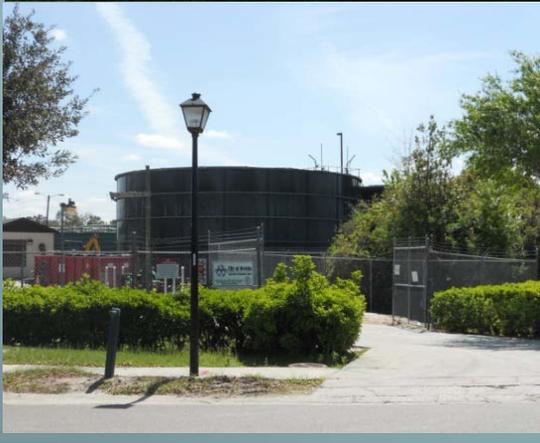


# Comprehensive Annual Financial Report



City of Oviedo



For the fiscal year ended  
September 30, 2010



Courtesy of John Caraway

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**CITY OF OVIEDO, FLORIDA**  
**Comprehensive Annual Financial Report**  
**For the fiscal year ended**  
**September 30, 2010**

**(With Independent Auditors' Report Thereon)**



**Prepared by:**  
**Department of Finance**



Courtesy of John Caraway

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CITY OF OVIEDO, FLORIDA

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## **Introductory Section**



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**CITY OF OVIEDO FLORIDA**  
400 ALEXANDRIA BLVD • OVIEDO, FLORIDA 32765  
407-971-5555 • [WWW.CITYOFOVIEDO.NET](http://WWW.CITYOFOVIEDO.NET)

March 23, 2011

To the Honorable Mayor and City Council  
And the Citizens of the City of Oviedo, Florida:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Oviedo, Florida, for the fiscal year ended September 30, 2010. This report fulfills the requirements of the City Charter, Florida Statutes, and the Rules of the Florida Auditor General. It is presented in conformity with generally accepted accounting principles (GAAP) and audited by an independent firm of certified public accountants. The organization, form and contents of this report plus the accompanying financial statements and statistical tables are formulated in accordance with the principles prescribed by the Governmental Accounting Standards Board (GASB), the State of Florida and the Government Finance Officers Association (GFOA).

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal controls should not exceed the anticipated benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of any material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects and is reported in a manner designed to fairly set forth the financial position and results of operations of the City of Oviedo as measured by the financial activity of its various funds.

McDermitt Davis & Company, LLC, a firm of licensed certified accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended September 30, 2010, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified ("clean") opinion that the City's financial statements for the year ended September 30, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented at the front of the Financial Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Oviedo's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the City**

The City of Oviedo, Florida was incorporated in 1925. Located in Central Florida and considered part of the Orlando Metropolitan area, the City encompasses 16 square miles and is the home of approximately 33,316 residents.

In accordance with the City Charter, the City Council operates under the Council-City Manager form of government. The City Council consists of a Mayor and four Council Members elected at large. The Council appoints a City Manager who is the administrative head of the City and directs the business of the City and its departments. The City provides a full range of services to its citizens. These services include law enforcement; fire and rescue services; public works activities include engineering services, stormwater maintenance, fleet maintenance, landscaping and ROW maintenance, street and sidewalk maintenance, and the water and wastewater utility system; recreation and parks facilities and programs support athletics, aquatics and recreation activities; building services, code enforcement and planning and development; and general administrative services.

The annual budget serves as the foundation for the City of Oviedo's financial planning and control. The City Charter requires the City Manager to submit the proposed budget and accompanying message to the City Council on or before July 31<sup>st</sup> of each year. The City Council is then required to hold public hearings on the proposed budget and to adopt a final budget by resolution on or before the 30<sup>th</sup> day of September of the fiscal year currently ending. The budget is legally adopted at the fund level. Expenditures may not legally exceed appropriations at the fund level. Transfers of appropriations between funds require the approval of City Council. The budget amounts may be formally amended by the City Council at any time. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and the Transportation Impact Fee Special Revenue Fund, this comparison is presented as part of the Required Supplementary Information (RSI) subsection of this report. For other governmental funds with appropriated budgets, this comparison is presented in the Combining and Individual Statements subsection of this report. The financial plan may be obtained from the City's Budget Department or the City's website <http://www.cityofoviedo.net>.

## **Local economy**

Reflective of Florida's economy, the City of Oviedo is experiencing a slowdown in its economic environment. The City's total taxable property assessed valuation decreased 9.0% from last fiscal year. Other changes in economic indicators from last year include a slight decrease in population of .63% and a per capita income increase of 2.8%. Unemployment rose to 8.7% from 8.3% but remains lower than the State of Florida's rate of 11.9% and the national average of 9.6%.

The City of Oviedo has been selected by RelocateAmerica.com as "Americas Top 100 Best Places to Live for 2010" for the second consecutive year. Key factors considered when rating cities include local economy, great schools, affordable housing, low crime, employment and parks and recreation.

## **Long-term financial planning**

The Budget serves as the annual financial plan for the City. It articulates public priorities; helps management make informed choices about the allocation of resources; promotes effective communication; establishes broad goals and management strategies to guide decision making and develops approaches to achieve those goals. The City develops and maintains a three to five year financial trend model that forecast revenues and expenditures based on a set of accepted assumptions. A five year Capital Improvement Program is prepared and updated annually to reflect the capital investment needs of the City consistent with the Comprehensive Plan and other master plans approved by the City Council. Management has developed fiscal policies for the adopted financial plan regarding revenues, expenditures, reserves, capital improvements and debt management.

## **Relevant financial policies**

Budget and financial policies adopted by the City are intended to guide elected officials, the City Manager and staff in their on-going roles as financial stewards of the City. Financial reserve policies have been established to provide sufficient cash flow for daily financial needs, to have the ability to offset significant economic downturns or revenue shortfalls, and to provide for unforeseen expenditures related to emergencies or other unanticipated needs. The General Fund financial reserve policy is to maintain at a minimum, unappropriated fund balance equal to fifteen (15%) of the annual General Fund budget. Should the undesignated fund balance fall below 15%, the City Council will take necessary steps to replenish the reserve to the target level prior to the close of the following fiscal year. In order to protect the resources necessary to ensure continued operations of the Water and Sewer Utility System, a working capital reserve shall be established equal to a minimum of ninety (90) days of the Utility System's operating budget less depreciation, annual debt service and capital expenditures. Debt management policies include maintaining a minimum debt service coverage of 110% in the Water and Sewer Utility Fund (income available for debt service divided by the maximum debt service requirement). The City shall also maintain a minimum capital reserve balance in the Water and Sewer Renewal and Replacement Fund equal to fifty (50%) of the prior year depreciation expense for plant and equipment. The City reviews its outstanding debt issues on an annual basis for the purpose of determining if the financial marketplace will afford the City the opportunity to refund an issue in an effort to reduce debt service costs. The City has also adopted an investment policy that governs cash reserves in excess of amounts needed to meet current expenses. The objectives are to first protect and safe keep City funds; second, to provide sufficient liquidity to meet operating, payroll and capital requirements; and third, to maximize return on the City's portfolio while minimizing risk. During this fiscal year, the City's investment portfolio earned 3.6%.

## **Major initiatives**

City Council approved the acquisition of Alafaya Utilities at an acquisition cost of \$25,337,607. The acquisition of Alafaya Utilities and the associated plant improvements was the largest capital expenditure project ever undertaken in the history of the City. Highlights of the acquisition include:

- 1) Public Resources Management Group and Conklin Porter and Holmes Engineers were hired to prepare the due diligence process for the proposed Alafaya Utilities acquisition. They provided the City with a long term financial feasibility analysis necessary to support

the issuance of bonds and reclaimed water inter-connect plan to facilitate additional reclaimed water services from the City's system into the Alafaya reclaimed system.

- 2) City Council passed Ordinance 1492 calling for a referendum Election for Approval of a Charter Amendment authorizing the issuance of Revenue Bonds in an amount not to exceed \$36,000,000 for the purpose of acquiring, improving such system and to provide reserves and pay acquisition and bond issuance costs to purchase Alafaya Utilities, Inc.
- 3) The referendum election held on August 24, 2010 for the Oviedo Charter Amendment received 3256 Yes Votes and 1840 No Votes.
- 4) On September 15<sup>th</sup>, the City closed on the Alafaya Utility Acquisition and \$36,000,000 Bond Purchase. As of 12:01 AM September 15, 2010, the Alafaya Utility facilities were transferred to City control and operation.
- 5) Moody's affirmed and assigned an "Aa3" rating to the \$36,000,000 Bond issue. The agency defines an "Aa" rating as "obligations are judged to be of high quality and are subject to very low credit risk". Standard & Poor's affirmed and assigned an "AA" rating. S&P defines an "AA" rating as a "very strong capacity to meet financial commitments".

During 2010, the City opened the new Employee Health Center delivering a significant cost saving in Healthcare to the City of Oviedo. In addition, better healthcare is now offered to employees and their dependants who take advantage of this free service.

Other initiatives during this fiscal year included:

- The City of Oviedo received the William C. Schwartz Industry Innovation Award for its new water conservation incentive program.
- The City of Oviedo received the American Water Works Association, Water Conservation Award of Excellence, Best in Class for the H2Oviedo water conservation program.
- The Public Works Administration building completed in 2009 received Gold Certification under the U.S. Green Building Council's Leadership in Energy and Environment Design (LEED) program.
- Implementation of the Recycle Bank Program.
- Outsourcing of the City's Building Services Division to Page Dixon Chandler Smith, LLC.
- Outsourcing of the City's Grounds and Arborist functions to Central Florida Landscaping and A Budget Tree Service.
- The City's neighborhood improvement program known as ION (Improving Oviedo Neighborhoods) completed a variety of improvements in the Johnson Hill/Washington Heights/Round Lake Estates neighborhoods including beautification, drainage infrastructure, and public safety.
- Began construction and implementation of the Energy Saving Improvements as a result of the Energy Audit performed by Siemens Building Technologies.
- Construction began on improvements to the North Lockwood Trail/Sidewalk funded by ARRA - \$527,134.
- Construction began on safety improvements for three major intersections along Mitchell Hammock Road funded by ARRA- \$157,340.
- Construction was substantially complete on the improvements to Friendship Park funded 50% by the Florida Recreation Development Assistance Program - \$253,557.
- Renovation was complete on the Lawton House and the Oviedo Historical Society took residence in the renovated historical building.
- Improvements to the Meadows Subdivision Stormwater Pond - \$65,618.
- Completion of the North Lockwood Sidewalk Project funded by ARRA - \$191,991.
- Completion of the Clonts Street Improvements - \$67,020.

## **Awards and acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2009; this was the 19th time that the City has received the Certificate. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City believes our current report continues to conform to the Certificate of Achievement program requirements and will be submitting it to the GFOA to determine its eligibility for another certificate.

Additionally, the City received the GFOA's Award for Distinguished Budget Presentation for its annual financial plan for the fiscal year beginning October 1, 2009, the same period covered by this Comprehensive Annual Financial Report. This was the fifth consecutive year that the City has received this prestigious award. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications devise. This award is valid for a period of one year only.

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contribution made in the preparation of this report. Other City departments, although not extensively involved in year-end audit activities, contributed significantly by ensuring the accuracy and integrity of accounting information compiled throughout the year. Without their diligence, the work of the Finance Department would have been considerably more difficult. Appreciation must also be expressed to the City's auditors whose suggestions and attention to detail enhanced the quality of this report.

In closing, we would also like to thank the members of the City Council for their interest and support in our efforts for maintaining fiscal accountability and responsibility for the City.

Respectfully submitted,



Richard Gestrich  
City Manager



Dianne S. Holloway  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Oviedo  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2009

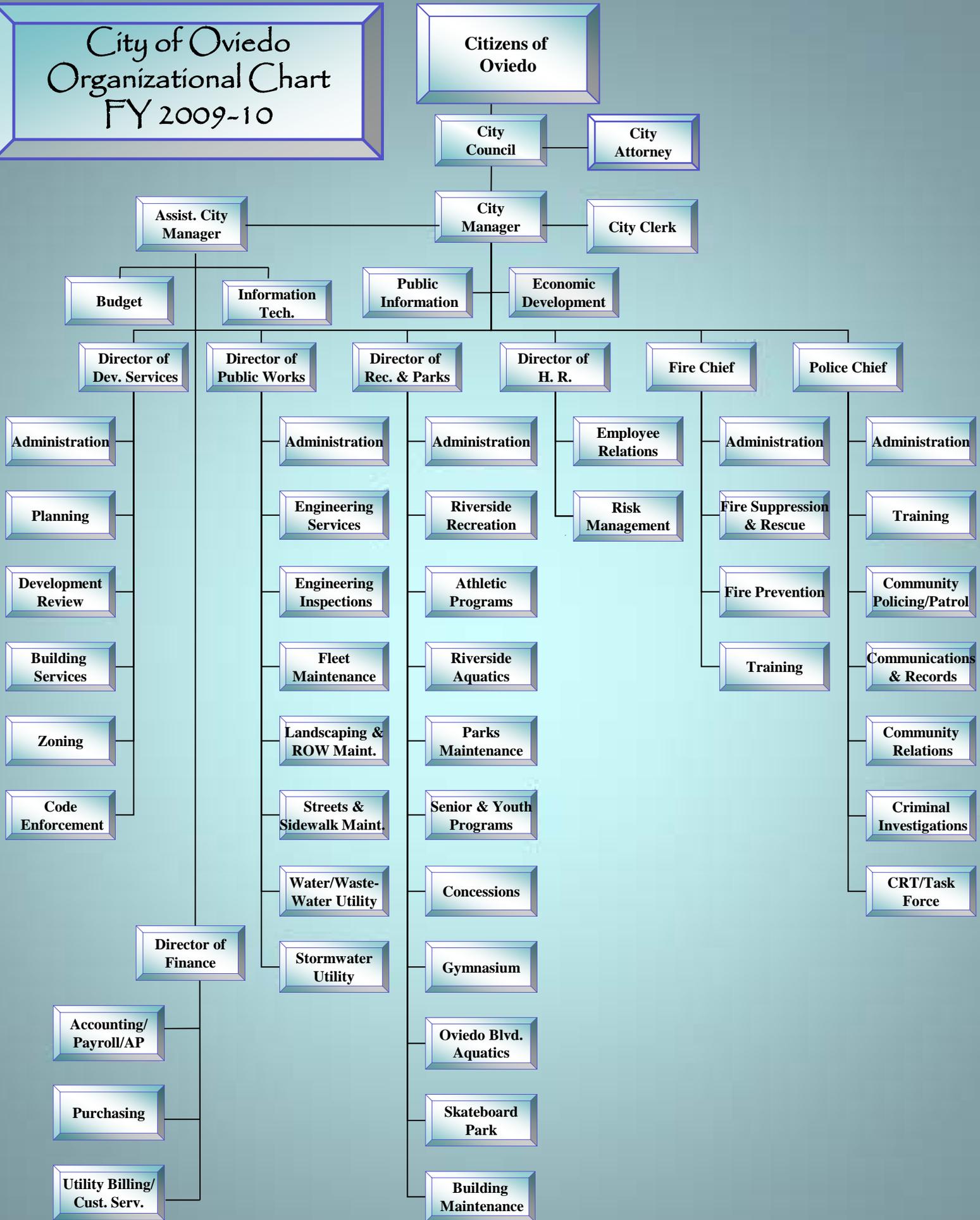
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

# City of Oviedo Organizational Chart FY 2009-10



**CITY OF OVIEDO, FLORIDA  
PRINCIPAL OFFICIALS  
SEPTEMBER 30, 2010**

**CITY COUNCIL**

Stephen P. Henken, Deputy Mayor  
Keith Britton  
Stephen W. Schenck  
Cindy Drago

**MAYOR**

Dominic Persampiere

**CITY MANAGEMENT**

**GENERAL GOVERNMENT**

Richard Gestrich, City Manager  
Robert Bentkofsky, Assistant City Manager/Budget Director  
Barbara J. Barbour, City Clerk  
Darlene Jordan, Information Technology Director  
Bryan J. Cobb, Development Services Director  
Constance M. Collins, Human Resources Director  
Dianne S. Holloway, Director of Finance

**PUBLIC SAFETY**

Lars D. White, Fire Chief  
Jeffrey A. Chudnow, Police Chief

**PUBLIC WORKS**

Anthony T. Segreto, Director

**RECREATION AND PARKS**

Dru D. Boulware, Director

**LEGAL COUNSEL**

Stenstrom, McIntosh, Colbert, Whigham, Reischmann and Partlow, P.A.

**BOND COUNSEL**

Bryant, Miller and Olive, P.A.

**AUDITORS**

McDermitt Davis & Company, LLC

## **Financial Section**

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the *City of Oviedo, Florida*, (the City) as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion the financial statements referred to above present fairly, in all material respects, the 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, 2010, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2011 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the 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 read in conjunction with this report in considering the results of our audit.

**MCDIRMIT DAVIS & COMPANY, LLC**  
605 E. ROBINSON STREET, SUITE 635 • ORLANDO, FLORIDA 32801  
TELEPHONE 407-843-5406 • FAX 407-649-9339 • EMAIL: INFO@MCDIRMITDAVIS.COM

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and other post employment benefit information on pages 3 through 15 and 67 through 70, respectively, be presented to supplement the basic financial statements. Such information, although a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual fund financial statements 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 federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*McDiernit Davis & Company, LLC*

March 23, 2011



Courtesy of John Caraway

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## **Management's Discussion and Analysis**



Courtesy of John Caraway

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Oviedo's (the City) discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on page i) and the City's financial statements (beginning on page 16).

### **Financial Highlights**

- At the close of fiscal year 2010, the City's assets exceeded its liabilities by \$128,825,772 (net assets). Of this amount, \$8,842,992 (unrestricted net assets) may be utilized to meet the City's ongoing obligations to citizens and creditors.
- During fiscal year 2010, the City's total net assets decreased by \$642,612 (or -0.5%).
- At the close of the fiscal year 2010, the City's governmental funds reported combined ending fund balances of \$26,336,645, an increase of \$1,408,971 in comparison with the prior year. Approximately 64% or \$16,736,201 of the total amount is unreserved fund balance and is available for spending at the City's discretion.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$3,614,171, or 17% of General Fund expenditures.
- The City's total debt increased by \$37,436,159 during the current fiscal year. This increase is due to the acquisition of Alafaya Utilities Inc.

### **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 is intended to serve as an introduction to the City'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 required 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's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. The focus of the *Statement of Net Assets* (the "unrestricted net assets") is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental fund current resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or declining.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Overview of the Financial Statements, Continued

#### Government-wide financial statements, continued

The *Statement of Activities* presents information showing how the City's net assets changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City 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 include general government, public safety, physical environment, and parks and recreation. The business-type activities of the City consist of the water and sewer systems.

The government-wide financial statements include only the City itself (known as the *primary government*). The City had no component units. The water and sewer system function as a department of the City, and therefore, has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 16-17 of this report.

#### Fund financial statements

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Overview of the Financial Statements, Continued

#### **Governmental funds, continued**

The City maintains twenty-five (25) 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, Transportation Impact Fee Special Revenue Fund, and the Downtown Improvement Construction Capital Project Fund, all of which are considered to be major funds. Data from the other twenty-two (22) 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 in this report, immediately following the notes to the financial statements and required supplementary information.

The City adopts an annual appropriated budget for its General, Special Revenue, Debt Service and Enterprise Funds except for the State Pension Contributions Special Revenue Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budget and are presented as required supplementary information.

The basic governmental fund financial statements can be found on pages 18-21 of this report.

**Proprietary funds.** The City maintains one proprietary fund type. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer system. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self insurance health plan and city paid employee long-term disability and life insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 22-25 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 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 28-66 of this report.

**Required supplementary information (RSI).** RSI can be found on pages 67-70 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the RSI. Combining and individual fund statements and schedules can be found on pages 71-93 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Government-wide Financial Analysis

**Statement of Net Assets.** As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$128,825,772 as of the close of the most recent fiscal year.

Over half (\$106,463,098 or 83%) of the City's net assets reflect its investment in capital assets (e.g., land, buildings, improvements, infrastructure, vehicles and equipment); less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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.

\$13,519,682 of the City's net assets represents resources that are subject to external restrictions on how they may be used, primarily for capital projects. The remaining balance of *unrestricted net assets* (\$8,842,992 or 7%) may be used to meet the City's ongoing obligations to citizens and creditors.

The following table reflects the condensed *Statement of Net Assets* for the current and prior year. For more detailed information, see the *Statement of Net Assets* on page 16.

Statement of Net Assets  
As of September 30,

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 30,203,655	\$ 29,061,567	\$ 15,669,635	\$ 9,666,190	\$ 45,873,290	\$ 38,727,757
Capital assets	88,090,482	89,210,551	86,512,442	55,151,327	174,602,924	144,361,878
Total assets	118,294,137	118,272,118	102,182,077	64,817,517	220,476,214	183,089,635
Current liabilities	2,705,893	2,840,118	1,128,359	715,970	3,834,252	3,556,088
Long term liabilities	29,275,895	29,431,224	58,540,295	20,636,039	87,816,190	50,067,263
Total liabilities	31,981,788	32,271,342	59,668,654	21,352,009	91,650,442	53,623,351
Net assets						
Invested in capital assets, net of related debt	69,958,451	70,052,152	36,504,647	37,676,654	106,463,098	107,728,806
Restricted for:						
Capital improvement	13,294,047	12,623,061	-	-	13,294,047	12,623,061
Debt service	9,367	8,094	181,866	180,000	191,233	188,094
Law enforcement						
education	34,402	37,090	-	-	34,402	37,090
Unrestricted	3,016,082	3,280,379	5,826,910	5,610,954	8,842,992	8,891,333
Total net assets	\$ 86,312,349	\$ 86,000,776	\$ 42,513,423	\$ 43,467,608	\$ 128,825,772	\$ 129,468,384

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### **Government-wide Financial Analysis, Continued**

**Statement of Activities.** The following table reflects the *Statement of Changes in Net Assets* for the current and prior year. For more detailed information see the *Statement of Activities* on page 17.

Note that the City's net assets decreased by \$642,612 or -0.5% in fiscal year 2010. The previous fiscal year, 2009, net assets increased by \$860,876 or 0.7%.

Governmental activities increased net assets by \$311,573 in fiscal year 2010 compared to an increase of \$13,641,489 in 2009. The increase in net assets is primarily due to reduction in expenses in 2010.

Business-type activities decreased net assets by \$954,185 or -2.3% in fiscal year 2010 compared to a decrease of \$12,780,613 or -23% in 2009. The decrease in net assets is primarily due to a reduction in revenue in 2010.

Following the *Changes in Net Assets* table is a series of bar and pie charts that relay in pictorial form the revenues and expenses for each of the governmental and business-type activities as well as the revenue 'source' for each.

Additional information regarding the changes in fund balances of the governmental and business-type activities can be found in the section entitled **Financial Analysis of the City's Funds** on page 11.

Note that the first graph depicts governmental program-specific revenues and expenses. For this graph the revenue does not include property taxes, franchise and utility taxes, communication services tax, intergovernmental revenue, investment earnings or miscellaneous revenue. This chart is intended to show the amount of program expenses funded by *specific* program revenues.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

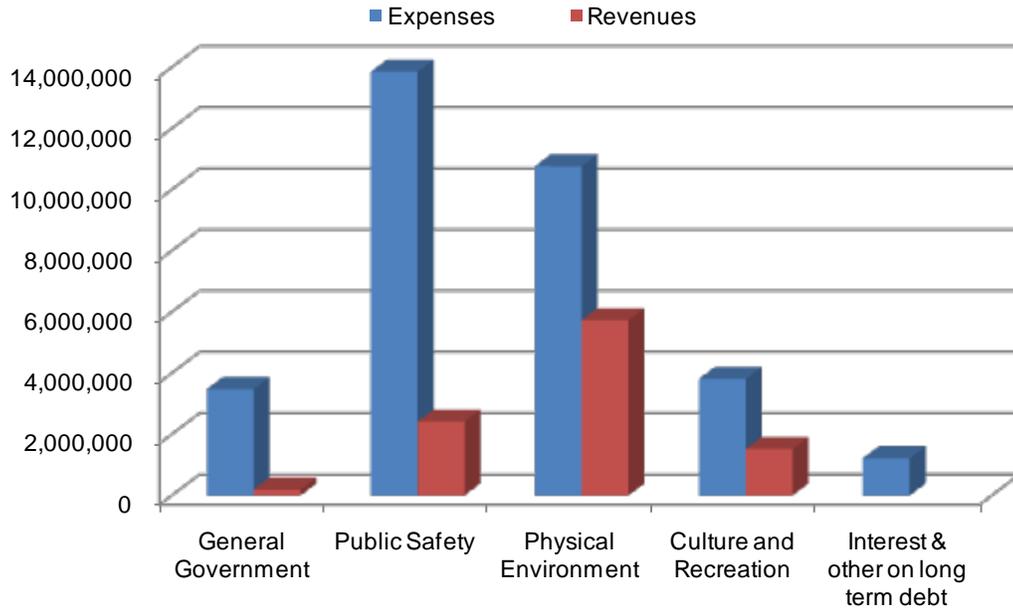
### Government-wide Financial Analysis, Continued

Changes in Net Assets						
As of September 30,						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 7,580,931	\$ 7,147,388	\$ 6,045,971	\$ 6,385,680	\$ 13,626,902	\$ 13,533,068
Operating grants						
and contributions	662,546	704,225	-	-	662,546	704,225
Capital grants						
and contributions	1,610,612	1,832,577	1,198,088	1,802,654	2,808,700	3,635,231
General revenues:						
Property taxes	10,250,563	11,236,411	-	-	10,250,563	11,236,411
Other taxes	12,243,147	11,708,082	-	-	12,243,147	11,708,082
Other revenue	898,047	1,305,273	451,185	341,164	1,349,232	1,646,437
Total revenues	33,245,846	33,933,956	7,695,244	8,529,498	40,941,090	42,463,454
Expenses:						
General government	3,477,252	3,789,767	-	-	3,477,252	3,789,767
Public safety	13,853,066	13,550,107	-	-	13,853,066	13,550,107
Physical environment	10,763,733	10,997,133	-	-	10,763,733	10,997,133
Culture and recreation	3,808,393	4,259,410	-	-	3,808,393	4,259,410
Interest & other on						
long-term debt	1,218,519	1,221,567	-	-	1,218,519	1,221,567
Water and sewer	-	-	8,462,739	7,784,594	8,462,739	7,784,594
Total expenses	33,120,963	33,817,984	8,462,739	7,784,594	41,583,702	41,602,578
Increase (decrease) in net						
assets before transfers	124,883	115,972	(767,495)	744,904	(642,612)	860,876
Transfers	186,690	13,525,517	(186,690)	(13,525,517)	-	-
Increase (decrease) in						
net assets	311,573	13,641,489	(954,185)	(12,780,613)	(642,612)	860,876
Net assets - October 1	86,000,776	68,950,851	43,467,608	56,248,221	129,468,384	125,199,072
Prior period adjustment	-	3,408,436	-	-	-	3,408,436
Net assets - September 30	\$ 86,312,349	\$ 86,000,776	\$ 42,513,423	\$ 43,467,608	\$ 128,825,772	\$ 129,468,384

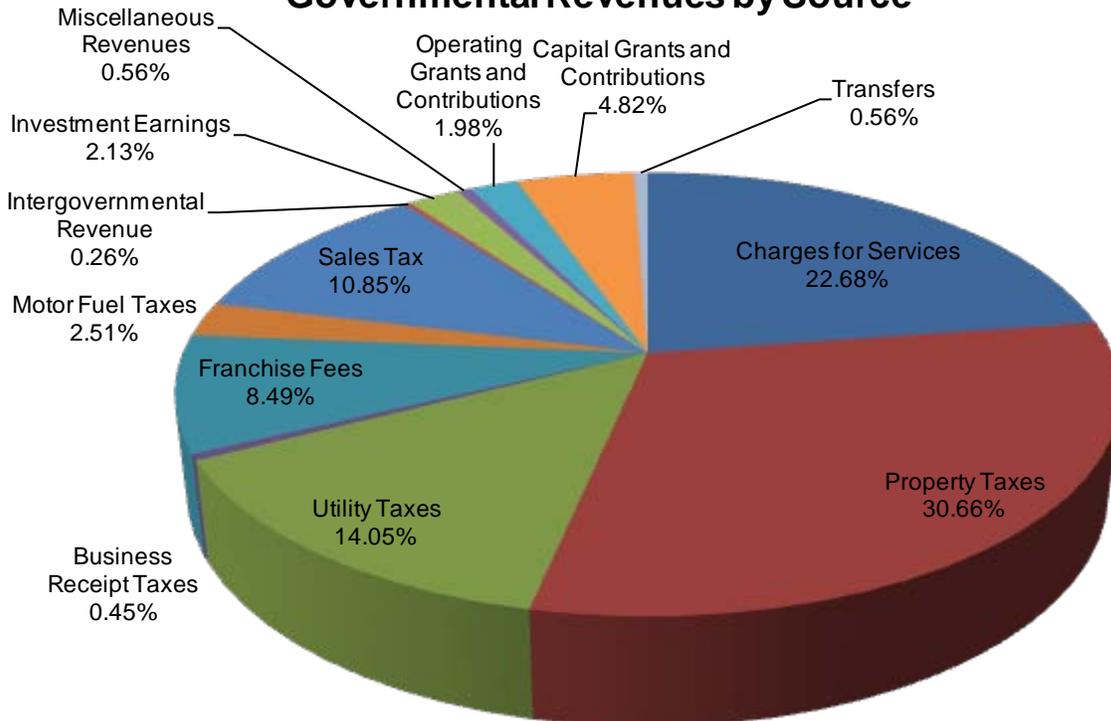
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Government-wide Financial Analysis, Continued**

**Governmental Program Specific Revenues and Expenses**



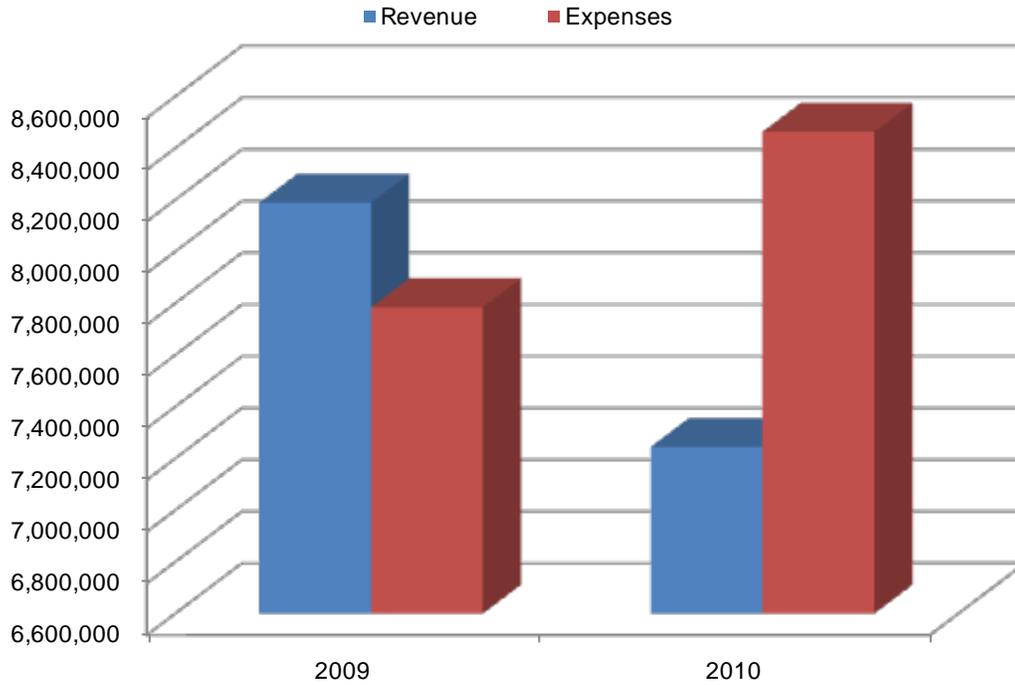
**Governmental Revenues by Source**



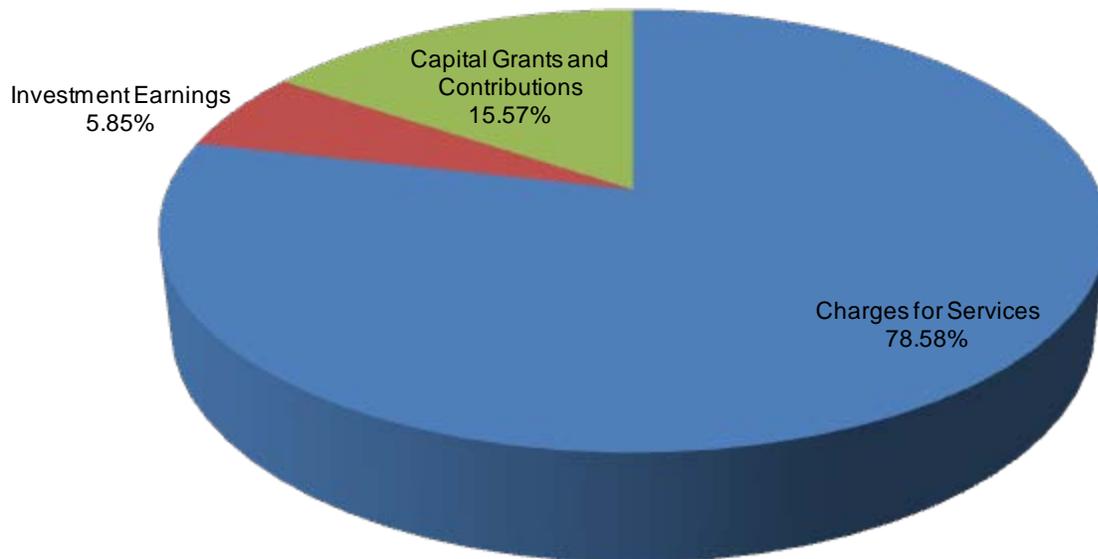
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

**Government-wide Financial Analysis, Continued**

**Business-type Program Specific Revenues and Expenses**



**Business-type Revenues by Source**



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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

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

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

As of September 30, 2010, the City's governmental funds reported combined ending fund balances of \$26,336,645, an increase of \$1,408,971 in comparison with the prior year. Approximately 50% of this total amount, \$13,122,030, constitutes unreserved and undesignated fund balance, which is available for spending at the City's discretion. \$3,614,171 is designated for continued appropriations and economic uncertainties. The remainder of fund balance, \$9,600,444, is reserved to indicate that it is not available for new spending because it has already been committed for capital projects, debt service payments, encumbrances and other commitments.

