



Cadwell Park Restroom Facility



Harris Street Pedestrian Walkway

CITY OF UMATILLA, FLORIDA

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2014



COVER NOTES

The stand-alone restrooms in Cadwell Park opened in the spring of 2014 and were constructed as a CRA project. This facility has been a welcome addition to the people attending events in the park and families enjoying leisure activities.

Landscaping along the pedestrian walkway pictured was another CRA project which was part of the Harris Street upgrades. This walkway connects the Harris Street Parking lot to the sidewalk along Central Avenue providing access to businesses and restaurants.

The south welcome sign was installed after the approval of the redesigned city logo and funded in part by an annual contribution by Waste Services.

Photos by Karen Howard, City Clerk

CITY OF UMATILLA, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2014

TABLE OF CONTENTS

Page Number

INTRODUCTORY SECTION

Letter of Transmittal	i-iv
GFOA Certificate of Achievement	v
Organizational Chart	vi
Principal City Officials	vii

FINANCIAL SECTION

Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-12
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet-Governmental Funds	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 Balances - Budget and Actual - General Fund	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Discretionary Tax Fund	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Community Redevelopment Agency Fund	20
Statement of Net Position - Proprietary Funds	21-22
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	23
Statement of Cash Flows - Proprietary Funds	24-25
Statement of Fiduciary Net Position - Fiduciary Funds	26
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	27
Notes to Financial Statements	28-57
Required Supplementary Information:	
Schedule of Funding Progress - Pension Plan	58

CITY OF UMATILLA, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2014

TABLE OF CONTENTS (CONTINUED)

Schedule of Employer Contributions - Pension Plan	58
Schedule of Changes in the City's Net Pension Liability and Related Ratios	59
Schedule of Investment Returns - Pension Plan	60-61
Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds	62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Government Funds	63
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
Police Education Fund	64
Police Automation Fund	65
 Statistical Section 	
Financial Trends	
Net Position by Components	66
Changes in Net Position	67-68
Governmental Activities Tax Revenues by Source	69
Fund Balances of Governmental Funds	70
Changes in Fund Balances of Governmental Funds	71
Revenue Capacity	
Assessed Value and Estimated Actual Value of Taxable Property	72
Property Tax Rates - Direct and Overlapping Governments	73
Principal Property Taxpayers	74
Property Tax Levies and Collections	75
Debt Capacity	
Ratios of Outstanding Debt by Type	76
Direct and Overlapping Governmental Activities Debt	77
Pledged Revenue Coverage	78
Demographic and Economic Information	
Demographic and Economic Statistics	79
Principal Employers	80
Operating Information	
Full-time Equivalent City Government Employees by Function	81
Operating Indicators by Function	82
Capital Asset Statistics by Function	83

CITY OF UMATILLA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2014

TABLE OF CONTENTS (CONTINUED)

Page Number

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 <i>Government Auditing Standards</i>	84-85
Independent Auditor's Report on Compliance for the Major State Project and 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 Projects	90
Management Letter	91-93
Communication with Those Charged with Governance	94-96
Independent Auditor's Report on Compliance with the Requirements of Section 218.415, Florida Statutes	97
Management Letter Response	98



This page intentionally left blank

INTRODUCTORY SECTION



This page intentionally left blank



CITY OF UMATILLA

"NATURE'S HOMETOWN"

April 20, 2015

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

The Comprehensive Annual Financial Report for the City of Umatilla, Florida, for the fiscal year ended September 30, 2014 is hereby submitted pursuant to Florida Statutes Chapter 166.241(4) and Chapter 10.500 of the Rules of the Auditor General of the State of Florida. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the data presented are accurate in all material aspects; the information is presented in a manner designed to fairly set forth the financial position and results of operation of the City as measured by the financial activity of its various funds; and all disclosures necessary to enable the reader to gain a maximum understanding of the City's financial affairs are included.

Government Structure

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

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

The City

The City of Umatilla, incorporated in 1904, is located in central Florida. The City has a population of 3,658. The City's property tax millage rate is 8.2480. The City is continuing a rebirth of its downtown core area with many infrastructure and redevelopment projects completed or underway. The population has remained relatively stable with a 3% increase over the prior year.

Discussion on Operations of the Enterprise Funds

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

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

This change had minimal impact on the permanent residents, but the change was substantial for our part-time residents and landlords. While a unit is empty, the water and sewer service availability fee is still charged. Once the unit is on Active Status, the stormwater and garbage fee is added to the bundle of services billed.

Also, the City was extremely fortunate to have received Legislative Appropriations for both Water and Wastewater System Capital Improvements. We received approximately \$1.2 million to reline aging sewer pipes and lines in lieu of replacing them, providing funding to complete the process in the oldest areas of the City. Also, approximately \$4 million was appropriated by the State to replace aging cast iron/galvanized water mains. This project is still in the engineering phase with construction expected during the 2015 fiscal year.

During this fiscal year, operating revenues increased by 2.7% or \$47,634 in fiscal year 2014. Water and Sewer fund operating expenditures increased \$33,376 or 4.6%, exclusive of depreciation and debt service. Transfers to the General Fund decreased slightly by \$19,822 or 8.3%. In July, 2012, Lake County officials transferred responsibility for the Southside Utility district to the City of Umatilla, resulting in an addition of approximately 250 water customers along with the infrastructure to provide the service. The addition of this service area has resulted in a small increase in water system revenues and related expenses.

The Sanitation Fund operating revenues increased by \$14,262. Airport Fund operating revenues were down by \$2,115, or 3%. Stormwater operating revenues were up slightly by \$550 over the previous year.

Local Economic Condition & Outlook

The City continues to feel the effects from the national economic slowdown, although several new major constructions projects have contributed to an improved outlook. The most significant of which was Lakeview Terrace which comprises of 60.15 acres. Lakeview Terrace is a gated community which offers both independent and assisted living for senior citizens and has undertaken a major renovation and construction project, increasing the population of the facilities significantly as well as adding value to the property tax base. Construction started during FY 2013, financed by a private (conduit) bond issue. Permitting activity for the year showed an increase in volume.

Major Initiatives

The Community Redevelopment Agency (CRA) has continued participating in visible improvements and commercial redevelopment in the downtown core area of the City. These improvements were direct result of the CRA grant process functioning at its best. An increase in taxable values of these properties is anticipated to continue over the next few years.

After many years of negotiations, a long-needed traffic light at a major intersection in the downtown core was funded by the State and was scheduled for installation in December, immediately following the fiscal year end. This single improvement will provide a new level of safety to the heart of the downtown area allowing for pedestrian traffic crossing and facilitating more redevelopment in this sector.

The One-Cent Discretionary Infrastructure Surtax has been in place since 2002 and has provided a funding source for infrastructure and capital projects. Among other projects, the City has utilized these revenues for street improvements, water and sewer system improvements, public safety equipment, and for parks and recreation improvements and equipment. During fiscal year 2013-2014 the City earmarked these revenues for City Hall Roof Replacement and Chambers Renovation which was completed after fiscal year end.

Long-term Financial Planning

During fiscal year 2013-2014 the City has completed an extensive revenue needs analysis and capital improvement/replacement study for the city water and wastewater systems and related proprietary funds. Water/Wastewater department personnel along with finance and management personnel have worked to update operating and capital needs and worked with rate consultants to develop a long range operating plan. The rate adjustments were implemented in the fourth quarter of the fiscal year and engineering work has proceeded to carry out the capital improvements identified using funding from rates, grants and legislative appropriations.

City management has also worked with several grantor agencies to put together funding for a badly needed Sewer and Stormwater project of \$1.5 million dollars which is scheduled to begin during the next fiscal year. This project will greatly improve infrastructure and provide improved environment and economic conditions in the City.

Accounting and Administrative Controls

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

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

The concept of reasonable assurance recognizes that:

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

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

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

Cash Management

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

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

Risk Management

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

Financial Reporting Standards

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

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

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended September 30, 2013. This was the second year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgement

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

Respectfully Submitted,



Carol Rogers, CPA
Interim City Manager



Government Finance Officers Association

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

Presented to

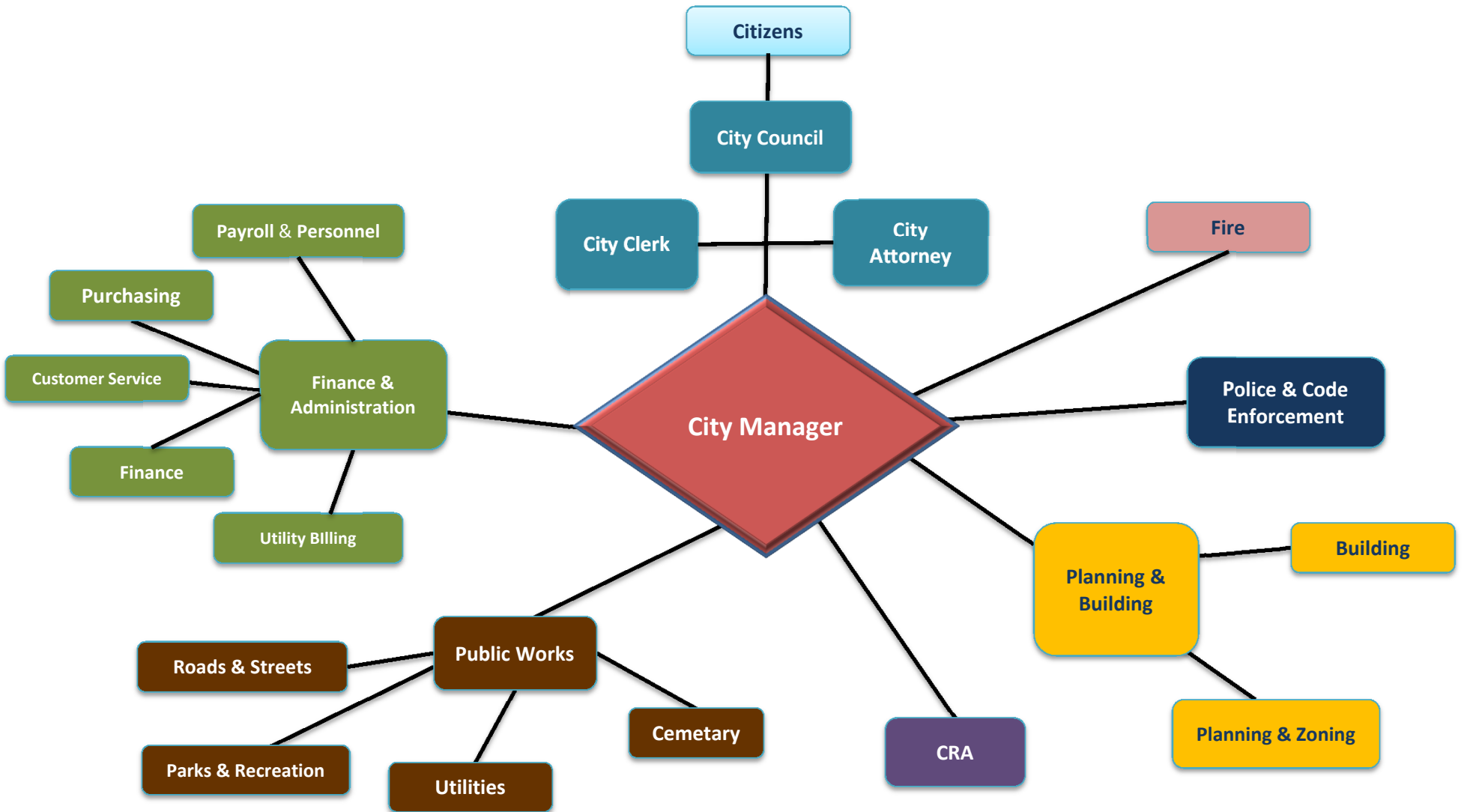
**City of Umatilla
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

Organanization Chart



CITY OF UMATILLA, FLORIDA
CITY COUNCIL AND OFFICIALS
SEPTEMBER 30, 2014

Mayor.....Laura Wright
City Council Seat #1.....Peter Tarby
City Council Seat #2.....Ballin "Donnie" Kent Jr.
City Council Seat #3.....Eric Olson
City Council Seat #4.....Ralph Cadwell
City Council Seat #5.....David Adams
City Manager.....Glenn Irby
City Attorney.....Kevin Stone
City Clerk.....Karen Howard, CMC
Finance Director.....Carol Rogers, CPA



This page intentionally left blank

FINANCIAL SECTION



This page intentionally left blank

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the *City of Umatilla, Florida (the City)*, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, community redevelopment agency fund and discretionary tax special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

MCDIRMIT DAVIS & COMPANY, LLC

934 North Magnolia Avenue, Suite 100 Orlando, Florida 32803

TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America, require that the management's discussion and analysis and the pension disclosures on pages 3 through 12 and 58 through 61, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 20, 2015 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

McDiernit Davis & Company, LLC

Orlando, Florida
April 20, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Umatilla, we offer readers of the City of Umatilla's financial statements this narrative overview and analysis of the financial activities of the City of Umatilla for the fiscal year ended September 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through iii of this report.

Financial Highlights

- The assets of the City of Umatilla exceeded its liabilities at the close of the most recent fiscal year by \$17,441,251 (net position). Of this amount, \$1,361,842 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$333,564 or 1.95%.
- As of the close of the current fiscal year, the City of Umatilla's governmental funds reported combined ending fund balances of \$1,322,861. Approximately 40% of this total amount, \$546,119, 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 \$546,119, or 21.5% of total general fund expenditures.
- The City of Umatilla's total debt decreased by \$114,185 (16%) during the current fiscal year. All required principal payments were made.

Overview of the Financial Statements

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

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

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

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

The *Statement of Activities* presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Overview of the Financial Statements (Continued)

Government-wide financial statements. (Continued)

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

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

The government-wide financial statements can be found on pages 13-14 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Umatilla, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Umatilla can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Overview of the Financial Statements (Continued)

Governmental Funds. (Continued)

The City of Umatilla adopts an annual appropriated budget for all governmental funds. Budgetary comparison statements have been provided for those funds to demonstrate budgetary compliance. Budgetary comparison statements have been provided for the General Fund, Discretionary Tax Fund, and Community Redevelopment Agency to demonstrate compliance with this budget on pages 18-20. Budgetary comparison schedules for the nonmajor funds are presented on pages 62-65.

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-57 of this report.

Required Supplementary Information (RSI). RSI can be found on pages 58-61 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the Notes to Financial Statements. Combining and individual fund statements and schedules can be found on pages 62-65 of this report.

Government-wide Financial Analysis

Statement of Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Umatilla, assets exceeded liabilities by \$17,441,251 at the close of the most recent fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis (Continued)

Statement of Net Position (Continued). Of the City of Umatilla's net position \$15,381,772 (or 88.19%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related outstanding debt used to acquire those assets. The City of Umatilla uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Umatilla's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net position that is subject to external restrictions as to how it may be used totals \$697,637 (4.00%). The remaining balance of *unrestricted net position* (\$1,361,842 or 7.81%) may be used to meet the government's ongoing obligations to citizens and creditors.

At September 30, 2014, the City of Umatilla is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. This was also the case at the close of the prior fiscal year.

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

City of Umatilla						
Statement of Net Position						
As of September 30						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets:						
Current and other assets	\$ 1,609,316	\$ 1,387,948	\$ 1,486,983	\$ 1,215,652	\$ 3,096,299	\$ 2,603,600
Capital assets	<u>3,205,780</u>	<u>3,158,669</u>	<u>12,547,970</u>	<u>12,446,855</u>	<u>15,753,750</u>	<u>15,605,524</u>
Total assets	<u>4,815,096</u>	<u>4,546,617</u>	<u>14,034,953</u>	<u>13,662,507</u>	<u>18,850,049</u>	<u>18,209,124</u>
Liabilities:						
Current liabilities	247,193	133,577	555,754	247,824	802,947	381,401
Long term liabilities	<u>480,752</u>	<u>528,982</u>	<u>125,099</u>	<u>191,054</u>	<u>605,851</u>	<u>720,036</u>
Total liabilities	<u>727,945</u>	<u>662,559</u>	<u>680,853</u>	<u>438,878</u>	<u>1,408,798</u>	<u>1,101,437</u>
Net position:						
Net investment in capital assets	2,931,802	2,795,822	12,449,970	12,292,062	15,381,772	15,087,884
Restricted	499,300	545,427	198,337	273,966	697,637	819,393
Unrestricted	<u>656,049</u>	<u>542,809</u>	<u>705,793</u>	<u>657,601</u>	<u>1,361,842</u>	<u>1,200,410</u>
Total net position	<u>\$ 4,087,151</u>	<u>\$ 3,884,058</u>	<u>\$ 13,354,100</u>	<u>\$ 13,223,629</u>	<u>\$ 17,441,251</u>	<u>\$ 17,107,687</u>

Statement of Activities. The following table reflects the condensed *Statement of Activities* for the current and prior year. For more detailed information see the *Statement of Activities* on page 14.

