



# **CITY OF UMATILLA, FLORIDA**

**Comprehensive Annual Financial Report**

**Fiscal Year Ended September 30, 2015**



This is where we left off last year—ready to tear off the dreaded tarp and re-create our City Hall. The original building above was built in 1960 and has been in continuous service for 55 years. Many thanks to all who have been involved in this effort which was primarily funded with Infrastructure Sales Tax revenue.

CITY OF UMATILLA, FLORIDA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED SEPTEMBER 30, 2015

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## **INTRODUCTORY SECTION**



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# CITY OF UMATILLA

"NATURE'S HOMETOWN"

May 26, 2016

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, 2015 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 3,798. The City's property tax millage rate is 7.298. The City is continuing a rebirth of its downtown core area with many infrastructure and redevelopment projects completed or underway. The population has remained relatively stable with a 4% increase over the prior year.

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

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 fiscal year 2014 with an ordinance providing for rate increases effective October 1<sup>st</sup> of 2015, 2016, and 2017 with increases based upon CPI adjustments in years 2018 and forward. This was a major rate change in the way the City bills for utility services.

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

Also, the City was extremely fortunate to have received Legislative Appropriations for Water System Capital Improvements. Approximately \$4 million was appropriated by the State to replace aging cast iron/galvanized water mains. This project is still in the engineering phase with construction expected during the 2016 fiscal year.

During this fiscal year, operating revenues increased by 22% or \$203,826 in fiscal year 2015. Water and Sewer fund operating expenditures decreased \$54,910 or 4.6%, exclusive of depreciation and debt service. Transfers to the General Fund decreased slightly by \$18,038 or 8.3%

The Sanitation Fund operating revenues increased by \$7,979. Airport Fund operating revenues were up by \$2,273, or 3%. Stormwater operating revenues were up slightly by \$550 over the previous year.

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

The City is experiencing some improvement of effects of the national economic slowdown with several new major constructions projects contributing to an improved outlook - the most significant of which was Lakeview Terrace which comprises 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. Improvements and additions continued during FY 2015 and into FY2016

### **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. A new downtown parking lot was constructed with costs shared with infrastructure sales tax funding.

The One-Cent Discretionary Infrastructure Sales Tax 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. The City acquired two new police vehicles using surtax revenues this fiscal year. The current term for the tax was set to expire in 2017 however, the One-Cent Discretionary Infrastructure Sales Tax has been extended for another fifteen year term by the voters of Lake County.

During fiscal year 2014-2015, City Hall roof replacement was completed, renovations to City Council Chambers and other interior areas were completed, and City Hall parking lot and exterior improvements were completed.

The airport parking lot at 480 Cassady Street was completed this fiscal year. The project increased parking space for our patrons and it was funded by FAA and FDOT.

During fiscal year 2014-2015, phase one of the sewer rehabilitation project was completed. The project to replace or reline sewer lines was funded with a Legislative Appropriation and will improve performance and extend the life of the sewer infrastructure.

### **Long-term Financial Planning**

During fiscal year 2013-2014 the City 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 fiscal year 2014 and engineering work has proceeded to carry out the capital improvements identified using funding from rates, grants and legislative appropriations.

City management also worked with several grantor agencies to put together funding for a badly needed and Stormwater/Water/Sewer project in excess of \$1.5 million dollars which began this 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 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 an independent auditor, the City submits the completed CAFR to the Government Finance Officers Association of the United States and Canada (GFOA) as part of their awards program.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended September 30, 2014. This was the third year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

## Acknowledgement

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

Respectfully Submitted,



Scott Blankenship  
City Manager



Government Finance Officers Association

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

Presented to

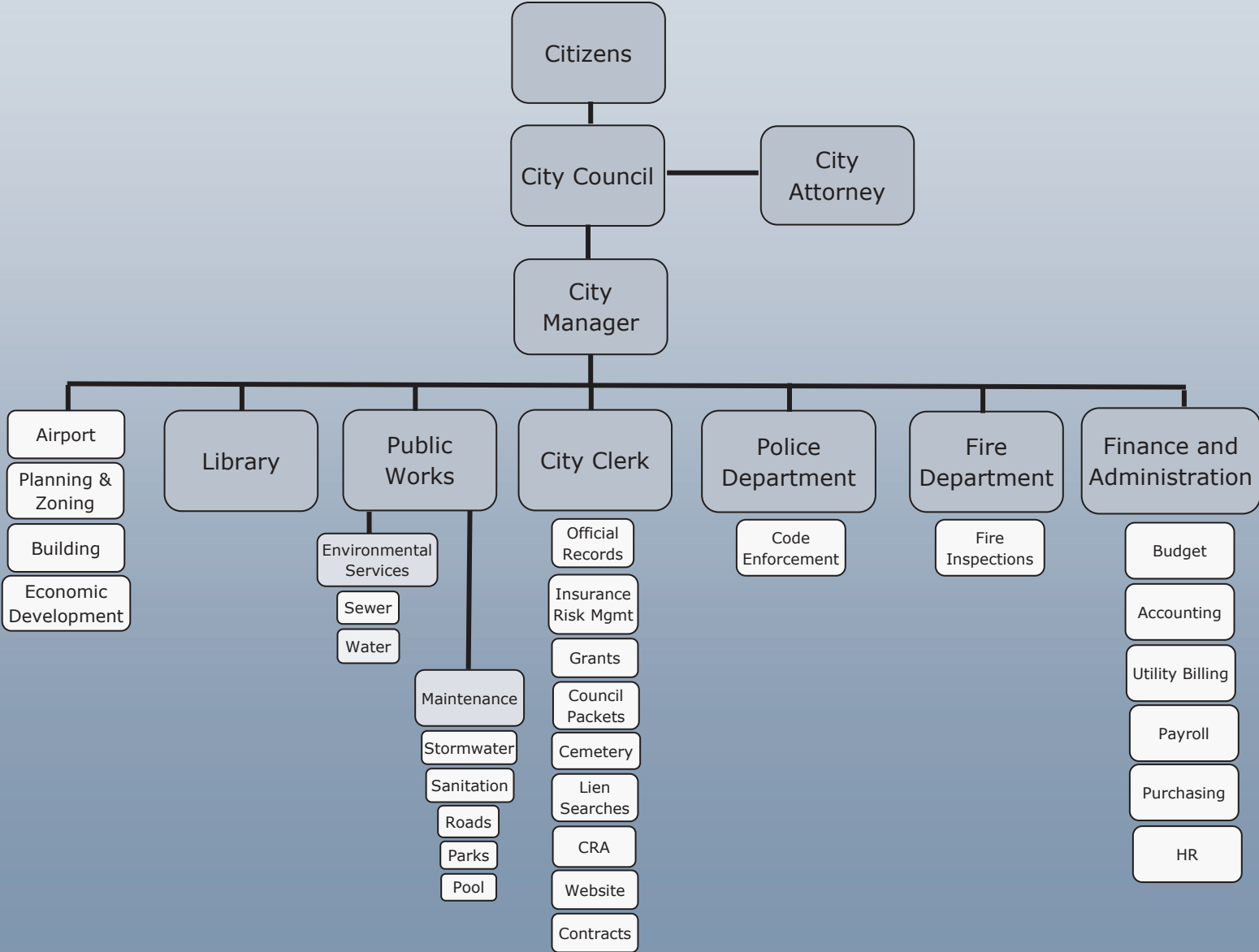
**City of Umatilla  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO

# City of Umatilla Organization Chart



**CITY OF UMATILLA, FLORIDA**

**CITY COUNCIL AND OFFICIALS**

**SEPTEMBER 30, 2015**

Mayor.....Brian Butler  
City Council Seat #1.....Peter Tarby  
City Council Seat #2.....Laura Wright  
City Council Seat #3.....Eric Olson  
City Council Seat #4.....H. Scott Purvis  
City Council Seat #5.....Katherine Adams  
City Manager.....Scott Blankenship  
City Attorney.....Kevin Stone  
City Clerk.....Karen Howard, CMC  
Finance Director.....Carol Rogers, CPA



## **FINANCIAL SECTION**



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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the *City of Umatilla, Florida (the City)*, as of and for the year ended September 30, 2015, 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, 2015, 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

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## **Change in Accounting Principle**

As discussed in Note 1 to the financial statements, in 2015, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

## **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 67 through 71, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated May 26, 2016 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*McDiernit Davis & Company, LLC*

Orlando, Florida  
May 26, 2016

## 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, 2015. 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 \$19,153,742 (net position). Of this amount, \$1,413,970 (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 \$1,900,572 or 10.97%.
- As of the close of the current fiscal year, the City of Umatilla's governmental funds reported combined ending fund balances of \$1,239,139. Approximately 48% of this total amount, \$596,619, 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 \$596,619, or 23% of total general fund expenditures.
- The City of Umatilla's total debt decreased by \$96,856 (26%) 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, liabilities, deferred inflows, and deferred outflows with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Umatilla is improving or declining.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Overview of the Financial Statements (Continued)

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

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

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

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

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

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

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Overview of the Financial Statements (Continued)

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

The City of Umatilla adopts an annual appropriated budget for all governmental funds. Budgetary comparison statements have been provided for those funds to demonstrate budgetary compliance. Budgetary comparison statements have been provided for the General Fund, Discretionary Tax Fund, and Community Redevelopment Agency to demonstrate compliance with this budget on pages 18-20. Budgetary comparison schedules for the nonmajor funds are presented on pages 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 28-65 of this report.

**Required Supplementary Information (RSI).** RSI can be found on pages 66-70 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 71-74 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 \$19,153,742 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 \$17,226,507 (or 89.9%) 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 \$513,265 (2.7%). The remaining balance of *unrestricted net position* (\$1,413,970 or 7.4%) may be used to meet the government's ongoing obligations to citizens and creditors.

At September 30, 2015, 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.

<b>City of Umatilla</b>						
<b>Statement of Net Position</b>						
<b>As of September 30</b>						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
<b>Assets:</b>						
Current and other assets	\$ 1,865,689	\$ 1,609,316	\$ 1,696,692	\$ 1,486,983	\$ 3,562,381	\$ 3,096,299
Capital assets	3,489,250	3,205,780	13,975,695	12,547,970	17,464,945	15,753,750
Total assets	5,354,939	4,815,096	15,672,387	14,034,953	21,027,326	18,850,049
<b>Deferred Outflows</b>						
<b>of Resources</b>	180,196	-	24,386	-	204,582	-
<b>Liabilities:</b>						
Current liabilities	154,269	247,193	618,887	555,754	773,156	802,947
Long term liabilities	971,478	480,752	223,957	125,099	1,195,435	605,851
Total liabilities	1,125,747	727,945	842,844	680,853	1,968,591	1,408,798
<b>Deferred Inflows</b>						
<b>of Resources</b>	88,444	-	21,131	-	109,575	-
<b>Net Position:</b>						
Net investment in capital assets	3,307,812	2,931,802	13,918,695	12,449,970	17,226,507	15,381,772
Restricted	351,535	499,300	161,730	198,337	513,265	697,637
Unrestricted	661,597	656,049	752,373	705,793	1,413,970	1,361,842
Total net position	<u>\$ 4,320,944</u>	<u>\$ 4,087,151</u>	<u>\$ 14,832,798</u>	<u>\$ 13,354,100</u>	<u>\$ 19,153,742</u>	<u>\$ 17,441,251</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 \$1,900,572 or 10.56% in fiscal year 2015. The previous fiscal year, 2014, net position increased by \$333,564.



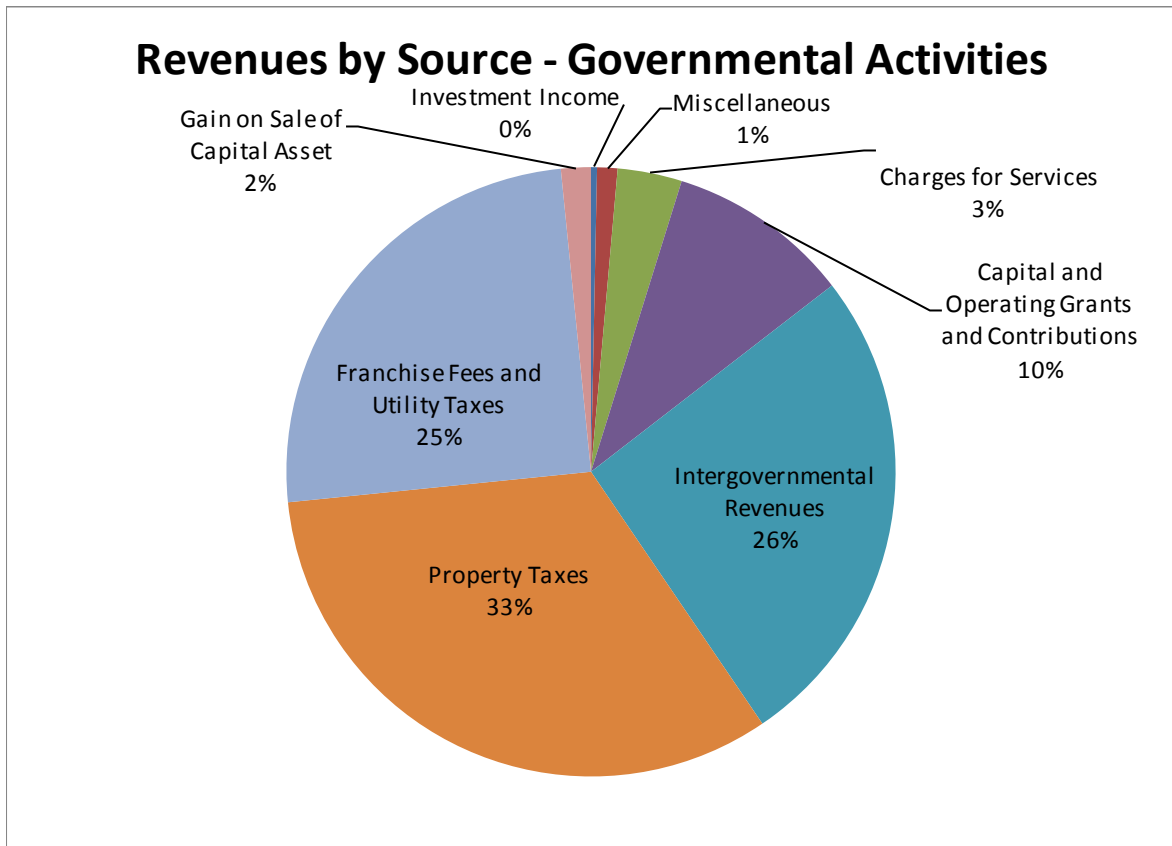
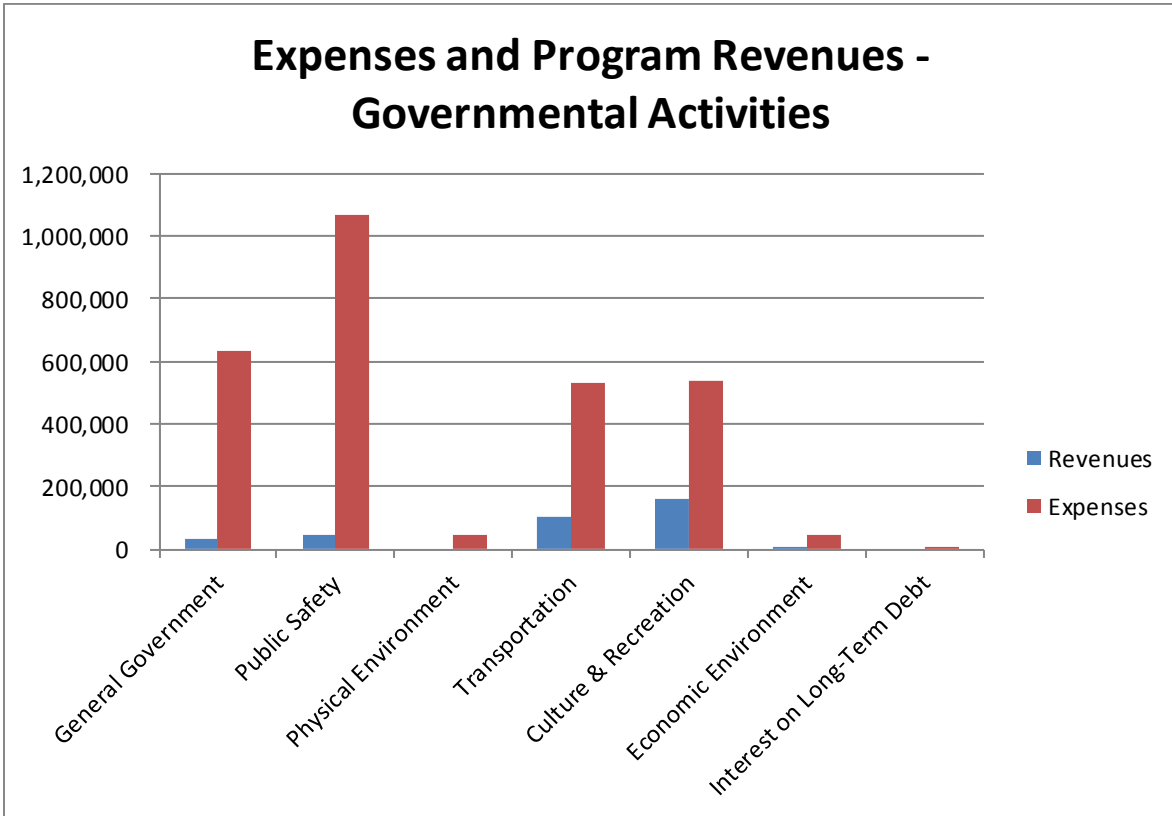
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Government-wide Financial Analysis (Continued)**

