

# **Comprehensive Annual Financial Report**

**September 30, 2018**



**City of Fruitland Park, Florida**



This Page Intentionally Left Blank

## **Introductory Section**



This Page Intentionally Left Blank

	<b><u>Page</u></b>
<b>I. Introductory Section:</b>	
Table of Contents	i-ii
Letter of Transmittal	iii-viii
List of Principal Officials	ix
Organization Chart	x-xi
<b>II. Financial Section:</b>	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-11
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet - Governmental Funds	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	18
Statement of Revenues, Expenditures and Changes in Fund Balance -Budget and Actual - Community Redevelopment Special Revenue Fund	19
Statement of Net Position - Proprietary Funds	20-21
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds	23-24
Statement of Fiduciary Net Position-Fiduciary Funds	25
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	26
Notes to Financial Statements	27-54
Required Supplementary Information	
Schedule of the City's Proportionate Share of Net Pension Liability	55
Schedule of the City's Contributions	56



This Page Intentionally Left Blank

	<b><u>Page</u></b>
<b>II. Financial Section - Continued:</b>	
Individual Fund Schedules:	
Major Governmental Funds:	
Schedule of Revenues, Expenditures and Changes in Fund Balances	
Budget and Actual- Capital Projects Fund	57
<b>III. Statistical Section:</b>	58
Financial Trends	
Net Position by Component	59-60
Changes in Net Position	61-64
Fund Balances of Governmental Funds	65-66
Changes in Fund Balances of Governmental Funds	67-68
Governmental Activities Tax Revenues by Source	69
Revenue Capacity	
Assessed Value and Estimated Actual Value of Taxable Property	70
Property Tax Rates, Direct and Overlapping Governments	71
Principal Property Taxpayers	72
Property Tax Levies and Collections	73
Debt Capacity	
Legal Debt Margin	74
Direct and Overlapping Governmental Activities Debt	74
Ratio of Outstanding Debt by Type	75
Pledged-Revenue Coverage	76-77
Demographic and Economic Information	
Demographic and Economic Statistics	78-79
Principal Employers	80
Operating Information	
Budgeted Full-time Equivalent City Government Employees by Function	81
Operating Indicators by Function	82
Capital Asset Statistics by Function	83
<b>III. Other Reports:</b>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	84-85
Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control Over Compliance Required by Chapter 10.550, <i>Rules of the Auditor General</i>	86-87
Schedule of Expenditures of State Financial Assistance	88
Notes to Schedule of Expenditures of State Financial Assistance	89
Schedule of Findings and Questioned Costs - State Financial Assistance Projects	90
Management Letter	91-94
Independent Accountant's Report on Compliance with the Requirements of Section 218.415, Florida Statutes	95
Management's Responses	96



February 13, 2019

To the Honorable Mayor, Members of the City Commission, and Citizens of the City of Fruitland Park, Florida:

The Comprehensive Annual Financial Report (CAFR) for the City of Fruitland Park, Florida, for the fiscal year ended September 30, 2018 is hereby submitted pursuant to Florida Statutes Chapter 218.39 and Chapter 10.550 of the Rules of the Auditor General of the State of Florida. State law requires an annual financial audit of local government entities be completed no later than nine months after the end of the fiscal year. This CAFR is published to fulfill this requirement for the fiscal year ended September 30, 2018 and to provide our citizens, city commission, city staff, creditors and other interested parties with detailed information concerning the financial condition and activities of the City.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, which is based on a comprehensive framework of internal controls established for this purpose. Because the cost of the internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

We believe that the City's internal accounting controls adequately

safeguard assets and provide reasonable assurance of proper recording of financial transactions. In addition, we believe the information contained in this report 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 that all disclosures necessary to enable the reader to gain a maximum understanding of the City's financial affairs are included.

The City of Fruitland Park maintains budgetary controls to ensure compliance with legal provisions contained in the annual appropriated budget approved by the City Commission. Annual budgets are legally adopted for the activities of the General Fund, Redevelopment Fund, Capital Projects Fund, Utility Fund, Firefighter Pension Trust Fund and the Recreation Programs Fund. Budgets are controlled at the department level and total expenditures may not legally exceed appropriations for each budgeted department without Commission approval. Encumbrance accounting is utilized to reserve the encumbered portion of the appropriation.

The City of Fruitland Park's financial statements have been audited in accordance with generally accepted auditing standards by McDermitt Davis, Certified Public Accountants and Advisors. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Fruitland Park are free of material misstatement. The independent audit involves examining, on a test basis,





evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and estimates made by management; and evaluating the overall financial statement presentation. McDirmit Davis concluded, based upon the audit, that there is reasonable basis for rendering an unmodified (“clean report”) opinion that the City of Fruitland Park’s financial statements for the fiscal year ending September 30, 2018, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor’s report is located at the front of the financial section of this report.

Management’s Discussion and Analysis (MD&A), immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A provides “financial highlights” and interprets the financial report by analyzing trends and by explaining changes, fluctuations, and variances in the financial data. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

## **Profile of the City**

The City of Fruitland Park is operated under a Commission-Manager form of government. Policymaking and legislative authorities are vested in the City Commission that consists of a Mayor and four other Commission members. The Mayor presides over commission meetings and public ceremonies. The Commission is non-partisan and the

members are elected to four year staggered terms. The City Commission is responsible, among other things, for passing ordinances, adopting the budget, appointing boards, and hiring the City Manager, City Finance Director, City Clerk, City Attorney and the City Auditor. The City Manager is responsible for carrying out the policies of the Commission, overseeing the day-to-day operations and appointing department heads.

The City of Fruitland Park, incorporated in 1927, is located in central Florida. It is empowered by Florida Statute to extend its corporate limits by annexation, which it does from time to time. Fruitland Park has a population of 8,963 and a land area of approximately 7.295 square miles. It has 40.048 miles of street. The Villages added an additional 17.008 miles of streets. The City’s property tax millage rate is \$3.9863 per \$1000 for fiscal year 2018, the same as last year’s millage.

The City of Fruitland Park provides a full range of services to its residents. These services include a public library, police and fire protection, the construction and maintenance of local streets and infrastructure, and recreational and cultural activities and events. The City also maintains and operates water and sewer utilities. Garbage collection and disposal services are provided by way of an exclusive franchise agreement with Waste Management Inc.

The annual budget serves as the foundation for the City of Fruitland Park’s financial planning and control. All



department heads are required to submit requests for appropriation to the City Manager. The City Manager uses these requests as a basis for developing a proposed budget and then presents the proposed budget to the City Commission for review. The City Commission is required to hold two public hearings, one on the proposed budget and a second to adopt a final budget by no later than September 30<sup>th</sup>, the close of the fiscal year. The City Manager and Department Heads may transfer resources within a department as necessary; however, transfers between departments require special approval (budget amendment by resolution) from the City Commission. The City of Fruitland Park utilizes an encumbrance accounting system to maintain budgetary control. These encumbrances lapse at year-end.

### **Local economy**

Fruitland Park, which is located in northwest Lake County, is essentially residential in character and its economy is primarily centered in retail trade and service industries. Fruitland Park is located in the triangle between Leesburg, Lady Lake and The Villages, the largest residential retirement community in the state.

Evidence of growth has begun to show all over the City of Fruitland Park. One of the most visible signs of this event is taking place on the north western boundaries of the City. In 2008, approximately 989 acres of property was annexed into the City of Fruitland Park. This development is referred to as the "Pine Ridge Dairy". In May 2014, 780 of those acres were

purchased by The Villages and approved for development as the "Villages of Fruitland Park". The approved plan includes 2,055 residential homes, 3 recreation centers, and an 18-hole golf course. The residential home values range from \$225,000 to over \$2,000,000. There were 348 certificates of occupancy issued in the Villages of Fruitland Park in FY2015, 689 issued in FY2016, 894 issued in FY2017, and 90 issued in FY2018 for a total of 2,021 certificates of occupancy issued in the Villages of Pine Ridge Dairy. There was a total of 111 certificates of occupancy issued in Fruitland Park in FY2018.

The Villages is known for causing an economic domino effect to all of its surrounding areas. The City of Fruitland Park should experience a growth pattern similar to Lady Lake over the next 1-4 years. Several other parcels in Fruitland Park are making plans because of the growth brought by The Villages to develop commercial infrastructures such as warehouses, retail shops, apartments, family housing, and restaurants. We have several new subdivisions being built: Chelsea's Run, Mirror Lake Village, and Village Park (First Baptist Church). The Glen is completing it's final phase. Future developments are Gardenia East and Lake Saunder's Grove.

Lake County made a three phase expansion design for the City's second major thorough fare, County Road 466A, from two to four lanes in 2012. However, due to budget constraints the project was placed on hold. The County has now teamed up with the City of Fruitland Park



and the Villages to get this roadway completed. Lake County completed construction on Phase 1 (from US Highway 27/441 to Sunny Court) in April 2017. The estimated cost of Phase 1 is \$2.3 million plus \$374,094 to relocate the utilities. The Villages handled all of the road construction in Phase 2 (from Windy Acres to the Sumter County Line) in 2016, with an estimated cost of \$5.32 million. The City of Fruitland Park along with Lake County solicited help of the State of Florida for Phase 3. Phase 3a, at 3.3 million (from Sunny Court to Janice Drive) and Phase 3b at 7.0 million (from Janice Drive to Windy Acres). The County is receiving 2.5 million in state funding to complete the project. The county is currently working on Phase 3a with an estimated completion of July 2019. There is a total of 3.05 miles of roadway that will be widened once the project is complete.

The Florida Department of Transportation began its construction on U.S. Highway 27/441 in Fruitland Park in 2011. This project expanded the City's main corridor from four to six lanes and was completed in June 2014. This expansion will also facilitate the expected growth.

There were 437 business licenses issued in Fruitland Park as of September 30, 2018. There are several new businesses in Fruitland Park: All Small Engines, American Auto, Diversion Boutique, Lake County Janitorial Services, Niagara Electrical, Relief Clinic FL, Simply Rustic, Village Chefs Table, and several landscaping businesses. As previously stated, the City of Fruitland Park expects the number of commercial businesses to

grow because the area will be more attractive for several industries around the country.

Businesses looking to build or relocate in Lake County can take advantage of various incentives. Lake County's Department of Economic Growth and Redevelopment sponsors several Business Incentive programs.

Lake County's Business Opportunity Centers (BOC) offer full-service business support to all businesses in Lake County, regardless of size, industry or business cycle. Whether you are an entrepreneur with the next big idea or a successful business owner looking to take your company to the next level, the Lake County BOC has a program or service designed to help you achieve your economic goals.

High Value Job Creation Program (HVJCP) is a new program designed to encourage and target industry businesses that offer significant economic benefit and create high-value jobs. This program provides a cash award for the creation of jobs that pay a minimum of 115% of the County's average annual wage.

The Artist Relocation Program (ARP) is designed to encourage arts and culture in downtown art districts by providing matching funds to new or relocating art businesses to offset building improvement costs.

Lake County along with Lake-Sumter State College, the Sumter County



506 W. Berkman Street  
Fruitland Park, Florida 34731

Tel. (352) 360-6727  
Fax. (352) 360-6686

Economic Development Council, and other local economic development-oriented agencies established the Business Assistance Center; a partnership to help new and nurture existing businesses. This partnership provides small-business mentoring and is a resource when small businesses hit the inevitable bump or hurdle.

Affordable land and a pro-business approach contributes to the areas overall success in attracting new business. Large distributors such as Marriott, Domino's Pizza, Toyota and Goodyear Tire and Rubber Company have located in Lake County because of the central location, which allows for easy and efficient distribution throughout the state.

Lake County's September 2018 unemployment rate was 2.9%. This is down .6% for the same time period last year. This rate is slightly lower than the state average of 3.3% and slightly lower than the national average of 3.7% for the same period.

The taxable values for real and personal property has decreased 28.7% from 2008 to 2013, when property values were at its peak. Amendment 1 was approved in 2008 which limited growth in taxable values. Taxable values \$491,629,188 rose 63.9% from FY2017 (\$299,998,272) due to growth in the Villages. FY2017 taxable value finally caught up to the property values of 2008, although that was due to the Village growth.

## **Major Initiatives**

The City of Fruitland Park is taking a proactive stance to promote the economic development in the area. The Commission is revitalizing the City for residents of all ages to enjoy. There were several properties acquired that will be used for recreational purposes in the future. Additionally, Community Redevelopment Agency funds were utilized to relocate utilities on 466a to widen it from 2 lanes to 4 lanes, continued renovation of parks upgrading basketball facilities, and repaved four streets.

The City built a new soccer field with lighting and contributed funds for the construction of the new library, purchased AEDs for the fire department and a bucket truck for public works, with Sales Surtax funds in FY2018, and also leased 6 PD vehicles and paid a loan borrowed for construction of the Lady Lake sewer connection.

## **Long Term Financial Planning**

Lake County voters renewed a One-Cent Discretionary Infrastructure Surtax on November 6, 2002 and again on November 3, 2015. The original tax, was authorized through December 31, 2017 and is now authorized through December 31, 2032, this provides a funding source for infrastructure and capital projects. These funds were used to construct City Hall. The City used these funds on several major Capital Improvement Projects which included the construction of two major sewer lines along 466a and Shiloh plus a sewer line to Lady Lake.



At September 30, 2018 the unassigned fund balance in the General Fund was \$814,491. 1.4 months of current General Fund expenditures. This figure is under the “no less than two months of regular general fund operating expenditures” provided for in the Government Finance Officers Association’s Appropriate Level of Unreserved Fund Balance recommendation. Also, it is less than the minimum range of the 3 months of operating expenditures informally established by the City for budgetary and planning purposes.

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fruitland Park for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending September 30, 2013 but the City did not apply for the award for FY2015, FY2016 and FY2017 due to a several month vacancy and changes for the Finance Director position and a new auditor. The City of Fruitland Park had received this prestigious award for fourteen consecutive years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. 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.

This report represents numerous hours of preparation and it would not have been possible without the dedicated efforts of the finance department staff. We would like to express our appreciation to staff members who assisted and contributed to the preparation of this report. Special recognition is given to finance department employees who worked diligently to ensure the timeliness and accuracy of this report. We also thank the Mayor and Commission Members for their interest and support in planning and conducting the operations of the City in a responsible and professional manner.

Respectfully Submitted,

*Gary La Venia*

---

Gary La Venia, City Manager

*Jeannine Racine*

---

Jeannine Racine, City Finance Director





This Page Intentionally Left Blank

## CITY COMMISSION AND OFFICIALS

September 30, 2018

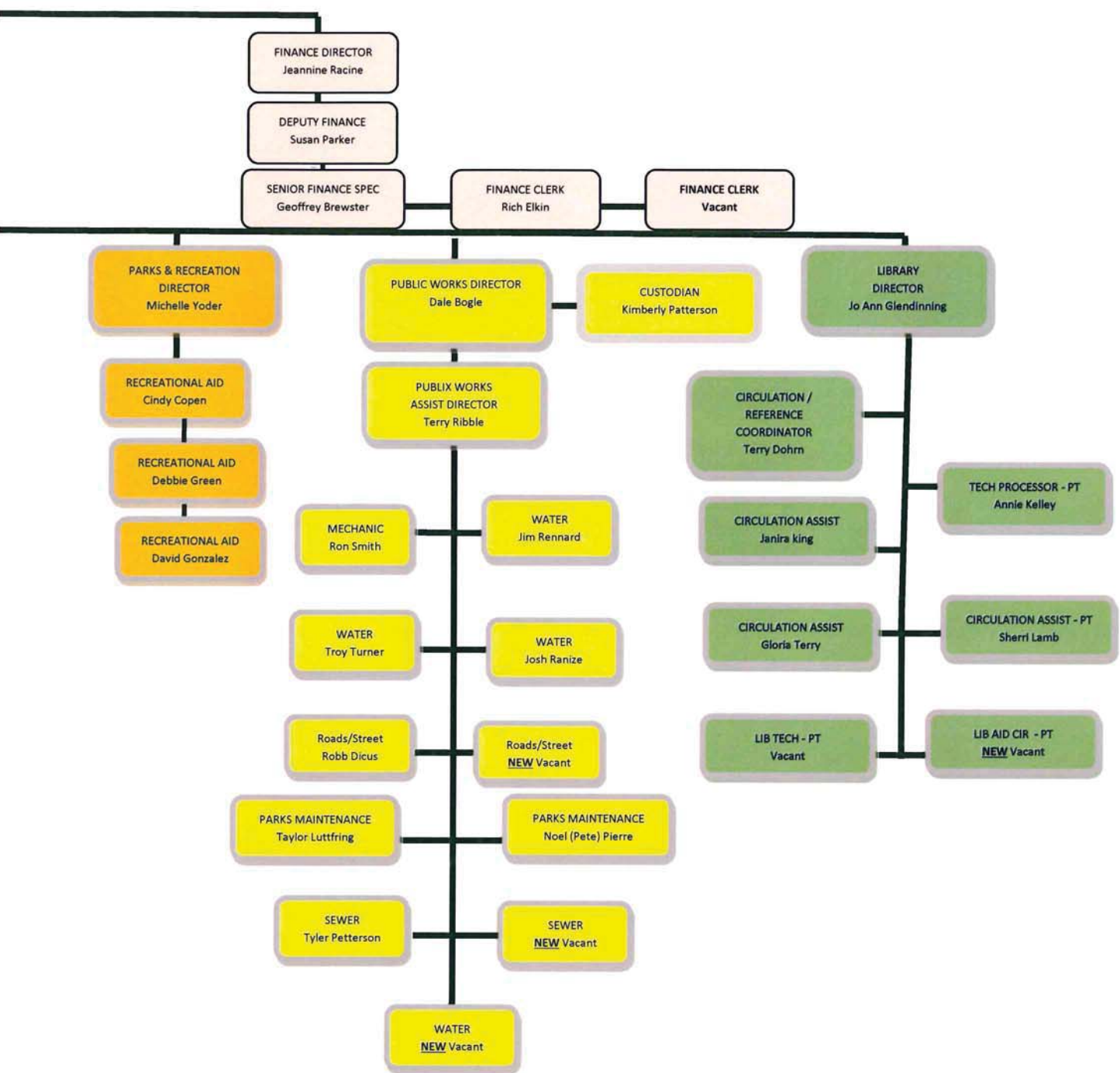
---

---

Mayor .....	Christopher "Chris" Cheshire
Vice Mayor-Commissioner.....	John Gunter
Commissioner.....	Christopher "Chris" Bell
Commissioner.....	Raymond "Ray" Lewis
Commissioner.....	Richard "Rick" Ranize
City Manager.....	Gary La Venia
City Finance Director.....	Jeannine Racine
City Clerk.....	Esther Lewin-Coulson
Interim Police Chief.....	Erik Luce
Community Development Director.....	Tracy Kelley
Public Works Director.....	Allen "Dale" Bogle
Library Director.....	Jo-Ann D. Glendinning
Recreation Director.....	C. Michelle Yoder
City Attorney.....	Anita Geraci-Carver









This Page Intentionally Left Blank

## **Financial Section**

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commission  
*City of Fruitland Park, 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 Fruitland Park, Florida*, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Fruitland Park, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, and community redevelopment fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the pension disclosures on page 3 through 11, and 57 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise *City of Fruitland Park's* basic financial statements. The introductory section, and individual fund financial schedules, statistical section and the Schedule of Expenditures of State Financial Assistance, (the Schedule) as required by Chapter 10.550, *Rules of the Auditor General*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The individual fund financial schedules and the Schedule is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

The introductory section and statistical section 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 March 21, 2019 on our consideration of *City of Fruitland Park's* internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering *City of Fruitland Park's* internal control over financial reporting and compliance.