Note that the government's total net position increased by \$333,564 or 1.95% in fiscal year 2014. The previous fiscal year, 2013, net position decreased by \$663,763.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis (Continued)

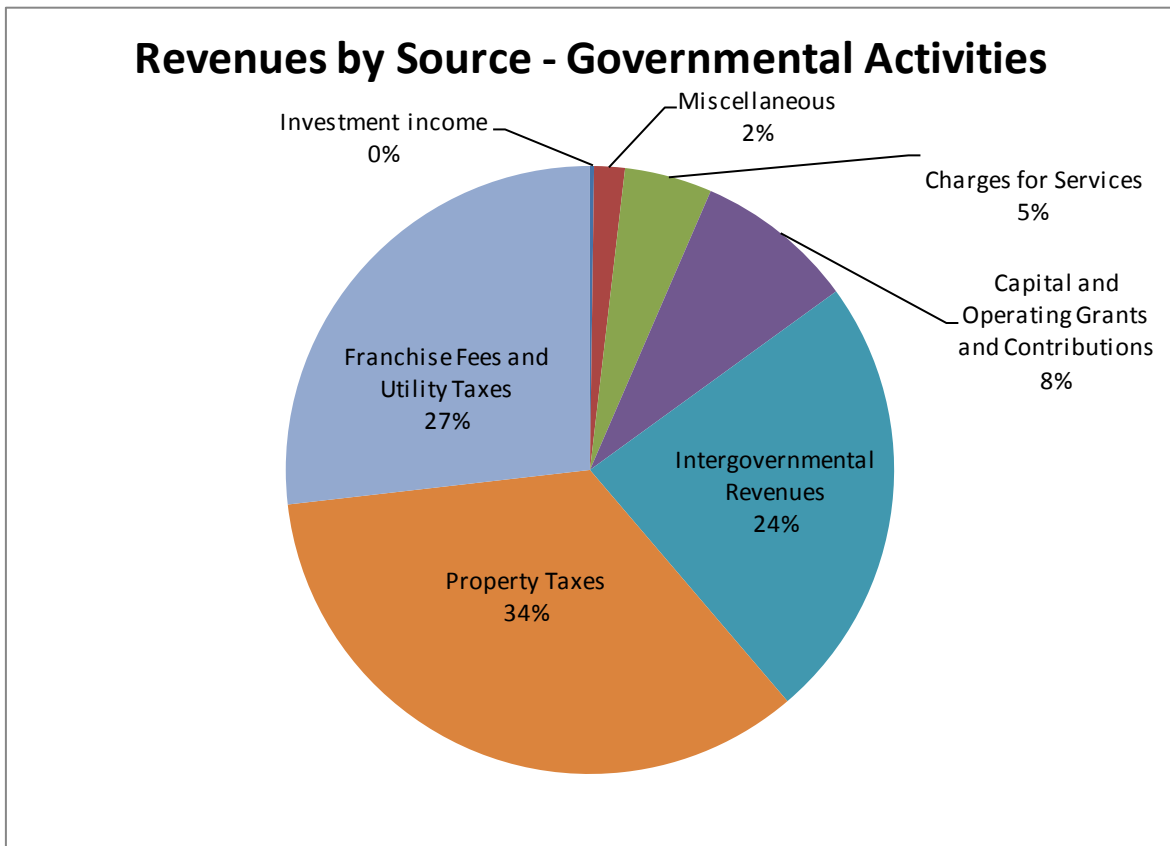
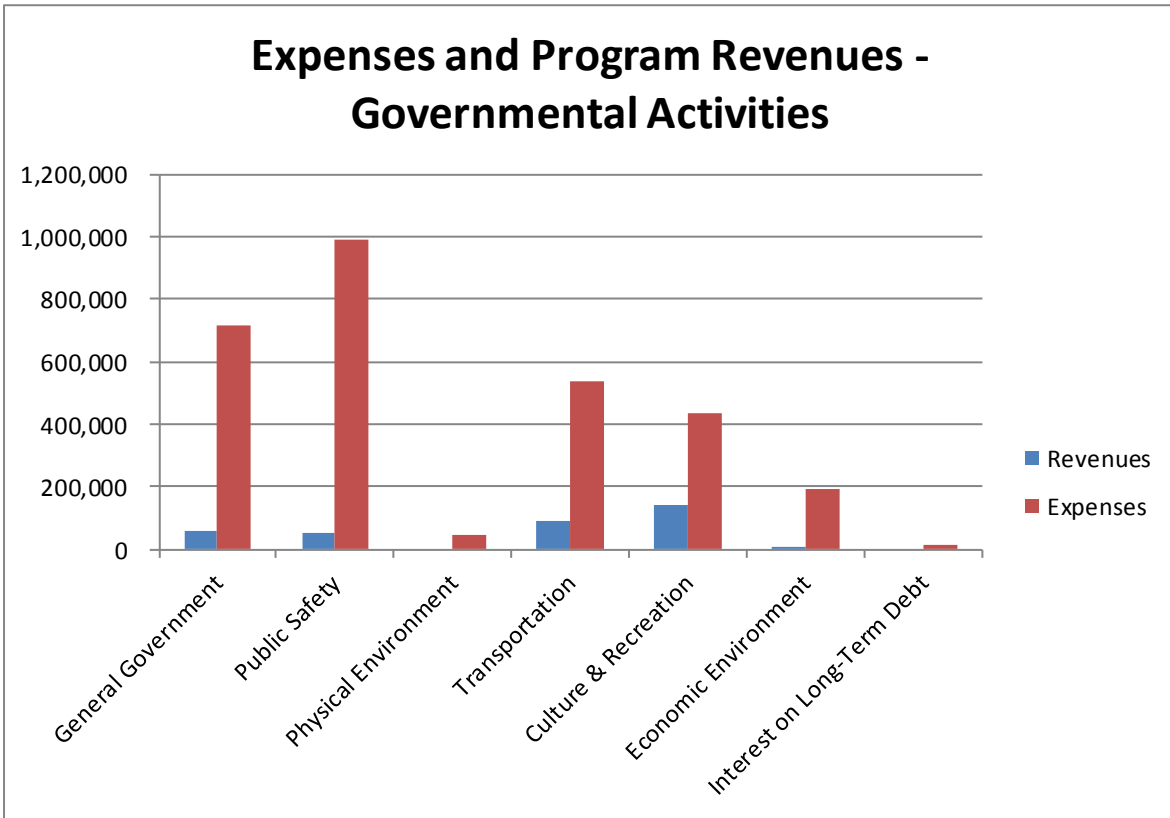
Statement of Activities (Continued) Governmental activities increased by \$203,093 in fiscal year 2014 compared to a decrease of \$230,025 in 2013. Revenues increased by \$597,974 from the previous year and total expenses decreased by \$399,353, resulting in an overall improvement of \$997,327 for the year. Franchise fees, utility taxes and intergovernmental revenues increased by \$126,858. On the expense side, culture and recreation and economic environment expenses decreased \$308,643.

Business-type activities increased net position by \$130,471 in fiscal year 2014 compared to a decrease of \$433,738 in 2013. This is primarily a result of an increase in grants received from outside agencies.

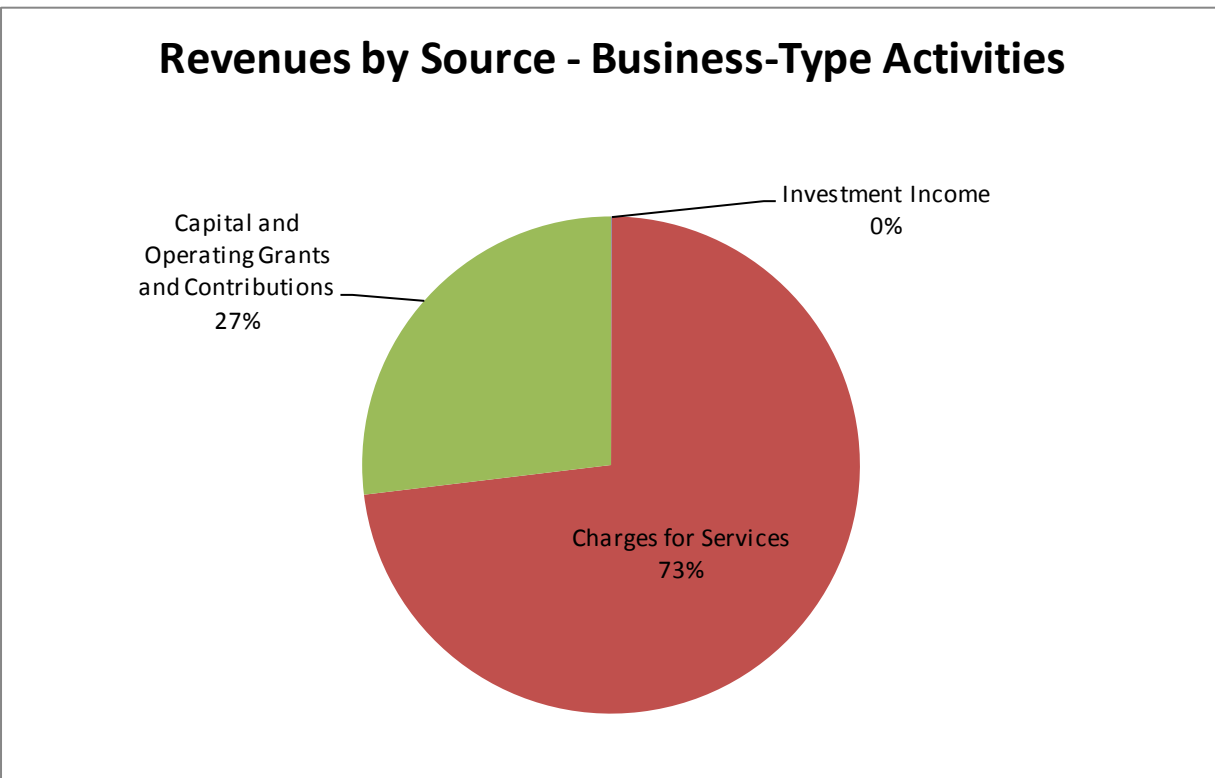
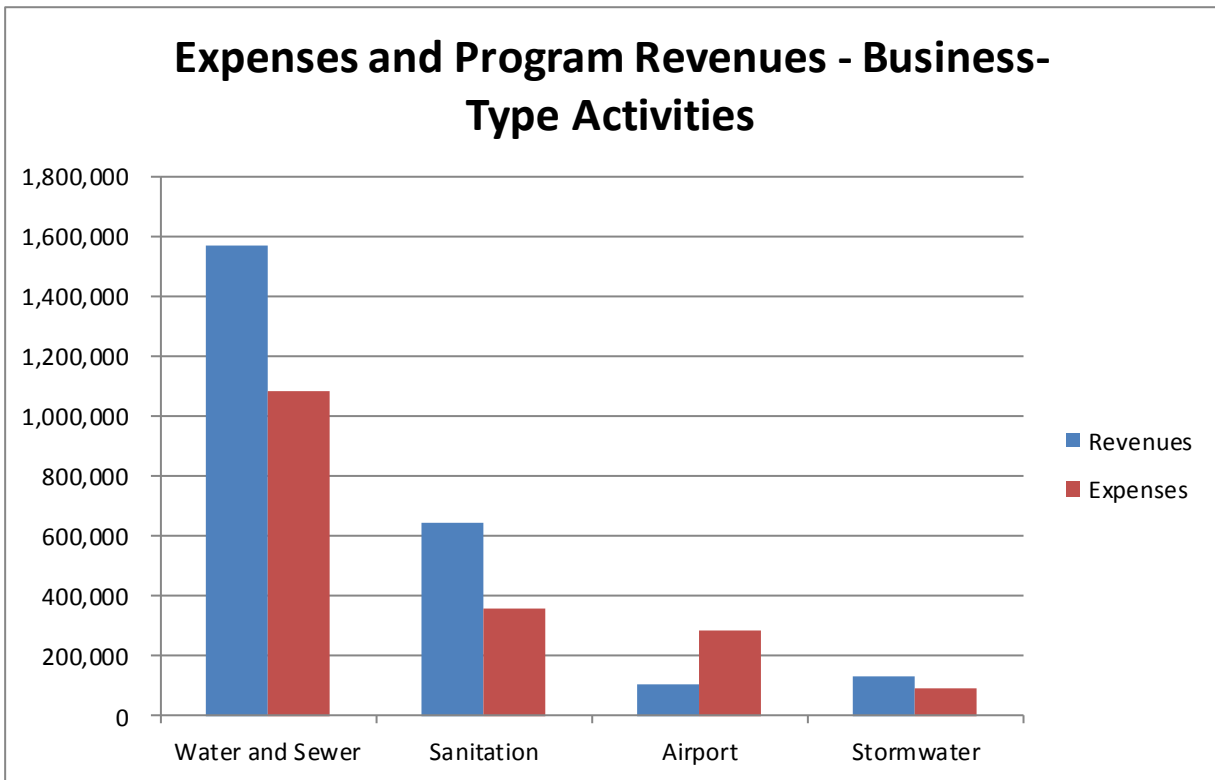
**City of Umatilla
Changes in Net Position
For the Year Ended September 30**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 121,826	\$ 209,652	\$ 1,794,853	\$ 1,747,219	\$ 1,916,679	\$ 1,956,871
Operating grants and contributions	218,433	218,334	-	-	218,433	218,334
Capital grants and contributions	4,135	5,597	661,156	141,416	665,291	147,013
General revenues:						
Property taxes	901,006	910,675	-	-	901,006	910,675
Utility taxes and franchise fees	701,589	616,819	-	-	701,589	616,819
Intergovernmental- unrestricted	621,337	579,249	-	-	621,337	579,249
Unrestricted investment earnings	5,648	6,530	1,102	1,748	6,750	8,278
Miscellaneous	42,638	38,510	-	-	42,638	38,510
Total revenues	<u>2,616,612</u>	<u>2,585,366</u>	<u>2,457,111</u>	<u>1,890,383</u>	<u>5,073,723</u>	<u>4,475,749</u>
Expenses:						
General government	713,706	742,494	-	-	713,706	742,494
Public safety	990,627	1,068,865	-	-	990,627	1,068,865
Physical environment	45,445	43,963	-	-	45,445	43,963
Transportation	536,722	493,078	-	-	536,722	493,078
Culture and recreation	433,672	584,012	-	-	433,672	584,012
Economic Environment	190,002	348,305	-	-	190,002	348,305
Interest on long-term debt	15,065	9,116	-	-	15,065	9,116
Water and sewer	-	-	1,086,390	1,028,156	1,086,390	1,028,156
Sanitation	-	-	356,173	456,697	356,173	456,697
Airport	-	-	281,683	286,220	281,683	286,220
Stormwater	-	-	90,674	78,606	90,674	78,606
Total expenses	<u>2,925,239</u>	<u>3,289,833</u>	<u>1,814,920</u>	<u>1,849,679</u>	<u>4,740,159</u>	<u>5,139,512</u>
Increase (Decrease) in Net Position Before Transfers	(308,627)	(704,467)	642,191	40,704	333,564	(663,763)
Transfers	511,720	474,442	(511,720)	(474,442)	-	-
Increase (Decrease) in Net Position	203,093	(230,025)	130,471	(433,738)	333,564	(663,763)
Net Position- October 1	3,884,058	4,114,083	13,223,629	13,657,367	17,107,687	17,771,450
Net Position- September 30	<u>\$ 4,087,151</u>	<u>\$ 3,884,058</u>	<u>\$ 13,354,100</u>	<u>\$ 13,223,629</u>	<u>\$ 17,441,251</u>	<u>\$ 17,107,687</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis of the Government's Funds

As noted earlier, the City of Umatilla uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Umatilla's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Umatilla's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2014, the City of Umatilla's governmental funds reported combined ending fund balances of \$1,322,861, an increase of \$67,750 from the prior year. Approximately 40% or \$546,119 of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted, committed, or assigned to indicate that it is not available for new spending because it has already been committed for such purposes as debt service, capital projects, community redevelopment, public safety, inventories, and prepaid costs.

The general fund is the chief operating fund of the City of Umatilla. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$546,119, while total fund balance was \$863,561. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance represent 21% and 34% respectively, of total General Fund expenditures. General fund revenues increased \$9,611 over previous year and expenses decreased \$67,967, an increase of \$77,578 over 2013. Including transfers in from enterprise funds, general fund balance increased \$153,877.

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

Unrestricted net position of the Water and Sewer Utility Fund at the end of the year amounted to \$417,126 and total net position increased \$273,666. Operating revenue increased by \$39,935 or 4.4%, and operating expenses increased by \$60,084 for a net operating result decrease of \$20,149 and net operating loss of \$97,868. That decrease was offset by impact fees of \$19,691 and grant revenue of \$571,301, which is the primary reason that the Water and Sewer Fund had an increase in net position of \$273,666.

Unrestricted net position of the Sanitation Fund at the end of the year amounted to \$169,731 and total net position decreased \$9,217. An operating result of \$289,356 was offset by interest expense of \$613 and a transfer to the general fund of \$297,960.

