017

Florida Retirement System Pension Plan  
Last 10 Fiscal Years\*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's Proportion of the Net Pension Liability	0.00259%	0.00256%	0.00287%
City's Proportionate Share of the Net Pension Liability	\$ 766,489	\$ 645,198	\$ 370,720
City's Covered-employee Payroll	\$ 977,002	\$ 966,107	\$ 918,501
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll	78.45%	66.78%	40.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.89%	84.88%	92.00%

Florida Retirement System HIS Plan  
Last 10 Fiscal Years\*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's Proportion of the Net Pension Liability	0.00339%	0.00343%	0.00314%
City's Proportionate Share of the Net Pension Liability	\$ 362,635	\$ 400,075	\$ 319,803
City's Covered-employee Payroll	\$ 977,002	\$ 966,107	\$ 918,501
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll	37.12%	41.41%	34.82%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	1.64%	0.97%	0.50%

\* Data not available before 2015.

CITY OF UMATILLA, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
**FLORIDA RETIREMENT SYSTEM**

September 30, 2017

Florida Retirement System Pension Plan  
Last 10 Fiscal Years\*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 65,828	\$ 66,214	\$ 68,627
Contributions in Relation to the Contractually Required Contributions	<u>65,828</u>	<u>66,214</u>	<u>68,627</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 977,002	\$ 966,107	\$ 918,501
Contributions as a Percentage of Covered-employee Payroll	6.74%	6.85%	7.47%

Florida Retirement System HIS Plan  
Last 10 Fiscal Years\*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 17,407	\$ 18,227	\$ 13,435
Contributions in Relation to the contractually Required Contributions	<u>17,407</u>	<u>18,227</u>	<u>13,435</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 977,002	\$ 966,107	\$ 918,501
Contributions as a Percentage of Covered-employee Payroll	1.78%	1.89%	1.46%

\* Data not available before 2015.



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**NONMAJOR GOVERNMENTAL FUNDS**



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## **OTHER GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

#### **Police Education Fund**

This fund was established to account for the additional assessment on each traffic citation that is restricted for criminal justice education and training.

#### **Police Automation Fund**

This fund was established to account for fines and forfeitures that are restricted for the acquisition of equipment to upgrade technology of existing equipment.



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CITY OF UMATILLA, FLORIDA

**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

September 30, 2017

	Special Revenue			Total-Nonmajor Governmental Funds
	Police Education	Police Automation	Total Special Revenue Funds	
<b>Assets:</b>				
Cash and cash equivalents	\$ 6,532	\$ 13,223	\$ 19,755	\$ 19,755
Total assets	<u>\$ 6,532</u>	<u>\$ 13,223</u>	<u>\$ 19,755</u>	<u>\$ 19,755</u>
<b>Liabilities and Fund Balances:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Spendable:				
Restricted	6,532	13,223	19,755	19,755
Total fund balances	<u>6,532</u>	<u>13,223</u>	<u>19,755</u>	<u>19,755</u>
Total Liabilities and Fund Balances	<u>\$ 6,532</u>	<u>\$ 13,223</u>	<u>\$ 19,755</u>	<u>\$ 19,755</u>

CITY OF UMATILLA, FLORIDA

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2017

	<u>Special Revenue</u>			Total-Nonmajor Governmental Funds
	<u>Police Education</u>	<u>Police Automation</u>	<u>Total Special Revenue Funds</u>	
<b>Revenues:</b>				
Fines and forfeitures	\$ 315	\$ -	\$ 315	\$ 315
Total revenues	<u>315</u>	<u>-</u>	<u>315</u>	<u>315</u>
<b>Expenditures:</b>				
Current:				
Public safety	<u>350</u>	<u>16,496</u>	<u>16,846</u>	<u>16,846</u>
Total expenditures	<u>350</u>	<u>16,496</u>	<u>16,846</u>	<u>16,846</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(35)</u>	<u>(16,496)</u>	<u>(16,531)</u>	<u>(16,531)</u>
 Net Change in Fund Balances	 (35)	 (16,496)	 (16,531)	 (16,531)
 Fund Balances - beginning	 6,567	 29,719	 36,286	 36,286
Fund Balances - ending	<u>\$ 6,532</u>	<u>\$ 13,223</u>	<u>\$ 19,755</u>	<u>\$ 19,755</u>

## CITY OF UMATILLA, FLORIDA

**POLICE EDUCATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended September 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Fines and forfeitures	\$ 500	\$ 500	\$ 315	\$ (185)
Total revenues	500	500	315	(185)
<b>Expenditures:</b>				
Current:				
Public safety	2,000	2,000	350	1,650
Total expenditures	2,000	2,000	350	1,650
Excess (deficiency) of revenues over expenditures	(1,500)	(1,500)	(35)	1,465
Net Change in Fund Balance	(1,500)	(1,500)	(35)	1,465
Fund Balance - Beginning	6,567	6,567	6,567	-
Fund Balance - Ending	\$ 5,067	\$ 5,067	\$ 6,532	\$ 1,465

## CITY OF UMATILLA, FLORIDA

**POLICE AUTOMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended September 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Investment income	\$ 200	\$ 200	\$ -	\$ (200)
Total revenues	200	200	-	(200)
<b>Expenditures:</b>				
Current:				
Public safety	20,000	20,000	16,496	3,504
Total expenditures	20,000	20,000	16,496	3,504
Excess (deficiency) of revenues over expenditures	(19,800)	(19,800)	(16,496)	3,304
Net Change in Fund Balance	(19,800)	(19,800)	(16,496)	3,304
Fund Balance - Beginning	29,719	29,719	29,719	-
Fund Balance - Ending	<u>\$ 9,919</u>	<u>\$ 9,919</u>	<u>\$ 13,223</u>	<u>\$ 3,304</u>

## STATISTICAL SECTION



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## STATISTICAL SECTION

This section of the City of Umatilla's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

### **Contents**

### **Page**

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

74-79

#### **Revenue Capacity**

These schedules contain information to help the reader assess the City's most significant revenue source, the property tax,

