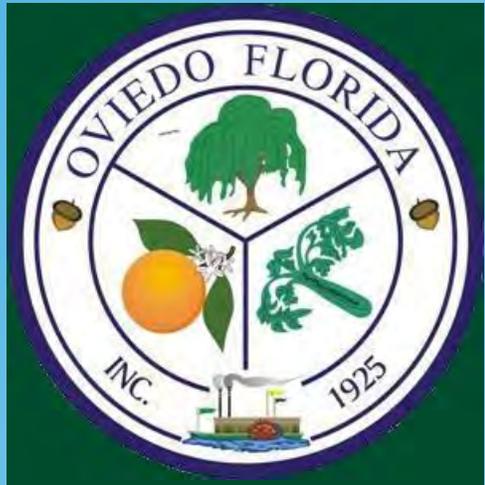


Comprehensive Annual Financial Report

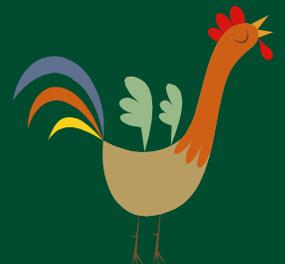
An Award Winning
City
2009 & 2010



*For Fiscal Year Ended
September 30, 2011*



City of Oviedo



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Florida

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COMPREHENSIVE
ANNUAL FINANCIAL REPORT

CITY OF OVIEDO, FLORIDA

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2011

PREPARED BY:
FINANCE DEPARTMENT

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CITY OF OVIEDO, FLORIDA

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CITY OF OVIEDO, FLORIDA

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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

March 14, 2012

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, 2011. 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 of the United States and Canada (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, Florida as measured by the financial activity of its various funds.

McDermitt Davis and Company, LLC, a firm of licensed certified public 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, 2011, 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, 2011, 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 the MD&A and should be read in conjunction with it. The City of Oviedo, Florida'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 areas, the City encompasses 16 square miles and is the home of approximately 34,000 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; building services, code enforcement and planning and development; and general administrative services.

The annual budget serves as the foundation for the City of Oviedo, Florida'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 31st 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 30th 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, 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, Florida is experiencing a slowdown in its economic environment. The City's total taxable property assessed valuation decreased 6.1% from last fiscal year. Other changes in economic indicators from last year include a slight increase in population of 2.0% and a per capita income decrease of 2.5%. Unemployment declined to 7.3% from 8.7% and remains lower than the State of Florida's rate of 10.4% and the national average of 9.0%.

The City of Oviedo, Florida has been selected by Relocate-America.com as "Americas Top 100 Best Places to Live for 2011" for the third consecutive year. Key factors considered when rating cities include local economy, great schools, affordable housing, low crime, employment and parks and recreation. In addition, Family Circle Magazine named the City of Oviedo as one of the top 10 Family Friendly Cities for 2011.

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 communications; 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 forecasts 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 risks. During this fiscal year, the City's investment portfolio earned 1.16%.

Major Initiatives

Public Safety Initiatives Included:

Developed a comprehensive crime prevention plan, began major enforcement initiative regarding sale and delivery of illegal and illicit prescription medication, enacted a moratorium on pain clinics and sweepstake internet cafes, received a Byrne Grant award for the purchase of two video cameras and were awarded a video camera system for participation in the Law Enforcement Challenge.

Code Enforcement Initiatives Included:

Worked with the Community to identify and bring into compliance approximately 150 noncompliant dumpster enclosures. Staff worked with those found to be noncompliant by sending courtesy letters, facilitating pre-application meetings, participating in on site meetings and working one on one with individual business owners. Staff also inspected businesses that did not pay their Business Tax and handled notifications and re-inspections. In addition staff participated with re-writing the Land Development Sign Code.

Planning and Development Initiatives Included:

On October 28, 2010, Staff, with the assistance of Public Works, applied for and was awarded a grant totaling \$595,264 for construction of sidewalk improvements in the vicinity of Lawton Elementary School. This project has identified the need for sidewalks on ten streets located within a half mile radius of the school. The project will facilitate pedestrian access to Lawton Elementary, Friendship Park, two Churches, the Public Library and the recently built south leg of the Cross Seminole Trail. Staff also created a Map of Projects, which lists the status of each development with an associated depiction of its location on the map. The Map of projects has been praised by Realtors who market property to potential buyers.

Recreation and Parks Initiatives Included:

Completion of three multi-purpose practice fields located at Shane Kelly Park, ductwork and mold remediation in the Public Safety building, energy savings and facility improvements under the Siemens Energy contract.

Public Works Design and Construction Initiatives included:

Design of the downtown lift station re-route to Oviedo Blvd, Construction of the waste water odor control project, Construction of the Mitchell Hammock Road Intersection Improvements Project-Stimulus Funded, Construction of the Mitchell Hammock Road Right Turn Lane Project, Design of the Washington Heights Sidewalk Project which is FDOT LAP Funded, Design and Construction of North Lockwood Sidewalk Project which is Stimulus Funded, Design of the Stormwater Conveyance Analysis, Design and Construction of the Willa Lake Underdrain Project, Construction of Meadows Pond Improvements, Construction of Public Works Fleet Renovations and Construction of FY2010-11 Road Resurfacing.

Utility Initiatives Included:

Improved economic sludge disposal with a second sludge mate thickening unit, implemented a head works capital project to improve plant operations, interconnected the Alafaya and City reclaimed systems to increase reliability of reclaimed irrigation services. Additionally, the reclaimed ordinance was amended to increase reclaimed irrigation from two to three days per week. Implemented an automatic meter reading system with Siemens to create a more reliable and efficient utility billing system.

Awards and Acknowledgements

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended September 30, 2010; this was the 20th 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.

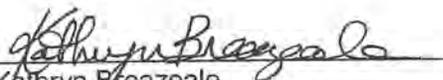
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such CAFR must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement 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.

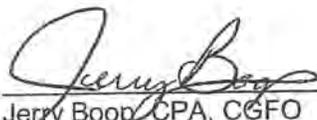
Additionally, the City received the GFOA's Award for Distinguished Budget Presentation for its annual financial plan for the fiscal year beginning October 1, 2010, the same period covered by this CAFR. This was the sixth consecutive year that the City has received this prestigious award. In order to 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 CAFR 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,


Kathryn Breazeale
City Manager


Jerry Boop, CPA, CGFO
Finance Director

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, 2010

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.



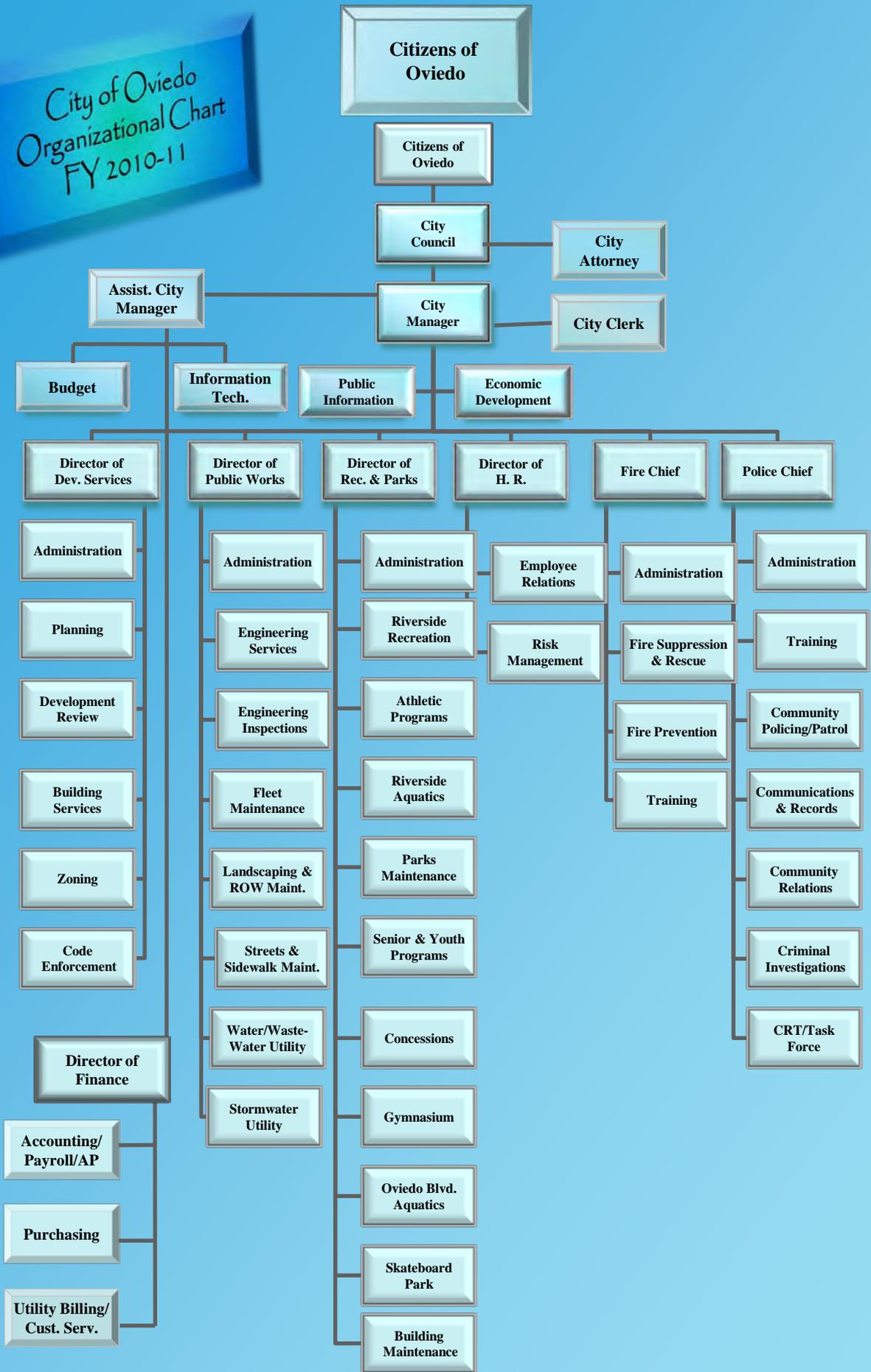
Linda C. Davison

President

Jeffrey R. Emer

Executive Director

*City of Oviedo
Organizational Chart
FY 2010-11*



**CITY OF OVIEDO, FLORIDA
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2011**

CITY COUNCIL

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

MAYOR

Dominic Persampiere

CITY MANAGEMENT

GENERAL GOVERNMENT

Kathryn Breazeale, City Manager
Bryan Cobb, Assistant City Manager
Barbara J. Barbour, City Clerk
Jerry Boop, Director of Finance
Constance M. Collins, Director of Human Resources
Robin R. Hayes, Management Services Director

PUBLIC SAFETY

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

PUBLIC WORKS

Bobby Wyatt – Acting 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

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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 71 through 73, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods 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 nonmajor fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules 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

Orlando, Florida
March 14, 2012

Management's Discussion and Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Oviedo, Florida'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 2011, the City's assets exceeded its liabilities by \$122,835,990 (net assets). Of this amount, \$11,081,052 (unrestricted net assets) may be utilized to meet the City's ongoing obligations to citizens and creditors.
- During fiscal year 2011, the City's total net assets decreased by \$5,309,657 (or -0.4%).
- At the close of the fiscal year 2011, the City's governmental funds reported combined ending fund balances of \$22,416,494, a decrease of \$3,240,026 in comparison with the prior year. Approximately 15% or \$3,379,984 of the total amount is unassigned fund balance and is available for spending at the City's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,379,984, or 17% of General Fund expenditures.
- The City's total debt decreased by \$909,515 during the current fiscal year.

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-two 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, Local Option Sales Tax Fund, and the Downtown Improvement Construction Capital Project Fund, all of which are considered to be major funds. Data from the other nineteen 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 28-70 of this report.

Required supplementary information (RSI). RSI can be found on pages 71-73 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 74-96 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 \$122,835,990 as of the close of the most recent fiscal year.

Over half (\$103,466,194 or 84%) 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.

\$8,288,744 of the City's net assets represents resources that are subject to external restrictions on how they may be used, primarily for capital improvements. The remaining balance of *unrestricted net assets* (\$11,081,052 or 9%) 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	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 27,025,684	\$ 30,203,655	\$ 14,316,125	\$ 15,669,635	\$ 41,341,809	\$ 45,873,290
Capital assets	86,818,020	88,090,482	86,711,461	86,512,442	173,529,481	174,602,924
Total assets	113,843,704	118,294,137	101,027,586	102,182,077	214,871,290	220,476,214
Current liabilities	3,709,606	3,386,018	1,213,272	1,128,359	4,922,878	4,514,377
Long term liabilities	29,567,246	29,275,895	57,545,176	58,540,295	87,112,422	87,816,190
Total liabilities	33,276,852	32,661,913	58,758,448	59,668,654	92,035,300	92,330,567
Net assets						
Invested in capital assets, net of related debt	67,766,063	69,958,451	35,700,131	36,504,647	103,466,194	106,463,098
Restricted for:						
Debt service	11,703	9,367	333,198	181,866	344,901	191,233
Public safety	330,694	34,402	-	-	330,694	34,402
Capital improvements	7,613,149	13,294,047	-	-	7,613,149	13,294,047
Unrestricted	4,845,243	2,335,957	6,235,809	5,826,910	11,081,052	8,162,867
Total net assets	\$ 80,566,852	\$ 85,632,224	\$ 42,269,138	\$ 42,513,423	\$ 122,835,990	\$ 128,145,647

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 \$5,309,657 or -0.4% in fiscal year 2011. The previous fiscal year, 2010, net assets decreased by \$642,612 or -0.5%.

Governmental activities decreased net assets by \$5,065,372 in fiscal year 2011 compared to an increase of \$311,573 in 2010. The decrease in net assets is due both to a reduction in revenues and an increase in expenses in 2011.