Unrestricted net position of the Airport Fund at the end of the year amounted to \$20,954 and total net position decreased by \$175,456 which is comparable to the result from 2013.

Unrestricted net position of the Stormwater Fund at the end of the year amounted to \$97,982 and total net position increased \$41,478. Stormwater fees are collected for the purpose of maintenance and improvement of drainage structures as funds become available.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

General Fund Budgetary Highlights

During the year revenues were more than budgetary estimates by \$182,948, primarily due to higher than expected collections of excise taxes (\$50,849), franchise fees (\$42,606), delinquent ad valorem collections (\$38,850), code enforcement fine collections (\$23,300) and miscellaneous revenues (\$26,368). Expenditures were less than budgetary estimates by \$134,707 as a result of overall conservative spending by all departments.

The original General Fund appropriations for culture and recreation were increased due to salary costs (\$16,040).

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

Capital Asset and Debt Administration

Capital assets. The City of Umatilla's investment in capital assets for its governmental and business-type activities as of September 30, 2014, amounts to \$15,753,750 (net of accumulated depreciation), for an increase of \$148,226 from the prior year. This investment in capital assets includes land, buildings, water system, infrastructure, improvements and equipment. The total increase in the City of Umatilla's investment in capital assets for the current fiscal year was 0.95% (a 1.49% increase for governmental activities, and a 0.81% increase for business-type activities).

Major capital asset events included the following:

- Repairs and improvements to City Hall.
- Water and sewer infrastructure upgrades.
- Lake Caldwell Park improvements.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Land	\$ 415,149	\$ 415,149	\$ 1,029,452	\$ 1,029,452	\$ 1,444,601	\$ 1,444,601
Buildings	1,299,192	1,259,501	1,266,315	1,299,940	2,565,507	2,559,441
Improvements/Infrastructure	754,742	817,258	9,200,756	9,619,380	9,955,498	10,436,638
Machinery and Equipment	534,826	666,761	261,352	275,769	796,178	942,530
Construction in Progress	201,871	-	790,095	222,314	991,966	222,314
Total	\$ 3,205,780	\$ 3,158,669	\$ 12,547,970	\$ 12,446,855	\$ 15,753,750	\$ 15,605,524

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Capital Asset and Debt Administration (Continued)

Long-term debt. At September 30, 2014, the City of Umatilla had total debt outstanding of \$605,851, an decrease of \$114,185 from \$720,036 at September 30, 2013.

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

Additional information on the City of Umatilla's long-term debt can be found in Notes 7 and 8 on pages 45-48 of this report.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Water Utility Revenue Bonds, Series 1974	\$ -	\$ -	\$ 34,000	\$ 66,000	\$ 34,000	\$ 66,000
Water Utility Revenue Bonds, Series 1980	-	-	64,000	70,000	64,000	70,000
Capital Improvement Revenue Note, Series 2014	40,000	-	-	-	40,000	-
Capital Leases	233,978	362,847	-	18,793	233,978	381,640
Compensated Absences	206,774	166,135	27,099	36,261	233,873	202,396
Total	\$ 480,752	\$ 528,982	\$ 125,099	\$ 191,054	\$ 605,851	\$ 720,036

Requests for Information

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

BASIC FINANCIAL STATEMENTS



This page intentionally left blank

CITY OF UMATILLA, FLORIDA

STATEMENT OF NET POSITION

September 30, 2014

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 1,157,113	\$ 286,670	\$ 1,443,783
Investments	61,014	-	61,014
Receivables, net	54,229	190,307	244,536
Inventories	881	-	881
Due From Other Governments	69,541	572,707	642,248
Internal Balances	265,919	(265,919)	-
Prepaid Costs	619	-	619
Restricted Assets:			
Cash and cash equivalents	-	298,795	298,795
Investments	-	404,423	404,423
Capital Assets (Not Being Depreciated)	617,020	1,819,547	2,436,567
Capital Assets (Being Depreciated Net of Accumulated Depreciation)	2,588,760	10,728,423	13,317,183
Total Assets	<u>4,815,096</u>	<u>14,034,953</u>	<u>18,850,049</u>
Liabilities:			
Accounts Payable and Other Current Liabilities	211,481	376,520	588,001
Accrued Liabilities	27,268	1,827	29,095
Accrued Interest Payable	738	863	1,601
Due to Other Governmental Agencies	1,241	-	1,241
Unearned Revenue	5,046	4,975	10,021
Customer Deposits Payable	1,419	171,569	172,988
Noncurrent Liabilities:			
Due within one year			
Bonds, notes and capital leases	106,864	41,000	147,864
Compensated absences	52,779	2,710	55,489
Due in more than one year			
Bonds, notes and capital leases	167,114	57,000	224,114
Compensated absences	153,995	24,389	178,384
Total liabilities	<u>727,945</u>	<u>680,853</u>	<u>1,408,798</u>
Net Position:			
Net Investment in Capital Assets	2,931,802	12,449,970	15,381,772
Restricted for:			
Debt Service	-	54,090	54,090
Community redevelopment	98,409	-	98,409
Public safety	54,867	-	54,867
Capital projects	346,024	144,247	490,271
Unrestricted	656,049	705,793	1,361,842
Total net position	<u>\$ 4,087,151</u>	<u>\$ 13,354,100</u>	<u>\$ 17,441,251</u>

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

CITY OF UMATILLA, FLORIDA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2014

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		Total
					Governmental Activities	Business-type Activities	
Governmental activities							
General government	\$ 713,706	\$ 56,616	\$ -	\$ -	\$ (657,090)	\$ -	\$ (657,090)
Public safety	990,627	22,718	23,027	4,135	(940,747)	-	(940,747)
Physical environment	45,445	-	-	-	(45,445)	-	(45,445)
Transportation	536,722	7,772	83,692	-	(445,258)	-	(445,258)
Culture and recreation	433,672	31,450	111,714	-	(290,508)	-	(290,508)
Economic environment	190,002	3,270	-	-	(186,732)	-	(186,732)
Interest on long-term debt	15,065	-	-	-	(15,065)	-	(15,065)
Total governmental activities	<u>2,925,239</u>	<u>121,826</u>	<u>218,433</u>	<u>4,135</u>	<u>(2,580,845)</u>	<u>-</u>	<u>(2,580,845)</u>
Business-type activities							
Water and sewer	1,086,390	981,722	-	590,992	-	486,324	486,324
Sanitation	356,173	644,916	-	-	-	288,743	288,743
Airport	281,683	69,666	-	36,561	-	(175,456)	(175,456)
Stormwater	90,674	98,549	-	33,603	-	41,478	41,478
Total business-type activities	<u>1,814,920</u>	<u>1,794,853</u>	<u>-</u>	<u>661,156</u>	<u>-</u>	<u>641,089</u>	<u>641,089</u>
Total primary government	<u>\$ 4,740,159</u>	<u>\$ 1,916,679</u>	<u>\$ 218,433</u>	<u>\$ 665,291</u>	<u>(2,580,845)</u>	<u>641,089</u>	<u>(1,939,756)</u>
General Revenues:							
Property taxes					901,006	-	901,006
Franchise fees and utility taxes					701,589	-	701,589
Intergovernmental-unrestricted					621,337	-	621,337
Unrestricted investment earnings					5,648	1,102	6,750
Miscellaneous					42,638	-	42,638
Transfers					511,720	(511,720)	-
Total general revenues					<u>2,783,938</u>	<u>(510,618)</u>	<u>2,273,320</u>
Change in net position					203,093	130,471	333,564
Net Position - beginning					3,884,058	13,223,629	17,107,687
Net Position - ending					<u>\$ 4,087,151</u>	<u>\$ 13,354,100</u>	<u>\$ 17,441,251</u>

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

CITY OF UMATILLA, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2014

	General Fund	Discretionary Tax	Community Redevelopment Agency	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 586,332	\$ 370,436	\$ 105,027	\$ 62,124	\$ 1,123,919
Cash with fiscal agent	-	33,194	-	-	33,194
Investments	61,014	-	-	-	61,014
Receivables, net	51,330	2,899	-	-	54,229
Inventories, at cost	881	-	-	-	881
Due from other governments	41,574	27,967	-	-	69,541
Due from other funds	265,929	-	-	-	265,929
Prepaid costs	619	-	-	-	619
Total assets	\$ 1,007,679	\$ 434,496	\$ 105,027	\$ 62,124	\$ 1,609,326
Liabilities and Fund Balances:					
Accounts payable	\$ 109,134	\$ 88,472	\$ 6,618	\$ 7,257	\$ 211,481
Accrued liabilities	27,268	-	-	-	27,268
Due to other funds	10	-	-	-	10
Due to other governments	1,241	-	-	-	1,241
Unearned revenue	5,046	-	-	-	5,046
Deposits	1,419	-	-	-	1,419
Total liabilities	144,118	88,472	6,618	7,257	246,465
Fund Balances:					
Nonspendable	1,500	-	-	-	1,500
Spendable:					
Restricted	-	346,024	98,409	54,867	499,300
Committed	3,932	-	-	-	3,932
Assigned	312,010	-	-	-	312,010
Unassigned	546,119	-	-	-	546,119
Total fund balances	863,561	346,024	98,409	54,867	1,362,861
Total liabilities and fund balances	\$ 1,007,679	\$ 434,496	\$ 105,027	\$ 62,124	

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	3,205,780
Accrued interest payable is not due in the current period and therefore is not reported in the funds.	(738)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(480,752)</u>
Net Position of Governmental Activities	<u>\$ 4,087,151</u>

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

CITY OF UMATILLA, FLORIDA

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

For the Year Ended September 30, 2014

	General Fund	Discretionary Tax	Community Redevelopment Agency	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Taxes and impact fees	\$ 1,571,734	\$ -	\$ 114,553	\$ -	\$ 1,686,287
Licenses and permits	56,616	-	-	-	56,616
Intergovernmental revenues	463,548	296,665	-	-	760,213
Charges for services	40,094	-	3,270	-	43,364
Fines and forfeitures	21,302	-	-	544	21,846
Investment income	5,526	122	-	-	5,648
Miscellaneous	41,966	-	672	-	42,638
Total revenues	<u>2,200,786</u>	<u>296,787</u>	<u>118,495</u>	<u>544</u>	<u>2,616,612</u>
Expenditures:					
Current:					
General government	651,241	206,340	-	-	857,581
Public safety	881,793	5,278	-	12,617	899,688
Physical environment	40,353	-	-	-	40,353
Transportation	466,502	6,011	-	-	472,513
Economic environment	-	-	123,493	-	123,493
Culture and recreation	523,018	-	-	-	523,018
Debt service:					
Principal	-	128,869	-	-	128,869
Interest and fiscal charges	-	6,067	-	-	6,067
Issuance costs	-	9,000	-	-	9,000
Total expenditures	<u>2,562,907</u>	<u>361,565</u>	<u>123,493</u>	<u>12,617</u>	<u>3,060,582</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(362,121)</u>	<u>(64,778)</u>	<u>(4,998)</u>	<u>(12,073)</u>	<u>(443,970)</u>
Other Financing Sources (Uses):					
Transfers in	515,998	-	-	-	515,998
Transfers out	-	(4,278)	-	-	(4,278)
Notes payable	-	40,000	-	-	40,000
Insurance recoveries	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>515,998</u>	<u>35,722</u>	<u>-</u>	<u>-</u>	<u>551,720</u>
Net Change in Fund Balances	153,877	(29,056)	(4,998)	(12,073)	107,750
Fund Balances - beginning	709,684	375,080	103,407	66,940	1,255,111
Fund Balances - ending	<u>\$ 863,561</u>	<u>\$ 346,024</u>	<u>\$ 98,409</u>	<u>\$ 54,867</u>	<u>\$ 1,362,861</u>

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

CITY OF UMATILLA, FLORIDA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2014

Net Change in Fund Balances - Total Governmental Funds: \$ 107,750

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

Governmental funds report outlays for capital assets as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 47,111

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. This is the amount by which proceeds exceed repayments. 88,869

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. (40,637)

Change in net position of governmental activities \$ 203,093

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

CITY OF UMATILLA, FLORIDA

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

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes and impact fees	\$ 1,445,561	\$ 1,445,561	\$ 1,571,734	\$ 126,173
Licenses and permits	71,100	71,100	56,616	(14,484)
Intergovernmental revenues	413,186	413,186	440,521	27,335
Charges for services	33,866	33,866	40,094	6,228
Fines and forfeitures	10,400	10,400	21,302	10,902
Investment income	5,100	5,100	5,526	426
Miscellaneous	15,598	15,598	41,966	26,368
Total revenues	<u>1,994,811</u>	<u>1,994,811</u>	<u>2,177,759</u>	<u>182,948</u>
Expenditures:				
Current:				
General government	689,171	689,745	651,241	38,504
Public safety	906,200	905,658	858,766	46,892
Physical environment	40,584	40,584	40,353	231
Transportation	479,568	479,568	466,502	13,066
Culture and recreation	542,992	559,032	523,018	36,014
Total expenditures	<u>2,658,515</u>	<u>2,674,587</u>	<u>2,539,880</u>	<u>134,707</u>
Excess (deficiency) of revenues over expenditures	<u>(663,704)</u>	<u>(679,776)</u>	<u>(362,121)</u>	<u>317,655</u>
Other Financing Sources (Uses):				
Transfers in	562,907	562,907	515,998	(46,909)
Total other financing sources (uses)	<u>562,907</u>	<u>562,907</u>	<u>515,998</u>	<u>(46,909)</u>
Net Change in Fund Balance	(100,797)	(116,869)	153,877	270,746
Fund Balance - Beginning	709,684	709,684	709,684	-
Fund Balance - Ending	<u>\$ 608,887</u>	<u>\$ 592,815</u>	<u>\$ 863,561</u>	<u>\$ 270,746</u>

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

CITY OF UMATILLA, FLORIDA

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

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 266,350	\$ 266,350	\$ 296,665	\$ 30,315
Investment income	-	-	122	122
Miscellaneous	50,000	50,000	-	(50,000)
Total revenues	<u>316,350</u>	<u>316,350</u>	<u>296,787</u>	<u>(19,563)</u>
Expenditures:				
Current:				
General government	-	380,000	206,340	173,660
Public safety	61,000	61,000	5,278	55,722
Transportation	-	10,500	6,011	4,489
Culture and recreation	37,500	37,500	-	37,500
Debt Service:				
Principal	147,662	147,662	128,869	18,793
Interest	6,635	6,635	6,067	568
Issuance costs	-	-	9,000	(9,000)
Total expenditures	<u>252,797</u>	<u>643,297</u>	<u>361,565</u>	<u>281,732</u>
Excess (deficiency) of revenues over expenditures	<u>63,553</u>	<u>(326,947)</u>	<u>(64,778)</u>	<u>262,169</u>
Other Financing Sources (Uses):				
Transfers out	(13,553)	(13,553)	(4,278)	9,275
Notes payable	-	100,000	40,000	(60,000)
Total other financing sources (uses)	<u>(13,553)</u>	<u>86,447</u>	<u>35,722</u>	<u>(50,725)</u>
Net Change in Fund Balance	50,000	(240,500)	(29,056)	211,444
Fund Balance - Beginning	<u>375,080</u>	<u>375,080</u>	<u>375,080</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 425,080</u>	<u>\$ 134,580</u>	<u>\$ 346,024</u>	<u>\$ 211,444</u>

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



This page intentionally left blank

CITY OF UMATILLA, FLORIDA

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

For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes and impact fees	\$ 113,930	\$ 113,930	\$ 114,553	\$ 623
Charges for services	3,000	3,000	3,270	270
Miscellaneous	-	-	672	672
Total revenues	<u>116,930</u>	<u>116,930</u>	<u>118,495</u>	<u>1,565</u>
Expenditures:				
Current:				
Economic environment	<u>115,020</u>	<u>128,220</u>	<u>123,493</u>	<u>4,727</u>
Total expenditures	<u>115,020</u>	<u>128,220</u>	<u>123,493</u>	<u>4,727</u>
Excess (deficiency) of revenues over expenditures	<u>1,910</u>	<u>(11,290)</u>	<u>(4,998)</u>	<u>6,292</u>
Net Change in Fund Balance	1,910	(11,290)	(4,998)	6,292
Fund Balance - Beginning	103,407	103,407	103,407	-
Fund Balance - Ending	<u>\$ 105,317</u>	<u>\$ 92,117</u>	<u>\$ 98,409</u>	<u>\$ 6,292</u>