80-83

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

84-86

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

87-88

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

89-91

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



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**CITY OF UMATILLA**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
<b>GOVERNMENTAL ACTIVITIES</b>										
Net investment in capital assets	\$ 3,891,620	\$ 2,808,515	\$ 2,932,113	\$ 2,985,214	\$ 2,971,519	\$ 2,795,822	\$ 2,931,802	\$ 3,307,812	\$ 3,503,133	\$ 3,547,466
Restricted for:										
Capital Improvements	524,352	721,632	92,350	168,315	288,920	375,080	346,024	188,379	82,424	80,904
Community Redevelopment	-	-	483,398	418,896	328,064	103,407	98,409	113,029	182,695	244,660
Law Enforcement	12,247	12,915	115,210	69,157	68,365	66,940	54,867	50,127	36,286	19,755
Fire Department	15,497	13,479	-	-	-	-	-	-	-	-
Library	45,000	45,111	-	-	-	-	-	-	-	-
Unrestricted	1,149,061	1,206,668	1,324,680	825,420	457,215	542,809	656,049	661,597	629,780	484,885
Total Governmental Activities Net Position	<u>\$ 5,637,777</u>	<u>\$ 4,808,320</u>	<u>\$ 4,947,751</u>	<u>\$ 4,467,002</u>	<u>\$ 4,114,083</u>	<u>\$ 3,884,058</u>	<u>\$ 4,087,151</u>	<u>\$ 4,320,944</u>	<u>\$ 4,434,318</u>	<u>\$ 4,377,670</u>
<b>BUSINESS-TYPE ACTIVITIES</b>										
Net investment in capital assets	\$ 10,030,256	\$ 11,143,111	\$ 12,065,995	\$ 12,334,397	\$ 12,515,904	\$ 12,292,062	\$ 12,449,970	\$ 13,918,695	\$ 15,215,811	\$ 20,608,605
Restricted for:										
Capital Improvements	392,016	603,256	456,278	233,129	228,026	219,876	144,248	161,730	203,480	305,414
Debt Service	127,126	127,671	54,090	54,090	54,090	54,090	54,090	-	-	-
Unrestricted	129,285	(18,922)	58,635	529,967	859,347	657,601	705,793	752,373	1,089,053	(467,024)
Total Business-type Activities Net Position	<u>\$ 10,678,683</u>	<u>\$ 11,855,116</u>	<u>\$ 12,634,998</u>	<u>\$ 13,151,583</u>	<u>\$ 13,657,367</u>	<u>\$ 13,223,629</u>	<u>\$ 13,354,101</u>	<u>\$ 14,832,798</u>	<u>\$ 16,508,344</u>	<u>\$ 20,446,995</u>
<b>Primary Government</b>										
Net investment in capital assets	\$ 13,921,876	\$ 13,951,626	\$ 14,998,108	\$ 15,319,611	\$ 15,487,423	\$ 15,087,884	\$ 15,381,772	\$ 17,226,507	\$ 18,718,944	\$ 24,156,071
Restricted for:										
Capital Improvements	916,368	1,324,888	548,628	401,444	516,946	594,956	490,272	350,109	285,904	386,318
Debt Service	127,126	127,671	54,090	54,090	54,090	54,090	54,090	-	-	-
Community Redevelopment	-	-	483,398	418,896	328,064	103,407	98,409	113,029	182,695	244,660
Law Enforcement	12,247	12,915	115,210	69,157	68,365	66,940	54,867	50,127	36,286	19,755
Fire Department	15,497	13,479	-	-	-	-	-	-	-	-
Library	45,000	45,111	-	-	-	-	-	-	-	-
Unrestricted	1,278,346	1,187,746	1,383,315	1,355,387	1,316,562	1,200,410	1,361,842	1,413,970	1,718,833	17,861
Total City of Umatilla Net Position	<u>\$ 16,316,460</u>	<u>\$ 16,663,436</u>	<u>\$ 17,582,749</u>	<u>\$ 17,618,585</u>	<u>\$ 17,771,450</u>	<u>\$ 17,107,687</u>	<u>\$ 17,441,252</u>	<u>\$ 19,153,742</u>	<u>\$ 20,942,662</u>	<u>\$ 24,824,665</u>

Note: This schedule reports trend information for all years beginning with the year the City implemented GASB 34.

**CITY OF UMATILLA  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual basis of accounting)**

	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
<b>EXPENSES</b>										
Governmental Activities:										
General Government	\$ 807,195	\$ 512,434	\$ 532,689	\$ 869,745	\$ 582,914	\$ 742,494	\$ 713,706	\$ 635,092	\$ 764,931	\$ 767,664
Public Safety	1,062,706	921,714	903,616	976,103	1,007,103	1,068,865	990,627	1,067,052	1,160,901	1,281,196
Physical Environment	40,610	37,273	36,874	35,805	43,354	43,963	536,722	532,366	53,898	52,626
Transportation	556,640	267,555	430,053	472,978	567,118	493,078	45,445	46,388	622,962	681,336
Culture and Recreation	646,800	519,085	516,768	511,735	504,269	584,012	433,672	539,648	611,094	597,212
Economic Environment	-	-	171,597	123,222	212,799	348,305	190,002	47,396	56,026	89,457
Interest on Long-term Debt	18,711	13,148	18,012	11,407	7,098	9,116	15,065	3,796	6,491	1,055
Total Governmental Activities Expenses	<u>3,132,662</u>	<u>2,271,209</u>	<u>2,609,609</u>	<u>3,000,995</u>	<u>2,924,655</u>	<u>3,289,833</u>	<u>2,925,239</u>	<u>2,871,738</u>	<u>3,276,303</u>	<u>3,470,546</u>
Business-Type Activities										
Water and Sewer	1,832,971	1,421,553	1,100,163	1,074,021	1,036,296	1,028,156	1,086,390	1,029,580	978,641	1,048,099
Sanitation	485,195	538,293	433,066	440,376	482,713	456,697	356,173	351,219	365,137	384,668
Airport	208,946	250,816	352,061	358,391	284,837	286,220	281,683	313,408	319,492	320,499
Stormwater	-	121,784	108,846	94,538	102,038	78,606	90,674	84,976	89,182	130,088
Total Business-Type Activities Expenses	<u>2,527,112</u>	<u>2,332,446</u>	<u>1,994,136</u>	<u>1,967,326</u>	<u>1,905,884</u>	<u>1,849,679</u>	<u>1,814,920</u>	<u>1,779,183</u>	<u>1,752,452</u>	<u>1,883,354</u>
Total Expenses	<u>\$ 5,659,774</u>	<u>\$ 4,603,655</u>	<u>\$ 4,603,745</u>	<u>\$ 4,968,321</u>	<u>\$ 4,830,539</u>	<u>\$ 5,139,512</u>	<u>\$ 4,740,159</u>	<u>\$ 4,650,921</u>	<u>\$ 5,028,755</u>	<u>\$ 5,353,900</u>
<b>PROGRAM REVENUES</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$ 891,720	\$ 87,701	\$ 38,265	\$ 24,112	\$ 99,391	\$ 133,058	\$ 56,616	\$ 35,014	\$ 139,627	\$ 101,173
Public Safety	24,082	26,646	15,105	12,347	20,857	36,175	22,718	11,887	10,348	27,481
Physical Environment	9,825	14,050	-	-	-	-	-	-	-	12,100
Transportation	14,070	15,798	9,681	12,123	6,553	9,210	7,772	9,021	20,348	15,178
Culture and Recreation	17,152	15,378	26,974	27,823	27,610	30,209	31,450	32,815	29,891	33,290
Economic Environment	-	-	2,340	1,905	1,680	1,000	3,270	775	1,720	7,705
Operating Grants and Contributions	520,860	498,063	243,102	228,568	248,743	218,334	218,433	242,961	242,969	243,937
Capital Grants and Contributions	15,768	56,389	235,811	7,753	6,683	5,597	4,135	11,240	4,164	3,530
Total Governmental Activities Program Revenues	<u>1,493,477</u>	<u>714,025</u>	<u>571,278</u>	<u>314,631</u>	<u>411,517</u>	<u>433,583</u>	<u>344,394</u>	<u>343,713</u>	<u>449,067</u>	<u>444,394</u>
Business-Type Activities:										
Charges for Services:										
Water and Sewer	859,950	958,317	932,494	962,381	905,617	941,787	981,722	1,185,548	1,307,834	1,385,436
Sanitation	497,606	665,432	629,237	618,387	629,784	635,652	644,916	652,895	660,063	663,234
Airport	30,182	28,252	49,054	54,863	67,046	71,781	69,666	79,918	83,564	80,139
Stormwater	-	97,725	94,696	98,529	96,991	97,999	98,549	99,782	102,685	103,461
Operating Grants and Contributions	-	-	667,061	678,126	-	-	-	-	-	-
Capital Grants and Contributions	3,064,209	470,168	646,712	70,622	709,215	141,416	661,156	1,915,418	1,853,449	4,089,333
Total Business-Type Activities Program Revenues	<u>4,451,947</u>	<u>2,219,894</u>	<u>3,019,254</u>	<u>2,482,908</u>	<u>2,408,653</u>	<u>1,888,635</u>	<u>2,456,009</u>	<u>3,933,561</u>	<u>4,007,595</u>	<u>6,321,603</u>
Total Program Revenues	<u>\$ 5,945,424</u>	<u>\$ 2,933,919</u>	<u>\$ 3,590,532</u>	<u>\$ 2,797,539</u>	<u>\$ 2,820,170</u>	<u>\$ 2,322,218</u>	<u>\$ 2,800,403</u>	<u>\$ 4,277,274</u>	<u>\$ 4,456,662</u>	<u>\$ 6,765,997</u>
<b>NET REVENUE (EXPENSE)</b>										
Governmental Activities	\$ (1,639,185)	\$ (1,557,184)	\$ (2,038,331)	\$ (2,686,364)	\$ (2,513,138)	\$ (2,856,250)	\$ (2,580,845)	\$ (2,528,025)	\$ (2,827,236)	\$ (3,026,152)
Business-Type Activities	1,924,835	(112,552)	1,025,118	515,582	502,769	38,956	641,089	2,154,378	2,255,143	4,438,249
Total Net Expense	<u>\$ 285,650</u>	<u>\$ (1,669,736)</u>	<u>\$ (1,013,213)</u>	<u>\$ (2,170,782)</u>	<u>\$ (2,010,369)</u>	<u>\$ (2,817,294)</u>	<u>\$ (1,939,756)</u>	<u>\$ (373,647)</u>	<u>\$ (572,093)</u>	<u>\$ 1,412,097</u>