Business-type activities decreased net assets by \$244,285 or -0.6% in fiscal year 2011 compared to a decrease of \$954,185 or -2.3% 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 Fund's** 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

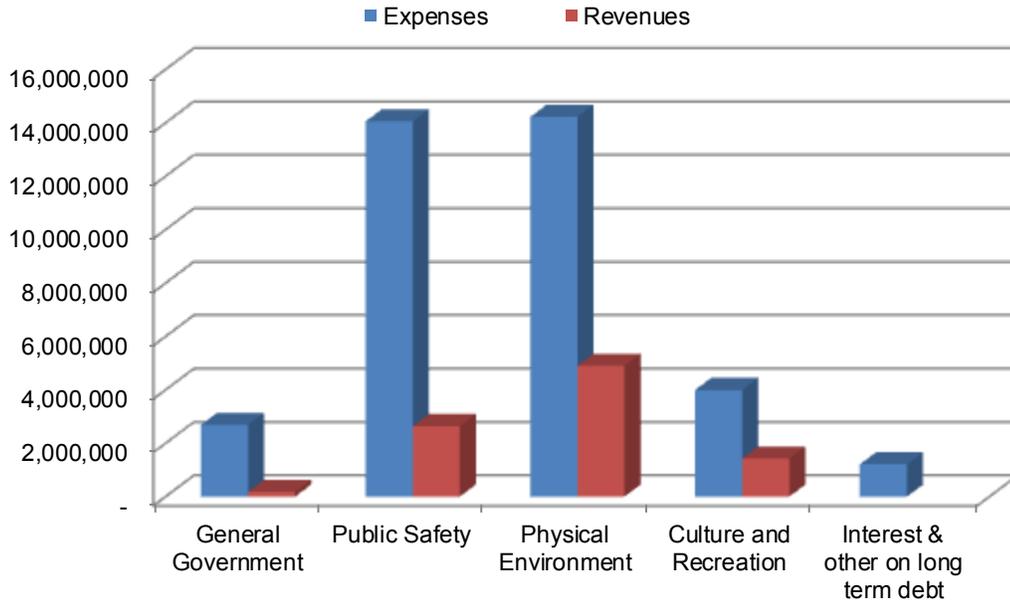
Changes in Net Assets
For the Years Ended September 30,

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 7,891,173	\$ 7,580,931	\$ 11,780,825	\$ 6,045,971	\$ 19,671,998	\$ 13,626,902
Operating grants and contributions	669,408	662,546	-	-	669,408	662,546
Capital grants and contributions	562,776	1,610,612	839,566	1,198,088	1,402,342	2,808,700
General revenues:						
Property taxes	9,579,750	10,250,563	-	-	9,579,750	10,250,563
Other taxes	11,650,481	12,243,147	-	-	11,650,481	12,243,147
Other revenue	538,727	898,047	155,660	451,185	694,387	1,349,232
Total revenues	<u>30,892,315</u>	<u>33,245,846</u>	<u>12,776,051</u>	<u>7,695,244</u>	<u>43,668,366</u>	<u>40,941,090</u>
Expenses:						
General government	2,685,783	3,477,252	-	-	2,685,783	3,477,252
Public safety	14,054,141	13,853,066	-	-	14,054,141	13,853,066
Physical environment	14,221,913	10,763,733	-	-	14,221,913	10,763,733
Culture and recreation	3,992,313	3,808,393	-	-	3,992,313	3,808,393
Interest & other on long-term debt	1,209,414	1,218,519	-	-	1,209,414	1,218,519
Water and sewer	-	-	12,814,459	8,462,739	12,814,459	8,462,739
Total expenses	<u>36,163,564</u>	<u>33,120,963</u>	<u>12,814,459</u>	<u>8,462,739</u>	<u>48,978,023</u>	<u>41,583,702</u>
Increase (decrease) in net						
assets before transfers	(5,271,249)	124,883	(38,408)	(767,495)	(5,309,657)	(642,612)
Transfers	<u>205,877</u>	<u>186,690</u>	<u>(205,877)</u>	<u>(186,690)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in						
net assets	(5,065,372)	311,573	(244,285)	(954,185)	(5,309,657)	(642,612)
Net assets - October 1, restated	<u>85,632,224</u>	<u>85,320,651</u>	<u>42,513,423</u>	<u>43,467,608</u>	<u>128,145,647</u>	<u>128,788,259</u>
Net assets - September 30	<u>\$ 80,566,852</u>	<u>\$ 85,632,224</u>	<u>\$ 42,269,138</u>	<u>\$ 42,513,423</u>	<u>\$ 122,835,990</u>	<u>\$ 128,145,647</u>

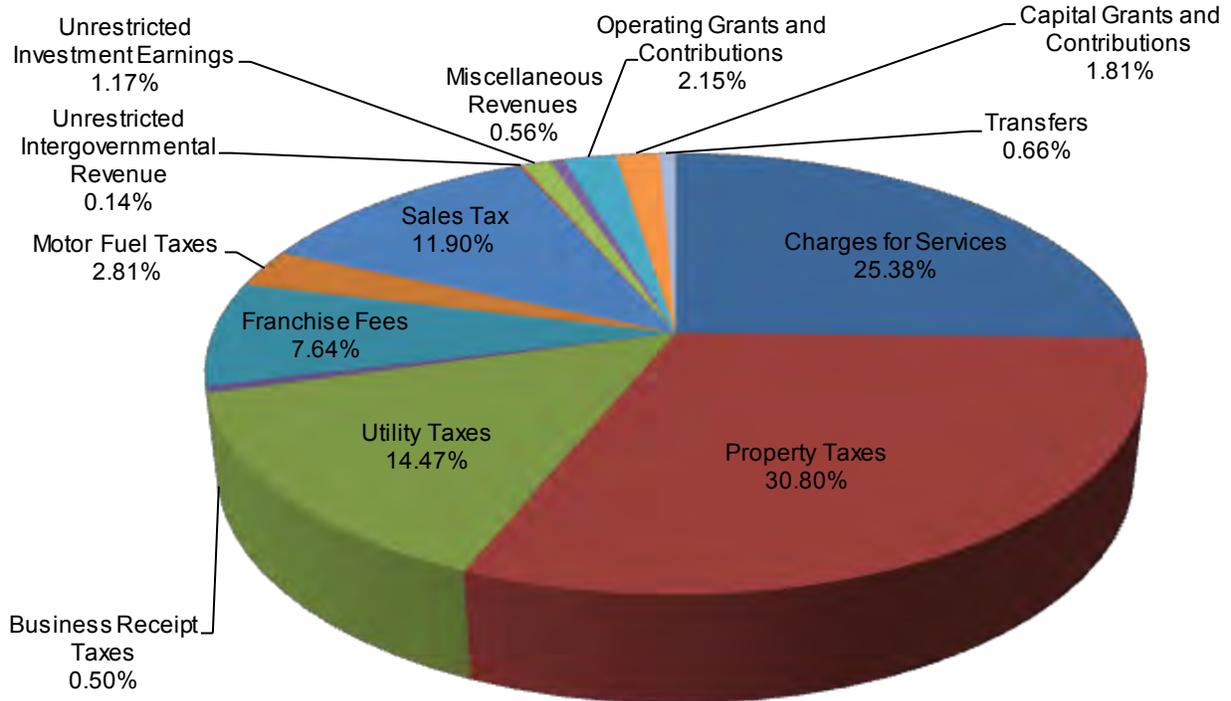
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis, Continued

Governmental Program Specific Revenues and Expenses



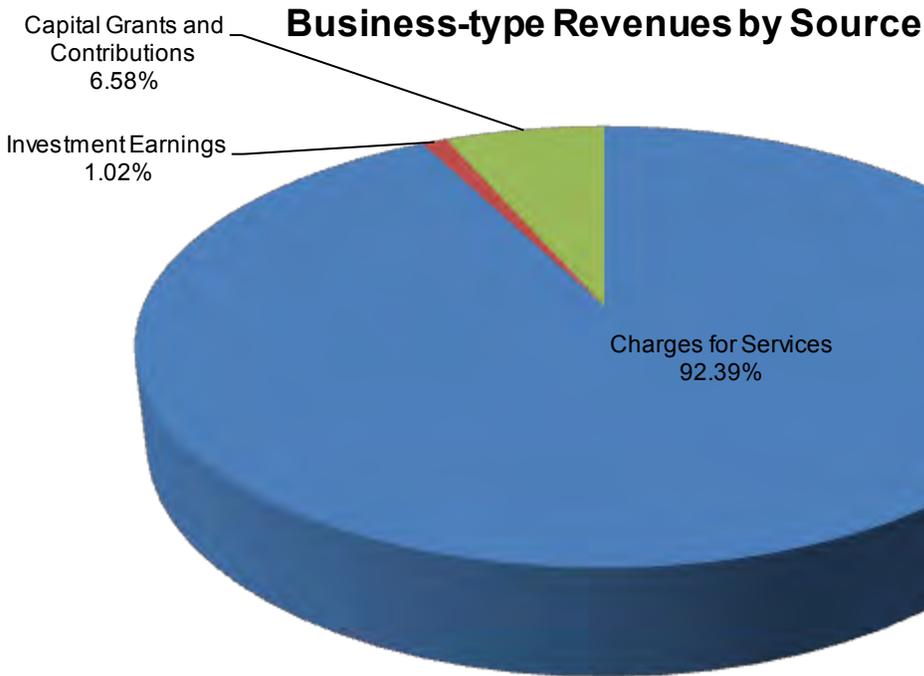
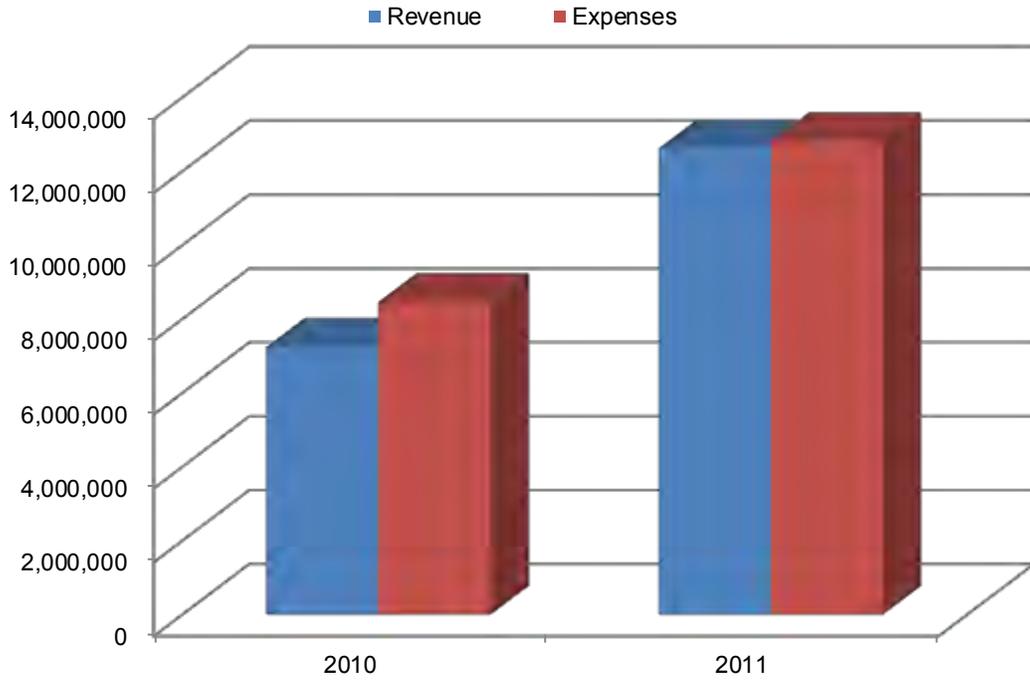
Governmental Revenues by Source



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis, Continued

Business-type Program Specific Revenues and Expenses



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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2011, the City's governmental funds reported combined ending fund balances of \$22,416,494, a decrease of \$3,240,026 in comparison with the prior year. Approximately 15% of this total amount, \$3,379,984, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance, \$19,036,510, is either non spendable, as inventories and prepaid items, restricted for special revenue funds and capital projects, or committed or assigned to specific purposes.

The General Fund is the chief operating fund of the City. At September 30, 2011, the unassigned fund balance of the General Fund was \$3,379,984, while the total fund balance was \$3,691,917. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 17% of total General Fund expenditures, while total fund balance represents 19% of that same amount.

During the current fiscal year, the fund balance of the City's General Fund decreased by \$19,038, primarily due to the decrease in property tax revenue.

The Local Option Sales Tax Fund decreased its fund balance by \$3,394,417 in 2011 due to the \$4,500,000 paid to the State of Florida for the road improvement project on State road 426. The road is not an asset of the City, however the City will benefit from the improvements.

The Downtown Improvement Construction Fund has a total fund balance of \$8,058,726, all of which is restricted for capital projects. The net increase in fund balance during the current year of \$55,891 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 \$9,479,404, a net increase of \$117,538 when compared with the prior year. Capital outlay for all nonmajor governmental funds decreased by \$933,333 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. Unrestricted net assets of the Water and Sewer Utility Fund at September 30, 2011 amounted to \$6,458,298. There was a decrease in net assets of the Water and Sewer Utility Fund of \$137,382 in 2011 compared to a decrease of \$912,468 in 2010. This improvement in operations is a result of the purchase of Alafaya Utilities, Inc. which increased revenue more than expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget (\$585,645 increase in revenues and increase in appropriations, respectively) can be briefly summarized as follows:

Revenues:

- Increase in overtime grants of \$6,000
- Increase in Department of Justice grant of \$5,718
- Increase in Domestic Violence grant of \$10,691
- Increase in Department of Agriculture grant for reforestation of \$17,997
- Increase in transfer from the Building Services Fund of \$35,000
- Increase in transfer from the Economic Development Fund of \$537,940

Expenditures:

- Increase in transfers to the Stormwater fund in the amount of \$7,299
- Increase in police overtime for grant awards in the amount of \$6,000
- Increase in police training expenditures for grant awards in the amount of \$10,691
- Increase in plant and tree expenditures for Department of Agriculture grant award in the amount of \$17,997
- Increase in professional services for closure of the Economic Development Fund in the amount of \$537,940

Increases in expenditures were offset by increases in revenues.

Differences between the final amended budget and the actual (\$225,008 decrease in revenues and \$348,215 decrease in expenditures) can be briefly summarized as follows:

Revenues:

- Actual year end revenues were under budget by 1%. This variance was attributed primarily to lower than expected collections of utility taxes (\$236,463) and licenses and permits (\$340,133).
- These deficits were offset by positive variances in collections of intergovernmental revenues of \$66,876, charges for services of \$173,686, and miscellaneous revenues of \$81,317.

Expenditures:

- Actual year end expenditures were under budget by 2%.

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, 2011, amounts to \$173,529,481 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, and vehicles and equipment. The total decrease in the City's total capital assets for the current fiscal year was \$1,073,444 (a -0.6% decrease on total assets).

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

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 11,698,520	\$ 11,568,412	\$ 1,891,788	\$ 1,846,948	\$ 13,590,308	\$ 13,415,360
Buildings	10,423,022	10,096,204	1,012,814	1,053,530	11,435,836	11,149,734
Infrastructure and improvements	51,303,671	52,066,830	77,248,795	78,765,139	128,552,466	130,831,969
Machinery and equipment	2,953,983	3,466,782	651,397	748,992	3,605,380	4,215,774
Intangibles	161,875	46,607	1,531,951	1,563,215	1,693,826	1,609,822
Construction in progress	<u>10,276,949</u>	<u>10,845,647</u>	<u>4,374,716</u>	<u>2,534,619</u>	<u>14,651,665</u>	<u>13,380,266</u>
Total capital assets, net	<u>\$ 86,818,020</u>	<u>\$ 88,090,482</u>	<u>\$ 86,711,461</u>	<u>\$ 86,512,443</u>	<u>\$ 173,529,481</u>	<u>\$ 174,602,925</u>

Additional information on the City's capital assets can be found in Note 7 in the accompanying notes to financial statements.

Long-term debt. September 30, 2011, the City had \$76,808,522 in bonded debt outstanding. Of this amount, \$7,490,000 related to General Obligation Bonds, \$9,255,000 related to Public Improvement Revenue Bonds, \$8,355,522 related to Capital Improvement Revenue Notes and \$51,708,000 related to Utility Revenue Bonds/Notes. In addition, the City had \$2,911,930 related to the State Revolving Fund Loan, \$239,623 related to the City's Landfill and \$4,325,202 related to capital leases on equipment. Total debt issued increased by \$1,790,747 due to the issuance of the Capital Improvement Revenue Note, Series 2011, in the amount of \$1,300,000, as well as the issuance of capital leases in the amount of \$490,747. These increases were offset by a reduction in principal outstanding of \$1,926,578 in annual principal payments for the ten outstanding bond issues, \$603,074 in principal payments for the capital leases, and principal payments totaling \$155,465 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.