*McDiernit Davis & Company, LLC*

Orlando, Florida  
March 21, 2019

As management of the *City of Fruitland Park, Florida* we offer readers of the *City of Fruitland Park's* financial statements this narrative overview and analysis of the financial activities of the *City of Fruitland Park* for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### **Financial Highlights**

- The assets of the *City of Fruitland Park* exceeded its liabilities at the close of the most recent fiscal year by \$16,925,924 (net position). Of this amount, (\$522,532) represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$2,266,946.
- At the close of the current fiscal year, the *City of Fruitland Park's* governmental funds reported combined ending fund balances of \$6,096,969, a decrease of \$100,245 in comparison with the prior year. Approximately (13%) of this total amount, (\$814,491), 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 \$814,491, or (10%) of total general fund expenditures.

### **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 Fruitland Park's* (the City) basic financial statements. The City's basic financial statements comprise 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 Fruitland Park's* financial position, in a manner similar to a private-sector business. They include a *Statement of Net Position* and a *Statement of Activities*.

The *Statement of Net Position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, 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 is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent 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).

Both of the government-wide financial statements distinguish functions of the *City of Fruitland Park* 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 Fruitland Park* include general government, public safety, transportation, sanitation and culture and recreation services. The business-type activities of the *City of Fruitland Park* include Utility Services and recreation programs.

The government-wide financial statements include only the *City of Fruitland Park* itself (known as the *primary government*) and one blended component unit (The Community Redevelopment Fund).

The government-wide financial statements can be found on pages 12 - 13 of this report.

### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The *City of Fruitland Park*, 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 Fruitland Park* 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 Fruitland Park* maintains three individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Community Redevelopment Fund, and Capital Projects Fund which are considered to be major funds.

The *City of Fruitland Park* adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for the General Fund, and the Community Redevelopment Fund to demonstrate compliance with this budget at pages 18 - 19. Budgetary comparison schedule for the Capital Projects fund is at page 59.

The basic governmental fund financial statements can be found on pages 14 - 17 of this report.

#### *Proprietary Funds*

*City of Fruitland Park* 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 Fruitland Park* uses enterprise funds to account for Utility management and Recreation programs.

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 Utility management and Recreation programs.

The basic proprietary fund financial statements can be found on pages 20 - 24 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'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 25-26 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 financial statements can be found on pages 27 - 56 of this report.

### **Required Supplementary Information (RSI)**

RSI can be found on pages 57 - 58 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 Fruitland Park*, assets exceeded liabilities by \$16,925,924 at the close of the most recent 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 12.

#### *City of Fruitland Park*

#### **Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
<b>Assets:</b>						
Current and other assets	\$ 6,914,928	\$ 6,990,860	\$ 661,346	\$ 2,720,778	\$ 7,576,274	\$ 9,711,638
Capital Assets	6,421,206	4,458,639	8,907,832	6,283,705	15,329,038	10,742,344
<b>Total Assets</b>	<b>13,336,134</b>	<b>11,449,499</b>	<b>9,569,178</b>	<b>9,004,483</b>	<b>22,905,312</b>	<b>20,453,982</b>
 Deferred Outflows	 1,553,203	 1,416,609	 137,866	 107,811	 1,691,069	 1,524,420
 <b>Liabilities:</b>						
Long term liabilities	2,391,573	2,182,666	3,842,235	4,061,723	6,233,808	6,244,389
Other liabilities	819,323	794,199	418,683	200,704	1,238,006	994,903
<b>Total Liabilities</b>	<b>3,210,896</b>	<b>2,976,865</b>	<b>4,260,918</b>	<b>4,262,427</b>	<b>7,471,814</b>	<b>7,239,292</b>
 Deferred inflows:	 182,449	 74,464	 16,194	 5,668	 198,643	 80,132
 <b>Net Position:</b>						
Net investment in capital assets	6,257,821	4,211,022	5,263,430	3,930,652	11,521,251	8,141,674
Restricted	5,278,878	5,720,293	648,327	591,974	5,927,205	6,312,267
Unrestricted	(40,707)	(116,536)	(481,825)	321,573	(522,532)	205,037
<b>Total Net Position</b>	<b>\$ 11,495,992</b>	<b>\$ 9,814,779</b>	<b>\$ 5,429,932</b>	<b>\$ 4,844,199</b>	<b>\$ 16,925,924</b>	<b>\$ 14,658,978</b>



\$11,521,251 (68%) of the City's net position reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the *City of Fruitland Park'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 are subject to external restrictions as to how they may be used total \$5,927,205 (35%). The remaining balance of *unrestricted net position* (\$522,532 or -3%) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position increased by \$2,266,946 during the current fiscal year. The following table reflects the condensed Statement of Activities for the current year. For more detail see the Statement of Activities on page 14.

*City of Fruitland Park*  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
<b>Program revenues -</b>						
Charges for services	\$ 2,044,158	\$ 3,045,938	\$ 984,015	\$ 946,671	\$ 3,028,173	\$ 3,992,609
Operating grants and contributions	385,354	209,836	-	-	385,354	209,836
Capital grants and contributions	1,529,237	974,208	587,074	904,997	2,116,311	1,879,205
<b>General revenues -</b>						
Property taxes	2,122,172	1,375,629	-	-	2,122,172	1,375,629
Franchise and utility Taxes	1,703,962	1,475,550	-	-	1,703,962	1,475,550
Intergovernmental	883,370	806,551	-	-	883,370	806,551
Investment income and miscellaneous	221,191	129,400	26,898	31,625	248,089	161,025
<b>Total revenues</b>	<b>8,889,444</b>	<b>8,017,112</b>	<b>1,597,987</b>	<b>1,883,293</b>	<b>10,487,431</b>	<b>9,900,405</b>
<b>Expenses:</b>						
General government	1,476,413	1,223,914	-	-	1,476,413	1,223,914
Public safety	3,442,497	3,550,072	-	-	3,442,497	3,550,072
Transportation	727,956	359,857	-	-	727,956	359,857
Sanitation	504,421	500,773	-	-	504,421	500,773
Culture and recreation	905,359	822,451	-	-	905,359	822,451
Interest on long-term debt	14,958	15,728	-	-	14,958	15,728
Utility	-	-	1,116,962	1,147,217	1,116,962	1,147,217
Recreation programs	-	-	31,919	26,388	31,919	26,388
<b>Total expenses</b>	<b>7,071,604</b>	<b>6,472,795</b>	<b>1,148,881</b>	<b>1,173,605</b>	<b>8,220,485</b>	<b>7,646,400</b>
<b>Increase (decrease) in net position before transfers</b>	<b>1,817,840</b>	<b>1,544,317</b>	<b>449,106</b>	<b>709,688</b>	<b>2,266,946</b>	<b>2,254,005</b>
<b>Transfers</b>	<b>(136,627)</b>	<b>51,536</b>	<b>136,627</b>	<b>(51,536)</b>	<b>-</b>	<b>-</b>
<b>Increase (decrease) in net position</b>	<b>1,681,213</b>	<b>1,595,853</b>	<b>585,733</b>	<b>658,152</b>	<b>2,266,946</b>	<b>2,254,005</b>
<b>Net position, October 1</b>	<b>9,814,779</b>	<b>8,218,926</b>	<b>4,844,199</b>	<b>4,186,047</b>	<b>14,658,978</b>	<b>12,404,973</b>
<b>Net position, September 30</b>	<b>\$ 11,495,992</b>	<b>\$ 9,814,779</b>	<b>\$ 5,429,932</b>	<b>\$ 4,844,199</b>	<b>\$ 16,925,924</b>	<b>\$ 14,658,978</b>

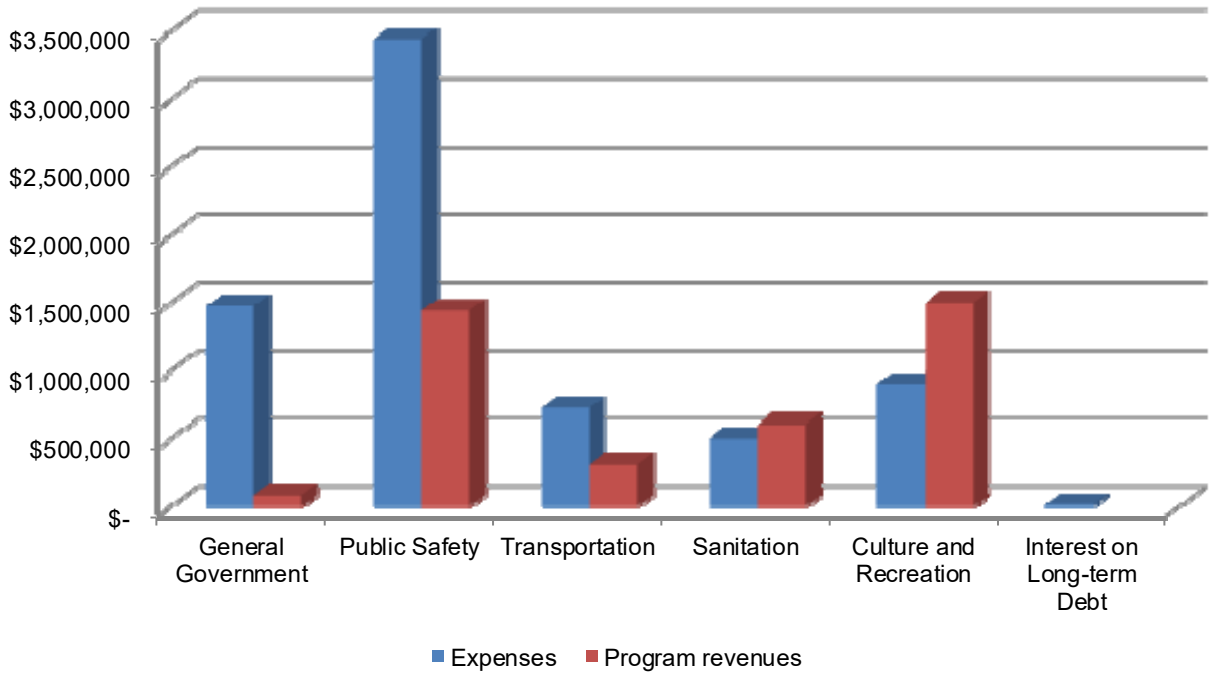
*Governmental Activities*

Governmental activities increased the *City of Fruitland Park's* net position by \$1,681,213. This was due to increases in Villages permitting revenues, increase in property values and taxes, franchise fees and utility taxes.

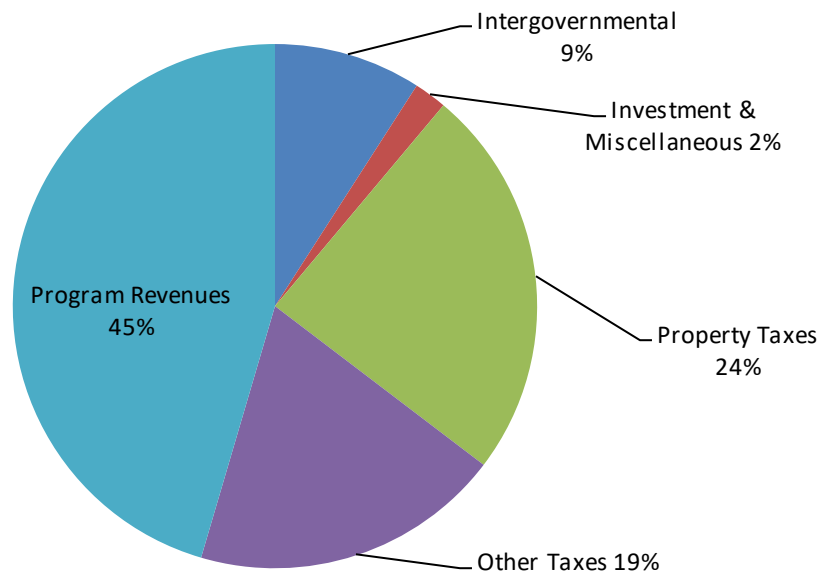
*Business-Type Activities*

Business-type activities increased the *City of Fruitland Park's* net position by \$585,733 primarily due to Charges for Services increase and transfers in, and a slight reduction in expenses.

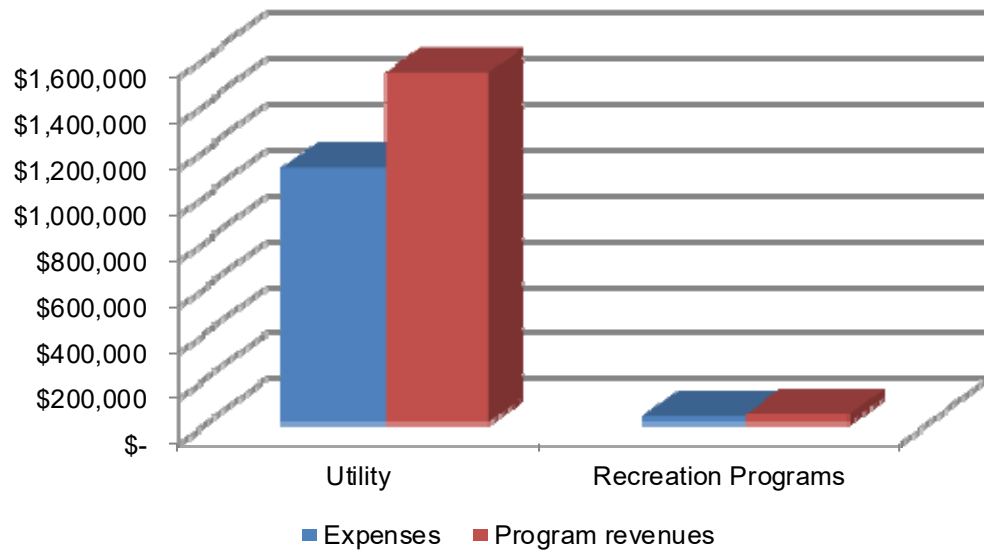
**Expenses and Program Revenues - Governmental Activities**



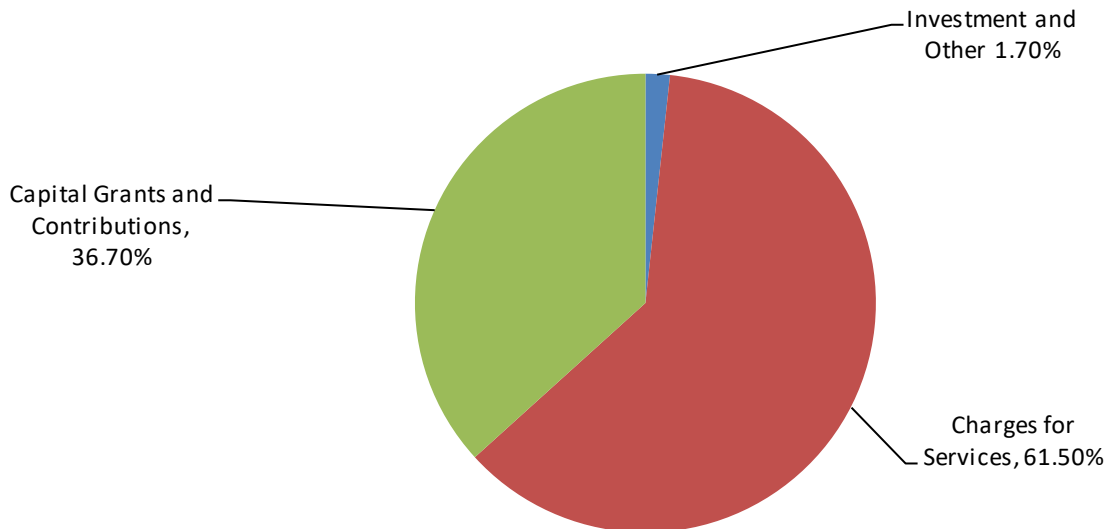
**Revenue by Source - Governmental Activities**



**Expenses and Program Revenues - Business-Type Activities**



**Revenue by Source - Business-Type Activities**



### **Financial Analysis of the Government's Funds**

As noted earlier, the *City of Fruitland Park* used fund accounting to ensure and demonstrate compliance with finance-related requirements.