The General Fund is the chief operating fund of the City. At September 30, 2010, the unreserved, undesignated fund balance of the General Fund was \$0, while the total fund balance was \$3,854,646. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 0% of total General Fund expenditures, while total fund balance represents 18% of that same amount.

During the current fiscal year, the fund balance of the City's General Fund decreased by \$143,791, primarily due to the decrease in property tax revenue.

The Transportation Impact Fees Fund increased its fund balance by \$245,963 compared to the \$211,020 increase at the end of the previous fiscal year. Impact fees increased approximately 50% when compared with the prior year.

The Downtown Improvement Construction Fund has a total fund balance of \$8,002,835, all of which is reserved for capital projects and encumbrances. The net increase in fund balance during the current year of \$119,028 was due to an increase in investment income and a decrease in capital outlay.

The total fund balance of all the non-major governmental funds is \$10,434,541, a net increase of \$1,187,771 when compared with the prior year. This increase can be attributed to the increase in the collection of impact fee revenues in the Capital Expansion Fund in the amount of \$157,407. The General Facility Improvements Fund increased by \$923,345. This increase can be attributed to the capital lease issued during the current fiscal year ended. Capital outlay for all nonmajor governmental funds decreased by \$1,753,464 when compared with the prior year.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Financial Analysis of the City's Funds, Continued

**Proprietary funds, continued.** Unrestricted net assets of the Water and Sewer Utility Fund at September 30, 2010 amounted to \$5,942,496. There was a decrease in net assets of the Water and Sewer Utility Fund of \$912,468. The decrease in the Water and Sewer Utility Fund balance is due to a decrease in operating revenues combined with an increase in operating expenses.

### General Fund Budgetary Highlights

Differences between the original budget and the final amended budget (\$340,743 increase in revenues and \$208,436 increase in appropriations) can be briefly summarized as follows:

#### **Revenues:**

- Increase in intergovernmental of \$140,743
- Increase in transfers from the Solid Waste Fund of \$100,000
- Increase in transfers from the Vehicle Replacement Fund of \$100,000

#### **Expenditures:**

- Increase in Public Safety expenditures of \$115,503
- Increase in Physical Environment expenditures of \$53,486
- Increase in transfers to the Stormwater Fund in the amount of \$6,900
- Decrease in transfers to the Public Improvement Revenue Bonds Debt Service Fund in the amount of (\$55,157)
- Increase in transfers to the General Facility Improvements Fund in the amount of \$100,000
- Decrease in transfers to the OSC Extension Landfill Fund in the amount of (\$12,296)

Increases in expenditures were offset by increases in revenues.

Differences between the final amended budget and the actual (\$715,012 decrease in revenues and \$539,827 decrease in expenditures) can be briefly summarized as follows:

#### **Revenues:**

- Actual year end revenues were under budget by 3%. This variance was attributed primarily to lower than expected collections of property taxes (\$65,200), communication services tax (\$19,485), franchise fees (\$84,736), charges for services (\$307,395), interest revenues (\$171,872), half-cent sales tax (\$94,976), fines and forfeitures (\$84,409) and transfers from the Building Services Fund in the amount of (\$94,500).
- These deficits were offset by positive variances in collections of utility taxes of \$48,178, intergovernmental revenues of \$117,344 and miscellaneous revenues of \$53,653.

#### **Expenditures:**

- Actual year end expenditures were under budget by 2.2%. Personal services attributed to 44% of the under-spending primarily due to wage and benefit reduction measures taken during the year. October 1, 2009 the City reduced its 401A pension contribution from 8% to 5% with a dollar per dollar matching provision up to a maximum of 5%. Outsourcing of services resulted in the reduction of ten positions. Operating expenditures attributed to 55% of the under-spending. Materials and supplies were under-spent by \$123,655. Travel and training was under-spent by \$62,550. Utilities were under-spent by \$82,034.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Capital Asset and Debt Administration

**Capital assets.** The City's total capital assets for its governmental and business-type activities as of September 30, 2010, amounts to \$174,602,924 (net of accumulated depreciation). This investment in capital assets included land, buildings, improvements, infrastructure, and vehicles and equipment. The total increase in the City's total capital assets for the current fiscal year was \$30,241,046 (a 21% increase on total assets). The increase in capital assets is mainly attributable to the purchase of a certain utility company.

Capital Assets  
(net of depreciation)  
As of September 30,

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 11,568,412	\$ 11,543,945	\$ 1,846,948	\$ 1,580,910	\$ 13,415,360	\$ 13,124,855
Buildings	10,096,204	9,137,995	1,053,529	1,094,244	11,149,733	10,232,239
Infrastructure and improvements	52,066,830	53,752,885	78,765,139	50,499,131	130,831,969	104,252,016
Machinery and equipment	3,466,782	3,233,209	748,992	960,193	4,215,774	4,193,402
Intangibles	46,607	79,987	1,563,215	-	1,609,822	79,987
Construction in progress	<u>10,845,647</u>	<u>11,462,530</u>	<u>2,534,619</u>	<u>1,016,849</u>	<u>13,380,266</u>	<u>12,479,379</u>
Total capital assets, net	<u>\$ 88,090,482</u>	<u>\$ 89,210,551</u>	<u>\$ 86,512,442</u>	<u>\$ 55,151,327</u>	<u>\$ 174,602,924</u>	<u>\$ 144,361,878</u>

Additional information on the City's capital assets can be found in Note 6 in the accompanying notes to financial statements.

**Long-term debt.** September 30, 2010, the City had \$77,435,100 in bonded debt outstanding. Of this amount, \$7,695,000 related to General Obligation Bonds, \$10,025,000 related to Public Improvement Revenue Bonds, \$7,488,100 related to Capital Improvement Revenue Notes and \$52,227,000 related to Utility Revenue Bonds/Notes. In addition, the City had \$3,067,395 related to the State Revolving Fund Loan, \$254,813 related to the City's Landfill and \$4,437,484 related to capital leases on equipment. Total debt issued increased by \$39,618,794 due to the issuance of Utility Revenue Bonds, Series 2010 A and B in the amounts of \$5,080,000 and \$30,820,000, respectively, as well as the issuance of capital leases in the amount of \$3,718,794. These increases were offset by a reduction in principal outstanding of \$1,822,400 in annual principal payments for the nine additional outstanding bond issues, \$298,394 in principal payments for the capital leases, and principal payments totaling \$151,336 on the state revolving loan.

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. The City's charter does require voter referendum for any lease purchase contracts or any other unfunded multi-year contracts for the purchase of real property or the construction of any capital improvement (exceeding \$5,000,000 per fiscal year), the repayment of which extends beyond the end of any fiscal year.

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

**Capital Asset and Debt Administration, Continued**

**Long-term debt, continued**

With the issuance of the Utility Revenue Bonds, Series 2010A and Series 2010B in the amounts of \$5,080,000 and \$30,820,000 respectively, the City maintained a AA rating from Standard & Poor's and A2 from Moody's. Just prior to this publication, the City received notice from Standard and Poor's that it raised its underlying rating on the City's public improvement revenue bonds to 'A+' from 'A' and reaffirmed its underlying rating of 'AA-' on the City's Series 2003 Limited Ad Valorem Tax bonds.

Long Term Debt  
As of September 30,

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bond						
2003	\$ 7,695,000	\$ 7,895,000	\$ -	\$ -	\$ 7,695,000	\$ 7,895,000
Public improvement						
revenue bonds 2002A	7,155,000	7,605,000	-	-	7,155,000	7,605,000
Public improvement						
refunding revenue						
bonds 2002B	2,870,000	3,175,000	-	-	2,870,000	3,175,000
Capital improvement						
refunding revenue						
bonds 2006	1,686,000	1,823,000	-	-	1,686,000	1,823,000
Capital improvement						
revenue bonds 2007	5,140,000	5,335,000	-	-	5,140,000	5,335,000
Capital improvement						
revenue note 2009	662,100	688,500	-	-	662,100	688,500
Utility revenue						
bonds 2003	-	-	8,510,000	8,660,000	8,510,000	8,660,000
Utility refunding						
revenue bonds 2004	-	-	4,440,000	4,660,000	4,440,000	4,660,000
Utility revenue						
note 2007	-	-	3,377,000	3,516,000	3,377,000	3,516,000
Utility revenue						
bonds 2010A	-	-	5,080,000	-	5,080,000	-
Utility revenue						
bonds 2010B	-	-	30,820,000	-	30,820,000	-
State revolving loan	-	-	3,067,393	3,218,731	3,067,393	3,218,731
Landfill post-closure care	254,813	269,684	-	-	254,813	269,684
Capital leases	<u>1,552,814</u>	<u>521,182</u>	<u>2,884,672</u>	<u>495,902</u>	<u>4,437,486</u>	<u>1,017,084</u>
Total	<u>\$ 27,015,727</u>	<u>\$ 27,312,366</u>	<u>\$ 58,179,065</u>	<u>\$ 20,550,633</u>	<u>\$ 85,194,792</u>	<u>\$ 47,862,999</u>

Additional information on the City's long-term liabilities can be found in Notes 8 and 9 in the accompanying notes to financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### **Economic Factors and Next year's Budgets and Rates**

The City's elected and appointed officials considered many factors when adopting the fiscal year end 2011 budget. Excluding new construction of \$23.8 million, the City's tax base declined by \$144 million or 7%, which was due to the decline in property market values. Some of this decrease was offset by the 2.71% Save Our Homes inflation adjustment for approximately half of all residential property owners. The General Fund property tax rate for the fiscal year 2011 remains at 4.8626, the same tax rate since FY 2009. The tax rate for the General Obligation Bond of .291 mills debt service is slightly higher due to the lower assessed taxable value against relatively stable debt service costs. The total fiscal year 2011 Adopted Millage Rate is 5.1536 mills.

The General Fund adopted budget of \$23,715,047 is 3.6% less than the adopted FY 2010 budget. Compared to the previous year's budget, property tax revenues are lower by \$761,000 and non-ad valorem revenues are lower by \$818,000. With the purchase of Alafaya Utilities, Inc. on September 15, 2010, these declines take into account lower property tax revenue and Sewer Franchise Fees previously paid by Alafaya Utilities. Increased transfers from the Local Option Gas Tax and the Solid Waste Fund coupled with higher appropriated fund balance resulted in total estimated revenues of \$23,715,047. General Fund expenditures were reduced \$818,000. This is a result of workforce reduction measures including the reduction of sixteen positions. Operating expense reductions totaled \$407,000. These reductions were offset with higher costs for the 2.6% wage increase for PBA bargaining unit employees, higher Police and Fire pension contributions and a 5% health insurance increase.

With the acquisition of Alafaya Utilities, Inc. on September 15, 2010, the outlook for wastewater and reclaimed revenues has changed significantly. Wastewater and reclaimed revenues related to the Alafaya service area are estimated at \$4,554,000 and \$422,000, respectively. Effective October 1, 2010, City System rates received a 1.1% CPI adjustment increase. Total revenues for the Water and Wastewater Operations are estimated at just under \$12,000,000 for the FY 2011. Exclusive of the impact of the Alafaya System, the FY 2011 expenditure budget was reduced to \$4,033,000 or 3% compared to the previous fiscal year. The operating budget for the Alafaya System is estimated at \$1,663,000. Transfers and reserves of approximately \$6.3 million bring the total of the adopted budget to just under \$12,000,000.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all of those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, City of Oviedo, 400 Alexandria Boulevard, Oviedo, Florida 32765.



Courtesy of John Caraway

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# **Basic Financial Statements**



Courtesy of John Caraway

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**CITY OF OVIEDO, FLORIDA**  
**Statement of Net Assets**  
**September 30, 2010**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,365,805	\$ 2,970,659	\$ 8,336,464
Investments	21,454,502	10,671,629	32,126,131
Restricted investments	76,977	356,039	433,016
Accounts receivable, net	1,491,759	346,863	1,838,622
Unbilled revenues	-	420,034	420,034
Due from other governments	1,267,180	-	1,267,180
Internal balances	115,586	(115,586)	-
Inventories	43,432	53,333	96,765
Prepaid expenses	136,894	12,532	149,426
Restricted assets:			
Cash and cash equivalents	133,261	181,866	315,127
Bond issuance costs	118,259	772,266	890,525
Capital assets:			
Non depreciable	22,414,059	4,381,567	26,795,626
Depreciable, net	<u>65,676,423</u>	<u>82,130,875</u>	<u>147,807,298</u>
Total capital assets	<u>88,090,482</u>	<u>86,512,442</u>	<u>174,602,924</u>
Total assets	<u>118,294,137</u>	<u>102,182,077</u>	<u>220,476,214</u>
<b>LIABILITIES</b>			
Accounts payable	1,886,228	668,119	2,554,347
Accrued liabilities	498,166	65,998	564,164
Retainage payable	15,718	38,203	53,921
Unearned revenues	228,804	-	228,804
Liabilities payable from restricted assets	76,977	356,039	433,016
Long-term liabilities:			
Due within one year:			
Landfill closure liability	67,068	-	67,068
Capital lease payable	318,309	284,768	603,077
Bonds payable	1,359,700	519,000	1,878,700
Loans payable	-	155,465	155,465
Compensated absences	180,506	13,157	193,663
Due in more than one year:			
Landfill closure liability	187,745	-	187,745
Capital lease payable	1,234,505	2,599,904	3,834,409
Bonds payable	23,847,305	51,747,099	75,594,404
Loans payable	-	2,911,928	2,911,928
Accrued interest	-	137,962	137,962
Compensated absences	1,624,556	118,413	1,742,969
Other post employment benefits	<u>456,201</u>	<u>52,599</u>	<u>508,800</u>
Total liabilities	<u>31,981,788</u>	<u>59,668,654</u>	<u>91,650,442</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	69,958,451	36,504,647	106,463,098
Restricted for:			
Capital projects	13,294,047	-	13,294,047
Debt service	9,367	181,866	191,233
Law enforcement education	34,402	-	34,402
Unrestricted	<u>3,016,082</u>	<u>5,826,910</u>	<u>8,842,992</u>
Total net assets	<u>\$ 86,312,349</u>	<u>\$ 42,513,423</u>	<u>\$ 128,825,772</u>

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

**CITY OF OVIEDO, FLORIDA**  
**Statement of Activities**  
**For the Year Ended September 30, 2010**

<b>Functions/programs</b>	<b>Program Revenue</b>				<b>Net (Expense) Revenue and Changes in Net Assets</b>		
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Primary Government</b>		
					<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Primary government</b>							
Governmental activities:							
General government	\$ 3,477,252	\$ 193,240	\$ -	\$ -	\$ (3,284,012)	\$ -	\$ (3,284,012)
Public safety	13,853,066	1,686,564	579,030	147,810	(11,439,662)	-	(11,439,662)
Physical environment	10,763,733	4,330,515	65,006	1,336,714	(5,031,498)	-	(5,031,498)
Parks and recreation	3,808,393	1,370,612	18,510	126,088	(2,293,183)	-	(2,293,183)
Interest on long-term debt	<u>1,218,519</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,218,519)</u>	<u>-</u>	<u>(1,218,519)</u>
Total governmental activities	<u>33,120,963</u>	<u>7,580,931</u>	<u>662,546</u>	<u>1,610,612</u>	<u>(23,266,874)</u>	<u>-</u>	<u>(23,266,874)</u>
Business-type activities:							
Water and sewer	<u>8,462,739</u>	<u>6,045,971</u>	<u>-</u>	<u>1,198,088</u>	<u>-</u>	<u>(1,218,680)</u>	<u>(1,218,680)</u>
Total business-type activities	<u>8,462,739</u>	<u>6,045,971</u>	<u>-</u>	<u>1,198,088</u>	<u>-</u>	<u>(1,218,680)</u>	<u>(1,218,680)</u>
Total primary government	<u>\$ 41,583,702</u>	<u>\$ 13,626,902</u>	<u>\$ 662,546</u>	<u>\$ 2,808,700</u>	<u>(23,266,874)</u>	<u>(1,218,680)</u>	<u>(24,485,554)</u>
<b>General revenues:</b>							
Property taxes					10,250,563	-	10,250,563
Utility taxes					4,698,721	-	4,698,721
Business receipt taxes					151,753	-	151,753
Franchise fees					2,838,614	-	2,838,614
Motor fuel taxes					839,252	-	839,252
Sales tax					3,626,868	-	3,626,868
Intergovernmental revenue					87,939	-	87,939
Unrestricted investment earnings					710,583	449,785	1,160,368
Miscellaneous					187,464	-	187,464
Gain on sale of capital assets					-	1,400	1,400
Transfers					<u>186,690</u>	<u>(186,690)</u>	<u>-</u>
Total general revenues and transfers					<u>23,578,447</u>	<u>264,495</u>	<u>23,842,942</u>
Change in net assets					311,573	(954,185)	(642,612)
Net assets - beginning					<u>86,000,776</u>	<u>43,467,608</u>	<u>129,468,384</u>
Net assets - ending					<u>\$ 86,312,349</u>	<u>\$ 42,513,423</u>	<u>\$ 128,825,772</u>

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

**CITY OF OVIEDO, FLORIDA**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2010**

	General Fund	Transportation Impact Fees	Downtown Improvement Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,273,119	\$ 804,623	\$ 1,334,562	\$ 1,730,723	\$ 5,143,027
Investments	2,262,661	3,240,000	6,678,222	8,403,619	20,584,502
Restricted investments	41,281	-	-	35,696	76,977
Receivables, net	1,031,273	-	-	255,946	1,287,219
Due from other governments	615,887	-	-	651,293	1,267,180
Due from other funds	-	-	-	49,142	49,142
Inventories	43,432	-	-	-	43,432
Prepaid items	136,894	-	-	-	136,894
Restricted assets:					
Cash	98,544	-	-	34,717	133,261
Total assets	<u>\$ 5,503,091</u>	<u>\$ 4,044,623</u>	<u>\$ 8,012,784</u>	<u>\$ 11,161,136</u>	<u>\$ 28,721,634</u>
<b>Liabilities and fund balances:</b>					
Accounts payable	\$ 907,709	\$ -	\$ 9,949	\$ 598,524	\$ 1,516,182
Accrued liabilities	470,651	-	-	27,515	498,166
Retainage payable	-	-	-	15,718	15,718
Due to other funds	-	-	-	49,142	49,142
Unearned revenue	228,804	-	-	-	228,804
Payable from restricted assets	41,281	-	-	35,696	76,977
Total liabilities	<u>1,648,445</u>	<u>-</u>	<u>9,949</u>	<u>726,595</u>	<u>2,384,989</u>
<b>Fund balances:</b>					
Reserved for:					
Encumbrances	46,532	9,865	9,615	1,337,902	1,403,914
Land bank	22,647	-	-	-	22,647
Law enforcement education	34,402	-	-	-	34,402
Prepaid items	136,894	-	-	-	136,894
Debt service	-	-	-	9,367	9,367
Capital projects	-	-	7,993,220	-	7,993,220
Unreserved, designated for, reported in:					
Economic uncertainties	3,586,030	-	-	-	3,586,030
Police donations	12,455	-	-	-	12,455
Law enforcement	15,686	-	-	-	15,686
Unreserved, undesignated reported in:					
Special revenue funds	-	4,034,758	-	3,809,092	7,843,850
Capital projects funds	-	-	-	5,278,180	5,278,180
Total fund balances	<u>3,854,646</u>	<u>4,044,623</u>	<u>8,002,835</u>	<u>10,434,541</u>	<u>26,336,645</u>
Total liabilities and fund balances	<u>\$ 5,503,091</u>	<u>\$ 4,044,623</u>	<u>\$ 8,012,784</u>	<u>\$ 11,161,136</u>	<u>\$ 28,721,634</u>

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

**CITY OF OVIEDO, FLORIDA**  
**Reconciliation of the Balance Sheet to the Statement of Net Assets**  
**September 30, 2010**

Total fund balance, governmental funds \$ 26,336,645

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Governmental capital assets	\$ 137,751,625	
Less: Accumulated depreciation	<u>(49,756,737)</u>	87,994,888

Internal service funds are used by management to account for the cost of health insurance, long-term disability, and life insurance. The assets and liabilities of the internal service funds are included in governmental activities in the statements of net assets. 1,138,452

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Governmental bonds payable	\$ (25,208,100)	
Bond issuance costs	118,259	
Unamortized discount	1,095	
Lease payable	(1,552,814)	
Landfill closure	(254,813)	
Compensated absences	(1,805,062)	
Other post employment benefits	<u>(456,201)</u>	<u>(29,157,636)</u>

Net Assets of Governmental Activities in the Statement of Net Assets \$ 86,312,349

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

**CITY OF OVIEDO, FLORIDA**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2010**

	<u>General Fund</u>	<u>Transportation Impact Fees</u>	<u>Downtown Improvement Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Taxes:					
Property taxes	\$ 9,705,054	\$ -	\$ -	\$ 545,509	\$ 10,250,563
Utility taxes	4,698,721	-	-	-	4,698,721
Business receipt	151,753	-	-	-	151,753
Licenses, permits and fees	2,846,848	-	-	769,191	3,616,039
Intergovernmental	2,954,680	-	-	3,769,468	6,724,148
Charges for services	1,980,148	-	-	3,909,304	5,889,452
Fines and forfeitures	92,101	-	-	52,315	144,416
Investment income	192,147	93,637	183,844	208,425	678,053
Service assessments	3,752	297,036	-	426,740	727,528
Miscellaneous	<u>269,982</u>	<u>-</u>	<u>-</u>	<u>8,637</u>	<u>278,619</u>
Total revenues	<u>22,895,186</u>	<u>390,673</u>	<u>183,844</u>	<u>9,689,589</u>	<u>33,159,292</u>
<b>Expenditures:</b>					
Current:					
General government	2,969,580	-	64,816	292,467	3,326,863
Public safety	11,387,136	-	-	1,348,341	12,735,477
Physical environment	3,312,988	10,630	-	4,190,890	7,514,508
Parks and recreation	3,355,437	-	-	-	3,355,437
Debt service:					
Principal	-	-	-	1,536,721	1,536,721
Interest and fiscal charges	-	-	-	1,219,485	1,219,485
Capital outlay	<u>34,787</u>	<u>22,217</u>	<u>-</u>	<u>3,017,537</u>	<u>3,074,541</u>
Total expenditures	<u>21,059,928</u>	<u>32,847</u>	<u>64,816</u>	<u>11,605,441</u>	<u>32,763,032</u>
Excess (deficiency) of revenues over expenditures	<u>1,835,258</u>	<u>357,826</u>	<u>119,028</u>	<u>(1,915,852)</u>	<u>396,260</u>
<b>Other financing sources (uses):</b>					
Transfers in	446,438	-	-	3,106,626	3,553,064
Transfers out	(2,445,774)	(111,863)	-	(1,257,957)	(3,815,594)
Capital leases	-	-	-	1,254,954	1,254,954
Sale of capital assets	<u>20,287</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,287</u>
Total other financing sources (uses)	<u>(1,979,049)</u>	<u>(111,863)</u>	<u>-</u>	<u>3,103,623</u>	<u>1,012,711</u>
Net change in fund balances	(143,791)	245,963	119,028	1,187,771	1,408,971
Fund balances - beginning	<u>3,998,437</u>	<u>3,798,660</u>	<u>7,883,807</u>	<u>9,246,770</u>	<u>24,927,674</u>
Fund balances - ending	<u>\$ 3,854,646</u>	<u>\$ 4,044,623</u>	<u>\$ 8,002,835</u>	<u>\$ 10,434,541</u>	<u>\$ 26,336,645</u>

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

**CITY OF OVIEDO, 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, 2010**

Net change in fund balances - total governmental funds:	\$	1,408,971
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives.		
Expenditures for capital assets	\$ 3,074,541	
Less: current year depreciation	(4,298,987)	(1,224,446)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets		
		(75,775)
Proceeds from issuance of long-term debt are reported in the governmental funds as revenues. Such proceeds are not reported as revenues in the Statement of Activities, but rather are reported as liabilities in the Statement of Net Assets		
Bonds payable		(1,254,954)
Landfill closure liability		14,871
Repayment of bond principal is an expenditure in the governmental funds. But the repayment reduces long-term liabilities in the Statement of Net assets		
Principal payments		1,536,721
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amount is the net effect of these differences in the treatment of these items		
		(10,398)
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:		
Change in long-term compensated absences	\$ 56,116	
Change in other post employment benefits	(198,392)	
Change in net pension obligation	(114,714)	(256,990)
Contributions of capital assets are not reported as revenues in the governmental funds		
		84,559
Internal service funds are used by management to account for the cost of health insurance, long-term disability, and life insurance. The net revenue of certain activities of internal service funds is reported with governmental activities.		
		89,014
Change in net assets of governmental activities	\$	311,573

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

**CITY OF OVIEDO, FLORIDA**  
**Statement of Net Assets**  
**Proprietary Funds**  
**September 30, 2010**

	<b>Enterprise Fund</b>	<b>Governmental</b>
	<b>Water and Sewer Utility Fund</b>	<b>Activities Internal Service Fund</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,970,659	\$ 222,778
Investments	10,671,629	870,000
Restricted investments	356,039	-
Receivables, net	346,863	-
Insurance receivable	-	204,540
Unbilled revenues	420,034	-
Prepaid expenses	12,532	-
Inventories	53,333	-
Total current assets	14,831,089	1,297,318
Non-current assets:		
Restricted assets:		
Cash and cash equivalents	181,866	-
Bond issuance costs	772,266	-
Capital assets:		
Non depreciable	4,381,567	-
Depreciable, net	82,130,875	95,594
Total non-current assets	87,466,574	95,594
Total assets	\$ 102,297,663	\$ 1,392,912
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 668,119	\$ 370,046
Accrued liabilities	65,998	-
Retainage payable	38,203	-
Compensated absences	131,570	-
Bonds payable - current	519,000	-
Capital lease payable - current	284,768	-
Loans payable - current	155,465	-
Accrued interest payable	137,962	-
Payable from restricted assets	356,039	-
Total current liabilities	2,357,124	370,046
Non-current liabilities:		
Bonds payable, net of unamortized premium	51,747,099	-
Capital leases payable	2,599,904	-
Loans payable	2,911,928	-
Other post employment benefits	52,599	-
Total non-current liabilities	57,311,530	-
Total liabilities	59,668,654	370,046
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	36,504,647	95,594
Restricted for debt service	181,866	-
Unrestricted	5,942,496	927,272
Total net assets	\$ 42,629,009	\$ 1,022,866
Some amounts reported for business-type activities in the Statement of Net Assets are different because certain internal service fund assets and liabilities are included with business-type activities		
	(115,586)	
Total net assets per government-wide financial statements	\$ 42,513,423	