The City's Water and Sewer Utility Revenue Bonds obtained a one-level upgrade to the City's Utility Bonds from S&P in June 2009 (from A+ to AA). In November of 2009, Moody's reaffirmed its A2 rating.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Capital Asset and Debt Administration, Continued

Long-term debt, continued

Long Term Debt
As of September 30,

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General obligation bond						
2003	\$ 7,490,000	\$ 7,695,000	\$ -	\$ -	\$ 7,490,000	\$ 7,695,000
Public improvement						
revenue bonds 2002A	6,690,000	7,155,000	-	-	6,690,000	7,155,000
Public improvement						
refunding revenue						
bonds 2002B	2,565,000	2,870,000	-	-	2,565,000	2,870,000
Capital improvement						
refunding revenue						
bonds 2006	1,545,000	1,686,000	-	-	1,545,000	1,686,000
Capital improvement						
revenue bonds 2007	4,935,000	5,140,000	-	-	4,935,000	5,140,000
Capital improvement						
revenue note 2009	623,400	662,100	-	-	623,400	662,100
Capital improvement						
revenue note 2011	1,252,122	-	-	-	1,252,122	-
Utility revenue						
bonds 2003	-	-	8,355,000	8,510,000	8,355,000	8,510,000
Utility refunding						
revenue bonds 2004	-	-	4,220,000	4,440,000	4,220,000	4,440,000
Utility revenue						
note 2007	-	-	3,233,000	3,377,000	3,233,000	3,377,000
Utility revenue						
bonds 2010A	-	-	5,080,000	5,080,000	5,080,000	5,080,000
Utility revenue						
bonds 2010B	-	-	30,820,000	30,820,000	30,820,000	30,820,000
State revolving loan	-	-	2,911,930	3,067,393	2,911,930	3,067,393
Landfill post-closure care	239,623	254,813	-	-	239,623	254,813
Capital leases	<u>1,725,300</u>	<u>1,552,814</u>	<u>2,599,902</u>	<u>2,884,672</u>	<u>4,325,202</u>	<u>4,437,486</u>
Total	<u>\$ 27,065,445</u>	<u>\$ 27,015,727</u>	<u>\$ 57,219,832</u>	<u>\$ 58,179,065</u>	<u>\$ 84,285,277</u>	<u>\$ 85,194,792</u>

Additional information on the City's long-term liabilities can be found in Notes 9 and 10 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 2012 budget. The adopted budget reflects the culmination of the City's efforts to balance the General Fund budget while maintaining service levels for core city services in light of declining property values and related property tax revenues coupled with continued reductions in other non-ad valorem revenues. The General Fund property tax rate for the fiscal year 2012 remains at 4.8626, the same tax rate since FY 2009. The tax rate for the General Obligation Bond of .3071 mills debt service is slightly higher due to the lower assessed taxable value against relatively stable debt service costs. The combined tax rate for FY 2011/2012 is 5.1697 mills vs. 5.1536 mills in FY 2010/2011.

The General Fund budget of \$23,353,462 is \$362,000 or 1.5% less than the adopted FY 2010/2011 budget. The 2012 General Fund budget was adopted utilizing \$193,167 of fund balance, leaving unassigned fund balance in the General Fund of \$3,379,984. This unassigned fund balance is approximately 17% of General Fund expenditures for 2011 and the City continues to meet its Fund Balance Reserve Policy. As Council is aware, the lower budget and related budget reduction measures are in response to the projected \$700,000 budget shortfall that resulted from lower property tax revenue of \$443,000 couple with declines in various non-ad valorem revenues of \$235,000. With the exception of modest increases projected for the Half Cent Sales Tax, State Revenue Sharing and EMS Transport FEES, virtually all other revenue sources are either flat or declining. Meanwhile, the budget must allow for higher fixed costs such as the required contributions to the Police and Fire pensions, Fire overtime and higher costs for fuel and electricity. The total proposed budget for all City funds combined of \$64.2 million (exclusive of inter-fund transfers and internal service operations) is \$1.3 million or 2% less than the FY 2010/2011 total adopted budget. The decrease is due mainly to lower appropriations for capital improvements as projects reached completion in FY 2010/2011.

Based on the Certification of Taxable Value provided by the Seminole County Property Appraiser, the City's tax base decreased by \$103 million or 5.3% compared to last FY 2010/2011.

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.

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Basic Financial Statements

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CITY OF OVIEDO, FLORIDA
Statement of Net Assets
September 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,940,568	\$ 1,630,261	\$ 5,570,829
Investments	20,305,730	10,495,562	30,801,292
Restricted investments	16,868	473,578	490,446
Accounts receivable, net	1,277,043	424,742	1,701,785
Unbilled revenues	-	397,223	397,223
Due from other governments	872,587	-	872,587
Internal balances	222,489	(222,489)	-
Inventories	23,988	62,935	86,923
Prepaid expenses	60,376	-	60,376
Restricted assets:			
Cash and cash equivalents	161,630	333,198	494,828
Bond issuance costs	144,405	721,115	865,520
Capital assets:			
Non depreciable	21,975,469	6,266,504	28,241,973
Depreciable, net	64,842,551	80,444,957	145,287,508
Total capital assets	<u>86,818,020</u>	<u>86,711,461</u>	<u>173,529,481</u>
Total assets	<u>113,843,704</u>	<u>101,027,586</u>	<u>214,871,290</u>
LIABILITIES			
Accounts payable	2,758,523	419,074	3,177,597
Accrued liabilities	592,566	74,929	667,495
Retainage payable	157,094	242,904	399,998
Unearned revenues	166,078	-	166,078
Due to other governments	18,477	2,787	21,264
Liabilities payable from restricted assets	16,868	473,578	490,446
Long-term liabilities:			
Due within one year:			
Landfill closure liability	67,238	-	67,238
Capital lease payable	392,553	299,674	692,227
Bonds payable	1,503,385	1,060,000	2,563,385
Loans payable	-	159,707	159,707
Compensated absences	194,387	19,108	213,495
Due in more than one year:			
Landfill closure liability	172,385	-	172,385
Capital lease payable	1,332,747	2,300,228	3,632,975
Bonds payable	23,595,190	50,685,219	74,280,409
Loans payable	-	2,752,223	2,752,223
Accrued interest	-	31,852	31,852
Compensated absences	1,749,480	171,946	1,921,426
Other post employment benefits	559,881	65,219	625,100
Total liabilities	<u>33,276,852</u>	<u>58,758,448</u>	<u>92,035,300</u>
NET ASSETS			
Invested in capital assets, net of related debt	67,766,063	35,700,131	103,466,194
Restricted for:			
Debt service	11,703	-	11,703
Public safety	330,694	-	330,694
Capital improvements	7,613,149	333,198	7,946,347
Unrestricted	<u>4,845,243</u>	<u>6,235,809</u>	<u>11,081,052</u>
Total net assets	<u>\$ 80,566,852</u>	<u>\$ 42,269,138</u>	<u>\$ 122,835,990</u>

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

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CITY OF OVIEDO, FLORIDA
Statement of Activities
For the Year Ended September 30, 2011

Functions/programs Primary government	Program Revenue				Primary Government			Total
	Expenses	Charges for Services	Operating		Governmental Activities	Business-type Activities	Total	
			Grants and Contributions	Capital Grants and Contributions				
Governmental activities:								
General government	\$ 2,685,783	\$ 154,532	\$ -	\$ 17,997	\$ (2,513,254)	\$ -	\$ (2,513,254)	
Public safety	14,054,141	1,953,542	565,359	115,039	(11,420,201)	-	(11,420,201)	
Physical environment	14,221,913	4,385,376	78,760	429,049	(9,328,728)	-	(9,328,728)	
Parks and recreation	3,992,313	1,397,723	25,289	691	(2,568,610)	-	(2,568,610)	
Interest on long-term debt	1,209,414	-	-	-	(1,209,414)	-	(1,209,414)	
Total governmental activities	36,163,564	7,891,173	669,408	562,776	(27,040,207)	-	(27,040,207)	
Business-type activities:								
Water and sewer	12,814,459	11,780,825	-	839,566	-	(194,068)	(194,068)	
Total business-type activities	12,814,459	11,780,825	-	839,566	-	(194,068)	(194,068)	
Total primary government	\$ 48,978,023	\$ 19,671,998	\$ 669,408	\$ 1,402,342	(27,040,207)	(194,068)	(27,234,275)	
General revenues:								
Property taxes					9,579,750	-	9,579,750	
Utility taxes					4,501,077	-	4,501,077	
Business receipt taxes					154,764	-	154,764	
Franchise fees					2,375,650	-	2,375,650	
Motor fuel taxes					875,071	-	875,071	
Sales tax					3,701,397	-	3,701,397	
Unrestricted intergovernmental revenue					42,522	-	42,522	
Unrestricted investment earnings					364,816	130,472	495,288	
Miscellaneous					173,911	-	173,911	
Gain on sale of capital assets					-	25,188	25,188	
Transfers					205,877	(205,877)	-	
Total general revenues and transfers					21,974,835	(50,217)	21,924,618	
Change in net assets					(5,065,372)	(244,285)	(5,309,657)	
Net assets - beginning					86,312,349	42,513,423	128,825,772	
Prior period adjustment					(680,125)	-	(680,125)	
Net assets - ending					\$ 80,566,852	\$ 42,269,138	\$ 122,835,990	

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

CITY OF OVIEDO, FLORIDA
Balance Sheet
Governmental Funds
September 30, 2011

	<u>General Fund</u>	<u>Local Option Sales Tax Fund</u>	<u>Downtown Improvement Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 1,282,084	\$ 85,374	\$ 704,083	\$ 1,757,277	\$ 3,828,818
Investments	2,870,438	800,000	7,358,849	8,286,442	19,315,729
Restricted investments	3,435	-	-	13,433	16,868
Receivables, net	1,066,296	-	-	161,381	1,227,677
Due from other governments	455,078	302,528	-	114,981	872,587
Inventories	23,988	-	-	-	23,988
Prepaid items	60,376	-	-	-	60,376
Restricted assets:					
Cash	<u>109,102</u>	<u>-</u>	<u>-</u>	<u>52,528</u>	<u>161,630</u>
Total assets	<u>\$ 5,870,797</u>	<u>\$ 1,187,902</u>	<u>\$ 8,062,932</u>	<u>\$ 10,386,042</u>	<u>\$ 25,507,673</u>
Liabilities and fund balances:					
Accounts payable	\$ 1,443,418	\$ 1,455	\$ 4,206	\$ 691,017	\$ 2,140,096
Accrued liabilities	547,472	-	-	45,094	592,566
Retainage payable	-	-	-	157,094	157,094
Due to other governments	18,477	-	-	-	18,477
Unearned revenue	166,078	-	-	-	166,078
Payable from restricted assets	<u>3,435</u>	<u>-</u>	<u>-</u>	<u>13,433</u>	<u>16,868</u>
Total liabilities	<u>2,178,880</u>	<u>1,455</u>	<u>4,206</u>	<u>906,638</u>	<u>3,091,179</u>
Fund balances:					
Non spendable	84,364	-	-	-	84,364
Restricted	34,402	1,186,447	8,058,726	6,156,540	15,436,115
Committed	-	-	-	1,344,575	1,344,575
Assigned	193,167	-	-	1,978,289	2,171,456
Unassigned	<u>3,379,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,379,984</u>
Total fund balances	<u>3,691,917</u>	<u>1,186,447</u>	<u>8,058,726</u>	<u>9,479,404</u>	<u>22,416,494</u>
Total liabilities and fund balances	<u>\$ 5,870,797</u>	<u>\$ 1,187,902</u>	<u>\$ 8,062,932</u>	<u>\$ 10,386,042</u>	<u>\$ 25,507,673</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, 2011

Total fund balance, governmental funds \$ 22,416,494

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	\$ 140,438,434	
Less: Accumulated depreciation	<u>(53,705,856)</u>	86,732,578

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.

840,621

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	\$ (25,100,522)	
Bond issuance costs	144,405	
Unamortized discount	1,947	
Lease payable	(1,725,300)	
Landfill closure	(239,623)	
Compensated absences	(1,943,867)	
Other post employment benefits	<u>(559,881)</u>	<u>(29,422,841)</u>

Net Assets of Governmental Activities in the Statement of Net Assets \$ 80,566,852

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, 2011

	<u>General Fund</u>	<u>Local Option Sales Tax Fund</u>	<u>Downtown Improvement Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes:					
Property taxes	\$ 9,038,759	\$ -	\$ -	\$ 540,991	\$ 9,579,750
Utility taxes	4,501,077	-	-	-	4,501,077
Business receipt	154,764	-	-	-	154,764
Licenses, permits and fees	2,392,914	-	-	797,738	3,190,652
Intergovernmental	2,815,036	1,283,701	-	1,425,706	5,524,443
Charges for services	2,267,834	-	-	3,938,864	6,206,698
Fines and forfeitures	120,781	-	-	25,530	146,311
Investment income	103,384	55,511	80,258	111,101	350,254
Service assessments	632	-	-	746,786	747,418
Miscellaneous	245,776	-	-	2,523	248,299
Total revenues	<u>21,640,957</u>	<u>1,339,212</u>	<u>80,258</u>	<u>7,589,239</u>	<u>30,649,666</u>
Expenditures:					
Current:					
General government	2,175,015	-	24,367	258,313	2,457,695
Public safety	11,609,953	-	-	1,160,808	12,770,761
Physical environment	2,778,909	4,500,000	-	3,923,616	11,202,525
Parks and recreation	3,255,180	-	-	-	3,255,180
Debt service:					
Principal	-	-	-	1,725,886	1,725,886
Interest and fiscal charges	-	-	-	1,210,266	1,210,266
Issuance costs	-	-	-	38,527	38,527
Capital outlay	44,783	233,629	-	2,439,564	2,717,976
Total expenditures	<u>19,863,840</u>	<u>4,733,629</u>	<u>24,367</u>	<u>10,756,980</u>	<u>35,378,816</u>
Excess (deficiency) of revenues over expenditures	<u>1,777,117</u>	<u>(3,394,417)</u>	<u>55,891</u>	<u>(3,167,741)</u>	<u>(4,729,150)</u>
Other financing sources (uses):					
Transfers in	589,466	-	-	3,074,491	3,663,957
Transfers out	(2,437,587)	-	-	(1,580,009)	(4,017,596)
Capital leases	-	-	-	490,797	490,797
Revenue note issued	-	-	-	1,300,000	1,300,000
Sale of capital assets	51,966	-	-	-	51,966
Total other financing sources (uses)	<u>(1,796,155)</u>	<u>-</u>	<u>-</u>	<u>3,285,279</u>	<u>1,489,124</u>
Net change in fund balances	(19,038)	(3,394,417)	55,891	117,538	(3,240,026)
Fund balances - beginning, as restated	4,391,080	4,580,864	8,002,835	9,361,866	26,336,645
Prior period adjustment	(680,125)	-	-	-	(680,125)
Fund balances - ending	<u>\$ 3,691,917</u>	<u>\$ 1,186,447</u>	<u>\$ 8,058,726</u>	<u>\$ 9,479,404</u>	<u>\$ 22,416,494</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, 2011