#### **Governmental Funds**

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the *City of Fruitland Park'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 the end of the current fiscal year, the *City of Fruitland Park's* governmental funds reported combined ending fund balances of \$6,096,969 a decrease of \$100,245 in comparison with the prior year. However, majority of the fund balances are restricted or committed, so there is only \$814,491 available for spending at the City's discretion.

The general fund is the chief operating fund of the *City of Fruitland Park*. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$814,491, while total fund balance was \$5,868,105. 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 fund balance represents 10% while total fund balance is 71.8% of total General Fund expenditures.

The fund balance of the general fund increased by \$392,775 during the current fiscal year.

#### **Proprietary Funds**

The *City of Fruitland Park'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 proprietary funds at the year-end amounted to (\$481,825). The total increase in net position for these funds was \$585,733. Other factors concerning the finances of these two funds have already been addressed in the discussion of the *City of Fruitland Park's* business-type activities.

#### **General Fund Budgetary Highlights**

During the year, actual revenues were \$357,597 more than budgeted revenues and actual expenditures were \$972,652 less than budgeted expenditures.

#### **Capital Asset and Debt Administration**

##### *Capital Assets*

The *City of Fruitland Park's* investment in capital assets for its governmental and business-type activities as of September 30, 2018, amounts to \$15,329,038 (net of accumulated depreciation), for an increase of \$4,586,694 from the prior year. This investment in capital assets includes land, buildings, improvements, machinery and equipment and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was 42.7% (a 44.02% increase for governmental activities, and 41.76% increase for business-type activities).

*City of Fruitland Park*  
**Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	\$ 1,313,703	\$ 1,313,703	\$ 354,952	\$ 354,952	\$ 1,668,655	\$ 1,668,655
Construction in progress	1,704,473	24,575	306,433	1,548,646	2,010,906	1,573,221
Buildings	1,494,908	1,562,897	68,245	74,741	1,563,153	1,637,638
Improvements	409,729	239,483	-	-	409,729	239,483
Machinery and equipment	1,037,898	840,845	120,159	129,230	1,158,057	970,075
Infrastructure	460,495	477,136	7,989,952	4,073,415	8,450,447	4,550,551
Intangibles	-	-	68,091	102,721	68,091	102,721
<b>Total</b>	<b>\$ 6,421,206</b>	<b>\$ 4,458,639</b>	<b>\$ 8,907,832</b>	<b>\$ 6,283,705</b>	<b>\$ 15,329,038</b>	<b>\$ 10,742,344</b>

Additional information on the *City of Fruitland Park's* capital assets can be found in Note 8 of this report.

*Long-Term Debt*

At the end of the current fiscal year, the *City of Fruitland Park* had total debt outstanding of \$3,877,350. This debt includes bonds payable and notes payable. Additional information on long-term debt can be found in Note 9 of this report.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Capital leases	\$ 163,385	\$ 247,617	\$ -	\$ -	\$ 163,385	\$ 247,617
Notes payable	-	-	3,644,401	3,912,933	3,644,401	3,912,933
	<b>\$ 163,385</b>	<b>\$ 247,617</b>	<b>\$ 3,644,401</b>	<b>\$ 3,912,933</b>	<b>\$ 3,807,786</b>	<b>\$ 4,160,550</b>

The *City of Fruitland Park's* total debt decreased by \$352,764 (8.48%) during the current fiscal year.

**Next Year's Budget and Rates**

At September 30, 2018, the unassigned fund balance in the General Fund is \$864,491 so none was budgeted for appropriations in 2019. The City is expecting to incur enough revenues in 2019 to cover expenditures.

**Requests for Information**

This financial report is designed to provide a general overview of the *City of Fruitland Park's* finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to the office of the Finance Director, *City of Fruitland Park*, 506 W. Berkman Street, Fruitland Park, Florida 34731.

## **Basic Financial Statements**

City of Fruitland Park, Florida  
**Statement of Net Position**  
September 30, 2018

	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>			
Cash and cash equivalents	\$ 4,548,525	\$ 400	\$ 4,548,925
Investments	400,000	-	400,000
Receivables, net	80,948	144,562	225,510
Internal balances	890,194	\$ (890,194)	
Due from other governments	991,661	500,000	1,491,661
Inventories	2,856	80,512	83,368
Prepays	744	1,296	2,040
Restricted cash and cash equivalents	-	824,770	824,770
<b>Capital Assets:</b>			
Capital assets not being depreciated	3,018,176	661,385	3,679,561
Capital assets being depreciated, net of accumulated depreciation	3,403,030	8,246,447	11,649,477
<b>Total assets</b>	<b>13,336,134</b>	<b>9,569,178</b>	<b>22,905,312</b>
<b>Deferred Outflow of Resources:</b>			
Deferred outflow of pension earnings	1,553,203	137,866	1,691,069
<b>Liabilities:</b>			
Accounts payable and accrued expenses	435,660	239,898	675,558
Retainage payable	145,958	-	145,958
Due to other governmental agencies	22,057	-	22,057
Accrued interest	1,364	22,419	23,783
Deposits payable	1,350	156,366	157,716
Unearned revenue	212,934	-	212,934
<b>Noncurrent liabilities:</b>			
Due within one year	107,741	421,134	528,875
Due in more than one year	2,283,832	3,421,101	5,704,933
<b>Total liabilities</b>	<b>3,210,896</b>	<b>4,260,918</b>	<b>7,471,814</b>
<b>Deferred Inflow of Resources:</b>			
Deferred inflow of pension earnings	182,449	16,194	198,643
<b>Net Position:</b>			
Net investment in capital assets	6,257,821	5,263,430	11,521,251
Restricted for:			
Capital Improvements	2,796,780	601,912	3,398,692
Community redevelopment	24,929	-	24,929
Debt service	-	46,415	46,415
Cemetery care	87,341	-	87,341
Police	5,102	-	5,102
Stormwater	330,803	-	330,803
Building Inspections	1,913,413	-	1,913,413
Police/Fire fee refunds	70,510	-	70,510
Paving	50,000	-	50,000
Unrestricted	(40,707)	(481,825)	(522,532)
<b>Total net position</b>	<b>\$ 11,495,992</b>	<b>\$ 5,429,932</b>	<b>\$ 16,925,924</b>



City of Fruitland Park, Florida  
**Statement of Activities**  
For the Year Ended September 30, 2018

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
<b>Primary Government</b>							
<b>Governmental Activities:</b>							
General Government	\$ 1,476,413	\$ 87,151	\$ -	\$ -	\$ (1,389,262)	\$ -	\$ (1,389,262)
Public Safety	3,442,497	1,301,808	13,911	127,472	(1,999,306)	-	(1,999,306)
Transportation	727,956	7,524	299,331	-	(421,101)	-	(421,101)
Sanitation	504,421	613,348	-	-	108,927	-	108,927
Culture and Recreation	905,359	34,327	72,112	1,401,765	602,845	-	602,845
Interest on Long-term debt	14,958	-	-	-	(14,958)	-	(14,958)
<b>Total governmental activities</b>	<b>7,071,604</b>	<b>2,044,158</b>	<b>385,354</b>	<b>1,529,237</b>	<b>(3,112,855)</b>	<b>-</b>	<b>(3,112,855)</b>
<b>Business-type activities:</b>							
Water	1,116,962	943,199	-	587,074	-	413,311	413,311
Recreation Programs	31,919	40,816	-	-	-	8,897	8,897
<b>Total business-type activities</b>	<b>1,148,881</b>	<b>984,015</b>	<b>-</b>	<b>587,074</b>	<b>-</b>	<b>422,208</b>	<b>422,208</b>
<b>Total primary government</b>	<b>\$ 8,220,485</b>	<b>\$ 3,028,173</b>	<b>\$ 385,354</b>	<b>\$ 2,116,311</b>	<b>(3,112,855)</b>	<b>422,208</b>	<b>(2,690,647)</b>
<b>General Revenues:</b>							
Property taxes					2,122,172	-	2,122,172
Franchise and utility taxes					653,135	-	653,135
Intergovernmental					883,370	-	883,370
Public service taxes					1,050,827	-	1,050,827
Unrestricted investment earnings					99,424	19,023	118,447
Miscellaneous					121,767	-	121,767
Gain on sale of asset					-	7,875	7,875
Transfers					(136,627)	136,627	-
<b>Total general revenues and transfers</b>					<b>4,794,068</b>	<b>163,525</b>	<b>4,957,593</b>
<b>Change in net position</b>					<b>1,681,213</b>	<b>585,733</b>	<b>2,266,946</b>
Net position, beginning					9,814,779	4,844,199	14,658,978
<b>Net position, ending</b>					<b>\$ 11,495,992</b>	<b>\$ 5,429,932</b>	<b>\$ 16,925,924</b>

**Balance Sheet****Governmental Funds**

September 30, 2018

	General Fund	Community Redevelopment Fund	Capital Projects	Total Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 4,470,067	\$ 43,839	\$ 34,619	\$ 4,548,525
Investments	200,000	100,000	100,000	400,000
Accounts receivable, net	80,948	-	-	80,948
Due from other governments	922,345	-	69,316	991,661
Due from other funds	890,194	-	-	890,194
Inventories	2,856	-	-	2,856
Prepaid costs	744	-	-	744
<b>Total assets</b>	<b>\$ 6,567,154</b>	<b>\$ 143,839</b>	<b>\$ 203,935</b>	<b>\$ 6,914,928</b>
<b>Liabilities:</b>				
Accounts payable	\$ 222,629	\$ 118,160	\$ -	\$ 340,789
Retainage payable	145,958	-	-	145,958
Accrued liabilities	94,871	-	-	94,871
Due to other governments	22,057	-	-	22,057
Deposits payable	600	750	-	1,350
Unearned revenue	212,934	-	-	212,934
<b>Total liabilities</b>	<b>699,049</b>	<b>118,910</b>	<b>-</b>	<b>817,959</b>
<b>Fund Balances:</b>				
Nonspendable	3,600	-	-	3,600
Restricted	4,581,870	24,929	203,935	4,810,734
Committed	468,144	-	-	468,144
Unassigned	814,491	-	-	814,491
<b>Total fund balances</b>	<b>5,868,105</b>	<b>24,929</b>	<b>203,935</b>	<b>6,096,969</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,567,154</b>	<b>\$ 143,839</b>	<b>\$ 203,935</b>	<b>\$ 6,914,928</b>

City of Fruitland Park, Florida  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Statement of Net Position**  
September 30, 2018

---

Total Fund Balance, governmental funds	\$ 6,096,969
--	--------------

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 this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	6,421,206
---	-----------

Deferred inflows and outflows of resources related to pension earning are not recognized in the governmental funds, however, they are recorded in net position under full accrual accounting	1,370,754
--	-----------

Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(2,392,937)</u>
---	--------------------

Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 11,495,992</u></u>
--	-----------------------------

**Statement of Revenues, Expenditures and Changes in Fund Balances****Governmental Funds**

For the Year Ended September 30, 2018

	<b>General Fund</b>	<b>Community Redevelopment Fund</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>				
Taxes:				
Property	\$ 1,884,821	\$ 237,351	\$ -	\$ 2,122,172
Franchise and utility	1,703,962	-	-	1,703,962
Fees and fines	19,744	-	-	19,744
Licenses and permits	662,241	-	-	662,241
Intergovernmental	2,238,527	-	445,786	2,684,313
Impact fees	127,472	-	-	127,472
Charges for services	1,343,604	-	-	1,343,604
Investment earnings	89,009	3,048	7,367	99,424
Miscellaneous	126,512	-	-	126,512
<b>Total revenues</b>	<b>8,195,892</b>	<b>240,399</b>	<b>453,153</b>	<b>8,889,444</b>
<b>Expenditures:</b>				
Current:				
General government	1,082,540	175	-	1,082,715
Public safety	3,203,834	-	-	3,203,834
Transportation	635,359	-	-	635,359
Sanitation/ other utility	504,421	-	-	504,421
Culture and recreation	2,752,169	-	-	2,752,169
Debt service:				
Principal	-	-	84,232	84,232
Interest	-	-	14,147	14,147
Capital Outlay:	-	304,320	271,865	576,185
<b>Total expenditures</b>	<b>8,178,323</b>	<b>304,495</b>	<b>370,244</b>	<b>8,853,062</b>
<b>Excess (deficiency) of revenues     over expenditures</b>	<b>17,569</b>	<b>(64,096)</b>	<b>82,909</b>	<b>36,382</b>
<b>Other Financing Sources (Uses):</b>				
Capital Lease	-	-	-	-
Transfers in	375,206	-	-	375,206
Transfers out	-	(37,471)	(474,362)	(511,833)
<b>Total other financing sources     (uses)</b>	<b>375,206</b>	<b>(37,471)</b>	<b>(474,362)</b>	<b>(136,627)</b>
<b>Net change in fund balances</b>	<b>392,775</b>	<b>(101,567)</b>	<b>(391,453)</b>	<b>(100,245)</b>
Fund balances, beginning	5,475,330	126,496	595,388	6,197,214
<b>Fund balances, ending</b>	<b>\$ 5,868,105</b>	<b>\$ 24,929</b>	<b>\$ 203,935</b>	<b>\$ 6,096,969</b>

**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, 2018

---

Net Change in Fund Balances, total governmental funds:	\$ (100,245)
--	--------------

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays were less than depreciation in the current period.	1,962,567
--	-----------

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds.

	84,232
--	--------

Cash pension contributions reported in the funds were more than the calculated pension expense on the statement of activities, and therefore increased net position

	(265,795)
--	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.

	<u>454</u>
--	------------

**Change in net position of governmental activities**

	<u><u>\$ 1,681,213</u></u>
--	----------------------------

**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual****General Fund**

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
Property taxes	\$ 1,864,911	\$ 1,864,911	\$ 1,884,821	\$ 19,910
Franchise and utility	1,276,196	1,378,558	1,703,962	325,404
Fees and fines	17,774	16,774	19,744	2,970
Licenses and permits	674,087	501,087	662,241	161,154
Intergovernmental	1,809,226	2,511,267	2,238,527	(272,740)
Impact fees	245,454	116,454	127,472	11,018
Charges for services	1,280,078	1,293,078	1,343,604	50,526
Investment earnings	7,610	57,610	89,009	31,399
Miscellaneous	139,913	98,556	126,512	27,956
<b>Total revenues</b>	<u>7,315,249</u>	<u>7,838,295</u>	<u>8,195,892</u>	<u>357,597</u>
<b>Expenditures:</b>				
Current:				
General government	1,067,320	1,113,446	1,082,540	30,906
Public safety	3,250,821	3,324,868	3,203,834	121,034
Transportation	396,371	758,649	635,359	123,290
Sanitation/ other utility	500,100	504,503	504,421	82
Culture and recreation	2,069,455	3,449,509	2,752,169	697,340
<b>Total expenditures</b>	<u>7,284,067</u>	<u>9,150,975</u>	<u>8,178,323</u>	<u>972,652</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>31,182</u>	<u>(1,312,680)</u>	<u>17,569</u>	<u>1,330,249</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	129,715	388,595	375,206	(13,389)
Transfers Out	(153,639)	(126,409)	-	126,409
<b>Total other financing sources</b>	<u>(23,924)</u>	<u>262,186</u>	<u>375,206</u>	<u>113,020</u>
<b>Net change in fund balances</b>	<u>7,258</u>	<u>(1,050,494)</u>	<u>392,775</u>	<u>1,443,269</u>
Fund balance, beginning	5,475,330	5,475,330	5,475,330	-
<b>Fund balance, ending</b>	<u><u>\$ 5,482,588</u></u>	<u><u>\$ 4,424,836</u></u>	<u><u>\$ 5,868,105</u></u>	<u><u>\$ 1,443,269</u></u>

**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual****Community Redevelopment Special Revenue Fund**

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
Property Taxes	\$ 237,272	\$ 237,272	\$ 237,351	\$ 79
Investment earnings	602	602	3,048	2,446
<b>Total revenues</b>	<u>237,874</u>	<u>237,874</u>	<u>240,399</u>	<u>2,525</u>
<b>Expenditures:</b>				
Current:				
General government	570	570	175	395
Capital outlay	292,438	302,438	304,320	(1,882)
<b>Total expenditures</b>	<u>293,008</u>	<u>303,008</u>	<u>304,495</u>	<u>(1,487)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(55,134)</u>	<u>(65,134)</u>	<u>(64,096)</u>	<u>1,038</u>
<b>Other Financing Uses:</b>				
Transfers Out	(37,471)	(37,471)	(37,471)	-
<b>Total other financing uses</b>	<u>(37,471)</u>	<u>(37,471)</u>	<u>(37,471)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(92,605)</u>	<u>(102,605)</u>	<u>(101,567)</u>	<u>1,038</u>
Fund balance, beginning	126,496	126,496	126,496	-
<b>Fund balance, ending</b>	<u>\$ 33,891</u>	<u>\$ 23,891</u>	<u>\$ 24,929</u>	<u>\$ 1,038</u>

City of Fruitland Park, Florida  
**Statement of Net Position**  
**Proprietary Funds**  
September 30, 2018

	Enterprise Funds	
	Utility Fund	Recreation Programs Fund
		Total
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 400	\$ 400
Accounts receivable, net	144,562	144,562
Due from other governments	500,000	500,000
Prepaid items	1,296	1,296
Inventories	80,512	80,512
Restricted cash and cash equivalents	222,850	222,850
<b>Total current assets</b>	<b>949,620</b>	<b>949,620</b>
Noncurrent assets:		
Restricted cash and cash equivalents	601,920	601,920
Capital assets:		
Land	354,952	354,952
Construction in progress	306,433	306,433
Buildings	243,408	243,408
Infrastructure	10,829,813	10,829,813
Intangible assets	346,296	346,296
Machinery and equipment	520,366	520,366
Less accumulated depreciation	(3,693,436)	(3,693,436)
Net Capital assets	8,907,832	8,907,832
<b>Total noncurrent assets</b>	<b>9,509,752</b>	<b>9,509,752</b>
<b>Total assets</b>	<b>10,459,372</b>	<b>10,459,372</b>
<b>Deferred Outflow of Resources:</b>		
Deferred outflow of pension earnings	137,866	137,866