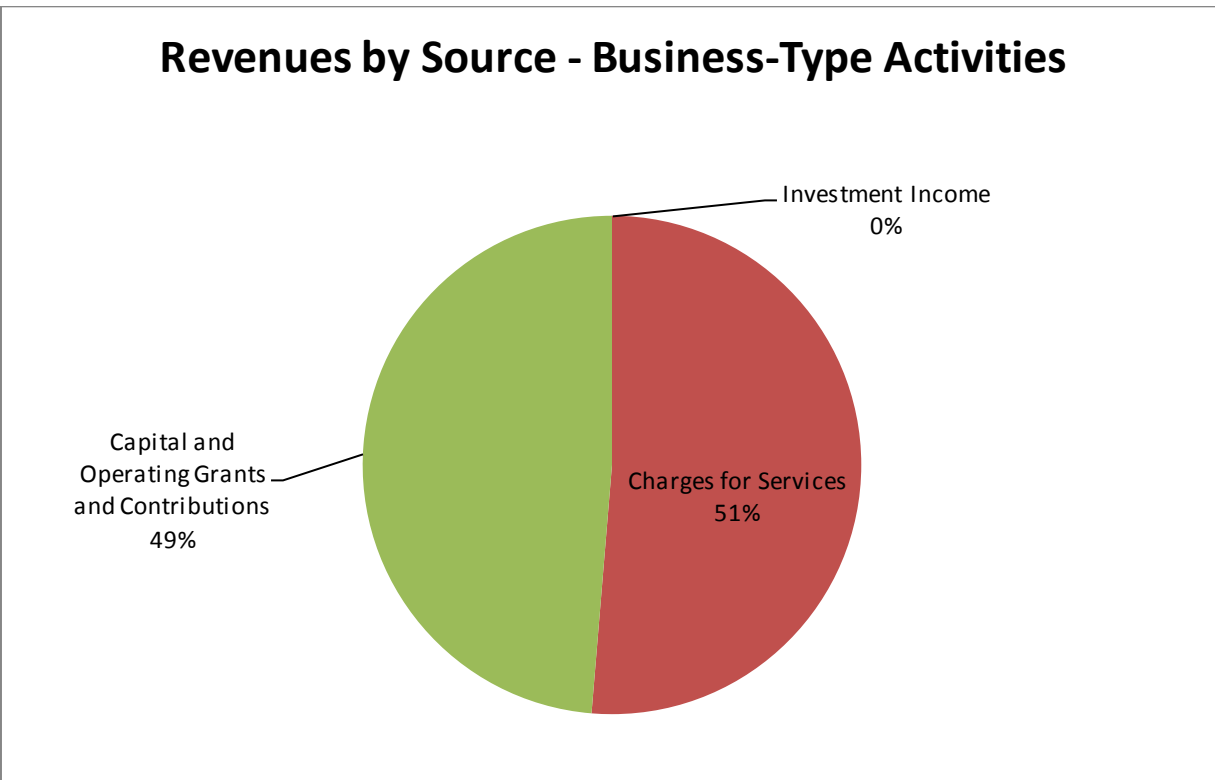
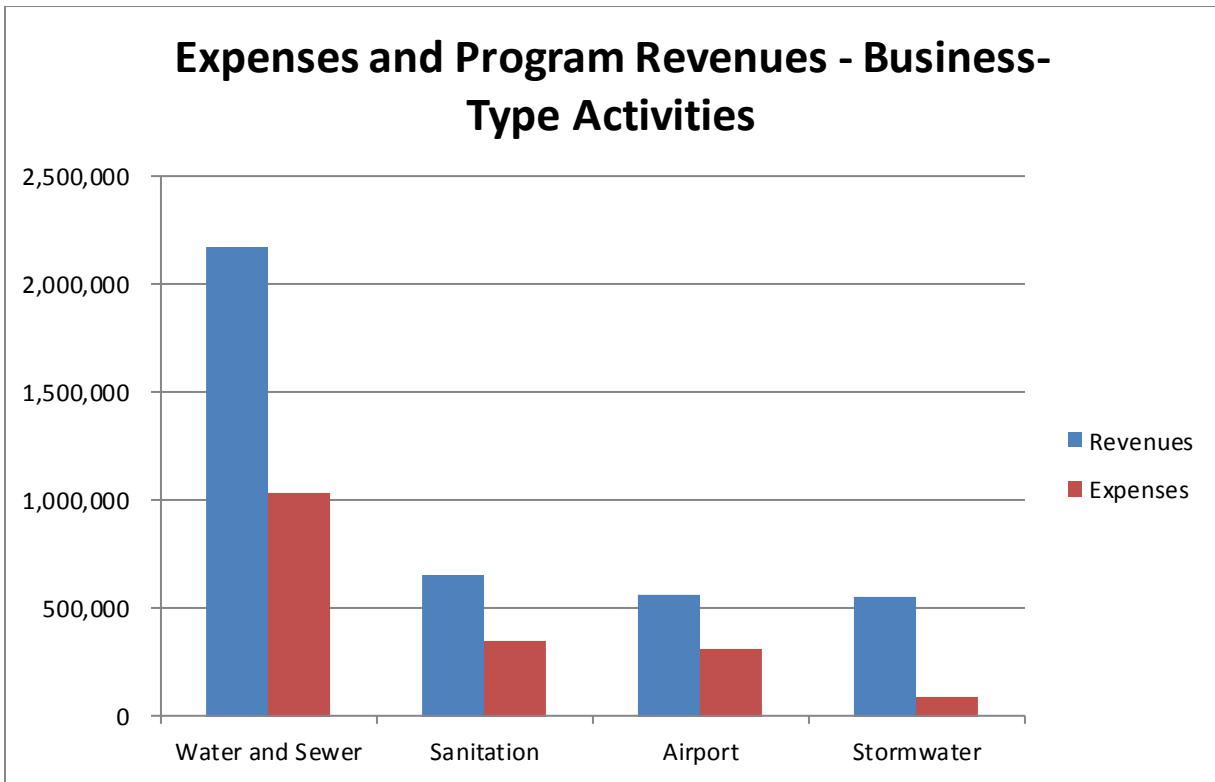
**Statement of Activities (Continued)** Governmental activities increased by \$286,159 in fiscal year 2015 compared to an increase of \$203,093 in 2014. Revenues increased by \$1,477,770 from the previous year and total expenses decreased by \$89,238, resulting in an overall improvement of \$1,567,008 for the year. Grants and contributions increased by \$1,285,895. On the expense side, general government and economic environment expenses decreased \$221,220. Business-type activities increased net position by \$1,614,413 in fiscal year 2015 compared to an increase of \$130,471 in 2014. This is primarily a result of an increase in grants received from outside agencies, as well as an increase in water rates in 2015.

City of Umatilla						
Changes in Net Position						
For the Year Ended September 30						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
<b>Program Revenues:</b>						
Charges for services	\$ 89,512	\$ 121,826	\$ 2,018,143	\$ 1,794,853	\$ 2,107,655	\$ 1,916,679
Operating grants and contributions	242,961	218,433	-	-	242,961	218,433
Capital grants and contributions	11,240	4,135	1,915,418	661,156	1,926,658	665,291
<b>General Revenues:</b>						
Property taxes	861,702	901,006	-	-	861,702	901,006
Utility taxes and franchise fees	654,633	701,589	-	-	654,633	701,589
Intergovernmental- unrestricted	679,715	621,337	-	-	679,715	621,337
Unrestricted investment earnings	8,417	5,648	35	1,102	8,452	6,750
Miscellaneous	28,181	42,638	-	-	28,181	42,638
Gain on sale of capital asset	41,536	-	-	-	41,536	-
Total revenues	2,617,897	2,616,612	3,933,596	2,457,111	6,551,493	5,073,723
<b>Expenses:</b>						
General government	635,092	713,706	-	-	635,092	713,706
Public safety	1,067,052	990,627	-	-	1,067,052	990,627
Physical environment	46,388	45,445	-	-	46,388	45,445
Transportation	532,366	536,722	-	-	532,366	536,722
Culture and recreation	539,648	433,672	-	-	539,648	433,672
Economic Environment	47,396	190,002	-	-	47,396	190,002
Interest on long-term debt	3,796	15,065	-	-	3,796	15,065
Water and sewer	-	-	1,029,580	1,086,390	1,029,580	1,086,390
Sanitation	-	-	351,219	356,173	351,219	356,173
Airport	-	-	313,408	281,683	313,408	281,683
Stormwater	-	-	84,976	90,674	84,976	90,674
Total expenses	2,871,738	2,925,239	1,779,183	1,814,920	4,650,921	4,740,159
Increase (Decrease) in Net Position Before Transfers	(253,841)	(308,627)	2,154,413	642,191	1,900,572	333,564
Transfers	540,000	511,720	(540,000)	(511,720)	-	-
Increase (Decrease) in Net Position	286,159	203,093	1,614,413	130,471	1,900,572	333,564
Net Position - October 1	4,087,151	3,884,058	13,354,100	13,223,629	17,441,251	17,107,687
Prior Period Adjustment	(52,366)	-	(135,715)	-	(188,081)	-
Net Position - September 30	\$ 4,320,944	\$ 4,087,151	\$ 14,832,798	\$ 13,354,100	\$ 19,153,742	\$ 17,441,251

**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, 2015, the City of Umatilla's governmental funds reported combined ending fund balances of \$1,239,139, a decrease of \$123,722 from the prior year. Approximately 48% or \$596,619 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 \$596,619, while total fund balance was \$887,604. 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 23% and 34% respectively, of total General Fund expenditures. General fund revenues decreased \$95,839 over previous year and expenses increased \$57,997, a combined decrease of \$153,836 over 2014. Including transfers in from enterprise funds, general fund balance increased \$24,043.

**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 \$529,699 and total net position increased \$936,654. Operating revenue increased by \$203,826 or 20.8%, and operating expenses decreased by \$54,910 for a net operating result increase of \$258,736 and net operating income of \$160,868. That increase was further improved by impact fees of \$21,252 and grant revenue of \$959,399, which is the primary reason that the Water and Sewer Fund had an increase in net position of \$936,654.

Unrestricted net position of the Sanitation Fund at the end of the year amounted to \$144,149 and total net position decreased \$38,324. An operating result of \$301,676 was offset by a transfer to the general fund of \$340,000.

Unrestricted net position of the Airport Fund at the end of the year amounted to \$33,989 and total net position increased by \$249,819 which is an improvement from the 2014 result, primarily due to grant revenues of \$483,309.

Unrestricted net position of the Stormwater Fund at the end of the year amounted to \$44,536 and total net position increased \$466,264, of which \$451,458 came from grant revenues. Stormwater fees are collected for the purpose of maintenance and improvement of drainage structures as funds become available.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**General Fund Budgetary Highlights**

During the year revenues were more than budgetary estimates by \$102,603, primarily due to higher than expected collections of taxes and impact fees (\$76,703), intergovernmental revenues (\$31,498), and miscellaneous revenues (\$15,431). Expenditures were less than budgetary estimates by \$172,000 as a result of conservative spending by all departments.

The original General Fund appropriations increased \$13,579 for mostly for public safety due to the award of grants.

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, 2015, amounts to \$17,464,945 (net of accumulated depreciation), for an increase of \$1,711,195 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 10.86% (a 8.84% increase for governmental activities, and a 11.38% increase for business-type activities).