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

**CITY OF OVIEDO, FLORIDA**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended September 30, 2010**

	<b>Enterprise Fund</b>	
	<b>Water and Sewer Utility Fund</b>	<b>Governmental Activities Internal Service Fund</b>
<b>Operating revenues:</b>		
User charges	\$ 5,922,616	\$ -
Other revenue	123,355	2,507,306
Total operating revenues	6,045,971	2,507,306
<b>Operating expenses:</b>		
Cost of sales/services	3,042,077	2,702,375
Materials and supplies	-	233,462
Administration	1,764,537	-
Depreciation and amortization	2,689,421	5,922
Total Operating Expenses	7,496,035	2,941,759
Operating loss	(1,450,064)	(434,453)
<b>Nonoperating revenue (expense):</b>		
Intergovernmental	859,770	-
Investment income	449,785	32,530
Interest expense	(924,987)	-
Gain (loss) on sale of capital assets	1,400	-
Total nonoperating revenue (expense)	385,968	32,530
Loss before contributions and transfers	(1,064,096)	(401,923)
Capital contributions	338,318	-
Transfers in	-	488,858
Transfers out	(186,690)	(39,638)
Change in net assets	(912,468)	47,297
Total net assets - beginning	43,541,477	975,569
Total net assets - ending	\$ 42,629,009	\$ 1,022,866
Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.	(41,717)	
Change in Business-Type Activities in Net Assets per Government-Wide Financial Statements.	\$ (954,185)	

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

**CITY OF OVIEDO, FLORIDA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For The Year Ended September 30, 2010**

	<b>Enterprise Fund</b>	
	<b>Water/Sewer Utility Fund</b>	<b>Governmental Activities- Internal Service Fund</b>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 6,052,951	\$ -
Receipts from internal services provided	-	2,343,977
Payments to suppliers	(2,695,158)	(3,059,004)
Payments to employees	(1,181,419)	-
Payments for interfund services used	(575,890)	-
Net cash provided by (used in) operating activities	1,600,484	(715,027)
<b>Cash flows from non-capital financing activities:</b>		
Transfers in	-	488,858
Transfers out	(186,690)	(39,638)
Intergovernmental	859,770	-
Net cash provided by (used in) non-capital financing activities	673,080	449,220
<b>Cash flows from capital and related financing activities:</b>		
Proceeds from sale of capital assets	1,400	-
Purchase of capital assets	(33,794,107)	(101,516)
Proceeds from capital debt	38,460,181	-
Principal paid on capital debt	(735,407)	-
Issuance costs paid on capital debt	(522,958)	-
Interest paid on capital debt	(787,025)	-
Capital contributions	129,425	-
Net cash provided by (used in) capital and related financing activities	2,751,509	(101,516)
<b>Cash flows from investing activities:</b>		
Investment income	449,785	32,530
<b>Net increase (decrease) in cash and cash equivalents</b>	5,474,858	(334,793)
<b>Cash and cash equivalents - beginning</b>	8,705,335	1,427,571
<b>Cash and cash equivalents - ending</b>	\$ 14,180,193	\$ 1,092,778
<b>Classified as:</b>		
Cash and cash equivalents	\$ 2,970,659	\$ 222,778
Investments	10,671,629	870,000
Restricted investments, current	356,039	-
Restricted cash	181,866	-
Total cash and cash equivalents	\$ 14,180,193	\$ 1,092,778

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

**CITY OF OVIEDO, FLORIDA**  
**Statement of Cash Flows, Continued**  
**Proprietary Funds**  
**For The Year Ended September 30, 2010**

	<b>Enterprise Funds</b>	
	<b>Water/Sewer Utility Fund</b>	<b>Governmental Activities- Internal Service Fund</b>
<b>Reconciliation of operating loss to net cash provided by (used in)</b>		
<b>operating activities:</b>		
Operating loss	\$ (1,450,064)	\$ (434,453)
Adjustments to reconcile operating loss to net cash provided (used in) operating activities:		
Depreciation	2,641,885	5,922
Amortization	47,536	-
Increase in accounts receivable	(7,057)	(163,329)
Decrease in due from other governments	2,100	-
Decrease in inventories	344	-
Increase in deferred charges	(66,647)	-
Increase in prepaid expenses	(12,532)	-
Increase (decrease) in accounts payable	287,724	(123,167)
Increase in accrued liabilities	14,400	-
Increase in retainage payable	38,203	-
Increase in due to other governments	-	-
Increase in customer deposits	78,584	-
OPEB obligation	26,008	-
Net cash provided by (used in) operating activities	\$ 1,600,484	\$ (715,027)
<b>Noncash capital and financing activities:</b>		
Contributed capital assets	\$ 208,893	\$ -

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

**CITY OF OVIEDO, FLORIDA**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**September 30, 2010**

	<b>Total Employee Retirement Funds</b>
<b>Assets:</b>	
Cash and short-term investments	\$ 620,941
Receivables:	
Interest receivable	41,118
Contributions receivable	7
Total receivables	41,125
Investments, at fair value:	
U.S. Treasury & Government agency	956,571
Real Estate Investment Trust	517,519
Corporate & foreign bonds	1,895,072
Mutual funds & common stocks	10,443,299
Total Investments	13,812,461
Total assets	\$ 14,474,527
<b>Net assets:</b>	
Held in trust for pension benefits	\$ 14,474,527

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

**CITY OF OVIEDO, FLORIDA**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended September 30, 2010**

	<b>Total Employee Retirement Funds</b>
<b>Additions:</b>	
Contributions:	
City	\$ 695,292
State	417,759
Employee	397,228
Total contributions	1,510,279
Investment income:	
Interest	352,335
Net increase in fair value of investments	970,534
Net investment earnings	1,322,869
Total additions	2,833,148
<b>Deductions:</b>	
Benefit payments	358,662
Administrative expenses	148,191
Total deductions	506,853
Change in net assets	2,326,295
Net assets - beginning	12,148,232
Net assets - ending	\$ 14,474,527

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

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2010

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

The City of Oviedo, Florida (the City), a municipality incorporated under the Laws of Florida 10950 in 1925, operates under the Council – City Manager form of government. The City is located near the center of the State of Florida in the eastern section of Seminole County.

The financial statements of the City have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

***A. Reporting Entity***

The City is a municipal corporation with a five-member council including the Mayor. The Mayor acts as the presiding officer of the council, with the Deputy Mayor serving in his absence.

The City provides a full range of municipal services including police and fire protection, public works activities, parks and recreation, planning and development, and general administrative services. In addition, the City operates one enterprise fund: water and sewer utility service.

In evaluating how to define the City, for financial reporting purposes, management 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 organization's 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, management has determined that there are no component units to be included with the reporting entity at September 30, 2010.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**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 Assets 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. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *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 direct expenses of a given function or segment are 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 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.

Internal service funds are an accounting device used to accumulate and allocate costs internally among a government's various functions. The City utilizes an internal service fund for the City's self insured health insurance plan and the City provided long-term disability and life insurance costs. Because services accounted for in the internal service fund predominately benefit governmental rather than business-type functions, it has been included within the governmental activities in the government-wide financial statements and is presented separately in the proprietary 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 the 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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

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

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

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 City 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.

Property taxes, franchise fees and utility taxes, state revenue sharing, charges for services, and investment earnings associated with the current fiscal period are 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.

Unearned revenues in governmental funds include amounts collected before the revenue recognition criteria are met. The unearned amount typically consists of license revenue collected in advance of the ensuing year and the issuance of transportation impact fee credits in which the work has not yet been completed.

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

The City reports the following funds:

**Major Governmental Funds**

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The majority of current operating expenditures of the City other than proprietary fund activities are financed through revenues received by the General Fund.

The *Transportation Impact Fees Special Revenue Fund* is used to account for the City's transportation impact fee revenues and expenditures (allowable under state statute) for transportation related improvements (resulting from growth) made there from.

The *Downtown Improvement Construction Capital Improvement Fund* is used to account for the City's downtown master plan, which includes the acquisition of land and the construction of an amphitheater and related infrastructure.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

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

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

**Non-major Governmental Fund Types**

*Special Revenue Funds* account for specific revenue sources that are restricted by law or administrative action to expenditures for specific purposes. Non-major special revenue funds include the Capital Expansion Fund, Local Option Gas Tax Fund, State Law Enforcement Fund, Federal DEA Grant (Forfeiture) Fund, State Pension Contributions Fund, Solid Waste Fund, Economic Development Fund, Building Services Fund and the Stormwater Fund.

*Debt Service Funds* account for the accumulation of resources for and the payment of principal and interest on certain long-term debt.

*Capital Project Funds* account for financial resources segregated for the acquisition or construction of major capital facilities. Non-major capital projects funds include the Vehicle Replacement Fund, Land Fill Closure Fund, Local Option Sales Tax Fund, Technology Improvements Fund, General Facility Improvement Fund, Recreational Facility Improvement Fund, OSC Extension Landfill Fund, and the 2008 Revenue Bond Construction Fund.

**Major Proprietary Funds**

The *Water and Sewer Utility Fund* is used to account for the City's water and sewer operations and related capital improvements. Activities are accounted for on a flow of economic resources measurement focus.

**Non-major Proprietary Funds**

*Internal Service Funds* are used to account for charges to other departments on a cost reimbursement basis.

For the City's proprietary activities (enterprise funds), it has elected not to apply all Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989, as permitted by Statement No. 20 of the Governmental Accounting Standards Board (GASB), *Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities That Use Governmental Fund Accounting*.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

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

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

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 enterprise fund and internal service fund are charges to customers for sales and services. The City also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund and internal service fund include the cost of sales and services, administrative expenses, depreciation on capital assets and amortization of intangible assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Fiduciary Fund Types**

*Pension Trust Funds* - The Police Officers' Retirement Trust Fund and the Firefighters' Pension Trust Fund accumulate resources for pension benefit payments to the respective qualified public safety employees.

***D. Assets, Liabilities and Net Assets or Equity***

**1. Deposits and Investments**

For purposes of cash flows, cash and cash equivalents include cash on hand; amounts due from banks, mutual funds and investment pools; and, all highly liquid investments (including restricted assets) with a maturity of 90 days or less when purchased. All cash and certain investments of the enterprise funds represent an equity position in the City's internal pool of cash and investments.

Because the enterprise funds may withdraw cash from the pool without prior notice or penalty, the cash and certain investments are considered cash equivalents.

The City maintains a cash and investment pool that is used by all funds. This pool includes deposits and overnight repurchase agreements as well as amounts on deposit with the State Board of Administration (SBA). Pooled cash is classified as "Cash" in the Balance Sheet. Interest income earned as a result of pooling is distributed to the appropriate funds based on the month end equity balance in each fund.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

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

***D. Assets, Liabilities and Net Assets or Equity (continued)***

**1. Deposits and Investments (continued)**

The SBA is an investment pool administered by the State of Florida. Investments held in the State Board of Administration Fund (SBA) consist of short-term federal agency obligations, treasury bills, repurchase agreements and commercial paper. The SBA is not a registrant with, nor regulated by, the Securities and Exchange Commission (SEC) or any other regulatory agency; however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 like fund for the Florida Prime Fund. Therefore, the pool account balance can be used as fair value for financial reporting. Fund B is accounted for as a fluctuating NAVPOOL, not a 2a-7 like money market fund. It is important to note that due to the lack of an actively traded market for Fund B securities, their "market value" is an estimate of current liquidation value that has been determined through a collaborative process among various pricing experts and sources in the marketplace.

State statutes allow investments in certificates of deposit to be made only with banks and/or savings and loans that qualify as authorized depositories under Florida law. City policy provides for other investments to be made through authorized depositories. State statutes and City policy authorize investments in U.S. Treasury Bills, Notes and Bonds; insured or fully collateralized certificates of deposit or bank savings accounts; U.S. Government Instrumentalities; State Board of Administration Local Government Surplus Funds Trust Fund; State Board of Administration intermediate term investment pool; money market funds and mutual funds that invest solely in U.S. Government obligations.

Investments are stated at fair value.

**2. Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the Fund Financial Statements - Balance Sheet and Statement of Net Assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Under Florida law, the assessment of all properties and the collection of all City property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit cities to levy property taxes at a rate of up to ten (10) mills. The millage rate in effect for the City for the fiscal year ended September 30, 2010 was 4.8626 mills.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

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

***D. Assets, Liabilities and Net Assets or Equity (continued)***

**2. Receivables and Payables (continued)**

The tax levy of the City is established by the City Council prior to October 1 of each year and the Seminole County Property Appraiser incorporates the millage into the total tax levy, which includes the municipalities, independent districts and the County School Board tax requirement. All property is reassessed according to its fair market value on January 1 of each year.

All taxes are due and payable on the levy date of November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% for payments received in the month of November, 3% for payments received in the month of December, 2% for payments received in the month of January and 1% for payments received in the month of February. The taxes paid in March are not subject to discount.

Delinquent taxes on real property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by the County.

**3. Inventories**

Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Enterprise Fund inventories consist principally of water meters, pipes, and maintenance supplies and are recorded as expenses when consumed rather than when purchased.

**4. Prepaid Items**

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

**5. Restricted Assets**

Resources for customer deposits and debt service activity within the Water and Sewer Utility Fund are segregated and classified as restricted assets. The related liabilities are reported in the Liabilities Payable from Restricted Assets section of the balance sheet. Total Water and Sewer Utility Fund restricted assets (\$537,905) exceed related liabilities payable from restricted assets (\$356,039) by \$181,866.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

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

***D. Assets, Liabilities and Net Assets or Equity (continued)***

**5. Restricted Assets (continued)**

The Water and Sewer Utility Fund reports restricted assets for the bond debt service fund, since this fund is used to report resources required to be set aside to make up potential future deficiencies in the revenue bond interest and sinking fund. The debt service fund is to be maintained until the water system revenue bonds mature.

General Fund restricted assets primarily represent cash received from developers in lieu of project maintenance bonds or from developers, builders and homeowners for environmental fines. Funds received in lieu of maintenance bonds do not accrue interest and are refundable upon the expiration date of the project maintenance period. Environmental fines are restricted by their enabling legislation for the purchase of environmentally sensitive or green space areas and are fully reserved in fund balance at the balance sheet date.

**6. Capital Assets**

Capital assets, which include property, plant and equipment, and infrastructure assets (i.e. roads, streets and sidewalks, curbs and gutters, drainage systems and lighting systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed assets are recorded at estimated fair market value as of the date received. 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 asset constructed.

The City has some capital assets that meet the definition of intangible assets per GASB No. 51, *Accounting and Financial Reporting for Intangible Assets*, including computer software and reclaimed water capacity.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

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

***D. Assets, Liabilities and Net Assets or Equity (continued)***

**6. Capital Assets (continued)**

Property, plant and equipment of the primary government are depreciated using the straight line method over the following useful lives:

<u>Classification</u>	<u>Useful Life</u>
Buildings	7 - 10 years
Machinery and equipment	2 - 20 years
Intangibles	2 - 50 years
Improvements and infrastructure	10 - 50 years

Amortization of assets recorded under capital leases is included with depreciation expense.

**7. Compensated Absences**

City policy permits employees to accumulate earned but unused vacation and sick pay benefits. The City records the vested portion of accumulated unused compensated absences at year end based on each employee's accumulated unused hours and rate of pay, including the City's share of Social Security and Medicare taxes and retirement benefits. All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For governmental activities, compensated absences are generally liquidated by the General Fund.

**8. 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 assets. Bond discounts and premiums are deferred and amortized over the life of the bonds using both the effective interest and straight-line methods. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

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

***D. Assets, Liabilities and Net Assets or Equity (continued)***

**9. Net Assets / Fund Balances**

The government-wide and proprietary fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted net assets and unrestricted:

**Invested in Capital Assets, Net of Related Debt** – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

**Restricted Net Assets** – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

**Unrestricted Net Assets** – This category represents net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted”.

In the governmental fund financial statements, reserves and designations segregate portions of the fund balance. Reserves represent those portions of fund balance that are not available for appropriation or are legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

**10. Use of Estimates**

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

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

***A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets***

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between *net change in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities.

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

***A. Budgetary Information***

Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. The City follows the procedures set forth below to establish the budgetary data reflected in the financial statements:

1. On or before the first Monday in May of each year, all departments of the City submit requests for appropriation to the City Manager so that a budget may be prepared.
2. During May and June the City Manager and the Budget Team review the submitted requests, determine available resources and prepare a Recommended Budget.
3. Prior to July 31, the Recommended Budget is presented to City Council for review and revision.
4. On or before September 30 of each year the City conducts two public hearings as required by Florida Statute.
5. Upon completion of the public hearing the City Council establishes the ad-valorem millage rate and adopts the budget at the fund level.
6. All annual appropriations, unless specifically approved by City Council or encumbered, lapse at fiscal year end.
7. Expenditures may not legally exceed appropriations at the fund level. Transfers of appropriations between funds require the approval of City Council.
8. Formal budgetary integration is employed as the legal authority for expenditures and as a management control device during the fiscal year for all fund types. The only fund required to report budget to actual amounts are the general, special revenue and debt service funds. The Police & Firefighter Special Revenue Funds are not budgeted as this represents the state contribution to pension funds and is unknown until received.
9. Budgeted amounts presented in the financial statements include the budget amendment approved at the December 6, 2010 City Council Meeting.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

***B. Fund Reserve Policy***

In accordance with the Fund Reserve Policy, the City reserves an amount equal to 15 percent of the General Fund fund balance and a minimum of ninety (90) days of the Water and Sewer Utility Enterprise Fund operating budget less depreciation, annual debt service and capital expenditures. The City shall also maintain a minimum capital reserve balance in the Water and Sewer Renewal and Replacement Fund equal to 50 percent of the prior year depreciation expense for plant and equipment. The purpose of this policy is to provide capacity to provide sufficient cash flow for daily financial needs, to have the ability to offset significant economic downturns or revenue shortfalls, and to provide funds for unforeseen expenditures related to emergencies or other unanticipated needs.

If at the end of the fiscal year, the actual amount of reserved, designated fund balance, or restricted net assets falls below the required level, the City Council will take necessary steps to replenish the reserve to the targeted level in the subsequent fiscal year. If the ending undesignated fund balance in the General Fund is above 15 percent of General Fund expenditures at fiscal year end, the City Council may transfer the excess amount to any of the non-Water and Sewer Utility Capital Project Funds. The City Manger will disclose the excess amount, if and, after the completion of the financial audit and recommend transfer options for the subsequent fiscal year.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

***A. Deposits***

At September 30, 2010, the carrying amount of the City's deposits was \$8,680,900 and the bank balance was \$9,271,604. All of the bank balance was covered by federal depository insurance or by collateral held by the City's agent in the City's name. None of the amount was covered by collateral held in the pledging bank's trust department in the City's name.

Florida Statutes require that all depositories holding public funds (i.e.: demand/time deposits, repurchase agreements, etc.) collateralize deposits in excess of FDIC insurance with the State Treasurer. Required collateral must be at least equal to the greater of 50 percent of the average daily balance, for each month, of all public deposits in excess of any applicable deposit insurance held by the depository during the 12 calendar months immediately preceding the date of any computation, or 50 percent of the public deposits in excess of any applicable deposit insurance held by the depository as of the date of any computation. The Treasurer may assess other qualified public depositories for a pro rata share of any loss suffered by a public depositor in excess of its depository's collateral.

CITY OF OVIEDO, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

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

***B. Investments***

As of September 30, 2010, the City's investment portfolio was composed of the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>More than 5 Years</u>
Pooled interest bearing checking account	\$ 8,680,000	\$ 8,680,000	\$ -	\$ -
Florida Prime	1,646	1,646	-	-
Local Government Investment Pool (Fund B)	1,894	-	-	1,894
Certificates of deposit	8,000,000	8,000,000	-	-
U.S. Agencies	22,232,084	-	22,232,084	-
Prime Money Market	2,063,270	2,063,270	-	-
	<u>\$ 40,978,894</u>	<u>\$ 18,744,916</u>	<u>\$ 22,232,084</u>	<u>\$ 1,894</u>

As of September 30, 2010, the carrying amount of investments includes accrued interest of \$228,097.

The following schedule reconciles the cash, cash equivalents, and investment balances as shown in the financial statements with the portfolio totals shown above:

Cash and investments - Statements of Net Assets:	
Cash and cash equivalents	\$ 8,336,464
Investments	32,126,131
Restricted investments	433,016
Restricted assets:	
Cash and cash equivalents	<u>315,127</u>
Total cash and investments	<u>\$ 41,210,738</u>
Portfolio total shown above	\$ 40,979,794
Plus: cash on hand	2,847
Plus: accrued interest	<u>228,097</u>
Total cash and investments	<u>\$ 41,210,738</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

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

***B. Investments (continued)***

**Interest Rate Risk.** The investment portfolio policy of the City has the objective of regularly exceeding the average return on the State Board of Administration's Local Surplus Funds Trust Fund (SBA Pool) for short-term investments (less than a year in duration) and for long-term investments, an index of the United States Treasury or Government securities. These indices are considered benchmarks for the riskless investment transactions and therefore comprise a minimum standard for the portfolio rate of return.

The investment portfolio policy of the City states that investments shall be held to maturity unless called. Investments shall be structured so as to maintain a Portfolio Average Maturity of no longer than 5 years. For purposes of meeting this limitation, variable rate securities shall be measured on the basis of the period elapsed between interest reset dates. No investment shall be made in an instrument with a stated final maturity longer than 5 years. Below are the credit quality distributions for securities with credit exposure as a percentage of total investments with investments held in the City's portfolio as of September 30, 2010.

**Credit Quality Distribution for Securities  
With Credit Exposure as a Percentage of Total Investments**

Type of Investment	Credit Rating	Percentage of Total
Prime Money Market Fund	AAA	9%
Federal Home Loan Bank (FHLB)	AAA	40%
Federal Home Loan Mortgage Corporation (FHLMC)	AAA	13%
Federal National Mortgage Association (FNMA)	AAA	38%

**Concentration of Credit Risk.** The investment portfolio policy of the City of Oviedo has the objective of structuring investments as to not allow for an investment in any one type of issue (e.g. Federal Home Loan Bank) that is in excess of 50% of the City's total investments.

As of September 30, 2010, the City has satisfied all of the objectives and requirements laid out in the City's investment policy and held no investments that were not in compliance with policy.

CITY OF OVIEDO, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

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

***B. Investments (continued)***

Investment income for the year ended September 30, 2010 consisted of the following:

	<u>General Fund</u>	<u>Transportation Impact Fee Fund</u>	<u>Downtown Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>
Interest Income	\$ 167,048	\$ 79,817	\$ 161,411	\$ 176,790	\$ 424,289	\$ 27,564
Net increase (decrease) in fair value of investments	<u>25,099</u>	<u>13,820</u>	<u>22,433</u>	<u>31,635</u>	<u>25,496</u>	<u>4,966</u>
	<u>\$ 192,147</u>	<u>\$ 93,637</u>	<u>\$ 183,844</u>	<u>\$ 208,425</u>	<u>\$ 449,785</u>	<u>\$ 32,530</u>

**NOTE 5 - RECEIVABLES**

Receivables at September 30, 2010, consisted of the following:

	<u>General Fund</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Water/Sewer Utility Fund</u>
Accounts receivable	\$ 1,224,211	\$ 214,905	\$ 106,760	\$ 432,715
Less: allowance for doubtful accounts	<u>(192,938)</u>	<u>(46,929)</u>	<u>(18,790)</u>	<u>(85,852)</u>
Accounts receivable, net	<u>\$ 1,031,273</u>	<u>\$ 167,976</u>	<u>\$ 87,970</u>	<u>\$ 346,863</u>

CITY OF OVIEDO, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity in the primary government for the year ended September 30, 2010, was as follows:

<b><u>Primary Government</u></b>	<b><u>Beginning Balance</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending Balance</u></b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 11,543,945	\$ 24,467	\$ -	\$ 11,568,412
Construction in progress	11,462,530	1,701,451	(2,318,334)	10,845,647
Total capital assets, not being depreciated	<u>23,006,475</u>	<u>1,725,918</u>	<u>(2,318,334)</u>	<u>22,414,059</u>
Capital assets, being depreciated:				
Buildings	11,701,718	1,197,181	-	12,898,899
Machinery and equipment	8,623,836	1,093,358	(273,759)	9,443,435
Intangibles	282,838	-	-	282,838
Infrastructure and improvements	91,316,417	1,497,493	-	92,813,910
Total capital assets, being depreciated	<u>111,924,809</u>	<u>3,788,032</u>	<u>(273,759)</u>	<u>115,439,082</u>
Less accumulated depreciation for:				
Buildings	(2,563,723)	(238,972)	-	(2,802,695)
Machinery and equipment	(5,390,627)	(849,009)	262,983	(5,976,653)
Intangibles	(202,851)	(33,380)	-	(236,231)
Infrastructure and improvements	(37,563,532)	(3,183,548)	-	(40,747,080)
Total accumulated depreciation	<u>(45,720,733)</u>	<u>(4,304,909)</u>	<u>262,983</u>	<u>(49,762,659)</u>
Total capital assets, being depreciated, net	<u>66,204,076</u>	<u>(516,877)</u>	<u>(10,776)</u>	<u>65,676,423</u>
Governmental activities capital assets, net	<u>\$ 89,210,551</u>	<u>\$ 1,209,041</u>	<u>\$ (2,329,110)</u>	<u>\$ 88,090,482</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,580,910	\$ 266,038	\$ -	\$ 1,846,948
Construction in progress	1,016,849	1,628,155	(110,385)	2,534,619
Total capital assets, not being depreciated	<u>2,597,759</u>	<u>1,894,193</u>	<u>(110,385)</u>	<u>4,381,567</u>
Capital assets, being depreciated:				
Buildings	1,938,796	-	-	1,938,796
Machinery and equipment	2,545,562	18,656	(130,802)	2,433,416
Intangibles	-	1,563,215	-	1,563,215
Infrastructure and improvements	67,056,314	30,768,123	-	97,824,437
Total capital assets, being depreciated	<u>71,540,672</u>	<u>32,349,994</u>	<u>(130,802)</u>	<u>103,759,864</u>
Less accumulated depreciation for:				
Buildings	(844,552)	(40,715)	-	(885,267)
Machinery and equipment	(1,585,369)	(179,715)	80,660	(1,684,424)
Infrastructure and improvements	(16,557,183)	(2,502,115)	-	(19,059,298)
Total accumulated depreciation	<u>(18,987,104)</u>	<u>(2,722,545)</u>	<u>80,660</u>	<u>(21,628,989)</u>
Total capital assets, being depreciated, net	<u>52,553,568</u>	<u>29,627,449</u>	<u>(50,142)</u>	<u>82,130,875</u>
Business-type activities capital assets, net	<u>\$ 55,151,327</u>	<u>\$ 31,521,642</u>	<u>\$ (160,527)</u>	<u>\$ 86,512,442</u>

CITY OF OVIEDO, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

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

Governmental activities:	
General government	\$ 103,729
Public safety	690,401
Transportation, including depreciation of general infrastructure assets	3,132,484
Culture and recreation	<u>378,295</u>
Total depreciation expense	<u>\$ 4,304,909</u>
Business-type activities:	
Water and sewer utility	<u>\$ 2,641,885</u>
Total depreciation expense	<u>\$ 2,641,885</u>

For business-type activities, total depreciation expense does not equal increases to accumulated depreciation due to a reclassification of machinery and equipment with a cost of \$130,802 and accumulated depreciation of \$80,660 to infrastructure and improvements.

**NOTE 7 - INTERFUND BALANCES AND TRANSACTIONS**

Interfund transfers:

	Transfer in:			
	General Fund	Nonmajor Governmental Funds	Internal Service Fund	Total
Transfer out:				
General fund	\$ -	\$ 2,033,474	\$ 412,300	\$ 2,445,774
Transportation impact fees fund	-	111,863	-	111,863
Non-major governmental funds	354,300	876,599	27,058	1,257,957
Water/sewer utility fund	52,500	84,690	49,500	186,690
Internal service fund	<u>39,638</u>	-	-	<u>39,638</u>
Total	<u>\$ 446,438</u>	<u>\$ 3,106,626</u>	<u>\$ 488,858</u>	<u>\$ 4,041,922</u>

Transfers are used to 1) move revenue from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

CITY OF OVIEDO, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**NOTE 7 - INTERFUND BALANCES AND TRANSACTIONS (CONTINUED)**

In the year ended September 30, 2010, the government made the following one-time transfers:

A transfer of \$398,043 from the General Fund to the Vehicle Replacement Fund was made to fund the recurring vehicle replacement program.

A transfer of \$52,950 from the General Fund to the Lease Financing Fund was made to pay for debt service.

Transfers from the General Fund to support ongoing programs are: \$100,000 to the Local Option Gas Tax Fund as well as \$100,000 to the General Facility Improvements Fund.

**NOTE 8 - CAPITAL LEASES**

The City has entered into lease agreements as lessee for financing the acquisition of trucks, data processing, communications and office equipment, as well as certain equipment. These lease agreements qualify as capital leases for accounting purposes and, accordingly, have been recorded at the present value of their future minimum lease payments as of the inception date. The aggregate cost and accumulated depreciation of assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Machinery and equipment	\$ 2,288,661	\$ 3,233,301
Less: accumulated depreciation	<u>(389,193)</u>	<u>(314,196)</u>
Total depreciation expense	<u>\$ 1,899,468</u>	<u>\$ 2,919,105</u>

The future minimum lease obligation and the net present value of these minimum lease payments as of September 30, 2010, were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2011	\$ 370,698	\$ 384,606
2012	310,263	384,606
2013	179,536	384,606
2014	169,305	384,606
2015	123,623	384,606
2016-2020	<u>618,114</u>	<u>1,456,980</u>
Total minimum lease payments	1,771,539	3,380,010
Less: amount representing interest	<u>(218,725)</u>	<u>(495,338)</u>
Present value of minimum lease payments	<u>\$ 1,552,814</u>	<u>\$ 2,884,672</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**NOTE 9 - LONG-TERM DEBT**

**A. Bonds and Notes Payable**

**Governmental Activities**

General long-term debt at year end was composed of the following debt issues:

**General Obligation Bonds** - The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government, provided that the levy of ad valorem taxes by the City in each year for the payment of debt service on the Series 2003 bonds shall not exceed 0.9 mills on all of the taxable property in the City. The total principal and interest remaining to be paid on this series is \$12,676,630. For the fiscal year, principal and interest paid on this series was \$550,791 and total pledged revenue was \$545,509.