	Enterprise Funds		Total
	Utility Fund	Recreation Programs Fund	
<b>Liabilities:</b>			
Current Liabilities:			
Accounts payable	218,821	2,506	221,327
Salaries payable	18,571	-	18,571
Accrued interest payable	22,419	-	22,419
Due to general fund	884,550	5,644	890,194
Customer deposits payable	156,366	-	156,366
Compensated absences	1,633	-	1,633
Notes and loans payable - current	419,501	-	419,501
<b>Total current liabilities</b>	<b>1,721,861</b>	<b>8,150</b>	<b>1,730,011</b>
Noncurrent Liabilities:			
Compensated absences	6,530	-	6,530
Net pension liability	189,670	-	189,670
Notes and loans payable	3,224,901	-	3,224,901
<b>Total noncurrent liabilities</b>	<b>3,421,101</b>	<b>-</b>	<b>3,421,101</b>
<b>Total liabilities</b>	<b>5,142,962</b>	<b>8,150</b>	<b>5,151,112</b>
<b>Deferred Inflows of Resources:</b>			
Deferred inflow of pension earnings	16,194	-	16,194
<b>Net Position:</b>			
Net investment in capital assets	5,263,430	-	5,263,430
Restricted for capital improvements	601,912	-	601,912
Restricted for debt service	46,415	-	46,415
Unrestricted	(473,675)	(8,150)	(481,825)
<b>Total net position</b>	<b>\$ 5,438,082</b>	<b>\$ (8,150)</b>	<b>\$ 5,429,932</b>



This Page Intentionally Left Blank

**Statement of Revenues, Expenses and Changes in Fund Net Position -  
Proprietary Funds**

For the Year Ended September 30, 2018

	Enterprise Funds		
	Utility Fund	Recreation Programs Fund	Total
<b>Revenues:</b>			
Charges for services	\$ 882,448	\$ 40,816	\$ 923,264
Other operating revenues	60,751	-	60,751
<b>Total operating revenues</b>	<b>943,199</b>	<b>40,816</b>	<b>984,015</b>
<b>Operating Expenses:</b>			
Personal services	521,270	-	521,270
Other operating expenses	262,051	31,919	293,970
Depreciation	250,134	-	250,134
<b>Total operating expenses</b>	<b>1,033,455</b>	<b>31,919</b>	<b>1,065,374</b>
<b>Operating income (loss)</b>	<b>(90,256)</b>	<b>8,897</b>	<b>(81,359)</b>
<b>Nonoperating Revenues (Expenses):</b>			
Interest and investment income	19,018	5	19,023
Interest expense	(83,507)	-	(83,507)
<b>Total nonoperating revenue (expenses)</b>	<b>(64,489)</b>	<b>5</b>	<b>(64,484)</b>
Income (loss) before transfers	(154,745)	8,902	(145,843)
Capital contributions	500,000	-	500,000
Gain on sale of capital assets	7,875	-	7,875
Impact fees	87,074	-	87,074
Transfers in	215,482	-	215,482
Transfers out	(60,000)	(18,855)	(78,855)
<b>Change in net position</b>	<b>595,686</b>	<b>(9,953)</b>	<b>585,733</b>
Total net position, beginning	4,842,396	1,803	4,844,199
<b>Total net position, ending</b>	<b>\$ 5,438,082</b>	<b>\$ (8,150)</b>	<b>\$ 5,429,932</b>

City of Fruitland Park, Florida  
**Statement of Cash Flows**  
**Proprietary Funds**  
For the Year Ended September 30, 2018

	Utility	Recreation Programs	Total
<b>Cash Flows from Operating Activities:</b>			
Receipts from customers	\$ 919,752	\$ 40,816	\$ 960,568
Payments to suppliers	(63,310)	(29,953)	(93,263)
Payments to employees	(482,716)	-	(482,716)
<b>Net cash provided (used) by operating activities</b>	<b>373,726</b>	<b>10,863</b>	<b>384,589</b>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Increase in due to other funds	884,550	5,644	890,194
Net operating transfers out	(60,000)	(18,855)	(78,855)
Net operating transfers in	215,482	-	215,482
<b>Net cash provided (used) by noncapital financing activities</b>	<b>1,040,032</b>	<b>(13,211)</b>	<b>1,026,821</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Purchase of capital assets	(2,874,261)	-	(2,874,261)
Proceeds from sale of capital assets	7,875	-	7,875
Impact Fees	87,074	-	87,074
Principal paid on long-term debt	(268,531)	-	(268,531)
Interest paid on long-term debt	(84,618)	-	(84,618)
Capital grants	250,000	-	250,000
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(2,882,461)</b>	<b>-</b>	<b>(2,882,461)</b>
<b>Cash Flows from Investing Activities:</b>			
Investment income	19,018	5	19,023
<b>Net cash provided by investing activities</b>	<b>19,018</b>	<b>5</b>	<b>19,023</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,449,685)</b>	<b>(2,343)</b>	<b>(1,452,028)</b>
Cash and cash equivalents, beginning	2,274,855	2,343	2,277,198
<b>Cash and cash equivalents, ending</b>	<b>\$ 825,170</b>	<b>\$ -</b>	<b>\$ 825,170</b>
<b>Classified As:</b>			
Cash and cash equivalents	\$ 400	\$ -	\$ 400
Restricted cash and cash equivalents	824,770	-	824,770
<b>Total</b>	<b>\$ 825,170</b>	<b>\$ -</b>	<b>\$ 825,170</b>

---

	Utility	Recreation Programs	Total
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ (90,256)	\$ 8,897	\$ (81,359)
<b>Adjustments Not Affecting Cash:</b>			
Depreciation and amortization	250,134	-	250,134
<b>Change in Assets and Liabilities:</b>			
Decrease (increase) in accounts receivable	(33,133)	-	(33,133)
Increase (decrease) in accounts payable	198,398	1,966	200,364
Increase (Decrease) in accrued liabilities	9,040	-	9,040
Decrease in compensated absences	(410)	-	(410)
Decrease in inventory	343	-	343
Increase in net pension liability	49,453	-	49,453
Increase in deferred outflows	(30,055)	-	(30,055)
Increase in deferred inflows	10,526	-	10,526
Increase in customer deposits	9,686	-	9,686
<b>Total adjustments</b>	<b>463,982</b>	<b>1,966</b>	<b>465,948</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 373,726</b>	<b>\$ 10,863</b>	<b>\$ 384,589</b>

City of Fruitland Park, Florida  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
September 30, 2018

---

	Firemen's Retirement Trust Fund
<b>Assets:</b>	
Cash and cash equivalents	\$ 89,208
Investments:	
Mutual funds	493,522
<b>Total Investments</b>	<b>493,522</b>
<b>Total assets</b>	<b>\$ 582,730</b>
<b>Net Position:</b>	
Net position restricted for pensions	<b>\$ 582,730</b>

City of Fruitland Park, Florida  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
For the Year Ended September 30, 2018

	Firemen's Retirement Trust Fund
<b>Additions:</b>	
Contributions:	
Employer	\$ 1,110
Plan members	1,110
State of Florida	13,911
<b>Total contributions</b>	<b>16,131</b>
Investment Earnings:	
Net increase in fair value of investments	12,691
Interest/dividend income	13,461
<b>Total net investment earnings</b>	<b>26,152</b>
<b>Total additions</b>	<b>42,283</b>
<b>Deductions:</b>	
Benefits	1,101
Refunds of Contributions	173
<b>Total deductions</b>	<b>1,274</b>
<b>Change in net position</b>	<b>41,009</b>
Net position, beginning	541,721
Net position, ending	<b>\$ 582,730</b>



This Page Intentionally Left Blank



## **Notes to Financial Statements**

## **NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Reporting Entity**

The *City of Fruitland Park*, Florida ("the City") is a political subdivision of the state of Florida located in Lake County. The *City of Fruitland Park* was created by charter in 1927. The City operates under a Commission-Manager form of government and provides the following services as authorized by its charter: public safety (police, fire and building inspections), roads and streets, culture (library) and recreation, planning and zoning, and water, sewer and garbage utility service. Except for a few customers, utility services are provided only within the incorporated boundaries of the City.

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 Fruitland Park Community Redevelopment Fund**

The *City of Fruitland Park* created the Community Redevelopment Agency in March of 1995. 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 Commission, being the duly elected governmental body for the designated area, passed Resolution 95-012, which established the *City of Fruitland Park* as the Redevelopment Agency for the purpose of carrying out the community redevelopment programs and plans within the area and adopted a community development redevelopment plan. Through Ordinance 95-001 the City established the Community Redevelopment Trust Fund to account for all transactions generated by this special revenue fund. In September 2006, the City adopted Resolution 2006-022 to expand the CRA boundaries and modified the redevelopment plan.

## **NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **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.

### **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 90 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.

Property taxes, franchise taxes, 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**

*General Fund* - 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.

## **NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Community Redevelopment Fund* - 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.

*Capital Projects Fund* - a capital projects fund used to account for the acquisition or construction of major capital facilities. The fund also accounts for discretionary sales surtax revenues that are legally restricted for expenditure on infrastructure and related debt.

### **Major Proprietary Funds**

*Utility Fund* - 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.

*Recreation Programs Fund* - used for the receipt of recreation program fees and related direct costs associated with each recreation program (except for activities of the City's municipal swimming pool) sponsored by the City.

### **Fiduciary Funds**

*Firemen's Retirement Trust Fund* - a pension trust fund that accounts for the accumulation of resources for pension benefit payments to qualified City volunteer firefighters.

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 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.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 recreation programs funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap 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.

### **Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance**

#### ***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.

## **NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 per their investment policy, adopted in accordance with Section 218.415, Florida Statutes.

### *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 non-spendable 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.

### *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.

### *Restricted Assets*

The use of certain assets of the Utility fund may be restricted by specific provisions of bond resolutions, city ordinances and/or agreements with various parties. Assets so designated are identified as restricted assets on the balance sheet.

### *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, 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's capitalization policy 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 acquisition value at the date of donation.

## **NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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. No interest was capitalized for the year ended September 30, 2018.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	30-40
Improvements	10-20
Infrastructure	20-50
Equipment	5-10
Intangible assets	10

### *Compensated Absences*

It is the City's policy to permit employees to accumulate earned but unused vacation benefits. Since the City's policy is to pay all vacation benefits when employees separate from service, these amounts are accrued when incurred in the government-wide and proprietary fund financial statements. 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 are generally liquidated by the general fund.

### *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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

### *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial 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 that qualifies for reporting in this category, which is the deferred outflows of pension earnings.

In addition to liabilities, the statement of financial 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.

## **NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### *Net Position Flow Assumptions*

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary 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 net position to have been depleted before unrestricted net position is applied.

### *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 balances). 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.

### *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 City 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 Commission is the highest level of decision-making authority for the city that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the city for specific purposes but do not meet the criteria to be classified as committed. The commission has maintained authority to assign fund balance. The commission 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.

### *Use of 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 disclosure 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.

---

**NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Positions:**

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Capital lease	\$ (163,385)
Accrued interest payable	(1,364)
Compensated absences	(91,357)
Net pension liability	<u>(2,136,831)</u>
Net adjustment to reduce fund balance - <i>total governmental funds</i> to arrive at <i>net position, governmental activities</i>	<u>\$ (2,392,937)</u>

**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 changes in fund balances - total governmental funds* and *changes in net positions 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	\$ 2,242,594
Depreciation expense	<u>(425,985)</u>
Net adjustment to increase net changes in fund balances, <i>total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u>\$ 1,816,609</u>



---

**NOTE 2            RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS  
(CONTINUED)**

Another element of that reconciliation states that “the issuance of long-term debt (e.g., notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

Principal repayment	\$ 84,232
Net adjustment to decrease net changes in fund balances, <i>total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u>\$ 84,232</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	\$ 1,265
Accrued interest payable	<u>(811)</u>
Net adjustment to decrease net changes in fund balances, <i>total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u>\$ 454</u>

**NOTE 3            STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**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 Commission 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 workshops are held where the Commission, City Manager and department heads refine budget detail items. Public hearings are held to obtain taxpayer comments. The budget is then enacted through passage of a resolution no later than September 30.
3. Appropriations are authorized by resolution at the major department level. These are the legal levels of budgetary control. Administrative control is maintained through the establishment of more detailed line-item budgets.
4. The City Manager is authorized to transfer budgeted amounts between line items within any department; however, any revisions that alter the total expenditures of a department must be approved by a majority vote of the City Commission.

### **NOTE 3            STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

5.        Formal budgetary integration is employed as a management control device during the year for governmental funds. Total budgeted appropriations within a governmental fund type may not be exceeded legally.
6.        Encumbrance accounting is currently employed by the City. Encumbrances outstanding at year end do not constitute expenditures or liabilities and are not reported as committed or assigned fund balances. All appropriations and encumbrances lapse at year end.

#### **Expenditures in Excess of Appropriations**

Expenditures in various departments of the Community Redevelopment Fund exceeded appropriations. These over expenditures were funded by greater than anticipated revenues and available fund balance.

### **NOTE 4            DEPOSITS AND INVESTMENTS**

#### **Deposits**

At year-end, the carrying amount of the City's deposits was \$475,397 and the bank balance was \$951,514. Petty cash funds of \$980 are not on deposit with a financial institution.

All bank deposits were covered by Federal Depository Insurance or by collateral 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**

The City's investment policies are governed by State Statutes and City ordinances. City ordinance allows investments in any financial institution that is a qualified public depository of the State of Florida as identified by the State Treasurer, in accordance with Chapter 280 of the Florida Statutes. Authorized investments are:

1.        U.S. Government obligations, U.S. Government agency obligations, and U.S. Government instrumentality obligations;
2.        Canadian Government obligation (payable in local currency);
3.        Certificates of Deposit;
4.        Savings and loan association deposits;
5.        Prime bankers acceptances;
6.        Prime commercial paper;
7.        Investment-grade obligations of state, provincial and local governments and public authorities;
8.        Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of domestic securities;
9.        Statewide investment pools;
10.       Mutual funds;
11.       The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida interlocal Cooperation Act, as provided as provided in F.S. § 163.01;
12.       Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
13.       Savings accounts in state-certified qualified public depositories, as defined in F.S. § 280.02;
14.       Certificates of deposit in state-certified qualified public depositories, as defined in F.S. § 280.02;
15.       Direct obligations of the U.S. Treasury;
16.       Federal agencies and instrumentalities.

## NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

### Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The City's investment policy does not specifically address interest rate risk.

### Credit Risk

The City's investment policy limits its investments to the State Board of Administration investment pool, certificates of deposit, highly rated money market funds, government obligation, and mutual funds. The City's mutual bond fund investments are not rated. The State Board of Administration investment pool is not rated by any nationally recognized statistical rating agency.

### Custodial Credit Risk

Custodial risk 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, 2018, none of the Trust investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

The State Board of Administration (SBA) Local Government Investment Pool (LGIP), operated by the Florida State Board of Administration, is a "2a-7 like" pool in accordance with GASB 31; therefore, it is not presented at fair value but at its actual pooled share price which approximates fair value. The LGIP is not a registrant with the SEC; however, the State of Florida does provide regulatory oversight.

Investments held by the City at September 30, 2018 are detailed below:

Investment Type	Fair Value	Credit Rating	Weighted Avg. Maturity
LGIP:			
Florida Prime	\$ 4,898,318	AAAm	33 days
Florida Prime-Pension Fund	89,208	AAAm	33 days
Certificates of deposit	400,000	N/A	N/A
	<u>\$ 5,387,526</u>		

### Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The City uses a market approach in measuring fair value that uses prices and other relevant information generated by market transaction involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted prices for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that not active. Level 3 is the least reliable and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the City's own data in measuring unobservable inputs.