Major capital asset events included the following:

- Repairs and improvements to City Hall.
- Water and sewer infrastructure upgrades.
- Airport 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	
	2015	2014	2015	2014	2015	2014
Land	\$ 415,149	\$ 415,149	\$ 1,029,452	\$ 1,029,452	\$ 1,444,601	\$ 1,444,601
Buildings	1,591,610	1,299,192	1,225,836	1,266,315	2,817,446	2,565,507
Improvements/Infrastructure	911,455	754,742	10,457,821	9,200,756	11,369,276	9,955,498
Machinery and Equipment	434,755	534,826	216,266	261,352	651,021	796,178
Construction in Progress	136,281	201,871	1,046,320	790,095	1,182,601	991,966
<b>Total</b>	<b>\$ 3,489,250</b>	<b>\$ 3,205,780</b>	<b>\$ 13,975,695</b>	<b>\$ 12,547,970</b>	<b>\$ 17,464,945</b>	<b>\$ 15,753,750</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Capital Asset and Debt Administration (Continued)**

**Long-term debt.** At September 30, 2015, the City of Umatilla had total debt outstanding of \$275,122, a decrease of \$96,856 from \$371,978 at September 30, 2014.

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	
	2015	2014	2015	2014	2015	2014
Water Utility Revenue Bonds, Series 1974	\$ -	\$ -	\$ -	\$ 34,000	\$ -	\$ 34,000
Water Utility Revenue Bonds, Series 1980	-	-	57,000	64,000	57,000	64,000
Capital Improvement Revenue Note, Series 2014	100,000	40,000	-	-	100,000	40,000
Capital Leases	118,122	233,978	-	-	118,122	233,978
<b>Total</b>	<b>\$ 218,122</b>	<b>\$ 273,978</b>	<b>\$ 57,000</b>	<b>\$ 98,000</b>	<b>\$ 275,122</b>	<b>\$ 371,978</b>

**Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**



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CITY OF UMATILLA, FLORIDA

**STATEMENT OF NET POSITION**

September 30, 2015

	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 1,200,674	\$ 180,891	\$ 1,381,565
Investments	61,366	-	61,366
Receivables, net	50,620	204,323	254,943
Inventories	936	-	936
Due From Other Governments	74,645	612,294	686,939
Internal Balances	4,068	(4,068)	-
Prepaid Costs	619	-	619
Restricted Assets:			
Cash and cash equivalents	-	298,829	298,829
Investments	-	404,423	404,423
Net Pension Asset	472,761	-	472,761
Capital Assets (Not Being Depreciated)	551,430	2,075,772	2,627,202
Capital Assets (Being Depreciated Net of Accumulated Depreciation)	2,937,820	11,899,923	14,837,743
Total Assets	<u>5,354,939</u>	<u>15,672,387</u>	<u>21,027,326</u>
<b>Deferred Outflows of Resources:</b>			
Deferred Outflows of Pension Earnings	<u>180,196</u>	<u>24,386</u>	<u>204,582</u>
<b>Liabilities:</b>			
Accounts Payable and Other Current Liabilities	99,173	429,875	529,048
Accrued Liabilities	38,324	2,852	41,176
Accrued Interest Payable	480	863	1,343
Due to Other Governmental Agencies	11,126	-	11,126
Unearned Revenue	4,547	6,775	11,322
Customer Deposits Payable	619	178,522	179,141
Noncurrent Liabilities:			
Due within one year	152,581	10,379	162,960
Due in more than one year	818,897	213,578	1,032,475
Total liabilities	<u>1,125,747</u>	<u>842,844</u>	<u>1,968,591</u>
<b>Deferred Inflows of Resources:</b>			
Deferred Inflows of Pension Earnings	<u>88,444</u>	<u>21,131</u>	<u>109,575</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	3,307,812	13,918,695	17,226,507
Restricted for:			
Community redevelopment	113,029	-	113,029
Public safety	50,127	-	50,127
Capital projects	188,379	161,730	350,109
Unrestricted	661,597	752,373	1,413,970
Total net position	<u>\$ 4,320,944</u>	<u>\$ 14,832,798</u>	<u>\$ 19,153,742</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, 2015

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 635,092	\$ 35,014	\$ -	\$ -	\$ (600,078)	\$ -	\$ (600,078)
Public safety	1,067,052	11,887	23,731	11,240	(1,020,194)	-	(1,020,194)
Physical environment	46,388	-	-	-	(46,388)	-	(46,388)
Transportation	532,366	9,021	93,967	-	(429,378)	-	(429,378)
Culture and recreation	539,648	32,815	125,263	-	(381,570)	-	(381,570)
Economic environment	47,396	775	-	-	(46,621)	-	(46,621)
Interest on long-term debt	3,796	-	-	-	(3,796)	-	(3,796)
Total governmental activities	<u>2,871,738</u>	<u>89,512</u>	<u>242,961</u>	<u>11,240</u>	<u>(2,528,025)</u>	<u>-</u>	<u>(2,528,025)</u>
Business-type activities							
Water and sewer	1,029,580	1,185,548	-	980,651	-	1,136,619	1,136,619
Sanitation	351,219	652,895	-	-	-	301,676	301,676
Airport	313,408	79,918	-	483,309	-	249,819	249,819
Stormwater	84,976	99,782	-	451,458	-	466,264	466,264
Total business-type activities	<u>1,779,183</u>	<u>2,018,143</u>	<u>-</u>	<u>1,915,418</u>	<u>-</u>	<u>2,154,378</u>	<u>2,154,378</u>
Total primary government	<u>\$ 4,650,921</u>	<u>\$ 2,107,655</u>	<u>\$ 242,961</u>	<u>\$ 1,926,658</u>	<u>(2,528,025)</u>	<u>2,154,378</u>	<u>(373,647)</u>
General Revenues:							
Property taxes					861,702	-	861,702
Franchise fees and utility taxes					654,633	-	654,633
Intergovernmental-unrestricted					679,715	-	679,715
Unrestricted investment earnings					8,417	35	8,452
Miscellaneous					28,181	-	28,181
Gain on sale of capital asset					41,536	-	41,536
Transfers					540,000	(540,000)	-
Total general revenues					<u>2,814,184</u>	<u>(539,965)</u>	<u>2,274,219</u>
Change in net position					286,159	1,614,413	1,900,572
Net Position - beginning, as restated					<u>4,034,785</u>	<u>13,218,385</u>	<u>17,253,170</u>
Net Position - ending					<u>\$ 4,320,944</u>	<u>\$ 14,832,798</u>	<u>\$ 19,153,742</u>

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

CITY OF UMATILLA, FLORIDA

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

September 30, 2015

	<u>General Fund</u>	<u>Discretionary Tax</u>	<u>Community Redevelopment Agency</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 828,827	\$ 172,456	\$ 113,029	\$ 50,127	\$ 1,164,439
Cash with fiscal agent	-	36,235	-	-	36,235
Investments	61,366	-	-	-	61,366
Receivables, net	50,620	-	-	-	50,620
Inventories, at cost	936	-	-	-	936
Due from other governments	42,957	31,688	-	-	74,645
Due from other funds	4,097	-	-	-	4,097
Prepaid costs	619	-	-	-	619
Total assets	<u>\$ 989,422</u>	<u>\$ 240,379</u>	<u>\$ 113,029</u>	<u>\$ 50,127</u>	<u>\$ 1,392,957</u>
<b>Liabilities and Fund Balances:</b>					
Accounts payable	\$ 47,173	\$ 52,000	\$ -	\$ -	\$ 99,173
Accrued liabilities	38,324	-	-	-	38,324
Due to other funds	29	-	-	-	29
Due to other governments	11,126	-	-	-	11,126
Unearned revenue	4,547	-	-	-	4,547
Deposits	619	-	-	-	619
Total liabilities	<u>101,818</u>	<u>52,000</u>	<u>-</u>	<u>-</u>	<u>153,818</u>
<b>Fund Balances:</b>					
Nonspendable	1,555	-	-	-	1,555
Spendable:					
Restricted	-	188,379	113,029	50,127	351,535
Assigned	289,430	-	-	-	289,430
Unassigned	596,619	-	-	-	596,619
Total fund balances	<u>887,604</u>	<u>188,379</u>	<u>113,029</u>	<u>50,127</u>	<u>1,239,139</u>
Total liabilities and fund balances	<u>\$ 989,422</u>	<u>\$ 240,379</u>	<u>\$ 113,029</u>	<u>\$ 50,127</u>	

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	3,489,250
Net pension assets are not current financial resources and therefore are not reported in the funds.	472,761
Deferred inflows and outflows of resources related to pension earnings are not recognized in the governmental funds, however, they are recorded in net position under full accrual accounting	91,752
Accrued interest payable is not due in the current period and therefore is not reported in the funds.	(480)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(971,478)</u>
Net Position of Governmental Activities	<u>\$ 4,320,944</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, 2015

	General Fund	Discretionary Tax	Community Redevelopment Agency	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes:					
Taxes and impact fees	\$ 1,465,851	\$ -	\$ 144,451	\$ -	\$ 1,610,302
Licenses and permits	35,014	-	-	-	35,014
Intergovernmental revenues	514,383	325,566	-	-	839,949
Charges for services	39,374	-	775	-	40,149
Fines and forfeitures	13,869	-	-	480	14,349
Investment income	8,275	142	-	-	8,417
Miscellaneous	28,181	-	-	-	28,181
Total revenues	<u>2,104,947</u>	<u>325,708</u>	<u>145,226</u>	<u>480</u>	<u>2,576,361</u>
<b>Expenditures:</b>					
Current:					
General government	666,658	269,226	-	-	935,884
Public safety	998,452	59,701	-	5,220	1,063,373
Physical environment	42,665	-	-	-	42,665
Transportation	437,896	131,166	-	-	569,062
Economic environment	-	-	130,606	-	130,606
Culture and recreation	475,233	33,550	-	-	508,783
Debt service:					
Principal	-	115,856	-	-	115,856
Interest and fiscal charges	-	4,054	-	-	4,054
Total expenditures	<u>2,620,904</u>	<u>613,553</u>	<u>130,606</u>	<u>5,220</u>	<u>3,370,283</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(515,957)</u>	<u>(287,845)</u>	<u>14,620</u>	<u>(4,740)</u>	<u>(793,922)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	540,000	-	-	-	540,000
Notes payable	-	60,000	-	-	60,000
Sale of capital assets	-	70,200	-	-	70,200
Total Other Financing Sources (Uses)	<u>540,000</u>	<u>130,200</u>	<u>-</u>	<u>-</u>	<u>670,200</u>
Net Change in Fund Balances	24,043	(157,645)	14,620	(4,740)	(123,722)
Fund Balances - beginning	863,561	346,024	98,409	54,867	1,362,861
Fund Balances - ending	<u>\$ 887,604</u>	<u>\$ 188,379</u>	<u>\$ 113,029</u>	<u>\$ 50,127</u>	<u>\$ 1,239,139</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, 2015

Net Change in Fund Balances - Total Governmental Funds: \$ (123,722)

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. 312,134

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. 55,856

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain or loss on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold. (28,664)

Governmental funds report cash contributions to pensions as expenditures because they consume current financial resources. The Statement of Activities reports the change in pension liability and related deferrals as pension expense. This is the amount of the difference between the two amounts. 59,523

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. 11,032

Change in net position of governmental activities \$ 286,159

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and impact fees	\$ 1,389,148	\$ 1,389,148	\$ 1,465,851	\$ 76,703
Licenses and permits	70,000	70,000	35,014	(34,986)
Intergovernmental revenues	435,625	459,154	490,652	31,498
Charges for services	36,461	36,461	39,374	2,913
Investment income	\$ 4,100	\$ 4,100	\$ 8,275	\$ 4,175
Total revenues	<u>1,953,584</u>	<u>1,978,613</u>	<u>2,081,216</u>	<u>102,603</u>
<b>Expenditures:</b>				
Current:				
General government	733,101	734,601	666,658	67,943
Public safety	985,078	996,607	974,721	21,886
Physical environment	43,239	43,239	42,665	574
Transportation	493,621	493,621	437,896	55,725
Culture and recreation	500,555	501,105	475,233	25,872
Total expenditures	<u>2,755,594</u>	<u>2,769,173</u>	<u>2,597,173</u>	<u>172,000</u>
Excess (deficiency) of revenues over expenditures	<u>(802,010)</u>	<u>(790,560)</u>	<u>(515,957)</u>	<u>274,603</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	540,000	540,000	540,000	-
Total other financing sources (uses)	<u>540,000</u>	<u>540,000</u>	<u>540,000</u>	<u>-</u>
Net Change in Fund Balance	(262,010)	(250,560)	24,043	274,603
Fund Balance - Beginning	863,561	863,561	863,561	-
Fund Balance - Ending	<u>\$ 601,551</u>	<u>\$ 613,001</u>	<u>\$ 887,604</u>	<u>\$ 274,603</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental revenues	\$ 303,000	\$ 303,000	\$ 325,566	\$ 22,566
Investment income	\$ -	\$ -	\$ 142	\$ 142
Total revenues	<u>303,000</u>	<u>303,000</u>	<u>325,708</u>	<u>22,708</u>
<b>Expenditures:</b>				
Current:				
General government	-	270,000	269,226	774
Public safety	67,890	67,890	59,701	8,189
Transportation	86,786	86,786	131,166	(44,380)
Culture and recreation	37,500	37,500	33,550	3,950
Debt Service:				
Principal	106,864	106,864	115,856	(8,992)
Interest	3,314	3,314	4,054	(740)
Total expenditures	<u>302,354</u>	<u>572,354</u>	<u>613,553</u>	<u>(41,199)</u>
Excess (deficiency) of revenues over expenditures	<u>646</u>	<u>(269,354)</u>	<u>(287,845)</u>	<u>(18,491)</u>
<b>Other Financing Sources (Uses):</b>				
Notes payable	-	60,000	60,000	-
Proceeds from sale capital assets	-	-	70,200	70,200
Total other financing sources (uses)	<u>-</u>	<u>60,000</u>	<u>130,200</u>	<u>70,200</u>
Net Change in Fund Balance	646	(209,354)	(157,645)	51,709
Fund Balance - Beginning	346,024	346,024	346,024	-
Fund Balance - Ending	<u>\$ 346,670</u>	<u>\$ 136,670</u>	<u>\$ 188,379</u>	<u>\$ 51,709</u>

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

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and impact fees	\$ 153,033	\$ 153,033	\$ 144,451	\$ (8,582)
Charges for services	1,500	1,500	775	(725)
Investment income	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>154,533</u>	<u>154,533</u>	<u>145,226</u>	<u>(9,307)</u>
<b>Expenditures:</b>				
Current:				
Economic environment	218,688	223,101	130,606	92,495
Total expenditures	<u>218,688</u>	<u>223,101</u>	<u>130,606</u>	<u>92,495</u>
Excess (deficiency) of revenues over expenditures	<u>(64,155)</u>	<u>(68,568)</u>	<u>14,620</u>	<u>83,188</u>
Net Change in Fund Balance	(64,155)	(68,568)	14,620	83,188
Fund Balance - Beginning	98,409	98,409	98,409	-
Fund Balance - Ending	<u>\$ 34,254</u>	<u>\$ 29,841</u>	<u>\$ 113,029</u>	<u>\$ 83,188</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, 2015