<u>Issue</u>	<u>Purpose</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
Limited Ad Valorem Bonds, Series 2003	To finance a portion of the capital costs of the Oviedo Downtown Master Plan	2033	2% to 4.75%	\$ 9,000,000	\$ 7,695,000

**Revenue Bonds** - The City also issued bonds where the City pledges specific revenue sources.

***Public Improvement Revenue Bonds –***

The Public Improvement Revenue Bonds, Series 2002 are secured by utility tax revenue and communication services tax revenue. The total principal and interest remaining to be paid on this series is \$9,555,463. For the fiscal year, principal and interest paid on this series was \$797,283 and total pledged revenue was \$4,698,721.

The Public Improvement Revenue Bonds, Series 2002B are secured by utility tax revenue and communication services tax revenue. The total principal and interest remaining to be paid on this series is \$3,454,513. For the fiscal year, principal and interest paid on this series was \$436,488 and total pledged revenue was \$4,698,721.

CITY OF OVIEDO, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**NOTE 9 - LONG-TERM DEBT (CONTINUED)**

**Governmental Activities (Continued)**

***Public Improvement Revenue Bonds (continued) –***

The original amount of public improvement revenue bonds issued in prior years, as well as public improvement revenue bonds outstanding at year end are as follows:

<b>Issue</b>	<b>Purpose</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>Original Amount</b>	<b>Outstanding Amount</b>
Public Improvement Revenue Bonds, Series 2002	To refund Public Improvement Revenue Bonds, Series 1997 and Series 1999 and to finance the acquisition and construction of various recreational improvements	2022	1.75% to 5.0%	\$ 10,000,000	\$ 7,155,000
Public Improvement Refunding Revenue Bonds, Series 2002B	To refund Public Improvement Refunding Revenue Bonds, Series 1992	2018	1.4% to 4.5%	5,245,000	2,870,000
Total Public Improvement Bonds					<u>\$ 10,025,000</u>

***Capital Improvement Revenue Bonds/Notes –***

The Capital Improvement Refunding Revenue Note, Series 2006 are secured by half-cent sales tax revenue. The total principal and interest remaining to be paid on this series is \$2,067,609. For the fiscal year, principal and interest paid on this series was \$207,915 and total pledged revenue was \$1,797,094.

The Capital Improvement Refunding Revenue Note, Series 2007 are secured by half-cent sales tax revenue. The total principal and interest remaining to be paid on this series is \$7,559,994. For the fiscal year, principal and interest paid on this series was \$444,145 and total pledged revenue was \$1,797,094.

The Capital Improvement Revenue Note, Series 2009 are secured by electric franchise fee revenue. The total principal and interest remaining to be paid on this series is \$886,229. For the fiscal year, principal and interest paid on this series was \$68,185 and total pledged revenue was \$2,416,073.

CITY OF OVIEDO, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**NOTE 9 - LONG-TERM DEBT (CONTINUED)**

**Governmental Activities (Continued)**

***Capital Improvement Revenue Bonds/Notes (continued) –***

The original amount of capital improvement revenue bonds/notes issued in prior years, as well as capital improvement revenue bonds/notes outstanding at year end are as follows:

<u>Issue</u>	<u>Purpose</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
Capital Improvement Refunding Revenue Note, Series 2006	To refund Capital Improvement Revenue Bonds, Series 1993	2020	3.89%	\$ 2,195,000	\$ 1,686,000
Capital Improvement Refunding Revenue Note, Series 2007	To finance the acquisition, construction, and equipping a fire station, fire administration building and public works complex	2027	4.67%	5,700,000	5,140,000
Capital Improvement Revenue Note, Series 2009	To finance the acquisition and construction of certain capital improvements of the city	2023	4.45%	688,500	662,100
Total Capital Improvement Bonds/Notes					7,488,100
Total non-self supporting Revenue bonds					\$ 17,513,100

**Business-type Activities**

Long-term debt of business-type activities at year end consisted of the following issues:

***Self-supporting Revenue Bonds/Notes*** - The City also issued bonds where the City pledges income derived from the acquired or constructed assets to pay debt service.

The Utility Revenue Bonds, Series 2003 are secured by the net revenues of the water and sewer system. The total principal and interest remaining to be paid on this series is \$14,162,694. For the fiscal year, principal and interest paid on this series was \$510,469 and total pledged revenue was \$3,141,526.

The Utility Revenue Refunding Revenue Bonds, Series 2004 are secured by the net revenues of the water and sewer system. The total principal and interest remaining to be paid on this series is \$6,043,348. For the fiscal year, principal and interest paid on this series was \$404,610 and total pledged revenue was \$3,141,526.

The Utility Revenue Note, Series 2007 are secured by the net revenues of the water and sewer system. The total principal and interest remaining to be paid on this series is \$4,667,437. For the fiscal year, principal and interest paid on this series was \$274,718 and total pledged revenue was \$3,141,526.

CITY OF OVIEDO, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**NOTE 9 - LONG-TERM DEBT (CONTINUED)**

**Business-type Activities (Continued)**

***Self-supporting Revenue Bonds/Notes (continued) –***

The Utility Revenue Bonds, Series 2010A are secured by the net revenues of the water and sewer system. The total principal and interest remaining to be paid on this series is \$5,855,599. For the fiscal year, principal and interest paid on this series was \$4,925 and total pledged revenue was \$3,141,526.

The Utility Revenue Bonds, Series 2010B are secured by the net revenues of the water and sewer system. The total principal and interest remaining to be paid on this series is \$73,096,756. For the fiscal year, principal and interest paid on this series was \$73,976 and total pledged revenue was \$3,141,526.

The original amount of self-supporting revenue bonds/notes issued in prior years, as well as self-supporting revenue bonds/notes outstanding at year end are as follows:

<b>Issue</b>	<b>Purpose</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>Original Amount</b>	<b>Outstanding Amount</b>
Utility Revenue Bonds, Series 2003	To finance the cost of design, permitting, acquisition and construction of the West Mitchell Road Water Treatment Plant	2032	2.5% to 5.0%	\$ 9,000,000	\$ 8,510,000
Utility Revenue Refunding Revenue Bonds, Series 2004	To advance refund Utility Revenue Bonds, Series 1996 maturing in years 2007 through 2025	2025	3% to 4.4%	5,360,000	4,440,000
Utility Revenue Note, Series 2007	To acquire and construct capital improvements to the City's Water and Sewer system	2027	3.86%	3,752,000	3,377,000
Utility Revenue Bonds, Series 2010A	To finance the acquisition of a wastewater collection, treatment and effluent disposal utility system, including reclaimed water utility facilities	2020	2% to 3%	5,080,000	5,080,000
Utility Revenue Bonds, Series 2010B	To finance the acquisition of a wastewater collection, treatment and effluent disposal utility system, including reclaimed water utility facilities	2020	5.026% to 5.963%	30,820,000	30,820,000
Total self supporting Revenue Bonds/Notes					\$ 52,227,000

CITY OF OVIEDO, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**NOTE 9 - LONG-TERM DEBT (CONTINUED)**

**Business-type Activities (Continued)**

**Notes Payable** - The City executed a loan agreement with the Department of Environmental Protection. Revenues pledged are derived from the City's Water and Sewer Utility System.

The State of Florida – State Revolving Fund (SRF) Loan is secured by the gross revenues of the water and sewer system after operation and maintenance expenses and debt payments. The total principal and interest remaining to be paid on this series is \$3,800,733. For the fiscal year, principal and interest paid on this series was \$275,645 and total pledged revenue was \$1,573,240.

<u>Issue</u>	<u>Purpose</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
State of Florida - State Revolving Fund (SRF) Loan	To finance the construction of reclaimed water reuse	2026	2.71%	\$ 3,732,834	\$ 3,067,393

**B. Summary of Debt Service Requirements to Maturity**

**Governmental Activities**

<u>Year Ending September, 30</u>	<u>General Obligation</u>	<u>Revenue Bonds</u>	<u>Total Interest</u>	<u>Total Principal &amp; Interest</u>
2011	\$ 205,000	\$ 1,154,700	\$ 1,130,153	\$ 2,489,853
2012	215,000	1,215,400	1,076,777	2,507,177
2013	220,000	1,260,200	1,019,315	2,499,515
2014	230,000	1,311,100	958,442	2,499,542
2015	235,000	1,371,100	893,760	2,499,860
2016-2020	1,335,000	6,928,000	3,367,574	11,630,574
2021-2025	1,660,000	3,442,600	1,676,859	6,779,459
2026-2030	2,090,000	830,000	724,347	3,644,347
2031-2033	<u>1,505,000</u>	<u>-</u>	<u>145,113</u>	<u>1,650,113</u>
	7,695,000	17,513,100	\$ 10,992,340	\$ 36,200,440
Less amount representing:				
Unamortized premium (discount)	<u>(10,133)</u>	<u>9,038</u>		
Net debt	\$ <u>7,684,867</u>	\$ <u>17,522,138</u>		

CITY OF OVIEDO, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**NOTE 9 - LONG-TERM DEBT (CONTINUED)**

**B. Summary of Debt Service Requirements to Maturity (continued)**

**Business-type Activities**

<u>Year Ending September, 30</u>	<u>Enterprise SRF Loan</u>	<u>Enterprise Revenue Bonds</u>	<u>Total Interest</u>	<u>Total Principal &amp; Interest</u>
2011	\$ 155,465	\$ 519,000	\$ 2,655,385	\$ 3,329,850
2012	159,707	1,060,000	2,628,647	3,848,354
2013	164,064	1,086,000	2,595,812	3,845,876
2014	168,541	1,117,000	2,560,117	3,845,658
2015	173,139	1,153,000	2,522,824	3,848,963
2016-2020	939,184	6,311,000	11,981,002	19,231,186
2021-2025	1,074,491	7,523,000	10,526,791	19,124,282
2026-2030	232,803	9,088,000	8,489,917	17,810,720
2031-2035	-	11,030,000	5,925,061	16,955,061
2036-2040	-	13,340,000	2,446,619	15,786,619
	<u>3,067,394</u>	<u>52,227,000</u>	<u>\$ 52,332,175</u>	<u>\$ 107,626,569</u>
Less amount representing:				
Unamortized bond premium	<u>-</u>	<u>39,099</u>		
Net debt	<u>\$ 3,067,394</u>	<u>\$ 52,266,099</u>		

**C. Changes in Long-Term Liabilities**

On September 9, 2010, the City issued Utility Revenue Bonds, Series 2010A and 2010B in the amount of \$5,080,000 and \$30,820,000, respectively. The proceeds of the Series 2010 Bonds are being used to finance the cost of acquisition of a wastewater collection, treatment and effluent disposal utility system, including reclaimed water utility facilities.

Long-term liability activity for the year ended September 30, 2010, was as follows:

CITY OF OVIEDO, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**NOTE 9 - LONG-TERM DEBT (CONTINUED)**

**C. Changes in Long-Term Liabilities (continued)**

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
<b>Governmental activities:</b>					
General obligation bonds	\$ 7,895,000	\$ -	\$ (200,000)	\$ 7,695,000	\$ 205,000
Unamortized discount	(10,846)	-	713	(10,133)	-
Public improvement revenue bonds	10,780,000	-	(755,000)	10,025,000	770,000
Capital improvement revenue bonds	7,846,500	-	(358,400)	7,488,100	384,700
Unamortized premium	10,717	-	(1,679)	9,038	-
Landfill post-closure care	269,684	-	(14,871)	254,813	67,068
Capital lease	521,182	1,254,954	(223,322)	1,552,814	318,309
Compensated absences	1,861,178	-	(56,116)	1,805,062	180,506
Other post employment benefits	257,809	198,392	-	456,201	-
Governmental activity long-term liabilities	<u>\$ 29,431,224</u>	<u>\$ 1,453,346</u>	<u>\$ (1,608,675)</u>	<u>\$ 29,275,895</u>	<u>\$ 1,925,583</u>
<b>Business-type activities:</b>					
Utility revenue bonds	\$ 16,836,000	\$ 35,900,000	\$ (509,000)	\$ 52,227,000	\$ 519,000
Unamortized (discount) premium	(66,233)	96,341	8,991	39,099	-
Capital lease	495,902	2,463,840	(75,070)	2,884,672	284,768
SRF loan	3,218,731	-	(151,338)	3,067,393	155,465
Compensated absences	125,048	6,522	-	131,570	13,157
Other post employment benefits	26,591	26,008	-	52,599	-
Business-type activity long-term liabilities	<u>\$ 20,636,039</u>	<u>\$ 38,492,711</u>	<u>\$ (726,417)</u>	<u>\$ 58,402,333</u>	<u>\$ 972,390</u>

Landfill post-closure care is discussed in Note 11.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**NOTE 10 - RISK MANAGEMENT**

On October 1, 1998, the City became a member of Public Risk Management of Florida (the pool), a local government liability risk pool. The pool has 49 local government agency members.

The pool administers insurance activities relating to property, general liability, police professional, automobile liability, public officials liability, workers' compensation, and boiler and machinery. The pool absorbs losses up to a specified amount for each pool year and purchases excess and other specific coverages from third-party carriers. The pool assesses each member its pro rata share of the estimated amount required to meet current year losses and operating expenditures/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 pool's ability to assess its members would revert back to the member that incurred the loss. There were no additional assessments levied against the City for the fiscal year ended September 30, 2010. The cost of the insurance is allocated among the appropriate departments settlements in excess of insurance coverage in any of the prior three years.

**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

**Litigation** - The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City Attorney the resolution of these matters will not have a material adverse effect on the financial condition of the City.

**Commitments Under Construction Contracts** - At September 30, 2010, the City had ongoing construction commitments of \$1,947,781 for various infrastructure improvements.

**Landfill Post - Closure Care** - A landfill was acquired in its present state from Seminole County and has never been operated by the City in any capacity. The Florida Department of Environmental Protection (FDEP) requires the City to perform post-landfill closure, typically for a maximum period of 30 years, unless contamination persists at the facility. Recently, the DEP has reduced ongoing monitoring requirements to include testing for only one compound, ammonia, significantly reducing long-term analytical costs. Groundwater monitoring at the landfill, initiated in 1994, is currently performed on a semi-annual basis and includes sampling, analysis, and reporting to the DEP. Since ammonia has been shown to be persistent within groundwater at the landfill, the length of time for which testing must be performed is unknown. Based on the information available, the City has recorded \$10,000 as a liability in the Land Fill Closure Fund and \$50,000 in the Government-wide Statement of Net Assets.

During 2009, the City acquired property that was previously used as a landfill. This landfill site was officially closed on June 12, 2002 for a 20-year long-term care period. The City is required by the FDEP to perform maintenance and monitoring functions for twelve (12) years at a cost estimate of \$17,068 annually. The estimated future cost for post-closure care amounting to \$204,813 is reported as a long-term liability in the Government-Wide Statement of Net Assets.

The City is required to deposit \$17,068 annually into an escrow account. During the year ended September 30, 2009, the City established an escrow subaccount within the City's pooled cash system in an interest bearing account for this purpose. The following is a schedule of the transactions in this account in the OSC Extension Landfill Fund during fiscal year 2010.

CITY OF OVIEDO, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**NOTE 11 - COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Landfill Post - Closure Care (continued) -**

Balance - October 1, 2009	\$	17,035
Required deposit		17,068
Investment income		<u>614</u>
Balance - September 30, 2010	\$	<u>34,717</u>

**NOTE 12 - DEFINED CONTRIBUTION PLAN**

The City established a single employer, defined contribution money purchase plan (the Plan) in June 1995 administered by ICMA Retirement Corporation, that covers all full-time employees other than those covered by the Police Officers' Retirement Trust Fund and Firefighters' Pension Trust Fund (see Note 14). In July 2005, the City amended the Plan to allow the City Manager, Assistant City Manager, and Department Directors the option of contributing 0% to 10% and vesting immediately. Plan members are required to contribute 1% - 10% (employee choice upon hire). Effective October 1, 2009, the City amended its plan to provide for a dollar per dollar match up to a maximum of 5% of the employee's salary as compared to the 8% contribution in the previous fiscal year. At September 30, 2010 there were 269 plan members.

All full-time employees hired after the effective date of the Plan are required to participate in the Plan. Employees hired prior to the effective date may choose whether or not to participate in the Plan. However, once an employee chooses to participate, they must continue to participate as long as they are a full-time employee of the City. All employees participate in the Plan. The Plan also includes loan provisions for participating employees. For the year ended September 30, 2010, both the City and participating employees contributed \$774,619 to the Plan that is respective percentage of the covered payroll of participating employees.

City contributions become vested to participants based on the number of years of service completed. The vesting schedule for City contributions is as follows (exception to vesting schedule is that Directors vest immediately):

<u>Years of service completed</u>	<u>Specified percent vesting</u>
1	20%
2	40%
3	60%
4	80%
5	100%

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**NOTE 13 - DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan, available to all full-time City employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Because the plan assets are held in trust for the exclusive benefit of plan participants and their beneficiaries, the plan is not accounted for in the City's financial statements.

**NOTE 14 - POLICE OFFICERS' RETIREMENT TRUST FUND AND FIREFIGHTERS' PENSION TRUST FUND**

**Plan Description**

The City established a single-employer, defined benefit pension plan that covers all full-time sworn police officers' effective October 1, 1991. Effective October 1, 2002, the City established a single employer, defined benefit pension plan that covers all full-time firefighters. Benefits, eligible employees, contribution requirements, and other benefits are established by State statute and City ordinance. Additionally, employee contributions are tax deferred for federal withholding purposes under Section 414 (h) of the Internal Revenue Code. Neither the Police Officers' Retirement Trust Fund nor the Firefighters' Pension Trust Fund issue separate financial statements.

Employees attaining the age of 55 and the completion of 10 years of credited service or attaining the age 52 and the completion of 25 years of credited service are eligible for normal retirement under the Firefighters' Pension Trust Fund and employees covered under the Police Officers' Retirement Trust Fund are eligible for normal retirement after completion of 25 years of credited service. Active employees who are disabled as a result of a non-service connected disability must have ten years of service in order to qualify for disability retirement benefits. Active employees who are disabled as a result of a service-connected disability are eligible for disability benefits immediately. Normal retirement benefits are 3% (police officers) and 3% (firefighters) of average final compensation for each year of credited service.

Normal retirement benefits are payable for life and cease upon death with a guaranteed benefit period of 120 months. Line of duty disability benefits are equal to 3% of average final compensation for each year of credited service (police officers) or equal to benefit accrued to date of disability (firefighters), but no less than 42% of average final compensation. Non-service incurred disability benefits for police officers are equal to 3% of their average final compensation for each year of credited service to participants with 10 years or more of credited service. For firefighters, non-service incurred disability benefits are equal to benefit accrued to date of disability but not less than 25% of their average final compensation for each year of credited service to participants with 10 years or more of credited service.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**NOTE 14 - POLICE OFFICERS' RETIREMENT TRUST FUND AND FIREFIGHTERS' PENSION TRUST FUND (CONTINUED)**

**Plan Description (continued)**

Disability benefits are paid until the earlier of death or recovery from disability (as determined by the Plan or Board of Trustees). Beneficiaries of a deceased officer or firefighter who at the date of death was vested or eligible for early or normal retirement would be paid benefits of 3% (police officers) or 3% (firefighters) of average final compensation for each year of credited service for ten years. Beneficiaries of a deceased officer or firefighter who at the date of death was not receiving monthly benefits or who was not yet vested or eligible for early or normal retirement would receive a refund of all the member's accumulated contributions. Death benefits are payable to beneficiaries in accordance with options specified at retirement for retired officers or firefighters.

If an officer or firefighter terminates his or her employment with the City, prior to the completion of five (police officers) or ten (firefighters) years of credited service, and is not eligible for any other Plan benefits, the officer or firefighter is entitled to a refund of member contributions. With five years (police officers) or ten years (firefighters) or more of credited service, an officer or firefighter would receive the benefit accrued to the date of termination, payable commencing at his or her normal or early retirement date; or, at the option of the officer or firefighter, a lump-sum refund of the member's contributions.

Membership in both plans consisted of the following at October 1, 2010 for Police Officers and Firefighters:

<b>Current Fund Participation</b>	<b>Police Officers' Retirement Trust</b>	<b>Firefighters' Pension Trust</b>
Active members	59	50
Retirees and beneficiaries receiving benefits	11	1
Terminated employees not yet receiving benefits	2	-
Disability retirees	3	1
Number of participants	75	52

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**NOTE 14 - POLICE OFFICERS' RETIREMENT TRUST FUND AND FIREFIGHTERS' PENSION TRUST FUND (CONTINUED)**

**Funding Policy**

The contribution requirements of plan members and the City are established and may be amended by City ordinance. Firefighters' Plan members are required to contribute 7% of annual covered payroll. Police Officers' Plan members are required to contribute 6% of annual covered payroll. The annual State insurance premium tax is required to be contributed to the Plan and varies in amount each year. For fiscal year 2010, the State contribution was \$212,933 for police officers and \$204,826 for firefighters. These contributions were recognized in the State Pension Contributions Special Revenue Fund as revenue and as an equal expenditure. The City is required to contribute the remaining amounts necessary to fund the Plans. The Police Officers' Plan uses the Entry Age actuarial cost method. The Firefighters' Plan uses the frozen entry age actuarial cost method. For the Police Officers' Retirement Trust, the City's contribution cannot be less than 10% of covered payroll.

**Annual Pension Cost and Contributions Made**

The City's annual pension cost and contributions made to the Police Officers' Retirement Trust Fund and the Firefighters' Pension Trust Fund for the current year were as follows:

	<u>Police Officers' Retirement Trust</u>	<u>Firefighters' Pension Trust</u>
Annual pension cost	\$ 307,974	\$ 502,032
Contributions made:		
Employer	\$ 307,974	\$ 387,318
Employee	202,425	194,803
State	<u>212,933</u>	<u>204,826</u>
	<u>\$ 723,332</u>	<u>\$ 786,947</u>

The annual pension cost, net pension obligation and required contribution for September 30, 2010 were determined as part of the actuarial valuation of each plan as of October 1, 2010. For governmental activities, the net pension obligation is typically liquidated by the General Fund. The City's annual pension cost and net pension obligation (NPO) were as follows:

CITY OF OVIEDO, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**NOTE 14 - POLICE OFFICERS' RETIREMENT TRUST FUND AND FIREFIGHTERS' PENSION TRUST FUND (CONTINUED)**

**Annual Pension Cost and Contributions Made (continued)**

	<u>Police Officers' Retirement Trust</u>	<u>Firefighters' Pension Trust</u>
Annual required contribution (ARC)	\$ 307,974	\$ 502,034
Interest on net pension obligation (NPO)	-	-
Adjustment to ARC	-	(2)
Annual pension cost	307,974	502,032
Contributions made	<u>(307,974)</u>	<u>(387,318)</u>
Increase (decrease) in NPO	-	114,714
NPO at beginning of year	-	<u>(114,714)</u>
NPO end of year	<u>\$ -</u>	<u>\$ -</u>

The Police Officers' Retirement Trust Fund did not have a net pension obligation as of the October 1, 2008, actuarial valuation. The annual required contribution for the current year was determined as part of the October 1, 2010 actuarial valuation using the frozen entry age actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return (net of administrative expenses), (b) projected salary increases of 6% per year and (c) inflation at 3% for both police officers and firefighters. The actuarial value of assets was determined by using fair value. The actuarial amortization method used was level percentage of pay, closed and the remaining amortization period is 28 years for police officers and 31 years for firefighters.

**Three-Year Trend Information**

**Police Officers' Retirement Trust Fund**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
9/30/2010	\$ 307,974	100%	\$ -
9/30/2009	328,351	100%	-
9/30/2008	322,096	100%	-

**Firefighters' Pension Trust Fund**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
9/30/2010	\$ 502,032	100%	\$ -
9/30/2009	267,786	100%	-
9/30/2008	134,028	100%	-

CITY OF OVIEDO, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**NOTE 14 - POLICE OFFICERS' RETIREMENT TRUST FUND AND FIREFIGHTERS' PENSION TRUST FUND (CONTINUED)**

The following are the financial statements for the Police Officers' Retirement Trust Fund and Firefighters' Pension Trust Fund as of September 30, 2010:

**Combining Statement of Fiduciary Net Assets**

	<u>Police Officers' Retirement Trust Fund</u>	<u>Firefighters' Pension Trust Fund</u>	<u>Total Employee Retirement Funds</u>
<b>Assets:</b>			
Cash and short-term investments	\$ 455,692	\$ 165,249	\$ 620,941
Receivables:			
Interest receivable	32,284	8,834	41,118
Contributions receivable	<u>7</u>	<u>-</u>	<u>7</u>
Total receivables	<u>32,291</u>	<u>8,834</u>	<u>41,125</u>
Investments, at fair value:			
U.S. Treasury & Government agency	956,571	-	956,571
Real Estate Investment Trust	517,519	-	517,519
Corporate & foreign bonds	1,895,072	-	1,895,072
Mutual funds & common stocks	<u>6,424,726</u>	<u>4,018,573</u>	<u>10,443,299</u>
Total Investments	<u>9,793,888</u>	<u>4,018,573</u>	<u>13,812,461</u>
Total assets	<u>\$ 10,281,871</u>	<u>\$ 4,192,656</u>	<u>\$ 14,474,527</u>
<b>Net assets:</b>			
Held in trust for pension benefits	<u>\$ 10,281,871</u>	<u>\$ 4,192,656</u>	<u>\$ 14,474,527</u>

CITY OF OVIEDO, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**NOTE 14 - POLICE OFFICERS' RETIREMENT TRUST FUND AND FIREFIGHTERS' PENSION TRUST FUND (CONTINUED)**

**Combining Statement of Changes in Fiduciary Net Assets**

	<u>Police Officers' Retirement Trust Fund</u>	<u>Firefighters' Pension Trust Fund</u>	<u>Total Employee Retirement Funds</u>
<b>Additions:</b>			
Contributions:			
City	\$ 307,974	\$ 387,318	\$ 695,292
State	212,933	204,826	417,759
Employee	<u>202,425</u>	<u>194,803</u>	<u>397,228</u>
Total contributions	<u>723,332</u>	<u>786,947</u>	<u>1,510,279</u>
Investment income:			
Interest	260,418	91,917	352,335
Net increase in fair value of investments	<u>732,396</u>	<u>238,138</u>	<u>970,534</u>
Net investment earnings	<u>992,814</u>	<u>330,055</u>	<u>1,322,869</u>
Total additions	<u>1,716,146</u>	<u>1,117,002</u>	<u>2,833,148</u>
<b>Deductions:</b>			
Benefit payments	327,776	30,886	358,662
Administrative expenses	<u>84,703</u>	<u>63,488</u>	<u>148,191</u>
Total deductions	<u>412,479</u>	<u>94,374</u>	<u>506,853</u>
Change in net assets	1,303,667	1,022,628	2,326,295
Net assets - beginning	<u>8,978,204</u>	<u>3,170,028</u>	<u>12,148,232</u>
Net assets - ending	<u>\$ 10,281,871</u>	<u>\$ 4,192,656</u>	<u>\$ 14,474,527</u>

The funded status of each plan as of the most recent actuarial valuation date is as follows:

**Schedule of Funding Progress for  
Police Officers' Retirement Trust Fund**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2010	\$ 10,941,988	\$ 14,396,176	\$ 3,454,188	76.01%	\$ 3,183,628	108.50%

CITY OF OVIEDO, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**NOTE 14 - POLICE OFFICERS' RETIREMENT TRUST FUND AND FIREFIGHTERS' PENSION TRUST FUND (CONTINUED)**

**Schedule of Funding Progress for  
Firefighters' Pension Trust Fund**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2010	\$ 4,192,656	\$ 7,875,280	\$ 3,682,624	53.24%	\$ 2,859,247	128.80%

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

**NOTE 15 - OTHER POST EMPLOYMENT BENEFITS**

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

The first actuarial report for the City's Retiree Continuation Insurance plan was prepared as of October 1, 2008. At that point in time, the unfunded actuarial accrued liability (UAAL) for benefits was \$1,172,000 and funded ratio was 0%.

The annual required contribution and Net OPEB Obligation for the fiscal year ended September 30, 2010 is as follows:

Annual required contribution	\$ 245,400
Interest on net OPEB obligation	11,400
Adjustment to annual required contribution	<u>(16,900)</u>
Annual OPEB cost	239,900
Employer contributions	<u>(15,500)</u>
Increase in Net OPEB obligation	224,400
Net OPEB obligation (beginning of year)	<u>284,400</u>
Net OPEB obligation (end of year)	<u>\$ 508,800</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**NOTE 15 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

**Summary of Actuarial Methods & Assumptions:**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, normally presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The schedule of funding progress includes only one year so multi-year comparison is not available for this period.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**Actuarial Cost Method-** The entry age normal cost method was used to determine the plan's funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active participant as if the Plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year).

**Decrements-**

**Mortality-** Mortality is based on the 2007 Current Liability Mortality Table.

**Disability-** Retirees who are eligible for disability retirement benefits must be permanently and totally unable to perform useful and efficient service as an Employee. Sample rates of disability are shown below. The rates are the same as those used for the October 1, 2007 City of Oviedo Actuarial Valuation Reports.

Age	General Employees	Firefighters	Police Officers
20	0%	0.03%	0.14%
30	0%	0.04%	0.18%
40	0%	0.07%	0.30%
50	0%	0.18%	1.00%

CITY OF OVIEDO, FLORIDA

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**NOTE 15 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

**Summary of Actuarial Methods & Assumptions (continued):**

**Decrements (continued)-**

**Termination-** The rates for Police Officers and Firefighters are the same as those used for the October 1, 2007 City of Oviedo Actuarial Valuation Reports.