---

**NOTE 4            DEPOSITS AND INVESTMENTS (CONTINUED)**

The City has the following recurring fair value measurements as of September 30, 2018:

<u>Investments Valued by Fair Value Level</u>		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Pension Mutual Funds	\$ 493,522	\$ -	\$ 493,522
	<u>\$ 493,522</u>	<u>\$ -</u>	<u>\$ 493,522</u>

**NOTE 5            RECEIVABLES**

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

	<u>General Fund</u>	<u>Utility Fund</u>	<u>Total</u>
Receivables:			
Accounts	\$ 80,948	\$ 152,317	\$ 233,265
Less allowance for uncollectible accounts	-	(7,755)	(7,755)
	<u>\$ 80,948</u>	<u>\$ 144,562</u>	<u>\$ 225,510</u>

*SECTION LEFT INTENTIONALLY BLANK*

## NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,313,703	\$ -	\$ -	\$ 1,313,703
Construction in progress	24,575	1,679,898	-	1,704,473
<b>Total capital assets, not being depreciated</b>	<b>1,338,278</b>	<b>1,679,898</b>	<b>-</b>	<b>3,018,176</b>
 <b>Capital assets, being depreciated:</b>				
Buildings	2,610,353	-	-	2,610,353
Improvements	934,940	203,410	-	1,138,350
Machinery and equipment	2,297,224	498,744	-	2,795,968
Infrastructure	681,226	6,500	-	687,726
<b>Total capital assets, being depreciated</b>	<b>6,523,743</b>	<b>708,654</b>	<b>-</b>	<b>7,232,397</b>
 <b>Less accumulated depreciation for:</b>				
Buildings	(1,047,456)	(67,989)	-	(1,115,445)
Improvements	(695,457)	(33,164)	-	(728,621)
Machinery and equipment	(1,456,379)	(301,691)	-	(1,758,070)
Infrastructure	(204,090)	(23,141)	-	(227,231)
<b>Total accumulated depreciation</b>	<b>(3,403,382)</b>	<b>(425,985)</b>	<b>-</b>	<b>(3,829,367)</b>
 <b>Total capital assets, being depreciated, net</b>	<b>3,120,361</b>	<b>282,669</b>	<b>-</b>	<b>3,403,030</b>
 <b>Government activities capital assets, net</b>	<b>\$ 4,458,639</b>	<b>\$ 1,962,567</b>	<b>\$ -</b>	<b>\$ 6,421,206</b>

**NOTE 6 CAPITAL ASSETS (CONTINUED)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	354,952	\$ -	\$ -	\$ 354,952
Construction in progress	1,548,646	2,829,571	(4,071,784)	306,433
<b>Total capital assets, not being depreciated</b>	<b>1,903,598</b>	<b>2,829,571</b>	<b>(4,071,784)</b>	<b>661,385</b>
<b>Capital assets, being depreciated:</b>				
Buildings	243,408	-	-	243,408
Infrastructure	6,731,714	4,098,099	-	10,829,813
Machinery and equipment	501,991	18,375	-	520,366
Intangible assets	346,296	-	-	346,296
<b>Total capital assets, being depreciated</b>	<b>7,823,409</b>	<b>4,116,474</b>	<b>-</b>	<b>11,939,883</b>
<b>Less accumulated depreciation for:</b>				
Buildings	(168,667)	(6,496)	-	(175,163)
Improvements/Infrastructure	(2,658,299)	(181,562)	-	(2,839,861)
Machinery and equipment	(372,761)	(27,446)	-	(400,207)
Intangible assets	(243,575)	(34,630)	-	(278,205)
<b>Total accumulated depreciation</b>	<b>(3,443,302)</b>	<b>(250,134)</b>	<b>-</b>	<b>(3,693,436)</b>
<b>Total capital assets, being depreciated, net</b>	<b>4,380,107</b>	<b>3,866,340</b>	<b>-</b>	<b>8,246,447</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 6,283,705</b>	<b>\$ 6,695,911</b>	<b>\$ (4,071,784)</b>	<b>\$ 8,907,832</b>

## NOTE 6 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

### Governmental Activities:

General government	\$	58,970
Public safety		196,505
Transportation		88,817
Culture and recreation		81,693
<b>Total depreciation expense, governmental activities</b>	<b>\$</b>	<b>425,985</b>

### Business-type Activities:

Utility	\$	250,134
<b>Total depreciation expense, business type activities</b>	<b>\$</b>	<b>250,134</b>

## NOTE 7 LEASES

### Capital Leases

The City has entered into lease agreements as lease for financing the acquisition of vehicles and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities
Assets		
Machinery and equipment	\$ 375,335	\$ -
Less: Accumulated depreciation	(198,155)	-
<b>Total</b>	<b>\$ 177,180</b>	<b>\$ -</b>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2018 were as follows:

Year Ending September 30	Governmental Activities	Business-type Activities
2019	\$ 98,379	\$ -
2020	67,080	-
2021	10,310	-
Total minimum lease payments	175,769	-
Less: Amount representing interest	(12,384)	-
	<b>\$ 163,385</b>	<b>\$ -</b>

## **NOTE 8            LONG-TERM DEBT**

### **State Revolving Fund Loans**

On September 17, 2001, the City entered into a loan agreement with the State of Florida Department of Environmental Protection under the Clean Water State Revolving Fund (SRF) loan program. The purpose of the loan was to provide funding for preconstruction planning and engineering activities for a sewer utility system for the City's highway commercial corridor. Maximum borrowing under this agreement was \$237,108. All preconstruction activities have been completed, and all loan disbursements have been received.

Interest accrues on the outstanding balance at a rate of 3.16% per year. Semi-annual loan payments of \$8,165 are due each February 15 and August 15 through February 15, 2026. Total principal and interest remaining to be paid on this series is \$122,475. For the year ended September 30, 2018, principal and interest paid on this series was \$16,330. The net revenue of the water and sewer utility is pledged as security for repayment and totaled \$494,339 in 2018.

On March 29, 2005, the City entered into a second loan agreement with the State under the Clean Water SRF loan program. The purpose of the loan was to provide funding for construction of a sewer utility system, consisting of a 98,000 gallons per day wastewater treatment plant and a low-pressure sewer collection system along the City's highway commercial corridor. Maximum borrowing under this agreement is \$2,393,745. All loan disbursements have been received. The total amount borrowed was \$1,937,529.

Semi-annual loan payments of \$76,589 began on August 15, 2006. Beginning February 15, 2010, the semi-annual loan payments were reduced to \$60,669, and continue each February 15 and August 15 thereafter through February 15, 2026. Total principal and interest remaining to be paid on this series is \$910,038. For the year ended September 30, 2018, principal and interest paid on this series was \$121,339. The net revenue of the water and sewer utility is pledged as security for repayment and totaled \$494,339 in 2018.

### **Florida Department of Transportation Note**

On May 2, 2011 the City Signed a promissory note with the State of Florida Department of Transportation (FDOT) in the amount of \$913,460. In exchange, the City agreed to have FDOT move water and sewer utility lines out of State highway right-of-way in order to allow FDOT to complete a highway widening project. The note carries a 0% interest rate and is payable in 30 equal annual installments beginning October 15, 2014. The amount of the note was an estimate of the utility construction cost, and the note states that in the event that the actual cost of the utility relocation work is different, that a new promissory note will be executed for the actual cost amount. The note is secured by gross revenues of the water and sewer utility.

At September 30, 2013, the utility work was complete, and the City recorded estimated costs of \$619,882. The highway project was completed in June 2014, and FDOT adjusted the note to the actual costs of \$425,588.

Total principal and interest remaining to be paid on this series is \$354,657. For the fiscal year, principal paid on this series was \$14,186 and total pledged revenue was \$1,049,291.

### **2016 Capital Improvement Revenue Note**

In January 2016, the City issued a Capital Improvement Revenue Note Series 2016 in the amount of \$2,500,000, at an interest rate of 2.33 percent, provided for the cost of acquiring and constructing improvements to the City's Wastewater System and related improvements. The note is secured by infrastructure sales surtax received by the City and recorded in the Capital Projects Fund.



---

**NOTE 8            LONG-TERM DEBT (CONTINUED)**

Total principal and interest remaining to be paid on this series is \$2,582,557. For the fiscal year, principal and interest paid on this series was \$201,295 and total pledged revenue was \$445,786.

Annual debt service requirements to maturity for notes payable are as follows:

Year Ending September 30,	Business-Type Activities	
	Principal	Interest
2019	\$ 419,501	\$ 76,695
2020	429,304	66,892
2021	439,345	56,851
2022	449,630	46,566
2023	460,165	36,031
2024-2028	1,233,663	42,291
2029-2033	70,931	-
2034-2038	70,931	-
2039-2043	70,931	-
<b>Total</b>	<b>\$ 3,644,401</b>	<b>\$ 325,326</b>

## NOTE 8 LONG-TERM DEBT (CONTINUED)

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Capital lease	\$ 247,617	\$ -	\$ (84,232)	\$ 163,385	\$ 89,470
Compensated absences	92,622	-	(1,265)	91,357	18,271
Net pension liability	1,842,427	294,404	-	2,136,831	-
<b>Governmental activity long-term liabilities</b>	<b>\$ 2,182,666</b>	<b>\$ 294,404</b>	<b>\$ (85,497)</b>	<b>\$ 2,391,573</b>	<b>\$ 107,741</b>
<b>Business-Type Activities:</b>					
Notes payable:					
SRF Loan, preconstruction	\$ 120,896	\$ -	\$ (12,609)	\$ 108,287	\$ 13,010
SRF Loan, construction	923,194	-	(98,692)	824,502	101,195
FDOT Note	368,843	-	(14,186)	354,657	14,186
Capital Improvement Note	2,500,000	-	(143,045)	2,356,955	291,110
<b>Total notes payable</b>	<b>3,912,933</b>	<b>-</b>	<b>(268,532)</b>	<b>3,644,401</b>	<b>419,501</b>
Compensated absences	8,573	-	(410)	8,163	1,633
Net pension liability	140,217	49,453	-	189,670	-
<b>Business-type activity long-term liabilities</b>	<b>\$ 4,061,723</b>	<b>\$ 49,453</b>	<b>\$ (268,942)</b>	<b>\$ 3,842,234</b>	<b>\$ 421,134</b>

## NOTE 9 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers for the year ended September 30, 2018 are summarized below:

Transfers Out:	Transfers In			
	General Fund	Utility Fund	Recreation Programs	Total
General Fund	\$ -	\$ 884,550	\$ 5,644	\$ 890,194
Community redevelopment	37,471	-	-	\$ 37,471
Capital projects	258,880	215,482	-	\$ 474,362
Utility fund	60,000	-	-	\$ 60,000
Recreation programs	18,855	-	-	\$ 18,855
	<b>\$ 375,206</b>	<b>\$ 1,100,032</b>	<b>\$ 5,644</b>	<b>\$ 1,480,882</b>

Transfers out of the Community redevelopment fund was to fund related portions of personnel wages related to Community redevelopment projects. The other transfers were completed to support operations.

## **NOTE 10      RETIREMENT PLAN**

### **Florida Retirement System**

Effective February 1, 2015, the City joined the State of Florida Retirement System (FRS) for the covered groups of Police and General Employees. The FRS is 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. That report may be obtained by writing to Florida Retirement System, Tallahassee, Florida 32399-1560.

### *Funding Policy*

The FRS has ten (10) classes of membership. Only two (2) classes are applicable to the City's eligible employees. These two (2) classes, with descriptions and contribution rates in effect during the period ended September 30, 2018 are as follows:

Regular Class - Members not qualifying for other classes (11.26% [includes 3% employee contribution] from July 1, 2018 through September 30, 2018 and 10.92% [includes 3% employee contribution] from October 1, 2017 through June 30, 2018.)

Special Risk Class - Members employed as law enforcement officers, firefighters, or correctional officers and meet the criteria set to qualify for this class (27.50% [includes 3% employee contribution] from July 1, 2018 through September 30, 2018 and 26.27% [included 3% employee contribution] from October 1, 2017 through June 30, 2018.)

### **Pension Plan (FRS)**

#### *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.

## **NOTE 10      RETIREMENT PLAN (CONTINUED)**

### *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 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. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% 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.

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.

### *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 employer contribution rates by job class for the period from October 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018, respectively, were as follows: Regular- 7.92% and 8.26%; Special Risk- 23.27% and 24.50%; and DROP participants – 13.26% and 14.03%.

These employer contribution rates include 1.66% and 1.66% HIS Plan subsidy for the periods October 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018, respectively.

The City's contributions, including employee contributions, to the Pension Plan totaled \$230,211 for the fiscal year ended September 30, 2018.

### *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At September 30, 2018, the City reported a liability of \$1,893,142 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City's proportionate share of the net pension liability was based on the City's 2017-18 fiscal year contributions relative to the 2016-17 fiscal year contributions of all participating members. At June 30, 2018, the City's proportionate share was .00629 percent, which was an increase of .000744 percent from its proportionate share measured as of June 30, 2017.

## NOTE 10 RETIREMENT PLAN (CONTINUED)

For the fiscal year ended September 30, 2018, the City recognized pension expense of \$474,647. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 160,378	\$ 5,821
Change of assumptions	618,587	-
Net difference between projected and actual earnings on pension plan investments	-	146,268
Changes in proportion and differences between pension plan contributions and proportionate share of contributions	509,864	-
Pension plan contributions subsequent to the measurement date	89,164	-
	<u>\$ 1,377,993</u>	<u>\$ 152,089</u>

The deferred outflows of resources related to the Pension Plan, totaling \$89,164 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, 2019. 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:

Year Ended September 30,	
2019	\$ 392,851
2020	315,727
2021	136,441
2022	171,500
2023	100,963
Thereafter	19,258

## NOTE 10 RETIREMENT PLAN (CONTINUED)

### *Actuarial Assumptions*

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.60 %
Salary Increases	3.25%, average, including inflation
Investment Rate of Return	7.00%, 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 June 30, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

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%	2.90%	2.90%	1.80%
Fixed income	18.00%	4.40%	4.30%	4.00%
Global equities	54.00%	7.60%	6.30%	17.00%
Real estate	11.00%	6.60%	6.00%	11.30%
Private equity	10.00%	10.70%	7.80%	26.50%
Strategic investments	6.00%	6.00%	5.70%	8.60%
<b>Total</b>	<b>100.00%</b>			
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 7.00%. 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 the total pension liability is equal to the long-term expected rate of return.

## NOTE 10 RETIREMENT 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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Discount Rate Minus 1% 6.00%	Current Discount Rate 7.00%	Discount Rate Plus 1% 8.00%
City's proportionate share of net pension liability (FRS)	\$ 3,455,063	\$ 1,893,142	\$ 595,874

### *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, 2018, the City does not have any payables for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2018.

## **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, 2018, 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, 2018, the HIS contribution for the period October 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018 was 1.66% and 1.66%, respectively. 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 \$35,406 for the fiscal year ended September 30, 2018.

## NOTE 10 RETIREMENT PLAN (CONTINUED)

### *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At September 30, 2018, the City reported a liability of \$433,359 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City's proportionate share of the net pension liability was based on the City's 2017-18 fiscal year contributions relative to the 2016-17 fiscal year contributions of all participating members. At June 30, 2018, the City's proportionate share was .00409 percent, which was an increase of .000880 percent from its proportionate share measured as of June 30, 2017.

For the fiscal year ended September 30, 2018, the City recognized pension expense of \$86,128. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflow of Resources	Deferred Inflows of Resources
Change of assumptions	\$ 48,195	\$ 45,818
Differences between expected and actual experience	6,635	736
Net difference between projected and actual earnings on pension plan investments	262	-
Changes in proportion and differences between pension plan contributions and proportionate share of contributions	240,519	-
Pension plan contributions subsequent to the measurement date	17,465	-
	<u>\$ 313,076</u>	<u>\$ 46,554</u>

The deferred outflows of resources related to the HIS Plan, totaling \$17,465 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, 2019. 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:

Year Ended September 30,	
2019	\$ 59,845
2020	59,823
2021	58,044
2022	42,844
2023	15,419
Thereafter	13,082



## NOTE 10 RETIREMENT PLAN (CONTINUED)

### *Actuarial Assumptions*

The total pension liability in the July 1, 2018, 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	3.87 % 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, 2018, 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 3.87%. 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.

### *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 3.87%, 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 (2.87%) or one percentage point higher (4.87%) than the current rate:

	Discount Rate Minus 1% 2.87%	Current Discount Rate 3.87%	Discount Rate Plus 1% 4.87%
City's proportionate share of net pension liability (HIS)	\$ 493,571	\$ 433,359	\$ 383,169

### *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.

## **NOTE 10      RETIREMENT PLAN (CONTINUED)**

### **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, Elected City Officers, 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 2016-17 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 Special Risk class 14.00%.

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, 2018, 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 City did not have any employees who participated in the Investment Plan during 2018.

## **NOTE 10      RETIREMENT PLAN (CONTINUED)**

### **Municipal Firemen's Retirement Plan**

The Municipal Firemen's Retirement Plan was established to conform to provisions of the Florida Statutes for all sworn firefighters. The Plan is a single-employer, defined benefit pension plan, and is administered by the City. There is no separately issued report on the Plan.

Firefighters attaining the age of 55 who have completed 10 or more creditable years of service or attaining the age of 52 who have completed 25 years of creditable service are entitled to annual benefits of 3% of their average final compensation times years of credited service. The Plan permits early retirement at the completion of 10 years of continuous service and attaining the age of 50 years. Active firefighters who retire disabled receive not less than 42% of their average monthly earnings at the time of disability.

Disability benefits are paid for ten years certain or life or recovery from disability. If a firefighter dies prior to retirement but has at least 10 years of contributing service, his or her beneficiary is entitled to the benefits payable to the firefighter at early or normal retirement age.

As of September 30, 2018, there was one retiree currently receiving benefits, and 1 terminated firefighter was entitled to benefits but not yet receiving them. Out of the 19 active volunteer firefighters, none have vested retirement benefits. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Effective January 1, 1995, each firefighter is required by local ordinance to contribute five percent of his/her compensation to the plan. The City also contributes five percent of each plan member's compensation to the Plan. Additionally, the Plan is funded by a 1% state excise tax on all fire insurance premiums collected from policyholders insuring property within City limits. For the year ended September 30, 2018, the City collected \$13,911 in fire insurance premium taxes, which are reported as revenue in the General Fund. The City is required by State statute to contribute these taxes to the plan within 5 days of receipt. The corresponding contribution to the pension fund is reported as a fire department expenditure in the General Fund.

The City's contribution requirements are not actuarially determined, and the actuarial implication of the City's funding policy has also not been determined. There were not changes during the year ended September 30, 2018 in the method used to calculate or establish contribution requirements. Most administrative costs of the Plan are absorbed by the General Fund.

Actuarial valuations for the Plan are provided and paid for by the State of Florida Division of Retirement on a triennial basis. City management and the pension board of trustees do not believe the cost, which would have to be paid by the pension fund, of obtaining more frequent actuarial valuations or updates, is worth the benefit provided by current funding status information for this small pension fund. The latest actuarial valuation was performed as of October 1, 2016.

### **ICMA 401a Retirement Plan**

Effective January 1, 1997, the city established, by resolution, a money purchase plan and trust called "the City of Fruitland Park 401-a Plan" in the form of the ICMA Retirement Corporation Prototype Money Purchase Plan and Trust. The plan is a defined contribution pension plan administered by the ICMA Retirement Corporation. The City Commission must authorize plan amendments to benefit provisions or the obligation to make contributions.