*Continued on Next Page*

**CITY OF UMATILLA  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual basis of accounting)**

	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
<b>GENERAL REVENUES AND TRANSFERS</b>										
Governmental Activities:										
Taxes:										
Property Taxes	\$ 976,078	\$ 1,057,017	\$ 999,172	\$ 982,677	\$ 902,534	\$ 910,675	\$ 901,006	\$ 861,702	\$ 906,859	\$ 918,170
Sales Taxes	224,518	202,258	-	-	-	-	-	-	-	-
Franchise Fees and Utility Taxes	507,376	566,402	656,425	583,577	593,697	616,819	701,589	654,633	707,492	695,947
Intergovernmental revenues	-	-	243,866	499,900	534,009	579,249	621,337	679,715	727,568	835,531
Casualty Insurance Premium Tax	-	27,283	-	-	-	-	-	-	-	-
Unrestricted Investment Earnings	57,949	16,022	31,649	13,001	6,374	6,530	5,648	8,417	11,756	6,108
Miscellaneous	-	-	-	126,460	123,605	38,510	42,638	28,181	6,935	13,748
Gain(Loss) on Sale of Capital Assets	1,021	(543)	-	-	-	-	-	41,536	-	-
Capital Lease Proceeds	-	145,054	-	-	-	-	-	-	-	-
Transfers	(3,289,663)	(1,255,195)	246,650	-	-	474,442	511,720	540,000	580,000	500,000
<b>Total Governmental Activities</b>	<b>(1,522,721)</b>	<b>758,298</b>	<b>2,177,762</b>	<b>2,205,615</b>	<b>2,160,219</b>	<b>2,626,225</b>	<b>2,783,938</b>	<b>2,814,184</b>	<b>2,940,610</b>	<b>2,969,504</b>
Business-Type Activities:										
Unrestricted Investment Earnings	36,100	3,185	-	1,003	3,015	1,748	1,102	35	403	402
Transfers	3,289,663	1,255,195	(246,650)	-	-	(474,442)	(511,720)	(540,000)	(580,000)	(500,000)
Franchise Fees & Utility Taxes	30,236	-	-	-	-	-	-	-	-	-
Miscellaneous Revenues	62,825	34	1,414	-	-	-	-	-	-	-
<b>Total Business-Type Activities</b>	<b>3,418,824</b>	<b>1,258,414</b>	<b>(245,236)</b>	<b>1,003</b>	<b>3,015</b>	<b>(472,694)</b>	<b>(510,618)</b>	<b>(539,965)</b>	<b>(579,597)</b>	<b>(499,598)</b>
<b>Total General Revenues and Transfers</b>	<b>\$ 1,896,103</b>	<b>\$ 2,016,712</b>	<b>\$ 1,932,526</b>	<b>\$ 2,206,618</b>	<b>\$ 2,163,234</b>	<b>\$ 2,153,531</b>	<b>\$ 2,273,320</b>	<b>\$ 2,274,219</b>	<b>\$ 2,361,013</b>	<b>\$ 2,469,906</b>
<b>CHANGE IN NET ASSETS</b>										
Governmental Activities	\$ (3,161,906)	\$ (798,886)	\$ 139,431	\$ (480,749)	\$ (352,919)	\$ (230,025)	\$ 203,093	\$ 286,159	\$ 113,374	\$ (56,648)
Business-Type Activities	5,343,659	1,145,862	779,882	516,585	505,784	(433,738)	130,471	1,614,413	1,675,546	3,938,651
<b>Total Change in Net Position</b>	<b>\$ 2,181,753</b>	<b>\$ 346,976</b>	<b>\$ 919,313</b>	<b>\$ 35,836</b>	<b>\$ 152,865</b>	<b>\$ (663,763)</b>	<b>\$ 333,564</b>	<b>\$ 1,900,572</b>	<b>\$ 1,788,920</b>	<b>\$ 3,882,003</b>

Note: This schedule reports trend information for all years beginning with the year the City implemented GASB 34.