	<u>Enterprise Funds</u>				
	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Airport Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
<b>Assets:</b>					
Current assets:					
Cash and cash equivalents	\$ 16,930	\$ 112,043	\$ 51,918	\$ -	\$ 180,891
Restricted cash	298,829	-	-	-	298,829
Restricted investments	404,423	-	-	-	404,423
Receivables, net	127,685	66,312	-	10,326	204,323
Due from other governments	160,836	-	-	451,458	612,294
Due from other funds	151,309	60,822	-	12,294	224,425
Total current assets	<u>1,160,012</u>	<u>239,177</u>	<u>51,918</u>	<u>474,078</u>	<u>1,925,185</u>
Noncurrent assets:					
Capital assets:					
Land	522,849	-	506,603	-	1,029,452
Improvements	11,391,743	-	4,268,444	1,619,135	17,279,322
Buildings	75,815	-	1,578,686	-	1,654,501
Equipment	951,454	127,418	52,600	71,297	1,202,769
Construction in progress	228,704	-	-	817,616	1,046,320
Less: accumulated depreciation	<u>(4,979,389)</u>	<u>(86,529)</u>	<u>(2,337,989)</u>	<u>(832,762)</u>	<u>(8,236,669)</u>
Total capital assets (net of depreciation)	<u>8,191,176</u>	<u>40,889</u>	<u>4,068,344</u>	<u>1,675,286</u>	<u>13,975,695</u>
Total noncurrent assets	<u>8,191,176</u>	<u>40,889</u>	<u>4,068,344</u>	<u>1,675,286</u>	<u>13,975,695</u>
Total assets	<u>9,351,188</u>	<u>280,066</u>	<u>4,120,262</u>	<u>2,149,364</u>	<u>15,900,880</u>
<b>Deferred Outflows of Resources:</b>					
Deferred outflows of pension earnings	<u>24,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,386</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
<b>Liabilities:</b>					
Current Liabilities:					
Accounts payable	119,444	29,013	2,927	278,491	429,875
Accrued liabilities	2,852	-	-	-	2,852
Unearned revenue	-	-	6,775	-	6,775
Due to other funds	12,983	64,459	-	151,051	228,493
Customer deposits payable	168,739	1,556	8,227	-	178,522
Accrued interest payable	863	-	-	-	863
Compensated absences	3,379	-	-	-	3,379
Bonds payable	7,000	-	-	-	7,000
Total current liabilities	<u>315,260</u>	<u>95,028</u>	<u>17,929</u>	<u>429,542</u>	<u>857,759</u>
Noncurrent liabilities:					
Compensated absences	30,411	-	-	-	30,411
Bonds payable	50,000	-	-	-	50,000
Net pension liability	133,167	-	-	-	133,167
Total noncurrent liabilities	<u>213,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,578</u>
Total liabilities	<u>528,838</u>	<u>95,028</u>	<u>17,929</u>	<u>429,542</u>	<u>1,071,337</u>
<b>Deferred Inflows of Resources:</b>					
Deferred inflows of pension earnings	21,131	-	-	-	21,131
<b>Net Position:</b>					
Net investment in capital assets	8,134,176	40,889	4,068,344	1,675,286	13,918,695
Restricted for debt service	-	-	-	-	-
Restricted for utility capital projects	161,730	-	-	-	161,730
Unrestricted	529,699	144,149	33,989	44,536	752,373
Total net position	<u>\$ 8,825,605</u>	<u>\$ 185,038</u>	<u>\$ 4,102,333</u>	<u>\$ 1,719,822</u>	<u>\$ 14,832,798</u>

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

CITY OF UMATILLA, FLORIDA

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

For the Year Ended September 30, 2015

	<b>Enterprise Funds</b>				
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Stormwater Fund	Total
<b>Operating Revenues:</b>					
Charges for services	\$ 1,185,548	\$ 652,895	\$ 79,918	\$ 99,782	\$ 2,018,143
Total operating revenues	<u>1,185,548</u>	<u>652,895</u>	<u>79,918</u>	<u>99,782</u>	<u>2,018,143</u>
<b>Operating Expenses:</b>					
Personal services	346,933	-	-	-	346,933
Contract services	105,437	327,091	13,003	24,494	470,025
Utilities	80,476	-	13,645	-	94,121
Insurance claims and expenses	47,554	-	19,438	-	66,992
Operating supplies	51,728	-	-	-	51,728
Depreciation and amortization	287,774	12,742	255,119	59,004	614,639
Other operating expenses	39,408	11,386	1,970	52	52,816
Repairs and maintenance	65,370	-	10,233	1,426	77,029
Total operating expenses	<u>1,024,680</u>	<u>351,219</u>	<u>313,408</u>	<u>84,976</u>	<u>1,774,283</u>
Operating income (loss)	<u>160,868</u>	<u>301,676</u>	<u>(233,490)</u>	<u>14,806</u>	<u>243,860</u>
<b>Nonoperating Revenue (Expenses):</b>					
Investment income	35	-	-	-	35
Interest expense	(4,900)	-	-	-	(4,900)
Total nonoperating revenue (expenses)	<u>(4,865)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,865)</u>
Income (loss) before contributions and transfers	<u>156,003</u>	<u>301,676</u>	<u>(233,490)</u>	<u>14,806</u>	<u>238,995</u>
<b>Capital Contributions:</b>					
Impact fees	21,252	-	-	-	21,252
Grant revenue	959,399	-	483,309	451,458	1,894,166
Transfers out	(200,000)	(340,000)	-	-	(540,000)
Change in net position	<u>936,654</u>	<u>(38,324)</u>	<u>249,819</u>	<u>466,264</u>	<u>1,614,413</u>
Net Position - beginning, as restated	<u>7,888,951</u>	<u>223,362</u>	<u>3,852,514</u>	<u>1,253,558</u>	<u>13,218,385</u>
Net Position - ending	<u>\$ 8,825,605</u>	<u>\$ 185,038</u>	<u>\$ 4,102,333</u>	<u>\$ 1,719,822</u>	<u>\$ 14,832,798</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, 2015

	Enterprise Funds				Total
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Stormwater Fund	
<b>Cash Flows from Operating Activities:</b>					
Receipts from customers	\$ 1,177,510	\$ 653,534	\$ 81,858	\$ 99,978	\$ 2,012,880
Payments to suppliers	(612,861)	(339,481)	(58,076)	251,062	(759,356)
Payments to employees	(345,020)	-	-	-	(345,020)
Net cash provided by operating activities	219,629	314,053	23,782	351,040	908,504
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Transfers out	(200,000)	(340,000)	-	-	(540,000)
Increase (decrease) in due from other funds	(118,014)	(54,269)	-	(4,112)	(176,395)
Decrease (increase) in due to other funds	(258,155)	22,153	-	150,546	(85,456)
Net cash provided (used) by non-capital financing activities	(576,169)	(372,116)	-	146,434	(801,851)
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Grant revenues	1,369,864	-	484,715	-	1,854,579
Acquisition of capital assets	(971,747)	-	(491,903)	(578,714)	(2,042,364)
Principal paid on revenue bonds, notes and leases	(41,000)	-	-	-	(41,000)
Interest paid on revenue bonds, notes and leases	(4,900)	-	-	-	(4,900)
Impact fees	21,252	-	-	-	21,252
Net cash used by capital and related financing activities	373,469	-	(7,188)	(578,714)	(212,433)
<b>Cash Flows from Investing Activities:</b>					
Investment income	35	-	-	-	35
Net cash provided by investing activities	35	-	-	-	35
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	16,964	(58,063)	16,594	(81,240)	(105,745)
<b>Cash and Cash Equivalents - beginning</b>	298,795	170,106	35,324	81,240	585,465
<b>Cash and Cash Equivalents - end</b>	<u>\$ 315,759</u>	<u>\$ 112,043</u>	<u>\$ 51,918</u>	<u>\$ -</u>	<u>\$ 479,720</u>
<b>Classified As:</b>					
Cash and cash equivalents	\$ 16,930	\$ 112,043	\$ 51,918	\$ -	\$ 180,891
Restricted cash and cash equivalents	298,829	-	-	-	298,829
Total	<u>\$ 315,759</u>	<u>\$ 112,043</u>	<u>\$ 51,918</u>	<u>\$ -</u>	<u>\$ 479,720</u>

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

	<b>Enterprise Funds</b>				Total
	Water and Sewer Fund	Sanitation Fund	Airport Fund	Stormwater Fund	
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>					
Operating income (loss)	\$ 160,868	\$ 301,676	\$ (233,490)	\$ 14,806	\$ 243,860
<b>Adjustments Not Affecting Cash:</b>					
Depreciation and amortization	287,774	12,742	255,119	59,004	614,639
<b>Change in Assets and Liabilities:</b>					
(Increase) decrease in accounts receivable	(14,749)	537	-	196	(14,016)
(Increase) decrease deferred outflows of pension earnings	(10,221)	-	-	-	(10,221)
Increase (decrease) in accounts payable	(179,699)	(1,004)	213	277,034	96,544
Increase (decrease) in accrued liabilities	1,025	-	-	-	1,025
Increase (decrease) in retainage payable	(43,189)	-	1,800	-	(41,389)
Increase (decrease) in customer deposits	6,711	-	140	-	6,851
Increase (decrease) in compensated absences	6,691	-	-	-	6,691
Increase (decrease) in net pension liability	41,968	-	-	-	41,968
Increase (decrease) in deferred inflows of pension earnings	(37,550)	-	-	-	(37,550)
Total adjustments	(229,013)	(467)	2,153	277,230	49,903
<b>Net Cash Provided By Operating Activities</b>	<b>\$ 219,629</b>	<b>\$ 313,951</b>	<b>\$ 23,782</b>	<b>\$ 351,040</b>	<b>\$ 908,402</b>

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, 2015

	<u>Police Pension Trust Fund</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 12,627
Investments, at fair value:	
U.S. Government & other debt securities	628,218
Equities	<u>937,585</u>
Total Investments	<u>1,565,803</u>
Total assets	<u>1,578,430</u>
<b>Net Position:</b>	
Held in trust for pension benefits	<u>\$ 1,578,430</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, 2015

	<u>Police Pension Trust Fund</u>
<b>Additions:</b>	
Contributions:	
Employer	\$ 47,980
Plan members	1,889
State	<u>23,731</u>
Total contributions	<u>73,600</u>
Investment income:	
Net depreciation in fair value of investments	<u>(242)</u>
Net investment income (loss)	<u>(242)</u>
Total additions	<u>73,358</u>
<b>Deductions:</b>	
Benefits	46,876
Administrative expenses	10,913
Total deductions	<u>57,789</u>
Change in net position	15,569
Net Position - beginning	<u>1,562,861</u>
Net Position - ending	<u><u>\$ 1,578,430</u></u>

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



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**NOTES TO FINANCIAL STATEMENTS**



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**NOTES TO FINANCIAL STATEMENTS**

September 30, 2015

**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 and the City has operational responsibility for the Fund.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

**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, 2015

**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, 2015

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

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

**Fiduciary Funds**

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

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

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

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

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

**1. Deposits and Investments**

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

Investments of the City are reported at fair value. 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, 2015

**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, 2015

**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, 2015

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

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

**6. Compensated Absences**

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

**7. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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

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

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

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

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

**9. Net Position Flow Assumptions**

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

**10. Fund Balance Flow Assumptions**

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

**11. Fund Balance Policies**

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

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

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

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

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

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

**12. Estimates**

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

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

***E. New GASB Statement Implemented:***

In fiscal year 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements replace the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, and Statement No. 50, *Pension Disclosures*, as they related to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. Beginning net position of governmental activities, business-type activities, and the water and sewer fund have been restated as discussed below.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Water and Sewer Fund</u>
Net Position, October 1, 2014, previously stated	\$ 4,087,151	\$ 13,354,100	\$ 8,024,666
Restatement of Net Position Due to Implementation of GASB 68	<u>(52,366)</u>	<u>(135,715)</u>	<u>(135,715)</u>
Net Position, October 1, 2014, as restated	<u>\$ 4,034,785</u>	<u>\$ 13,218,385</u>	<u>\$ 7,888,951</u>

**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 difference are as follows:

Capital Outlay	\$ 581,111
Depreciation expense	<u>(268,977)</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>\$ 312,134</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

**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 “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 difference are as follows:

Debt Issued or Incurred:	
Notes payable	\$ (60,000)
Principal Repayment	<u>115,856</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 55,856</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this difference are as follows:

Compensated Absences	\$ 10,774
Accrued Interest Payable	<u>258</u>
Net Adjustment to Decrease <i>Net Changes in Fund Balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 11,032</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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

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

**A. Budgetary Information (Continued) -**

- (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.
- (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, 2015, expenditures exceeded appropriations in the Discretionary Tax Fund and the Police Education Special Revenue Fund. These excess expenditures were funded in part by greater than anticipated revenues and available fund balance.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

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

**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, 2015 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	\$ 2,620,904	\$ 2,104,947
Nonbudgeted State Pension Amounts	(23,731)	(23,731)
Budgetary basis	<u>\$ 2,597,173</u>	<u>\$ 2,081,216</u>

**Note 4 - Cash and Investments:**

***Deposits***

At year-end, the carrying amount of the City's deposits was \$1,680,394 and the bank balance was \$1,775,832. Petty cash funds of \$2,302 are not on deposit with a financial institution, and fiduciary fund cash of \$12,627 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. Authorized investments, other than those held in pension funds, are:

- (a) Florida Local Government Surplus Funds Trust Fund Investment Pool (SBA LGIP)

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

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

***Investments - (Continued)***

- (b) Securities and Exchange Commission registered money market funds with the highest credit quality
- (c) Interest bearing time deposit or savings accounts
- (d) Direct obligations of the U.S. Treasury

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

Investments made by the *City of Umatilla* at September 30, 2015 are summarized below. Defined benefit pension plan investments, other than \$937,585 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	\$ 465,789	Unrated	296 days
Pension Fixed Income Securities	628,218	AA/V4	5.98 years
	<u>\$ 1,094,007</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, 2015, all of the city's bank deposits were in qualified public depositories.