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

CITY OF UMATILLA, FLORIDA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

September 30, 2014

	Enterprise Funds				
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Stormwater Fund	Total
Assets:					
Current assets:					
Cash and cash equivalents	\$ -	\$ 170,106	\$ 35,324	\$ 81,240	\$ 286,670
Restricted cash	298,795	-	-	-	298,795
Restricted investments	404,423	-	-	-	404,423
Receivables, net	112,936	66,849	-	10,522	190,307
Due from other governments	571,301	-	1,406	-	572,707
Due from other funds	33,295	6,553	-	8,182	48,030
Total current assets	<u>1,420,750</u>	<u>243,508</u>	<u>36,730</u>	<u>99,944</u>	<u>1,800,932</u>
Noncurrent assets:					
Capital assets:					
Land	522,849	-	506,603	-	1,029,452
Improvements	10,164,407	-	3,716,751	1,619,135	15,500,293
Buildings	75,815	-	1,578,686	-	1,654,501
Equipment	944,344	127,418	52,600	71,297	1,195,659
Construction in progress	491,403	-	59,790	238,902	790,095
Less accumulated depreciation	<u>(4,691,615)</u>	<u>(73,787)</u>	<u>(2,082,870)</u>	<u>(773,758)</u>	<u>(7,622,030)</u>
Total capital assets (net of depreciation)	<u>7,507,203</u>	<u>53,631</u>	<u>3,831,560</u>	<u>1,155,576</u>	<u>12,547,970</u>
Total noncurrent assets	<u>7,507,203</u>	<u>53,631</u>	<u>3,831,560</u>	<u>1,155,576</u>	<u>12,547,970</u>
Total assets	<u>8,927,953</u>	<u>297,139</u>	<u>3,868,290</u>	<u>1,255,520</u>	<u>14,348,902</u>

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

	Enterprise Funds				
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Stormwater Fund	Total
Liabilities:					
Current Liabilities:					
Accounts payable	299,143	30,017	2,714	1,457	333,331
Retainage payable	43,189	-	-	-	43,189
Accrued liabilities	1,827	-	-	-	1,827
Unearned revenue	-	-	4,975	-	4,975
Due to other funds	271,138	42,306	-	505	313,949
Customer deposits payable	162,028	1,454	8,087	-	171,569
Accrued interest payable	863	-	-	-	863
Compensated absences	2,710	-	-	-	2,710
Bonds payable	41,000	-	-	-	41,000
Total current liabilities	<u>821,898</u>	<u>73,777</u>	<u>15,776</u>	<u>1,962</u>	<u>913,413</u>
Noncurrent liabilities:					
Compensated absences	24,389	-	-	-	24,389
Bonds payable	57,000	-	-	-	57,000
Total noncurrent liabilities	<u>81,389</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,389</u>
Total liabilities	<u>903,287</u>	<u>73,777</u>	<u>15,776</u>	<u>1,962</u>	<u>994,802</u>
Net Position:					
Net investment in capital assets	7,409,203	53,631	3,831,560	1,155,576	12,449,970
Restricted for debt service	54,090	-	-	-	54,090
Restricted for utility capital projects	144,247	-	-	-	144,247
Unrestricted	417,126	169,731	20,954	97,982	705,793
Total net position	<u>\$ 8,024,666</u>	<u>\$ 223,362</u>	<u>\$ 3,852,514</u>	<u>\$ 1,253,558</u>	<u>\$ 13,354,100</u>

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



This page intentionally left blank

CITY OF UMATILLA, FLORIDA

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

For the Year Ended September 30, 2014

	Enterprise Funds				
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Stormwater Fund	Total
Operating Revenues:					
Charges for services	\$ 981,722	\$ 644,916	\$ 69,666	\$ 98,549	\$ 1,794,853
Total operating revenues	<u>981,722</u>	<u>644,916</u>	<u>69,666</u>	<u>98,549</u>	<u>1,794,853</u>
Operating Expenses:					
Personal services	337,714	-	-	-	337,714
Contract services	137,410	329,729	14,126	42,754	524,019
Utilities	78,655	-	10,917	-	89,572
Insurance claims and expenses	50,154	-	17,795	-	67,949
Operating supplies	52,784	-	-	-	52,784
Depreciation and amortization	314,622	8,127	226,189	47,724	596,662
Other operating expenses	61,533	17,704	5,854	196	85,287
Repairs and maintenance	46,718	-	6,802	-	53,520
Total operating expenses	<u>1,079,590</u>	<u>355,560</u>	<u>281,683</u>	<u>90,674</u>	<u>1,807,507</u>
Operating income (loss)	<u>(97,868)</u>	<u>289,356</u>	<u>(212,017)</u>	<u>7,875</u>	<u>(12,654)</u>
Nonoperating Revenue (Expenses):					
Investment income	1,102	-	-	-	1,102
Interest expense	(6,800)	(613)	-	-	(7,413)
Total nonoperating revenue (expenses)	<u>(5,698)</u>	<u>(613)</u>	<u>-</u>	<u>-</u>	<u>(6,311)</u>
Income (loss) before contributions and transfers	<u>(103,566)</u>	<u>288,743</u>	<u>(212,017)</u>	<u>7,875</u>	<u>(18,965)</u>
Capital Contributions:					
Impact fees	19,691	-	-	-	19,691
Grant revenue	571,301	-	36,561	33,603	641,465
Transfers in	4,278	-	-	-	4,278
Transfers out	(218,038)	(297,960)	-	-	(515,998)
Change in net position	<u>273,666</u>	<u>(9,217)</u>	<u>(175,456)</u>	<u>41,478</u>	<u>130,471</u>
Net Position - beginning	<u>7,751,000</u>	<u>232,579</u>	<u>4,027,970</u>	<u>1,212,080</u>	<u>13,223,629</u>
Net Position - ending	<u>\$ 8,024,666</u>	<u>\$ 223,362</u>	<u>\$ 3,852,514</u>	<u>\$ 1,253,558</u>	<u>\$ 13,354,100</u>

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

CITY OF UMATILLA, FLORIDA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For The Year Ended September 30, 2014

	Enterprise Funds				Total
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Stormwater Fund	
Cash Flows from Operating Activities:					
Receipts from customers	\$ 400,271	\$ 641,102	\$ 76,546	\$ 97,780	\$ 1,215,699
Payments to suppliers	(108,700)	(347,963)	(77,868)	(43,949)	(578,480)
Payments to employees	(346,728)	-	-	-	(346,728)
Net cash provided by operating activities	(55,157)	293,139	(1,322)	53,831	290,491
Cash Flows from Non-Capital Financing Activities:					
Transfers in	4,278	-	-	-	4,278
Transfers out	(218,038)	(297,960)	-	-	(515,998)
Increase (decrease) in due from other funds	5,939	2,828	-	(2,966)	5,801
Decrease (increase) in due to other funds	264,270	20,030	(4,270)	(17,165)	262,865
Net cash provided (used) by non-capital financing activities	56,449	(275,102)	(4,270)	(20,131)	(243,054)
Cash Flows from Capital and Related Financing Activities:					
Grant revenues	571,301	-	74,742	88,044	734,087
Acquisition of capital assets	(618,139)	-	(39,134)	(40,504)	(697,777)
Principal paid on revenue bonds, notes and leases	(38,000)	(18,793)	-	-	(56,793)
Interest paid on revenue bonds, notes and leases	(6,800)	(1,948)	-	-	(8,748)
Impact fees	19,691	-	-	-	19,691
Net cash used by capital and related financing activities	(71,947)	(20,741)	35,608	47,540	(9,540)
Cash Flows from Investing Activities:					
Investment income	1,102	-	-	-	1,102
Net cash provided by investing activities	1,102	-	-	-	1,102
Net Increase (Decrease) in Cash and Cash Equivalents	(69,553)	(2,704)	30,016	81,240	38,999
Cash and Cash Equivalents - beginning	368,348	172,810	5,308	-	546,466
Cash and Cash Equivalents - end	<u>\$ 298,795</u>	<u>\$ 170,106</u>	<u>\$ 35,324</u>	<u>\$ 81,240</u>	<u>\$ 585,465</u>
Classified As:					
Cash and cash equivalents	\$ -	\$ 170,106	\$ 35,324	\$ 81,240	\$ 286,670
Restricted cash and cash equivalents	298,795	-	-	-	298,795
Total	<u>\$ 298,795</u>	<u>\$ 170,106</u>	<u>\$ 35,324</u>	<u>\$ 81,240</u>	<u>\$ 585,465</u>

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

	Enterprise Funds				Total
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Stormwater Fund	
Reconciliation of Operating Income to					
Net Cash Provided by Operating Activities					
Operating income (loss)	\$ (97,868)	\$ 289,356	\$ (212,017)	\$ 7,875	\$ (12,654)
Adjustments Not Affecting Cash:					
Depreciation and amortization	314,622	8,127	226,189	47,724	596,662
Change in Assets and Liabilities:					
Decrease (increase) in accounts receivable	(23,636)	(3,993)	-	(769)	(28,398)
Decrease in due from other governments	(565,222)	179	-	-	(565,043)
Increase in inventories	-	-	-	-	-
Decrease (increase) in prepaid costs	-	-	-	-	-
Increase (decrease) in accounts payable	275,365	(530)	(22,374)	(999)	251,462
Increase in accrued liabilities	148	-	-	-	148
Decrease in deferred revenue	43,189	-	4,975	-	48,164
Increase in customer deposits	7,407	-	1,905	-	9,312
Increase in compensated absences	(9,162)	-	-	-	(9,162)
Decrease in unearned revenue	-	-	-	-	-
Total adjustments	(271,911)	(4,344)	(15,494)	(1,768)	(293,517)
Net Cash Provided By Operating Activities	\$ (55,157)	\$ 293,139	\$ (1,322)	\$ 53,831	\$ 290,491

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

CITY OF UMATILLA, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND

September 30, 2014

	<u>Police Pension Trust Fund</u>
Assets:	
Cash and cash equivalents	\$ 9,350
Receivables:	
Employer contribution receivable	4,364
Investments, at fair value:	
U.S. Government & other debt securities	614,048
Equities	<u>935,099</u>
Total Investments	<u>1,549,147</u>
Total assets	<u><u>1,562,861</u></u>
Net Position:	
Held in trust for pension benefits	<u><u>\$ 1,562,861</u></u>

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

CITY OF UMATILLA, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

For the Year Ended September 30, 2014

	<u>Police Pension Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 42,480
Plan members	1,588
State	<u>23,027</u>
Total contributions	<u>67,095</u>
Investment income:	
Net appreciation in fair value of investments	<u>120,971</u>
Net investment income	<u>120,971</u>
Total additions	<u>188,066</u>
Deductions:	
Benefits	40,168
Administrative expenses	<u>7,518</u>
Total deductions	<u>47,686</u>
Change in net position	140,380
Net Position - beginning	<u>1,422,481</u>
Net Position - ending	<u>\$ 1,562,861</u>

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



This page intentionally left blank

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

Note 1 - Summary of Significant Accounting Policies:

A. Reporting Entity

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

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

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

The *City of Umatilla* Community Redevelopment Fund

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

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

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

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

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

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

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

Nonmajor Governmental Fund Types

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

Major Proprietary Funds

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

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

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

Fiduciary Funds

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

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

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

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

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

1. Deposits and Investments

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

Investments of the City are reported at fair value. The City's investments consist of investments authorized per their investment policy adopted in accordance with Section 218.415, Florida Statutes.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

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

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

2. Receivables and Payables

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

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

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

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

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

3. Inventories and Prepaid Items

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

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

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

4. Restricted Assets

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

5. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

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

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

5. Compensated Absences

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

6. 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.

7. 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 does not have any item that qualifies for reporting in this category for the year ended September 30, 2014.

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 does not have any item that qualifies for reporting in this category for the year ended September 30, 2014.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

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

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

8. Net Position Flow Assumptions

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

9. Fund Balance Flow Assumptions

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

10. Fund Balance Policies

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

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

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

11. Fund Balance Policies (Continued)

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

E. New GASB Statement Implemented:

GASB Statement No. 67, *Financial Reporting for Pension Plans*. This statement replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contributions Plans*, and Statement No. 50, *Pension Disclosures*, as they related to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The City has implemented the disclosure requirements in Note 11, and the Required Supplementary Information for the City's Defined Benefit Retirement Plan.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements:

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$47,111 difference are as follows:

Capital Outlay	\$ 322,035
Depreciation expense	<u>(274,924)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 47,111</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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 \$88,869 difference are as follows:

Debt Issued or Incurred:	
Notes payable	\$ (40,000)
Principal Repayment	<u>128,869</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 88,869</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements (Continued):

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued):

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 \$(40,637) difference are as follows:

Compensated Absences	\$ (40,639)
Accrued Interest Payable	<u>2</u>
Net Adjustment to Decrease <i>Net Changes in Fund Balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ (40,637)</u></u>

Note 3 - Stewardship, Compliance, and Accountability:

A. Budgetary Information -

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

- (1) Prior to the end of the fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public budget workshops are held where the Mayor, City Council, City Manager and department heads refine budget detail items.
- (3) The general summary of the budget and notice of public hearing is published in the local newspaper.
- (4) Public hearings are conducted to obtain taxpayer comments.
- (5) Prior to October 1, the budgets are legally enacted through passage of a resolution.
- (6) The City Manager is authorized to transfer budgeted amounts within departments; however, any revisions that alter the total appropriations of any fund must be approved by a majority vote of the City Council.
- (7) The level of classification detail at which expenditures may not legally exceed appropriations is the fund level.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 3 - Stewardship, Compliance, and Accountability (Continued):

A. Budgetary Information (Continued) -

- (8) Unexpended, unencumbered appropriations lapse at the close of the fiscal year.
- (9) Budgets are adopted for the general fund, special revenue funds, debt service funds and the capital projects fund on a basis consistent with generally accepted accounting principles, except as described below under Budget Basis of Accounting. Budgets are also adopted for the enterprise funds; however, this data is not presented under generally accepted accounting principles.
- (10) The City Council, by Ordinance or Resolution, may make supplemental appropriations in excess of those originally estimated for the year up to the amount of available revenues. Budgeted amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions.

B. Excess of Expenditures over Appropriations -

For the year ended September 30, 2014, expenditures exceeded appropriations in the Police Education Special Revenue Fund and the Police Automation Special Revenue Fund. These excess expenditures were funded in part by greater than anticipated revenues and available fund balance.

C. Budgetary Basis of Accounting -

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

For the fiscal year ended September 30, 2014 the following adjustments are necessary to convert General Fund revenues and expenditures on the GAAP basis to the budgetary basis:

	<u>Expenditures</u>	<u>Revenues</u>
GAAP Basis	\$ 2,562,907	\$ 2,200,786
Nonbudgeted State Pension Amounts	<u>(23,027)</u>	<u>(23,027)</u>
Budgetary basis	<u>\$ 2,539,880</u>	<u>\$ 2,177,759</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 4 - Cash and Investments:

Deposits

At year-end, the carrying amount of the City's deposits was \$1,748,813 and the bank balance was \$1,762,390. Petty cash funds of \$2,302 are not on deposit with a financial institution, and fiduciary fund cash of \$9,350 held by the pension fund is not in the City's bank. All bank deposits were fully covered by Federal Depository Insurance or held in banks that are members of the State of Florida's Collateral Pool as specified under Florida law. Florida Statutes provide for collateral pooling by banks and savings and loans. This limits local government deposits to "authorized depositories".

Investments

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

The City's investment policies are governed by state statute and city ordinance. Authorized investments are:

- (a) Florida Local Government Surplus Funds Trust Fund Investment Pool (SBA LGIP)
- (b) U.S. Government securities
- (c) U.S. Government Agency securities
- (d) Federal Instrumentalities (U.S. Government sponsored agencies)
- (e) Interest bearing time deposit or savings accounts
- (f) Repurchase agreements
- (g) Commercial Paper
- (h) Bankers' acceptances
- (i) State and/or local government taxable and/or tax-exempt debt
- (j) Registered investment companies (money market mutual funds)
- (k) Intergovernmental investment pool

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 4 - Cash and Investments (Continued):

Investments - (Continued)

The assets of the City’s police pension fund are invested in the pooled investment fund for the Florida Municipal Pension Trust Fund (FMPTF). Investments held in this fund consist of corporate bonds and stocks and cash equivalents. The fund is stated at fair value, and investment earnings are allocated to participants in the fund based on their equity in this pooled investment account as provided by the Florida Municipal Pension Fund.

Investments made by the *City of Umatilla* at September 30, 2014 are summarized below. Defined benefit pension plan investments, other than \$935,099 in mutual funds investing in equity securities, are included below. In accordance with GASB 31, investments are reported at fair value.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity</u>
Certificates of Deposit	\$ 465,437	Unrated	295 days
Pension Fixed Income Securities	614,048	AA/V4	5.54 years
	<u>\$ 1,079,485</u>		

Credit Risk:

The City’s investment policy limits credit risk by restricting authorized investments to those described above.

Custodial Credit Risk:

In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2014, all of the city’s bank deposits were in qualified public depositories.