(1) Large transfer due to creating a separate Airport Fund, previously included in the General Fund

**CITY OF UMATILLA**  
**GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

<u>FISCAL YEAR</u>	<u>PROPERTY TAXES</u>	<u>INFRA- STRUCTURE SALES SURTAX</u>	<u>LOCAL OPTION GAS TAXES</u>	<u>FRANCHISE FEES</u>	<u>UTILITY TAXES</u>	<u>COMMUNICATIONS SERVICE TAX</u>	<u>CASUALTY INSURANCE PREMIUM TAX</u>	<u>TOTAL TAXES</u>
2008	976,078	224,518	91,681	180,600	217,609	109,167	30,305	1,829,958
2009	1,057,017	202,258	95,492	205,799	247,302	113,302	27,282	1,948,452
2010	857,184	223,665	93,144	244,001	310,295	102,129	*	1,830,418
2011	861,985	238,576	86,445	221,666	289,350	72,561	*	1,770,583
2012	902,534	248,897	89,870	208,884	270,731	114,082	49,127	1,884,125
2013	910,675	278,282	80,256	197,983	278,480	140,356	24,402	1,910,434
2014	901,006	296,665	83,692	238,506	329,524	133,559	23,027	2,005,979
2015	861,702	325,566	93,967	221,217	304,005	129,411	23,731	1,959,599
2016	906,859	343,348	88,917	233,921	340,262	133,308	35,315	2,081,930
2017	918,170	413,896	86,084	228,138	338,328	129,481	28,623	2,142,720

\* Data not available

**CITY OF UMATILLA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<u><b>2008</b></u>	<u><b>2009</b></u>	<u><b>2010</b></u>
General Fund			
Reserved	\$ 135,177	\$ 127,696	\$ 56,578
Unreserved	1,256,283	1,335,402	1,470,021
Total General Fund	<u>\$ 1,391,460</u>	<u>\$ 1,463,098</u>	<u>\$ 1,526,599</u>

All Other Governmental Funds (Special Revenue Funds)			
Reserved	\$ 461,919	\$ 665,441	\$ 645,371
Unreserved	-	-	-
Total All Other Governmental Funds	<u>\$ 461,919</u>	<u>\$ 665,441</u>	<u>\$ 645,371</u>

	<b>Post GASB 54</b>						
	<u><b>2011</b></u>	<u><b>2012</b></u>	<u><b>2013</b></u>	<u><b>2014</b></u>	<u><b>2015</b></u>	<u><b>2016</b></u>	<u><b>2017</b></u>
General Fund							
Nonspendable	\$ 849	\$ 2,345	\$ 1,845	\$ 1,500	\$ 1,555	\$ 997	\$ 1,010
Committed	-	-	23,300	3,932	-	-	-
Assigned	599,742	162,669	211,752	312,010	289,430	455,350	349,388
Unassigned	381,060	416,039	472,787	546,119	596,619	407,892	395,917
Total General Fund	<u>\$ 981,651</u>	<u>\$ 581,053</u>	<u>\$ 709,684</u>	<u>\$ 863,561</u>	<u>\$ 887,604</u>	<u>\$ 864,239</u>	<u>\$ 746,315</u>
All Other Governmental Funds (Special Revenue Funds)							
Restricted	\$ 656,368	\$ 685,349	\$ 545,427	\$ 499,300	\$ 351,535	\$ 301,405	\$ 345,319
Assigned	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 656,368</u>	<u>\$ 685,349</u>	<u>\$ 545,427</u>	<u>\$ 499,300</u>	<u>\$ 351,535</u>	<u>\$ 301,405</u>	<u>\$ 345,319</u>

**CITY OF UMATILLA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Revenues</b>										
Taxes	\$ 1,829,958	\$ 2,117,678	\$ 1,972,406	\$ 1,659,757	\$ 1,586,101	\$ 1,607,750	\$ 1,686,287	\$ 1,610,302	\$ 1,703,268	\$ 1,700,201
Licenses and Permits	79,914	24,550	38,265	24,112	99,391	133,058	56,616	35,014	139,627	101,173
Intergovernmental Revenues	435,082	461,079	405,970	642,718	699,565	722,924	760,213	839,949	885,784	996,914
Charges for Services	96,927	35,051	34,176	39,304	31,446	37,653	43,364	40,149	51,905	68,560
Fines and Forfeitures	28,520	30,044	17,584	12,989	23,574	37,941	21,846	14,349	10,402	27,194
Investment Income	-	-	-	13,001	6,374	6,530	5,648	8,417	11,756	6,108
Miscellaneous	1,001,634	96,904	33,989	128,365	125,285	39,510	42,638	28,181	6,935	13,748
<b>Total Revenues</b>	<u>3,472,035</u>	<u>2,765,306</u>	<u>2,502,390</u>	<u>2,520,246</u>	<u>2,571,736</u>	<u>2,585,366</u>	<u>2,616,612</u>	<u>2,576,361</u>	<u>2,809,677</u>	<u>2,913,898</u>
<b>Expenditures</b>										
General Government	792,800	605,659	523,522	857,863	665,464	754,772	857,581	935,884	784,770	759,265
Public Safety	975,498	838,765	838,880	1,073,476	947,349	1,068,721	899,688	1,063,373	1,210,427	1,212,409
Physical Environment	54,010	37,123	36,724	42,269	47,201	71,963	40,353	42,665	76,752	43,831
Transportation	433,419	198,699	366,265	459,753	500,401	546,682	472,513	569,062	602,827	704,746
Economic Environment	563	9,751	235,089	209,761	207,257	339,724	123,493	130,606	81,504	95,651
Culture and Recreation	550,160	434,260	444,553	458,502	446,399	513,448	523,018	508,783	557,591	618,009
Capital Outlay	313,733	72,336	77,899	-	-	-	-	-	-	-
Debt Service:										
Principal	158,121	132,096	218,922	136,657	140,708	206,172	128,869	115,856	142,367	52,905
Interest & Issuance Costs	18,711	13,149	13,970	12,479	8,426	10,018	15,067	4,054	6,934	1,092
<b>Total Expenditures</b>	<u>3,297,015</u>	<u>2,341,838</u>	<u>2,755,824</u>	<u>3,250,760</u>	<u>2,963,205</u>	<u>3,511,500</u>	<u>3,060,582</u>	<u>3,370,283</u>	<u>3,463,172</u>	<u>3,487,908</u>
Excess (Deficiency) of Revenues over (under) Expenditures	175,020	423,468	(253,434)	(730,514)	(391,469)	(926,134)	(443,970)	(793,922)	(653,495)	(574,010)
<b>Other Financing Sources (Uses)</b>										
Transfers in	49,266	117,500	258,297	-	-	568,330	515,998	540,000	580,000	500,000
Transfers out	(120,040)	(466,770)	(11,647)	-	-	(93,888)	(4,278)	-	-	-
Debt Proceeds	-	231,533	50,215	196,563	19,852	440,401	40,000	60,000	-	-
Debt Proceeds	-	-	-	-	-	-	-	70,200	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(70,774)</u>	<u>(117,737)</u>	<u>296,865</u>	<u>196,563</u>	<u>19,852</u>	<u>914,843</u>	<u>551,720</u>	<u>670,200</u>	<u>580,000</u>	<u>500,000</u>
<b>Net Change in Fund Balances</b>	<u>\$ 104,246</u>	<u>\$ 305,731</u>	<u>\$ 43,431</u>	<u>\$ (533,951)</u>	<u>\$ (371,617)</u>	<u>\$ (11,291)</u>	<u>\$ 107,750</u>	<u>\$ (123,722)</u>	<u>\$ (73,495)</u>	<u>\$ (74,010)</u>
Debt service as a percentage of noncapital expenditures	5.93%	6.74%	9.00%	5.11%	5.23%	6.75%	4.93%	4.30%	4.79%	1.77%