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

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

***Investments - (Continued)***

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, 2015, none of the investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk:

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

Interest Rate Risk:

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

**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>Water Fund</u>	<u>Sanitation Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Receivables:					
Accounts	\$ 50,620	\$ 171,213	\$ 79,029	\$ 11,411	\$ 312,273
Less Allowance for Uncollectible Accounts	-	(43,528)	(12,717)	(1,085)	(57,330)
	<u>\$ 50,620</u>	<u>\$ 127,685</u>	<u>\$ 66,312</u>	<u>\$ 10,326</u>	<u>\$ 254,943</u>

CITY OF UMATILLA, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

**Note 6 - Capital Assets:**

Capital asset activity for the year ended September 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets, not being depreciated:				
Land	\$ 415,149	\$ -	\$ -	\$ 415,149
Construction in progress	201,871	513,309	(578,899)	136,281
Total capital assets, not being depreciated	<u>617,020</u>	<u>513,309</u>	<u>(578,899)</u>	<u>551,430</u>
Capital Assets, being depreciated:				
Buildings	2,252,943	358,109	-	2,611,052
Improvements/infrastructure	1,699,041	220,790	-	1,919,831
Machinery and equipment	2,218,756	67,802	(129,974)	2,156,584
Total capital assets being depreciated	<u>6,170,740</u>	<u>646,701</u>	<u>(129,974)</u>	<u>6,687,467</u>
Less Accumulated Depreciation for:				
Buildings	(953,751)	(65,691)	-	(1,019,442)
Improvements/infrastructure	(944,299)	(64,077)	-	(1,008,376)
Machinery and equipment	(1,683,930)	(139,209)	101,310	(1,721,829)
Total accumulated depreciation	<u>(3,581,980)</u>	<u>(268,977)</u>	<u>101,310</u>	<u>(3,749,647)</u>
Total capital assets being depreciated, net	<u>2,588,760</u>	<u>377,724</u>	<u>(28,664)</u>	<u>2,937,820</u>
Governmental activities capital assets, net	<u>\$ 3,205,780</u>	<u>\$ 891,033</u>	<u>\$ (607,563)</u>	<u>\$ 3,489,250</u>

CITY OF UMATILLA, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type Activities:</b>				
Capital Assets, not being depreciated:				
Land	\$ 1,029,452	\$ -	\$ -	\$ 1,029,452
Construction in progress	790,095	2,035,254	(1,779,029)	1,046,320
Total capital assets, not being depreciated	<u>1,819,547</u>	<u>2,035,254</u>	<u>(1,779,029)</u>	<u>2,075,772</u>
Capital Assets, being depreciated:				
Buildings	1,654,501	-	-	1,654,501
Improvements/infrastructure	15,500,293	1,779,029	-	17,279,322
Machinery and equipment	1,195,659	7,110	-	1,202,769
Total capital assets being depreciated	<u>18,350,453</u>	<u>1,786,139</u>	<u>-</u>	<u>20,136,592</u>
Less Accumulated Depreciation for:				
Buildings	(388,186)	(40,479)	-	(428,665)
Improvements/infrastructure	(6,299,537)	(521,964)	-	(6,821,501)
Machinery and equipment	(934,307)	(52,196)	-	(986,503)
Total accumulated depreciation	<u>(7,622,030)</u>	<u>(614,639)</u>	<u>-</u>	<u>(8,236,669)</u>
Total capital assets being depreciated, net	<u>10,728,423</u>	<u>1,171,500</u>	<u>-</u>	<u>11,899,923</u>
Business-type activities capital assets, net	<u>\$ 12,547,970</u>	<u>\$ 3,206,754</u>	<u>\$ (1,779,029)</u>	<u>\$ 13,975,695</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 16,234
Public safety	90,424
Physical environment	4,064
Transportation	77,177
Economic Environment	13,472
Culture and recreation	67,606
Total Depreciation Expense - governmental activities	<u>\$ 268,977</u>
Business-type Activities	
Water and Sewer	\$ 287,774
Sanitation	12,742
Airport	255,119
Stormwater	59,004
Total Depreciation Expense - business-type activities	<u>\$ 614,639</u>

CITY OF UMATILLA, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

**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	\$ 103,025
Less: Accumulated depreciation	(71,737)	(21,294)
Total	<u>\$ 215,483</u>	<u>\$ 81,731</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, 2015 were as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>
2016	\$ 101,186
2017	18,363
Total Minimum Lease Payments	119,549
Less: Amount representing interest	(1,427)
	<u>\$ 118,122</u>

CITY OF UMATILLA, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

**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 gross revenues 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. There is no outstanding balance on these bonds at September 30, 2015. For the fiscal year, principal and interest paid on this series was \$35,700 and total pledged revenue was \$1,185,548.

The 1980 Water and Sewer Revenue Bonds are secured by gross revenues 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 \$68,750. For the fiscal year, principal and interest paid on this series was \$9,800 and total pledged revenue was \$1,185,548.

Revenue bonds currently outstanding are as follows:

<b><u>Business-Type Activities</u></b>	<b><u>Interest Rates and Dates</u></b>	<b><u>Maturity</u></b>	<b><u>Original Amount</u></b>	<b><u>Balance September 30, 2015</u></b>
Water and Sewer Revenue Bonds, Series 1980	5.0000% (9/1)	9/1/1983 to 9/1/2022	<u>\$ 165,100</u>	<u>57,000</u>
				<u>\$ 57,000</u>

CITY OF UMATILLA, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

**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>	<b>Business - Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2016	\$ 7,000	\$ 2,800
2017	7,000	2,450
2018	8,000	2,100
2019	8,000	1,700
2020	8,000	1,300
2021 - 2022	19,000	1,400
Total	<u>\$ 57,000</u>	<u>\$ 11,750</u>

***Notes Payable***

On June 20, 2014, the City issued a Capital Improvement Revenue Note, Series 2014. This note was issued to finance repairs and improvements to the city hall building in the amount of \$100,000. Quarterly interest only payments based on the outstanding note balance commenced on October 1, 2014. On October 1, 2015, quarterly principal and interest payments commence through the maturity date, July 1, 2018. The Note is secured by requirement to budget and appropriate from legally available non ad valorem revenues in each fiscal year the amounts needed for annual payments of principal and interest. The total principal and interest remaining to be paid the note is \$102,893. For the fiscal year, no principal was scheduled to be paid and interest paid on this series was \$749.

The City entered into the State Revolving Loan Agreement SW350720 for the purpose of constructing stormwater improvements. The City is authorized to borrow up to \$753,695 plus capitalized interest at an interest rate of 1.34%. The loan is secured by gross revenues of the stormwater utility after payment of operation and maintenance costs. No amounts have been drawn on the loan and no balance is outstanding as of September 30, 2015. For the fiscal year, no principal and interest was paid on the note and no revenues were pledged.

The annual debt service payments as of September 30, 2015 on the notes, based on balances outstanding at year end are as follows:

<u>Year ending September 30,</u>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2016	\$ 33,180	\$ 1,556
2017	33,323	966
2018	33,497	371
Total	<u>\$ 100,000</u>	<u>\$ 2,893</u>

CITY OF UMATILLA, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

**Note 8 - Long-Term Debt (Continued):**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2015 was as follows:

	<b>Beginning Balance, Restated</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities</b>					
Revenue note payable	\$ 40,000	\$ 60,000	\$ -	\$ 100,000	\$ 33,180
Capital lease	233,978	-	(115,856)	118,122	99,801
Compensated absences	206,774	98,159	(108,933)	196,000	19,600
Net pension liability	381,704	175,652	-	557,356	-
Governmental activity long-term liabilities	<u>\$ 862,456</u>	<u>\$ 333,811</u>	<u>\$ (224,789)</u>	<u>\$ 971,478</u>	<u>\$ 152,581</u>
<b>Business-type Activities</b>					
Bonds payable-					
Revenue Bonds	\$ 98,000	\$ -	\$ (41,000)	\$ 57,000	\$ 7,000
Compensated absences	27,099	14,359	(7,668)	33,790	3,379
Net pension liability	91,199	41,968	-	133,167	-
Business-type activity long-term liabilities	<u>\$ 216,298</u>	<u>\$ 56,327</u>	<u>\$ (48,668)</u>	<u>\$ 223,957</u>	<u>\$ 10,379</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, 2015, there was an outstanding principal balance of \$32,225,000 of the \$38,610,000 originally issued.

CITY OF UMATILLA, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

**Note 10 - Interfund Receivables, Payables and Transfers:**

The composition of interfund balances as of September 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water and Sewer Fund	Stormwater Fund	\$ 100,005
Water and Sewer Fund	Sanitation Fund	51,285
Water and Sewer Fund	General Fund	19
Sanitation Fund	Water and Sewer Fund	10,276
Sanitation Fund	Stormwater Fund	50,546
Stormwater Fund	Water and Sewer Fund	1,919
Stormwater Fund	Sanitation Fund	10,365
Stormwater Fund	General Fund	10
General Fund	Water and Sewer Fund	788
General Fund	Sanitation Fund	2,809
General Fund	Stormwater Fund	500
		<u>\$ 228,522</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.

During the year ended September 30, 2015, the water and sewer fund transferred \$200,000 to the general fund and the sanitation fund transferred \$340,000 to the general fund.

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



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

**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.

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, 2015

**Note 11 - Retirement Plans (Continued):**

***Police Officers' Retirement Trust Fund (Continued) -***

Membership of the police officers' pension plan consisted of the following at September 30, 2015:

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

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

**Note 11 - Retirement Plans (Continued):**

***Police Officers' Retirement Trust Fund (Continued) -***

Rate of Return - For the year ended September 30, 2015, the annual money-weighted rate of return on the plan investments, net of pension plan investment expense, was -0.22 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Asset of the Sponsor - The components of the net pension asset of the sponsor on September 30, 2015 were as follows:

Total Pension Liability	\$ 1,105,669
Plan Fiduciary Net Position	(1,578,430)
Net Pension Liability (Asset)	<u>\$ (472,761)</u>
Plan Net Position as a Percentage of Total Pension Liability (Asset)	-142.76%

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	Service based
Discount Rate	7.00%
Investment Rate of Return	7.00%

The mortality table used is the RP2000, Sex Distinct. The significant assumptions are based upon the most recent actuarial experience study dated December 1st, 2013 for the period 2002 - 2012.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

**Note 11 - Retirement Plans (Continued):**

***Police Officers' Retirement Trust Fund (Continued) -***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. 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, 2015 are summarized in the following table:

Asset Class	Target Allocation	Expected Long-Term Real Return
U.S. Large Cap Equity	39.00%	7.14% per annum
U.S. Small Cap Equity	11.00%	8.50% per annum
Non-U.S. Equity	10.00%	8.43% per annum
Core Bonds	16.00%	2.48% per annum
Multi-sector	24.00%	2.20% per annum
Total or Weighted Arithmetic Average	100.00%	5.48% per annum

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.

Sensitivity of Net Pension Asset to Changes in the Discount Rate

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Asset	\$ 288,796	\$ 472,761	\$ 622,548

CITY OF UMATILLA, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

**Note 11 - Retirement Plans (Continued):**

***Police Officers' Retirement Trust Fund (Continued) -***

Changes in Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability(Asset)
	(a)	(b)	(a) - (b)
Balances at September 30, 2014	\$ 1,030,280	\$ (1,562,864)	\$ (532,584)
Changes for Year:			
Service Cost	48,398	-	48,398
Interest	73,867	-	73,867
Net investment income	-	3,466	3,466
Contributions-employer & state	-	(71,711)	(71,711)
Contributions-employee	-	(1,889)	(1,889)
Benefit payments and refunds	(46,876)	46,876	-
Administrative Expense	-	7,692	7,692
Balances at September 30, 2015	<u>\$ 1,105,669</u>	<u>\$ (1,578,430)</u>	<u>\$ (472,761)</u>

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions -  
For the year ended September 30, 2015, the City recognized pension expense of \$36,475. On September 30, 2015, the City reported deferred outflows and inflows of resources related to the plan from the following sources:

<u>Description</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference Between Projected and Actual		
Earnings on Police Pension Plan Investments	\$ 78,131	\$ -
Balance, September 30, 2015	<u>\$ 78,131</u>	<u>\$ -</u>

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

<u>Year Ended September 30,</u>	
2016	\$ 18,474
2017	18,475
2018	18,475
2019	22,707
	<u>\$ 78,131</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

**Note 11 - Retirement Plans (Continued):**

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

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

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

The State of Florida issues a report that includes financial statements and required supplementary information for FRS. That report may be obtained by writing to Florida Retirement System, Tallahassee, Florida 32399-1560.

Funding Policy: The FRS has ten (10) classes of membership. Only three (3) classes are applicable to the City's eligible employees. These classes, with descriptions and contribution rates in effect during the period ended September 30, 2015 are as follows:

Regular Class - Members not qualifying for other classes (10.26% [includes 3% employee contribution] from July 1, 2015 through September 30, 2015 and 10.37% [includes 3% employee contribution] from October 1, 2014 through June 30, 2015.)

Deferred Retirement Option Program (DROP) - 12.88% [DROP participants are not required to contribute] from July 1, 2015 through September 30, 2015 and 12.28% from October 1, 2014 through June 30, 2015.)

Senior Management - 24.43% [includes 3% employee contribution] from July 1, 2015 through September 30, 2015 and 24.14% [includes 3% employee contribution] from October 1, 2014 through June 30, 2015.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

**Note 11 - Retirement Plans (Continued):**

***Florida Retirement System Pension Plan***

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

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

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

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

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

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively, were as follows: Regular-7.37% and 7.26%; DROP participants-12.28% and 12.88%; and Senior Management- 21.14% and 21.43%

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

**Note 11 - Retirement Plans (Continued):**

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

These employer contribution rates include 1.20% and 1.66% HIS Plan subsidy for the periods October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively.

The City's contributions to the Pension Plan totaled \$68,627 for the fiscal year ended September 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2015, the City reported a liability of \$370,720 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City's proportionate share of the net pension liability was based on the City's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the City's proportionate share was .00287 percent, which was an increase (decrease) of .00005 percent from its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the City recognized pension expense of \$30,304. In addition the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Description</b>	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 39,137	\$ 8,792
Change of Assumptions	24,606	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	88,522
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	17,648	-
Pension Plan Contributions Subsequent to the Measurement Date	15,449	-
	\$ 96,840	\$ 97,314



CITY OF UMATILLA, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

**Note 11 - Retirement Plans (Continued):**

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

The deferred outflows of resources related to the Pension Plan, totaling \$15,449 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>		
2016	\$	(25,527)
2017		(25,527)
2018		(25,527)
2019		47,506
2020		10,545
Thereafter		2,607
	\$	<u>(15,923)</u>

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.60%
Salary Increases	3.25%, average, including inflation
Investment Rate of Return	7.65%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

**Note 11 - Retirement Plans (Continued):**

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

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	3.11%	3.10%	1.65%
Intermediate-Term Bonds	18.00%	4.18%	4.05%	5.15%
High Yield Bonds	3.00%	6.79%	6.25%	10.95%
Broad US Equities	26.50%	8.51%	6.95%	18.90%
Developed Foreign Entities	21.20%	8.66%	6.85%	20.40%
Emerging Market Equities	5.30%	11.58%	7.60%	31.15%
Private Equity	6.00%	11.80%	8.11%	30.00%
Hedge Funds/Absolute Return	7.00%	5.81%	5.35%	10.00%
Real Estate (Property)	12.00%	7.11%	6.35%	13.00%
Total	<u>100.00%</u>			
Assumed Inflation - Mean		2.60%		2.00%

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

Discount Rate - The discount rate used to measure the total pension liability was 7.65%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.65%) or one percentage point higher (8.65%) than the current rate:

	<u>Discount Rate Minus 1% 6.65%</u>	<u>Current Discount Rate 7.65%</u>	<u>Discount Rate Plus 1% 8.65%</u>
City's Proportionate Share of Net Pension Liability (FRS)	\$ 960,619	\$ 370,270	\$ (120,173)

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

**Note 11 - Retirement Plans (Continued):**

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

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

Payables to the Pension Plan - At September 30, 2015, the City reported a payable in the amount of \$1,510 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2015.