**NOTE 10 RETIREMENT PLAN (CONTINUED)**

All full-time employees at least 18 years of age are eligible to participate in this plan once they have completed a 90-day period of service. An employee does not become vested in any benefits until the completion of five years of service, at which time the employee becomes 100% vested. At September 30, 2018 there were 7 members in the plan, 3 of which had vested benefits.

Contributions to the plan are made only by the City. The City will contribute a minimum of 2% of a participant's earnings, not including overtime or bonuses, into the plan. The City will contribute up to 5% into the plan, depending upon (and matching) a participant's contribution into the City's ICMA 457 deferred compensation plan.

Participant's separating from service with the City before the five-year vesting period of service is complete forfeit their entire account balance in the plan. The City may use forfeited amounts to reduce the City's required payment of contributions for current plan participants. During the year ended September 30, 2018, the city did not use any forfeited amounts for payment of contributions for current plan participants. At September 30, 2018, the City has \$1,896 in forfeited amounts included in plan assets that could be used toward future contributions.

During the year ended September 30, 2018, the City's payroll for the employees covered by this plan was \$564,437. The City contributed \$32,299 to the plan for the year ended September 30, 2018.

**NOTE 11 ICMA 457 DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by ICMA Retirement Corporation. The plan permits participants to defer a portion of their salary until future years.

All of the City's employees are eligible to participate in the ICMA deferred compensation plan after completion of a three month probationary period upon their first date of employment. Participation is strictly on a voluntary basis. Participants become immediately 100% vested in contributions credited to their account.

The City does not make any contributions to this plan for participants who entered the plan after January 1, 1997. For those employees (1 as of September 30, 2018) participating in the plan on January 1, 1997, the City contributes a minimum of 2% and will match up to 5% of a participant's contribution into the plan.

Because the Plan Assets are held in trust for the exclusive benefit of plan participants and their beneficiaries, the Plan is not accounted for in the City's fund financials.

**NOTE 12 OTHER POST-EMPLOYMENT BENEFITS**

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. The City has no retirees currently receiving benefits, and therefore no liability has been recorded.

## NOTE 13 COMMITMENTS AND CONTINGENCIES

### Litigation

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2018. 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.

### Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded insurance coverage during the past three years.

## NOTE 14 FUND BALANCE

At September 30, 2018 the City's governmental fund balances were as follows:

	General Fund	Community Redevelopment	Capital Projects	Total
<b>Fund Balances</b>				
<b>Nonspendable</b>				
Inventory	\$ 2,856	\$ -	\$ -	\$ 2,856
Prepaid	744	-	-	744
<b>Spendable</b>				
<b>Restricted for:</b>				
Police education	504	-	-	504
Police drug forfeiture	3,373	-	-	3,373
Police donations	1,225	-	-	1,225
Public safety capital improvements	2,592,845	-	-	2,592,845
Building Inspections	1,913,413	-	-	1,913,413
Police and fire fee refunds	70,510	-	-	70,510
Community redevelopment	-	24,929	-	24,929
Infrastructure	-	-	203,935	203,935
<b>Committed to:</b>				
Cemetery care	87,341	-	-	87,341
Paving	50,000	-	-	50,000
Stormwater utility	330,803	-	-	330,803
Unassigned	814,491	-	-	814,491
	<u>\$ 5,868,105</u>	<u>\$ 24,929</u>	<u>\$ 203,935</u>	<u>\$ 6,096,969</u>



This Page Intentionally Left Blank

## **Required Supplementary Information**

**Schedule of the City's Proportionate Share of Net Pension Liability**  
**Florida Retirement System (FRS)**  
**Last 10 Fiscal Years\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.006285223%	0.005540833%	0.004877634%	0.002113934%
City's proportionate share of the net pension liability	\$ 1,893,142	\$ 1,638,941	\$ 1,231,606	\$ 273,043
City's covered-employee payroll	\$ 1,200,561	\$ 1,048,564	\$ 929,056	\$ 815,906
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	157.69%	156.30%	132.57%	33.47%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%

**Schedule of the City's Proportionate Share of Net Pension Liability**  
**Health Insurance Subsidy (HIS)**  
**Last 10 Fiscal Years\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.004094430%	0.003214440%	0.002891564%	0.001195718%
City's proportionate share of the net pension liability	\$ 433,359	\$ 343,703	\$ 337,000	\$ 121,944
City's covered-employee payroll	\$ 1,200,561	\$ 1,048,564	\$ 929,056	\$ 815,906
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	36.10%	32.78%	36.27%	14.95%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%

\*Information for prior years not available.



**Schedule of City Contributions**  
**Florida Retirement System (FRS)**  
**Last 10 Fiscal Years\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 230,211	\$ 147,403	\$ 125,279	\$ 80,126
Contributions in relation to the contractually required contribution	(230,211)	(147,403)	(125,279)	(80,126)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,200,561	\$ 1,048,564	\$ 929,056	\$ 815,906
Contributions as a percentage of covered-employee payroll	19.18%	14.06%	13.48%	9.82%

**Schedule of City Contributions**  
**Health Insurance Subsidy (HIS)**  
**Last 10 Fiscal Years\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 35,406	\$ 17,292	\$ 15,422	\$ 15,422
Contributions in relation to the contractually required contribution	(35,406)	(17,292)	(15,422)	(15,422)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,200,561	\$ 1,048,564	\$ 929,056	\$ 815,906
Contributions as a percentage of covered-employee payroll	2.95%	1.65%	1.66%	1.89%

\*Information for prior years not available.



This Page Intentionally Left Blank

## **Individual Fund Schedules**



This Page Intentionally Left Blank

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual****Capital Projects Fund**

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 411,219	\$ 411,219	\$ 445,786	\$ 34,567
Investment Earnings	3,146	3,146	7,367	4,221
<b>Total revenues</b>	<b>414,365</b>	<b>414,365</b>	<b>453,153</b>	<b>38,788</b>
<b>Expenditures:</b>				
Debt Service:				
Principal	-	-	84,232	(84,232)
Interest	-	-	14,147	(14,147)
Capital Outlay	671,075	423,075	271,865	151,210
<b>Total expenditures</b>	<b>671,075</b>	<b>423,075</b>	<b>370,244</b>	<b>52,831</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(256,710)</b>	<b>(8,710)</b>	<b>82,909</b>	<b>91,619</b>
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(215,483)	(474,363)	(474,362)	1
<b>Total other financing sources and uses</b>	<b>(215,483)</b>	<b>(474,363)</b>	<b>(474,362)</b>	<b>1</b>
<b>Net change in fund balances</b>	<b>(472,193)</b>	<b>(483,073)</b>	<b>(391,453)</b>	<b>91,620</b>
Fund balance, beginning	595,388	595,388	595,388	-
<b>Fund balance, ending</b>	<b>\$ 123,195</b>	<b>\$ 112,315</b>	<b>\$ 203,935</b>	<b>\$ 91,620</b>



This Page Intentionally Left Blank

## **Statistical Section**



This Page Intentionally Left Blank



## STATISTICAL SECTION

This section of the City of Fruitland Park'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 financial performance and well-being changed over time.

59-69

#### **Revenue Capacity**

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

70-73

#### **Debt Capacity**

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

74-77

#### **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.

78-80

#### **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.

81-83

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

The City implemented GASB Statement 34 in fiscal year 2004; schedules presenting government-wide information include information beginning in that year.

The City implemented GASB Statement 44 in fiscal year 2006; schedules presenting demographic, operating, and capital asset statistics include information beginning in that year.

## CITY OF FRUITLAND PARK, FLORIDA

**NET POSITION BY COMPONENT****LAST TEN FISCAL YEARS**

(Accrual basis of accounting)

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012
<b>GOVERNMENTAL ACTIVITIES</b>				
Net Investment in Capital Assets	\$ 3,525,988	\$ 3,736,577	\$ 3,747,502	\$ 3,761,497
Restricted for:				
Capital Improvement	732,823	511,486	628,116	686,753
Redevelopment Projects	726,864	697,955	311,594	319,799
Cemetery Care	112,567	115,772	120,692	122,232
Police	117,514	111,709	105,589	61,397
Building Inspections	-	-	-	-
Library	-	-	-	-
Stormwater	59,105	72,005	81,447	112,695
Police/Fire Fee Refunds	-	-	-	-
Paving	-	-	-	-
Unrestricted	822,357	782,582	855,281	884,922
Total Governmental Activities				
Net Position	<u>\$ 6,097,218</u>	<u>\$ 6,028,086</u>	<u>\$ 5,850,221</u>	<u>\$ 5,949,295</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net Investment in Capital Assets	\$ 2,937,548	\$ 3,227,368	\$ 3,256,788	\$ 3,483,711
Restricted for:				
Capital Improvements	607,025	498,407	596,573	417,745
Debt Service	62,827	63,122	63,426	63,737
Unrestricted	578,696	212,765	83,781	193,429
Total Business-type Activities				
Net Position	<u>\$ 4,186,096</u>	<u>\$ 4,001,662</u>	<u>\$ 4,000,568</u>	<u>\$ 4,158,622</u>
<b>CITY OF FRUITLAND PARK</b>				
Net Investment in Capital Assets	\$ 6,463,536	\$ 6,963,945	\$ 7,004,290	\$ 7,245,208
Restricted for:				
Capital Improvements	1,339,848	1,009,893	1,224,689	1,104,498
Redevelopment Projects	726,864	697,955	311,594	319,799
Cemetery Care	112,567	115,772	120,692	122,232
Debt Service	62,827	63,122	63,426	63,737
Police	117,514	111,709	105,589	61,397
Building Inspections	-	-	-	-
Library	-	-	-	-
Stormwater	59,105	72,005	81,447	112,695
Police/Fire Fee Refunds	-	-	-	-
Paving	-	-	-	-
Unrestricted	1,401,053	995,347	939,062	1,078,351
Total City of Fruitland Park				
Net Position	<u>\$ 10,283,314</u>	<u>\$ 10,029,748</u>	<u>\$ 9,850,789</u>	<u>\$ 10,107,917</u>

Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
\$ 3,770,300	\$ 3,780,058	\$ 4,183,155	\$ 4,177,487	\$ 4,211,022	\$ 6,257,821
784,445	930,676	1,235,269	2,384,629	3,148,361	2,796,780
374,440	366,424	447,109	215,355	126,496	24,929
134,322	142,522	80,002	68,766	83,280	87,341
37,188	32,366	19,758	8,788	4,399	5,102
-	-	142,323	1,049,582	1,996,988	1,913,413
-	-	-	-	-	-
147,323	176,947	213,803	251,781	290,259	330,803
-	130,379	112,757	94,069	70,510	70,510
-	-	-	-	-	50,000
420,112	207,620	331,320	(31,531)	(116,536)	(40,707)
<u>\$ 5,668,130</u>	<u>\$ 5,766,992</u>	<u>\$ 6,765,496</u>	<u>\$ 8,218,926</u>	<u>\$ 9,814,779</u>	<u>\$ 11,495,992</u>
\$ 3,160,882	\$ 3,014,579	\$ 3,055,102	\$ 3,329,022	\$ 3,930,652	\$ 5,263,430
442,989	187,846	268,407	549,313	546,670	601,912
64,057	64,384	37,367	64,721	45,304	46,415
396,549	648,436	388,804	242,991	321,573	(481,825)
<u>\$ 4,064,477</u>	<u>\$ 3,915,245</u>	<u>\$ 3,749,680</u>	<u>\$ 4,186,047</u>	<u>\$ 4,844,199</u>	<u>\$ 5,429,932</u>
\$ 6,931,182	\$ 6,794,637	\$ 7,238,257	\$ 7,506,509	\$ 8,141,674	\$ 11,521,251
1,227,434	1,118,522	1,503,676	2,933,942	3,695,031	3,398,692
374,440	366,424	447,109	215,355	126,496	24,929
134,322	142,522	80,002	68,766	83,280	87,341
64,057	64,384	37,367	64,721	45,304	46,415
37,188	32,366	19,758	8,788	4,399	5,102
-	-	142,323	1,049,582	1,996,988	1,913,413
-	-	-	-	-	-
147,323	176,947	213,803	251,781	290,259	330,803
-	130,379	112,757	94,069	70,510	70,510
-	-	-	-	-	50,000
816,661	856,056	720,124	211,460	205,037	(522,532)
<u>\$ 9,732,607</u>	<u>\$ 9,682,237</u>	<u>\$ 10,515,176</u>	<u>\$ 12,404,973</u>	<u>\$ 14,658,978</u>	<u>\$ 16,925,924</u>

**CHANGES IN NET POSITION****LAST TEN FISCAL YEARS**

(Accrual basis of accounting)

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012
<b>EXPENSES</b>				
Governmental Activities:				
General Government	\$ 864,658	\$ 872,323	\$ 1,113,962	\$ 821,330
Public Safety	1,326,793	1,550,621	1,411,552	1,460,689
Transportation	362,253	366,990	426,154	707,159
Sanitation/Other Utility	454,723	448,014	429,297	780,765
Culture and Recreation	595,253	558,258	526,532	488,131
Interest on Long-term Debt	22,766	17,495	11,973	6,249
<b>Total Governmental Activities Expenses</b>	<b>3,626,446</b>	<b>3,813,701</b>	<b>3,919,470</b>	<b>4,264,323</b>
Business-Type Activities:				
Water Utility	482,437	649,113	572,667	599,304
Sewer Utility	322,279	364,080	277,985	209,103
Recreation Programs	22,645	18,899	18,490	28,308
<b>Total Business-Type Activities Expenses</b>	<b>827,361</b>	<b>1,032,092</b>	<b>869,142</b>	<b>836,715</b>
<b>Total Expenses</b>	<b>\$ 4,453,807</b>	<b>\$ 4,845,793</b>	<b>\$ 4,788,612</b>	<b>\$ 5,101,038</b>
<b>PROGRAM REVENUES</b>				
Governmental Activities:				
Charges for Services:				
General Government	\$ 45,695	\$ 50,483	\$ 62,532	\$ 45,703
Public Safety	242,303	318,461	287,375	293,282
Transportation	-	-	-	2,335
Sanitation/Other Utility	494,231	488,063	486,420	504,210
Culture and Recreation	27,793	30,475	35,302	33,179
Operating Grants and Contributions	108,020	100,267	89,210	80,987
Capital Grants and Contributions	78,277	91,892	49,133	681,142
<b>Total Governmental Activities Program Revenues</b>	<b>996,319</b>	<b>1,079,641</b>	<b>1,009,972</b>	<b>1,640,838</b>
Business-Type Activities:				
Charges for Services:				
Water Utility	569,723	542,438	588,343	645,894
Sewer Utility	75,381	104,851	117,859	109,829
Recreation Programs	22,726	22,200	27,665	34,855
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	37,254	45,492	235,835	386,625
<b>Total Business-Type Activities Program Revenues</b>	<b>705,084</b>	<b>714,981</b>	<b>969,702</b>	<b>1,177,203</b>
<b>Total Program Revenues</b>	<b>\$ 1,701,403</b>	<b>\$ 1,794,622</b>	<b>\$ 1,979,674</b>	<b>\$ 2,818,041</b>
<b>NET REVENUE (EXPENSE)</b>				
Governmental Activities	\$ (2,630,127)	\$ (2,734,060)	\$ (2,909,498)	\$ (2,623,485)
Business-Type Activities	(122,277)	(317,111)	100,560	340,488
<b>Total Net Expense</b>	<b>\$ (2,752,404)</b>	<b>\$ (3,051,171)</b>	<b>\$ (2,808,938)</b>	<b>\$ (2,282,997)</b>

Continued on Next Page

Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
\$ 1,265,453	\$ 737,827	\$ 898,643	\$ 1,043,212	\$ 1,223,914	\$ 1,476,413
1,347,613	1,672,643	2,110,533	3,097,472	3,550,072	3,442,497
342,471	363,034	324,333	291,644	359,857	727,956
450,306	471,391	475,618	462,909	500,773	504,421
484,525	515,382	577,976	726,059	822,451	905,359
1,870	170	4,118	3,658	15,728	14,958
3,892,238	3,760,447	4,391,221	5,624,954	6,472,795	7,071,604
744,457	673,008	710,615	682,501	820,795	1,116,962
332,126	204,558	219,554	320,984	326,422	-
29,163	37,344	37,712	32,561	26,388	31,919
1,105,746	914,910	967,881	1,036,046	1,173,605	1,148,881
\$ 4,997,984	\$ 4,675,357	\$ 5,359,102	\$ 6,661,000	\$ 7,646,400	\$ 8,220,485
\$ 70,305	\$ 361,584	\$ 398,065	\$ 133,506	\$ 74,708	\$ 87,151
276,568	134,130	981,400	2,337,768	2,321,225	1,301,808
-	1,431	4,128	6,884	7,206	7,524
538,537	553,905	512,650	569,969	600,056	613,348
30,282	31,387	27,173	44,629	42,743	34,327
76,471	77,493	68,394	225,174	209,836	385,354
26,576	19,653	466,669	996,949	974,208	1,529,237
1,018,739	1,179,583	2,458,479	4,314,879	4,229,982	3,958,749
598,184	590,322	593,028	650,406	785,816	943,199
343,482	118,385	127,132	125,122	124,408	-
40,420	47,125	49,844	36,342	36,267	40,816
-	-	-	-	904,997	-
24,390	22,097	140,976	433,074		587,074
1,006,476	777,929	910,980	1,244,944	1,851,488	1,571,089
\$ 2,025,215	\$ 1,957,512	\$ 3,369,459	\$ 5,559,823	\$ 6,081,470	\$ 5,529,838
\$ (2,873,499)	\$ (2,580,864)	\$ (1,932,742)	\$ (1,310,075)	\$ (2,242,813)	\$ (3,112,855)
(99,270)	(136,981)	(56,901)	208,898	677,883	422,208
\$ (2,972,769)	\$ (2,717,845)	\$ (1,989,643)	\$ (1,101,177)	\$ (1,564,930)	\$ (2,690,647)