Net change in fund balances - total governmental funds: \$ (3,240,026)

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	\$ 2,717,976	
Less: current year depreciation	<u>(4,232,438)</u>	(1,514,462)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets (49,287)

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

Revenue note		(1,300,000)
Capital lease		(490,797)
Landfill closure liability		15,190

Repayments of long-term debt is an expenditure in the governmental funds. But the repayment reduces long-term liabilities in the Statement of Net assets

Principal payments		1,725,886
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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 26,998

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	\$ (138,805)	
Change in other post employment benefits	<u>(103,680)</u>	(242,485)

Contributions of capital assets are not reported as revenues in the governmental funds 301,442

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. (297,831)

Change in net assets of governmental activities \$ (5,065,372)

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, 2011

	Enterprise Fund	Governmental
	Water and Sewer Utility Fund	Activities Internal Service Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,630,261	\$ 111,750
Investments	10,495,562	990,000
Restricted investments	473,578	-
Receivables, net	424,742	-
Insurance receivable	-	49,366
Unbilled revenues	397,223	-
Inventories	62,935	-
Total current assets	13,484,301	1,151,116
Non-current assets:		
Restricted assets:		
Cash and cash equivalents	333,198	-
Bond issuance costs	721,115	-
Capital assets:		
Non depreciable	6,266,504	-
Depreciable, net	80,444,957	85,443
Total non-current assets	87,765,774	85,443
Total assets	\$ 101,250,075	\$ 1,236,559
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 419,229	\$ 618,427
Accrued liabilities	74,929	-
Retainage payable	242,904	-
Compensated absences	191,054	-
Due to other governments	2,632	-
Bonds payable - current	1,060,000	-
Capital lease payable - current	299,674	-
Loans payable - current	159,707	-
Accrued interest payable	31,852	-
Payable from restricted assets	473,578	-
Total current liabilities	2,955,559	618,427
Non-current liabilities:		
Bonds payable, net of unamortized premium	50,685,219	-
Capital leases payable	2,300,228	-
Loans payable	2,752,223	-
Other post employment benefits	65,219	-
Total non-current liabilities	55,802,889	-
Total liabilities	58,758,448	618,427
NET ASSETS		
Invested in capital assets, net of related debt	35,700,131	85,443
Restricted for capital improvements	333,198	-
Unrestricted	6,458,298	532,689
Total net assets	\$ 42,491,627	\$ 618,132
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	(222,489)	
Total net assets per government-wide financial statements	\$ 42,269,138	

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, 2011

	Enterprise Fund	
	Water and Sewer Utility Fund	Governmental Activities Internal Service Fund
Operating revenues:		
User charges	\$ 11,589,459	\$ -
Other revenue	191,366	2,195,920
Total operating revenues	11,780,825	2,195,920
Operating expenses:		
Cost of sales/services	4,549,571	2,905,830
Materials and supplies	-	258,750
Administration	1,807,408	-
Depreciation and amortization	4,272,096	10,152
Total Operating Expenses	10,629,075	3,174,732
Operating income (loss)	1,151,750	(978,812)
Nonoperating revenue (expense):		
Investment income	130,472	14,562
Interest expense	(2,078,481)	-
Gain (loss) on sale of capital assets	25,188	-
Total nonoperating revenue (expense)	(1,922,821)	14,562
Loss before contributions and transfers	(771,071)	(964,250)
Capital contributions	839,566	-
Transfers in	-	600,000
Transfers out	(205,877)	(40,484)
Change in net assets	(137,382)	(404,734)
Total net assets - beginning	42,629,009	1,022,866
Total net assets - ending	\$ 42,491,627	\$ 618,132
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.	(106,903)	
Change in Business-Type Activities in Net Assets per Government-Wide Financial Statements.	\$ (244,285)	

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, 2011

	<u>Enterprise Fund</u>	
	<u>Water/Sewer Utility Fund</u>	<u>Governmental Activities- Internal Service Fund</u>
Cash flows from operating activities:		
Receipts from customers	\$ 11,843,296	\$ -
Receipts from internal services provided	-	2,351,093
Payments to suppliers	(3,985,690)	(2,916,199)
Payments to employees	(1,354,688)	-
Payments for interfund services used	(974,193)	-
Net cash provided by (used in) operating activities	<u>5,528,725</u>	<u>(565,106)</u>
Cash flows from non-capital financing activities:		
Transfers in	-	600,000
Transfers out	(205,877)	(40,484)
Net cash provided by (used in) non-capital financing activities	<u>(205,877)</u>	<u>559,516</u>
Cash flows from capital and related financing activities:		
Proceeds from sale of capital assets	25,188	-
Purchase of capital assets	(3,676,295)	-
Principal paid on capital debt	(959,232)	-
Interest paid on capital debt	(2,184,591)	-
Capital contributions	94,016	-
Net cash used in capital and related financing activities	<u>(6,700,914)</u>	<u>-</u>
Cash flows from investing activities:		
Investment income	<u>130,472</u>	<u>14,562</u>
Net increase (decrease) in cash and cash equivalents	(1,247,594)	8,972
Cash and cash equivalents - beginning	<u>14,180,193</u>	<u>1,092,778</u>
Cash and cash equivalents - ending	<u><u>\$ 12,932,599</u></u>	<u><u>\$ 1,101,750</u></u>
Classified as:		
Cash and cash equivalents	\$ 1,630,261	\$ 111,750
Investments	10,495,562	990,000
Restricted investments, current	473,578	-
Restricted cash	333,198	-
Total cash and cash equivalents	<u><u>\$ 12,932,599</u></u>	<u><u>\$ 1,101,750</u></u>

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, 2011

	Enterprise Funds	
	Water/Sewer Utility Fund	Governmental Activities- Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by (used in)		
operating activities:		
Operating income (loss)	<u>\$ 1,151,750</u>	<u>\$ (978,812)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	4,222,826	10,152
Amortization	49,270	-
(Increase) decrease in accounts receivable	(77,879)	155,173
Increase in inventories	(9,602)	-
Increase in deferred charges	22,811	-
Increase in prepaid expenses	12,532	-
Increase (decrease) in accounts payable	(248,890)	248,381
Increase in accrued liabilities	68,415	-
Increase in retainage payable	204,701	-
Increase in due to other governments	2,632	-
Increase in customer deposits	117,539	-
OPEB obligation	<u>12,620</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ 5,528,725</u>	<u>\$ (565,106)</u>
Noncash capital and financing activities:		
Contributed capital assets	<u>\$ 745,550</u>	<u>\$ -</u>

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, 2011

	Total Employee Retirement Funds
Assets:	
Cash and short-term investments	\$ 440,032
Receivables:	
Interest receivable	44,951
Contributions receivable	3,158
Total receivables	48,109
Investments, at fair value:	
U.S. Treasury & Government agency	1,563,500
Real Estate Investment Trust	570,467
Corporate & foreign bonds	1,512,632
Mutual funds & common stocks	11,449,500
Total Investments	15,096,099
Total assets	\$ 15,584,240
Liabilities:	
Refunds payable and others	20,467
Total liabilities	20,467
Net assets:	
Held in trust for pension benefits	\$ 15,563,773

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, 2011

	Total Employee Retirement Funds
Additions:	
Contributions:	
City	\$ 960,220
State	484,721
Employee	397,715
Total contributions	1,842,656
Investment income:	
Interest	417,555
Net decrease in fair value of investments	(432,724)
Net investment earnings	(15,169)
Total additions	1,827,487
Deductions:	
Benefit payments	550,895
Administrative expenses	187,346
Total deductions	738,241
Change in net assets	1,089,246
Net assets - beginning	14,474,527
Net assets - ending	\$ 15,563,773

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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 a 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, 2011.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

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, 2011

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, followed by committed, assigned, and unassigned resources as they are needed.

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 *Local Option Sales Tax Capital Project Fund* is used 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 *Downtown Improvement Construction Capital Project Fund* is used to account for the proceeds of Series 2003 general obligation bonds issued to fund 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, 2011

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, Building Services Fund, Stormwater Fund, and the Transportation Impact Fees Fund.

Debt Service Funds account for the accumulation of resources for and the payment of principal and interest on certain long-term debt. Non-major debt service funds include the Public Improvement Revenue Bonds Fund, General Obligation Bonds Fund, and the Lease Financing Debt Service Fund.

Capital Project Funds account for financial resources segregated for the acquisition or construction of major capital facilities. Non-major capital project funds include the Vehicle Replacement Fund, Land Fill Closure 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, which are financed in a manner similar to private business enterprises, where the costs, including depreciation, of providing services to the general public on an ongoing basis are financed primarily through user charges.

Non-major Proprietary Funds

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

The City has elected not to apply Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, as permitted by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities That use Governmental Fund Accounting*.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

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. The City currently holds \$2,847 available as petty cash.

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, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets or Equity (Continued)

1. Deposits and Investments (Continued)

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 receivables are shown net of an allowance for uncollectibles. Accounts receivable in excess of 90 days comprise the accounts receivable 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, 2011 was 4.8626 mills.

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 the lien date or 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets or Equity (Continued)

2. Receivables and Payables (Continued)

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 (\$806,776) exceed related liabilities payable from restricted assets (\$473,578) by \$333,198.

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 fines that are restricted by their enabling legislation for the purchase of police education and are fully restricted at the balance sheet date.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets or Equity (Continued)

6. Capital Assets

Property, plant and equipment, and infrastructure assets (i.e., roads, streets and sidewalks, curbs and gutters, drainage systems and lighting systems) purchased or acquired are carried at historical cost or estimated historical cost and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Contributed assets are recorded at fair market value as of the date received. 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. 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 Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, including computer software and reclaimed water capacity.

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

Classification	Useful Life
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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets or Equity (Continued)

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.

9. Net Assets / Fund Balances

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

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, financial reserves are now classified by components of fund balance per GASB Statement No. 54. Classifications of fund balance are established by City Council and the senior management team and may be classified as committed or assigned. These tentative plans for expenditures can be increased, reduced or eliminated by similar actions. See “Note 17 – Fund Balances” for additional information.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets or Equity (Continued)

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 - PRIOR PERIOD ADJUSTMENT

Beginning fund balance in the General Fund has been adjusted for the effects of amounts determined to be owed to the Federal Emergency Management Administration (FEMA) not previously recorded in the fund statements. As a result, fund balance at the beginning of the year was decreased by \$680,125. In addition, net assets of governmental activities at the beginning of the year was decreased by \$680,125. This adjustment had no effect on operations of the preceding year.

NOTE 3 - 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.

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 4 - 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 procedures set forth below in establishing the budget for the City;

- 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. *Budgetary Information (Continued)*

- 2) During May and June the City Manager and 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 the 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. The budget amounts may be formally amended by the City Council at any time.
- 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 funds 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 November 21, 2011 City Council Meeting.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. Fund Reserve Policy (Continued)

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 Manager will disclose the excess amount, if and, after the completion of the financial audit and recommend transfer options for the subsequent fiscal year.

C. Appropriations in Excess of Funds Available

Appropriations for the Building Services Special Revenue Fund were in excess of anticipated revenue and available fund balance.

NOTE 5 - DEPOSITS AND INVESTMENTS

A. Deposits

At September 30, 2011, the carrying amount of the City's deposits was \$6,072,434 and the bank balance was \$6,482,899. 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.

The City's bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. Remaining balances are collateralized pursuant to Chapter 280, Florida Statutes. Under this chapter all depositories holding public funds collateralize deposits in excess of FDIC insurance with the State Treasurer. In the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for the loss.

B. Investments

As of September 30, 2011, the City's investment portfolio was composed of the following investments:

CITY OF OVIEDO, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Investment Type	Fair Value	Investment Maturities		
		Less Than 1 Year	1 to 5 Years	More than 5 Years
Pooled interest bearing checking account	\$ 6,072,434	\$ 6,072,434	\$ -	\$ -
Florida Prime	2,202	2,202	-	-
Local Government Investment Pool (Fund B)	1,610	-	-	1,610
Certificates of deposit	6,000,000	6,000,000	-	-
U.S. Agencies	24,827,226	-	24,827,226	-
Prime Money Market	355,980	355,980	-	-
	<u>\$ 37,259,452</u>	<u>\$ 12,430,616</u>	<u>\$ 24,827,226</u>	<u>\$ 1,610</u>

As of September 30, 2011, the carrying amount of investments includes accrued interest of \$95,096.

The City follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires the adjustments of the carrying values of investments to fair value to be presented as a component of investment income. Investments are presented at fair value, which is based on available market values. The SBA Local Government Investment Pool (LGIP), operated by the Florida State Board of Administration, is a “2a-7-like” pool in accordance with GASB 31; therefore, it is not presented at fair value but at its actual pooled share price which approximates fair value. The LGIP is not a registrant with the SEC; however, the State of Florida does provide regulatory oversight. Fund B is accounted for as a fluctuating NAVPOOL, not a “2a-7-like” money market fund.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Cash and investments - Statements of Net Assets:

Cash and cash equivalents	\$ 5,570,829
Investments	30,801,292
Restricted investments	490,446
Restricted assets:	
Cash and cash equivalents	<u>494,828</u>
Total cash and investments	<u>\$ 37,357,395</u>
Portfolio total shown above	\$ 37,259,452
Plus: cash on hand	2,847
Plus: accrued interest	<u>95,096</u>
Total cash and investments	<u>\$ 37,357,395</u>

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, 2011.

**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	AAAm	1%
Federal Farm Credit System Banks (FCSB)	AA+	12%
Federal Home Loan Bank (FHLB)	AA+	31%
Federal Home Loan Mortgage Corporation (FHLMC)	AA+	26%
Federal National Mortgage Association (FNMA)	AA+	30%

Credit Risk. Securities shall be limited to those rated BAA or higher by Moody's or Standard & Poor's rating services. Unrated investments are typically U.S. Agency backed securities.

CITY OF OVIEDO, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Concentration of Credit Risk. The investment portfolio policy of the City 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, 2011, 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.