**CITY OF UMATILLA  
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

FISCAL YEAR	REAL PROPERTY		PERSONAL PROPERTY		CENTRALLY ASSESSED PROPERTY		TOTAL		(IN MILLS) DIRECT TAX RATE	TOTAL TAXABLE VALUE PERCENTAGE OF TOTAL JUST VALUE
	TAXABLE VALUE	ESTIMATED JUST VALUE	TAXABLE VALUE	ESTIMATED JUST VALUE	TAXABLE VALUE	ESTIMATED JUST VALUE	TAXABLE VALUE	ESTIMATED JUST VALUE		
2008	126,622,000	181,720,456	13,827,323	14,526,160	5,242	5,242	140,454,565	196,251,858	5.7593	71.57%
2009	127,600,008	200,188,397	12,944,226	15,551,682	5,092	6,804	140,549,326	215,746,883	6.5000	65.15%
2010	113,870,940	177,409,671	14,803,104	17,317,971	4,871	6,364	128,678,915	194,734,009	6.8795	66.08%
2011	102,871,332	162,332,030	12,054,919	14,631,545	4,106	5,646	114,930,357	176,969,221	7.6419	64.94%
2012	103,927,315	150,858,928	11,322,275	13,444,051	4,106	4,106	115,253,696	164,302,979	8.2480	70.15%
2013	94,264,999	152,841,267	12,826,371	15,333,257	-	-	107,091,370	168,175,060	8.2480	63.68%
2014	99,525,397	160,283,636	12,458,051	15,108,906	-	-	111,983,448	175,392,542	8.2480	63.85%
2015	107,902,950	173,648,089	11,887,467	14,370,614	-	-	119,790,417	188,018,703	7.2980	63.71%
2016	110,695,343	178,604,508	12,669,583	16,306,588	-	-	123,364,926	194,911,096	7.1089	63.29%
2017	114,756,092	186,329,263	13,766,641	17,096,492	-	-	128,522,733	203,425,755	7.1089	63.18%

Source-Lake County Property Appraiser's Office

The property appraiser is required to physically inspect the property at least once every 5 years. Homesteaded property is reassessed annually on January 1. Any change resulting from such reassessment shall not exceed the lower of 3% of the prior year's assessed value or the percentage change in the Consumer Price Index for All Urban Consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics.

The estimated just value is adjusted down to the taxable value due to governmental exemptions, widows/widowers exemption, disability/blind exemption, institutional exemption for charitable, religious, scientific, literary and educational, \$25,000 homestead exemption, additional \$25,000 homestead exemption age 65 and older, and the homestead assessment differential (just value minus capped value).

**CITY OF UMATILLA**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
**(PER \$1,000 OF ASSESSED VALUE)**  
**LAST TEN FISCAL YEARS**

OVERLAPPING GOVERNMENTS AND RATES									
FISCAL YEAR	OPERATING RATE CITY	LAKE COUNTY	SCHOOL DISTRICT	AMBULANCE DISTRICT	COUNTY DEBT SERVICE	HOSPITAL DISTRICT	WATER MANAGEMENT DISTRICT	WATER CONSERVATION AUTHORITY	TOTAL
2008	5.7593	4.9410	7.6980	0.4651	0.2000	1.0000	0.4158	0.2130	20.6922
2009	6.5000	4.6511	7.5170	0.4651	0.1101	1.0000	0.4158	0.2130	20.8721
2010	6.8795	4.7309	7.5230	0.3853	0.1101	1.0000	0.4158	0.2405	21.2851
2011	7.6419	4.7309	7.3940	0.3853	0.1101	1.0000	0.3313	0.2405	21.8340
2012	8.2480	4.7309	7.3200	0.3853	0.1900	1.0000	0.3313	0.2554	22.4609
2013	8.2480	4.7309	7.1700	0.3853	0.1900	1.0000	0.0328	0.2554	22.0124
2014	8.2480	4.7309	7.1700	0.3853	0.1900	1.0000	0.3283	0.2554	22.3079
2015	7.2980	5.3051	7.1970	0.4629	0.1600	1.0000	0.0323	0.2554	21.7107
2016	7.1089	5.118	6.8750	0.4629	0.1524	1.0000	0.2885	0.2554	21.2611
2017	7.1089	5.118	6.6030	0.4629	0.1524	1.0000	0.2727	0.2554	20.9733

Source: Lake County Property Appraiser's Office

Notes:

Overlapping rates are those of local and county governments that apply to property owners within the City of Umatilla

Taxes levied for the fiscal year are based on the prior year taxable value



**CITY OF UMATILLA  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	Fiscal Year 2017			Fiscal Year 2008		
	Taxable Assessed		Rank	Taxable Assessed		Rank
	Value	Value		Value	Value	
COMMUNITY SUPPORTS INC	\$ 11,290,511	1	9.15%			
EVERS ENTERPRISES LLLP	3,858,528	2	3.13%	\$ 2,744,141	4	1.95%
UMATILLA PROPERTIES LLC	3,482,844	3	2.82%			
RECOVERY VILLAGE AT UMATILLA LLC	3,024,078	4	2.45%			
DUKE ENERGY FLORIDA LLC	2,382,823	5	1.93%	1,375,326	8	0.98%
NATIONWIDE UMATILLA PLAZA LLC	1,757,983	6	1.43%	1,588,322	6	1.13%
GOLDEN ESTATES LLC	1,557,723	7	1.26%			
EMBARQ-FLORIDA INC	1,287,121	8	1.04%	2,890,522	2	2.06%
LAKEVIEW TERRACE RETIREMENT SERVICES INC	1,180,767	9	0.96%	4,590,191	1	3.27%
UNITED SOUTHERN BANK	1,055,613	10	0.86%	1,430,255	7	1.02%
ARGUELLES HOLDINGS LLC				2,838,158	3	2.02%
LAKE COGEN LTD				1,914,905	5	1.36%
YUEN SUNG YIM FAMILY PARTNERSHIP LLP				1,238,147	9	0.88%
BB&T EQUIPMENT FINANCE CORPORATION FL				1,179,921	10	0.84%
Total	<u>\$ 19,587,480</u>		<u>15.88%</u>	<u>\$ 21,789,888</u>		<u>15.51%</u>