***Florida Retirement System HIS Plan***

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

Benefits Provided - For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2015, the HIS contribution for the period October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015 was 1.20% and 1.26%, respectively. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Plan totaled \$13,435 for the fiscal year ended September 30, 2015.

CITY OF UMATILLA, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

**Note 11 - Retirement Plans (Continued):**

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2015, the City reported a liability of \$319,803 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City's proportionate share of the net pension liability was based on the City's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the City's proportionate share was 0.00314 percent, which was an increase (decrease) of (0.00008) percent from its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the City recognized pension expense of \$21,668. In addition the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Description</b>	Deferred Outflow of Resources	Deferred Inflows of Resources
Change of Assumptions	\$ 25,160	\$ -
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	173	-
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	-	12,261
Pension Plan Contributions Subsequent to the Measurement Date	4,278	-
	\$ 29,611	\$ 12,261

The deferred outflows of resources related to the HIS Plan, totaling \$4,278 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

<b>Year Ended September 30,</b>	
2016	\$ 2,225
2017	2,225
2018	2,225
2019	2,189
2020	2,173
Thereafter	2,035
	\$ 13,072

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

**Note 11 - Retirement Plans (Continued):**

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

Actuarial Assumptions - The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate - The discount rate used to measure the total pension liability was 3.80%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 3.80%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.80%) or one percentage point higher (4.80%) than the current rate:

	Discount Rate Minus 1% 2.80%	Current Discount Rate 3.80%	Discount Rate Plus 1% 4.80%
City's Proportionate Share of Net Pension Liability (FRS)	\$ 364,400	\$ 319,803	\$ 282,615

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

**Note 11 - Retirement Plans (Continued):**

***Florida Retirement System Investment Plan***

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Senior Management, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2014-15 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30% and Senior Management Service class 7.67%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income. The pension expense for the City's Investment Plan for the fiscal year ended September 30, 2015 was \$8,267.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

**Note 12 - Other Post Employment Benefits (OPEB):**

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

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

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

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

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

Accordingly, the City has a net OPEB obligation at September 30, 2015 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, 2015. The cost of the insurance is allocated among the appropriate departments and funds.

CITY OF UMATILLA, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2015

**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, 2015. 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/prepays	\$ 1,555	\$ -	\$ -	\$ -	\$ 1,555
Spendable					
Restricted for:					
Community					
redevelopment	-	-	113,029	-	113,029
Capital projects	-	188,379	-	-	188,379
Public safety	-	-	-	50,127	50,127
Assigned for:					
Roads and streets	53,006	-	-	-	53,006
Subsequent year					
expenditures	236,424	-	-	-	236,424
Unassigned	596,619	-	-	-	596,619
	<u>\$ 887,604</u>	<u>\$ 188,379</u>	<u>\$ 113,029</u>	<u>\$ 50,127</u>	<u>\$ 1,239,139</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.

In November 2015, the first draw on the State Revolving Fund note was made in the amount of \$171,765.



**REQUIRED SUPPLEMENTARY INFORMATION**



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CITY OF UMATILLA, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

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

September 30, 2015

	<u>9/30/2015</u>	<u>9/30/2014</u>
<b>Total Pension Liability</b>		
Service Cost	\$ 48,398	\$ 45,232
Interest	73,867	68,715
Benefit Changes	-	-
Differences Between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Benefit Payments, including refunds of employee contributions	(46,876)	(40,168)
Net Change in Total Pension Liability	<u>75,389</u>	<u>73,779</u>
Total Pension Liability - beginning	<u>1,030,280</u>	<u>956,501</u>
Total Pension Liability - ending (a)	<u><u>\$ 1,105,669</u></u>	<u><u>\$ 1,030,280</u></u>
 <b>Plan Fiduciary Net Position</b>		
Contributions - employer	47,980	42,479
Contributions - state	23,731	23,027
Contributions - employee	1,889	1,588
Net Investment Income	(3,466)	121,384
Benefit Payments, Including Refunds of Employee Contributions	(46,876)	(40,168)
Administrative Expense	(7,692)	(7,518)
Other	-	-
Net Change in Plan Fiduciary Net Position	<u>15,566</u>	<u>140,792</u>
Plan Fiduciary Net Position- beginning	<u>1,562,864</u>	<u>1,422,072</u>
Plan Fiduciary Net Position- ending (b)	<u><u>\$ 1,578,430</u></u>	<u><u>\$ 1,562,864</u></u>
 Net Pension Liability (Asset) - ending (a)- (b)	<u><u>\$ (472,761)</u></u>	<u><u>\$ (532,584)</u></u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	142.76%	151.69%
 Covered-employee Payroll	\$ 377,800	\$ 317,519
 Net Pension Liability as a Percentage of Covered Employee Payroll	-125.14%	-167.73%

CITY OF UMATILLA, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CONTRIBUTIONS - POLICE PENSION**

September 30, 2015

	<u>9/30/2015</u>	<u>9/30/2014</u>
Actuarially Determined Contribution	\$ 57,048	\$ 47,944
Contributions in Relation to the Actuarially Determined Contribution	71,711	51,219
Contribution Deficiency (Excess)	<u>\$ (14,663)</u>	<u>\$ (3,275)</u>
Covered Employee Payroll	377,800	317,519
Contributions as a Percentage of Covered Employee Payroll	18.98%	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.
Payroll Increase	RP-2000 Table (Sex Distinct)
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)
Termination and Disability Rate Table:	

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

CITY OF UMATILLA, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF INVESTMENT RETURNS - POLICE PENSION**

September 30, 2015

	<u>9/30/2015</u>	<u>9/30/2014</u>
Annual Money-Weighted Rate of Return		
Net of Investment Expense	-0.22%	9.75%

CITY OF UMATILLA, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

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

September 30, 2015

Florida Retirement System Pension Plan  
Last 10 Fiscal Years\*

	<u>2015</u>	<u>2014</u>
City's Proportion of the Net Pension Liability	0.00287%	0.00282%
City's Proportionate Share of the Net Pension Liability	\$ 370,720	\$ 171,895
City's Covered-employee Payroll	\$ 918,501	*
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll	40.36%	*
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.00%	96.09%

\* Not available

Florida Retirement System HIS Plan  
Last 10 Fiscal Years\*

	<u>2015</u>	<u>2014</u>
City's Proportion of the Net Pension Liability	0.00314%	0.00322%
City's Proportionate Share of the Net Pension Liability	\$ 319,803	\$ 301,008
City's Covered-employee Payroll	\$ 918,501	*
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll	34.82%	*
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.50%	0.99%

\* Not available

\* Only one year of data available.

CITY OF UMATILLA, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

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

September 30, 2015

Florida Retirement System Pension Plan  
Last 10 Fiscal Years\*

	<u>2015</u>
Contractually Required Contribution	\$ 68,627
Contributions in Relation to the Contractually Required Contributions	<u>68,627</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
City's Covered Payroll	\$ 918,501
Contributions as a Percentage of Covered-employee Payroll	7.47%

Florida Retirement System HIS Plan  
Last 10 Fiscal Years\*

	<u>2015</u>
Contractually Required Contribution	\$ 13,435
Contributions in Relation to the contractually Required Contributions	<u>13,435</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
City's Covered Payroll	\$ 918,501
Contributions as a Percentage of Covered-employee Payroll	1.46%

\* Only one year of data available.



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**NONMAJOR GOVERNMENTAL FUNDS**

CITY OF UMATILLA, FLORIDA

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

September 30, 2015

	<u>Special Revenue</u>			<u>Total-Nonmajor Governmental Funds</u>
	<u>Police Education</u>	<u>Police Automation</u>	<u>Total Special Revenue Funds</u>	
<b>Assets:</b>				
Cash and cash equivalents	\$ 9,545	\$ 40,582	\$ 50,127	\$ 50,127
Total assets	<u>\$ 9,545</u>	<u>\$ 40,582</u>	<u>\$ 50,127</u>	<u>\$ 50,127</u>
<b>Liabilities and Fund Balances:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Spendable:				
Restricted	9,545	40,582	50,127	50,127
Total fund balances	<u>9,545</u>	<u>40,582</u>	<u>50,127</u>	<u>50,127</u>
Total Liabilities and Fund Balances	<u>\$ 9,545</u>	<u>\$ 40,582</u>	<u>\$ 50,127</u>	<u>\$ 50,127</u>

CITY OF UMATILLA, FLORIDA

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

For the Year Ended September 30, 2015

	<u>Special Revenue</u>			<u>Total-Nonmajor Governmental Funds</u>
	<u>Police Education</u>	<u>Police Automation</u>	<u>Total Special Revenue Funds</u>	
<b>Revenues:</b>				
Fines and forfeitures	\$ 480	\$ -	\$ 480	\$ 480
Total revenues	<u>480</u>	<u>-</u>	<u>480</u>	<u>480</u>
<b>Expenditures:</b>				
Current:				
Public safety	<u>2,165</u>	<u>3,055</u>	<u>5,220</u>	<u>5,220</u>
Total expenditures	<u>2,165</u>	<u>3,055</u>	<u>5,220</u>	<u>5,220</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,685)</u>	<u>(3,055)</u>	<u>(4,740)</u>	<u>(4,740)</u>
 Net Change in Fund Balances	 (1,685)	 (3,055)	 (4,740)	 (4,740)
 Fund Balances - beginning	 11,230	 43,637	 54,867	 54,867
Fund Balances - ending	<u>\$ 9,545</u>	<u>\$ 40,582</u>	<u>\$ 50,127</u>	<u>\$ 50,127</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines and forfeitures	\$ 500	\$ 500	\$ 480	\$ (20)
Total revenues	<u>500</u>	<u>500</u>	<u>480</u>	<u>(20)</u>
<b>Expenditures:</b>				
Current:				
Public safety	2,000	2,000	2,165	(165)
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>2,165</u>	<u>(165)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,500)</u>	<u>(1,500)</u>	<u>(1,685)</u>	<u>(185)</u>
Net Change in Fund Balance	(1,500)	(1,500)	(1,685)	(185)
Fund Balance - Beginning	11,230	11,230	11,230	-
Fund Balance - Ending	<u>\$ 9,730</u>	<u>\$ 9,730</u>	<u>\$ 9,545</u>	<u>\$ (185)</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Investment income	\$ 200	\$ 200	\$ -	\$ (200)
Total revenues	<u>200</u>	<u>200</u>	<u>-</u>	<u>(200)</u>
<b>Expenditures:</b>				
Current:				
Public safety	5,000	5,081	3,055	2,026
Total expenditures	<u>5,000</u>	<u>5,081</u>	<u>3,055</u>	<u>2,026</u>
Excess (deficiency) of revenues over expenditures	<u>(4,800)</u>	<u>(4,881)</u>	<u>(3,055)</u>	<u>1,826</u>
Net Change in Fund Balance	(4,800)	(4,881)	(3,055)	1,826
Fund Balance - Beginning	43,637	43,637	43,637	-
Fund Balance - Ending	<u>\$ 38,837</u>	<u>\$ 38,756</u>	<u>\$ 40,582</u>	<u>\$ 1,826</u>



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**STATISTICAL SECTION**



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## STATISTICAL SECTION

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	75-80
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant revenue source, the property tax,	81-84
<b>Debt Capacity</b> 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.	85-87
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	88-89
<b>Operating Information</b> 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.	90-92