Investment income for the year ended September 30, 2011 consisted of the following:

	<u>General Fund</u>	<u>Local Option Sales Tax Fund</u>	<u>Downtown Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>
Interest Income	\$ 111,662	\$ 70,392	\$ 124,280	\$ 146,570	\$ 210,805	\$ 21,166
Net decrease in fair value of investments	<u>(8,278)</u>	<u>(14,881)</u>	<u>(44,022)</u>	<u>(35,469)</u>	<u>(80,333)</u>	<u>(6,604)</u>
	<u>\$ 103,384</u>	<u>\$ 55,511</u>	<u>\$ 80,258</u>	<u>\$ 111,101</u>	<u>\$ 130,472</u>	<u>\$ 14,562</u>

NOTE 6 - RECEIVABLES

Receivables at September 30, 2011, 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	\$ 1,332,244	\$ 185,042	\$ 78,704	\$ 588,009
Less: allowance for doubtful accounts	<u>(265,948)</u>	<u>(73,859)</u>	<u>(28,506)</u>	<u>(163,267)</u>
Accounts receivable, net	<u>\$ 1,066,296</u>	<u>\$ 111,183</u>	<u>\$ 50,198</u>	<u>\$ 424,742</u>

CITY OF OVIEDO, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 7 - CAPITAL ASSETS

Capital asset activity in the primary government for the year ended September 30, 2011, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 11,568,412	\$ 130,108	\$ -	\$ 11,698,520
Construction in progress	10,845,647	2,115,042	(2,683,740)	10,276,949
Total capital assets, not being depreciated	<u>22,414,059</u>	<u>2,245,150</u>	<u>(2,683,740)</u>	<u>21,975,469</u>
Capital assets, being depreciated:				
Buildings	12,898,899	591,703	-	13,490,602
Machinery and equipment	9,443,435	317,414	(332,606)	9,428,243
Intangibles	282,838	142,374	-	425,212
Infrastructure and improvements	92,813,910	456,851	1,949,663	95,220,424
Total capital assets, being depreciated	<u>115,439,082</u>	<u>1,508,342</u>	<u>1,617,057</u>	<u>118,564,481</u>
Less accumulated depreciation for:				
Buildings	(2,802,695)	(264,885)	-	(3,067,580)
Machinery and equipment	(5,976,653)	(780,926)	283,319	(6,474,260)
Intangibles	(236,231)	(27,106)	-	(263,337)
Infrastructure and improvements	(40,747,080)	(3,169,673)	-	(43,916,753)
Total accumulated depreciation	<u>(49,762,659)</u>	<u>(4,242,590)</u>	<u>283,319</u>	<u>(53,721,930)</u>
Total capital assets, being depreciated, net	<u>65,676,423</u>	<u>(2,734,248)</u>	<u>1,900,376</u>	<u>64,842,551</u>
Governmental activities capital assets, net	<u>\$ 88,090,482</u>	<u>\$ (489,098)</u>	<u>\$ (783,364)</u>	<u>\$ 86,818,020</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,846,948	\$ 44,840	\$ -	\$ 1,891,788
Construction in progress	2,534,619	3,577,183	(1,737,086)	4,374,716
Total capital assets, not being depreciated	<u>4,381,567</u>	<u>3,622,023</u>	<u>(1,737,086)</u>	<u>6,266,504</u>
Capital assets, being depreciated:				
Buildings	1,938,797	-	-	1,938,797
Machinery and equipment	2,433,416	49,550	(31,487)	2,451,479
Intangibles	1,563,215	-	-	1,563,215
Infrastructure and improvements	97,824,437	2,487,355	-	100,311,792
Total capital assets, being depreciated	<u>103,759,865</u>	<u>2,536,905</u>	<u>(31,487)</u>	<u>106,265,283</u>
Less accumulated depreciation for:				
Buildings	(885,267)	(40,716)	-	(925,983)
Machinery and equipment	(1,684,424)	(147,145)	31,487	(1,800,082)
Intangibles	-	(31,264)	-	(31,264)
Infrastructure and improvements	(19,059,298)	(4,003,699)	-	(23,062,997)
Total accumulated depreciation	<u>(21,628,989)</u>	<u>(4,222,824)</u>	<u>31,487</u>	<u>(25,820,326)</u>
Total capital assets, being depreciated, net	<u>82,130,876</u>	<u>(1,685,919)</u>	<u>-</u>	<u>80,444,957</u>
Business-type activities capital assets, net	<u>\$ 86,512,443</u>	<u>\$ 1,936,104</u>	<u>\$ (1,737,086)</u>	<u>\$ 86,711,461</u>

CITY OF OVIEDO, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 7 - CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government	\$ 107,370
Public safety	581,097
Transportation, including depreciation of general infrastructure assets	2,945,822
Culture and recreation	<u>608,301</u>
Total depreciation expense	<u>\$ 4,242,590</u>
Business-type activities:	
Water and sewer utility	<u>\$ 4,222,824</u>
Total depreciation expense	<u>\$ 4,222,824</u>

NOTE 8 - INTERFUND BALANCES AND TRANSACTIONS

Interfund transfers:

	Transfer in:			Total
	General Fund	Nonmajor Governmental Funds	Internal Service Fund	
Transfer out:				
General fund	\$ -	\$ 1,933,286	\$ 504,301	\$ 2,437,587
Non-major governmental funds	494,903	1,061,306	23,800	1,580,009
Water/sewer utility fund	54,079	79,899	71,899	205,877
Internal service fund	<u>40,484</u>	<u>-</u>	<u>-</u>	<u>40,484</u>
Total	<u>\$ 589,466</u>	<u>\$ 3,074,491</u>	<u>\$ 600,000</u>	<u>\$ 4,263,957</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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 9 - 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	\$ 2,686,354	\$ 3,233,301
Less: accumulated depreciation	<u>(623,414)</u>	<u>(391,143)</u>
Total	<u>\$ 2,062,940</u>	<u>\$ 2,842,158</u>

The future minimum lease obligation and the net present value of these minimum lease payments as of September 30, 2011, were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2012	\$ 436,740	\$ 384,606
2013	306,010	384,606
2014	295,780	384,606
2015	250,047	384,606
2016	123,623	291,395
2017 - 2021	<u>494,490</u>	<u>1,165,584</u>
Total minimum lease payments	1,906,690	2,995,403
Less: amount representing interest	<u>(181,390)</u>	<u>(395,501)</u>
Present value of minimum lease payments	<u>\$ 1,725,300</u>	<u>\$ 2,599,902</u>

CITY OF OVIEDO, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 10 - 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 \$12,126,841. For the fiscal year, principal and interest paid on this series was \$549,791 and total pledged revenue was \$540,991.

Issue	Purpose	Maturity	Interest Rate	Original Amount	Outstanding Amount
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	\$ 7,490,000

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

Public Improvement Revenue Bonds –

The Public Improvement Revenue Bonds, Series 2002A are secured by utility tax revenue and communication services tax revenue. The total principal and interest remaining to be paid on this series is \$8,760,618. For the fiscal year, principal and interest paid on this series was \$794,845 and total pledged revenue was \$4,501,077.

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 \$3,029,082. For the fiscal year, principal and interest paid on this series was \$425,431 and total pledged revenue was \$4,501,077.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 10 - LONG-TERM DEBT (CONTINUED)

A. Bonds and Notes Payable (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:

Issue	Purpose	Maturity	Interest Rate	Original Amount	Outstanding Amount
Public Improvement Revenue Bonds, Series 2002A	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	\$ 6,690,000
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	2,565,000
Total Public Improvement Bonds					<u>\$ 9,255,000</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 \$1,861,025. For the fiscal year, principal and interest paid on this series was \$206,585 and total pledged revenue was \$1,831,939.

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 \$7,114,960. For the fiscal year, principal and interest paid on this series was \$445,013 and total pledged revenue was \$1,831,939.

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 \$818,066. For the fiscal year, principal and interest paid on this series was \$68,159 and total pledged revenue was \$2,185,142.

The Capital Improvement Revenue Note, Series 2011 are secured by half-cent-sales tax revenue. The total principal and interest remaining to be paid on this series is \$1,558,195. For the fiscal year, principal and interest paid on this series was \$74,730 and total pledged revenue was \$1,831,939.

CITY OF OVIEDO, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 10 - LONG-TERM DEBT (CONTINUED)

A. Bonds and Notes Payable (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	\$ 1,545,000
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	4,935,000
Capital Improvement Revenue Note, Series 2009	To finance the acquisition and construction of certain capital improvements of the city	2023	4.45%	688,500	623,400
Capital Improvement Revenue Note, Series 2011	To finance the acquisition, construction and equipping of a public works complex consisting of an administration, operations and fleet maintenance facility and the land therefore	2025	3.06%	1,300,000	1,252,122
Total Capital Improvement Bonds/Notes					8,355,522
Total non-self supporting Revenue bonds					\$ 17,610,522

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 \$13,651,731. For the fiscal year, principal and interest paid on this series was \$510,969 and total pledged revenue was \$6,970,701.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 10 - LONG-TERM DEBT (CONTINUED)

A. Bonds and Notes Payable (Continued)

Business-type Activities (Continued)

Self-supporting Revenue Bonds/Notes (Continued) –

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 \$5,645,343. For the fiscal year, principal and interest paid on this series was \$398,010 and total pledged revenue was \$6,970,701.

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 \$4,393,084. For the fiscal year, principal and interest paid on this series was \$274,352 and total pledged revenue was \$6,970,701.

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 \$5,736,434. For the fiscal year, principal and interest paid on this series was \$119,168 and total pledged revenue was \$6,970,701.

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 \$71,306,952. For the fiscal year, principal and interest paid on this series was \$1,789,806 and total pledged revenue was \$6,970,701.

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:

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CITY OF OVIEDO, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 10 - LONG-TERM DEBT (CONTINUED)

A. Bonds and Notes Payable (Continued)

Business-type Activities (Continued)

Self-supporting Revenue Bonds/Notes (Continued) -

Issue	Purpose	Maturity	Interest Rate	Original Amount	Outstanding Amount
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	\$ 8,355,000
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	4,220,000
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	3,233,000
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					\$ 51,708,000

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 \$3,563,187. For the fiscal year, principal and interest paid on this series was \$212,923 and total pledged revenue was \$3,665,473.

CITY OF OVIEDO, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 10 - LONG-TERM DEBT (CONTINUED)

A. Bonds and Notes Payable (Continued)

Business-type Activities (Continued)

<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 infrastructure	2026	2.71%	\$ 3,732,834	\$ 2,911,930

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 & Interest</u>
2012	\$ 215,000	\$ 1,288,385	\$ 1,115,092	\$ 2,618,477
2013	220,000	1,335,418	1,055,397	2,610,815
2014	230,000	1,388,620	992,222	2,610,842
2015	235,000	1,450,992	925,168	2,611,160
2016	245,000	1,508,436	853,994	2,607,430
2017 - 2021	1,395,000	7,057,753	3,100,882	11,553,635
2022 - 2026	1,735,000	3,155,918	1,466,170	6,357,088
2027 - 2031	2,190,000	425,000	585,714	3,200,714
2032 - 2036	<u>1,025,000</u>	<u>-</u>	<u>73,626</u>	<u>1,098,626</u>
	7,490,000	17,610,522	<u>\$ 10,168,265</u>	<u>\$ 35,268,787</u>

Less amount representing:

Unamortized premium (discount) (9,431) 7,484

Net debt \$ 7,480,569 \$ 17,618,006

CITY OF OVIEDO, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 10 - LONG-TERM DEBT (CONTINUED)

B. Summary of Debt Service Requirements to Maturity (Continued)

Business-type Activities

Year Ending September 30,	Enterprise SRF Loan	Enterprise Revenue Bonds	Total Interest	Total Principal & Interest
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	177,863	1,184,000	2,484,166	3,846,029
2017 - 2021	964,809	6,523,000	11,746,529	19,234,338
2022 - 2026	1,103,807	7,806,000	10,150,720	19,060,527
2027 - 2031	-	9,449,000	8,030,950	17,479,950
2032 - 2036	-	11,460,000	5,305,880	16,765,880
2037 - 2041	-	10,870,000	1,651,156	12,521,156
	2,911,930	51,708,000	\$ 49,676,801	\$ 104,296,731
Less amount representing:				
Unamortized premium (discount)	-	37,219		
Net debt	\$ 2,911,930	\$ 51,745,219		

C. Changes in Long-Term Liabilities

On January 31, 2011, the City issued Capital Improvement Revenue Note, Series 2011 in the amount of \$1,300,000. The proceeds of the Series 2011 Notes are being used to finance the acquisition, construction and equipping of a public works complex consisting of an administration, operations and fleet maintenance facility and the land therefore.

Long-term liability activity for the year ended September 30, 2011, was as follows:

CITY OF OVIEDO, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 10 - LONG-TERM DEBT (CONTINUED)

C. Changes in Long-Term Liabilities (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
General obligation bonds	\$ 7,695,000	\$ -	\$ (205,000)	\$ 7,490,000	\$ 215,000
Unamortized discount	(10,133)	-	702	(9,431)	-
Public improvement revenue bonds	10,025,000	-	(770,000)	9,255,000	810,000
Capital improvement revenue bonds	7,488,100	1,300,000	(432,578)	8,355,522	478,385
Unamortized premium	9,038	-	(1,554)	7,484	-
Landfill post-closure care	254,813	-	(15,190)	239,623	67,238
Capital lease	1,552,811	490,797	(318,308)	1,725,300	392,553
Compensated absences	1,805,062	151,676	(12,871)	1,943,867	194,387
Other post employment benefits	456,201	103,680	-	559,881	-
Governmental activity long-term liabilities	<u>\$ 29,275,892</u>	<u>\$ 2,046,153</u>	<u>\$ (1,754,799)</u>	<u>\$ 29,567,246</u>	<u>\$ 2,157,563</u>
Business-type activities:					
Utility revenue bonds	\$ 52,227,000	\$ -	\$ (519,000)	\$ 51,708,000	\$ 1,060,000
Unamortized (discount) premium	39,099	-	(1,880)	37,219	-
Capital lease	2,884,672	-	(284,770)	2,599,902	299,674
SRF loan	3,067,393	-	(155,463)	2,911,930	159,707
Compensated absences	131,570	59,484	-	191,054	19,108
Other post employment benefits	52,599	12,620	-	65,219	-
Business-type activity long-term liabilities	<u>\$ 58,402,333</u>	<u>\$ 72,104</u>	<u>\$ (961,113)</u>	<u>\$ 57,513,324</u>	<u>\$ 1,538,489</u>

Landfill post-closure care is discussed in Note 12.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 11 - 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, 2011. 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 12 - 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, 2011, the City had ongoing construction commitments of \$931,897 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 eleven (11) years at a cost estimate of \$17,238 annually. The estimated future cost for post-closure care amounting to \$189,623 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 2011.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 12 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Landfill Post - Closure Care (Continued) -

Balance - October 1, 2010	\$ 34,717
Required deposit	17,238
Investment income	573
Balance - September 30, 2011	<u>\$ 52,528</u>

NOTE 13 - 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 15). 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, 2011 there were 268 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, 2011, both the City and participating employees contributed \$863,519 to the Plan, which represents a significant 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, 2011

NOTE 14 - 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 15 - 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, 2011

NOTE 15 - 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, 2011 for Police Officers and Firefighters:

Current Fund Participation	Police Officers' Retirement Trust	Firefighters' Pension Trust
Active members	58	50
Retirees and beneficiaries receiving benefits	13	1
Terminated employees not yet receiving benefits	3	-
Disability retirees	3	1
Number of participants	77	52

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 15 - POLICE OFFICERS' RETIREMENT TRUST FUND AND FIREFIGHTERS' PENSION TRUST FUND (CONTINUED)

Plan Description (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 2011, the State contribution was \$220,651 for police officers and \$264,070 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:

	Police Officers' Retirement Trust	Firefighters' Pension Trust
	<u> </u>	<u> </u>
Annual pension cost	\$ 722,509	\$ 717,738
Contributions made:		
Employer	\$ 506,552	\$ 453,668
Employee	202,667	195,048
State	220,651	264,070
	<u>\$ 929,870</u>	<u>\$ 912,786</u>

The annual pension cost, net pension obligation and required contribution for September 30, 2011 were determined as part of the actuarial valuation of each plan as of October 1, 2011. 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:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 15 - POLICE OFFICERS' RETIREMENT TRUST FUND AND FIREFIGHTERS' PENSION TRUST FUND (CONTINUED)**Annual Pension Cost and Contributions Made (Continued)**

	Police Officers' Retirement Trust	Firefighters' Pension Trust
	<u> </u>	<u> </u>
Annual required contribution (ARC)	\$ 722,509	\$ 717,738
Interest on net pension obligation (NPO)	-	-
Adjustment to ARC	<u>-</u>	<u>-</u>
Annual pension cost	722,509	717,738
Contributions made	<u>(722,509)</u>	<u>(717,738)</u>
Increase (decrease) in NPO	-	-
NPO at beginning of year	<u>-</u>	<u>-</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, 2010, actuarial valuation. The annual required contribution for the current year was determined as part of the October 1, 2011 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 the four year smooth method for the Police Officers' Retirement Trust Fund and the market value for the Firefighters' Pension Trust Fund, respectively. The actuarial amortization method used was level percentage of pay, closed and the remaining amortization period is 29 years for police officers and 30 years for firefighters.