Source: Lake County Property Appraiser

**CITY OF UMATILLA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

<u>FISCAL YEAR</u>	<u>TOTAL TAX LEVY</u>	<u>CURRENT TAX COLLECTIONS</u>	<u>PERCENT OF LEVY COLLECTED</u>	<u>DELINQUENT TAX COLLECTIONS</u>	<u>TOTAL TAX COLLECTIONS</u>	<u>% TOTAL TAX COLLECTIONS TO TAX LEVY</u>
2008	808,357	749,004	92.66%	38,504	787,508	97.42%
2009	913,571	882,269	96.57%	5,522	887,791	97.18%
2010	891,672	804,615	90.24%	52,568	857,183	96.13%
2011	885,247	811,771	91.70%	50,213	861,984	97.37%
2012	878,286	748,682	99.86%	39,620	788,302	89.75%
2013	901,498	757,065	99.86%	40,430	797,495	88.46%
2014	883,290	747,603	84.64%	38,850	786,453	89.04%
2015	872,738	755,576	86.58%	37,800	793,376	90.91%
2016	904,476	804,536	88.95%	35,450	839,986	92.87%
2017	913,655	809,442	88.59%	41,141	850,583	93.10%

**CITY OF UMATILLA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	Capital Leases	Loans Payable	Utility Revenue Bonds	Loans Payable			
2008	434,060	-	298,000	-	732,060	2.36%	334
2009	358,275	-	272,000	86,479	716,754	1.57%	284
2010	189,568	-	241,000	70,382	500,950	1.37%	162
2011	249,474	-	208,000	53,748	511,222	0.79%	148
2012	128,618	-	173,000	36,558	338,176	0.33%	97
2013	362,847	-	136,000	18,793	517,640	0.37%	146
2014	233,978	40,000	98,000	-	371,978	0.33%	102
2015	118,122	100,000	57,000	-	275,122	0.23%	72
2016	10,044	65,711	-	475,383	551,138	0.40%	141
2017	-	22,850	-	627,051	649,901	0.42%	162

**Note:** Details regarding the City's outstanding debt can be found Note 8 to the financial statements.

<sup>a</sup> See following "DEMOGRAPHIC AND ECONOMIC STATISTICS" for personal income and population data.

**CITY OF UMATILLA, FLORIDA  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

The City of Umatilla has had no general bonded debt during the last ten fiscal years

**CITY OF UMATILLA, FLORIDA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF SEPTEMBER 30, 2017**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Other Debt			
Lake County Board of County Commissioners	\$ 20,400,000	1.19%	\$ 242,760
School District of Lake County	-	1.19%	-
Subtotal, overlapping debt			242,760
Direct debt	22,850		22,850
Total direct and overlapping debt			<u>\$ 265,610</u>

Note: The City of Umatilla has no ordinance which limits general obligation debt to a percentage of assessed property values.

(1) The estimated percentage is based on the city's population to total county population

**CITY OF UMATILLA**  
**PLEDGED-REVENUE COVERAGE**  
**WATER/SEWER UTILITY REVENUES, FRANCHISE AND UTILITY TAXES**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Operating Revenues <sup>2</sup>	Operating Expenses <sup>1</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2008	1,466,110	1,614,751	-	24,000	16,050	40,050	0.00
2009	1,413,653	1,210,547	203,106	25,000	14,850	39,850	5.10
2010	932,494	841,500	90,994	31,000	13,467	44,467	2.05
2011	962,381	728,985	233,396	33,000	12,050	45,050	5.18
2012	905,617	691,899	213,718	35,000	10,350	45,350	4.71
2013	941,787	731,592	210,195	37,000	8,650	45,650	4.60
2014	981,722	764,968	216,754	38,000	8,600	46,600	4.65
2015	1,185,546	736,906	448,640	7,000	2,800	9,800	45.78
2016	1,302,841	663,366	639,475	20,342	1,837	22,179	28.83
2017	103,461	15,821	87,640	38,115	2,694	40,809	2.15

<sup>1</sup> Operating expenses are exclusive of depreciation.

<sup>2</sup> Operating revenues are inclusive of franchise taxes, utility taxes, miscellaneous income, and interest income as specified in the bond ordinances.

**CITY OF UMATILLA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population</u>	<u>Total Personal Income of all Umatilla Residents</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Lake County Unemployment Rate</u>
2008	2,603	55,568,844	21,348	39.40	7.10%
2009	3,047	63,456,822	20,826	41.10	12.70%
2010	3,083	64,382,289	20,883	48.50	12.40%
2011	3,456	101,831,040	29,465	48.74	10.60%
2012	3,481	132,532,113	38,073	48.05	8.90%
2013	3,546	138,159,252	38,962	48.50	6.90%
2014	3,658	111,982,354	30,613	49.20	6.20%
2015	3,798	119,052,108	31,346	50.10	5.10%
2016	3,908	139,386,636	35,667	52.40	4.80%
2017	4,021	154,651,681	38,461	44.70	3.20%

Population from the Florida Bureau of economic and Business research (BEBR)  
Unemployment Rate as published by Daily Commercial  
Median Age from businessinlake.com

**CITY OF UMATILLA  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>	<u>2017</u>			<u>2008</u>			
	<u>Rank</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employer</u>	<u>Rank</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Lake County School Board	1	238	*	Lake County School Board	1	273	*
Lakeview Terrace	2	203	*	City of Umatilla	2	60	*
Recovery Village	3	104	*	United Southern Bank	3	57	*
City of Umatilla	4	48	*	Lake County Health Clinic	4	21	*
United Southern Bank	5	45	*	McDonalds	5	34	*
McDonalds	6	44	*	First Baptist Church	6	26	*
Lake County Health Clinic	7	36	*	Utility Technicians	7	15	*
Utility Technicians	8	27	*	Sunsational Citrus	8	13	*
Faryna Grove Care	9	14	*	Pizza Hut	9	11	*
Pizza Hut	10	13	*	Bank of America	10	7	*