## CITY OF FRUITLAND PARK, FLORIDA

**CHANGES IN NET POSITION****LAST TEN FISCAL YEARS**

(Accrual basis of accounting)

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012
<b>GENERAL REVENUES AND TRANSFERS</b>				
Governmental Activities:				
Property Taxes	\$ 1,087,169	\$ 1,045,330	\$ 910,495	\$ 812,503
CRA Property Tax				
Sales Taxes / Public Service Tax	467,231	471,136	495,503	522,526
Franchise and Utility Taxes	927,619	957,318	918,839	899,013
Excise Taxes	264,612	256,671	262,152	272,538
Intergovernmental				
Misc				
Unrestricted Investment Earnings	51,403	26,994	22,626	9,474
Gain on Sale of Capital Assets	-	-	5,964	-
Transfers	185,200	(92,521)	116,054	206,505
<b>Total Governmental Activities</b>	<b>2,983,234</b>	<b>2,664,928</b>	<b>2,731,633</b>	<b>2,722,559</b>
Business-Type Activities:				
Unrestricted Investment Earnings	(11,631)	40,156	14,400	24,071
Gain on Sale of Asset				
Transfers	(185,200)	92,521	(116,054)	(206,505)
<b>Total Business-Type Activities</b>	<b>(196,831)</b>	<b>132,677</b>	<b>(101,654)</b>	<b>(182,434)</b>
<b>Total General Revenues and Transfers</b>	<b>\$ 2,786,403</b>	<b>\$ 2,797,605</b>	<b>\$ 2,629,979</b>	<b>\$ 2,540,125</b>
<b>CHANGE IN NET POSITION</b>				
Governmental Activities	\$ 353,107	\$ (69,132)	\$ (177,865)	\$ 99,074
Business-Type Activities	(319,108)	(184,434)	(1,094)	158,054
<b>Total Change in Net Position</b>	<b>\$ 33,999</b>	<b>\$ (253,566)</b>	<b>\$ (178,959)</b>	<b>\$ 257,128</b>

Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
\$ 818,830	\$ 824,299	\$ 896,623	\$ 786,546	\$ 1,156,520	\$ 1,884,821
			227,253	219,109	237,351
531,599	574,586	613,859			1,050,827
961,164	969,683	993,463	1,124,153	1,475,550	653,135
269,926	285,106	302,909			
			773,185	806,551	883,370
			165,510	85,452	121,767
3,819	3,506	3,422	15,210	43,948	99,424
-	11,805	1,850	-		
6,996	10,741	119,120	(302,389)	51,536	(136,627)
<u>2,592,334</u>	<u>2,679,726</u>	<u>2,931,246</u>	<u>2,789,468</u>	<u>3,838,666</u>	<u>4,794,068</u>
12,121	(1,510)	10,456	13,289	31,625	19,023
			1,622		7,875
(6,996)	(10,741)	(119,120)	302,389	(51,536)	136,627
<u>5,125</u>	<u>(12,251)</u>	<u>(108,664)</u>	<u>317,300</u>	<u>(19,911)</u>	<u>163,525</u>
<u>\$ 2,597,459</u>	<u>\$ 2,667,475</u>	<u>\$ 2,822,582</u>	<u>\$ 3,106,768</u>	<u>\$ 3,818,755</u>	<u>\$ 4,957,593</u>
\$ (281,165)	\$ 98,862	\$ 998,504	\$ 1,479,373	\$ 1,595,853	\$ 1,681,213
(94,145)	(149,232)	(165,565)	526,198	658,152	585,733
<u>\$ (375,310)</u>	<u>\$ (50,370)</u>	<u>\$ 832,939</u>	<u>\$ 2,005,571</u>	<u>\$ 2,254,005</u>	<u>\$ 2,266,946</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
GENERAL FUND				
Nonspendable	\$ -	\$ -	\$ 25,345	\$ 24,325
Restricted	-	-	366,630	246,497
Reserved	555,561	607,249	-	-
Committed	-	-	202,139	234,927
Unreserved	674,625	766,608	-	-
Unassigned	-	-	851,850	896,002
	<hr/>	<hr/>	<hr/>	<hr/>
Total General Fund	<u>\$ 1,230,186</u>	<u>\$ 1,373,857</u>	<u>\$ 1,445,964</u>	<u>\$ 1,401,751</u>
ALL OTHER GOVERNMENTAL FUNDS				
Restricted	\$ -	\$ -	\$ 678,669	\$ 821,452
Reserved	1,220,279	950,568	-	-
Unreserved, reported in:				
Special revenue funds	18,132	-	-	-
Capital projects funds	161,189	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total all other governmental funds	<u>\$ 1,399,600</u>	<u>\$ 950,568</u>	<u>\$ 678,669</u>	<u>\$ 821,452</u>



<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 4,143	\$ 2,831	\$ 22,012	\$ 259,413	\$ 5,805	\$ 3,600
244,068	389,278	968,040	2,842,591	4,624,870	4,581,870
-	-	-	-	-	-
281,645	319,469	293,805	320,547	373,539	468,144
-	-	-	-	-	-
979,316	168,941	287,710	13,880	471,116	814,491
<u>\$ 1,509,172</u>	<u>\$ 880,519</u>	<u>\$ 1,571,567</u>	<u>\$ 3,436,431</u>	<u>\$ 5,475,330</u>	<u>\$ 5,868,105</u>
\$ 952,005	\$ 1,070,567	\$ 989,176	\$ 909,832	\$ 721,884	\$ 228,864
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 952,005</u>	<u>\$ 1,070,567</u>	<u>\$ 989,176</u>	<u>\$ 909,832</u>	<u>\$ 721,884</u>	<u>\$ 228,864</u>

## CITY OF FRUITLAND PARK

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS****LAST TEN FISCAL YEARS**

(Modified accrual basis of accounting)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>REVENUES</b>				
Taxes	\$ 2,219,177	\$ 2,240,183	\$ 2,131,406	\$ 2,041,898
Licenses and Permits	35,244	50,576	22,681	31,890
Intergovernmental Revenues	855,926	807,693	671,529	1,317,217
Charges for Services	532,335	615,395	680,152	738,772
Fines and Forfeitures	203,153	176,977	109,903	81,118
Investment Earnings	51,403	26,994	22,626	9,474
Miscellaneous	55,929	52,313	67,472	45,861
Total Revenues	<u>3,953,167</u>	<u>3,970,131</u>	<u>3,705,769</u>	<u>4,266,230</u>
<b>EXPENDITURES</b>				
General Government	1,006,079	965,583	1,175,409	864,126
Public Safety	1,353,010	1,421,232	1,317,661	1,453,169
Transportation	344,005	337,216	394,143	246,107
Sanitation/Other Utility	454,723	448,014	429,297	421,815
Culture and Recreation	518,319	504,703	456,868	425,421
Capital Outlay	344,082	348,022	96,010	805,324
Debt Service:				
Principal	146,263	137,074	142,435	148,014
Interest	26,677	21,127	15,756	10,189
Total Expenditures	<u>4,193,158</u>	<u>4,182,971</u>	<u>4,027,579</u>	<u>4,374,165</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(239,991)	(212,840)	(321,810)	(107,935)
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital Lease Financing	-	-	-	-
Transfers in	701,875	434,607	359,406	336,866
Transfers out	(516,675)	(527,128)	(243,352)	(130,361)
Sale of Capital Assets	-	-	5,964	-
Total Other Financing Sources (Uses)	<u>185,200</u>	<u>(92,521)</u>	<u>122,018</u>	<u>206,505</u>
Net Change in Fund Balances	<u>\$ (54,791)</u>	<u>\$ (305,361)</u>	<u>\$ (199,792)</u>	<u>\$ 98,570</u>
Debt service as a percentage of noncapital expenditures	4.7%	4.3%	4.2%	4.4%

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 2,118,727	\$ 2,162,243	\$ 2,267,017	\$ 2,538,237	\$ 3,255,809	\$ 3,826,134
41,446	47,558	942,358	2,352,455	2,304,030	662,241
634,722	656,207	708,718	624,814	732,694	2,684,313
773,687	683,389	673,500	1,691,320	1,559,772	1,471,076
58,885	38,522	27,840	14,927	18,417	19,744
3,819	3,821	3,422	15,210	43,948	99,424
70,699	332,306	742,934	183,860	102,442	126,512
<u>3,701,985</u>	<u>3,924,046</u>	<u>5,365,789</u>	<u>7,420,823</u>	<u>8,017,112</u>	<u>8,889,444</u>
790,364	1,315,865	1,043,171	964,945	875,715	1,082,715
1,394,174	1,651,946	2,161,552	2,917,663	3,104,480	3,203,834
265,763	332,345	286,238	239,397	281,696	635,359
450,306	471,391	475,618	462,909	500,773	504,421
431,473	456,471	519,682	643,306	757,750	2,752,169
19,624	228,495	502,481	582,453	725,072	576,185
117,300	-	28,603	27,033	72,083	84,232
4,422	170	2,696	4,266	15,989	14,147
<u>3,473,426</u>	<u>4,456,683</u>	<u>5,020,041</u>	<u>5,841,972</u>	<u>6,333,558</u>	<u>8,853,062</u>
228,559	(532,637)	345,748	1,578,851	1,683,554	36,382
-	-	142,939	116,536	115,861	-
66,936	60,633	201,808	167,974	169,031	375,206
(59,940)	(49,892)	(82,688)	(77,841)	(117,495)	(511,833)
2,419	11,805	1,850	-	-	-
<u>9,415</u>	<u>22,546</u>	<u>263,909</u>	<u>206,669</u>	<u>167,397</u>	<u>(136,627)</u>
<u>\$ 237,974</u>	<u>\$ (510,091)</u>	<u>\$ 609,657</u>	<u>\$ 1,785,520</u>	<u>\$ 1,850,951</u>	<u>\$ (100,245)</u>
3.7%	0.0%	0.7%	0.6%	1.6%	1.5%

CITY OF FRUITLAND PARK, FLORIDA  
GENERAL GOVERNMENT TAX REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(Modified accrual basis of accounting)

Fiscal Year	Property Taxes	Infra-structure Sales Surtax	Excise Tax	Franchise Fees	Utility Taxes	Communications Services Tax	Total Taxes
2009	\$ 867,272	\$ 301,985	\$ 122,301	\$ 417,139	\$ 350,540	\$ 159,940	\$ 2,219,177
2010	871,530	296,393	114,942	414,864	377,853	164,601	2,240,183
2011	780,427	314,320	117,820	389,291	376,196	153,352	2,131,406
2012	698,287	328,648	115,950	346,938	361,385	190,690	2,041,898
2013	716,857	328,366	112,340	370,066	369,685	221,413	2,118,727
2014	719,536	353,896	119,128	389,734	383,864	196,085	2,162,243
2015	768,062	380,103	125,389	395,032	410,032	188,740	2,267,358
2016	788,159	400,285	148,201	374,595	561,333	189,315	2,461,888
2017	1,156,726	404,630	135,200	585,572	658,421	231,557	3,172,106
2018	1,887,333	422,658	130,802	353,135	842,160	208,666	3,844,754

**CITY OF FRUITLAND PARK, FLORIDA**  
**ESTIMATED JUST VALUE AND TAXABLE (ASSESSED) VALUE OF PROPERTY**  
**LAST TEN FISCAL YEARS**

FISCAL YEAR	REAL PROPERTY		PERSONAL PROPERTY		TOTAL		DIRECT TAX RATE	TAXABLE VALUE PERCENTAGE OF JUST VALUE
	ESTIMATED JUST VALUE	TAXABLE VALUE	ESTIMATED JUST VALUE	TAXABLE VALUE	ESTIMATED JUST VALUE	TAXABLE VALUE		
2009	287,912,447	202,464,548	11,777,264	7,663,663	299,689,711	210,128,211	4.36	70.11%
2010	268,807,843	190,360,656	11,984,667	7,989,575	280,792,510	198,350,231	4.36	70.64%
2011	245,295,181	174,746,180	11,527,662	7,542,665	256,822,843	182,288,845	4.36	70.98%
2012	222,183,352	158,742,662	11,351,352	7,201,748	233,534,704	165,944,410	4.328	71.06%
2013	N/A	151,764,456	N/A	6,414,330	N/A	158,178,786	4.644	N/A
2014	209,221,512	149,143,487	10,454,094	6,477,414	219,675,606	155,620,901	4.737	70.84%
2015	219,581,454	160,030,405	10,443,710	6,479,383	230,025,164	166,509,788	4.737	72.39%
2016	226,479,994	163,951,384	11,868,328	8,065,888	238,348,322	171,725,009	4.737	72.05%
2017	621,043,088	484,905,998	10,685,477	6,723,190	631,728,565	491,629,188	3.9863	77.82%
2018	870,128,033	672,784,033	11,697,831	7,367,442	881,825,864	680,151,475	3.9134	77.13%

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 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 FRUITLAND PARK, FLORIDA  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
PER \$1,000 OF ASSESSED VALUE  
LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rate	OVERLAPPING RATES						Total Taxes
		County School District	Lake County BCC	Lake County Water Authority	St John's Water Management District	Ambulance District	Hospital District	
2009	4.360	7.517	4.761	0.213	0.416	0.465	1.000	18.732
2010	4.360	7.532	4.761	0.213	0.416	0.465	1.000	18.747
2011	4.360	7.523	4.841	0.241	0.416	0.385	1.000	18.766
2012	4.328	7.394	4.841	0.241	0.331	0.385	1.000	18.521
2013	4.644	7.320	4.921	0.256	0.331	0.385	1.000	18.857
2014	4.737	7.170	4.921	0.256	0.328	0.385	1.000	18.797
2015	4.737	7.246	5.546	0.256	0.316	0.463	1.000	19.564
2016	4.737	7.197	5.305	0.255	0.349	0.463	1.000	19.306
2017	3.9863	6.603	5.118	0.255	0.313	0.463	1.000	17.739
2018	3.9134	6.355	5.118	0.490	0.296	0.463	0.980	17.615

Source - Lake County Property Appraiser

Florida Statutes permit municipalities to levy property taxes up to 10 mills. The City's direct rate does not have any separate components.

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

CITY OF FRUITLAND PARK, FLORIDA  
PRINCIPAL PROPERTY TAXPAYERS  
SEPTEMBER 30, 2018  
CURRENT YEAR COMPARED TO NINE YEARS AGO

<u>Taxpayer</u>		Fiscal Year 2018		Fiscal Year 2010	
		Taxable Assessed Valuation	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Percentage of Total Assessed Valuation
VILLAGES OF LAKE-SUMTER INC	#	7,337,976	1.49%	\$ -	
L & R PROPERTIES-FRUITLAND PARK LLC	#	4,214,344	0.86%	4,539,322	2.29%
B & D SELF STORAGE LLC	#	2,968,938	0.60%		
BELLE RIVE VENTURES LLC	#	2,548,201	0.52%		
FWB INVESTMENTS LTD	#	2,314,657	0.47%	2,101,141	1.06%
RHODES ROBERT D &	#	2,144,530	0.44%	1,649,922	0.83%
HASEMAN TERRY & KATHRYN A	#	2,074,578	0.42%		
WAL-MART STORES EAST LP	#	1,994,991	0.41%	1,855,741	0.94%
ETHEREDGE LIMITED PARTNERSHIP	#	1,950,501	0.40%	1,695,464	0.85%
CHELSEA RUN BUILDERS		1,153,620	0.23%	1,818,402	0.92%
Southern Spring Lake Cove				3,426,665	1.73%
West Highland Center LLC				1,550,400	0.78%
Armentano Enterprises		-		2,452,341	1.24%
Lake Saunders Groves Land		-		2,061,701	1.04%
		<u>\$ 21,364,360</u>	<u>4.34%</u>	<u>\$ 23,151,099</u>	<u>11.67%</u>
TOTAL TAXABLE ASSESSED VALUATION		<u>\$ 492,231,322</u>		<u>\$ 198,350,231</u>	

Source - Lake County Property Appraiser

CITY OF FRUITLAND PARK, FLORIDA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2009	916,159	863,272	94.2%	4,000	867,272	94.7%
2010	864,807	841,298	97.3%	30,232	871,530	100.8%
2011	794,779	773,372	97.3%	7,055	780,427	98.2%
2012	718,057	697,391	97.1%	896	698,287	97.2%
2013	734,614	714,578	97.3%	2,279	716,857	97.6%
2014	737,192	716,402	97.2%	3,134	719,536	97.6%
2015	788,774	765,346	97.0%	2,716	768,062	97.4%
2016	814,863	786,277	96.5%	269	786,546	96.5%
2017	1,209,303	1,153,923	95.4%	2,597	1,156,520	95.6%
2018	1,962,182	1,884,203	96.0%	618	1,884,821	96.1%

See **Note 13** for discounts allowed for early payment of property taxes.



CITY OF FRUITLAND PARK, FLORIDA  
LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS

The City of Fruitland Park, Florida has had no general bonded debt during the last ten fiscal years.

CITY OF FRUITLAND PARK, FLORIDA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF SEPTEMBER 30, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes	\$ -	1.32%	\$ -
Other debt			-
Subtotal, overlapping debt			-
Direct debt			-
Total direct and overlapping debt			\$ -

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

The estimated percentage applicable to the City of Fruitland Park is based upon City/Lake County population ratio.

**CITY OF FRUITLAND PARK, FLORIDA  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES	Total Primary Government	Percentage of Personal Income	Per Capita
	Revenue Note	Capital Leases	Loans Payable			
2009	444,495	100,328	1,838,463	2,383,286	3.34%	599
2010	339,399	68,350	1,747,878	2,155,627	2.49%	522
2011	230,383	34,931	1,654,931	1,920,245	2.22%	498
2012	117,300	-	1,559,562	1,676,862	N/A	404
2013	-	-	2,081,588	2,081,588	N/A	498
2014	-	-	1,786,886	1,786,886	N/A	431
2015	-	114,336	1,669,674	1,784,010	1.77%	423
2016	-	321,875	4,035,589	4,357,464	N/A	N/A
2017	-	292,683	3,912,933	4,205,615	N/A	N/A
2018	-	163,385	3,644,401	3,807,786	N/A	N/A

Details regarding the City's outstanding debt can be found in **Note 6** to the Financial Statements.