Age	Firefighters	Police Officers
20	6.00%	12.40%
30	5.00%	10.50%
40	2.60%	5.70%
50	0.80%	1.50%

General Employees		
Age	Male	Female
20	10.90%	11.60%
25	6.90%	5.30%
30	5.20%	5.40%
35	4.70%	4.60%
40	3.30%	3.30%
45	3.00%	3.00%
50	3.30%	3.20%
55	0.00%	0.00%

**Retirement-** The rates are primarily consistent with those used for the October 1, 2007 City of Oviedo Actuarial Valuation Reports.

**Firefighters-** Beginning with the earliest retirement age (50), participants are assumed to retire at a rate of 5% per year, except that 100% of participants who attain their normal retirement date will retire on that date.

**Police -** Beginning with the earliest retirement age (45), participants are assumed to retire at the rate of 5% per year, except that 100% of participants who attain their normal retirement date will retire on that date.

**General Employees-**

Age	Retirement
62	25%
63	10%
64	10%
65	100%

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**NOTE 15 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

**Summary of Actuarial Methods & Assumptions (continued):**

**Decrements (continued)-**

**Investment Return (Discount Rate)-** 4.0% per annum

**Health care Costs Trend Rates-** Medical per capita costs, average costs and premiums are assumed to increase 10% for pre and post-Medicare coverage in 2008. This rate decreases at a rate of 1% per year until an ultimate rate of 5% is reached. Dental and vision per capita costs, average costs and premiums are assumed to increase 5% for pre and post-Medicare coverage in 2008. This rate decreases at a rate of 0.5% per year until an ultimate rate of 3% is reached.

**Marriage-** Actual date is used for retirees. Where spousal birthdates are missing, male participants are assumed to be 3 years older than their wives. It is assumed that 100% of active participants are married.

**Dependent (non-spouse) Coverage-** None is assumed as it is immaterial.

**Participations-** Assumed percent of active participant continuing their medical, dental, and vision coverage:

<u>Age</u>	<u>Participation</u>
40-49	0%
50-54	25%
55-59	40%
60-61	75%
62+	90%

50% of their spouses are assumed to continue their medical, dental, and vision coverage into retirement. 100% of actives who become disabled are assumed to continue their coverage until Medicare eligibility. At age 65 all participants are expected to discontinue their medical coverage.

**Claims Costs-** Annual per capital costs for 2008/09 are assumed to be:

<u>Age</u>	<u>Medical Claims Cost</u>	<u>Dental Claims Cost</u>	<u>Vision Claims Cost</u>
54 and lower	7,426	189	63
55-59	8,862	194	64
60-64	10,886	199	66
65-69	N/A	204	68

Medical costs for disabled participants not yet eligible for Medicare are assumed to be 3 times the cost for a healthy retiree.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**NOTE 15 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

**Summary of Actuarial Methods & Assumptions (continued):**

**Summary of Benefits**

**Other Post-Employment Benefits (OPEBs)-** The City provides optional post-employment healthcare, dental and vision insurance coverage to eligible individuals.

**Eligible Individuals-**

**General Employees-** Participants are eligible for medical continuation at age 62 and 10 years of service

**Firefighters-** Participants are eligible for normal retirement upon attaining the earlier of: 1) age 55 and 10 years of credited service; or 2) age 52 and 25 years of credited service. They are eligible for early retirement at age 50 with 10 years of credited service.

**Police Officers-** Participants are eligible for normal retirement upon attaining the earlier of: 1) age 55 and 10 years of credited service; or 2) 25 years of credited service. They are eligible for early retirement at age 45 with 10 years of credited service.

**Coverage and Employee Cost Sharing-**

Type of Coverage	Employee	Spouse
Medical, Prescription, Dental and Vision Coverage		
Eligibility	Retiree meets City of Oviedo Retirement eligibility	
Retiree cost sharing	Retiree pays 100% of premium	Retiree pays 100% of spousal premium
Coverage ceases	All forms of coverage cease upon the first month after the death of the retiree	Coverage ceases upon the first month after the death of the retiree
Medical, Prescription, Dental and Vision Coverage during Disability Coverage		
Eligibility	Retiree qualifies for disability retirement as part of the applicable Police and Firefighter pension programs	
Retiree cost sharing	Retiree pays 100% of premium	Retiree pays 100% of spousal premium
Coverage ceases	All forms of coverage cease upon the first month after the death of the retiree	Coverage ceases upon the first month after the death of the retiree

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

September 30, 2010

**Note 16 - SUBSEQUENT EVENTS**

Subsequent to September 30, 2010, the City passed Ordinance No. 1496, establishing a redevelopment trust fund, providing for the funding of a redevelopment trust fund for community redevelopment within the City community redevelopment area.

Subsequent to September 30, 2010, the City issued \$1,300,000 in a Capital Improvement Revenue Note, Series 2011 to fund the completion of the Fleet/Operations facility at the Public Works Complex.

The City has evaluated subsequent events through March 23, 2011, the date the financial statements were available to be issued.



Courtesy of John Caraway

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## **Required Supplementary Information**



Courtesy of John Caraway

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**CITY OF OVIEDO, FLORIDA**

**General Fund**

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

**For the Year Ended September 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes:				
Property Taxes	\$ 9,770,254	\$ 9,770,254	\$ 9,705,054	\$ (65,200)
Utility taxes	4,670,030	4,670,030	4,698,721	28,691
Business receipts	152,600	152,600	151,753	(847)
Licenses and permits	2,930,210	2,930,210	2,846,848	(83,362)
Intergovernmental	2,796,860	2,937,603	2,954,680	17,077
Charges for services	2,298,740	2,298,740	1,980,148	(318,592)
Fines and forfeitures	176,510	176,510	92,101	(84,409)
Investment income	364,021	364,021	192,147	(171,874)
Service assessments	14,720	14,720	3,752	(10,968)
Miscellaneous	<u>201,010</u>	<u>201,010</u>	<u>269,982</u>	<u>68,972</u>
Total revenues	<u>23,374,955</u>	<u>23,515,698</u>	<u>22,895,186</u>	<u>(620,512)</u>
<b>Expenditures:</b>				
Current:				
General government	3,072,219	3,072,219	2,969,580	102,639
Public safety	11,408,546	11,517,124	11,387,136	129,988
Physical environment	3,340,349	3,393,835	3,312,988	80,847
Culture and recreation	3,578,125	3,578,125	3,355,437	222,688
Capital outlay:				
Public safety	10,000	16,925	6,925	10,000
Physical environment	13,000	13,000	19,362	(6,362)
Culture and recreation	<u>8,500</u>	<u>8,500</u>	<u>8,500</u>	<u>-</u>
Total expenditures	<u>21,430,739</u>	<u>21,599,728</u>	<u>21,059,928</u>	<u>539,800</u>
Excess (deficiency) of revenues over expenditures	<u>1,944,216</u>	<u>1,915,970</u>	<u>1,835,258</u>	<u>(80,712)</u>
<b>Other financing sources (uses):</b>				
Transfers in	340,938	540,938	446,438	(94,500)
Transfers out	(2,406,354)	(2,445,801)	(2,445,774)	27
Sale of capital assets	<u>49,820</u>	<u>49,820</u>	<u>20,287</u>	<u>(29,533)</u>
Total other financing sources (uses)	<u>(2,015,596)</u>	<u>(1,855,043)</u>	<u>(1,979,049)</u>	<u>(124,006)</u>
Net change in fund balances	(71,380)	60,927	(143,791)	(204,718)
Fund balances - beginning	<u>3,998,437</u>	<u>3,998,437</u>	<u>3,998,437</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,927,057</u>	<u>\$ 4,059,364</u>	<u>\$ 3,854,646</u>	<u>\$ (204,718)</u>

**CITY OF OVIEDO, FLORIDA**  
**Transportation Impact Fees Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Investment income	\$ 203,450	\$ 203,450	\$ 93,637	\$ (109,813)
Service assessments	<u>250,000</u>	<u>250,000</u>	<u>297,036</u>	<u>47,036</u>
Total revenues	<u>453,450</u>	<u>453,450</u>	<u>390,673</u>	<u>(62,777)</u>
<b>Expenditures:</b>				
Current:				
Physical environment	-	-	10,630	(10,630)
Capital outlay	<u>554,000</u>	<u>554,000</u>	<u>22,217</u>	<u>531,783</u>
Total expenditures	<u>554,000</u>	<u>554,000</u>	<u>32,847</u>	<u>521,153</u>
Excess (deficiency) of revenues over expenditures	<u>(100,550)</u>	<u>(100,550)</u>	<u>357,826</u>	<u>458,376</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(111,863)</u>	<u>(111,863)</u>	<u>(111,863)</u>	<u>-</u>
Net change in fund balances	(212,413)	(212,413)	245,963	458,376
Fund balances - beginning	<u>3,798,660</u>	<u>3,798,660</u>	<u>3,798,660</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,586,247</u>	<u>\$ 3,586,247</u>	<u>\$ 4,044,623</u>	<u>\$ 458,376</u>

CITY OF OVIEDO, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

September 30, 2010

**Schedule of Funding Progress for  
Police Officers' Retirement Trust Fund**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2010	\$ 10,941,988	\$ 14,396,176	\$ 3,454,188	76.01%	\$ 3,183,628	108.50%
10/1/2009	10,482,431	13,135,587	2,653,156	79.80%	3,332,616	79.61%
10/1/2008	9,722,202	11,002,906	1,280,704	88.36%	2,918,455	43.88%
10/1/2007	8,657,136	10,550,899	1,893,763	82.05%	3,040,345	62.29%
10/1/2006	7,313,129	9,445,049	2,131,920	77.43%	2,891,891	73.72%
10/1/2005	6,226,952	8,810,648	2,583,696	70.68%	2,848,416	90.71%

**Schedule of Contributions From the Employer and Other  
Contributing Entities for Police Officers' Retirement Trust Fund**

Year ended September 30,	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
2010	\$ 520,907	\$ 307,974	\$ 212,933	100.00%
2009	544,308	328,351	215,957 *	100.00%
2008	504,651	322,096	215,957 *	106.62%
2007	513,636	301,544	215,957 *	100.75%
2006	465,701	288,555	211,087	107.29%
2005	498,547	287,460	211,087	100.00%

\* Frozen, per Chapter 185, F.S., as amended

**Schedule of Funding Progress for  
Firefighters' Pension Trust Fund**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2010	\$ 4,192,656	\$ 7,875,280	\$ 3,682,624	53.24%	\$ 2,859,247	128.80%
10/1/2009	3,055,313	6,526,637	3,471,324	46.81%	2,680,940	129.48%
10/1/2008	2,328,489	4,992,628	2,664,139	46.64%	2,566,256	103.81%
10/1/2007	2,121,847	4,672,096	2,550,249	45.42%	2,375,322	107.36%
10/1/2006	1,461,898	3,933,119	2,471,221	37.17%	2,010,045	122.94%
10/1/2005	1,020,611	2,649,303	1,628,692	38.52%	1,955,238	83.30%

CITY OF OVIEDO, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION**

September 30, 2010

**Schedule of Contributions From the Employer and Other  
Contributing Entities for Firefighters' Pension Trust Fund**

Year ended September 30,	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
2010	\$ 706,858	\$ 502,034	\$ 204,826	100.00%
2009	513,020	267,787	245,234	100.00%
2008	343,624	134,028	209,596	100.00%
2007	346,030	198,469	147,561	100.00%
2006	266,284	116,049	150,235	100.00%
2005	224,543	112,257	131,125	108.39%

**Schedule of Funding Progress for  
Retiree Continuation Insurance Plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Normal Cost (c)	Covered Payroll (d)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2008	\$ -	\$ 1,536,900	\$ 1,536,900	0.00%	\$ 206,200	\$ 13,279,000	11.57%
10/1/2008 Adj	-	1,172,000	1,172,000	0.00%	158,400	10,888,800	10.76%

**Schedule of Contributions From the Employer and Other  
Contributing Entities for Retiree Continuation Insurance Plan**

Year ended September 30,	Annual Required Contribution (ARC)	Actual Contribution	Percentage of ARC Contributed	Net Pension Obligation
2010	\$ 239,900	\$ 15,500	6.46%	\$ 508,800
2009	299,900	15,500	5.17%	284,400

## **Combined and Individual Statements**



Courtesy of John Caraway

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CITY OF OVIEDO, FLORIDA

**NONMAJOR GOVERNMENTAL FUNDS**

**Nonmajor Special Revenue Funds**

Special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

**Capital Expansion Fund** – to account for the City’s Administration, Police, Fire and Recreation impact fee revenues and the expenditures (allowable under state statute) for increased general, police/fire protection and recreational improvements (resulting from growth) made there from.

**Local Option Gas Tax Fund** – to account for the City’s share of local option gas tax revenues that are specifically restricted to the maintenance and improvement of the City’s highways and streets.

**State Law Enforcement Fund** – to account for the City’s share of fines and forfeitures received through the City and County Investigative Bureau (CCIB) and similar programs that are specifically restricted to law enforcement educational and edification.

**Federal DEA Grant (Forfeiture) Fund** – to account for the City’s share of federally forfeited property that is specifically restricted to law enforcement purposes.

**State Pension Contributions Fund** – to account for intergovernmental revenue from the State that is transferred to the Police and Fire Pension funds.

**Solid Waste Fund** – to account for funds collected and paid to a third party for waste collection services.

**Economic Development Fund** – to account for the funds allocated for the economic development of the City.

**Building Services Fund** – to account for operations of the building inspection, plans review and permitting.

**Stormwater Fund** – to account for stormwater management operations and related capital improvements.

**Nonmajor Debt Service Funds**

Debt service funds are used to account for the receipt of funds related to the issuance of debt and the disbursement of debt service payments.

**Public Improvement Revenue Bonds Fund** – to account for the debt service payments for the City’s general governmental activities bonds.

**General Obligation Bonds Fund** – to account for the receipt of the revenues associated with the debt millage and the payment of the debt service for the general obligation bonds.

**Lease Financing Debt Service Fund** – to account for the payment of the debt related to the City’s capital lease.

CITY OF OVIEDO, FLORIDA

**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

**Nonmajor Capital Project Funds**

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

**Vehicle Replacement Fund** – to account for the purchase of transportation vehicles for the General and Special Revenue Funds.

**Land Fill Closure Fund** – Prior to fiscal 1992/1993, this fund was used to account for the costs associated with constructing a City-wide maintenance facility at the site of the former County land fill. During fiscal year 1992/1993, it was determined that it was not cost effective to construct a facility at this site. This fund is now used to account for the costs associated with the post closure monitoring of the former County land fill.

**Local Option Sales Tax Fund** – to account for the City's road construction projects approved to use the extra one cent sales tax approved by voters through the year 2011. The projects are the construction of the Division Street extension from its current terminus on East Mitchell Hammock to the historic town center, the construction of the Franklin Street extension from its current terminus on Division Street to Central Avenue, the Project, Development and Environmental Study being performed in order to receive state/federal funding for the widening of State Road 426 through the City, and the pavement milling, repaving, signing and pavement marking of Central Avenue, Railroad Street, Broadway Street and Station Street in the City's downtown area.

**Technology Improvements Fund** – to account for the purchase of the City's technology improvements as they relate to the General and Special Revenue funds.

**General Facility Improvements Fund** – to account for the purchase and improvement of the City's facilities as they relate to the General and Special Revenue funds.

**Recreational Facility Improvement Fund** – to account for the purchase and improvement of the City's recreational facilities as they relate to the General and Special Revenue funds.

**OSC Extension Landfill Fund** – to account for the costs associated with the post closure monitoring of the OSC Extension Landfill.

**2008 Revenue Bond Construction Fund** – to account for the construction of the Fire Administration Building, Fire Station #48 and the Public Works Facility.

**CITY OF OVIEDO, FLORIDA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2010**

	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 514,821	\$ 5,696	\$ 1,210,206	\$ 1,730,723
Investments	3,353,537	-	5,050,082	8,403,619
Restricted investments	35,696	-	-	35,696
Receivables, net	255,946	-	-	255,946
Due from other funds	49,142	-	-	49,142
Due from other governments	257,418	3,671	390,204	651,293
Restricted assets:				
Cash and cash equivalents	-	-	34,717	34,717
<b>Total assets</b>	<b>\$ 4,466,560</b>	<b>\$ 9,367</b>	<b>\$ 6,685,209</b>	<b>\$ 11,161,136</b>
<b>Liabilities and fund balances:</b>				
Accounts payable	\$ 335,841	\$ -	\$ 262,683	\$ 598,524
Accrued liabilities	17,515	-	10,000	27,515
Retainage payable	15,718	-	-	15,718
Due to other funds	49,142	-	-	49,142
Payable from restricted assets	35,696	-	-	35,696
<b>Total liabilities</b>	<b>453,912</b>	<b>-</b>	<b>272,683</b>	<b>726,595</b>
<b>Fund balances:</b>				
Reserved for:				
Reserved for encumbrances	203,556	-	1,134,346	1,337,902
Reserved for debt service	-	9,367	-	9,367
Unreserved	3,809,092	-	5,278,180	9,087,272
<b>Total fund balances</b>	<b>4,012,648</b>	<b>9,367</b>	<b>6,412,526</b>	<b>10,434,541</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,466,560</b>	<b>\$ 9,367</b>	<b>\$ 6,685,209</b>	<b>\$ 11,161,136</b>



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**CITY OF OVIEDO, FLORIDA**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2010**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues:</b>				
Taxes	\$ -	\$ 545,509	\$ -	\$ 545,509
Licenses and permits	769,191	-	-	769,191
Intergovernmental revenues	2,545,525	-	1,223,943	3,769,468
Charges for services	3,894,304	-	15,000	3,909,304
Fines and forfeitures	52,315	-	-	52,315
Investment income	108,560	8,331	91,534	208,425
Service assessments	426,740	-	-	426,740
Miscellaneous	7,637	-	1,000	8,637
Total revenues	<u>7,804,272</u>	<u>553,840</u>	<u>1,331,477</u>	<u>9,689,589</u>
<b>Expenditures:</b>				
Current:				
General government	159,233	-	133,234	292,467
Public safety	1,308,763	-	39,578	1,348,341
Physical environment	4,093,489	-	97,401	4,190,890
Debt service:				
Principal	-	1,536,721	-	1,536,721
Interest and fiscal charges	-	1,217,251	2,234	1,219,485
Capital outlay:				
General government	-	-	44,514	44,514
Public safety	10,065	-	320,710	330,775
Physical environment	1,738,105	-	559,907	2,298,012
Parks and recreation	-	-	344,236	344,236
Total expenditures	<u>7,309,655</u>	<u>2,753,972</u>	<u>1,541,814</u>	<u>11,605,441</u>
Excess (deficiency) of revenues over expenditures	<u>494,617</u>	<u>(2,200,132)</u>	<u>(210,337)</u>	<u>(1,915,852)</u>
<b>Other financing sources (uses):</b>				
Transfers in	34,720	2,201,405	870,501	3,106,626
Transfers out	(995,518)	-	(262,439)	(1,257,957)
Capital leases	-	-	1,254,954	1,254,954
Total other financing sources (uses)	<u>(960,798)</u>	<u>2,201,405</u>	<u>1,863,016</u>	<u>3,103,623</u>
Net change in fund balances	(466,181)	1,273	1,652,679	1,187,771
Fund balances - beginning	<u>4,478,829</u>	<u>8,094</u>	<u>4,759,847</u>	<u>9,246,770</u>
Fund balances - ending	<u>\$ 4,012,648</u>	<u>\$ 9,367</u>	<u>\$ 6,412,526</u>	<u>\$ 10,434,541</u>

**CITY OF OVIEDO, FLORIDA**  
**Subcombining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**September 30, 2010**

	<u>Capital Expansion</u>	<u>Local Option Gas Tax</u>	<u>State Law Enforcement</u>	<u>Federal DEA Grant (Forfeiture)</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 15,626	\$ 50,741
Investments	1,233,537	-	40,000	210,000
Restricted investments	-	-	-	-
Receivables, net	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	249,488	-	-
Total assets	<u>\$ 1,233,537</u>	<u>\$ 249,488</u>	<u>\$ 55,626</u>	<u>\$ 260,741</u>
<b>Liabilities and fund balances:</b>				
Accounts payable	\$ -	\$ 28,194	\$ 495	\$ -
Accrued liabilities	-	-	-	-
Retainage payable	-	15,718	-	-
Due to other funds	-	49,142	-	-
Payable from restricted assets	-	-	-	-
Total liabilities	<u>-</u>	<u>93,054</u>	<u>495</u>	<u>-</u>
Fund balances:				
Reserved for:				
Reserved for encumbrances	-	10,431	-	-
Unreserved	<u>1,233,537</u>	<u>146,003</u>	<u>55,131</u>	<u>260,741</u>
Total fund balances	<u>1,233,537</u>	<u>156,434</u>	<u>55,131</u>	<u>260,741</u>
Total liabilities and fund balances	<u>\$ 1,233,537</u>	<u>\$ 249,488</u>	<u>\$ 55,626</u>	<u>\$ 260,741</u>

**CITY OF OVIEDO, FLORIDA**  
**Subcombining Balance Sheet, Continued**  
**Nonmajor Special Revenue Funds**  
**September 30, 2010**

<u>Solid Waste</u>	<u>Economic Development</u>	<u>Building Services</u>	<u>Stormwater</u>	<u>Total</u>
\$ 16,384	\$ 109,062	\$ 36,698	\$ 286,310	\$ 514,821
80,000	430,000	-	1,360,000	3,353,537
-	-	35,696	-	35,696
167,976	-	-	87,970	255,946
-	-	-	49,142	49,142
7,930	-	-	-	257,418
<u>\$ 272,290</u>	<u>\$ 539,062</u>	<u>\$ 72,394</u>	<u>\$ 1,783,422</u>	<u>\$ 4,466,560</u>
\$ 218,714	\$ 2,628	\$ 29,298	\$ 56,512	\$ 335,841
-	-	1,161	16,354	17,515
-	-	-	-	15,718
-	-	-	-	49,142
-	-	35,696	-	35,696
<u>218,714</u>	<u>2,628</u>	<u>66,155</u>	<u>72,866</u>	<u>453,912</u>
-	1,847	-	191,278	203,556
<u>53,576</u>	<u>534,587</u>	<u>6,239</u>	<u>1,519,278</u>	<u>3,809,092</u>
<u>53,576</u>	<u>536,434</u>	<u>6,239</u>	<u>1,710,556</u>	<u>4,012,648</u>
<u>\$ 272,290</u>	<u>\$ 539,062</u>	<u>\$ 72,394</u>	<u>\$ 1,783,422</u>	<u>\$ 4,466,560</u>

**CITY OF OVIEDO, FLORIDA**  
**Subcombining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended September 30, 2010**

	<u>Capital Expansion</u>	<u>Local Option Gas Tax</u>	<u>State Law Enforcement</u>	<u>Federal DEA Grant (Forfeiture)</u>
<b>Revenues:</b>				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	2,072,692	-	55,074
Charges for services	-	-	-	-
Fines and forfeitures	-	-	52,315	-
Investment income	30,505	4,557	1,185	7,336
Service assessments	426,740	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>457,245</u>	<u>2,077,249</u>	<u>53,500</u>	<u>62,410</u>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	27,139	115,940
Physical environment	-	655,023	-	-
Capital outlay:				
Public safety	-	-	-	10,065
Physical environment	-	1,358,221	-	-
Total expenditures	<u>-</u>	<u>2,013,244</u>	<u>27,139</u>	<u>126,005</u>
Excess (deficiency) of revenues over expenditures	<u>457,245</u>	<u>64,005</u>	<u>26,361</u>	<u>(63,595)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	<u>(711,369)</u>	<u>(8,060)</u>	<u>(16,240)</u>	<u>-</u>
Total other financing sources (uses)	<u>(711,369)</u>	<u>(8,060)</u>	<u>(16,240)</u>	<u>-</u>
Net change in fund balances	(254,124)	55,945	10,121	(63,595)
Fund balances - beginning	<u>1,487,661</u>	<u>100,489</u>	<u>45,010</u>	<u>324,336</u>
Fund balances - ending	<u>\$ 1,233,537</u>	<u>\$ 156,434</u>	<u>\$ 55,131</u>	<u>\$ 260,741</u>

**CITY OF OVIEDO, FLORIDA**  
**Subcombining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances, Continued**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended September 30, 2010**

<u>State Pension Contributions</u>	<u>Solid Waste</u>	<u>Economic Development</u>	<u>Building Services</u>	<u>Stormwater</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 769,191	\$ -	\$ 769,191
417,759	-	-	-	-	2,545,525
-	2,464,001	-	-	1,430,303	3,894,304
-	-	-	-	-	52,315
-	3,310	13,955	4,387	43,325	108,560
-	-	-	-	-	426,740
-	-	-	6	7,631	7,637
<u>417,759</u>	<u>2,467,311</u>	<u>13,955</u>	<u>773,584</u>	<u>1,481,259</u>	<u>7,804,272</u>
-	-	159,233	-	-	159,233
417,759	-	-	747,925	-	1,308,763
-	2,366,585	-	-	1,071,881	4,093,489
-	-	-	-	-	10,065
-	-	-	-	379,884	1,738,105
<u>417,759</u>	<u>2,366,585</u>	<u>159,233</u>	<u>747,925</u>	<u>1,451,765</u>	<u>7,309,655</u>
-	100,726	(145,278)	25,659	29,494	494,617
-	-	-	-	34,720	34,720
-	(113,796)	-	(40,490)	(105,563)	(995,518)
-	(113,796)	-	(40,490)	(70,843)	(960,798)
-	(13,070)	(145,278)	(14,831)	(41,349)	(466,181)
-	66,646	681,712	21,070	1,751,905	4,478,829
<u>\$ -</u>	<u>\$ 53,576</u>	<u>\$ 536,434</u>	<u>\$ 6,239</u>	<u>\$ 1,710,556</u>	<u>\$ 4,012,648</u>

**CITY OF OVIEDO, FLORIDA**  
**Capital Expansion Special Revenue Fund \***  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Investment income	\$ 45,790	\$ 43,840	\$ 30,505	\$ (13,335)
Service assessments	<u>310,000</u>	<u>337,138</u>	<u>426,740</u>	<u>89,602</u>
Total revenues	<u>355,790</u>	<u>380,978</u>	<u>457,245</u>	<u>76,267</u>
<b>Expenditures:</b>				
Capital outlay	<u>452,500</u>	<u>452,500</u>	<u>-</u>	<u>452,500</u>
Total expenditures	<u>452,500</u>	<u>452,500</u>	<u>-</u>	<u>452,500</u>
Excess (deficiency) of revenues over expenditures	<u>(96,710)</u>	<u>(71,522)</u>	<u>457,245</u>	<u>528,767</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(574,074)</u>	<u>(715,430)</u>	<u>(711,369)</u>	<u>4,061</u>
Net change in fund balances	(670,784)	(786,952)	(254,124)	532,828
Fund balances - beginning	<u>1,487,661</u>	<u>1,487,661</u>	<u>1,487,661</u>	<u>-</u>
Fund balances - ending	<u>\$ 816,877</u>	<u>\$ 700,709</u>	<u>\$ 1,233,537</u>	<u>\$ 532,828</u>

\* City's Administration, Police, Fire and Recreation Impact Fee Funds

**CITY OF OVIEDO, FLORIDA**  
**Local Option Gas Tax Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 818,680	\$ 2,111,680	\$ 2,072,692	\$ (38,988)
Investment income	<u>5,040</u>	<u>5,040</u>	<u>4,557</u>	<u>(483)</u>
Total revenues	<u>823,720</u>	<u>2,116,720</u>	<u>2,077,249</u>	<u>(39,471)</u>
<b>Expenditures:</b>				
Current:				
Physical environment	818,660	818,660	655,023	163,637
Capital outlay:				
Physical environment	<u>97,000</u>	<u>1,390,000</u>	<u>1,358,221</u>	<u>31,779</u>
Total Expenditures	<u>915,660</u>	<u>2,208,660</u>	<u>2,013,244</u>	<u>195,416</u>
Excess (deficiency) of revenues over expenditures	<u>(91,940)</u>	<u>(91,940)</u>	<u>64,005</u>	<u>155,945</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(8,060)</u>	<u>(8,060)</u>	<u>(8,060)</u>	<u>-</u>
Net change in fund balances	(100,000)	(100,000)	55,945	155,945
Fund balances - beginning	<u>100,489</u>	<u>100,489</u>	<u>100,489</u>	<u>-</u>
Fund balances - ending	<u>\$ 489</u>	<u>\$ 489</u>	<u>\$ 156,434</u>	<u>\$ 155,945</u>

**CITY OF OVIEDO, FLORIDA**  
**State Law Enforcement Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines and forfeitures	\$ 20,000	\$ 20,000	\$ 52,315	\$ 32,315
Investment income	<u>1,400</u>	<u>1,400</u>	<u>1,185</u>	<u>(215)</u>
Total revenues	<u>21,400</u>	<u>21,400</u>	<u>53,500</u>	<u>32,100</u>
<b>Expenditures:</b>				
Current:				
Public safety	<u>28,500</u>	<u>28,500</u>	<u>27,139</u>	<u>1,361</u>
Excess (deficiency) of revenues over expenditures	<u>(7,100)</u>	<u>(7,100)</u>	<u>26,361</u>	<u>33,461</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(16,240)</u>	<u>(16,240)</u>	<u>(16,240)</u>	<u>-</u>
Net change in fund balances	(23,340)	(23,340)	10,121	33,461
Fund balances - beginning	<u>45,010</u>	<u>45,010</u>	<u>45,010</u>	<u>-</u>
Fund balances - ending	<u>\$ 21,670</u>	<u>\$ 21,670</u>	<u>\$ 55,131</u>	<u>\$ 33,461</u>

**CITY OF OVIEDO, FLORIDA**  
**Federal DEA Grant (Forfeiture) Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 50,000	\$ 45,000	\$ 55,074	\$ 10,074
Investment income	<u>10,590</u>	<u>7,610</u>	<u>7,336</u>	<u>(274)</u>
Total revenues	<u>60,590</u>	<u>52,610</u>	<u>62,410</u>	<u>9,800</u>
<b>Expenditures:</b>				
Current:				
Public safety	11,000	126,005	115,940	10,065
Capital outlay	<u>-</u>	<u>-</u>	<u>10,065</u>	<u>(10,065)</u>
Total expenditures	<u>11,000</u>	<u>126,005</u>	<u>126,005</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>49,590</u>	<u>(73,395)</u>	<u>(63,595)</u>	<u>9,800</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(78,957)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(29,367)	(73,395)	(63,595)	9,800
Fund balances - beginning	<u>324,336</u>	<u>324,336</u>	<u>324,336</u>	<u>-</u>
Fund balances - ending	<u>\$ 294,969</u>	<u>\$ 250,941</u>	<u>\$ 260,741</u>	<u>\$ 9,800</u>