\* Data not available  
Source: City staff

**CITY OF UMATILLA**  
**FULL TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

Function	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
General Government										
City Manager	1	1	1	1	1	1	1	1	1	1
City Clerk	1	1	1	1	1	1	1	1	1	1
Finance	5	4	3	3	3	3	3	3	4	4
Facilities Maint.	1	1	1	1	1	1	1	1	1	1
Permitting	0	0	0	0	0	0	1	1	1	1
Total General Government	8	7	6	6	6	6	7	7	8	8
Public Safety										
Police Officers	9	9	9	9	9	9	9	9	9	9
Police Civilians	2	2	2	2	2	2	2	2	2	2
Code Enforcement	1	1	1	1	1	1	1	1	0	1
Total Public Safety	12	12	12	12	12	12	12	12	11	12
Growth Management										
Public Works										
Administration	2	2	2	2	2	2	2	2	3	3
Cemetery	1	1	1	1	1	1	1	1	1	1
Street Maint.	7	6	6	6	7	7	6	6	6	7
Total Public Works	10	9	9	9	10	10	9	9	10	11
Culture and Recreation										
Library	8	8	8	8	8	8	8	8	8	7
Parks and Recreation	1	1	1	1	1	1	2	2	2	3
Total Culture and Recreation	9	9	9	9	9	9	10	10	10	10
Utilities										
Water	4	4	4	4	3	3	3	3	3	4
Sewer	2	1	1	1	2	2	2	2	2	2
Sanitation	0	2	2	2	0	0	0	0	0	1
Total Utilities	6	7	7	7	5	5	5	5	5	7
Total Government Employees	45	44	43	43	42	42	43	43	44	48

Source: Finance Department



**CITY OF UMATILLA  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Arrests	222	217	134	104	70	97	114	139	178	130
Traffic/DUI Citations	16	17	8	4	87	*	228	356	197	215
Traffic Accidents	70	48	80	51	58	58	58	57	77	74
Warrants	13	12	5	6	5	21	17	21	28	38
Building Department:										
The City's building permits are approved and issued by Capri Engineering. (The building services are outsourced to a private company)	148	113	151	117	146	166	284	298	204	274
Roads and Streets										
Potholes repaired	170	210	160	240	240	425	480	504	510	250
Street resurfacing (by mile)	0.5	0	0	0	0.25	0.25	0.50	0.50	1.25	1.27
Library										
Total Circulation (Library materials checked out)	17,949	119,930	126,420	143,458	138,150	145,830	146,537	103,353	124,245	73,102
Total Users of Public Internet Computers	25,083	26,470	30,215	19,006	34,529	22,214	32,965	21,153	31,009	25,700
Total Reference Transactions	25,688	19,500	19,396	22,308	15,912	20,541	15,652	15,652	11,206	10,088
Total Annual Programs	459	293	461	385	399	395	458	536	566	340
Total Program Attendance	10,231	7,684	13,033	15,640	12,847	12,859	12,531	14,689	14,078	8,964
Total Number of registered card holders	8,615	8,476	9,033	9,868	10,537	7,963	4,173	4,309	5,545	5,798
Number of hours spent on public technology instruction	652	834	723	43	84	80	62	62	0	36
Total Library visitors	111,847	80,057	122,677	141,968	120,969	115,494	109,686	103,353	105,636	91,517
Parks and Recreation										
Number of Recreation Leases	129	102	148	87	322	309	323	317	317	125
Number of Bookings at the Community Building			92	24	72	57	38	0	0	12
Water										
Commercial Connections	198	192	148	180	207	237	197	179	206	197
Residential Connections	1,256	1,264	1,303	1,205	1,229	1,423	1,530	1,486	1,543	1,337
Total Connections	1,454	1,456	1,451	1,385	1,436	1,660	1,727	1,665	1,749	1,534
Average Daily Consumption (gallons per day)	396,000	365,000	355,000	355,000	356,000	343,000	343,000	448,000	496,000	467,000
Treatment capacity (gallons per day)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Wastewater										
Commercial Connections	839	121	120	118	119	144	133	132	131	130
Residential Connections	118	829	822	806	817	894	927	917	919	933
Total Connections	957	950	942	924	936	1,038	1,060	1,049	1,050	1,063
Average Daily Sewage Treatment (gallons per day)	163,000	187,000	158,000	158,000	147,000	187,000	187,000	179,000	144,000	143,000
Treatment Capacity (gallons per day)	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000

Note: Indicators are not available for the general government and growth management functions.

Sources: Various city departments

\* Data not available

**CITY OF UMATILLA**  
**CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

<u>Function/Program</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Police</b>										
Stations (Includes substations)	1	1	1	1	1	1	1	1	1	1
Patrol Units (2 shifts/2 officers per shift)	4	4	4	4	4	4	4	4	4	4
Sworn Officers (positions filled at year end)	9	9	9	9	9	9	9	9	9	9
Support	1	1	1	1	1	1	1	1	1	1
<b>Roads and Streets</b>										
Paved Roads	20.3 miles	20.3 miles	20.3 miles	20.3 miles	21 miles	21 miles	21 miles	21 miles	21 miles	21 miles
Unpaved Roads	2.1 miles	2.1 miles	2.1 miles	2.1 miles	2.0 miles	2.0 miles	2.0 miles	2.0 miles	2.0 miles	2.0 miles
Sidewalks	56,836 feet	56,836 feet	56,836 feet	56,836 feet	56,836 feet	56,836 feet	56,836 feet	56,836 feet	56,836 feet	56,836 feet
<b>Culture and Recreation</b>										
Libraries	1	1	1	1	1	1	1	1	1	1
Acreage	35	35	35	35	35	35	35	35	35	35
Parks	6	6	6	6	6	6	6	6	6	6
Recreation Centers	1	1	1	1	1	1	1	1	1	1
Basketball Courts	2	2	2	2	2	2	2	2	2	2
Tennis Courts	2	2	2	2	2	2	2	2	2	2
Baseball Fields	1	1	1	1	1	1	1	1	1	1
Playgrounds	3	3	3	3	3	3	3	3	3	3
Soccer Fields	1	1	1	1	1	1	1	1	1	1
Swimming Pool	1	1	1	1	1	1	1	1	1	1
<b>Water</b>										
Water mains (miles)	30.9	30.9	30.9	30.9	30.9	30.9	30.9	30.9	30.9	30.9
Storage Capacity (gallons)	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Fire Hydrants	151	151	151	151	151	151	151	151	151	151
Water Plants	1	1	1	1	1	1	1	1	1	1
<b>Wastewater</b>										
Sewers-Force Mains/Gravity (miles)	14.1	14.1	14.1	14.1	14.1	14.1	14.1	14.1	14.1	14.1
Treatment Capacity (gallons/daily)	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Lift Stations	9	9	9	9	9	9	9	9	9	9

**Note:** No capital asset and infrastructure statistics are available for the general government, building or growth management functions.

**Sources:** Various city departments

## OTHER REPORTS



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

*Independent Auditor's Report*

Honorable Mayor and City Council  
*City of Umatilla, Florida, Florida*

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Umatilla, Florida as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise City of Umatilla, Florida's basic financial statements, and have issued our report thereon dated May 9, 2018.