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2014, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 4 - Cash and Investments (Continued):

Investments - (Continued)

Concentration of Credit Risk:

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

Interest Rate Risk:

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

Note 5 - Receivables:

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

	<u>General Fund</u>	<u>Discretionary Tax Fund</u>	<u>Water Fund</u>	<u>Sanitation Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Receivables:						
Accounts	\$ 51,330	\$ 2,899	\$ 156,464	\$ 79,566	\$ 11,607	\$ 301,866
Less Allowance for Uncollectible Accounts	-	-	(43,528)	(12,717)	(1,085)	(57,330)
	<u>\$ 51,330</u>	<u>\$ 2,899</u>	<u>\$ 112,936</u>	<u>\$ 66,849</u>	<u>\$ 10,522</u>	<u>\$ 244,536</u>

CITY OF UMATILLA, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 6 - Capital Assets:

Capital asset activity for the year ended September 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 415,149	\$ -	\$ -	\$ 415,149
Construction in progress	-	201,871	-	201,871
Total capital assets, not being depreciated	<u>415,149</u>	<u>201,871</u>	<u>-</u>	<u>617,020</u>
Capital Assets, being depreciated:				
Buildings	2,156,362	96,581	-	2,252,943
Improvements/infrastructure	1,699,041	-	-	1,699,041
Machinery and equipment	2,226,448	23,583	(31,275)	2,218,756
Total capital assets being depreciated	<u>6,081,851</u>	<u>120,164</u>	<u>(31,275)</u>	<u>6,170,740</u>
Less Accumulated Depreciation for:				
Buildings	(896,861)	(56,890)	-	(953,751)
Improvements/infrastructure	(881,783)	(62,516)	-	(944,299)
Machinery and equipment	(1,559,687)	(155,518)	31,275	(1,683,930)
Total accumulated depreciation	<u>(3,338,331)</u>	<u>(274,924)</u>	<u>31,275</u>	<u>(3,581,980)</u>
Total capital assets being depreciated, net	<u>2,743,520</u>	<u>(154,760)</u>	<u>-</u>	<u>2,588,760</u>
Governmental activities capital assets, net	<u>\$ 3,158,669</u>	<u>\$ 47,111</u>	<u>\$ -</u>	<u>\$ 3,205,780</u>

CITY OF UMATILLA, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 6 - Capital Assets (Continued):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital Assets, not being depreciated:				
Land	\$ 1,029,452	\$ -	\$ -	\$ 1,029,452
Construction in progress	222,314	567,781	-	790,095
Total capital assets, not being depreciated	<u>1,251,766</u>	<u>567,781</u>	<u>-</u>	<u>1,819,547</u>
Capital Assets, being depreciated:				
Buildings	1,654,501	-	-	1,654,501
Improvements/infrastructure	15,375,585	124,708	-	15,500,293
Machinery and equipment	1,197,428	5,288	(7,057)	1,195,659
Intangibles	-	-	-	-
Total capital assets being depreciated	<u>18,227,514</u>	<u>129,996</u>	<u>(7,057)</u>	<u>18,350,453</u>
Less Accumulated Depreciation for:				
Buildings	(354,561)	(33,625)	-	(388,186)
Improvements/infrastructure	(5,756,205)	(543,332)	-	(6,299,537)
Machinery and equipment	(921,659)	(19,705)	7,057	(934,307)
Total accumulated depreciation	<u>(7,032,425)</u>	<u>(596,662)</u>	<u>7,057</u>	<u>(7,622,030)</u>
Total capital assets being depreciated, net	<u>11,195,089</u>	<u>(466,666)</u>	<u>-</u>	<u>10,728,423</u>
Business-type activities capital assets, net	<u>\$ 12,446,855</u>	<u>\$ 101,115</u>	<u>\$ -</u>	<u>\$ 12,547,970</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 13,489
Public safety	97,011
Physical environment	4,058
Transportation	76,479
Economic Environment	71,221
Culture and recreation	12,666
Total Depreciation Expense - governmental activities	<u>\$ 274,924</u>
Business-type Activities	
Water and Sewer	\$ 314,622
Sanitation	8,127
Airport	226,189
Stormwater	47,724
Total Depreciation Expense - business-type activities	<u>\$ 596,662</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 7 - Leases:

Capital Leases

The City has entered into a lease agreement as lessee for financing the acquisition of machinery 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:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Assets		
Machinery & Equipment	\$ 287,220	\$ 95,915
Less: Accumulated depreciation	(40,354)	(11,144)
Total	<u>\$ 246,866</u>	<u>\$ 84,771</u>

Amortization of equipment leased and capital leases is included in depreciation expense. In current and prior years, assets purchased under the terms of the capital lease were transferred to the enterprise funds. The related debt remains an obligation attributable to governmental activities, and is paid entirely by those activities. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2014 were as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>
2015	\$ 110,178
2016	110,179
2017	18,362
Total Minimum Lease Payments	<u>238,719</u>
Less: Amount representing interest	(4,741)
	<u>\$ 233,978</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 8 - Long-Term Debt:

Bonds Payable

The City issues bonds to provide funds for the acquisition and construction of major capital assets. Bonds have been issued for business-type activities.

The 1974 Water and Sewer Revenue Bonds are secured by net revenue of the water and sewer system, excise taxes collected, and the proceeds of special assessments levied against the lands and properties benefited by the construction of the project. The total principal and interest remaining to be paid on this series is \$35,700. For the fiscal year, principal and interest paid on this series was \$35,300 and total pledged revenue was \$981,722.

The 1980 Water and Sewer Revenue Bonds are secured by net revenue of the water and sewer system, excise taxes collected, and the proceeds of special assessments levied against the lands and properties benefited by the construction of the project. The total principal and interest remaining to be paid on this series is \$78,900. For the fiscal year, principal and interest paid on this series was \$9,500 and total pledged revenue was \$981,722.

Revenue bonds currently outstanding are as follows:

<u>Business-Type Activities</u>	<u>Interest Rates and Dates</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Balance September 30, 2014</u>
Water and Sewer Revenue Bonds, Series 1974	5.0000% (9/1)	9/1/1976 to 9/1/2015	<u>\$ 1,000,000</u>	\$ 34,000
Water and Sewer Revenue Bonds, Series 1980	5.0000% (9/1)	9/1/1983 to 9/1/2022	<u>\$ 165,100</u>	<u>64,000</u>
				<u>\$ 98,000</u>

CITY OF UMATILLA, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 8 - Long-Term Debt (Continued):

Bonds Payable - (Continued)

Annual debt service requirements to maturity for revenue bonds are as follows:

<u>Year ending September 30,</u>	Business - Type Activities	
	Principal	Interest
2015	\$ 41,000	\$ 42,850
2016	7,000	2,800
2017	7,000	2,450
2018	8,000	2,100
2019	8,000	1,700
2020 - 2022	27,000	2,700
Total	<u>\$ 98,000</u>	<u>\$ 54,600</u>

Note Payable

On June 20, 2014, the City issued a Capital Improvement Revenue Note, Series 2014. This note was issued to finance repairs and improvements to the city hall building. Under the terms of the Note, the City may borrow up to \$100,000 through July 1, 2015. As of September 30, 2014, the City has borrowed \$40,000. Quarterly interest only payments based on the outstanding note balance commence October 1, 2014. On October 1, 2015, quarterly principal and interest payments commence through the maturity date, July 1, 2018. The Note is secured by requirement to budget and appropriate from legally available non ad valorem revenues in each fiscal year the amounts needed for annual payments of principal and interest. Based on the total borrowing as of September 30, 2014, the total principal and interest remaining to be paid on the Note is \$41,727.

The annual debt service payments on the Note are as follows, based on the total borrowing under the note as of September 30, 2014:

<u>Year ending September 30,</u>	Governmental Activities	
	Principal	Interest
2015	\$ -	\$ 559
2016	13,096	626
2017	13,332	390
2018	13,572	152
Total	<u>\$ 40,000</u>	<u>\$ 1,727</u>

CITY OF UMATILLA, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 8 - Long-Term Debt (Continued):

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2014 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
Revenue note payable	\$ -	\$ 40,000	\$ -	\$ 40,000	\$ -
Capital lease	362,847	-	(128,869)	233,978	106,864
Compensated absences	166,135	144,971	(104,332)	206,774	52,779
Governmental activity long-term liabilities	<u>\$ 528,982</u>	<u>\$ 184,971</u>	<u>\$ (233,201)</u>	<u>\$ 480,752</u>	<u>\$ 159,643</u>
Business-type Activities					
Bonds payable-					
Revenue Bonds	\$ 136,000	\$ -	\$ (38,000)	\$ 98,000	\$ 41,000
Capital lease	18,793	-	(18,793)	-	-
Compensated absences	36,261	6,430	(15,592)	27,099	2,710
Business-type activity long-term liabilities	<u>\$ 191,054</u>	<u>\$ 6,430</u>	<u>\$ (72,385)</u>	<u>\$ 125,099</u>	<u>\$ 43,710</u>

Note 9 - Conduit Debt:

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

As of September 30, 2014, there was an outstanding principal balance of \$35,075,000 of the \$38,610,000 authorized to be issued.

CITY OF UMATILLA, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 10 - Interfund Receivables, Payables and Transfers:

The composition of interfund balances as of September 30, 2014 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water and Sewer Fund	Stormwater Fund	\$ 5
Water and Sewer Fund	Sanitation Fund	33,290
Sanitation Fund	Water and Sewer Fund	6,553
Stormwater Fund	Water and Sewer Fund	1,283
Stormwater Fund	Sanitation Fund	6,889
Stormwater Fund	General Fund	10
General Fund	Water and Sewer Fund	263,302
General Fund	Sanitation Fund	2,127
General Fund	Stormwater Fund	500
		<u>\$ 313,959</u>

Interfund receivables and payables are the result of transfers of resources resulting from utility billing transactions, as well as pooled cash transactions. In addition, temporary advances between funds occurred that will be repaid or offset during the next fiscal year.

The composition of interfund transfers for the year ended September 30, 2014 is as follows:

<u>Transfers Out:</u>	<u>Transfer In:</u>		<u>Total</u>
	<u>General Fund</u>	<u>Water and Sewer Fund</u>	
Discretionary Tax Fund	\$ -	\$ 4,278	\$ 4,278
Water Fund	218,038	-	218,038
Sanitation fund	297,960	-	297,960
	<u>\$ 515,998</u>	<u>\$ 4,278</u>	<u>\$ 520,276</u>

Transfers were used to (1) move equipment purchased for the use of the Water and Sewer Fund under the capital lease secured by the Discretionary Tax revenues and (2) reimburse the general government for services provided on behalf of the proprietary funds.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 11 - Retirement Plans:

Police Officers' Retirement Trust Fund -

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

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

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

Summary of Significant Accounting Policies

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

Method Used to Value Investments - Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. There are no investments that exceed 5% of the plan net assets.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 11 - Retirement Plans (Continued):

Membership of the police officers' pension plan consisted of the following at September 30, 2014:

	Police Officers
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	2
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	1
Active Plan Members	8
	<u>11</u>

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

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

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

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

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

Contributions - The City's actuarially determined contribution rate per the October 1, 2011 actuarial valuation for the year ended September 30, 2014 is 15.1% for City and State combined contribution in addition to the 4.5% City for Member contribution. Police officers make a minimum mandatory contribution of 0.5%, in order to take advantage of the insurance premium tax rebate provided for in the statutes. Administrative costs are deducted from the net position of the plan. Required contributions are the amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 11 - Retirement Plans (Continued):

Investment Policy - The following is the Board's adopted asset allocation policy as of September 30, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	50%
International Equity	10%
Fixed Income	40%
Total	100%

Rate of Return - For the year ended September 30, 2014, the annual money-weighted rate of return on the plan investments, net of pension plan investment expense, was 8.48 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Annual Pension Cost and Net Pension Obligation - The City has traditionally contributed the Annual Required Contribution (ARC) and thus has not had, or had need to report, a Net Pension Obligation (NPO). The annual pension cost, net pension obligation(asset) and required contribution for September 30, 2014 were determined as part of the actuarial valuation of the plan dated October 1, 2011, and the actuarial impact statement dated April 14, 2015, as follows:

Annual Required Contribution	\$ 47,944
Interest on Net Pension Obligation	(1,361)
Adjustments to Annual Required Contribution	1,525
Annual Pension Cost	<u>48,108</u>
Contributions Made	<u>51,219</u>
Increase in NPO	(3,111)
NPO Beginning of year	<u>(18,147)</u>
NPO End of Year	<u><u>\$ (21,258)</u></u>

The components of the net pension liability of the City at September 30, 2014 are as follows:

Total Pension Liability	\$ 1,030,280
Plan Fiduciary Net Position	<u>(1,562,864)</u>
Net Pension Liability (Asset)	<u><u>\$ (532,584)</u></u>
Plan Net Position as a Percentage of Total Pension Liability	-151.69%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 11 - Retirement Plans (Continued):

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of October 1, 2014 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	5.50% - 10.00%
Investment Rate of Return	7.00%
Mortality Rate: RP 2000 Table - Sex Distinct	

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	7.5%
International Equity	8.5%
Fixed Income	2.5%

Discount Rate - The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Net Pension Liability	\$ (363,135)	\$ (532,584)	\$ (670,395)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 11 - Retirement Plans (Continued):

Schedule of Contributions from the Employer and Other Contributing Entities

Fiscal Year Ending	Annual Pension		Net Pension
	Cost (APC)	Percent Contributed	Obligation (Asset)
9/30/2014	48,108	106%	(21,258)
9/30/2013	55,615	99%	(18,147)
9/30/2012	32,843	150%	(18,785)

As of October 1, 2011, the most recent actuarial valuation date, the Plan was 116.9% funded. The actuarial accrued liability for benefits was \$860,090 and the actuarial value of assets was \$1,005,072, resulting in an unfunded actuarial liability(asset)(UAAL) of \$(144,982). The covered payroll (annual payroll of active employees covered by the plan) was \$346,477, and the ratio of the UAAL to the covered payroll was (-41.8%)

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The City uses the aggregate actuarial cost method to value its pension plans, which does not identify or separately amortize unfunded actuarial liabilities. Information about the plan's funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and the information presented is intended to serve as a surrogate for the funded status and funding progress of the plan.

Additional information as of the latest actuarial valuation follows:

	<u>Police Officers</u>
Valuation date	10/1/2011
Actuarial Cost Method	Aggregate Cost
Amortization Method	N/A
Remaining Amortization Period	N/A
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment rate of return	7.5%
Projected salary increases (including inflation of 3%)	7.0%
Cost of living adjustment	3.0%
Mortality table	RP-2000 Mortality Table

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 11 - Retirement Plans (Continued):

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

For general employees in the Regular Class, the System provides vesting of benefits after six (6) years of creditable service and attains age 62, or completes 30 years of creditable service, regardless of age, which may include a maximum of 4 years of military service credit as long as such credit is not claimed under any other system. Members initially enrolled on or after July 1, 2011 vest after 8 years of creditable service and attains age 65 or completes 33 years of service.

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.

The statutory contribution rates as a percent of earnings were as follows:

Regular Employees- members not qualifying for other classes	7.37%
Senior Management	21.14%
Deferred Retirement Option Program (DROP)	12.28%

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 FRS Investment Plan. Under this system, 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.

Included in the above rates are the employer's contribution of 1.11% to the Health Insurance Subsidy, and 0.03% assessment for administering the FRS Investment Plan and funding an educational component of the FRS. The DROP rate includes the 1.11% HIS contribution, but the 0.03% administrative/educational fee for the FRS Investment Plan does not apply to DROP participants. Effective July 1, 2011, employees are required to contribute 3% of gross earnings.

For a stand-alone report of the Florida Retirement System, contact the Department of Management Services, Division of Retirements, Cedars Executive Center, Building C, 2639 North Monroe Street, Tallahassee, Florida 32399-156.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 12 - Other Post Employment Benefits:

The City implemented GASB Statement No. 45, *Accounting and Reporting for Postemployment Benefits Other than Pensions* as of September 30, 2010, for certain postemployment healthcare benefits provided by the City. The requirements of the statement were implemented prospectively. Accordingly, for financial reporting purposes, no liability is reported for the post-employment healthcare benefit liability at the date of this transition.

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

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

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

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

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

Accordingly, the City has a net OPEB obligation at September 30, 2014 of zero.

Note 13 - Risk Management:

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

The pool administers insurance activities relating to property, general liability, police, professional, automobile liability, public officials' liability, workers' compensation, and boiler and machinery. The pool absorbs losses up to a specified amount for each pool year and purchases excess and other specific coverage's from third-party carriers. The pool assesses each member its pro rata share of the estimated amount required to meet current year losses and operating expenses. If total member assessments do not produce sufficient funds to meet its obligations, the pool can make additional limited assessments. Losses, if any, in excess of the pools ability to assess its members would revert back to the member that incurred the loss. There has been no significant reduction in insurance coverage from the prior year, and no settlements in excess of insurance coverage in any of the prior three years. There were no additional assessments levied against the City for the fiscal year ended September 30, 2014. The cost of the insurance is allocated among the appropriate departments and funds.

CITY OF UMATILLA, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 14 - Commitments and Contingencies:

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

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2014. 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.