CITY OF OVIEDO, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 15 - POLICE OFFICERS' RETIREMENT TRUST FUND AND FIREFIGHTERS' PENSION TRUST FUND (CONTINUED)

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>
9/30/2011	\$ 722,509	100%	\$ -
9/30/2010	520,907	100%	-
9/30/2009	544,308	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>
9/30/2011	\$ 717,738	100%	\$ -
9/30/2010	706,858	100%	-
9/30/2009	513,020	100%	-

The following are the financial statements for the Police Officers' Retirement Trust Fund and Firefighters' Pension Trust Fund as of September 30, 2011:

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CITY OF OVIEDO, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 15 - POLICE OFFICERS' RETIREMENT TRUST FUND AND FIREFIGHTERS' PENSION TRUST FUND (CONTINUED)

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>
Assets:			
Cash and short-term investments	\$ 305,528	\$ 134,504	\$ 440,032
Receivables:			
Interest receivable	34,941	10,010	44,951
Contributions receivable	<u>3,158</u>	<u>-</u>	<u>3,158</u>
Total receivables	<u>38,099</u>	<u>10,010</u>	<u>48,109</u>
Investments, at fair value:			
U.S. Treasury & Government agency	1,563,500	-	1,563,500
Real Estate Investment Trust	570,467	-	570,467
Corporate & foreign bonds	1,512,632	-	1,512,632
Mutual funds & common stocks	<u>6,709,181</u>	<u>4,740,319</u>	<u>11,449,500</u>
Total Investments	<u>10,355,780</u>	<u>4,740,319</u>	<u>15,096,099</u>
Total assets	<u>\$ 10,699,407</u>	<u>\$ 4,884,833</u>	<u>\$ 15,584,240</u>
Liabilities:			
Refunds payable and others	<u>-</u>	<u>20,467</u>	<u>20,467</u>
Total liabilities	<u>-</u>	<u>20,467</u>	<u>20,467</u>
Net assets:			
Held in trust for pension benefits	<u>\$ 10,699,407</u>	<u>\$ 4,864,366</u>	<u>\$ 15,563,773</u>

CITY OF OVIEDO, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 15 - 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>
Additions:			
Contributions:			
City	\$ 506,552	\$ 453,668	\$ 960,220
State	220,651	264,070	484,721
Employee	<u>202,667</u>	<u>195,048</u>	<u>397,715</u>
Total contributions	<u>929,870</u>	<u>912,786</u>	<u>1,842,656</u>
Investment income:			
Interest	300,862	116,693	417,555
Net increase in fair value of investments	<u>(234,795)</u>	<u>(197,929)</u>	<u>(432,724)</u>
Net investment earnings	<u>66,067</u>	<u>(81,236)</u>	<u>(15,169)</u>
Total additions	<u>995,937</u>	<u>831,550</u>	<u>1,827,487</u>
Deductions:			
Benefit payments	461,993	88,902	550,895
Administrative expenses	<u>116,408</u>	<u>70,938</u>	<u>187,346</u>
Total deductions	<u>578,401</u>	<u>159,840</u>	<u>738,241</u>
Change in net assets	417,536	671,710	1,089,246
Net assets - beginning	<u>10,281,871</u>	<u>4,192,656</u>	<u>14,474,527</u>
Net assets - ending	<u>\$ 10,699,407</u>	<u>\$ 4,864,366</u>	<u>\$ 15,563,773</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)
10/1/2011	\$ 11,248,544	\$ 15,530,983	\$ 4,282,439	72.43%	\$ 3,199,428	133.85%

CITY OF OVIEDO, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 15 - 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)
10/1/2011	\$ 4,864,367	\$ 8,615,413	\$ 3,751,046	56.46%	\$ 2,831,066	132.50%

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 16 - 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 most recent actuarial report for the City's Retiree Continuation Insurance plan was prepared as of October 1, 2010. At that point in time, the unfunded actuarial accrued liability (UAAL) for benefits was \$1,285,700 and funded ratio was 0%. The covered payroll was \$11,595,800 and the ratio of UAAL to covered payroll was 11.09%.

The annual required contribution and Net OPEB Obligation for the fiscal year ended September 30, 2011 is as follows:

Annual required contribution	\$ 149,700
Interest on net OPEB obligation	20,400
Adjustment to annual required contribution	<u>(21,200)</u>
Annual OPEB cost	148,900
Employer contributions	<u>(32,600)</u>
Increase in Net OPEB obligation	116,300
Net OPEB obligation (beginning of year)	<u>508,800</u>
Net OPEB obligation (end of year)	<u>\$ 625,100</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 16 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Three year trend information:

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

Year ended September 30,	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
2011	\$ 148,900	21.8%	\$ 625,100
2010	239,900	6.4%	508,800
2009	299,900	5.1%	284,400

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 for the postemployment defined benefit plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decrease relative to the actuarial accrued liability for benefits over time.

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).

Under this method, inactive participants have no normal cost, and the actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The Plan's total annual normal cost and actuarial liability are the sum of the individual participant amounts.

An experience gain or loss is a decrease in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 16 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Summary of Actuarial Methods & Assumptions (Continued):

Actuarial Value of Assets- There are no assets held in trust for this plan.

Benefits Not Included- Includes all benefits covered by current plan provisions. The actuary is not aware of any employer commitments to make future plan amendments and therefore have not considered such in determining the cost for this plan. COBRA benefit liabilities are not being valued for GASB Statement No. 45.

Data- Data for active employees, retirees, and covered spouses was provided by the plan administrator. Although a complete audit was not performed, the number of employees in various categories was analyzed for obvious errors or important inconsistencies. There are no known material inadequacies in the data.

Amortization- Items subject to deferred recognition are amortized with a 2.5% annual increase over the following periods of time: (a) Initial Unfunded Actuarial Accrued Liability (UAAL), up to 30 years; (b) Subsequent UAAL, up to 30 years; and (c) Gains and Losses, amortized as part of the UAAL. Amortizations are open ended in that they begin anew at each valuation date.

Measurement Date- The measurement date, as defined by GASB Statement NO. 45 is October 1, 2010 for the year beginning October 1, 2010. The City is eligible to perform biennial valuations. The City may elect to apply the 2010 results to the fiscal year beginning in 2011 assuming certain conditions are met. This election is allowed under the GASB Statement NO. 45.

Claim Costs- Claim costs are based upon premiums for the experience-rated plan. The premiums were provided by the insurance company. Standard aging factors were applied to the amounts provided to produce the expected claims for retired employees and their covered spouses.

Decrements-

Investment Return- 4% per annum.

Medical Trend Rate- Medical Per Capita costs, Average Costs and premiums are assumed to increase by 9.5% in the fiscal year beginning October 1, 2011. This expected rate decreases at a rate of 0.5% per year until an ultimate rate of 5.00% is reached.

CITY OF OVIEDO, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 16 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Summary of Actuarial Methods & Assumptions (Continued):

Decrements (Continued)-

Claim Costs- Per Capita costs for 2010/2011 are assumed to be:

<u>Age</u>	<u>Claim Cost (Annual)</u>
50 and lower	6,588
50 - 54	7,743
55 - 59	9,241
60 - 64	11359
65+	N/A

Dental and Vision coverage is no longer valued. The retiree contributions required for this coverage are believed to be sufficient to cover the cost of the benefit.

Mortality- Mortality is based on the RP-2000 Combined Fully Generational Mortality Table using scale AA, sex-distinct.

Termination- The rate for Police Officers and Firefighters are the same as those used for the October 1, 2011 City of Oviedo Pension Actuarial Valuation Reports. The rates for General Employees are the same as those used in the previous valuation. Sample rates are show below.

<u>Age</u>	<u>General Employees</u>		<u>Firefighters</u>	<u>Police Officers</u>
	<u>Male</u>	<u>Female</u>		
20	10.90%	11.60%	6.00%	6.00%
30	5.20%	5.40%	5.00%	5.00%
40	3.30%	3.30%	2.60%	2.60%
50	3.30%	3.20%	0.80%	0.80%

Assumed Retirement- The rates are primarily consistent with those used for the October 1, 2011 City of Oviedo Pension Actuarial Valuation Reports.

General Employees

<u>Age</u>	<u>Retirement</u>
62	25%
63	10%
64	10%
65	100%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 16 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Summary of Actuarial Methods & Assumptions (Continued):

Decrements (Continued)-
Assumed Retirement (Continued)-

Firefighters

Beginning at their earliest Early Retirement Age (50) and 10 years of service, participants are assumed to retire at the rate of 5% per year. 100% of participants are assumed to retire upon Normal Retirement eligibility.

Police Officers

Beginning at their earliest Early Retirement Age (45) and 10 years of service, participants are assumed to retire at the rate of 5% per year. 100% of participants are assumed to retire upon Normal Retirement eligibility.

Disability- None assumed.

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

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

Participation- Assumed percent of active participants continuing their medical coverage:

<u>Age</u>	<u>Participation</u>
45 - 49	10%
50 - 54	15%
55 - 59	30%
60+	65%

50% of the active participants electing postretirement medical coverage are assumed to also cover a spouse in retirement (no explicit marriage assumption). 100% of active participants are assumed to elect life insurance coverage into retirement.

Salary Scale- Current Salary is assumed to increase at a rate of 2.5% per year.

Expenses- Plan administrative expenses are included in the claim costs.

Census data- No future new entrants, no rehire of former employees, and no liability is held for non-vested former employees.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 16 - 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-

<u>Type of Coverage</u>	<u>Employee</u>	<u>Spouse</u>
<u>Medical, Prescription, Dental and Vision Coverage</u>		
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
<u>Medical, Prescription, Dental and Vision Coverage during Disability Coverage</u>		
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, 2011

NOTE 17 - FUND BALANCES

In fiscal year 2011, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This standard promotes clarity and consistency to Fund Balance classifications and categories, making the statements more useful by clarifying the presentation of available resources.

Due to the implementation of GASB Statement No. 54, the components of the fund balances of governmental funds now reflect the classifications described below. Prior year amounts have been restated to reflect these new categories, as detailed in Note 18.

Non-Spendable Fund Balance – amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws and regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – amounts that can be used only for the specific purposes determined by a formal action of the Council Members, the City's highest level of decision making authority, with formal action occurring prior to fiscal year end. Commitments may be changed or lifted only by the Council Members taking the same formal action (resolution) that imposed the constraint originally.

Assigned Fund Balance – includes spendable fund balance amounts intended by management to be used for a specific purpose.

Unassigned Fund Balance – this is the residual classification for the general fund only. This classification represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund, except the General Fund, if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

At September 30, 2011, the City's governmental fund balances were classified as follows:

CITY OF OVIEDO, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2011

NOTE 17 - FUND BALANCES (CONTINUED)

	<u>General Fund</u>	<u>Local Option Sales Tax Fund</u>	<u>Downtown Improvement Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balances					
Non spendable:					
Inventories	\$ 23,988	\$ -	\$ -	\$ -	\$ 23,988
Prepaid items	60,376	-	-	-	60,376
Restricted for:					
Public safety	34,402	-	-	296,292	330,694
Physical environment	-	1,186,447	8,058,726	5,848,545	15,093,718
Debt service	-	-	-	11,703	11,703
Committed to:					
Capital projects	-	-	-	-	-
Physical environment	-	-	-	1,344,575	1,344,575
Assigned to:					
General government	-	-	-	87,667	87,667
Public safety	-	-	-	740,678	740,678
Physical environment	-	-	-	1,068,027	1,068,027
Parks and recreation	-	-	-	81,880	81,880
Debt service	-	-	-	37	37
Subsequent year's expenditures	193,167	-	-	-	193,167
Unassigned	<u>3,379,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,379,984</u>
Total fund balance	<u>\$ 3,691,917</u>	<u>\$ 1,186,447</u>	<u>\$ 8,058,726</u>	<u>\$ 9,479,404</u>	<u>\$ 22,416,494</u>

NOTE 18 - ADJUSTMENT FOR CHANGE IN ACCOUNTING PRINCIPLE

Beginning fund balance in the General Fund and the Economic Development Fund has been restated to eliminate funds that are no longer classified as special revenue funds under GASB Statement No. 54. The effect on beginning fund balances was to increase the General Fund by \$536,434 and to decrease the Economic Development Fund by the same amount. These adjustments have no effect on the government-wide financial statements.