See pages 103 and 104 for personal income and population data.

N/A - Information is not available.

**CITY OF FRUITLAND PARK, FLORIDA  
PLEDGED-REVENUE DEBT COVERAGE  
INFRASTRUCTURE SALES SURTAXES  
LAST TEN FISCAL YEARS**

Fiscal Year	Infrastructure Sales Surtaxes Available for Debt Service	Debt Service Requirements			Coverage	
		Principal	Interest	Total		
2007	331,153	94,161	27,487	121,648	2.72	
2008	313,664	97,674	23,972	121,646	2.58	
2009	301,985	101,317	20,339	121,656	2.48	
2010	296,393	105,096	16,590	121,686	2.44	
2011	314,320	109,016	12,660	121,676	2.58	
2012	328,648	113,083	8,605	121,688	2.70	
2013	328,366	117,300	4,422	121,722	2.70	
2014	353,896	-	170	170	N/A	*
2015	380,103	-	-	-	N/A	
2016	400,285	-	19,740	19,740	20.28	
2017	404,630	-	58,250	58,250	6.95	**
2018	445,786	143,045	58,250	201,295	2.21	***

\*City Hall paid off

\*\* New Loan for LLSWR Interest only

\*\*\*New Loan for LLSWR-10 Years

CITY OF FRUITLAND PARK, FLORIDA  
 PLEDGED-REVENUE COVERAGE  
 UTILITY REVENUES  
 LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenues	Operating Expenses 1	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2007	621,903	407,239	214,664	111,269	58,239	169,508	1.27
2008	711,210	655,477	55,733	122,314	47,194	169,508	0.33
2009	645,104	734,332	(89,228)	88,672	48,997	137,669	0.00
2010	647,289	835,458	(188,169)	90,585	47,083	137,668	0.00
2011	706,202	809,609	(103,407)	92,947	44,722	137,669	0.00
2012	755,723	767,017	(11,294)	95,369	42,299	137,668	0.00
2013	717,546	632,016	85,530	97,856	39,813	137,669	0.62
2014	708,707	629,842	78,865	100,408	37,260	137,668	0.57
2015	720,160	805,234	(85,074)	103,026	34,643	137,669	0.00
2016	775,528	824,943	(49,415)	105,713	31,956	137,668	0.00
2017	910,404	781,986	128,418	108,470	29,198	137,668	0.93
2018	1,049,291	843,321	205,970	111,300	26,368	137,668	1.50

1 Utility operating expenses exclusive of depreciation but including transfers to the General Fund for administrative expenses.

**Note:** Beginning in fiscal year 2006, covenants on the State Revolving Fund loans require a coverage ratio of 1.15 to 1.

**CITY OF FRUITLAND PARK, FLORIDA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Population	3,978	4,129	3,853	4,148	4,182	4,153	4,214	4,274	7291	8963
Total Personal Income of all Fruitland Park Residents(in thousands)	\$ 71,463	\$ 86,416	\$ 86,483	N/A	\$ 84,363	N/A	\$ 100,554	N/A	N/A	N/A
Per Capita Personal Income	\$ 17,965	\$ 20,929	\$ 22,036	N/A	\$ 20,173	N/A	\$ 23,862	\$ 20,769	\$ 21,476	\$ 26,688
Median Age	40.3	41.7	41.9	42.0	42.0	45.1	45.0	47.0	N/A	N/A
School Enrollment Fruitland Park Elementary	633	632	623	640	656	656	646	762	742	751
Total Housing Units	1,453	1,739	1,772	1,662	1,662	N/A	1,793	1,928	2025	2920
Owner occupied	1,042	1,118	1,188	1,477	1,477	N/A	1,032	1,030	N/A	N/A
Renter occupied	287	414	359	469	469	N/A	566	680	N/A	N/A
Vacant	124	207	225	185	185	N/A	198	218	N/A	N/A
Lake County Unemployment Rate	12.6%	11.9%	10.6%	8.9%	6.9%	5.4%	5.4%	4.5%	3.50%	2.90%

Population from the Florida Bureau of Economic and Business Research (BEBR)  
 Unemployment rate from the Florida Research and Data Base (<http://fred/labormarketinfo.com>)  
 Median Age, and Housing Units from Metro Orlando  
 Economic Development Commission  
 Hometown Locator  
 Per capita personal, total personal income from City-Data.com  
 School enrollment from FP Elementary

N/A - Information not available.

**CITY OF FRUITLAND PARK, FLORIDA  
DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS**

POPULATION

Year	City of Fruitland Park		Lake County	
	Population	% Change	Population	% Change
2009	3,978	2.55%	291,993	1.25%
2010	4,129	3.80%	297,432	1.90%
2011	3,853	-1.07%	296,681	-0.13%
2012	4,148	7.11%	299,677	1.01%
2013	4,182	0.82%	308,034	2.78%
2014	4,153	-0.69%	309,736	0.55%
2015	4,214	1.47%	316,569	2.21%
2016	4,274	1.40%	323,985	2.29%
2017	7,291	41.38%	330,656	2.02%
2018	8,963	18.65%	341,905	3.29%

LAKE COUNTY POPULATION DISTRIBUTION

Median age in Years		Age Distribution (Percentage)			
		<u>0-17</u>	<u>18-44</u>	<u>45-64</u>	<u>65+</u>
1980	43.2	17.8%	33.9%	22.9%	25.4%
1990	44.5	16.8%	33.7%	22.1%	27.4%
2000	45.0	17.1%	32.9%	23.7%	26.3%
2009	40.3	16.4%	30.8%	27.1%	25.7%
2011	47.9	13.5%	32.6%	29.3%	24.6%
2013	42.0	22.4%	26.1%	26.7%	24.8%
2014	46.0	21.8%	36.8%	15.2%	26.2%
2018	N/A	18.8%	29.7%	26.1%	25.4%

Source - Bureau of Economic Business research, University of Florida

CITY OF FRUITLAND PARK, FLORIDA  
PRINCIPAL EMPLOYERS  
SEPTEMBER 30, 2018

---

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percent of Total City Employment</u>
Wal-Mart	310	1	8.2%
Munn's Heating & Air	148	2	3.9%
Bill Bryan Chrysler	110	3	2.9%
Fruitland Park Elementary School	110	4	2.9%
Phillips Buick/Pontiac	90	5	2.4%
City of Fruitland Park	85	6	2.1%
Total	<u>853</u>		<u>22.6%</u>
Total City Employment	<u>3,780</u>		

**Note:**

Source - Number of employees from direct calls to employers

- Total City Employment from Metro Orlando Economic Development

**CITY OF FRUITLAND PARK, FLORIDA  
CITY GOVERNMENT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS**

	<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>	<u>2018</u>
GENERAL GOVERNMENT										
Legislative	10	10	9	11	11	11	10	10	10	10
Executive	3	3	3	3	3	3	3.5	3.5	3.5	4
Finance	4	4	4	4	4	4	4.5	4.5	4.5	5
Other General Government	1	1	1	1	1	1	1	1	1	1
PUBLIC SAFETY										
Police Department	23	23	22	21	21	21	20	20	23	27
Fire	25	25	20	20	21	24	26	26	25	27
Building Inspections	1	1	1	0	0	0	0	0	0	0
TRANSPORTATION										
Roads and Streets	5	3	2	2	2	2	2	2	2	3
CULTURE/RECREATION										
Library	7	7	6	6	6	6	6	6	7	8
Municipal Pool	9	8	8	7	7	7	8	8	8	10
Recreation										
Maintenance	2	2	2	1	1	1	2	2	2	2
Recreation Programs	2	3	2	2	2	2	3	3	3	4
UTILITIES										
Water	3	5	5	5	5	5	5	6	6	7
Sewer	1	1	0	0	0	0	1	1	1	2
Total Employees	<u>96</u>	<u>96</u>	<u>85</u>	<u>83</u>	<u>84</u>	<u>87</u>	<u>92</u>	<u>93</u>	<u>96</u>	<u>110</u>
Full-Time 34	50									
Part-Time 51	66									

Source: City Finance Department



**CITY OF FRUITLAND PARK, FLORIDA  
OPERATING INDICATORS BY FUNCTION AND ACTIVITY  
LAST TEN FISCAL YEARS**

---

	<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>	<u>2018</u>
Police Protection:										
Number of Sworn										
Police Officers	13	13	13	13	13	13	13	16	18	19
Number of Reserve										
Officers	5	5	4	4	4	4	2	2	2	1
Fire Protection:										
Number of Volunteer										
Firefighters	25	25	20	20	21	23	21	21	25	21
Building Inspections:										
Construction Permits:										
Commercials	3	1	0	1	1	1	9	3	1	3
Residential	10	6	3	3	6	9	529	861	792	110
Roads and Streets:										
Street Resurfacing								0	7	4
(miles)	.8	.7	.25	.0	.0	1.31	3	0	1.6	1.2
Recreation:										
Number of City-wide										
events	2	2	2	2	3	3	3	3	4	4
Municipal Water System:										
Number of Consumers	1,712	1,739	1,749	1,779	1,785	1,799	1,784	1826	1922	1981
New Connections	110	11	2	5	6	14	12	10	63	62

Source: Various City departments

CITY OF FRUITLAND PARK, FLORIDA  
CAPITAL ASSET AND INFRASTRUCTURE STATISTICS  
LAST TEN FISCAL YEARS

---

	<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>	<u>2018</u>
City Land Area (square miles)	6.6	6.6	6.6	6.83	6.83	6.83	6.84	7.274	7.287	7.295
Police Protection:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Patrol Units	13	15	16	18	18	18	18	20	22	22
Fire Protection:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Fire Trucks	2	2	2	2	2	2	2	2	2	2
Culture and Recreation:										
Number of Libraries	1	1	1	1	1	1	1	1	1	1
Number of Municipal Pools	1	1	1	1	1	1	1	1	1	1
Number of Parks	4	4	4	4	4	4	4	4	4	4
Number of Baseball/softball fields	3	3	3	3	3	3	3			
Number of Soccer Fields	1	1	1	1	1	1	0	0	0	1
Number of Skate parks	1	1	1	1	1	1	1	1	1	1
Number of Community Centers	1	1	1	1	1	1	1	1	1	1
Municipal Water System:										
Wells	5	5	5	5	5	5	5	5	5	5
Water Towers	1	1	1	1	1	1	1	1	1	1
Ground Storage Tank								1	1	1

Well 6 is out of service

**Note:** The City implemented GASB 44 in fiscal year 2006.

Source: Various City departments

## **Other Reports**

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

The Honorable Mayor and City Council  
*City of Fruitland Park, 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, business-type activities, each major fund, and the aggregate remaining fund information of the *City of Fruitland Park, Florida*, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 21, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the *City of Fruitland Park, 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 Fruitland Park's* internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in Appendix A, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We consider the deficiencies described in Appendix A to be significant deficiencies.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether *City of Fruitland Park'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 result of our tests disclosed no instances of noncompliance, or other matters that are required to be reported under *Government Auditing Standards*.

**City's Response to Findings**

The City's response to the findings identified in our audit are described in the accompanying report. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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  
March 21, 2019

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

Honorable Mayor and City Council  
*City of Fruitland Park, Florida*

**Report on Compliance for Each Major State Project**

We have audited the *City of Fruitland Park'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 each of the City's major state projects for the year ended September 30, 2018. 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 State statutes, regulations, and the terms and conditions of its State projects applicable to its State projects.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of 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 Chapter 10.550, Rules of the Auditor General, 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 a major state project 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 for the major state project. However, our audit does not provide a legal determination of the City's compliance.

## Opinion on Each Major State Project

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 each major state project for the year ended September 30, 2018.

## 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 each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project 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  
March 21, 2019

City of Fruitland Park, FL  
Schedule of Expenditures of State Financial Assistance  
Year Ended September 30, 2018

<b>Award type</b>			
<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>			
Gardenia Park Phase 1	37.017	A17044	\$ 48,200
Gardenia Park Phase 2	37.017	A17060	46,709
Fruitland Park Lady Lake Wastewater Interconnection Project*	37.039	LP35081	500,000
<b>Total State of Florida, Department of Environmental Protection</b>			594,909
<b>State of Florida, Department of State</b>			
Fruitland Park Public Library	45.020	17-PLC-03	231,271
<b>Total State of Florida, Department of State</b>			231,271
<b>State of Florida, Division of Emergency Management</b>			
Hurricane Irma	N/A	Z031-2	29,678
<b>Total State of Florida, Division of Emergency Management</b>			29,678
Total state awards			\$ 855,858

\* Denotes a major program



**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 Fruitland Park (the City) under projects of the state government for the year ended September 30, 2018. 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, 2018, even if grant or loan was received subsequent to that date. Pass-through entity identifying numbers are presented where available.

**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 federal programs:	Unmodified	
Internal control over major Federal program:		
• 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                      CSFA 37.039                      Fruitland Park Lady Lake Wastewater Interconnection Project

Dollar threshold used to distinguish between type A and type B programs                      \$256,757

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

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

**Section III - State Award Findings and Questioned Costs:**                      None

**Section IV - State 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 Fruitland Park, Florida*

### Report on the Financial Statements

We have audited the financial statements of the *City of Fruitland Park, Florida*, as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 21, 2019.

### 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 on 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 Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements accordance with Chapter 10.550, rules of the Auditor General. Disclosures in those reports, which are dated March 21, 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. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report, except as noted below.

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2016-17FY Finding #	2015-16FY Finding #
18-1	17-1	16-2
18-2	17-2	16-3

### 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.

### Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate results of our determination as to whether or not the *City of Fruitland Park, 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 Fruitland Park, Florida* did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

**MCDIRMIT DAVIS & COMPANY, LLC**

934 N. MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803  
T: 407-843-5406 | F: 407-649-9339 | WWW.MCDIRMITDAVIS.COM

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. It is management's responsibility to monitor the *City of Fruitland Park, 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.

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

**Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 council members, 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  
March 21, 2019

#### **ML 18-1 - Pension Trust Fund**

##### **Finding**

During our audit, it was noted that not all investments in the Firemen's Retirement Trust Fund were kept in a separate trust fund, and these funds were not invested in a qualified public depository.

##### **Criteria**

Florida Statutes Section 175.301 requires funds of the firefighter's pension trust fund to be deposited into a separate trust, or with the municipality in a qualified public depository.

##### **Cause**

Pension fund activity is not being appropriately transferred to the separate pension investment account.

##### **Effect**

City is not in compliance with Florida Statutes, and pension funds are not properly being segregated from City assets.

##### **Recommendation**

We recommend that the City appropriately deposit all contributions to the pension trust fund, as well as make payments to retirees from the pension trust fund.

#### **ML18-2 - Pension Actuarial Valuations**

##### **Finding**

During our audit, it was noted that the Firemen's Retirement Trust obtains only triennial actuarial valuations, which do not include required information on the City's net pension asset or liability.

##### **Criteria**

Governmental accounting standards require valuations to be done every two years. Additionally, GASB Statement No. 68, requires the City to report the net pension asset or liability on the City's financial statements.

##### **Cause**

The State funds the actuarial valuations of the plan, and has not performed a valuation on the updated pension accounting standards.

##### **Effect**

City is not in compliance with governmental accounting standards.

##### **Recommendation**

We recommend that the City consider obtaining a separate actuarial valuation to be in compliance with governmental accounting standards.

### **ML18-3 - Investment Policy**

#### **Finding**

During our audit, we noted that the required continuing education courses were not properly taken and documented.

#### **Criteria**

The City has established an investment policy requiring continuing education pursuant to Florida Statutes 218.415.

#### **Cause**

Due to time limitations the courses were not taken during the fiscal year ended September 30, 2018.

#### **Effect**

City is not in compliance with FS 218.415 related to the investment of public funds.

#### **Recommendation**

We recommend that the City ensure that the required personnel are authorized to complete the required training per the City's investment policy and Florida Statutes.

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

The Honorable Mayor and City Council  
*City of Fruitland Park, Florida*

We have examined City of Fruitland Park's (the City) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2018. 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 Fruitland Park complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018, except for the noncompliance disclosed in Appendix B on page 70.

*McDirmit Davis & Company, LLC*

Orlando, Florida  
March 21, 2019



506 W. Berckman Street  
Fruitland Park, FL 34731

Tel. (352) 360-6727  
Fax. (352) 360-6686

March 25, 2018

Auditor General  
State of Florida  
401 Claude Pepper Building  
111 West Madison Street  
Tallahassee, FL 32399-1450

Re: City of Fruitland Park FYE September 30, 2018

Dear Auditor General,

The management comments related to fiscal year ending September 30, 2018 were received by both the City Manager and the Finance Director.

**ML 18-1 Pension Trust Fund**


City has put a majority of the pension assets into Edward Jones Investments, approximately 90% of assets. A separate State Board of Administration account is maintained for liquidity as the city administers the pension program in house, approximately 10% of assets, are used for pension payments and refunds of contributions.

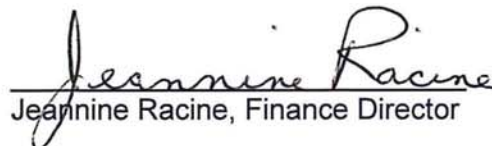
**ML 18-2 Pension Actuarial Valuations**

This pension is a very small pension for volunteer firefighters. It was decided that we would use the actuarial reports from the state that are produced triennial. The cost of an annual actuarial report would place a financial burden on this small trust.

**ML 18-3 Investment Policy**

Required personnel will complete annual investment seminar training this year.

  
Gary La Venia, City Manager

  
Jeannine Racine, Finance Director