Note 15 - Fund Balance:

	<u>General Fund</u>	<u>Discretionary Fund</u>	<u>Community Redevelopment Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund Balances					
Nonspendable					
Inventory/prepaids	\$ 1,500	\$ -	\$ -	\$ -	\$ 1,500
Spendable					
Restricted for:					
Community					
redevelopment	-	-	98,409	-	98,409
Capital projects	-	346,024	-	-	346,024
Public safety	-	-	-	54,867	54,867
Committed for:					
Code enforcement	3,932				3,932
Assigned for:					
Roads and streets	50,000	-	-	-	50,000
Subsequent year					
expenditures	262,010	-	-	-	262,010
Unassigned	546,119	-	-	-	546,119
	<u>\$ 863,561</u>	<u>\$ 346,024</u>	<u>\$ 98,409</u>	<u>\$ 54,867</u>	<u>\$ 1,362,861</u>

Note 16 - Evaluation of Subsequent Events:

The City has evaluated subsequent events through the date of the independent auditor's report, the date the financial statements were available to be issued.



This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION



This page intentionally left blank

CITY OF UMATILLA, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2014

Schedules of Funding Progress - Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
10/1/2011	1,005,072	860,090	(144,982)	116.9% (1)	346,477	-41.8%
10/1/2008	832,941	704,722	(128,219)	118.2% (1)	363,992	-32.5%

(1) Beginning with the October 1, 2008 actuarial valuation report, GASB Statement 50 required that plans utilizing aggregate actuarial cost method disclose the funded ratio the plan would have if it were utilizing the entry age normal cost method.

Schedules of Employer Contributions - Pension Plan

Year Ended 9/30	Annual Required Contribution	Percentage Contributed
2014	\$ 48,108	100%
2013	71,361	100%
2012	55,131	100%
2011	53,463	100%
2010	28,443	100%
2009	6,150	581%



This page intentionally left blank

CITY OF UMATILLA, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

September 30, 2014

	<u>9/30/2014</u>
Total Pension Liability	
Service Cost	\$ 45,232
Interest	68,715
Benefit Changes	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, including refunds of employee contributions	(40,168)
Net Change in Total Pension Liability	<u>73,779</u>
Total Pension Liability - beginning	956,501
Total Pension Liability - ending (a)	<u><u>\$ 1,030,280</u></u>
 Plan Fiduciary Net Position	
Contributions - employer	28,192
Contributions - employer for members	14,288
Contributions - state	23,027
Contributions - employee	1,588
Net Investment Income	121,384
Benefit Payments, Including Refunds of Employee Contributions	(40,168)
Administrative Expense	(7,518)
Other	-
Net Change in Plan Fiduciary Net Position	<u>140,793</u>
 Plan Fiduciary Net Position- beginning	1,422,071
Plan Fiduciary Net Position- ending (b)	<u><u>\$ 1,562,864</u></u>
 Net Pension Liability - ending (a)- (b)	<u><u>\$ (532,584)</u></u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	151.69%
 Covered-employee Payroll	\$ 317,519
 Net Pension Liability as a Percentage of Covered Employee Payroll	-167.73%



This page intentionally left blank

CITY OF UMATILLA, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS

September 30, 2014

	<u>9/30/2014</u>
Actuarially Determined Contribution	\$ 47,944
Contributions in Relation to the Actuarially Determined Contribution	<u>51,219</u>
Contribution Deficiency (Excess)	<u>\$ (3,275)</u>
Covered Employee Payroll	317,519
Contributions as a Percentage of Covered Employee Payroll	16.13%

Notes to Schedule

Valuation Date 10/1/2011

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

Methods and assumptions used to determine contribution rates:

Funding Method	Aggregate Actuarial Cost Method
Amortization Method	N/A
Remaining Amortization Period	N/A
Asset Valuation Method	Market Value
Inflation	3.0% per year
Salary Increases	7.0% until the assumed retirement age. Projected salary at retirement is increased 10% to account for non-regular compensation.
Interest Rate	7.5% per year, compounded annually net of investment related expenses.
Retirement Age	Earlier of 1) age 52 and 25 years of service, or 2) age 55 and 10 years of service. Also any member who has reached normal retirement age is assumed to continue employment for one year.
Early Retirement	It is assumed that members who are eligible for Early Retirement (age 50) will retire at the rate of 5% per year.
Termination Rates	See table below.
Disability Rates	See table below.
Mortality	RP-2000 Table (Sex Distinct)
Other Information	Termination and Disability Rate Table

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	6.00%	0.03%
30	5.00%	0.04%
40	2.60%	0.07%
50	0.80%	0.18%



This page intentionally left blank

CITY OF UMATILLA, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS

September 30, 2014

	<u>9/30/2014</u>
Annual Money-Weighted Rate of Return	
Net of Investment Expense	9.75%



This page intentionally left blank

NONMAJOR GOVERNMENTAL FUNDS



This page intentionally left blank

OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

Police Education Fund

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

Police Automation Fund

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

CITY OF UMATILLA, FLORIDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

September 30, 2014

	<u>Special Revenue</u>			<u>Total-Nonmajor Governmental Funds</u>
	<u>Police Education</u>	<u>Police Automation</u>	<u>Total Special Revenue Funds</u>	
Assets:				
Cash and cash equivalents	\$ 11,588	\$ 50,536	\$ 62,124	\$ 62,124
Total assets	<u>\$ 11,588</u>	<u>\$ 50,536</u>	<u>\$ 62,124</u>	<u>\$ 62,124</u>
Liabilities and Fund Balances:				
Accounts payable	\$ 358	\$ 6,899	\$ 7,257	\$ 7,257
Total liabilities	<u>358</u>	<u>6,899</u>	<u>7,257</u>	<u>7,257</u>
Fund balances:				
Spendable:				
Restricted	11,230	43,637	54,867	54,867
Total fund balances	<u>11,230</u>	<u>43,637</u>	<u>54,867</u>	<u>54,867</u>
Total Liabilities and Fund Balances	<u>\$ 11,588</u>	<u>\$ 50,536</u>	<u>\$ 62,124</u>	<u>\$ 62,124</u>

CITY OF UMATILLA, FLORIDA

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

For the Year Ended September 30, 2014

	<u>Special Revenue</u>			<u>Total-Nonmajor Governmental Funds</u>
	<u>Police Education</u>	<u>Police Automation</u>	<u>Total Special Revenue Funds</u>	
Revenues:				
Fines and forfeitures	\$ 544	\$ -	\$ 544	\$ 544
Total revenues	<u>544</u>	<u>-</u>	<u>544</u>	<u>544</u>
Expenditures:				
Current:				
Public safety	2,238	10,379	12,617	12,617
Total expenditures	<u>2,238</u>	<u>10,379</u>	<u>12,617</u>	<u>12,617</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,694)</u>	<u>(10,379)</u>	<u>(12,073)</u>	<u>(12,073)</u>
 Net Change in Fund Balances	 (1,694)	 (10,379)	 (12,073)	 (12,073)
 Fund Balances - beginning	 12,924	 54,016	 66,940	 66,940
Fund Balances - ending	<u>\$ 11,230</u>	<u>\$ 43,637</u>	<u>\$ 54,867</u>	<u>\$ 54,867</u>

CITY OF UMATILLA, FLORIDA

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

For the Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ 544	\$ 544
Total revenues	<u>-</u>	<u>-</u>	<u>544</u>	<u>544</u>
Expenditures:				
Current:				
Public safety	1,000	1,000	2,238	(1,238)
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>2,238</u>	<u>(1,238)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,000)</u>	<u>(1,000)</u>	<u>(1,694)</u>	<u>(694)</u>
Net Change in Fund Balance	(1,000)	(1,000)	(1,694)	(694)
Fund Balance - Beginning	12,924	12,924	12,924	-
Fund Balance - Ending	<u>\$ 11,924</u>	<u>\$ 11,924</u>	<u>\$ 11,230</u>	<u>\$ (694)</u>

CITY OF UMATILLA, FLORIDA

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

For the Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Public safety	3,700	3,700	10,379	(6,679)
Total expenditures	<u>3,700</u>	<u>3,700</u>	<u>10,379</u>	<u>(6,679)</u>
Excess (deficiency) of revenues over expenditures	<u>(3,700)</u>	<u>(3,700)</u>	<u>(10,379)</u>	<u>(6,679)</u>
Net Change in Fund Balance	(3,700)	(3,700)	(10,379)	(6,679)
Fund Balance - Beginning	54,016	54,016	54,016	-
Fund Balance - Ending	<u>\$ 50,316</u>	<u>\$ 50,316</u>	<u>\$ 43,637</u>	<u>\$ (6,679)</u>



This page intentionally left blank

STATISTICAL SECTION



This page intentionally left blank

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	66-71
Revenue Capacity These schedules contain information to help the reader assess the City's most significant revenue source, the property tax,	72-75
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	76-78
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.	79-80
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.



This page intentionally left blank

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

	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 7,586,742	\$ 7,456,663	\$ 6,914,873	\$ 3,891,620	\$ 2,808,515	\$ 2,932,113	\$ 2,985,214	\$ 2,971,519	\$ 2,795,822	\$ 2,931,802
Restricted for:										
Capital Improvements	76,934	145,660	540,454	524,352	721,632	92,350	168,315	288,920	375,080	346,024
Community Redevelopment	-	-	-	-	-	483,398	418,896	328,064	103,407	98,409
Law Enforcement	57,283	66,664	76,153	12,247	12,915	115,210	69,157	68,365	66,940	54,867
Fire Department	17,003	13,994	13,526	15,497	13,479	-	-	-	-	-
Library	45,054	45,330	47,511	45,000	45,111	-	-	-	-	-
Unrestricted	1,186,665	1,133,481	1,207,166	1,149,061	1,206,668	1,324,680	825,420	457,215	542,809	656,049
Total Governmental Activities Net Position	<u>\$ 8,969,681</u>	<u>\$ 8,861,792</u>	<u>\$ 8,799,683</u>	<u>\$ 5,637,777</u>	<u>\$ 4,808,320</u>	<u>\$ 4,947,751</u>	<u>\$ 4,467,002</u>	<u>\$ 4,114,083</u>	<u>\$ 3,884,058</u>	<u>\$ 4,087,151</u>
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	\$ 3,191,871	\$ 3,235,975	\$ 3,399,984	\$ 10,030,256	\$ 11,143,111	\$ 12,065,995	\$ 12,334,397	\$ 12,515,904	\$ 12,292,062	\$ 12,449,970
Restricted for:										
Capital Improvements	633,886	741,213	594,923	392,016	603,256	456,278	233,129	228,026	219,876	144,248
Debt Service	103,266	108,162	121,182	127,126	127,671	54,090	54,090	54,090	54,090	54,090
Unrestricted	792,651	954,454	1,218,935	129,285	(18,922)	58,635	529,967	859,347	657,601	705,793
Total Business-type Activities Net Position	<u>\$ 4,721,674</u>	<u>\$ 5,039,804</u>	<u>\$ 5,335,024</u>	<u>\$ 10,678,683</u>	<u>\$ 11,855,116</u>	<u>\$ 12,634,998</u>	<u>\$ 13,151,583</u>	<u>\$ 13,657,367</u>	<u>\$ 13,223,629</u>	<u>\$ 13,354,101</u>
Primary Government										
Net investment in capital assets	\$ 10,778,613	\$ 10,692,638	\$ 10,314,857	\$ 13,921,876	\$ 13,951,626	\$ 14,998,108	\$ 15,319,611	\$ 15,487,423	\$ 15,087,884	\$ 15,381,772
Restricted for:										
Capital Improvements	710,820	886,873	1,135,377	916,368	1,324,888	548,628	401,444	516,946	594,956	490,272
Debt Service	103,266	108,162	121,182	127,126	127,671	54,090	54,090	54,090	54,090	54,090
Community Redevelopment	-	-	-	-	-	483,398	418,896	328,064	103,407	98,409
Law Enforcement	57,283	66,664	76,153	12,247	12,915	115,210	69,157	68,365	66,940	54,867
Fire Department	17,003	13,994	13,526	15,497	13,479	-	-	-	-	-
Library	45,054	45,330	47,511	45,000	45,111	-	-	-	-	-
Unrestricted	1,979,316	2,087,935	2,426,101	1,278,346	1,187,746	1,383,315	1,355,387	1,316,562	1,200,410	1,361,842
Total City of Umatilla Net Position	<u>\$ 13,691,355</u>	<u>\$ 13,901,596</u>	<u>\$ 14,134,707</u>	<u>\$ 16,316,460</u>	<u>\$ 16,663,436</u>	<u>\$ 17,582,749</u>	<u>\$ 17,618,585</u>	<u>\$ 17,771,450</u>	<u>\$ 17,107,687</u>	<u>\$ 17,441,252</u>

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

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

	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
EXPENSES										
Governmental Activities:										
General Government	\$ 330,714	\$ 426,590	\$ 528,091	\$ 807,195	\$ 512,434	\$ 532,689	\$ 869,745	\$ 582,914	\$ 742,494	\$713,706
Public Safety	717,313	772,046	859,602	1,062,706	921,714	903,616	976,103	1,007,103	1,068,865	990,627
Transportation	564,384	636,045	689,530	556,640	267,555	430,053	472,978	567,118	493,078	45,445
Physical Environment	395,559	397,046	408,732	40,610	37,273	36,874	35,805	43,354	43,963	536,722
Culture and Recreation	602,394	624,406	701,355	646,800	519,085	516,768	511,735	504,269	584,012	433,672
Economic Environment	-	-	-	-	-	171,597	123,222	212,799	348,305	190,002
Interest on Long-term Debt	6,603	6,791	6,317	18,711	13,148	18,012	11,407	7,098	9,116	15,065
Total Governmental Activities Expenses	<u>2,616,967</u>	<u>2,862,924</u>	<u>3,193,627</u>	<u>3,132,662</u>	<u>2,271,209</u>	<u>2,609,609</u>	<u>3,000,995</u>	<u>2,924,655</u>	<u>3,289,833</u>	<u>2,925,239</u>
Business-Type Activities										
Water and Sewer	844,464	956,167	1,107,133	1,832,971	1,421,553	1,100,163	1,074,021	1,036,296	1,028,156	1,086,390
Sanitation	-	-	-	485,195	538,293	433,066	440,376	482,713	456,697	356,173
Airport	-	-	-	208,946	250,816	352,061	358,391	284,837	286,220	281,683
Stormwater	-	-	-	-	121,784	108,846	94,538	102,038	78,606	90,674
Total Business-Type Activities Expenses	<u>844,464</u>	<u>956,167</u>	<u>1,107,133</u>	<u>2,527,112</u>	<u>2,332,446</u>	<u>1,994,136</u>	<u>1,967,326</u>	<u>1,905,884</u>	<u>1,849,679</u>	<u>1,814,920</u>
Total Expenses	<u>\$ 3,461,431</u>	<u>\$ 3,819,091</u>	<u>\$ 4,300,760</u>	<u>\$ 5,659,774</u>	<u>\$ 4,603,655</u>	<u>\$ 4,603,745</u>	<u>\$ 4,968,321</u>	<u>\$ 4,830,539</u>	<u>\$ 5,139,512</u>	<u>\$ 4,740,159</u>
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
General Government	\$ 211,253	\$ 207,067	\$ 284,181	\$ 891,720	\$ 87,701	\$ 38,265	\$ 24,112	\$ 99,391	\$ 133,058	\$56,616
Public Safety	33,228	31,886	34,992	24,082	26,646	15,105	12,347	20,857	36,175	22,718
Physical Environment	476,617	496,793	494,311	9,825	14,050	-	-	-	-	-
Transportation	48,663	32,900	33,488	14,070	15,798	9,681	12,123	6,553	9,210	7,772
Culture and Recreation	26,253	28,254	17,648	17,152	15,378	26,974	27,823	27,610	30,209	31,450
Economic Environment	-	-	-	-	-	2,340	1,905	1,680	1,000	3,270
Operating Grants and Contributions	541,505	599,969	563,031	520,860	498,063	243,102	228,568	248,743	218,334	218,433
Capital Grants and Contributions	1,443,915	166,941	101,363	15,768	56,389	235,811	7,753	6,683	5,597	4,135
Total Governmental Activities Program Revenues	<u>2,781,434</u>	<u>1,563,810</u>	<u>1,529,014</u>	<u>1,493,477</u>	<u>714,025</u>	<u>571,278</u>	<u>314,631</u>	<u>411,517</u>	<u>433,583</u>	<u>344,394</u>
Business-Type Activities:										
Charges for Services:										
Water and Sewer	698,556	741,307	779,328	859,950	958,317	932,494	962,381	905,617	941,787	981,722
Sanitation	-	-	-	497,606	665,432	629,237	618,387	629,784	635,652	644,916
Airport	-	-	-	30,182	28,252	49,054	54,863	67,046	71,781	69,666
Stormwater	-	-	-	-	97,725	94,696	98,529	96,991	97,999	98,549
Operating Grants and Contributions	-	-	-	-	-	667,061	678,126	-	-	-
Capital Grants and Contributions	96,228	107,327	203,769	3,064,209	470,168	646,712	70,622	709,215	141,416	661,156
Total Business-Type Activities Program Revenues	<u>794,784</u>	<u>848,634</u>	<u>983,097</u>	<u>4,451,947</u>	<u>2,219,894</u>	<u>3,019,254</u>	<u>2,482,908</u>	<u>2,408,653</u>	<u>1,888,635</u>	<u>2,456,009</u>
Total Program Revenues	<u>\$ 3,576,218</u>	<u>\$ 2,412,444</u>	<u>\$ 2,512,111</u>	<u>\$ 5,945,424</u>	<u>\$ 2,933,919</u>	<u>\$ 3,590,532</u>	<u>\$ 2,797,539</u>	<u>\$ 2,820,170</u>	<u>\$ 2,322,218</u>	<u>\$ 2,800,403</u>
NET REVENUE (EXPENSE)										
Governmental Activities	\$ 164,467	\$ (1,299,114)	\$ (1,664,613)	\$ (1,639,185)	\$ (1,557,184)	\$ (2,038,331)	\$ (2,686,364)	\$ (2,513,138)	\$ (2,856,250)	\$(2,580,845)
Business-Type Activities	(49,680)	(107,533)	(124,036)	1,924,835	(112,552)	1,025,118	515,582	502,769	38,956	641,089
Total Net Expense	<u>\$ 114,787</u>	<u>\$ (1,406,647)</u>	<u>\$ (1,788,649)</u>	<u>\$ 285,650</u>	<u>\$ (1,669,736)</u>	<u>\$ (1,013,213)</u>	<u>\$ (2,170,782)</u>	<u>\$ (2,010,369)</u>	<u>\$ (2,817,294)</u>	<u>\$(1,939,756)</u>