NOTE 19 - SUBSEQUENT EVENT

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

Required Supplementary Information

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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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property Taxes	\$ 9,009,061	\$ 9,009,061	\$ 9,038,759	\$ 29,698
Utility taxes	4,737,540	4,737,540	4,501,077	(236,463)
Business receipts	144,290	144,290	154,764	10,474
Licenses and permits	2,733,047	2,733,047	2,392,914	(340,133)
Intergovernmental	2,707,754	2,748,160	2,815,036	66,876
Charges for services	2,094,148	2,094,148	2,267,834	173,686
Fines and forfeitures	73,620	73,620	120,781	47,161
Investment income	156,510	156,510	103,384	(53,126)
Service assessments	5,130	5,130	632	(4,498)
Miscellaneous	164,459	164,459	245,776	81,317
Total revenues	<u>21,825,559</u>	<u>21,865,965</u>	<u>21,640,957</u>	<u>(225,008)</u>
Expenditures:				
Current:				
General government	2,579,469	1,704,529	2,175,015	(470,486)
Public safety	11,594,564	11,616,973	11,609,953	7,020
Physical environment	2,949,739	2,967,736	2,778,909	188,827
Culture and recreation	3,364,877	3,364,877	3,255,180	109,697
Capital outlay:				
General government	-	-	6,833	(6,833)
Public safety	20,000	20,000	28,200	(8,200)
Physical environment	-	-	9,750	(9,750)
Total expenditures	<u>20,508,649</u>	<u>19,674,115</u>	<u>19,863,840</u>	<u>(189,725)</u>
Excess (deficiency) of revenues over expenditures	<u>1,316,910</u>	<u>2,191,850</u>	<u>1,777,117</u>	<u>(414,733)</u>
Other financing sources (uses):				
Transfers in	554,467	589,467	589,466	(1)
Transfers out	(2,452,315)	(2,997,554)	(2,437,587)	559,967
Sale of capital assets	<u>30,070</u>	<u>30,070</u>	<u>51,966</u>	<u>21,896</u>
Total other financing sources (uses)	<u>(1,867,778)</u>	<u>(2,378,017)</u>	<u>(1,796,155)</u>	<u>581,862</u>
Net change in fund balances	(550,868)	(186,167)	(19,038)	167,129
Fund balances - beginning, as restated	4,391,080	4,391,080	4,391,080	-
Prior period adjustment	-	-	(680,125)	(680,125)
Fund balances - ending	<u>\$ 3,840,212</u>	<u>\$ 4,204,913</u>	<u>\$ 3,691,917</u>	<u>\$ (512,996)</u>

CITY OF OVIEDO, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2011

**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)
10/1/2011	\$ 11,248,544	\$ 15,530,983	\$ 4,282,439	72.43%	\$ 3,199,428	133.85%
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%

**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
2011	\$ 722,509	\$ 506,552	\$ 215,957 *	100.00%
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%

* 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)
10/1/2011	\$ 4,864,367	\$ 8,615,413	\$ 3,751,046	56.46%	\$ 2,831,066	132.50%
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%

CITY OF OVIEDO, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2011

**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
2011	\$ 717,738	\$ 453,668	\$ 264,070	100.00%
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%

**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)
10/1/2010	\$ -	\$ 1,285,700	\$ 1,285,700	0.00%	\$ 94,300	\$ 11,595,800	11.09%
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)	Percentage of ARC Contributed	Net OPEB Obligation
2011	\$ 148,900	21.8%	\$ 625,100
2010	239,900	6.4%	508,800
2009	299,900	5.1%	284,400

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Combined and Individual Statements

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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.

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.

Transportation Impact Fees Fund – 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.

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.

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, 2011

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 1,028,979	\$ 11,722	\$ 716,576	\$ 1,757,277
Investments	6,878,705	-	1,407,737	8,286,442
Restricted investments	13,433	-	-	13,433
Receivables, net	161,381	-	-	161,381
Due from other governments	114,963	18	-	114,981
Restricted assets:				
Cash and cash equivalents	-	-	52,528	52,528
Total assets	<u>\$ 8,197,461</u>	<u>\$ 11,740</u>	<u>\$ 2,176,841</u>	<u>\$ 10,386,042</u>
Liabilities and fund balances:				
Accounts payable	\$ 493,818	\$ -	\$ 197,199	\$ 691,017
Accrued liabilities	35,094	-	10,000	45,094
Retainage payable	-	-	157,094	157,094
Payable from restricted assets	<u>13,433</u>	<u>-</u>	<u>-</u>	<u>13,433</u>
Total liabilities	<u>542,345</u>	<u>-</u>	<u>364,293</u>	<u>906,638</u>
Fund balances:				
Restricted	6,144,837	11,703	-	6,156,540
Committed	1,344,575	-	-	1,344,575
Assigned	<u>165,704</u>	<u>37</u>	<u>1,812,548</u>	<u>1,978,289</u>
Total fund balances	<u>7,655,116</u>	<u>11,740</u>	<u>1,812,548</u>	<u>9,479,404</u>
Total liabilities and fund balances	<u>\$ 8,197,461</u>	<u>\$ 11,740</u>	<u>\$ 2,176,841</u>	<u>\$ 10,386,042</u>

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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, 2011

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:				
Taxes	\$ -	\$ 540,991	\$ -	\$ 540,991
Licenses and permits	797,738	-	-	797,738
Intergovernmental revenues	1,425,015	-	691	1,425,706
Charges for services	3,923,864	-	15,000	3,938,864
Fines and forfeitures	25,530	-	-	25,530
Investment income	86,326	5,302	19,473	111,101
Service assessments	746,786	-	-	746,786
Miscellaneous	2,523	-	-	2,523
Total revenues	<u>7,007,782</u>	<u>546,293</u>	<u>35,164</u>	<u>7,589,239</u>
Expenditures:				
Current:				
General government	-	-	258,313	258,313
Public safety	1,160,288	-	520	1,160,808
Physical environment	3,874,544	-	49,072	3,923,616
Debt service:				
Principal	-	1,725,886	-	1,725,886
Interest and fiscal charges	-	1,210,266	-	1,210,266
Issuance costs	-	-	38,527	38,527
Capital outlay:				
Public safety	22,000	-	-	22,000
Physical environment	804,772	-	1,454,075	2,258,847
Parks and recreation	-	-	158,717	158,717
Total expenditures	<u>5,861,604</u>	<u>2,936,152</u>	<u>1,959,224</u>	<u>10,756,980</u>
Excess (deficiency) of revenues over expenditures	<u>1,146,178</u>	<u>(2,389,859)</u>	<u>(1,924,060)</u>	<u>(3,167,741)</u>
Other financing sources (uses):				
Transfers in	223,751	2,392,232	458,508	3,074,491
Transfers out	(1,235,650)	-	(344,359)	(1,580,009)
Capital leases	-	-	490,797	490,797
Revenue note issued	-	-	1,300,000	1,300,000
Total other financing sources (uses)	<u>(1,011,899)</u>	<u>2,392,232</u>	<u>1,904,946</u>	<u>3,285,279</u>
Net change in fund balances	134,279	2,373	(19,114)	117,538
Fund balances - beginning	<u>7,520,837</u>	<u>9,367</u>	<u>1,831,662</u>	<u>9,361,866</u>
Fund balances - ending	<u>\$ 7,655,116</u>	<u>\$ 11,740</u>	<u>\$ 1,812,548</u>	<u>\$ 9,479,404</u>

CITY OF OVIEDO, FLORIDA
Subcombining Balance Sheet
Nonmajor Special Revenue Funds
September 30, 2011

	<u>Capital Expansion</u>	<u>Local Option Gas Tax</u>	<u>State Law Enforcement</u>	<u>Federal DEA Grant (Forfeiture)</u>
Assets:				
Cash and cash equivalents	\$ 116,446	\$ 255,827	\$ 3,728	\$ 26,405
Investments	1,278,705	-	40,000	250,000
Restricted investments	-	-	-	-
Receivables, net	-	-	-	-
Due from other governments	-	73,606	-	-
Total assets	<u>\$ 1,395,151</u>	<u>\$ 329,433</u>	<u>\$ 43,728</u>	<u>\$ 276,405</u>
Liabilities and fund balances:				
Accounts payable	\$ -	\$ 466	\$ 47	\$ 23,794
Accrued liabilities	-	-	-	-
Payable from restricted assets	-	-	-	-
Total liabilities	<u>-</u>	<u>466</u>	<u>47</u>	<u>23,794</u>
Fund balances:				
Restricted	1,395,151	328,967	43,681	252,611
Committed	-	-	-	-
Assigned	-	-	-	-
Total fund balances	<u>1,395,151</u>	<u>328,967</u>	<u>43,681</u>	<u>252,611</u>
Total liabilities and fund balances	<u>\$ 1,395,151</u>	<u>\$ 329,433</u>	<u>\$ 43,728</u>	<u>\$ 276,405</u>

CITY OF OVIEDO, FLORIDA
Subcombining Balance Sheet, Continued
Nonmajor Special Revenue Funds
September 30, 2011

<u>Solid Waste</u>	<u>Building Services</u>	<u>Stormwater</u>	<u>Transportation Impact Fees</u>	<u>Total</u>
\$ 26,649	\$ 26,423	\$ 159,074	\$ 414,427	\$ 1,028,979
190,000	-	1,410,000	3,710,000	6,878,705
-	13,433	-	-	13,433
111,183	-	50,198	-	161,381
41,084	-	273	-	114,963
<u>\$ 368,916</u>	<u>\$ 39,856</u>	<u>\$ 1,619,545</u>	<u>\$ 4,124,427</u>	<u>\$ 8,197,461</u>
\$ 212,570	\$ 15,904	\$ 241,037	\$ -	\$ 493,818
-	1,161	33,933	-	35,094
-	13,433	-	-	13,433
<u>212,570</u>	<u>30,498</u>	<u>274,970</u>	<u>-</u>	<u>542,345</u>
-	-	-	4,124,427	6,144,837
-	-	1,344,575	-	1,344,575
156,346	9,358	-	-	165,704
<u>156,346</u>	<u>9,358</u>	<u>1,344,575</u>	<u>4,124,427</u>	<u>7,655,116</u>
<u>\$ 368,916</u>	<u>\$ 39,856</u>	<u>\$ 1,619,545</u>	<u>\$ 4,124,427</u>	<u>\$ 8,197,461</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, 2011

	<u>Capital Expansion</u>	<u>Local Option Gas Tax</u>	<u>State Law Enforcement</u>	<u>Federal DEA Grant (Forfeiture)</u>	<u>State Pension Contributions</u>
Revenues:					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	913,784	-	26,510	484,721
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	25,530	-	-
Investment income	14,873	6,401	528	2,562	-
Service assessments	461,484	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>476,357</u>	<u>920,185</u>	<u>26,058</u>	<u>29,072</u>	<u>484,721</u>
Expenditures:					
Current:					
Public safety	-	-	20,565	15,202	484,721
Physical environment	-	474,082	-	-	-
Capital outlay:					
Public safety	-	-	-	22,000	-
Physical environment	-	62,270	-	-	-
Total expenditures	<u>-</u>	<u>536,352</u>	<u>20,565</u>	<u>37,202</u>	<u>484,721</u>
Excess (deficiency) of revenues over expenditures	<u>476,357</u>	<u>383,833</u>	<u>5,493</u>	<u>(8,130)</u>	<u>-</u>
Other financing sources (uses):					
Transfers in	181,939	-	-	-	-
Transfers out	<u>(496,682)</u>	<u>(211,300)</u>	<u>(16,943)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(314,743)</u>	<u>(211,300)</u>	<u>(16,943)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	161,614	172,533	(11,450)	(8,130)	-
Fund balances - beginning	<u>1,233,537</u>	<u>156,434</u>	<u>55,131</u>	<u>260,741</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,395,151</u>	<u>\$ 328,967</u>	<u>\$ 43,681</u>	<u>\$ 252,611</u>	<u>\$ -</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, 2011

<u>Solid Waste</u>	<u>Building Services</u>	<u>Stormwater</u>	<u>Transportation Impact Fees</u>	<u>Total</u>
\$ -	\$ 797,738	\$ -	\$ -	\$ 797,738
-	-	-	-	1,425,015
2,526,597	-	1,397,267	-	3,923,864
-	-	-	-	25,530
2,174	1,840	16,098	41,850	86,326
-	-	-	285,302	746,786
250	-	2,273	-	2,523
<u>2,529,021</u>	<u>799,578</u>	<u>1,415,638</u>	<u>327,152</u>	<u>7,007,782</u>
-	639,800	-	-	1,160,288
2,302,897	-	1,097,565	-	3,874,544
-	-	-	-	22,000
-	-	604,185	138,317	804,772
<u>2,302,897</u>	<u>639,800</u>	<u>1,701,750</u>	<u>138,317</u>	<u>5,861,604</u>
<u>226,124</u>	<u>159,778</u>	<u>(286,112)</u>	<u>188,835</u>	<u>1,146,178</u>
-	-	41,812	-	223,751
<u>(123,354)</u>	<u>(156,659)</u>	<u>(121,681)</u>	<u>(109,031)</u>	<u>(1,235,650)</u>
<u>(123,354)</u>	<u>(156,659)</u>	<u>(79,869)</u>	<u>(109,031)</u>	<u>(1,011,899)</u>
102,770	3,119	(365,981)	79,804	134,279
<u>53,576</u>	<u>6,239</u>	<u>1,710,556</u>	<u>4,044,623</u>	<u>7,520,837</u>
<u>\$ 156,346</u>	<u>\$ 9,358</u>	<u>\$ 1,344,575</u>	<u>\$ 4,124,427</u>	<u>\$ 7,655,116</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ 25,440	\$ 25,440	\$ 14,873	\$ (10,567)
Service assessments	<u>337,734</u>	<u>337,734</u>	<u>461,484</u>	<u>123,750</u>
Total revenues	<u>363,174</u>	<u>363,174</u>	<u>476,357</u>	<u>113,183</u>
Expenditures:				
Capital outlay	<u>312,833</u>	<u>312,833</u>	-	<u>312,833</u>
Total expenditures	<u>439,939</u>	<u>441,204</u>	-	<u>441,204</u>
Excess (deficiency) of revenues over expenditures	<u>(76,765)</u>	<u>(78,030)</u>	<u>476,357</u>	<u>554,387</u>
Other financing sources (uses):				
Transfers in	180,674	181,939	181,939	-
Transfers out	<u>(500,063)</u>	<u>(500,063)</u>	<u>(496,682)</u>	<u>3,381</u>
Total other financing sources (uses)	<u>(319,389)</u>	<u>(318,124)</u>	<u>(314,743)</u>	<u>3,381</u>
Net change in fund balances	(396,154)	(396,154)	161,614	557,768
Fund balances - beginning	<u>1,233,537</u>	<u>1,233,537</u>	<u>1,233,537</u>	-
Fund balances - ending	<u>\$ 837,383</u>	<u>\$ 837,383</u>	<u>\$ 1,395,151</u>	<u>\$ 557,768</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 857,457	\$ 857,457	\$ 913,784	\$ 56,327
Investment income	1,500	1,500	6,401	4,901
Fines and forfeitures	<u>61,594</u>	<u>61,594</u>	<u>-</u>	<u>(61,594)</u>
Total revenues	<u>920,551</u>	<u>920,551</u>	<u>920,185</u>	<u>(366)</u>
Expenditures:				
Current:				
Physical environment	709,251	709,251	474,082	235,169
Capital outlay:				
Physical environment	<u>-</u>	<u>-</u>	<u>62,270</u>	<u>(62,270)</u>
Total Expenditures	<u>709,251</u>	<u>709,251</u>	<u>536,352</u>	<u>172,899</u>
Excess (deficiency) of revenues over expenditures	<u>211,300</u>	<u>211,300</u>	<u>383,833</u>	<u>172,533</u>
Other financing sources (uses):				
Transfers out	<u>(211,300)</u>	<u>(211,300)</u>	<u>(211,300)</u>	<u>-</u>
Total other financing sources (uses)	<u>(211,300)</u>	<u>(211,300)</u>	<u>(211,300)</u>	<u>-</u>
Net change in fund balances	-	-	172,533	172,533
Fund balances - beginning	<u>156,434</u>	<u>156,434</u>	<u>156,434</u>	<u>-</u>
Fund balances - ending	<u>\$ 156,434</u>	<u>\$ 156,434</u>	<u>\$ 328,967</u>	<u>\$ 172,533</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 20,000	\$ 20,000	\$ 25,530	\$ 5,530
Investment income	1,000	1,000	528	(472)
Total revenues	<u>21,000</u>	<u>21,000</u>	<u>26,058</u>	<u>5,058</u>
Expenditures:				
Current:				
Public safety	<u>25,500</u>	<u>25,500</u>	<u>20,565</u>	<u>4,935</u>
Total expenditures	<u>25,500</u>	<u>25,500</u>	<u>20,565</u>	<u>4,935</u>
Excess (deficiency) of revenues over expenditures	<u>(4,500)</u>	<u>(4,500)</u>	<u>5,493</u>	<u>9,993</u>
Other financing sources (uses):				
Transfers out	<u>(16,943)</u>	<u>(16,943)</u>	<u>(16,943)</u>	<u>-</u>
Total other financing sources (uses)	<u>(16,943)</u>	<u>(16,943)</u>	<u>(16,943)</u>	<u>-</u>
Net change in fund balances	(21,443)	(21,443)	(11,450)	9,993
Fund balances - beginning	<u>55,131</u>	<u>55,131</u>	<u>55,131</u>	<u>-</u>
Fund balances - ending	<u>\$ 33,688</u>	<u>\$ 33,688</u>	<u>\$ 43,681</u>	<u>\$ 9,993</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 26,510	\$ (3,490)
Investment income	5,000	5,000	2,562	(2,438)
Total revenues	35,000	35,000	29,072	(5,928)
Expenditures:				
Current:				
Public safety	35,000	13,276	15,202	(1,926)
Capital outlay	-	23,885	22,000	1,885
Total expenditures	35,000	37,161	37,202	(41)
Excess (deficiency) of revenues over expenditures	-	(2,161)	(8,130)	(5,969)
Net change in fund balances	-	(2,161)	(8,130)	(5,969)
Fund balances - beginning	260,741	260,741	260,741	-
Fund balances - ending	\$ 260,741	\$ 258,580	\$ 252,611	\$ (5,969)