**CITY OF OVIEDO, FLORIDA**  
**Solid Waste Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for services	\$ 2,341,400	\$ 2,480,356	\$ 2,464,001	\$ (16,355)
Investment income	<u>3,640</u>	<u>3,640</u>	<u>3,310</u>	<u>(330)</u>
Total revenues	<u>2,345,040</u>	<u>2,483,996</u>	<u>2,467,311</u>	<u>(16,685)</u>
<b>Expenditures:</b>				
Current:				
Physical environment	<u>2,345,040</u>	<u>2,370,200</u>	<u>2,366,585</u>	<u>3,615</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>113,796</u>	<u>100,726</u>	<u>(13,070)</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>-</u>	<u>(113,796)</u>	<u>(113,796)</u>	<u>-</u>
Net change in fund balances	-	-	(13,070)	(13,070)
Fund balances - beginning	66,646	66,646	66,646	-
Fund balances - ending	<u>\$ 66,646</u>	<u>\$ 66,646</u>	<u>\$ 53,576</u>	<u>\$ (13,070)</u>

**CITY OF OVIEDO, FLORIDA**  
**Economic Development Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Investment income	\$ 16,100	\$ 16,100	\$ 13,955	\$ (2,145)
<b>Expenditures:</b>				
Current:				
General government	407,000	407,000	159,233	247,767
Excess (deficiency) of revenues over expenditures	(390,900)	(390,900)	(145,278)	245,622
Net change in fund balances	(390,900)	(390,900)	(145,278)	245,622
Fund balances - beginning	681,712	681,712	681,712	-
Fund balances - ending	\$ 290,812	\$ 290,812	\$ 536,434	\$ 245,622

**CITY OF OVIEDO, FLORIDA**  
**Building Services Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Licenses and permits	\$ 927,870	\$ 927,870	\$ 769,191	\$ (158,679)
Investment income	-	-	4,387	4,387
Miscellaneous	-	-	6	6
Total revenues	<u>927,870</u>	<u>927,870</u>	<u>773,584</u>	<u>(154,286)</u>
<b>Expenditures:</b>				
Current:				
Public safety	<u>778,189</u>	<u>778,189</u>	<u>747,925</u>	<u>30,264</u>
Excess (deficiency) of revenues over expenditures	<u>149,681</u>	<u>149,681</u>	<u>25,659</u>	<u>(124,022)</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(149,681)</u>	<u>(149,681)</u>	<u>(40,490)</u>	<u>109,191</u>
Net change in fund balances	-	-	(14,831)	(14,831)
Fund balances - beginning	<u>21,070</u>	<u>21,070</u>	<u>21,070</u>	<u>-</u>
Fund balances - ending	<u>\$ 21,070</u>	<u>\$ 21,070</u>	<u>\$ 6,239</u>	<u>\$ (14,831)</u>

**CITY OF OVIEDO, FLORIDA**  
**Stormwater Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for services	\$ 1,521,710	\$ 1,521,710	\$ 1,430,303	\$ (91,407)
Investment income	51,890	51,890	43,325	(8,565)
Miscellaneous	-	-	7,631	7,631
Total revenues	<u>1,573,600</u>	<u>1,573,600</u>	<u>1,481,259</u>	<u>(92,341)</u>
<b>Expenditures:</b>				
Current:				
Physical environment	1,187,679	1,187,679	1,071,881	115,798
Capital outlay:				
Physical environment	<u>854,025</u>	<u>854,025</u>	<u>379,884</u>	<u>474,141</u>
Total expenditures	<u>2,041,704</u>	<u>2,041,704</u>	<u>1,451,765</u>	<u>589,939</u>
Excess (deficiency) of revenue over expenditures	<u>(468,104)</u>	<u>(468,104)</u>	<u>29,494</u>	<u>497,598</u>
<b>Other financing sources (uses):</b>				
Transfers in	28,030	34,930	34,720	(210)
Transfers out	<u>(105,563)</u>	<u>(105,563)</u>	<u>(105,563)</u>	<u>-</u>
Total other financing sources (uses)	<u>(77,533)</u>	<u>(70,633)</u>	<u>(70,843)</u>	<u>(210)</u>
Net change in fund balances	(545,637)	(538,737)	(41,349)	497,388
Fund balances - beginning	1,751,905	1,751,905	1,751,905	-
Fund balances - ending	<u>\$ 1,206,268</u>	<u>\$ 1,213,168</u>	<u>\$ 1,710,556</u>	<u>\$ 497,388</u>

**CITY OF OVIEDO, FLORIDA**  
**Subcombining Balance Sheet**  
**Nonmajor Debt Service Funds**  
**September 30, 2010**

	<b>Public Improvement Revenue Bonds</b>	<b>General Obligation Bonds</b>	<b>Lease Financing Debt Service</b>	<b>Total</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 715	\$ 4,946	\$ 35	\$ 5,696
Due from other governments	-	3,671	-	3,671
Total assets	<u>\$ 715</u>	<u>\$ 8,617</u>	<u>\$ 35</u>	<u>\$ 9,367</u>
<b>Liabilities and fund balances:</b>				
Accrued liabilities	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
Fund balances:				
Reserved for:				
Reserved for debt service	715	8,617	35	9,367
Total fund balances	<u>715</u>	<u>8,617</u>	<u>35</u>	<u>9,367</u>
Total liabilities and fund balances	<u>\$ 715</u>	<u>\$ 8,617</u>	<u>\$ 35</u>	<u>\$ 9,367</u>

**CITY OF OVIEDO, FLORIDA**  
**Subcombining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Debt Service Funds**  
**For the Year Ended September 30, 2010**

	<u>Public Improvement Revenue Bonds</u>	<u>General Obligation Bonds</u>	<u>Lease Financing Debt Service</u>	<u>Total</u>
<b>Revenues:</b>				
Taxes	\$ -	\$ 545,509	\$ -	\$ 545,509
Investment income	-	8,331	-	8,331
Total revenues	<u>-</u>	<u>553,840</u>	<u>-</u>	<u>553,840</u>
<b>Expenditures:</b>				
Debt service:				
Principal	1,113,400	200,000	223,321	1,536,721
Interest and fiscal charges	<u>841,214</u>	<u>351,091</u>	<u>24,946</u>	<u>1,217,251</u>
Total expenditures	<u>1,954,614</u>	<u>551,091</u>	<u>248,267</u>	<u>2,753,972</u>
Excess (deficiency) of revenues over expenditures	<u>(1,954,614)</u>	<u>2,749</u>	<u>(248,267)</u>	<u>(2,200,132)</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>1,953,118</u>	-	<u>248,287</u>	<u>2,201,405</u>
Total other financing sources (uses)	<u>1,953,118</u>	-	<u>248,287</u>	<u>2,201,405</u>
Net change in fund balances	(1,496)	2,749	20	1,273
Fund balances - beginning	<u>2,211</u>	<u>5,868</u>	<u>15</u>	<u>8,094</u>
Fund balances - ending	<u>\$ 715</u>	<u>\$ 8,617</u>	<u>\$ 35</u>	<u>\$ 9,367</u>

**CITY OF OVIEDO, FLORIDA**  
**Public Improvement Revenue Bonds Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Investment income	\$ 15,000	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Debt service:				
Principal	1,138,400	1,113,400	1,113,400	-
Interest	<u>929,520</u>	<u>841,412</u>	<u>841,214</u>	<u>198</u>
Total expenditures	<u>2,067,920</u>	<u>1,954,812</u>	<u>1,954,614</u>	<u>198</u>
Excess (deficiency) of revenues over expenditures	<u>(2,052,920)</u>	<u>(1,954,812)</u>	<u>(1,954,614)</u>	<u>198</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>2,052,920</u>	<u>1,953,119</u>	<u>1,953,118</u>	<u>1</u>
Net change in fund balances	-	(1,693)	(1,496)	199
Fund balances - beginning	<u>2,211</u>	<u>2,211</u>	<u>2,211</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,211</u>	<u>\$ 518</u>	<u>\$ 715</u>	<u>\$ 199</u>

**CITY OF OVIEDO, FLORIDA**  
**General Obligation Bonds Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 546,092	\$ 546,092	\$ 545,509	\$ (583)
Investment income	<u>5,000</u>	<u>5,000</u>	<u>8,331</u>	<u>3,331</u>
Total revenues	<u>551,092</u>	<u>551,092</u>	<u>553,840</u>	<u>2,748</u>
<b>Expenditures:</b>				
Debt service:				
Principal	200,000	200,000	200,000	-
Interest	<u>351,092</u>	<u>351,092</u>	<u>351,091</u>	<u>1</u>
Total expenditures	<u>551,092</u>	<u>551,092</u>	<u>551,091</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>2,749</u>	<u>2,749</u>
Net change in fund balances	-	-	2,749	2,749
Fund balances - beginning	<u>5,868</u>	<u>5,868</u>	<u>5,868</u>	<u>-</u>
Fund balances - ending	<u>\$ 5,868</u>	<u>\$ 5,868</u>	<u>\$ 8,617</u>	<u>\$ 2,749</u>

**CITY OF OVIEDO, FLORIDA**  
**Lease Financing Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures:</b>				
Debt service:				
Principal	\$ 332,292	\$ 262,080	\$ 223,321	\$ 38,759
Interest	<u>45,730</u>	<u>36,985</u>	<u>24,946</u>	<u>12,039</u>
Total expenditures	<u>378,022</u>	<u>299,065</u>	<u>248,267</u>	<u>50,798</u>
Excess (deficiency) of revenue over expenditures	<u>(378,022)</u>	<u>(299,065)</u>	<u>(248,267)</u>	<u>50,798</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>378,022</u>	<u>299,065</u>	<u>248,287</u>	<u>(50,778)</u>
Net change in fund balances	-	-	20	20
Fund balances - beginning	<u>15</u>	<u>15</u>	<u>15</u>	<u>-</u>
Fund balances - ending	<u>\$ 15</u>	<u>\$ 15</u>	<u>\$ 35</u>	<u>\$ 20</u>



Courtesy of John Caraway

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**CITY OF OVIEDO, FLORIDA**  
**Subcombining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**September 30, 2010**

	<u>Vehicle Replacement</u>	<u>Land Fill Closure</u>	<u>Local Option Sales Tax</u>	<u>Technology Improvements</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 52,772	\$ 29,231	\$ 867,118	\$ 150,000
Investments	78,232	-	3,450,000	38,231
Due from other governments	-	-	264,116	-
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 131,004</u>	<u>\$ 29,231</u>	<u>\$ 4,581,234</u>	<u>\$ 188,231</u>
<b>Liabilities and fund balances:</b>				
Accounts payable	\$ -	\$ -	\$ 370	\$ 14,947
Accrued liabilities	-	<u>10,000</u>	-	-
Total liabilities	<u>-</u>	<u>10,000</u>	<u>370</u>	<u>14,947</u>
Fund balances:				
Reserved for:				
Reserved for encumbrances	-	-	58,274	-
Unreserved	<u>131,004</u>	<u>19,231</u>	<u>4,522,590</u>	<u>173,284</u>
Total fund balances	<u>131,004</u>	<u>19,231</u>	<u>4,580,864</u>	<u>173,284</u>
Total liabilities and fund balances	<u>\$ 131,004</u>	<u>\$ 29,231</u>	<u>\$ 4,581,234</u>	<u>\$ 188,231</u>

**CITY OF OVIEDO, FLORIDA**  
**Subcombining Balance Sheet, Continued**  
**Nonmajor Capital Projects Funds**  
**September 30, 2010**

<b>General Facility Improvements</b>	<b>Recreational Facility Improvement</b>	<b>OSC Extension Landfill</b>	<b>2008 Revenue Bond Construction Fund</b>	<b>Total</b>
\$ 79,638	\$ 30,251	\$ 254	\$ 942	\$ 1,210,206
1,363,619	120,000	-	-	5,050,082
-	126,088	-	-	390,204
<u>-</u>	<u>-</u>	<u>34,717</u>	<u>-</u>	<u>34,717</u>
<u>\$ 1,443,257</u>	<u>\$ 276,339</u>	<u>\$ 34,971</u>	<u>\$ 942</u>	<u>\$ 6,685,209</u>
\$ 210,933	\$ 36,433	\$ -	\$ -	\$ 262,683
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
<u>210,933</u>	<u>36,433</u>	<u>-</u>	<u>-</u>	<u>272,683</u>
1,043,003	33,069	-	-	1,134,346
<u>189,321</u>	<u>206,837</u>	<u>34,971</u>	<u>942</u>	<u>5,278,180</u>
<u>1,232,324</u>	<u>239,906</u>	<u>34,971</u>	<u>942</u>	<u>6,412,526</u>
<u>\$ 1,443,257</u>	<u>\$ 276,339</u>	<u>\$ 34,971</u>	<u>\$ 942</u>	<u>\$ 6,685,209</u>

**CITY OF OVIEDO, FLORIDA**  
**Subcombining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
**For the Year Ended September 30, 2010**

	<u>Vehicle Replacement</u>	<u>Land Fill Closure</u>	<u>Local Option Sales Tax</u>	<u>Technology Improvements</u>
<b>Revenues:</b>				
Intergovernmental revenues	\$ -	\$ -	\$ 1,097,855	\$ -
Charges for services	-	-	-	-
Investment income	-	984	89,349	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>984</u>	<u>1,187,204</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	133,234
Public safety	37,634	-	-	-
Physical environment	-	19,274	-	-
Debt service:				
Interest and fiscal charges	-	-	-	-
Capital outlay:				
General government	-	-	-	44,514
Public safety	320,710	-	-	-
Physical environment	224,937	-	1,219	-
Parks and recreation	<u>105,737</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>689,018</u>	<u>19,274</u>	<u>1,219</u>	<u>177,748</u>
Excess (deficiency) of revenues over expenditures	<u>(689,018)</u>	<u>(18,290)</u>	<u>1,185,985</u>	<u>(177,748)</u>
<b>Other financing sources (uses):</b>				
Transfers in	454,140	-	-	50,000
Transfers out	(262,439)	-	-	-
Capital leases	<u>209,687</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>401,388</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Net change in fund balances	(287,630)	(18,290)	1,185,985	(127,748)
Fund balances - beginning	<u>418,634</u>	<u>37,521</u>	<u>3,394,879</u>	<u>301,032</u>
Fund balances - ending	<u>\$ 131,004</u>	<u>\$ 19,231</u>	<u>\$ 4,580,864</u>	<u>\$ 173,284</u>

**CITY OF OVIEDO, FLORIDA**  
**Subcombining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances, Continued**  
**Nonmajor Capital Projects Funds**  
**For the Year Ended September 30, 2010**

<u>General Facility Improvements</u>	<u>Recreational Facility Improvement</u>	<u>OSC Extension Landfill</u>	<u>2008 Revenue Bond Construction Fund</u>	<u>Total</u>
\$ -	\$ 126,088	\$ -	\$ -	\$ 1,223,943
-	-	15,000	-	15,000
586	-	615	-	91,534
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
<u>586</u>	<u>126,088</u>	<u>15,615</u>	<u>1,000</u>	<u>1,331,477</u>
-	-	-	-	133,234
-	-	-	1,944	39,578
10,034	-	11,501	56,592	97,401
2,234	-	-	-	2,234
-	-	-	-	44,514
-	-	-	-	320,710
210,240	-	-	123,511	559,907
<u>-</u>	<u>238,499</u>	<u>-</u>	<u>-</u>	<u>344,236</u>
<u>222,508</u>	<u>238,499</u>	<u>11,501</u>	<u>182,047</u>	<u>1,541,814</u>
<u>(221,922)</u>	<u>(112,411)</u>	<u>4,114</u>	<u>(181,047)</u>	<u>(210,337)</u>
100,000	70,625	13,796	181,940	870,501
-	-	-	-	(262,439)
<u>1,045,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,254,954</u>
<u>1,145,267</u>	<u>70,625</u>	<u>13,796</u>	<u>181,940</u>	<u>1,863,016</u>
923,345	(41,786)	17,910	893	1,652,679
<u>308,979</u>	<u>281,692</u>	<u>17,061</u>	<u>49</u>	<u>4,759,847</u>
<u>\$ 1,232,324</u>	<u>\$ 239,906</u>	<u>\$ 34,971</u>	<u>\$ 942</u>	<u>\$ 6,412,526</u>



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## **Statistical Section**



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CITY OF OVIEDO, FLORIDA

**STATISTICAL SECTION**

September 30, 2010

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

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	<b>94</b>
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>102</b>
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
<b>Debt Capacity</b>	<b>106</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.	
<b>Demographic and Economic Information</b>	<b>111</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and help make comparisons over time and with other governments.	
<b>Operating Information</b>	<b>113</b>
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

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

**CITY OF OVIEDO, FLORIDA**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities										
Invested in capital assets, net of related debt	-	-	\$ 34,278	\$ 37,049	\$ 33,439	\$ 41,987	\$ 42,758	\$ 56,841	\$ 70,052	\$ 69,958
Restricted	-	-	4,691	13,350	15,031	9,070	15,667	6,060	12,668	13,338
Unrestricted	-	-	11,264	3,757	12,487	10,172	11,083	6,050	3,280	3,016
Total governmental activities net assets			<u>50,233</u>	<u>54,156</u>	<u>60,957</u>	<u>61,229</u>	<u>69,508</u>	<u>68,951</u>	<u>86,000</u>	<u>86,312</u>
Business-type activities										
Invested in capital assets, net of related debt	-	-	31,464	33,697	36,269	39,541	48,465	45,184	37,677	36,505
Restricted	-	-	11,324	11,466	183	180	324	299	180	182
Unrestricted	-	-	1,515	2,359	12,939	9,432	7,659	10,765	5,611	5,827
Total business-type activities net assets			<u>44,303</u>	<u>47,522</u>	<u>49,391</u>	<u>49,153</u>	<u>56,448</u>	<u>56,248</u>	<u>43,468</u>	<u>42,514</u>
Primary government										
Invested in capital assets, net of related debt	-	-	65,742	70,746	69,708	81,528	91,223	102,025	107,729	106,463
Restricted	-	-	16,015	24,816	15,214	9,250	15,991	6,359	12,848	13,520
Unrestricted	-	-	12,779	6,116	25,426	19,604	18,742	16,815	8,891	8,843
Total primary government net assets			<u>\$ 94,536</u>	<u>\$ 101,678</u>	<u>\$ 110,348</u>	<u>\$ 110,382</u>	<u>\$ 125,956</u>	<u>\$ 125,199</u>	<u>\$ 129,468</u>	<u>\$ 128,826</u>



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**CITY OF OVIEDO, FLORIDA**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

Expenses	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities:										
General government	-	-	\$ 2,315	\$ 2,670	\$ 3,378	\$ 3,730	\$ 3,721	\$ 3,994	\$ 3,790	\$ 3,477
Public safety	-	-	8,615	13,622	12,065	11,168	12,359	13,189	13,550	13,853
Highways and Streets	-	-	3,806	4,844	5,736	8,285	8,386	10,433	10,997	10,764
Parks and recreation	-	-	2,092	3,016	3,233	4,032	4,143	4,335	4,259	3,808
Interest & other fiscal charges on long-term debt	-	-	743	1,083	1,090	1,062	1,087	1,268	1,222	1,219
Total governmental activities expenses	-	-	<u>17,571</u>	<u>25,235</u>	<u>25,502</u>	<u>28,277</u>	<u>29,696</u>	<u>33,219</u>	<u>33,818</u>	<u>33,121</u>
Business-type activities:										
Water & Sewer	-	-	3,758	3,788	4,564	6,324	7,240	7,756	7,785	8,463
Stormwater	-	-	1,206	1,306	1,316	1,285	1,593	2,020	-	-
Total business-type activities expenses	-	-	<u>\$ 4,964</u>	<u>\$ 5,094</u>	<u>\$ 5,880</u>	<u>\$ 7,609</u>	<u>\$ 8,833</u>	<u>\$ 9,776</u>	<u>\$ 7,785</u>	<u>\$ 8,463</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	-	-	\$ 268	\$ 297	\$ 357	\$ 406	\$ 665	\$ 691	\$ 92	\$ 193
Public safety	-	-	1,701	1,700	3,510	3,455	2,562	2,319	1,670	1,687
Highways and Streets	-	-	684	980	745	578	2,719	2,437	4,164	4,330
Parks and recreation	-	-	711	912	1,129	1,105	1,493	1,334	1,221	1,371
Operating grants and contributions	-	-	353	4,409	3,156	767	871	864	704	662
Capital grants and contributions	-	-	2,309	1,732	3,117	12	4,405	384	1,833	1,611
Total governmental activities program revenues	-	-	<u>6,026</u>	<u>10,030</u>	<u>12,014</u>	<u>6,323</u>	<u>12,715</u>	<u>8,029</u>	<u>9,684</u>	<u>9,854</u>
Business-type activities:										
Charges for services:										
Water & Sewer	-	-	3,185	4,490	4,537	5,070	5,291	5,553	6,386	6,046
Stormwater	-	-	687	717	729	934	1,129	1,362	-	-
Operating grants and contributions	-	-	63	93	-	-	-	662	-	-
Capital grants and contributions	-	-	2,857	3,294	3,064	937	9,247	1,567	1,803	1,198
Total business-type activities program revenues	-	-	<u>6,792</u>	<u>8,594</u>	<u>8,330</u>	<u>6,941</u>	<u>15,667</u>	<u>9,144</u>	<u>8,189</u>	<u>7,244</u>
Total government program revenues	-	-	<u>\$ 12,818</u>	<u>\$ 18,624</u>	<u>\$ 20,344</u>	<u>\$ 13,264</u>	<u>\$ 28,382</u>	<u>\$ 17,173</u>	<u>\$ 17,873</u>	<u>\$ 17,098</u>

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Net (expense)/revenue										
Governmental activities	-	-	\$ (11,545)	\$ (15,205)	\$ (13,488)	\$ (21,954)	\$ (16,981)	\$ (25,190)	\$ (24,134)	\$ (23,267)
Business-type activities	-	-	1,828	3,500	2,450	(668)	6,834	(632)	404	(1,219)
Total government net expense	-	-	\$ (9,717)	\$ (11,705)	\$ (11,038)	\$ (22,622)	\$ (10,147)	\$ (25,822)	\$ (23,730)	\$ (24,486)
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Property taxes	-	-	\$ 6,414	\$ 7,492	\$ 8,154	\$ 9,308	\$ 11,612	\$ 11,502	\$ 11,236	\$ 10,251
Franchise and utility taxes	-	-	4,511	5,053	5,624	6,310	6,564	6,979	7,229	7,689
Unrestricted intergovernmental revenues	-	-	4,724	6,201	5,240	5,334	5,442	4,916	4,480	4,554
Unrestricted investment earnings	-	-	475	387	589	980	1,464	1,182	1,132	711
Miscellaneous revenues	-	-	25	22	9	120	9	26	173	187
Gain on sale of capital assets	-	-	-	-	47	75	45	15	-	-
Transfers	-	-	495	415	575	100	124	12	13,526	187
Total governmental activities	-	-	16,644	19,570	20,238	22,227	25,260	24,632	37,776	23,579
Business-type activities:										
Investment earnings	-	-	335	151	213	459	506	343	336	450
Miscellaneous revenues	-	-	29	53	66	70	79	102	5	1
Transfers	-	-	(495)	(415)	(575)	(100)	(124)	(12)	(13,526)	(187)
Total business-type activities	-	-	(131)	(211)	(296)	429	461	433	(13,185)	264
Total government	-	-	\$ 16,513	\$ 19,359	\$ 19,942	\$ 22,656	\$ 25,721	\$ 25,065	\$ 24,591	\$ 23,843
<b>Change in Net Assets</b>										
Governmental activities	-	-	\$ 5,099	\$ 4,365	\$ 6,750	\$ 273	\$ 8,279	\$ (558)	\$ 13,642	\$ 312
Business-type activities	-	-	1,697	3,289	2,154	(239)	7,295	(199)	(12,781)	(955)
Total government	-	-	\$ 6,796	\$ 7,654	\$ 8,904	\$ 34	\$ 15,574	\$ (757)	\$ 861	\$ (643)

**CITY OF OVIEDO, FLORIDA**  
**Governmental Activities Tax Revenue by Source**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	Fiscal Year				
	2001	2002	2003	2004	2005
Property Tax	\$ 5,245	\$ 5,780	\$ 6,414	\$ 7,492	\$ 8,154
Utility Tax					
Electricity	1,230	1,255	1,330	1,304	1,702
Water	220	218	200	315	314
Gas	31	28	42	33	40
Telecommunications	917	1,323	1,345	1,650	1,577
Total	<u>2,398</u>	<u>2,824</u>	<u>2,917</u>	<u>3,302</u>	<u>3,633</u>
Franchise Fees	1,607	1,556	1,594	1,751	1,991
Total Tax Revenue by Source	<u>\$ 9,250</u>	<u>\$ 10,160</u>	<u>\$ 10,925</u>	<u>\$ 12,545</u>	<u>\$ 13,778</u>

**Taxes included in Unrestricted Intergovernmental Revenues**

Sales Tax	\$ 1,510	\$ 2,770	\$ 5,727	\$ 4,993	\$ 3,731
State Revenue Sharing	511	518	582	648	854
Other	10	8	11	17	12
Total	<u>\$ 2,031</u>	<u>\$ 3,296</u>	<u>\$ 6,320</u>	<u>\$ 5,658</u>	<u>\$ 4,597</u>

\* Pursuant to Florida Statutes, Section 218.33, reporting entities are to utilize the Uniform Accounting System Manual, which reclassified Franchise Fees from the Taxes to the Licenses and Permits effective Fiscal Year 2008

	Fiscal Year				
	2006	2007	2008	2009	2010
Property Tax	\$ 9,308	\$ 11,612	\$ 11,502	\$ 11,236	\$ 10,251
Utility Tax					
Electricity	2,020	2,073	2,115	2,223	2,558
Water	367	399	412	435	436
Gas	50	58	60	51	51
Telecommunications	1,507	1,558	1,777	1,648	1,654
Total	<u>3,944</u>	<u>4,088</u>	<u>4,364</u>	<u>4,357</u>	<u>4,699</u>
Franchise Fees	2,366	2,476	*	*	*
Total Tax Revenue by Source	<u>\$ 15,618</u>	<u>\$ 18,176</u>	<u>\$ 15,866</u>	<u>\$ 15,593</u>	<u>\$ 14,950</u>

**Taxes included in Unrestricted Intergovernmental Revenues**

Sales Tax	\$ 3,765	\$ 3,798	\$ 3,473	\$ 2,970	\$ 2,917
State Revenue Sharing	976	1,115	966	720	710
Other	13	87	17	23	19
Total	<u>\$ 4,754</u>	<u>\$ 5,000</u>	<u>\$ 4,456</u>	<u>\$ 3,713</u>	<u>\$ 3,646</u>

\* Pursuant to Florida Statutes, Section 218.33, reporting entities are to utilize the Uniform Accounting System Manual, which reclassified Franchise Fees from the Taxes to the Licenses and Permits effective Fiscal Year 2008

**CITY OF OVIEDO, FLORIDA**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General fund										
Reserved	\$ 193	\$ 448	\$ 495	\$ 435	\$ 751	\$ 219	\$ 591	\$ 155	\$ 168	\$ 241
Unreserved	10,278	10,906	12,217	1,448	3,058	4,122	3,562	3,897	3,831	3,614
Total general fund	<u>\$ 10,471</u>	<u>\$ 11,354</u>	<u>\$ 12,712</u>	<u>*\$ 1,883</u>	<u>\$ 3,809</u>	<u>\$ 4,341</u>	<u>\$ 4,153</u>	<u>\$ 4,052</u>	<u>\$ 3,999</u>	<u>\$ 3,855</u>
All other governmental funds										
Reserved	\$ 7,270	\$ 8,940	\$ 5,019	\$ 16,081	*\$ 19,049	\$ 11,432	\$ 19,048	\$ 11,154	\$ 8,309	\$ 9,360
Unreserved, reported in:										
Special revenue funds	1,790	(1,169)	(445)	2,458	2,867	2,145	1,747	2,980	8,084	7,844
Debt service funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	(78)	2,570	851	2,704	2,772	3,641	4,536	5,278
Total all other governmental	<u>\$ 9,060</u>	<u>\$ 7,771</u>	<u>\$ 4,496</u>	<u>\$ 21,109</u>	<u>\$ 22,767</u>	<u>\$ 16,281</u>	<u>\$ 23,567</u>	<u>\$ 17,775</u>	<u>\$ 20,929</u>	<u>\$ 22,482</u>

\* The City transferred \$6,761,511 of General Fund Unreserved fund balance to the Local Option Gas Tax Fund and various Capital Project Funds during 2004. The remainder of the reduction of General Fund Unreserved fund balance was caused by 2004 Hurricanes Charley, Frances & Jeanne expenditures.