Continued on Next Page

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

	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
GENERAL REVENUES AND TRANSFERS										
Governmental Activities:										
Taxes:										
Property Taxes	\$ 521,004	\$ 649,555	\$ 863,100	\$ 976,078	\$ 1,057,017	\$ 999,172	\$ 982,677	\$ 902,534	\$ 910,675	\$ 901,006
Sales Taxes	230,657	260,260	233,873	224,518	202,258	-	-	-	-	-
Franchise and Utility Taxes	27,217	27,909	28,653	507,376	566,402	656,425	583,577	593,697	616,819	701,589
Intergovernmental revenues	-	-	-	-	-	243,866	499,900	534,009	579,249	621,337
Casualty Insurance Premium Tax	-	-	-	-	27,283	-	-	-	-	-
Unrestricted Investment Earnings	7,153	110,258	102,514	57,949	16,022	31,649	13,001	6,374	6,530	5,648
Miscellaneous	-	-	-	-	-	-	126,460	123,605	38,510	42,638
Gain(Loss) on Sale of Capital Assets	21,062	(20,236)	2,919	1,021	(543)	-	-	-	-	-
Capital Lease Proceeds	-	-	-	-	145,054	-	-	-	-	-
Transfers	147,303	163,479	159,342	(3,289,663)	(1,255,195)	246,650	-	-	474,442	511,720
Total Governmental Activities	954,396	1,191,225	1,390,401	(1,522,721)	758,298	2,177,762	2,205,615	2,160,219	2,626,225	2,783,938
Business-Type Activities:										
Unrestricted Investment Earnings	12,020	49,777	53,028	36,100	3,185	-	1,003	3,015	1,748	1,102
Transfers	(147,303)	(163,479)	(159,342)	3,289,663	(1,255,195)	(246,650)	-	-	(474,442)	(511,720)
Franchise Fees & Utility Taxes	473,897	535,509	522,520	30,236	-	-	-	-	-	-
Miscellaneous Revenues	3,250	3,856	3,050	62,825	34	1,414	-	-	-	-
Total Business-Type Activities	341,864	425,663	419,256	3,418,824	1,258,414	(245,236)	1,003	3,015	(472,694)	(510,618)
Total General Revenues and Transfers	\$ 1,296,260	\$ 1,616,888	\$ 1,809,657	\$ 1,896,103	\$ 2,016,712	\$ 1,932,526	\$ 2,206,618	\$ 2,163,234	\$ 2,153,531	\$ 2,273,320
CHANGE IN NET ASSETS										
Governmental Activities	\$ 1,118,863	\$ (107,889)	\$ (274,212)	\$ (3,161,906)	\$ (798,886)	\$ 139,431	\$ (480,749)	\$ (352,919)	\$ (230,025)	\$ 203,093
Business-Type Activities	292,184	318,130	295,220	5,343,659	1,145,862	779,882	516,585	505,784	(433,738)	130,471
Total Change in Net Position	\$ 1,411,047	\$ 210,241	\$ 21,008	\$ 2,181,753	\$ 346,976	\$ 919,313	\$ 35,836	\$ 152,865	\$ (663,763)	\$ 333,564

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

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

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

<u>FISCAL YEAR</u>	<u>PROPERTY TAXES</u>	<u>INFRA-STRUCTURE SALES SURTAX</u>	<u>LOCAL OPTION GAS TAXES</u>	<u>FRANCHISE FEES</u>	<u>UTILITY TAXES</u>	<u>COMMUNICATIONS SERVICE TAX</u>	<u>CASUALTY INSURANCE PREMIUM TAX</u>	<u>TOTAL TAXES</u>
2005	\$ 492,336	\$ 230,657	\$ 105,859	\$ 184,600	\$ 316,514	\$ 107,953	\$ 30,305	\$ 1,468,224
2006	649,556	260,262	109,277	218,504	229,547	115,367	30,581	1,613,094
2007	863,101	233,873	96,703	212,462	227,350	110,617	30,305	1,774,411
2008	976,078	224,518	91,681	180,600	217,609	109,167	30,305	1,829,958
2009	1,057,017	202,258	95,492	205,799	247,302	113,302	27,282	1,948,452
2010	857,184	223,665	93,144	244,001	310,295	102,129	-	1,830,418
2011	861,985	238,576	86,445	221,666	289,350	72,561	-	1,770,583
2012	902,534	248,897	89,870	208,884	270,731	114,082	49,127	1,884,125
2013	910,675	278,282	80,256	197,983	278,480	140,356	24,402	1,910,434
2014	901,006	296,665	83,692	238,506	329,524	133,559	23,027	2,005,979

* Data not available

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General fund						
Reserved	\$ 119,340	\$ 125,988	\$ 137,190	\$ 135,177	\$ 127,696	\$ 56,578
Unreserved	1,254,401	1,206,595	1,071,489	1,256,283	1,335,402	1,470,021
Total general fund	<u>\$ 1,373,741</u>	<u>\$ 1,332,583</u>	<u>\$ 1,208,679</u>	<u>\$ 1,391,460</u>	<u>\$ 1,463,098</u>	<u>\$ 1,526,599</u>
All Other Governmental Funds (Special Revenue Funds)						
Reserved	\$ 76,934	\$ 145,660	\$ 540,454	\$ 461,919	\$ 665,441	\$ 645,371
Unreserved	(10,168)	-	-	-	-	-
Total all other governmental funds	<u>\$ 66,766</u>	<u>\$ 145,660</u>	<u>\$ 540,454</u>	<u>\$ 461,919</u>	<u>\$ 665,441</u>	<u>\$ 645,371</u>
	Post GASB 54					
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>		
General fund						
Nonspendable	\$ 849	\$ 2,345	\$ 1,845	\$ 1,500		
Committed	-	-	23,300	3,932		
Assigned	599,742	162,669	211,752	312,010		
Unassigned	381,060	416,039	472,787	546,119		
Total general fund	<u>\$ 981,651</u>	<u>\$ 581,053</u>	<u>\$ 709,684</u>	<u>\$ 863,561</u>		
All Other Governmental Funds (Special Revenue Funds)						
Restricted	\$ 656,368	\$ 685,349	\$ 545,427	\$ 499,300		
Assigned	-	-	-	-		
Total all other governmental funds	<u>\$ 656,368</u>	<u>\$ 685,349</u>	<u>\$ 545,427</u>	<u>\$ 499,300</u>		

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues										
Taxes	\$ 884,737	\$ 1,047,004	\$ 1,222,330	\$ 1,829,958	\$ 2,117,678	\$ 1,972,406	\$ 1,659,757	\$ 1,586,101	\$ 1,607,750	\$ 1,686,287
Licenses and Permits	52,289	11,550	19,961	79,914	24,550	38,265	24,112	99,391	133,058	56,616
Intergovernmental Revenues	1,833,571	656,185	543,219	435,082	461,079	405,970	642,718	699,565	722,924	760,213
Charges for Services	513,703	543,737	551,479	96,927	35,051	34,176	39,304	31,446	37,653	43,364
Fines and Forfeitures	36,599	36,136	40,358	28,520	30,044	17,584	12,989	23,574	37,941	21,846
Investment Income	-	-	-	-	-	-	13,001	6,374	6,530	5,648
Miscellaneous	267,630	322,351	382,721	1,001,634	96,904	33,989	128,365	125,285	39,510	42,638
Total Revenues	3,588,529	2,616,963	2,760,068	3,472,035	2,765,306	2,502,390	2,520,246	2,571,736	2,585,366	2,616,612
Expenditures										
General Government	326,844	410,546	528,805	792,800	605,659	523,522	857,863	665,464	754,772	857,581
Public Safety	604,752	666,720	774,485	975,498	838,765	838,880	1,073,476	947,349	1,068,721	899,688
Physical Environment	395,559	397,046	408,656	54,010	37,123	36,724	42,269	47,201	71,963	40,353
Transportation	324,463	363,295	418,393	433,419	198,699	366,265	459,753	500,401	546,682	472,513
Economic Environment	-	-	-	563	9,751	235,089	209,761	207,257	339,724	123,493
Culture and Recreation	466,674	495,579	580,952	550,160	434,260	444,553	458,502	446,399	513,448	523,018
Capital Outlay	1,618,276	351,117	399,258	313,733	72,336	77,899	-	-	-	-
Debt Service:										
Principal	41,731	41,544	35,339	158,121	132,096	218,922	136,657	140,708	206,172	128,869
Interest & Issuance Costs	6,603	6,791	6,317	18,711	13,149	13,970	12,479	8,426	10,018	15,067
Grants and Aids	-	10,068	-	-	-	-	-	-	-	-
Total Expenditures	3,784,902	2,742,706	3,152,205	3,297,015	2,341,838	2,755,824	3,250,760	2,963,205	3,511,500	3,060,582
Excess (Deficiency) of Revenues over (under) Expenditures	(196,373)	(125,743)	(392,137)	175,020	423,468	(253,434)	(730,514)	(391,469)	(926,134)	(443,970)
Other Financing Sources (Uses)										
Transfers in	366,256	242,376	343,663	49,266	117,500	258,297	-	-	568,330	515,998
Transfers out	(218,953)	(78,897)	(184,321)	(120,040)	(466,770)	(11,647)	-	-	(93,888)	(4,278)
Debt Proceeds	45,450	-	503,685	-	231,533	50,215	196,563	19,852	440,401	40,000
Total Other Financing Sources (Uses)	192,753	163,479	663,027	(70,774)	(117,737)	296,865	196,563	19,852	914,843	551,720
Net Change in Fund Balances	\$ (3,620)	\$ 37,736	\$ 270,890	\$ 104,246	\$ 305,731	\$ 43,431	\$ (533,951)	\$ (371,617)	\$ (11,291)	\$ 107,750
Debt service as a percentage of noncapital expenditures	2.23%	2.02%	1.51%	5.93%	6.74%	9.00%	5.11%	5.23%	6.75%	4.93%

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

FISCAL YEAR	REAL PROPERTY		PERSONAL PROPERTY		CENTRALLY ASSESSED PROPERTY		TOTAL		(IN MILLS) DIRECT TAX RATE	TOTAL TAXABLE VALUE PERCENTAGE OF TOTAL JUST VALUE
	TAXABLE VALUE	ESTIMATED JUST VALUE	TAXABLE VALUE	ESTIMATED JUST VALUE	TAXABLE VALUE	ESTIMATED JUST VALUE	TAXABLE VALUE	ESTIMATED JUST VALUE		
2005	73,445,679	99,722,684	11,803,099	11,803,099	5,813	5,813	85,254,591	111,531,596	5.9900	76.44%
2006	85,577,905	113,783,444	11,474,295	11,474,295	6,511	6,511	97,058,711	125,264,250	6.2400	77.48%
2007	110,830,231	165,202,581	12,822,251	13,384,100	5,812	5,812	123,658,294	178,592,493	6.2400	69.24%
2008	126,622,000	181,720,456	13,827,323	14,526,160	5,242	5,242	140,454,565	196,251,858	5.7593	71.57%
2009	127,600,008	200,188,397	12,944,226	15,551,682	5,092	6,804	140,549,326	215,746,883	6.5000	65.15%
2010	113,870,940	177,409,671	14,803,104	17,317,971	4,871	6,364	128,678,915	194,734,009	6.8795	66.08%
2011	102,871,332	162,332,030	12,054,919	14,631,545	4,106	5,646	114,930,357	176,969,221	7.6419	64.94%
2012	103,927,315	150,858,928	11,322,275	13,444,051	4,106	4,106	115,253,696	164,302,979	8.2480	70.15%
2013	94,264,999	152,841,267	12,826,371	15,333,257	-	-	107,091,370	168,175,060	8.2480	63.68%
2014	99,525,397	160,283,636	12,458,051	15,108,906	-	-	111,983,448	175,392,542	8.2480	63.85%

Source-Lake County Property Appraiser's Office

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

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

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

OVERLAPPING GOVERNMENTS AND RATES									
FISCAL YEAR	OPERATING RATE CITY	LAKE COUNTY	SCHOOL DISTRICT	AMBULANCE DISTRICT	COUNTY DEBT SERVICE	HOSPITAL DISTRICT	WATER MANAGEMENT DISTRICT	WATER CONSERVATION AUTHORITY	TOTAL
2005	5.9900	5.8170	7.9900	0.5289	N/A	1.0000	0.4620	0.3831	22.1710
2006	6.2400	5.7970	7.9810	0.5289	N/A	1.0000	0.4620	0.3370	22.3459
2007	6.2400	5.9470	7.6480	0.5289	0.2000	1.0000	0.4620	0.2530	22.2789
2008	5.7593	4.9410	7.6980	0.4651	0.2000	1.0000	0.4158	0.2130	20.6922
2009	6.5000	4.6511	7.5170	0.4651	0.1101	1.0000	0.4158	0.2130	20.8721
2010	6.8795	4.7309	7.5230	0.3853	0.1101	1.0000	0.4158	0.2405	21.2851
2011	7.6419	4.7309	7.3940	0.3853	0.1101	1.0000	0.3313	0.2405	21.8340
2012	8.2480	4.7309	7.3200	0.3853	0.1900	1.0000	0.3313	0.2554	22.4609
2013	8.2480	4.7309	7.1700	0.3853	0.1900	1.0000	0.0328	0.2554	22.0124
2014	8.2480	4.7309	7.1700	0.3853	0.1900	1.0000	0.3283	0.2554	22.3079

Source: Lake County Property Appraiser's Office

Notes:

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

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

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

Taxpayer	Fiscal Year 2014			Fiscal Year 2005			
	Taxable Assessed		Rank	Taxable Assessed			Value
	Value	Value		Taxpayer	Value	Rank	
LAKEVIEW TERRACE RETIREMENT SERVICES INC	\$ 6,057,095		1	*	*	1	*
ARGUELLES HOLDINGS LLC	3,483,520		2	*	*	2	*
EVERS ENTERPRISES LLLP	3,391,439		3	*	*	3	*
EMBARQ FLORIDA INC.	1,873,271		4	*	*	4	*
DUKE ENERGY	1,788,245		5	*	*	5	*
NATIONWIDE UMATILLA CENTER INC	1,489,471		6	*	*	6	*
UNITED SOUTHERN BANK	1,351,741		7	*	*	7	*
QUANTUM LAKE POWER	1,346,522		8	*	*	8	*
GOLDEN ESTATES LLC	1,148,538		9	*	*	9	*
JOHNSON COLIN B	983,876		10	*	*	10	*
Total	<u>\$ 22,913,718</u>		<u>20.46%</u>		<u>\$ -</u>		<u>0.00%</u>

* Data not available

Source: Lake County Property Appraiser

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

<u>FISCAL YEAR</u>	<u>TOTAL TAX LEVY</u>	<u>CURRENT TAX COLLECTIONS</u>	<u>PERCENT OF LEVY COLLECTED</u>	<u>DELINQUENT TAX COLLECTIONS</u>	<u>TOTAL TAX COLLECTIONS</u>	<u>% TOTAL TAX COLLECTIONS TO TAX LEVY</u>
2005	510,675	491,015	96.15%	1,321	492,336	96.41%
2006	605,646	584,462	96.50%	6,239	590,701	97.53%
2007	771,628	746,338	96.72%	6,611	752,949	97.57%
2008	808,357	749,004	92.66%	38,504	787,508	97.42%
2009	913,571	882,269	96.57%	5,522	887,791	97.18%
2010	891,672	804,615	90.24%	52,568	857,183	96.13%
2011	885,247	811,771	91.70%	50,213	861,984	97.37%
2012	878,286	748,682	99.86%	39,620	788,302	89.75%
2013	901,498	757,065	99.86%	40,430	797,495	88.46%
2014	883,290	862,156	97.61%	38,850	901,006	102.01%

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

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	Capital Leases	Loans Payable	Utility Revenue Bonds	Loans Payable			
2005	188,824	-	363,000	-	551,824	N/A	255
2006	147,280	-	336,000	-	483,280	N/A	230
2007	615,626	-	321,000	-	936,626	1.37%	403
2008	434,060	-	298,000	-	732,060	2.36%	334
2009	358,275	-	272,000	86,479	716,754	1.57%	284
2010	189,568	-	241,000	70,382	500,950	1.37%	162
2011	249,474	-	208,000	53,748	511,222	0.79%	148
2012	128,618	-	173,000	36,558	338,176	0.33%	97
2013	362,847	-	136,000	18,793	517,640	0.37%	146
2014	233,978	40,000	98,000	-	371,978	0.33%	102

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

^a See following "DEMOGRAPHIC AND ECONOMIC STATISTICS" for personal income and population data.