**Internal Control over Financial Reporting**

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

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

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

**MCDIRMIT DAVIS & COMPANY, LLC**

934 North Magnolia Avenue, Suite 100 Orlando, Florida 32803  
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Umatilla, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*McDiernit Davis & Company, LLC*

Orlando, Florida  
May 9, 2018

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR THE MAJOR STATE PROJECTS AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

Honorable Mayor and City Council  
*City of Umatilla, Florida, Florida*

**Report on Compliance for the Major State Projects**

We have audited the *City of Umatilla, Florida's* (the City) compliance with the types of compliance requirements described in the Florida Department of Financial Services *State Projects Compliance Supplement* that could have a direct and material effect on the City's major state projects for the year ended September 30, 2017. The City's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the City's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, *Rules of the Auditor General*. Those standards and rules require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major state projects occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance the major state projects. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on the Major State Projects**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state projects for the year ended September 30, 2017.

**MCDIRMIT DAVIS & COMPANY, LLC**

934 N. MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803  
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major state projects to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state projects and to test and report on internal control over compliance in accordance with Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

*McDiarmid Davis & Company, LLC*

Orlando, Florida  
May 9, 2018



CITY OF UMATILLA, FLORIDA

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

Year Ended September 30, 2017

**Award type**

<b>Grantor</b>	<b>CSFA</b>	<b>Agency or Pass-through</b>	
<b>Grantor program title</b>	<b>Number</b>	<b>Entity Grant Number</b>	<b>Expenditures</b>
<b>State Award</b>			
<b>State of Florida, Department of Environmental Protection</b>			
Statewide Surface Water Restoration and Wastewater Projects			
Water Line Rehabilitation *	37.039	LP35074	\$ 2,467,358
Water Treatment Plant *	37.039	LP35073	976,342
Florida Recreation Development Assistance Program			
Larkin Park Phase I	37.017	A5222	49,735
<b>State of Florida, Department Transportation</b>			
Aviation Development Grants			
Hangar Design	55.004	FM439311	27,031
Hangar Construction	55.004	FM433530	6,469
Hangar Acquisition	55.004	FM441270	4,544
Total state awards			<u>\$ 3,531,479</u>

\* Denotes a major program

CITY OF UMATILLA, FLORIDA

**NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

Year Ended September 30, 2017

**Note 1 - Basis of Presentation:**

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of the City of Umatilla, Florida (the City) under projects of the State of Florida government for the year ended September 30, 2017. The information in this Schedule is presented in accordance with the requirements of Section 215.97, Florida Statutes. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

**Note 2 - Summary of Significant Accounting Policies:**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Therefore, amounts reported on the Schedule are based on expenditures incurred as of September 30, 2017, even if the grant was received subsequent to that date. State expenditures are recognized following the cost principles contained in Florida Department of Financial Services *State Projects Compliance Supplement*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. This includes retainage incurred, even though it may not yet be eligible for reimbursement. Pass-through entity identifying numbers are presented where available.

CITY OF UMATILLA, FLORIDA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
STATE PROJECTS**

Year Ended September 30, 2017

**Section I - Summary of Independent Auditor's Results:**

*Financial Statements*

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness identified?	____ Yes	<u>  X  </u> No
• Significant deficiency identified	____ Yes	<u>  X  </u> None reported
Noncompliance material to financial Statements noted?	____ Yes	<u>  X  </u> No

*State Projects*

Type of auditors' report issued on compliance for major state projects:	Unmodified	
Internal control over major state project:		
• Material weakness identified?	____ Yes	<u>  X  </u> No
• Significant deficiency identified	____ Yes	<u>  X  </u> None reported
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550?	____ Yes	<u>  X  </u> No

Identification of major state projects                      CFSA No. 37.039                      Surface Water Restoration

Dollar threshold used to distinguish between  
type A and type B programs                      \$300,000

Auditee qualified as a low-risk auditee?                      \_\_\_\_ Yes                        X   No

**Section II – Financial Statement Findings:**                      None

**Section III – Federal Award Findings and  
Questioned Costs:**                      None

**Section IV – Federal Award Summary  
Schedule of Prior Year Findings:**                      There were no audit findings for the year ended  
September 30, 2017.

## **MANAGEMENT LETTER**

Honorable Mayor and City Council  
*City of Umatilla, Florida*

### **Report on the Financial Statements**

We have audited the financial statements of the City of *Umatilla, Florida*, as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated May 9, 2018.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 9, 2018, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such findings in the prior audit report.

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., 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. This information has been disclosed in the notes to the financial statements.

**MCDIRMIT DAVIS & COMPANY, LLC**

934 North Magnolia Avenue, Suite 100 Orlando, Florida 32803  
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

## **Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we report the results of our determination as to whether or not the City of Umatilla, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City of Umatilla, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City of Umatilla, Florida. It is management's responsibility to monitor the City of Umatilla, Florida'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 same.

Sections 10.554(1)(i)2., Rules of the Auditor General, require that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires us to apply appropriate procedures and report the results of our determination as to whether the annual financial report for the *City of Umatilla, Florida* for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

## **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

## **Purpose of this Letter**

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

*McDiernit Davis & Company, LLC*

Orlando, Florida  
May 9, 2018

Honorable Mayor and City Council  
*City of Umatilla, Florida*

We have audited the financial statements of the *City of Umatilla, Florida* as of and for the year ended September 30, 2017, and have issued our report thereon dated May 9, 2018. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated September 9, 2016, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of City of Umatilla solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm have complied with all relevant ethical requirements regarding independence.

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## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the *City of Umatilla, Florida* is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2017. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive estimates affecting the City's financial statement were:

Management's estimate for the allowance for doubtful account is based on historical loss levels, and an analysis of the individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate for the allowance for depreciation is based on the estimated useful lives of the capital assets. We evaluated the reasonableness of the useful lives as well as the depreciation methods in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate for the allocation of pension related balances between governmental activities, the water and sewer fund, and the sanitation fund is based on the amount of required pension contributions required to be made by each reporting unit. We evaluated the reasonableness of the allocation factor in determining that it is reasonable in relation to the financial statements taken as a whole.

## **Significant Difficulties Encountered During the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of our audit.

## **Representations Requested from Management**

We have requested certain representations from management that are included in the management representation letter dated May 9, 2018.

## **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with City of Umatilla, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retentions as the City of Umatilla's auditors.

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

Very truly yours,

*McDiernit Davis & Company, LLC*

Orlando, Florida  
May 9, 2018



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES**

The Honorable Mayor and City Council  
*City of Umatilla, Florida*

We have examined City of Umatilla, Florida's (the City) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2017. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, City of Umatilla, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

*McDirmit Davis & Company, LLC*

Orlando, Florida  
May 9, 2018

**MCDIRMIT DAVIS & COMPANY, LLC**

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