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

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

	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	Fiscal Year 2015
<b>GOVERNMENTAL ACTIVITIES</b>										
Net investment in capital assets	\$ 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	\$ 3,320,812
Restricted for:										
Capital Improvements	145,660	540,454	524,352	721,632	92,350	168,315	288,920	375,080	346,024	188,379
Community Redevelopment	-	-	-	-	483,398	418,896	328,064	103,407	98,409	113,029
Law Enforcement	66,664	76,153	12,247	12,915	115,210	69,157	68,365	66,940	54,867	50,127
Fire Department	13,994	13,526	15,497	13,479	-	-	-	-	-	-
Library	45,330	47,511	45,000	45,111	-	-	-	-	-	-
Unrestricted	1,133,481	1,207,166	1,149,061	1,206,668	1,324,680	825,420	457,215	542,809	656,049	661,597
Total Governmental Activities Net Position	<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>	<u>\$ 4,320,944</u>
<b>BUSINESS-TYPE ACTIVITIES</b>										
Net investment in capital assets	\$ 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	\$ 13,918,695
Restricted for:										
Capital Improvements	741,213	594,923	392,016	603,256	456,278	233,129	228,026	219,876	144,248	161,730
Debt Service	108,162	121,182	127,126	127,671	54,090	54,090	54,090	54,090	54,090	-
Unrestricted	954,454	1,218,935	129,285	(18,922)	58,635	529,967	859,347	657,601	705,793	752,373
Total Business-type Activities Net Position	<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>	<u>\$ 14,832,798</u>
<b>Primary Government</b>										
Net investment in capital assets	\$ 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	\$ 17,226,507
Restricted for:										
Capital Improvements	886,873	1,135,377	916,368	1,324,888	548,628	401,444	516,946	594,956	490,272	350,109
Debt Service	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	113,029
Law Enforcement	66,664	76,153	12,247	12,915	115,210	69,157	68,365	66,940	54,867	50,127
Fire Department	13,994	13,526	15,497	13,479	-	-	-	-	-	-
Library	45,330	47,511	45,000	45,111	-	-	-	-	-	-
Unrestricted	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	1,413,970
Total City of Umatilla Net Position	<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>	<u>\$ 19,153,742</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 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	Fiscal Year 2015
<b>EXPENSES</b>										
Governmental Activities:										
General Government	\$ 426,590	\$ 528,091	\$ 807,195	\$ 512,434	\$ 532,689	\$ 869,745	\$ 582,914	\$ 742,494	\$ 713,706	\$ 635,092
Public Safety	772,046	859,602	1,062,706	921,714	903,616	976,103	1,007,103	1,068,865	990,627	1,067,052
Transportation	636,045	689,530	556,640	267,555	430,053	472,978	567,118	493,078	45,445	46,388
Physical Environment	397,046	408,732	40,610	37,273	36,874	35,805	43,354	43,963	536,722	532,366
Culture and Recreation	624,406	701,355	646,800	519,085	516,768	511,735	504,269	584,012	433,672	539,648
Economic Environment	-	-	-	-	171,597	123,222	212,799	348,305	190,002	47,396
Interest on Long-term Debt	6,791	6,317	18,711	13,148	18,012	11,407	7,098	9,116	15,065	3,796
<b>Total Governmental Activities Expenses</b>	<b>2,862,924</b>	<b>3,193,627</b>	<b>3,132,662</b>	<b>2,271,209</b>	<b>2,609,609</b>	<b>3,000,995</b>	<b>2,924,655</b>	<b>3,289,833</b>	<b>2,925,239</b>	<b>2,871,738</b>
Business-Type Activities										
Water and Sewer	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	1,029,580
Sanitation	-	-	485,195	538,293	433,066	440,376	482,713	456,697	356,173	351,219
Airport	-	-	208,946	250,816	352,061	358,391	284,837	286,220	281,683	313,408
Stormwater	-	-	-	121,784	108,846	94,538	102,038	78,606	90,674	84,976
<b>Total Business-Type Activities Expenses</b>	<b>956,167</b>	<b>1,107,133</b>	<b>2,527,112</b>	<b>2,332,446</b>	<b>1,994,136</b>	<b>1,967,326</b>	<b>1,905,884</b>	<b>1,849,679</b>	<b>1,814,920</b>	<b>1,779,183</b>
<b>Total Expenses</b>	<b>\$ 3,819,091</b>	<b>\$ 4,300,760</b>	<b>\$ 5,659,774</b>	<b>\$ 4,603,655</b>	<b>\$ 4,603,745</b>	<b>\$ 4,968,321</b>	<b>\$ 4,830,539</b>	<b>\$ 5,139,512</b>	<b>\$ 4,740,159</b>	<b>\$ 4,650,921</b>
<b>PROGRAM REVENUES</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$ 207,067	\$ 284,181	\$ 891,720	\$ 87,701	\$ 38,265	\$ 24,112	\$ 99,391	\$ 133,058	\$ 56,616	\$ 35,014
Public Safety	31,886	34,992	24,082	26,646	15,105	12,347	20,857	36,175	22,718	11,887
Physical Environment	496,793	494,311	9,825	14,050	-	-	-	-	-	-
Transportation	32,900	33,488	14,070	15,798	9,681	12,123	6,553	9,210	7,772	9,021
Culture and Recreation	28,254	17,648	17,152	15,378	26,974	27,823	27,610	30,209	31,450	32,815
Economic Environment	-	-	-	-	2,340	1,905	1,680	1,000	3,270	775
Operating Grants and Contributions	599,969	563,031	520,860	498,063	243,102	228,568	248,743	218,334	218,433	242,961
Capital Grants and Contributions	166,941	101,363	15,768	56,389	235,811	7,753	6,683	5,597	4,135	11,240
<b>Total Governmental Activities Program Revenues</b>	<b>1,563,810</b>	<b>1,529,014</b>	<b>1,493,477</b>	<b>714,025</b>	<b>571,278</b>	<b>314,631</b>	<b>411,517</b>	<b>433,583</b>	<b>344,394</b>	<b>343,713</b>
Business-Type Activities:										
Charges for Services:										
Water and Sewer	741,307	779,328	859,950	958,317	932,494	962,381	905,617	941,787	981,722	1,185,548
Sanitation	-	-	497,606	665,432	629,237	618,387	629,784	635,652	644,916	652,895
Airport	-	-	30,182	28,252	49,054	54,863	67,046	71,781	69,666	79,918
Stormwater	-	-	-	97,725	94,696	98,529	96,991	97,999	98,549	99,782
Operating Grants and Contributions	-	-	-	-	667,061	678,126	-	-	-	-
Capital Grants and Contributions	107,327	203,769	3,064,209	470,168	646,712	70,622	709,215	141,416	661,156	1,915,418
<b>Total Business-Type Activities Program Revenues</b>	<b>848,634</b>	<b>983,097</b>	<b>4,451,947</b>	<b>2,219,894</b>	<b>3,019,254</b>	<b>2,482,908</b>	<b>2,408,653</b>	<b>1,888,635</b>	<b>2,456,009</b>	<b>3,933,561</b>
<b>Total Program Revenues</b>	<b>\$ 2,412,444</b>	<b>\$ 2,512,111</b>	<b>\$ 5,945,424</b>	<b>\$ 2,933,919</b>	<b>\$ 3,590,532</b>	<b>\$ 2,797,539</b>	<b>\$ 2,820,170</b>	<b>\$ 2,322,218</b>	<b>\$ 2,800,403</b>	<b>\$ 4,277,274</b>
<b>NET REVENUE (EXPENSE)</b>										
Governmental Activities	\$ (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)	\$ (2,528,025)
Business-Type Activities	(107,533)	(124,036)	1,924,835	(112,552)	1,025,118	515,582	502,769	38,956	641,089	2,154,378
<b>Total Net Expense</b>	<b>\$ (1,406,647)</b>	<b>\$ (1,788,649)</b>	<b>\$ 285,650</b>	<b>\$ (1,669,736)</b>	<b>\$ (1,013,213)</b>	<b>\$ (2,170,782)</b>	<b>\$ (2,010,369)</b>	<b>\$ (2,817,294)</b>	<b>\$ (1,939,756)</b>	<b>\$ (373,647)</b>

*Continued on Next Page*

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

	Fiscal Year 2005	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2014
<b>GENERAL REVENUES AND TRANSFERS</b>										
Governmental Activities:										
Taxes:										
Property Taxes	\$ 521,004	\$ 863,100	\$ 976,078	\$ 1,057,017	\$ 999,172	\$ 982,677	\$ 902,534	\$ 910,675	\$ 901,006	\$ 861,702
Sales Taxes	230,657	233,873	224,518	202,258	-	-	-	-	-	-
Franchise and Utility Taxes	27,217	28,653	507,376	566,402	656,425	583,577	593,697	616,819	701,589	654,633
Intergovernmental revenues	-	-	-	-	243,866	499,900	534,009	579,249	621,337	679,715
Casualty Insurance Premium Tax	-	-	-	27,283	-	-	-	-	-	-
Unrestricted Investment Earnings	7,153	102,514	57,949	16,022	31,649	13,001	6,374	6,530	5,648	8,417
Miscellaneous	-	-	-	-	-	126,460	123,605	38,510	42,638	28,181
Gain(Loss) on Sale of Capital Assets	21,062	2,919	1,021	(543)	-	-	-	-	-	41,536
Capital Lease Proceeds	-	-	-	145,054	-	-	-	-	-	-
Transfers	147,303	159,342	(3,289,663)	(1,255,195)	246,650	-	-	474,442	511,720	540,000
<b>Total Governmental Activities</b>	<b>954,396</b>	<b>1,390,401</b>	<b>(1,522,721)</b>	<b>758,298</b>	<b>2,177,762</b>	<b>2,205,615</b>	<b>2,160,219</b>	<b>2,626,225</b>	<b>2,783,938</b>	<b>2,814,184</b>
Business-Type Activities:										
Unrestricted Investment Earnings	12,020	53,028	36,100	3,185	-	1,003	3,015	1,748	1,102	35
Transfers	(147,303)	(159,342)	3,289,663	1,255,195	(246,650)	-	-	(474,442)	(511,720)	(540,000)
Franchise Fees & Utility Taxes	473,897	522,520	30,236	-	-	-	-	-	-	-
Miscellaneous Revenues	3,250	3,050	62,825	34	1,414	-	-	-	-	-
<b>Total Business-Type Activities</b>	<b>341,864</b>	<b>419,256</b>	<b>3,418,824</b>	<b>1,258,414</b>	<b>(245,236)</b>	<b>1,003</b>	<b>3,015</b>	<b>(472,694)</b>	<b>(510,618)</b>	<b>(539,965)</b>
<b>Total General Revenues and Transfers</b>	<b>\$ 1,296,260</b>	<b>\$ 1,809,657</b>	<b>\$ 1,896,103</b>	<b>\$ 2,016,712</b>	<b>\$ 1,932,526</b>	<b>\$ 2,206,618</b>	<b>\$ 2,163,234</b>	<b>\$ 2,153,531</b>	<b>\$ 2,273,320</b>	<b>\$ 2,274,219</b>
<b>CHANGE IN NET ASSETS</b>										
Governmental Activities	\$ (344,718)	\$ (274,212)	\$ (3,161,906)	\$ (798,886)	\$ 139,431	\$ (480,749)	\$ (352,919)	\$ (230,025)	\$ 203,093	\$ 286,159
Business-Type Activities	234,331	295,220	5,343,659	1,145,862	779,882	516,585	505,784	(433,738)	130,471	1,614,413
<b>Total Change in Net Position</b>	<b>\$ (110,387)</b>	<b>\$ 21,008</b>	<b>\$ 2,181,753</b>	<b>\$ 346,976</b>	<b>\$ 919,313</b>	<b>\$ 35,836</b>	<b>\$ 152,865</b>	<b>\$ (663,763)</b>	<b>\$ 333,564</b>	<b>\$ 1,900,572</b>

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>
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
2015	861,702	325,566	93,967	221,217	304,005	129,411	23,731	1,959,599

\* Data not available

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General fund					
Reserved	\$ 125,988	\$ 137,190	\$ 135,177	\$ 127,696	\$ 56,578
Unreserved	1,206,595	1,071,489	1,256,283	1,335,402	1,470,021
Total general fund	<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	\$ 145,660	\$ 540,454	\$ 461,919	\$ 665,441	\$ 645,371
Unreserved	-	-	-	-	-
Total all other governmental funds	<u>\$ 145,660</u>	<u>\$ 540,454</u>	<u>\$ 461,919</u>	<u>\$ 665,441</u>	<u>\$ 645,371</u>
	<b>Post GASB 54</b>				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund					
Nonspendable	\$ 849	\$ 2,345	\$ 1,845	\$ 1,500	\$ 1,555
Committed	-	-	23,300	3,932	-
Assigned	599,742	162,669	211,752	312,010	289,430
Unassigned	381,060	416,039	472,787	546,119	596,619
Total general fund	<u>\$ 981,651</u>	<u>\$ 581,053</u>	<u>\$ 709,684</u>	<u>\$ 863,561</u>	<u>\$ 887,604</u>
All Other Governmental Funds (Special Revenue Funds)					
Restricted	\$ 656,368	\$ 685,349	\$ 545,427	\$ 499,300	\$ 351,535
Assigned	-	-	-	-	-
Total all other governmental funds	<u>\$ 656,368</u>	<u>\$ 685,349</u>	<u>\$ 545,427</u>	<u>\$ 499,300</u>	<u>\$ 351,535</u>

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

	<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>	<u>2015</u>
<b>Revenues</b>										
Taxes	\$ 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	\$ 1,610,302
Licenses and Permits	11,550	19,961	79,914	24,550	38,265	24,112	99,391	133,058	56,616	35,014
Intergovernmental Revenues	656,185	543,219	435,082	461,079	405,970	642,718	699,565	722,924	760,213	839,949
Charges for Services	543,737	551,479	96,927	35,051	34,176	39,304	31,446	37,653	43,364	40,149
Fines and Forfeitures	36,136	40,358	28,520	30,044	17,584	12,989	23,574	37,941	21,846	14,349
Investment Income	-	-	-	-	-	13,001	6,374	6,530	5,648	8,417
Miscellaneous	322,351	382,721	1,001,634	96,904	33,989	128,365	125,285	39,510	42,638	28,181
<b>Total Revenues</b>	<u>2,616,963</u>	<u>2,760,068</u>	<u>3,472,035</u>	<u>2,765,306</u>	<u>2,502,390</u>	<u>2,520,246</u>	<u>2,571,736</u>	<u>2,585,366</u>	<u>2,616,612</u>	<u>2,576,361</u>
<b>Expenditures</b>										
General Government	410,546	528,805	792,800	605,659	523,522	857,863	665,464	754,772	857,581	935,884
Public Safety	666,720	774,485	975,498	838,765	838,880	1,073,476	947,349	1,068,721	899,688	1,063,373
Physical Environment	397,046	408,656	54,010	37,123	36,724	42,269	47,201	71,963	40,353	42,665
Transportation	363,295	418,393	433,419	198,699	366,265	459,753	500,401	546,682	472,513	569,062
Economic Environment	-	-	563	9,751	235,089	209,761	207,257	339,724	123,493	130,606
Culture and Recreation	495,579	580,952	550,160	434,260	444,553	458,502	446,399	513,448	523,018	508,783
Capital Outlay	351,117	399,258	313,733	72,336	77,899	-	-	-	-	-
Debt Service:										
Principal	41,544	35,339	158,121	132,096	218,922	136,657	140,708	206,172	128,869	115,856
Interest & Issuance Costs	6,791	6,317	18,711	13,149	13,970	12,479	8,426	10,018	15,067	4,054
Grants and Aids	10,068	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>2,742,706</u>	<u>3,152,205</u>	<u>3,297,015</u>	<u>2,341,838</u>	<u>2,755,824</u>	<u>3,250,760</u>	<u>2,963,205</u>	<u>3,511,500</u>	<u>3,060,582</u>	<u>3,370,283</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(125,743)	(392,137)	175,020	423,468	(253,434)	(730,514)	(391,469)	(926,134)	(443,970)	(793,922)
<b>Other Financing Sources (Uses)</b>										
Transfers in	242,376	343,663	49,266	117,500	258,297	-	-	568,330	515,998	540,000
Transfers out	(78,897)	(184,321)	(120,040)	(466,770)	(11,647)	-	-	(93,888)	(4,278)	-
Debt Proceeds	-	503,685	-	231,533	50,215	196,563	19,852	440,401	40,000	60,000
Debt Proceeds	-	-	-	-	-	-	-	-	-	70,200
<b>Total Other Financing Sources (Uses)</b>	<u>163,479</u>	<u>663,027</u>	<u>(70,774)</u>	<u>(117,737)</u>	<u>296,865</u>	<u>196,563</u>	<u>19,852</u>	<u>914,843</u>	<u>551,720</u>	<u>670,200</u>
<b>Net Change in Fund Balances</b>	<u>\$ 37,736</u>	<u>\$ 270,890</u>	<u>\$ 104,246</u>	<u>\$ 305,731</u>	<u>\$ 43,431</u>	<u>\$ (533,951)</u>	<u>\$ (371,617)</u>	<u>\$ (11,291)</u>	<u>\$ 107,750</u>	<u>\$ (123,722)</u>
Debt service as a percentage of noncapital expenditures	2.02%	1.51%	5.93%	6.74%	9.00%	5.11%	5.23%	6.75%	4.93%	4.30%

**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		
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%
2015	107,902,950	173,648,089	11,887,467	14,370,614	-	-	119,790,417	188,018,703	7.2980	63.71%

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
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
2015	7.2980	5.3051	7.1970	0.4629	0.1600	1.0000	0.0323	0.2554	21.7107

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 2015			Fiscal Year 2006			
	Taxable Assessed			Taxable Assessed			
	Value	Rank	Value	Taxpayer	Value	Rank	Value
COMMUNITY SUPPORTS INC	\$11,905,014	1	9.96%	*	*	1	*
ARGUELLES HOLDINGS LLC	3,479,561	2	2.91%	*	*	2	*
EVERS ENTERPRISES LLLP	3,662,417	3	3.06%	*	*	3	*
DUKE ENERGY	1,915,689	4	1.60%	*	*	4	*
NATIONWIDE UMATILLA PLAZA LLC	1,658,982	5	1.39%	*	*	5	*
GOLDEN ESTATES MHP	1,532,510	6	1.28%	*	*	6	*
EMBARQ-FLORIDA INC	1,248,941	7	1.04%	*	*	7	*
QUANTUM LAKE POWER LP	1,129,301	8	0.94%	*	*	8	*
UNITED SOUTHERN BANK	1,095,728	9	0.92%	*	*	9	*
UMATILLA STATE BANK	1,016,197	10	0.85%	*	*	10	*
Total	<u>\$ 28,644,340</u>		<u>23.95%</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>
2006	605,646	584,462	96.50%	6,239	590,701	97.53%
2007	771,628	746,338	96.72%	6,611	752,949	97.58%
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	85.24%	39,620	788,302	89.75%
2013	901,498	757,065	83.98%	40,430	797,495	88.46%
2014	883,290	832,156	94.21%	68,850	901,006 *	102.01%
2015	874,230	821,055	93.92%	40,645	861,700	98.57%

\* Collections exceeded 100% due to collections of amounts delinquent from multiple prior years.