N/A - Information is not available

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

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

**CITY OF UMATILLA, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2014**

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Other Debt			
Lake County Board of County Commissioners	\$ 24,220,000	0.17%	\$ 40,950
School District of Lake County	31,437,000	0.17%	<u>53,152</u>
Subtotal, overlapping debt			94,101
Direct debt	371,978		
Total direct and overlapping debt			<u><u>\$ 94,101</u></u>

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

- (1) General Obligation only
- (2) The estimated percentage is based on the city's population to total county population
- (3) The City has no general obligation debt

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

Fiscal Year	Operating Revenues ²	Operating Expenses ¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2005	1,187,723	669,176	518,547	35,000	19,754	54,754	9.47
2006	1,330,449	801,655	528,794	27,000	18,037	45,037	11.74
2007	1,357,926	909,944	447,982	15,000	16,737	31,737	14.12
2008	1,466,110	1,614,751	-	24,000	16,050	40,050	0.00
2009	1,413,653	1,210,547	203,106	25,000	14,850	39,850	5.10
2010	932,494	841,500	90,994	31,000	13,467	44,467	2.05
2011	962,381	728,985	233,396	33,000	12,050	45,050	5.18
2012	905,617	691,899	213,718	35,000	10,350	45,350	4.71
2013	941,787	731,592	210,195	37,000	8,650	45,650	4.60
2014	981,722	764,968	216,754	38,000	8,600	46,600	4.65

¹ Operating expenses are exclusive of depreciation.

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

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

Fiscal Year	Population	Total Personal Income of all Umatilla Residents	Per Capita Personal Income	Median Age	Lake County Unemployment Rate
2005	2,509	*	*	*	3.60%
2006	2,647	44,527,834	16,822	37.70	3.00%
2007	2,601	43,754,022	16,822	37.70	4.40%
2008	2,603	55,568,844	21,348	39.40	7.10%
2009	3,047	63,456,822	20,826	41.10	12.70%
2010	3,083	64,382,289	20,883	48.50	12.40%
2011	3,456	101,831,040	29,465	48.74	10.60%
2012	3,481	132,532,113	38,073	48.05	8.90%
2013	3,546	138,159,252	38,962	48.50	6.90%
2014	3,658	111,982,354	30,613	49.20	6.20%

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

*Data not available

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

<u>Employer</u>	<u>2014</u>			<u>2005</u>			
	<u>Rank</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employer</u>	<u>Rank</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Lake County School Board	1	243	*	*	*	*	*
Lakeview Terrace	2	140	*	*	*	*	*
Recovery Village	3	122	*	*	*	*	*
United Southern Bank	4	53	*	*	*	*	*
McDonalds	5	49	*	*	*	*	*
City of Umatilla	6	42	*	*	*	*	*
Lake County Health Clinic	7	39	*	*	*	*	*
Utility Technicians	8	25	*	*	*	*	*
Faryna Grove Care	9	23	*	*	*	*	*
Beef O'Brady's	10	22	*	*	*	*	*

* Data not available
Source: City staff

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

Full-time Equivalent Employees as of September 30th

Function	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
General Government										
City Manager	1	1	1	1	1	1	1	1	1	1
City Clerk	1	1	1	1	1	1	1	1	1	1
Finance	3.0	3.5	3.0	5.0	4.0	3.0	3.0	3.0	3.0	3.0
Facilities Maint.	1	1	1	1	1	1	1	1	1	1
Total General Government	6.0	6.5	6	8	7	6	6	6	6	6
Public Safety										
Police Officers	9	9	9	9	9	9	9	9	9	9
Police Civilians	2	2	2	2	2	2	2	2	2	2
Building Dept.	0	0	0	0	0	0	0	0	0	0
Code Enforcement	1	1	1	1	1	1	1	1	1	1
Total Public Safety	12	12	12	12	12	12	12	12	12	12
Growth Management										
Public Works										
Administration	2	2	2	2	2	2	2	2	2	2
Cemetery	1	1	1	1	1	1	1	1	1	1
Street Maint.	6	7	6	7	6	6	6	7	7	6
Total Public Works	9	10	9	10	9	9	9	10	10	9
Culture and Recreation										
Library	9	10	8	8	8	8	8	8	8	8
Parks and Recreation	1	1	1	1	1	1	1	1	1	2
Total Culture and Recreation	10	11	9	9	9	9	9	9	9	10
Utilities										
Water	3	3	4	4	4	4	4	3	3	3
Sewer	2	2	2	2	1	1	1	2	2	2
Sanitation	0	0	0	0	2	2	2	0	0	0
Total Utilities	5	5	6	6	7	7	7	5	5	5
Total Government Employees	42.0	44.5	42	45	44	43	43	42	42	42

Source: Finance Department

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Arrests	*	182	183	222	217	134	104	70	97	114
Traffic/DUI Citations	*	1,032	1,032	16	17	8	4	87		228
Traffic Accidents	*	76	76	70	48	80	51	58	58	58
Warrants	*	24	24	13	12	5	6	5	21	17
Building Department:										
The City's building permits are approved and issued by Capri Engineering. (The building services are outsourced to a private company)	*			148	113	151	117	146	166	284
Roads and Streets										
Potholes repaired	*	150	150	170	210	160	240	240	425	480
Street resurfacing (by mile)	*	1.25	1.25	0.5		0	0.0	0.25	0.25	0.50
Library										
Total Circulation (Library materials checked out)	*	113,886	113,886	17,949	119,930	126,420	143,458	138,150	145,830	146,537
Total Users of Public Internet Computers	*	26,753	26,753	25,083	26,470	30,215	19,006	34,529	22,214	32,965
Total Reference Transactions	*	520	520	25,688	19,500	19,396	22,308	15,912	20,541	15,652
Total Annual Programs	*	498	498	459	293	461	385	399	395	458
Total Program Attendance	*	9,984	9,984	10,231	7,684	13,033	15,640	12,847	12,859	12,531
Total Number of registered card holders	*	11,111	11,111	8,615	8,476	9,033	9,868	10,537	7,963	4,173
Number of hours spent on public technology instruction	*	32	32	652	834	723	43	84	80	62
Total Library visitors	*	101,934	101,934	111,847	80,057	122,677	141,968	120,969	115,494	109,686
Parks and Recreation										
Number of Recreation Leases	*		85	129	102	148	87	322	309	323
Number of Bookings at the Community Building	*					92	24	72	57	38
Water										
Commercial Connections	*	195	195	198	192	148	180	207	237	197
Residential Connections	*	1,258	1,258	1,256	1,264	1,303	1,205	1,229	1,423	1,530
Total Connections	*	1,453	1,453	1,454	1,456	1,451	1,385	1,436	1,660	1,727
Average Daily Consumption (gallons per day)	*	407,000	407,000	396,000	365,000	355,000	355,000	356,000	343,000	343,000
Treatment capacity (gallons per day)	*	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Wastewater										
Commercial Connections	*	124	124	839	121	120	118	119	144	133
Residential Connections	*	852	852	118	829	822	806	817	894	927
Total Connections	*	976	976	957	950	942	924	936	1,038	1,060
Average Daily Sewage Treatment (gallons per day)	*	131,000	131,000	163,000	187,000	158,000	158,000	147,000	187,000	187,000
Treatment Capacity (gallons per day)	*	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000

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

Sources: Various city departments

* Data not available

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Stations (Includes substations)	*	1	1	1	1	1	1	1	1	1
Patrol Units (2 shifts/2 officers per shift)	*	4	4	4	4	4	4	4	4	4
Sworn Officers (positions filled at year end)	*	9	9	9	9	9	9	9	9	9
Support	*	1	1	1	1	1	1	1	1	1
Roads and Streets										
Paved Roads	*	20.3	20.3	20.3	20.3	20.3	20.3 miles	21 miles	21 miles	21 miles
Unpaved Roads	*	2.1	2.1	2.1	2.1	2.1	2.1 miles	2.0 miles	2.0 miles	2.0 miles
Sidewalks	*	56,836	56,836	56,836	56,836	56,836	56,836 feet	56,836 feet	56,836 feet	56,836 feet
Culture and Recreation										
Libraries	*	1	1	1	1	1	1	1	1	1
Acreage	*	35	35	35	35	35	35	35	35	35
Parks	*	6	6	6	6	6	6	6	6	6
Recreation Centers	*	1	1	1	1	1	1	1	1	1
Basketball Courts	*	2	2	2	2	2	2	2	2	2
Tennis Courts	*	2	2	2	2	2	2	2	2	2
Baseball Fields	*	1	1	1	1	1	1	1	1	1
Playgrounds	*	3	3	3	3	3	3	3	3	3
Soccer Fields	*	1	1	1	1	1	1	1	1	1
Swimming Pool	*	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	*	30.9	30.9	30.9	30.9	30.9	30.9	30.9	30.9	30.9
Storage Capacity (gallons)	*	250,000	250,000	250,000	250,000	250,000	250,000.0	250,000.0	250,000.0	250,000.0
Fire Hydrants	*	151	151	151	151	151	151	151	151	151
Water Plants	*	1	1	1	1	1	1	1	1	1
Wastewater										
Sewers-Force Mains/Gravity (miles)	*	14.1	14.1	14.1	14.1	14.1	14.1	14.1	14.1	14.1
Treatment Capacity (gallons/daily)	*	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Lift Stations	*	9	9	9	9	9	9	9	9	9

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

Sources: Various city departments

* Data not available

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Umatilla, Florida as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise City of Umatilla, Florida's basic financial statements, and have issued our report thereon dated April 20, 2015.

Internal Control over Financial Reporting

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

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

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

MCDIRMIT DAVIS & COMPANY, LLC

934 North Magnolia Avenue, Suite 100 Orlando, Florida 32803

TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Umatilla in a separate letter dated April 20, 2015.

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
April 20, 2015

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

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

Report on Compliance for the Major State Project

We have audited the *City of Umatilla, Florida's* (the City) compliance with the types of compliance requirements described in the Florida Department of Financial Services *State Projects Compliance Supplement* that could have a direct and material effect on the City's major state project for the year ended September 30, 2014. The City's major state project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, *Rules of the Auditor General*. Those standards and rules require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major state 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 the major state project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the 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 its major state project for the year ended September 30, 2014.

MCDIRMIT DAVIS & COMPANY, LLC

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

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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
April 20, 2015

CITY OF UMATILLA, FLORIDA

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

Year Ended September 30, 2014

Award type				
Grantor	CSFA	Agency or Pass-through		
Grantor program title	Number	Entity Grant Number		Expenditures
State Award				
State of Florida, Department of Environmental Protection				
Sewer Line Rehabilitation *	37.039	LP35071	\$	456,947
Water Line Rehabilitation *	37.039	LP35071		114,145
State of Florida, Department Transportation				
Object Free Area, Security, and Automobile Parking Lot	55.004	FM431621		2,925
Total state awards			\$	<u>574,017</u>

* Denotes a major program

CITY OF UMATILLA, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

Year Ended September 30, 2014

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of the City of Umatilla, Florida (the City) under programs of the State of Florida government for the year ended September 30, 2014. 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, 2014, even if the grant was received subsequent to that date. State expenditures are recognized following the cost principles contained in Florida Department of Financial Services *State Projects Compliance Supplement*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

CITY OF UMATILLA, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
STATE PROJECTS

Year Ended September 30, 2014

Part A - Summary of Auditor's Results:

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Umatilla, Florida (the City).
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the City, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major state project are reported in the Independent Auditor's Report on Compliance For Each Major Program and on Internal Control over Compliance Required By Chapter 10.550, *Rules of the Auditor General*.
5. The auditor's report on compliance for the major federal award programs for the City expresses an unqualified opinion.
6. The program tested as a major project included: State of Florida, Department of Environmental Protection Statewide Surface Water Restoration and Wastewater Projects (CFSA 37.079).
7. The threshold used for distinguishing between Type A and B programs was \$300,000.
8. The City did not qualify as a low-risk auditee.

Part B - Findings - Financial Statement Audit:

None

Part C - Findings and Questioned Costs - Major Federal Award Programs:

None

MANAGEMENT LETTER

Honorable Mayor and City Council
 City of Umatilla, Florida

Report on the Financial Statement

We have audited the financial statements of the City of *Umatilla, Florida*, as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated April 20, 2015.

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 Reports and Schedule

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor’s Report on Compliance for the Major State Project and Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Auditor’s Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 20, 2015, 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 not been taken to address findings and recommendations made in the preceding annual financial audit report.

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2012-13 FY Finding #	2011-2012 FY Finding #
ML 14-01	ML 13-01	N/A

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

MCDIRMIT DAVIS & COMPANY, LLC

934 North Magnolia Avenue, Suite 100 Orlando, Florida 32803

TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

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

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

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the *City of Umatilla, Florida's* financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the *City of Umatilla, Florida* for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

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

Purpose of this Letter

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

McDermitt Davis & Company, LLC

Orlando, Florida
April 20, 2015

**APPENDIX A - CURRENT YEAR RECOMMENDATIONS TO
IMPROVE THE CITY'S FINANCIAL MANAGEMENT**

For the Year Ended September 30, 2014

ML 14-1-Interfund Account Reconciliations

Criteria - Cities are required to track interfund activity and ending interfund balances.

Condition - Interfund activity was not reconciled throughout the year.

Cause - Due to the system's processing of interfund activity, and posting of adjustments, various adjustments were required at year end to balance the interfund activity.

Effect - The City does not have an accurate picture of the detail of the interfund balances in each fund.

Recommendation - We recommend procedures be implemented to reconcile all accounts at least quarterly to ensure all transactions are posted to the system correctly.

Honorable Mayor and City Council
City of Umatilla, Florida

We have audited the financial statements of the *City of Umatilla, Florida* as of and for the year ended September 30, 2014, and have issued our report thereon dated April 20, 2015. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 2, 2011, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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

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

We have provided our findings regarding control deficiencies over financial reporting and other matters noted during our audit in a separate letter to you dated April 20, 2015.

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

MCDIRMIT DAVIS & COMPANY, LLC

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

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the *City of Umatilla, Florida* is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, during the year, the City adopted Governmental Accounting Standards Board (GASB) Statements No. 62, 63 and 65. Accordingly, the cumulative effect of the accounting change as of the beginning of the year has been reported in the Statement of Activities. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

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

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

Significant Difficulties Encountered During the Audit

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

Uncorrected and Corrected Misstatements

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

Disagreements with Management

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

Representations Requested from Management

We have requested certain representations from management that are included in the management representation letter dated April 20, 2015.

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

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

Very truly yours,

McDiernit Davis & Company, LLC

Orlando, Florida
April 20, 2015

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

The Honorable Mayor and City Council
City of Umatilla, Florida

We have examined City of Umatilla, Florida's (the City) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2014. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, City of Umatilla, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

McDirmit Davis & Company, LLC

Orlando, Florida
April 20, 2015

MCDIRMIT DAVIS & COMPANY, LLC

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



This page intentionally left blank



CITY OF UMATILLA

"NATURE'S HOMETOWN"

April 20, 2015

McDermitt Davis & Company, LLC
934 North Magnolia Avenue, Ste 100
Orlando, Florida 32803

Re: Management Response to Report on Internal Control over Financial Reporting and on
Compliance and Management letter

Comment ML 14-01 – Interfund Account Reconciliations

Staff concurs with recommendation that the City develop and improve procedures to reconcile all accounts at least quarterly to ensure all transactions are posted to the system correctly. Staff has conferred with software provider and requested assistance to collaborate to create a monthly process to reconcile all interfund transactions.



This page intentionally left blank



Soon to be....just a memory. Since July 2014 our City Hall Building and Civic Center has been shrouded by THE TARP.

Happily, this lone worker on the roof is preparing to rip that TARP off and finish the job! Tune in next year for the "After" pictures.