Courtesy of John Caraway

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**CITY OF OVIEDO, FLORIDA**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>										
Taxes										
Property	\$ 5,245	\$ 5,780	\$ 6,414	\$ 7,492	\$ 8,154	\$ 9,308	\$ 11,612	\$ 11,502	\$ 11,236	\$ 10,251
Franchise and utility taxes	4,005	4,380	4,511	5,053	5,624	6,310	6,564	4,364	4,357	4,699
Business receipt	-	-	-	-	-	-	-	136	140	152
Licenses and Permits	681	527	762	771	1,098	952	1,372	3,658	3,260	3,616
Intergovernmental	2,872	5,034	7,348	6,928	12,723	8,125	7,268	6,049	5,163	6,724
Charges for services	865	704	1,230	1,516	3,003	3,342	4,072	4,024	6,061	5,889
Fines and forfeitures	187	172	188	142	115	129	179	173	200	144
Investment income	1,222	535	526	443	1,368	1,201	1,748	1,142	1,086	678
Service assessments	710	788	1,079	1,349	646	924	1,488	1,150	485	727
Miscellaneous	55	105	118	109	124	233	130	157	219	279
Total revenues	<u>15,842</u>	<u>18,025</u>	<u>22,176</u>	<u>23,803</u>	<u>32,855</u>	<u>30,524</u>	<u>34,433</u>	<u>32,355</u>	<u>32,207</u>	<u>33,159</u>
<b>Expenditures</b>										
General government	1,657	2,313	2,234	2,674	3,258	3,626	3,552	3,777	3,488	3,327
Public safety	6,247	6,760	7,864	13,032 *	11,411	10,523	11,727	12,508	12,492	12,735
Physical environment	2,460	1,965	2,135	3,137	3,989	6,450	6,547	8,557	7,883	7,515
Parks and recreation	1,282	1,540	1,801	2,642	2,832	3,587	3,690	3,827	3,559	3,355
Debt service										
Principal	883	567	740	938	1,023	1,056	1,132	1,397	1,462	1,537
Interest	861	1,364	743	1,313	1,090	1,062	1,085	1,315	1,260	1,219
Capital Outlay	2,072	7,737	9,077	4,031	6,302	10,380	5,481	6,581	4,791	3,075
Total expenditures	<u>15,462</u>	<u>22,246</u>	<u>24,594</u>	<u>27,767</u>	<u>29,905</u>	<u>36,684</u>	<u>33,214</u>	<u>37,962</u>	<u>34,935</u>	<u>32,763</u>
Excess of revenues over (under) expenditures	\$ 380	\$ (4,221)	\$ (2,418)	\$ (3,964)	\$ 2,950	\$ (6,160)	\$ 1,219	\$ (5,607)	\$ (2,728)	\$ 396

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Other financing sources (uses)										
Transfers in	2,243	2,750	2,414	9,278	4,441	9,722	5,741	3,743	5,322	3,553
Transfers out	(1,863)	(2,346)	(1,919)	(8,862)	(3,866)	(9,622)	(6,175)	(4,230)	(3,627)	(3,815)
Bonds issued	-	15,775	-	9,000	-	-	5,710	-	688	-
Payment to refunded bond escrow agent	-	(12,371)	-	-	-	-	-	-	-	-
Capital leases	-	-	-	331	-	20	559	186	-	1,255
Sale of capital assets	9	8	5	-	60	85	45	15	38	20
Total other financing sources (uses)	<u>389</u>	<u>3,816</u>	<u>500</u>	<u>9,747</u>	<u>635</u>	<u>205</u>	<u>5,880</u>	<u>(286)</u>	<u>2,421</u>	<u>1,013</u>
Net change in fund balances	<u>\$ 769</u>	<u>\$ (405)</u>	<u>\$ (1,918)</u>	<u>\$ 5,783</u>	<u>\$ 3,585</u>	<u>\$ (5,955)</u>	<u>\$ 7,099</u>	<u>\$ (5,893)</u>	<u>\$ (307)</u>	<u>\$ 1,409</u>
Debt service as a percentage of noncapital expenditures	12.71%	9.51%	6.42%	8.82%	7.60%	6.13%	7.15%	7.69% *	8.45% *	9.18%

\* Fiscal years 2008 & 2009 Debt Service Percentages were restated

\* Increase from prior period was caused by 2004 Hurricanes Charley, Frances & Jeanne, and accrued FEMA reimbursement.

**CITY OF OVIEDO, FLORIDA**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

Fiscal Year	Centrally Assessed and Real Property		Personal Property		Real and Personal Property Exemptions	Total Direct Tax Rate	Total		Assessed Value as a Percentage of Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value			Assessed Value	Estimated Actual Value	
2001	\$ 1,183,590	\$ 1,392,459	\$ 84,682	\$ 99,626	\$ 247,326	5.335	\$ 1,020,946	\$ 1,492,085	68.42%
2002	1,337,524	1,407,920	96,160	101,221	305,402	5.335	1,128,282	1,509,141	74.76%
2003	1,520,134	1,532,393	98,778	99,575	369,608	5.335	1,249,304	1,631,968	76.55%
2004	1,676,587	1,716,056	92,514	94,692	429,103	5.335	1,339,998	1,810,748	74.00%
2005	1,858,834	1,879,509	103,692	104,845	478,900	5.335	1,483,626	1,984,354	74.77%
2006	2,196,507	2,259,781	110,379	113,559	601,551	5.335	1,705,335	2,373,340	71.85%
2007	3,103,705	3,082,130	121,206	120,363	1,080,996	5.335	2,143,915	3,202,493	66.95%
2008	3,487,805	3,618,055	126,775	131,509	1,173,490	4.655	2,441,090	3,749,564	65.10%
2009	3,249,378	3,346,424	130,011	133,894	1,099,806	4.863	2,279,583	3,480,318	65.50%
2010	2,762,173	2,804,237	139,120	141,239	830,209	4.863	2,071,084	2,945,476	70.31%

Source: Seminole County Property Appraiser

**CITY OF OVIEDO, FLORIDA**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
**(Amounts Expressed in Millage)**  
**(Tax Levies per \$1,000 of Assessed Valuation)**

Fiscal Year	City of Oviedo			Seminole County			Seminole County School Board			Other (1)	Total
	Operating	Debt Service	Total	Operating	Debt Service	Total	Operating	Debt Service	Total		
2001	5.3350	0.0000	5.3350	4.9989	0.1083	5.1072	8.6550	0.6900	9.3450	0.4720	20.2592
2002	5.3350	0.0000	5.3350	4.9989	0.2208	5.2197	8.5230	0.6390	9.1620	0.4620	20.1787
2003	5.3350	0.0000	5.3350	4.9989	0.2086	5.2075	8.4790	0.5210	9.0000	0.4620	20.0045
2004	5.3350	0.4800	5.8150	4.9989	0.1910	5.1899	8.2410	0.4950	8.7360	0.4620	20.2029
2005	5.3350	0.3623	5.6973	4.9989	0.1721	5.1710	8.1270	0.3850	8.5120	0.4620	19.8423
2006	5.3350	0.3175	5.6525	4.9989	0.2041	5.2030	7.9650	0.0000	7.9650	0.4620	19.2825
2007	5.3350	0.2543	5.5893	4.9989	0.1451	5.1440	7.7530	0.0000	7.7530	0.4620	18.7483
2008	4.6545	0.2169	4.8714	4.3578	0.1451	4.5029	7.4130	0.0000	7.4130	0.4158	17.2031
2009	4.8626	0.2316	5.0942	4.5153	0.1451	4.6604	7.5430	0.0000	7.5430	0.4158	17.7134
2010	4.8626	0.2910	5.1536	4.8751	0.1700	5.0451	7.8010	0.0000	7.8010	0.4158	18.4155

(1) Represents amounts assessed by St. Johns River Water Management District.

Source: Seminole County Property Appraiser

**CITY OF OVIEDO, FLORIDA**  
**Principal Property Taxpayers**  
**September 30, 2010**  
**(amounts expressed in thousands)**

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Alafaya Utilities Inc.	\$ 21,819	1	1.05%	\$		
The Rouse-Orlando Inc.	21,789	2	1.05%	70,219	1	6.22%
WRI - TC Alafaya Square, LLC	17,236	3	0.84%			
Oviedo Grove Apartments LP	16,012	4	0.77%	14,328	2	1.27%
Progress Energy	13,961	5	0.67%	11,083	5	0.98%
United Dominion Realty Trust, Inc.	11,546	6	0.56%	13,340	4	1.18%
BellSouth Telecommunications	10,767	7	0.52%	13,423	3	1.19%
BSP/Oviedo LLC	9,440	8	0.46%			
Oviedo Town Center, LLC	8,761	9	0.42%			
Riverside Landings Inv, LLC	7,778	10	0.38%	5,769	10	0.51%
Alafaya Square Associates, Ltd.				10,557	6	0.94%
Dillard's				9,214	7	0.82%
Burdines				8,627	8	0.76%
Tuscawilla Bend				6,897	9	0.61%
<b>Total</b>	<b>\$ 139,109</b>		<b>6.72%</b>	<b>\$ 163,457</b>		<b>14.49%</b>

Source: Seminole County Property Appraiser

**CITY OF OVIEDO, FLORIDA**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 5,446,744	\$ 5,237,221	96.15%	\$ 8,177	\$ 5,245,398	96.30%
2002	6,019,385	5,766,640	95.80%	13,171	5,779,811	96.02%
2003	6,665,036	6,401,272	96.04%	12,873	6,414,145	96.24%
2004	7,792,088	7,459,842	95.74%	32,642	7,492,484	96.16%
2005	8,452,662	8,115,402	96.01%	38,330	8,153,732	96.46%
2006	9,639,409	9,260,580	96.07%	46,994	9,307,574	96.56%
2007 **	11,982,983	11,596,114	96.77%	15,589	11,611,703	96.90%
2008	11,891,771	11,427,337	96.09%	74,651	11,501,988	96.72%
2009	11,630,433	11,213,040	96.41%	24,591	11,237,631	96.62%
2010	10,636,640	10,228,721	96.16%	24,014	10,252,735	96.39%

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Outstanding Delinquent Taxes (1)	% of Delinquent Taxes to Total Levy
2001	\$ 5,446,744	\$ 773,390	14.20%
2002	6,019,385	900,446	14.96%
2003	6,665,036	1,014,681	15.22%
2004	7,792,088	1,182,258	15.17%
2005	8,452,662	1,290,345	15.27%
2006	9,639,409	1,420,834	14.74%
2007	11,982,983	1,552,539	12.96%
2008	11,891,771	1,691,188	14.22%
2009	11,630,433	1,784,630	15.34%
2010	10,636,640	1,869,605	17.58%

\*\* Fiscal year 2007 has been restated.

(1) The outstanding delinquent taxes represent the past five years of uncollected tax levies.

**CITY OF OVIEDO, FLORIDA**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(dollars in thousands, except per capita)**

Fiscal Year Ended September 30,	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	Public Improvement Revenue Bonds	General Obligation Bonds	Capital Leases	Utility Revenue Bonds	Capital Leases	SRF Loan			
2001	\$ 15,241	\$ -	\$ -	\$ 5,560	\$ -	\$ -	\$ 20,801	2.40%	766
2002	18,175	-	-	5,440	-	-	23,615	2.63%	843
2003	17,435	-	-	14,810	-	-	32,245	3.11%	1,111
2004	16,680	8,835	314	15,010	-	273	41,112	3.85%	1,374
2005	15,900	8,655	251	14,700	769	2,152	42,427	4.09%	1,378
2006	15,095	8,470	206	14,370	705	2,255	41,101	3.60%	1,287
2007	19,980	8,280	648	14,030	785	2,765	46,488	3.64%	1,415
2008	18,976	8,090	630	17,330	687	3,374	49,087	3.59%	1,468 *
2009	18,626	7,895	521	16,836	496	3,219	47,593	3.50%	1,419
2010	17,513	7,695	1,553	52,227	2,885	3,067	84,940	6.00%	2,550

Notes:

Details regarding the city's outstanding debt can be found in the notes to the financial statements.  
See Demographic and Economic Statistics for personal income and population data.

\* Restated in Fiscal Year 2009

**CITY OF OVIEDO, FLORIDA**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**(dollars in thousands, except per capita)**

Fiscal Year	General Obligation Bonds	Total	Percentage of Actual Taxable Value of Property	Per Capita
2001 \$	-	-	0.00%	-
2002	-	-	0.00%	-
2003	-	-	0.00%	-
2004	8,835	8,835	0.49%	295
2005	8,655	8,655	0.44%	281
2006	8,470	8,470	0.36%	265
2007	8,280	8,280	0.26%	213
2008	8,090	8,090	0.22%	198
2009	7,895	7,895	0.23%	193
2010	7,695	7,695	0.26%	188

\* Restated in fiscal year 2008.

**CITY OF OVIEDO, FLORIDA**  
**Computation of Direct and Overlapping Bonded Debt**  
**General Obligation Bonds**  
**September 30, 2010**

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City of Oviedo</u>	<u>Amount Applicable to City of Oviedo</u>
Direct:			
City of Oviedo	\$ <u>7,695,000</u>	<u>100.00%</u>	\$ <u>7,695,000</u>
Overlapping:			
Seminole County	12,465,000	<u>7.15%</u>	891,248
Total overlapping general obligation bonded debt	<u>12,465,000</u>		<u>891,248</u>
Total	\$ <u>20,160,000</u>		\$ <u>8,586,248</u>

**CITY OF OVIEDO, FLORIDA**  
**Computation of Legal Debt Margin\***  
**September 30, 2010**

Assessed valuations:		
Assessed value		\$ 2,071,084,000
Add back exempt real property		<u>830,209,000</u>
Total assessed value		<u><u>\$ 2,901,293,000</u></u>
Legal debt margin:		
Debt limitation - 3% of assessed value		<u><u>\$ 87,038,790</u></u>
Debt applicable to limitation:		
Total bonded debt	\$ 25,208,000	
Less: Public Improvement Revenue Bonds	<u>(17,513,000)</u>	
Total debt applicable to limitation		<u><u>\$ 7,695,000</u></u>

\* The City of Oviedo does not have a legal debt margin - 3% is the City's policy.

**CITY OF OVIEDO, FLORIDA**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

General Government							
Public Improvement Revenue Bonds				Capital Improvement Revenue Bonds/Notes			
Fiscal Year	Public Service Taxes	Maximum Annual Debt Service	Coverage	Fiscal Year	Half-Cent Sales Tax	Maximum Annual Debt Service	Coverage
2001	\$ 2,398,483	\$ 601,439	3.99	2001	\$ 1,497,985	\$ 224,430	6.67
2002	2,824,163	1,266,280	2.23	2002	1,787,057	224,430	7.96
2003	2,917,547	1,266,280	2.30	2003	1,841,513	224,430	8.21
2004	3,302,203	1,266,280	2.61	2004	1,966,552	224,430	8.76
2005	3,632,363	1,266,280	2.87	2005	2,225,266	224,430	9.92
2006	3,944,366	1,266,280	3.11	2006	2,446,729	224,430	10.90
2007	4,088,785	1,261,330	3.24	2007	2,249,601	657,039	3.42
2008	4,364,425	1,233,770	3.54	2008	2,104,240	657,039	3.20
2009	4,356,852	1,233,770	3.53	2009	1,843,028	657,039	2.81
2010	4,698,721	1,233,770	3.81	2010	1,797,094	657,039	2.74

Capital Improvement Revenue Note, Series 2009			
Debt Service			
Fiscal Year	Electric Franchise Fees	Maximum Annual Debt Service	Coverage
2009	\$ 2,322,719	\$ 68,212	34.05
2010	2,416,073	68,212	35.42

Utility Revenue Bonds							
Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	System Development Charges (3)	Total Pledged Revenues	Annual Debt Service	Coverage by Net Revenues	Coverage by Pledged Revenues
2001	\$ 4,907,236	\$ 2,114,524	\$ 355,965	\$ 3,148,677	\$ 426,306	6.55	7.39
2002	4,095,707	2,173,990	355,965	2,277,682	426,306	4.51	5.34
2003	4,298,116	2,539,739	787,526	2,545,903	943,145	1.86	2.70
2004	5,504,030	2,764,728	432,379	3,171,681	517,819	5.29	6.13
2005	6,634,507	3,351,990	644,213	3,926,730	771,513	4.25	5.09
2006 (4)	6,364,004	4,188,480	370,599	2,546,122	916,384	2.37	2.78
2007 (4)	6,761,643	4,663,997	515,607	2,613,253	914,429	2.29	2.86
2008 (4)	7,470,336	5,441,240	457,851	2,486,947	1,130,377	1.80	2.20
2009 (4)	7,592,121	5,073,832	391,821	2,872,614	1,190,044	2.12	2.41
2010	7,851,710	4,882,903	172,719	3,141,526	1,268,697	2.34	2.48

Notes:

- 1 Gross revenue of the System is computed per bond resolution requirements, and is equivalent to revenue recognized under generally accepted accounting principles (GAAP). The bond resolution defines the System as collectively, the Water System, the Sewer System, the Reuse System and the Stormwater System.
- 2 "Direct operating expense" of the system is computed per bond resolution requirements, and is equal to expenses recognized under GAAP (less interest, depreciation, and amortization expense) losses on disposal of fixed assets, and non-recurring transfers out.
- 3 Reflects the minimum of: 1) the System Development Charges collected; or ii) the annual Bond Service Requirement on the the Outstanding and Additional Bonds multiplied by the respective Water and Sewer Expansion Percentage.
- 4 Restated in Fiscal year 2010.

**CITY OF OVIEDO, FLORIDA**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Fiscal Year	Population (1)	Personal Income ( <i>thousands of dollars</i> )	Per Capita Personal Income	Median Age(4)	School Enrollment (5)	Unemployment Rate (6)
2001	27,165	\$ 866,482	\$ 31,897 (2)	32.8	7,976	2.5%
2002	28,012	899,465	32,110 (2)	32.8	8,075	5.0%
2003	29,018	1,035,885	35,698 (2)	32.8	8,368	5.1%
2004	29,928	1,068,370	35,698 (2)	32.8	8,080	3.6%
2005	30,800	1,037,221	33,676 (2)	32.8	10,133	3.3%
2006	31,946	1,140,983	35,716 (2)	32.8	8,853	2.9%
2007	32,855	1,276,022	38,838 (2)	32.8	9,900	3.7%
2008	33,431	1,368,866	40,946 (3)	34.7	10,268	4.9%
2009	33,529	1,415,695	42,223 (3)	36.3	10,232	8.3%
2010	33,316	1,447,214	43,439 (3)	35.6	10,783	8.7%

- (1) Source: 2000 United States Census, Annual City of Oviedo Estimates and University of Florida Estimates.
- (2) Source: U.S. Department of Commerce for Seminole County and Annual City of Oviedo Estimates.
- (3) Source: Bureau of Economic Analysis.
- (4) Source: Metro Orlando Economic Development Commission
- (5) Source: Seminole County School Board.
- (6) Source: Florida Department of Labor and Employment for Seminole County and Florida Agency for Workforce Innovation.

**CITY OF OVIEDO, FLORIDA**  
**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	2010			2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Seminole County School System	950	1	14.81%	*	*	*
Publix Super Markets	520	2	8.11%	*	*	*
City of Oviedo	286	3	4.46%	*	*	*
First Baptist Church	120	4	1.87%	*	*	*
Sears Roebuck & Company	110	5	1.72%	*	*	*
A Duda & Sons, Inc.	100	6	1.56%	*	*	*
Winn Dixie Stores, Inc.	100	7	1.56%	*	*	*
Outback Steakhouse	80	8	1.25%	*	*	*
US Post Office	79	9	1.23%	*	*	*
Macys Florida Stores LLC	75	10	1.17%	*	*	*
	<u>2,420</u>		<u>37.74%</u>			

Source: OrlandoEDC.com

\* Information not available.

**CITY OF OVIEDO, FLORIDA**  
**Full-time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

Function	Full-time Equivalent Employees as of September 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government	44	44	51	57	58	66	79	78	75	59
Public Safety:										
Police										
Officers	56	56	57	57	58	60	64	63	63	62
Civilians <sup>1</sup>	18	18	19	18	19	20	19	19	17	17
Fire										
Firefighters and officers	40	40	46	46	46	46	46	46	47	46
Civilians	2	2	5	5	5	5	5	5	5	5
Building	18	18	14	17	24	26	26	26	13	4
Public Works	26	27	27	34	39	41	38	38	37	37
Parks and Recreations	32	33	40	62	70	71	68	59	63	56
<b>Total</b>	<b>236</b>	<b>238</b>	<b>259</b>	<b>296</b>	<b>319</b>	<b>335</b>	<b>345</b>	<b>333</b>	<b>320</b>	<b>286</b>

Notes:

(1) - Police civilians include emergency communications center operations personnel.

**CITY OF OVIEDO, FLORIDA**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Police</b>										
Traffic and parking violations	12,298	14,312	10,913	15,689	9,555	3,618	5,187	4,735	4,669	3,618
Physical arrests	993	935	787	649	774	1,051	1,144	881	977	1,051
Complaints	38,699	40,508	33,098	30,762	30,239	32,486	39,872	42,424	52,554	32,486
<b>Fire</b>										
Construction inspections	1,501	1,639	1,036	484	936	1,258	1,323	955	1,249	1,652
Hydrant inspections	1,724	1,724	1,778	1,878	2,000	516	1,000	1,300	800	1,128
Number of emergency calls answered	3,263	3,359	4,017	3,989	3,973	4,032	3,993	3,971	4,228	3,919
Medical Transports	952	952	1,015	1,036	1,152	1,215	1,302	1,575	1,427	1,418
<b>Highways and streets</b>										
Streets paved (miles)	0.2	0.2	-	0.1	-	-	0.3	-	6.2	13.5
Streets resurfaced (tons/asphalt)	*	*	*	*	*	4,100	12,000	7,547	4,782	6,150
Sidewalks/bike paths built or repaired (square feet)	*	*	*	*	*	56,450	-	72,171	54,585	131,395
<b>Parks and recreation</b>										
Sports Complex ball games	2,460	2,680	2,600	2,580	2,560	2,560	2,610	2,422	2,395	2,346
Field Rentals	*	*	66	-	10	31	39	45	31	59
Swimming Pool Passes	*	*	11	371	303	312	382	376	393	393
<b>Water</b>										
New connections	221	163	254	673	407	190	292	172	99	317
Number of customers	9,729	9,892	10,146	10,819	11,226	11,416	11,708	11,880	11,979	12,296
Water main breaks	*	*	*	*	*	3	1	1	1	2
Average daily consumption (millions of gallons)	4.26	3.95	3.94	4.00	3.72	4.16	3.86	4.04	3.71	4
Average daily production (millions of gallons)	3.66	3.82	3.94	4.09	4.05	4.66	4.59	4.47	4.00	4
Meter reads	116,748	118,704	121,752	129,828	134,712	136,992	140,496	142,560	143,747	149,052
<b>General Government</b>										
Employment applications received	*	*	*	*	1,486	1,177	1,165	1,660	664	851
Personnel Action Forms processed	*	*	*	*	*	607	635	555	422	394
Legal Notices published	33	35	33	24	35	56	62	75	74	67
Business Tax Receipts issued	1,070	1,356	1,700	2,070	4,270	4,400	4,291	4,200	4,081	1,462
Accidents & Injuries reviewed	23	35	18	35	54	33	21	43	49**	47
Permits issued	3,706	3,305	3,916	4,101	6,897	4,269	4,035	3,082	2,727	2,952
Number of general ledger transactions posted	*	*	*	132,746	163,954	163,153	183,208	168,280	177,685	186,569
A/P Checks issued	7,132	7,459	8,701	9,754	7,602	9,585	10,103	6,388	5,583	5,385
Purchase orders/FPO's processed	3,582	3,719	3,847	4,016	4,393	6,775	6,857	4,255	3,142	3,322

**Notes**

\* Information not available

\*\* Restated 09/30/2010

**CITY OF OVIEDO, FLORIDA**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function	Fiscal year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicle patrol units	39	39	41	41	41	41	42	42	49	42
Motorcycle patrol units	-	-	-	16	4	4	4	4	4	4
Bicycle patrol units	14	13	13	2	13	15	18	18	19	18
Fire stations	2	2	3	3	3	3	3	3	3	3
Highways and streets										
Streets maintained - paved (miles)	99.30	101.40	105.08	112.27	113.12	114.98	130.00	115.28	115.28	116.78
Streets maintained - unpaved (miles)	7.90	7.70	7.70	7.89	7.89	7.89	8.00	7.89	7.89	7.39
Traffic Signals	15	17	19	19	19	20	20	20	20	23
Culture and recreation										
Park acreage	174	240	330	330	330	353	353	387	482	482
Parks	8	11	11	11	11	11	11	12	12	12
Tennis courts	8	8	8	8	8	8	8	8	8	8
Community centers	2	2	3	3	3	2	2	2	2	2
Swimming Pools	1	1	2	2	2	2	2	2	2	2
Water										
Water plants	2	2	2	2	2	3	2	2	2	1
Water mains (miles)	109.6	111.2	131.0	131.0	132.8	133.4	137.4	175.0	160.0	175
Fire hydrants	*	*	*	*	*	1,000	1,124	1,125	1,124	1124
Maximum daily capacity (millions of gallons)	8.10	8.87	10.48	10.48	10.48	20.48	17.24	17.24	17.24	10
Sewer										
Wastewater plants	-	-	-	-	-	-	-	-	-	1
Sanitary sewers (miles)	29.12	29.12	29.12	29.12	29.12	29.33	31.20	32.30	32.30	106
Sanitary lift stations	*	*	*	*	*	*	*	*	*	64
Reclaim										
Reclaim lines (miles)	*	*	*	*	*	*	17	26	26	53.3

Notes

\* Information not available



Courtesy of John Caraway

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## **Other Supplemental Schedules**



Courtesy of John Caraway

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**CITY OF OVIEDO, FLORIDA**  
**Utility Bond Issue Continuing Disclosure**  
**Summary of Capital Improvement Funding Plan (\$000s) [1]**

	Fiscal Year Ending September 30						Total
	2010	2011	2012	2013	2014	2015	
<b>Capital Projects:</b>							
Water System	\$3,601,073	\$637,188	\$122,252	\$122,251	\$120,000	\$120,000	\$4,722,764
Sewer System	55,607	70,000	316,630	80,810	492,694	20,000	1,035,741
Reclaim System	0	162,500	1,423,286	338,625	343,625	0	2,268,036
Alafaya System	28,750,000	3,868,740	1,888,625	597,317	215,472	348,625	35,668,779
Stormwater System	0	660,364	584,817	0	0	342,475	1,587,656
Total Utility System							
Capital Projects	<u>\$32,406,680</u>	<u>\$5,398,792</u>	<u>\$4,335,610</u>	<u>\$1,139,003</u>	<u>\$1,171,791</u>	<u>\$831,100</u>	<u>\$45,282,976</u>
<b>Funding Sources:</b>							
System Development							
Charges	\$62,389	\$242,397	\$989,072	\$110,261	\$472,694	\$0	\$1,876,813
Fund Equity (Available							
Reserves)	0	647,364	571,817	584,317	202,472	329,475	2,335,445
Renewal and Replacement							
Fund	243,567	52,800	131,425	131,425	433,625	438,625	1,431,467
Outstanding Bonds -							
Previously Issued Debt	868,227	371,991	0	0	0	0	1,240,218
Series 2010 Bonds	28,750,000	4,031,240	2,096,630	250,000	0	0	35,127,870
Bank of America Lease	2,463,840	0	0	0	0	0	2,463,840
SRF Loan WW59020 -							
Additional Debt	0	0	483,666	0	0	0	483,666
Vehicle Replacement Fund	18,657	53,000	63,000	63,000	63,000	63,000	323,657
Total Funding Sources	<u>\$32,406,680</u>	<u>\$5,398,792</u>	<u>\$4,335,610</u>	<u>\$1,139,003</u>	<u>\$1,171,791</u>	<u>\$831,100</u>	<u>\$45,282,976</u>

[1] Source: Consulting Engineers and Bond Feasibility Report for the issuance of Series 2010A and Series 2010B Utility Revenue Bonds.

**CITYOF OVIEDO, FLORIDA**  
**Utility Bond Issue Continuing Disclosure**  
**Existing Water System Rates [1]**  
**September 30, 2010**

	<u>Current City Rates</u>
<u>Residential Water:</u>	
Monthly Base Charge per Dwelling Unit	\$10.02
Usage Charge per Thousand Gallons	
Block 1 (0 - 3,000 Gallons)	\$0.83
Block 2 (3,001 - 10,000 Gallons)	1.85
Block 3 (10,001 - 15,000 Gallons)	3.48
Block 4 (15,001 - 30,000 Gallons)	4.96
Block 5 (Above 30,000 Gallons)	5.82
<u>Commercial Water:</u>	
Monthly Base Charge per Account	
5/8" Meter	\$10.02
1" Meter	25.05
1 1/2" Meter	50.12
2" Meter	80.18
3" Meter	150.35
4" Meter	250.57
6" Meter	501.15
Usage Charge per Thousand Gallons	\$2.50
<u>Residential Irrigation (Potable Water):</u>	
Monthly Base Charge per Account	\$10.02
Usage Charge per Thousand Gallons	
Block 1 (0 - 10,000 Gallons)	\$3.48
Block 2 (10,001 - 15,000 Gallons)	4.96
Block 3 (Above 15,000 Gallons)	5.83
<u>Commercial Irrigation (Potable Water):</u>	
Monthly Base Charge per Account	
5/8" Meter	\$10.02
1" Meter	25.05
1 1/2" Meter	50.12
2" Meter	80.18
3" Meter	150.35
4" Meter	250.57
6" Meter	501.15
Usage Charge per Thousand Gallons	\$3.89
<u>Wholesale Water</u>	
All Usage (per Thousand Gallons)	\$1.32

[1] Amounts shown are inside-City Rates. For customers located outside City limits, a 25% surcharge shall be added to the inside-City Rates. As of September 2010, the City reports that 0.7% of water customers are located outside the City limits (82 customers).

**CITY OF OVIEDO, FLORIDA**  
**Utility Bond Issue Continuing Disclosure**  
**Existing Reclaimed/Alternative Water Rates [1]**  
**September 30, 2010**

	<u>Temporary Alafaya Rates [2]</u>	<u>Existing City Rates</u>
<u>Residential Reclaimed/ Alternative Water:</u>		
Monthly Base Charge per Account	N/A	\$9.18
Usage Charge per Thousand Gallons		
Block 1 (0 - 15,000 Gallons)	N/A	1.09
Block 2 (15,001 - 30,000 Gallons)	N/A	1.63
Block 3 (Above 30,000 Gallons)	N/A	3.26
<u>Commercial Reclaimed/ Alternative Water:</u>		
Monthly Base Charge per Account		
5/8" Meter	N/A	\$9.18
1" Meter	N/A	22.96
1 1/2" Meter	N/A	45.90
2" or Greater	N/A	73.45
Usage Charge per Thousand Gallons	N/A	\$1.09
<u>Alafaya System Residential Reclaimed Water (Temporary)</u>		
Monthly Base Charge per Account	\$5.50	N/A
Usage Charge per Thousand Gallons		
Block 1 (0 - 10,000 Gallons)	\$0.71	N/A
Block 2 (10,001 - 20,000 Gallons)	1.08	N/A
Block 3 (20,001 - 30,000 Gallons)	2.10	N/A
Block 4 (30,001 - 40,000 Gallons)	2.99	N/A
Block 5 (Above 40,000 Gallons)	3.51	N/A
<u>Alafaya System Commercial Reclaimed Water (Temporary)</u>		
Monthly Base Charge per Account	\$0.00	N/A
5/8" Meter	0.00	N/A
1" Meter	0.00	N/A
1 1/2" Meter	0.00	N/A
2" or Greater	0.00	N/A
Usage Charge per Thousand Gallons	\$0.98	N/A

[1] Amounts shown are derived from Rate Resolution and reflect inside-City Rates. For customers located outside City limits, a 25% surcharge shall be added to the inside-City Rates.