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

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	Capital Leases	Loans Payable	Utility Revenue Bonds	Loans Payable			
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
2015	118,122	100,000	57,000	-	275,122	0.23%	72

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

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

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, 2015**

Governmental Unit	Debt Outstanding (1)	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Other Debt			
Lake County Board of County Commissioners	\$ 24,255,000	0.17%	\$ 41,009
School District of Lake County	-	0.17%	-
Subtotal, overlapping debt			41,009
Direct debt	-		
Total direct and overlapping debt			<u>\$ 41,009</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 <sup>2</sup>	Operating Expenses <sup>1</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2015	1,185,546	736,906	448,640	7,000	2,800	9,800	45.78

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

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

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

Fiscal Year	Population	Total Personal Income of all Umatilla Residents	Per Capita Personal Income	Median Age	Lake County Unemployment Rate
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%
2015	3,798	119,052,108	31,346	50.10	5.10%

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

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

<u>Employer</u>	<u>2015</u>			<u>2006</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	234	*	Lake County School Board	*	273	*
Lakeview Terrace	2	170	*	City of Umatilla	*	60	*
Recovery Village	3	110	*	United Southern Bank	*	57	*
United Southern Bank	4	46	*	McDonalds	*	34	*
City of Umatilla	5	46	*	First Baptist Church	*	26	*
McDonalds	6	44	*	Utility Technicians	*	21	*
Lake County Health Clinic	7	39	*	Quarterdeck Restaurant	*	15	*
Utility Technicians	8	27	*	First United Methodist Church	*	13	*
Faryna Grove Care	9	23	*	Sunsational Citrus	*	11	*
Sunsational Citrus	10	9	*	Bank of America	*	7	*

\* Data not available  
Source: City staff



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

Function	Full-time Equivalent Employees as of September 30th									
	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>General Government</b>										
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	3.5	3.0	5.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0
Facilities Maint.	1	1	1	1	1	1	1	1	1	1
<b>Total General Government</b>	<b>6.5</b>	<b>6</b>	<b>8</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>Public Safety</b>										
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
<b>Total Public Safety</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>
<b>Growth Management</b>										
<b>Public Works</b>										
Administration	2	2	2	2	2	2	2	2	2	2
Cemetery	1	1	1	1	1	1	1	1	1	1
Street Maint.	7	6	7	6	6	6	7	7	6	6
<b>Total Public Works</b>	<b>10</b>	<b>9</b>	<b>10</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>9</b>	<b>9</b>
<b>Culture and Recreation</b>										
Library	10	8	8	8	8	8	8	8	8	8
Parks and Recreation	1	1	1	1	1	1	1	1	2	2
<b>Total Culture and Recreation</b>	<b>11</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>10</b>
<b>Utilities</b>										
Water	3	4	4	4	4	4	3	3	3	3
Sewer	2	2	2	1	1	1	2	2	2	2
Sanitation	0	0	0	2	2	2	0	0	0	0
<b>Total Utilities</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>Total Government Employees</b>	<b>44.5</b>	<b>42</b>	<b>45</b>	<b>44</b>	<b>43</b>	<b>43</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>42</b>

Source: Finance Department

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

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Police</b>										
Arrests	182	183	222	217	134	104	70	97	114	139
Traffic/DUI Citations	1,032	1,032	16	17	8	4	87		228	356
Traffic Accidents	76	76	70	48	80	51	58	58	58	57
Warrants	24	24	13	12	5	6	5	21	17	21
<b>Building Department:</b>										
The City's building permits are approved and issued by Capri Engineering. (The building services are outsourced to a private company)	*	*	148	113	151	117	146	166	284	298
<b>Roads and Streets</b>										
Potholes repaired	150	150	170	210	160	240	240	425	480	504
Street resurfacing (by mile)	1.25	1.25	0.5	*	0	0.0	0.25	0.25	0.50	0.50
<b>Library</b>										
Total Circulation (Library materials checked out)	113,886	113,886	17,949	119,930	126,420	143,458	138,150	145,830	146,537	103,353
Total Users of Public Internet Computers	26,753	26,753	25,083	26,470	30,215	19,006	34,529	22,214	32,965	21,153
Total Reference Transactions	520	520	25,688	19,500	19,396	22,308	15,912	20,541	15,652	15,652
Total Annual Programs	498	498	459	293	461	385	399	395	458	536
Total Program Attendance	9,984	9,984	10,231	7,684	13,033	15,640	12,847	12,859	12,531	14,689
Total Number of registered card holders	11,111	11,111	8,615	8,476	9,033	9,868	10,537	7,963	4,173	4,309
Number of hours spent on public technology instruction	32	32	652	834	723	43	84	80	62	62
Total Library visitors	101,934	101,934	111,847	80,057	122,677	141,968	120,969	115,494	109,686	103,353
<b>Parks and Recreation</b>										
Number of Recreation Leases	*	85	129	102	148	87	322	309	323	317
Number of Bookings at the Community Building	*	*	*	*	92	24	72	57	38	0
<b>Water</b>										
Commercial Connections	195	195	198	192	148	180	207	237	197	179
Residential Connections	1,258	1,258	1,256	1,264	1,303	1,205	1,229	1,423	1,530	1,486
Total Connections	1,453	1,453	1,454	1,456	1,451	1,385	1,436	1,660	1,727	1,665
Average Daily Consumption (gallons per day)	407,000	407,000	396,000	365,000	355,000	355,000	356,000	343,000	343,000	448,000
Treatment capacity (gallons per day)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Wastewater</b>										
Commercial Connections	124	124	839	121	120	118	119	144	133	132
Residential Connections	852	852	118	829	822	806	817	894	927	317
Total Connections	976	976	957	950	942	924	936	1,038	1,060	1,049
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	179,000
Treatment Capacity (gallons per day)	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000

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

Sources: Various city departments

\* Data not available

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

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Police</b>										
Stations (Includes substations)	1	1	1	1	1	1	1	1	1	1
Patrol Units (2 shifts/2 officers per shift)	4	4	4	4	4	4	4	4	4	4
Sworn Officers (positions filled at year end)	9	9	9	9	9	9	9	9	9	9
Support	1	1	1	1	1	1	1	1	1	1
<b>Roads and Streets</b>										
Paved Roads	20.3	20.3	20.3	20.3	20.3	20.3 miles	21 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	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	56,836 feet
<b>Culture and Recreation</b>										
Libraries	1	1	1	1	1	1	1	1	1	1
Acreage	35	35	35	35	35	35	35	35	35	35
Parks	6	6	6	6	6	6	6	6	6	6
Recreation Centers	1	1	1	1	1	1	1	1	1	1
Basketball Courts	2	2	2	2	2	2	2	2	2	2
Tennis Courts	2	2	2	2	2	2	2	2	2	2
Baseball Fields	1	1	1	1	1	1	1	1	1	1
Playgrounds	3	3	3	3	3	3	3	3	3	3
Soccer Fields	1	1	1	1	1	1	1	1	1	1
Swimming Pool	1	1	1	1	1	1	1	1	1	1
<b>Water</b>										
Water mains (miles)	30.9	30.9	30.9	30.9	30.9	30.9	30.9	30.9	30.9	30.9
Storage Capacity (gallons)	250,000	250,000	250,000	250,000	250,000	250,000.0	250,000.0	250,000.0	250,000.0	250,000.0
Fire Hydrants	151	151	151	151	151	151	151	151	151	151
Water Plants	1	1	1	1	1	1	1	1	1	1
<b>Wastewater</b>										
Sewers-Force Mains/Gravity (miles)	14.1	14.1	14.1	14.1	14.1	14.1	14.1	14.1	14.1	14.1
Treatment Capacity (gallons/daily)	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Lift Stations	9	9	9	9	9	9	9	9	9	9

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

Sources: Various city departments

\* Data not available



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## **OTHER REPORTS**



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**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, 2015, and the related notes to the financial statements, which collectively comprise City of Umatilla, Florida's basic financial statements, and have issued our report thereon dated May 26, 2016.

**Internal Control over Financial Reporting**

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

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

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

**MCDIRMIT DAVIS & COMPANY, LLC**

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*McDiernit Davis & Company, LLC*

Orlando, Florida  
May 26, 2016



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

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

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

We have audited the *City of Umatilla, Florida's* (the City) compliance with the types of compliance requirements described in the Florida Department of Financial Services *State Projects Compliance Supplement* that could have a direct and material effect on the City's major state projects for the year ended September 30, 2015. The City's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the City's major state projects based on our audit of the types of compliance requirements referred to above.

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

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

**Opinion on the Major State Projects**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state projects for the year ended September 30, 2015.

**MCDIRMIT DAVIS & COMPANY, LLC**

934 N. MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803  
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## Report on Internal Control over Compliance

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

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

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

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

*McDiarmid Davis & Company, LLC*

Orlando, Florida  
May 26, 2016

CITY OF UMATILLA, FLORIDA

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

Year Ended September 30, 2015

<b>Award type</b>				
<b>Grantor</b>	<b>CSFA</b>	<b>Agency or Pass-through</b>		
<b>Grantor program title</b>	<b>Number</b>	<b>Entity Grant Number</b>		<b>Expenditures</b>
<b>State Award</b>				
<b>State of Florida, Department of Environmental Protection</b>				
Sewer Line Rehabilitation *	37.039	LP35071	\$	768,053
Water Line Rehabilitation *	37.039	LP35071		310,885
Orange Avenue Stormwater	37.039	S0601		243,269
Stormwater Management	37.077	SW350720		114,087
<b>State of Florida, Department Transportation</b>				
Object Free Area, Security, and Automobile Parking Lot	55.004	FM431621		33,877
Safety Enhancements	55.004	FM414456		68,310
Total state awards			\$	<u>1,538,481</u>

\* Denotes a major program

CITY OF UMATILLA, FLORIDA

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

Year Ended September 30, 2015

**Note 1 - Basis of Presentation:**

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of the City of Umatilla, Florida (the City) under projects of the State of Florida government for the year ended September 30, 2015. 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, 2015, 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.

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

Year Ended September 30, 2015

**Part A - Summary of Auditor's Results:**

1. The auditor's report expresses an unmodified 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 Project 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 state projects for the City expresses an unmodified opinion.
6. The projects tested as a major project included: State of Florida, Department of Environmental Protection Statewide Surface Water Restoration and Wastewater Projects, Sewer Line Rehabilitation (CFSA 37.079) and Water Line Rehabilitation (CFSA 37.079).
7. The threshold used for distinguishing between Type A and B projects 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 State Projects:**

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, 2015, and have issued our report thereon dated May 26, 2016.

### **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 May 26, 2016, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i).1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

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

Section 10.554(1)(i).4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.

**MCDIRMIT DAVIS & COMPANY, LLC**

934 North Magnolia Avenue, Suite 100 Orlando, Florida 32803  
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## **Financial Condition**

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

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. 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, 2015, 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, 2015. In connection with our audit, we determined that these two reports were in agreement.

## **Other Matters**

Sections 10.554(1)(i)2. and 10.556(7), Rules of the Auditor General, require 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 City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*McDiernit Davis & Company, LLC*

Orlando, Florida  
May 26, 2016

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, 2015, and have issued our report thereon dated May 26, 2016. 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 October 30, 2015, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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

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

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

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

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

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

**MCDIRMIT DAVIS & COMPANY, LLC**

934 North Magnolia Avenue, Suite 100 Orlando, Florida 32803  
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## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the *City of Umatilla, Florida* is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, during the year, the City adopted Governmental Accounting Standards Board (GASB) Statements No. 68 and 71. 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 May 26, 2016.

## **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,

*McDiarmid Davis & Company, LLC*

Orlando, Florida  
May 26, 2016

**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, 2015. 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, 2015.

*MCDIRMIT DAVIS & COMPANY, LLC*

Orlando, Florida  
May 26, 2016

**MCDIRMIT DAVIS & COMPANY, LLC**

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# City of Umatilla

"NATURE'S HOMETOWN"

## AFFIDAVIT OF IMPACT FEE COMPLIANCE

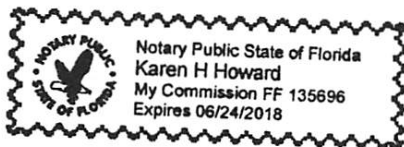
The City of Umatilla, Florida has complied with Section 163.31801 of Florida Statutes regarding accounting and reporting of Impact Fee collections and expenditures.

Carol Rogers, CPA  
Finance Director

STATE OF FLORIDA  
COUNTY OF LAKE

Sworn to (or affirmed) and subscribed before me this 31st day of May, 20 16 by Carol Roger  
(name of person making statement) who is:

- personally known to me  
 or produced \_\_\_\_\_ as identification, and who did not take an oath.

  
Notary Public