[2] Reclaimed/alternative water customers previously served by the Alafaya System will pay existing Alafaya System reclaimed water rates as shown until the City completes reclaimed water service interconnection with the existing City Reclaimed Water System or January 1, 2011, whichever occurs first. After that time, all reclaimed/alternative water customers will pay the City reclaimed water rates as set forth herein.

Source: City of Oviedo Finance Department

**CITYOF OVIEDO, FLORIDA**  
**Utility Bond Issue Continuing Disclosure**  
**Existing Sewer System Rates [1]**  
**September 30, 2010**

	<u>Alafaya</u> <u>Service Area</u>	<u>City</u> <u>Service Area</u>
<u>Residential Sewer:</u>		
Monthly Base Charge per Dwelling Unit	\$27.11	\$19.60
Usage Charge per Thousand Gallons (Up to 10,000 Gallons)	\$3.61	\$3.93
<u>Commercial Sewer:</u>		
Monthly Base Charge per Account		
5/8" Meter	\$27.11	\$19.60
1" Meter	66.77	49.01
1 1/2" Meter	135.65	97.99
2" Meter	217.04	156.79
3" Meter	434.05	293.97
4" Meter	678.21	489.96
6" Meter	1355.50	979.93
Usage Charge per Thousand Gallons	\$4.32	\$3.93

[1] Amounts shown are derived from Rate Resolution and reflect inside-City Rates. For customers located outside City limits, a 25% surcharge shall be added to the inside-City Rates.

Source: City of Oviedo Finance Department

**CITYOF OVIEDO, FLORIDA**  
**Utility Bond Issue Continuing Disclosure**  
**Water and Sewer Rate Comparison [1]**  
**September 30, 2010**

	Residential Service Assuming 8,000 Gallons of Utility Service		
	Water	Sewer	Total
City of Oviedo			
Current Rates - Existing City Utility System	\$21.76	\$51.04	\$72.80
Current Rates - Alafaya System	21.76	55.99	77.75
Other Florida Utilities			
City of Altamonte Springs	\$22.67	\$34.21	\$56.88
City of Casselberry	17.98	43.85	61.82
City of Cocoa	28.87	51.04	79.91
City of Deland	24.14	43.60	67.74
City of Deltona	18.56	89.03	107.59
City of Maitland	15.34	44.28	59.62
City of Melbourne	37.05	55.54	92.59
City of Orlando/ Orlando Utilities Commission	15.30	39.86	55.16
City of Sanford	21.26	46.19	67.54
City of St. Cloud	21.94	47.89	69.83
City of Titusville	30.23	61.52	91.75
City of Winter Park	17.65	50.77	68.42
City of Winter Springs	13.62	38.34	51.96
Orange County	15.93	40.54	56.47
Seminole County	18.68	49.82	68.50
Volusia County (eastern area)	36.84	42.53	79.37
Other Neighboring Utilities Average	\$22.25	\$48.69	\$70.94

[1] Source: Consulting Engineers and Bond Feasibility Report for the issuance of Series 2010A and Series 2010B Utility Revenue Bonds.

**CITY OF OVIEDO, FLORIDA**  
**Utility Bond Issue Continuing Disclosure**  
**System Development Charges**  
**September 30, 2010**

	System Development Charges (Amount per ERC)
Water - Existing Service Area	\$2,325
Sewer - Existing Service Area [1]	3,369
Sewer - Alafaya Sewer Area	2,403

	System Development Charges - Rate per ERC		
	Water	Sewer	Combined
Existing City Service Area	\$2,325	\$3,369 [1]	\$5,679
Alafaya Service Area	2,325	2,403	4,728
Utility Average [2]	1,030	2,417	3,447

[1] The City's existing Sewer System Development Charge includes \$2,229 remitted to Seminole County for treatment and disposal capacity and \$1,140 retained by the City.

[2] Refer to Comparison of Water and Sewer System Development Charges table below.

**COMPARISON OF WATER AND SEWER SYSTEM DEVELOPMENT CHARGES [1]**

	Residential 5/8" x 3/4" Meter		
	Water	Sewer	Combined
<b><u>Other Neighboring Utilities:</u></b>			
City of Casselberry	\$ 1,220	\$ 2,076	\$ 3,296
City of Altamonte Springs	600	400	1,000
City of Lake Mary	1,010	2,664 [2]	3,674
City of Winter Springs	557	2,310	2,867
City of Longwood	1,449	4,029 [2]	5,478
City of Sanford	1,343	3,025	4,368
Other Neighboring Utilities' Average	\$ 1,030	\$ 2,417	\$ 3,447

[1] Amounts shown reflect residential rates in effect as of September 2010 and are exclusive of taxes or franchise fees, if any, and reflect rates charged for inside the city service. All rates are as reported by the respective utility.

[2] Sewer System Development Charge includes \$2,229 remitted to Seminole County for treatment and disposal capacity.

Source: City of Oviedo Finance Department

**CITY OF OVIEDO, FLORIDA**  
**Utility Bond Issue Continuing Disclosure**  
**Water System Customer and Sales Statistics**  
**September 30, 2010**

Fiscal Year Ended September 30	Average Annual Water Accounts	Average Annual ERCs [1]	Water Sales (000s of gallons)	Average Monthly Water Use per ERC
2006	11,204	12,692	1,602,147	10,519
2007	11,514	13,009	1,574,472	10,086
2008	11,909	13,475	1,461,535	9,038
2009	12,157	13,778	1,377,379	8,331
2010	12,297	13,765	1,304,377	7,897
Average Annual Historical Growth Rate	<u>2.36%</u>	<u>2.06%</u>	<u>-5.00%</u>	<u>-6.90%</u>

[1] ERC's for single-family residential accounts and non-residential services were determined by using meter equivalent factors based on information published by the American Water Works Association (AWWA) regarding meter capacities applied to the individual meter sizes for those classes of customers.

**Water Production (Finished Water)**

Fiscal Year Ending September 30	Thousands of Gallons [1] [2]	Average Daily Flow (MGD) [2]	Permitted Capacity (MGD) [2]	Percent Capacity Utilized
2010	1,348,758	3.695	4.512	81.9%
2011	1,401,063	3.836	4.566	84.0%
2012	1,388,389	3.804	4.620	82.3%
2013	1,392,047	3.814	4.674	81.6%
2014	1,394,393	3.820	4.674	81.7%
2015	1,398,124	3.830	4.674	81.9%

[1] Amounts adjusted for an unaccounted for or unbilled water factor of 8.00% based on recent historical trends.

[2] Amount based on permitted capacity per the City's CUP. Amount excludes the City's potable water capacity allocation of 262,500 gallons per day from the County per the Crossing Wholesale Agreement discussed earlier. Based on historical trends, purchased water pursuant to the Crossing Wholesale Agreement is approximately 64,000 gallons per day.

Source: City of Oviedo Finance Department

**CITY OF OVIEDO, FLORIDA**  
**Utility Bond Issue Continuing Disclosure**  
**Sewer System Customer and Sales Statistics**  
**September 30, 2010**

Fiscal Year Ended September 30	Average Annual Sewer Accounts	Average Annual ERCs	Billed Flow (000s of gallons) [1]	Average Monthly Wastewater Gallons Billed per ERC
2006	1,219	1,787	157,836	7,360
2007	1,243	1,818	155,663	7,135
2008	1,360	1,964	156,537	6,642
2009	1,460	2,138	149,400	5,823
2010	1,576	2,198	134,098	5,084
Average Annual Historical Growth Rate	<u>6.67%</u>	<u>5.36%</u>	<u>-3.99%</u>	<u>-7.80%</u>

[1] Billed sales based on metered water use; amounts shown do not include any monthly residential water usage above 10,000 gallons per unit based on the City's sewer billing cap as set forth in the Rate Resolution.

**Reclaimed Water System Customer and Sales Statistics**

Fiscal Year Ended September 30	Average Annual Reclaimed Water Accounts	Annual Usage (000s of gallons)	Average Monthly Use per Customer
2009 [1]	506	75,332	13,534
2010	720	96,001	11,111
Average Annual Historical Growth Rate	<u>42.29%</u>	<u>27.44%</u>	<u>-17.90%</u>

[1] The City initiated reclaimed water billing in November 2008. Therefore Fiscal Year 2009 amounts show 11 months of service. Average monthly usage based on an 11 -month period consistent with the in-service period of the City's Reclaimed Water System.

Source: City of Oviedo Finance Department

**CITY OF OVIDEO, FLORIDA**  
**Utility Bond Issue Continuing Disclosure**  
**Utility Enterprise System Top Ten Utility Customers - Fiscal Year 2010**

Account	Service Class	Meter Size	Type of Service	Total Rate Revenues	Percent of Utility Enterprise System Revenues
1 Paradigm Properties, Inc	Multi-Family	Eleven 2"	Water/Sewer	\$ 155,168	2.71%
2 Rouse-Oviedo	Commercial	Five 4", One 3"	Water/Sewer	62,391	1.09%
3 CPG Construction	Multi-Family	Eight 2", One 3"	Water/Sewer	50,601	0.88%
4 Seminole County Public Schools - Oviedo High	Government	1 1/2", 3", 6"	Water/Sewer	43,134	0.75%
5 Seminole County - SR 426	Government	6"	Water	39,465	0.69%
6 First Baptist Church of Oviedo	Commercial	2", 3", 4"	Water/Sewer	25,058	0.44%
7 Seminole County Public Schools - Lawton Elementary	Government	4", 2"	Water/Sewer	18,808	0.33%
8 SLP IV	Commercial	Three 2"	Water	16,739	0.29%
9 Father Flanagan's Boy Town	Commercial	8"	Sewer Only	16,474	0.29%
10 Seminole County Public Schools - Lawton Chiles Middle	Government	4", 3/4"	Water	14,538	0.25%
				<b>\$ 442,377</b>	<b>7.72%</b>
Total Utility Enterprise System Rate Revenues				<b>\$ 5,729,100</b>	<b>100%</b>

**Ten Largest Water Users**

Account	12- Month Usage [1]	Percent of Total [2]	Revenue Generated	Percent of Total [3]
1 Rouse-Oviedo	29,898	2.29%	\$ 39,465	0.93%
2 Paradigm Properties, Inc	15,031	1.15%	10,718	0.25%
3 Seminole County - SR 426	13,796	1.06%	51,330	1.21%
4 SLP IV	11,950	0.92%	49,873	1.17%
5 Seminole County Public Schools - Oviedo High	5,541	0.42%	16,739	0.39%
6 Seminole County Public Schools - Lawton Chiles Middle	5,464	0.42%	16,367	0.38%
7 Seminole County Public Schools - Jackson Heights	4,608	0.35%	14,538	0.34%
8 CPG Construction	3,592	0.28%	11,425	0.27%
9 First Baptist Church of Oviedo	2,298	0.18%	9,224	0.22%
10 Seminole County Public Schools - Partin Elementary	1,568	0.12%	6,928	0.16%
Total	<b>93,746</b>	<b>7.19%</b>	<b>\$ 226,608</b>	<b>5.33%</b>

[1] Represented in (000s) gallons.

[2] Based on approximate total billable flow of 1.304 billion gallons for the 12-month period.

[3] Based on approximate total Water Sales of \$4,254,821 for the 12-month ended.

**Ten Largest Sewer Users**

Account	12- Month Usage [1]	Percent of Total [2]	Revenue Generated	Percent of Total [3]
1 Paradigm Properties, Inc	11,950	8.91%	\$ 105,295	8.57%
2 CPG Construction	9,490	7.08%	39,883	3.25%
3 Seminole County Public Schools - Oviedo High	5,464	4.07%	26,767	2.18%
4 First Baptist Church of Oviedo	2,298	1.71%	15,834	1.29%
5 Rouse-Oviedo	1,668	1.24%	11,061	0.90%
6 Seminole County Public Schools - Lawton Elementary	1,506	1.12%	11,956	0.97%
7 Shhoppes Of Oviedo, LLC	1,234	0.92%	6,731	0.55%
8 L A Fitness International	1,118	0.83%	6,273	0.51%
9 7-Eleven Inc. - Alafaya Trail	997	0.74%	4,155	0.34%
10 Albertson's	845	0.63%	5,204	0.42%
Total	<b>36,570</b>	<b>27.27%</b>	<b>\$ 233,159</b>	<b>18.97%</b>

[1] Represented in (000s) gallons.

[2] Based on approximate total billable flow of 134.098 million gallons for the 12-month period.

[3] Based on approximate total Sewer Sales of \$1,228,984 for the 12-month ended.

Source: City of Oviedo Finance Department

**CITY OF OVIEDO, FLORIDA**  
**Utility Bond Issue Continuing Disclosure**  
**Stormwater System Customer Statistics**  
**September 30, 2010**

Fiscal Year Ended September 30	Average Annual Stormwater Accounts	Average Annual Stormwater ERUs [1]
2006	11,121	15,827
2007	11,343	16,090
2008	11,590	16,684
2009	11,773	17,189
2010	11,917	17,483
Average Annual Historical Growth Rate	<u>1.74%</u>	<u>2.52%</u>

[1] Per Section 54-231, City Code of Ordinances, one Equivalent Residential Unit (ERU) for stormwater service represents 2,464 square feet of impervious surface area.

**Stormwater Top Ten Customers - Fiscal Year 2010 (Based on Billed Revenues)**

Account	Service Class	Total Billed Revenues	Percent of Total System Billed Revenues
1 Seminole County Public Schools - Oviedo High	Government	\$28,140	1.97%
2 Reformed Theological Seminary	Commercial	14,532	1.02%
3 Paradigm Properties, Inc	Commercial	10,920	0.76%
4 Seminole County Public Schools - Lawton Elementary	Government	10,668	0.75%
5 Publix Super Markets - Alafaya Woods Blvd	Commercial	8,736	0.61%
6 Publix Super Markets - Winter Springs Blvd	Commercial	8,736	0.61%
7 L A Fitness International	Commercial	8,652	0.60%
8 Winn Dixie Store	Commercial	8,316	0.58%
9 Lockwood Associates, LP	Commercial	8,316	0.58%
10 Albertsons	Commercial	8,316	0.58%
	Totals	<u>\$115,332</u>	<u>8.06%</u>
Total Stormwater System Rate Revenues		\$1,430,302	100.00%

Source: City of Oviedo Finance Department

**CITY OF OVIEDO, FLORIDA**  
**Utility Bond Issue Continuing Disclosure**  
**Historical Operating Results and Estimated Bond Coverage**

	<b>Fiscal Year Ended September 30, [1]</b>				
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Total Sales Revenues [2]					
Potable Water	\$3,943,337	\$4,126,597	\$4,340,495	\$4,496,680	\$4,254,821
Sewer	755,634	844,883	954,530	1,053,287	1,228,984
Reclaimed Water	33,726	46,692	58,997	167,668	245,295
Stormwater System	934,194	1,128,598	1,361,852	1,437,189	1,430,303
Revenue from Other Sources:					
Other Operating Revenues [3]	407,531	351,158	299,191	273,524	324,503
Unrestricted Interest Income [4]	289,582	263,715	455,271	163,773	367,804
<b>Total Gross Revenues</b>	<b>\$6,364,004</b>	<b>\$6,761,643</b>	<b>\$7,470,336</b>	<b>\$7,592,121</b>	<b>\$7,851,710</b>
Cost of Operation and Maintenance [5]					
Water, Wastewater and Reclaimed Water Systems	\$3,793,794	\$4,025,328	\$4,414,455	\$4,013,010	\$3,933,734
Stormwater System	394,687	638,669	1,026,785	1,060,822	949,169
<b>Total Cost of Operation and Maintenance</b>	<b>\$4,188,481</b>	<b>\$4,663,997</b>	<b>\$5,441,240</b>	<b>\$5,073,832</b>	<b>\$4,882,903</b>
<b>Net Revenues</b>	<b>\$2,175,523</b>	<b>\$2,097,646</b>	<b>\$2,029,096</b>	<b>\$2,518,289</b>	<b>\$2,968,807</b>
Total Bond Service Requirement [6]	\$916,384	\$914,429	\$1,130,377	\$1,190,044	\$1,268,697
Senior Lien Bond Rate Covenant Compliance: [7]					
Test (i) - Net Revenues:					
Calculated Bond Service Coverage	2.37	2.29	1.80	2.12	2.34
Minimum Requirement	1.10	1.10	1.10	1.10	1.10
OR					
Test (ii) - Net Revenues:					
Calculated Bond Service Coverage	2.37	2.29	1.80	2.12	2.34
Minimum Requirement	1.00	1.00	1.00	1.00	1.00
AND					
Net Revenues	\$2,175,523	\$2,097,646	\$2,029,096	\$2,480,793	\$2,968,807
System Development Charges Available for Bond Service Requirement [8]	370,599	515,607	457,851	391,821	172,719
<b>Total Pledged Revenue</b>	<b>\$2,546,122</b>	<b>\$2,613,253</b>	<b>\$2,486,947</b>	<b>\$2,872,614</b>	<b>\$3,141,526</b>
Calculated Debt Service Coverage	2.78	2.86	2.20	2.41	2.48
Minimum Requirement	1.25	1.25	1.25	1.25	1.25
Subordinate Debt Service – Second Lien					
Adjusted Net Revenue [9]	\$1,167,501	\$1,091,774	\$785,682	\$1,171,745	\$1,573,240
Total Subordinate Lien Debt Service [10]	113,599	247,852	247,852	237,975	237,545
Calculated Debt Service Coverage	10.28	4.40	3.17	4.92	6.62
Minimum Requirement	1.15	1.15	1.15	1.15	1.15
Less Other Required Transfers [11]					
Reserve Account Deposit [12]	0	0	0	0	0
<b>Net Revenues after Payment of Debt Service</b>	<b>\$1,145,540</b>	<b>\$935,365</b>	<b>\$650,867</b>	<b>\$1,090,270</b>	<b>\$1,462,565</b>
Less Other Recognized Transfers [13]					
Vehicle and Information Technology Equipment Replacement Funds [14]	\$100,594	\$180,348	\$112,375	\$147,841	\$165,705
Other Debt – Capital Leases [15]	93,210	98,693	126,108	126,108	147,069
Administrative Indirect Allocation	554,481	659,100	706,150	629,705	698,600
<b>Total Other Recognized Transfers</b>	<b>\$748,285</b>	<b>\$938,141</b>	<b>\$944,633</b>	<b>\$903,654</b>	<b>\$1,011,374</b>
<b>Excess of Net Revenues above Transfers [16]</b>	<b>\$397,255</b>	<b>(\$2,776)</b>	<b>(\$293,766)</b>	<b>\$186,616</b>	<b>\$451,191</b>
Total System Development Charges Collected	\$1,039,864	\$1,798,765	\$715,437	\$493,354	\$183,111
<b>Net Amount Available for Other Utility System Purposes</b>	<b>\$1,437,119</b>	<b>\$1,795,989</b>	<b>\$421,671</b>	<b>\$679,970</b>	<b>\$634,302</b>

**CITY OF OVIEDO, FLORIDA**  
**Utility Bond Issue Continuing Disclosure**  
**Historical Operating Results and Estimated Bond Coverage**

Footnotes on following page.

Footnotes:

- [1] Amounts reflect the combination of Utility Enterprise System and Stormwater System financial results. Numbers may not add due to rounding.
- [2] Amounts shown reflect revenues derived from rates for monthly service for water, sewer, reclaimed water and stormwater service.
- [3] Amounts shown do not include revenues associated with proceeds from the sale or other disposition of the Utility System or any part thereof, condemnation awards or proceeds of issuance received with respect to the Utility System. Gross Revenues do not include Contributions in Aid of Construction, Water System Development Charges or Sewer System Development Charges. Amounts include, among other things, revenue from alternative water charges, meter installation charges, late penalty fees, reconnection fees, and miscellaneous charges for service.
- [4] Amounts shown only reflect earnings from funds and accounts established by the City that are considered unrestricted (earnings not required to be retained in such funds and accounts and are available as a component of Net Revenues). Earnings from System Development Charges Fund, the Construction Fund established from previously issued Series 2007 Note and the Series 2010A and Series 2010B Utility Revenue Bond, are considered restricted to such accounts and not considered as a component of net available revenue for this analysis. Additionally, all fair market value adjustments to reflect unrealized changes in the market value of the City's investments have been recognized in order to report investment income that was earned and received by the City. Fiscal Year 2008 includes \$214,508 received from the FDOT on or about April 10, 2008, as part of the reimbursement for the McCullough Road to Mitchell Hammock Road project. Fiscal Year 2010 recognizes \$279,794 received from the FDOT as part of the reimbursement for the SR 426 project.
- [5] Amounts shown do not include depreciation and amortization expenses, which are non-cash expenses and are not considered as part of the Cost of Operation and Maintenance as defined in the Bond Resolution. Reserves for renewals and replacements, Payments in Lieu of Taxes (PILOT) and any administrative indirect expenses incurred by departments of the City other than those directly responsible for operating and maintaining the Utility System are not reflected as part of the Cost of Operation and Maintenance pursuant to the Bond Resolution. The payment of the administrative indirect expenses have been recognized as a required transfer after the payment of all required deposits delineated in the Bond Resolution (e.g., the Bond Service Requirement) for rate covenant evaluation purposes since the payment of such expenses are budgeted transfers from the Revenues of the Utility System and relate to the general management and support functions of the Utility System. Fiscal Year 2010 excludes \$365,583 of legal expenses that are not annually recurring.
- [6] Amounts reflect Bond Service Requirement on Outstanding Bonds issued in accordance with the provisions of the Bond Resolution.
- [7] Reference is made to the Rate Covenant as more fully described in Section 20, article (D) of the Bond Resolution (referred as the "COVENANTS OF THE ISSUER - Rate Covenant").
- [8] Amounts reflect the System Development Charges Available for Bond Service Requirement considering that pursuant to the Bond Resolution, the Water and Sewer System Development Charges for each year shall not include any amounts in excess of the Bond Service Requirement for each series of Bonds for each Bond Year multiplied by the Expansion Percentages.
- [9] Adjusted Net Revenue determined as follows: calculated only for the rate covenant contained in the State Revolving Fund (SRF) Loan Agreement administered by the FDEP:

	Fiscal Year Ended September 30,				
	2006	2007	2008	2009	2010
Net Revenues	\$2,175,523	\$2,097,646	\$2,029,096	\$2,480,793	\$2,968,807
Less Senior Lien Debt Service	916,384	914,429	1,130,377	1,190,044	1,268,697
Less Senior Lien Debt Service Coverage Requirement (10% of Debt Service)	91,638	91,443	113,038	119,004	126,870
Net Revenues Available for SRF Loan Coverage Calculation	\$1,167,501	\$1,091,774	\$785,681	\$1,171,745	\$1,573,240

- [10] Amounts reflect repayment of low interest loans secured through the State Revolving Fund (SRF) loan program as administered by the FDEP and have a second lien on the Pledged Revenues after the payment of the Outstanding Bonds. Such amounts are considered as a Subordinate Debt and are considered as a required use of funds deposited in the Revenue Fund pursuant to the flow of funds delineated in the Bond Resolution.
- [11] Reflects other required transfers which are recognized in the flow of funds to be funded from deposits to the Revenue Fund as provided in the Bond Resolution, payment which are subordinate to the payment of the Bond Service Requirement. Required deposits to the Bond Service Fund and the Subordinate Debt Service Fund are shown separately in order to show compliance with rate covenant per Bond Resolution and the rate coverage test per the SRF Loan Agreement.
- [12] No deposit to the Reserve Account was recognized since the fund was considered fully funded during the Historical Period by: i) proceeds from the issuance of the Outstanding Bonds; or ii) secured by a debt service reserve credit facility during such period.
- [13] Amounts shown presented for disclosure purposes only and reflect other transfers that have been recognized since: i) such transfers are set by City financial policy (deposit to the information technology and vehicle replacement funds); and ii) represent a General Obligation of the Utility System that must be funded from the Revenue Fund (deposited from surplus revenues after the payment of all required transfers) (SunTrust (Generator) Lease, BB&T (Street Sweeper) Lease and Bank of America (Meter Replacement) Lease).
- [14] Amounts shown reflect annual deposits to the Vehicle Replacement Fund and the Information Technology Fund which have been established by the City and used as an Utility System asset replacement fund. Amounts reflected since funds are used specifically for Utility System asset replacement.

Footnotes continue on following page.

**CITY OF OVIEDO, FLORIDA**  
**Utility Bond Issue Continuing Disclosure**  
**Historical Operating Results and Estimated Bond Coverage**

*Footnotes continued:*

- [15] Amounts shown reflect payments for leases payable from Utility System revenue after payment of all other required transfers as delineated in the Bond Resolution and include the following. Such leases are not secured by a lien on net revenues of the Utility System.

	Fiscal Year Ended September 30,				
	2006	2007	2008	2009	2010
Subordinate Leases					
SunTrust (Generator) Lease (a)	\$93,210	\$93,210	\$93,210	\$93,210	\$93,210
BB&T (Street Sweeper) Lease (b)	0	5,483	32,898	32,898	32,898
BBOA (Meter Replacement) Lease (c)	0	0	0	0	20,961
Total Subordinate Leases	<u>\$93,210</u>	<u>\$98,693</u>	<u>\$126,108</u>	<u>\$126,108</u>	<u>\$147,069</u>

(a) Reflect lease for a generator located at the West Mitchell Hammock WTF; cost is allocated to Utility System and is identified as a recognized transfer.

(b) Reflect lease for a street sweeper (Stormwater System) and replacement of a telephone system (General Fund). Amounts shown represent pro rata share of lease allocable to street sweeper project. Cost is allocated to Utility System and is identified as a recognized transfer.

(c) Reflect lease for conversion of manual read meters to radio read meters; cost is allocated to Utility System and is identified as a recognized transfer.

- [16] Amounts shown do not include pledged Utility Enterprise System Development Charges which are deposited in a restricted fund and are available for capacity-related capital projects; amount represents additional funds available for any other Utility System renewal and replacements and any other lawful purposes of the Utility System.



Courtesy of John Caraway

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## **Statutory Section**



Courtesy of John Caraway

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oviedo, Florida (the City) as of and for the year ended September 30, 2010, and have issued our report thereon dated March 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

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

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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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## **Compliance and Other Matters**

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

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

*McDiarmid Davis & Company, LLC*

March 23, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Compliance**

We have audited the City of Oviedo, Florida's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2010. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010.

**Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal

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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 the type of compliance requirement of a federal program 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 federal program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

*McDiernit Davis & Company, LLC*

March 23, 2011

CITY OF OVIEDO, FLORIDA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended September 30, 2010

Award type			
Federal grantor	Federal		
Pass-through grantor	CFDA	Agency or Pass-through	Federal
Program title	Number	Entity Grant Number	Expenditures
<b>ARRA federal awards -</b>			
<b>United States Department of Transportation</b>			
passed through State of Florida, Department of Transportation			
Highway Planning and Construction (Federal-Aid Highway Program) *	20.205	ARRA #627-B / 428408-1-58-01	\$ 180,759
Highway Planning and Construction (Federal-Aid Highway Program) *	20.205	ARRA #252-B / 426325-1-58-01	996,399
<b>United States Department of Justice</b>			
passed through State of Florida, Department of Law Enforcement			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.803	2010-ARRC-SEMI-4-W7-123	106,641
passed through State of Florida, Department of Children and Families			
Violence Against Women Formula Grants	16.588	2009-EF-S6-0043 / Contract #LN951	61,731
passed through State of Florida, Coalition Against Domestic Violence			
Violence Against Women Formula Grants	16.588	Contract #11-8013-INVEST	15,666
<b>Other federal awards -</b>			
<b>United States Department of Transportation</b>			
passed through State of Florida, Department of Transportation			
Highway Planning and Construction (Federal-Aid Highway Program) *	20.205	SRTS-082-A / 425822-1-38-01	75,000
<b>United States Department of Justice</b>			
passed through State of Florida, Department of Law Enforcement			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2010-JAGD-SEMI-4-4Y-068	<u>7,067</u>
Total federal awards			<u>\$ 1,443,263</u>

\* Denotes a major program

See accompanying Notes to Schedule of Expenditures of Federal Awards

CITY OF OVIEDO, FLORIDA

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended September 30, 2010

**Note 1 - Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Oviedo, Florida (the City) under programs of the federal government for the year ended September 30, 2010. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 assets 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. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

CITY OF OVIEDO, FLORIDA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL AWARD PROGRAMS**

Year Ended September 30, 2010

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

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Oviedo, 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 federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the City expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included: Highway Planning and Construction (Federal-aid highway program (CFDA 20.205)).
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The City did not qualify as a low-risk auditee.

**Part B - Findings – Financial Statement Audit:**

None

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

None

**MANAGEMENT LETTER**

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

We have audited the financial statements of the *City of Oviedo, Florida* (the City), as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated March 23, 2011.

We conducted our audit in accordance with United States generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters, as well as the Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133 and Schedule of Findings and Questioned Costs – Federal Award Programs. Disclosures in those reports, which are dated March 23, 2011 should be considered in conjunction with this management letter.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. No significant findings and recommendations were noted in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

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- Section 10.554(1)(i)5., Rules of the Auditor General, requires based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Sections 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal ended September 30, 2010, 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, 2009. We determined that these two reports are in agreement.
- Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

*McDiernit Davis & Company, LLC*

March 23, 2011

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the *City of Oviedo, Florida* (the City) as of and for the year ended September 30, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 25, 2009. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2010. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimate for the allowance for doubtful accounts 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.

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### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. 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 financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 23, 2011.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

Very truly yours,

*McDiernit Davis & Company, LLC*

March 23, 2011



**CITY OF OVIEDO FLORIDA**  
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**AFFIDAVIT OF IMPACT FEE COMPLIANCE**

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

Dianne Holloway  
Director of Finance

Notary:   
(Seal)





Courtesy of John Caraway

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