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 2,402,460	\$ 2,426,460	\$ 2,526,597	\$ 100,137
Investment income	5,000	5,000	2,174	(2,826)
Miscellaneous	<u>-</u>	<u>-</u>	<u>250</u>	<u>250</u>
Total revenues	<u>2,407,460</u>	<u>2,431,460</u>	<u>2,529,021</u>	<u>97,561</u>
Expenditures:				
Current:				
Physical environment	<u>2,284,106</u>	<u>2,308,106</u>	<u>2,302,897</u>	<u>5,209</u>
Total expenditures	<u>2,284,106</u>	<u>2,308,106</u>	<u>2,302,897</u>	<u>5,209</u>
Excess (deficiency) of revenues over expenditures	<u>123,354</u>	<u>123,354</u>	<u>226,124</u>	<u>102,770</u>
Other financing sources (uses):				
Transfers out	<u>(123,354)</u>	<u>(123,354)</u>	<u>(123,354)</u>	<u>-</u>
Total other financing sources (uses)	<u>(123,354)</u>	<u>(123,354)</u>	<u>(123,354)</u>	<u>-</u>
Net change in fund balances	-	-	102,770	102,770
Fund balances - beginning	<u>53,576</u>	<u>53,576</u>	<u>53,576</u>	<u>-</u>
Fund balances - ending	<u>\$ 53,576</u>	<u>\$ 53,576</u>	<u>\$ 156,346</u>	<u>\$ 102,770</u>

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses and permits	\$ 748,000	\$ 761,000	\$ 797,738	\$ 36,738
Investment income	600	600	1,840	1,240
Total revenues	<u>748,600</u>	<u>761,600</u>	<u>799,578</u>	<u>37,978</u>
Expenditures:				
Current:				
Public safety	<u>626,941</u>	<u>639,941</u>	<u>639,800</u>	<u>141</u>
Total expenditures	<u>626,941</u>	<u>639,941</u>	<u>639,800</u>	<u>141</u>
Excess (deficiency) of revenues over expenditures	<u>121,659</u>	<u>121,659</u>	<u>159,778</u>	<u>38,119</u>
Other financing sources (uses):				
Transfers out	<u>(121,659)</u>	<u>(156,659)</u>	<u>(156,659)</u>	<u>-</u>
Total other financing sources (uses)	<u>(121,659)</u>	<u>(156,659)</u>	<u>(156,659)</u>	<u>-</u>
Net change in fund balances	-	(35,000)	3,119	38,119
Fund balances - beginning	<u>6,239</u>	<u>6,239</u>	<u>6,239</u>	<u>-</u>
Fund balances - ending	<u>\$ 6,239</u>	<u>\$ (28,761)</u>	<u>\$ 9,358</u>	<u>\$ 38,119</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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 1,503,030	\$ 1,495,731	\$ 1,397,267	\$ (98,464)
Investment income	25,000	25,000	16,098	(8,902)
Miscellaneous	<u>-</u>	<u>-</u>	<u>2,273</u>	<u>2,273</u>
Total revenues	<u>1,528,030</u>	<u>1,520,731</u>	<u>1,415,638</u>	<u>(105,093)</u>
Expenditures:				
Current:				
Physical environment	1,030,809	1,030,809	1,097,565	(66,756)
Capital outlay:				
Physical environment	<u>1,595,998</u>	<u>1,595,998</u>	<u>604,185</u>	<u>991,813</u>
Total expenditures	<u>2,626,807</u>	<u>2,626,807</u>	<u>1,701,750</u>	<u>925,057</u>
Excess (deficiency) of revenue over expenditures	<u>(1,098,777)</u>	<u>(1,106,076)</u>	<u>(286,112)</u>	<u>819,964</u>
Other financing sources (uses):				
Transfers in	34,513	41,812	41,812	-
Transfers out	<u>(182,122)</u>	<u>(182,122)</u>	<u>(121,681)</u>	<u>60,441</u>
Total other financing sources (uses)	<u>(147,609)</u>	<u>(140,310)</u>	<u>(79,869)</u>	<u>60,441</u>
Net change in fund balances	(1,246,386)	(1,246,386)	(365,981)	880,405
Fund balances - beginning	<u>1,710,556</u>	<u>1,710,556</u>	<u>1,710,556</u>	<u>-</u>
Fund balances - ending	<u>\$ 464,170</u>	<u>\$ 464,170</u>	<u>\$ 1,344,575</u>	<u>\$ 880,405</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ 75,000	\$ 75,000	\$ 41,850	\$ (33,150)
Service assessments	<u>200,000</u>	<u>200,000</u>	<u>285,302</u>	<u>85,302</u>
Total revenues	<u>275,000</u>	<u>275,000</u>	<u>327,152</u>	<u>52,152</u>
Expenditures:				
Capital outlay:				
Physical environment	<u>460,000</u>	<u>460,000</u>	<u>138,317</u>	<u>321,683</u>
Total expenditures	<u>460,000</u>	<u>460,000</u>	<u>138,317</u>	<u>321,683</u>
Excess (deficiency) of revenue over expenditures	<u>(185,000)</u>	<u>(185,000)</u>	<u>188,835</u>	<u>373,835</u>
Other financing sources (uses):				
Transfers out	<u>(109,031)</u>	<u>(109,031)</u>	<u>(109,031)</u>	<u>-</u>
Total other financing sources (uses)	<u>(109,031)</u>	<u>(109,031)</u>	<u>(109,031)</u>	<u>-</u>
Net change in fund balances	(294,031)	(294,031)	79,804	373,835
Fund balances - beginning	<u>4,044,623</u>	<u>4,044,623</u>	<u>4,044,623</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,750,592</u>	<u>\$ 3,750,592</u>	<u>\$ 4,124,427</u>	<u>\$ 373,835</u>

CITY OF OVIEDO, FLORIDA
Subcombining Balance Sheet
Nonmajor Debt Service Funds
September 30, 2011

	<u>Public Improvement Revenue Bonds</u>	<u>General Obligation Bonds</u>	<u>Lease Financing Debt Service</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 419	\$ 11,266	\$ 37	\$ 11,722
Due from other governments	-	18	-	18
Total assets	<u>\$ 419</u>	<u>\$ 11,284</u>	<u>\$ 37</u>	<u>\$ 11,740</u>
Liabilities and fund balances:				
Accrued liabilities	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted	419	11,284	-	11,703
Assigned	-	-	37	37
Total fund balances	<u>419</u>	<u>11,284</u>	<u>37</u>	<u>11,740</u>
Total liabilities and fund balances	<u>\$ 419</u>	<u>\$ 11,284</u>	<u>\$ 37</u>	<u>\$ 11,740</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, 2011

	<u>Public Improvement Revenue Bonds</u>	<u>General Obligation Bonds</u>	<u>Lease Financing Debt Service</u>	<u>Total</u>
Revenues:				
Taxes	\$ -	\$ 540,991	\$ -	\$ 540,991
Investment income	-	5,302	-	5,302
Total revenues	<u>-</u>	<u>546,293</u>	<u>-</u>	<u>546,293</u>
Expenditures:				
Debt service:				
Principal	1,202,578	205,000	318,308	1,725,886
Interest and fiscal charges	<u>812,785</u>	<u>345,091</u>	<u>52,390</u>	<u>1,210,266</u>
Total expenditures	<u>2,015,363</u>	<u>550,091</u>	<u>370,698</u>	<u>2,936,152</u>
Excess (deficiency) of revenues over expenditures	<u>(2,015,363)</u>	<u>(3,798)</u>	<u>(370,698)</u>	<u>(2,389,859)</u>
Other financing sources (uses):				
Transfers in	<u>2,015,067</u>	<u>6,465</u>	<u>370,700</u>	<u>2,392,232</u>
Total other financing sources (uses)	<u>2,015,067</u>	<u>6,465</u>	<u>370,700</u>	<u>2,392,232</u>
Net change in fund balances	(296)	2,667	2	2,373
Fund balances - beginning	<u>715</u>	<u>8,617</u>	<u>35</u>	<u>9,367</u>
Fund balances - ending	<u>\$ 419</u>	<u>\$ 11,284</u>	<u>\$ 37</u>	<u>\$ 11,740</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Debt service:				
Principal	\$ 1,179,700	\$ 1,179,700	\$ 1,202,578	\$ (22,878)
Interest	<u>872,765</u>	<u>872,765</u>	<u>812,785</u>	<u>59,980</u>
Total expenditures	<u>2,052,465</u>	<u>2,052,465</u>	<u>2,015,363</u>	<u>37,102</u>
Excess (deficiency) of revenues over expenditures	<u>(2,052,465)</u>	<u>(2,052,465)</u>	<u>(2,015,363)</u>	<u>37,102</u>
Other financing sources (uses):				
Transfers in	<u>2,051,945</u>	<u>2,051,945</u>	<u>2,015,067</u>	<u>36,878</u>
Total other financing sources (uses)	<u>2,051,945</u>	<u>2,051,945</u>	<u>2,015,067</u>	<u>36,878</u>
Net change in fund balances	(520)	(520)	(296)	73,980
Fund balances - beginning	<u>715</u>	<u>715</u>	<u>715</u>	<u>-</u>
Fund balances - ending	<u>\$ 195</u>	<u>\$ 195</u>	<u>\$ 419</u>	<u>\$ 73,980</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 538,626	\$ 538,626	\$ 540,991	\$ 2,365
Investment income	5,000	5,000	5,302	302
Total revenues	<u>543,626</u>	<u>543,626</u>	<u>546,293</u>	<u>2,667</u>
Expenditures:				
Debt service:				
Principal	205,000	205,000	205,000	-
Interest	<u>345,091</u>	<u>345,091</u>	<u>345,091</u>	<u>-</u>
Total expenditures	<u>550,091</u>	<u>550,091</u>	<u>550,091</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(6,465)</u>	<u>(6,465)</u>	<u>(3,798)</u>	<u>2,667</u>
Other financing sources (uses):				
Transfers in	<u>6,465</u>	<u>6,465</u>	<u>6,465</u>	<u>-</u>
Total other financing sources and uses	<u>6,465</u>	<u>6,465</u>	<u>6,465</u>	<u>-</u>
Net change in fund balances	-	-	2,667	2,667
Fund balances - beginning	<u>8,617</u>	<u>8,617</u>	<u>8,617</u>	<u>-</u>
Fund balances - ending	<u>\$ 8,617</u>	<u>\$ 8,617</u>	<u>\$ 11,284</u>	<u>\$ 2,667</u>

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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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Debt service:				
Principal	\$ 435,918	\$ 435,918	\$ 318,308	\$ 117,610
Interest	<u>77,126</u>	<u>77,126</u>	<u>52,390</u>	<u>24,736</u>
Total expenditures	<u>513,044</u>	<u>513,044</u>	<u>370,698</u>	<u>142,346</u>
Excess (deficiency) of revenue over expenditures	<u>(513,044)</u>	<u>(513,044)</u>	<u>(370,698)</u>	<u>142,346</u>
Other financing sources (uses):				
Transfers in	<u>513,044</u>	<u>513,044</u>	<u>370,700</u>	<u>(142,344)</u>
Total other financing sources (uses)	<u>513,044</u>	<u>513,044</u>	<u>370,700</u>	<u>(142,344)</u>
Net change in fund balances	-	-	2	2
Fund balances - beginning	<u>35</u>	<u>35</u>	<u>35</u>	<u>-</u>
Fund balances - ending	<u>\$ 35</u>	<u>\$ 35</u>	<u>\$ 37</u>	<u>\$ 2</u>

CITY OF OVIEDO, FLORIDA
Subcombining Balance Sheet
Nonmajor Capital Projects Funds
September 30, 2011

	<u>Vehicle Replacement</u>	<u>Land Fill Closure</u>	<u>Technology Improvements</u>	<u>General Facility Improvements</u>
Assets:				
Cash and cash equivalents	\$ 71,320	\$ 18,883	\$ 4,603	\$ 34,967
Investments	660,000	-	90,000	557,737
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 731,320</u>	<u>\$ 18,883</u>	<u>\$ 94,603</u>	<u>\$ 592,704</u>
Liabilities and fund balances:				
Accounts payable	\$ -	\$ -	\$ 6,936	\$ 46,054
Accrued liabilities	-	10,000	-	-
Retainage payable	-	-	-	93,537
Total liabilities	<u>-</u>	<u>10,000</u>	<u>6,936</u>	<u>139,591</u>
Fund balances:				
Assigned	<u>731,320</u>	<u>8,883</u>	<u>87,667</u>	<u>453,113</u>
Total fund balances	<u>731,320</u>	<u>8,883</u>	<u>87,667</u>	<u>453,113</u>
Total liabilities and fund balances	<u>\$ 731,320</u>	<u>\$ 18,883</u>	<u>\$ 94,603</u>	<u>\$ 592,704</u>

CITY OF OVIEDO, FLORIDA
Subcombining Balance Sheet, Continued
Nonmajor Capital Projects Funds
September 30, 2011

Recreational Facility Improvement	OSC Extension Landfill	2008 Revenue Bond Construction Fund	Total
\$ 13,102	\$ (31)	\$ 573,732	\$ 716,576
100,000	-	-	1,407,737
<u>-</u>	<u>52,528</u>	<u>-</u>	<u>52,528</u>
<u>\$ 113,102</u>	<u>\$ 52,497</u>	<u>\$ 573,732</u>	<u>\$ 2,176,841</u>
\$ 18,979	\$ -	\$ 125,230	\$ 197,199
-	-	-	10,000
<u>12,243</u>	<u>-</u>	<u>51,314</u>	<u>157,094</u>
<u>31,222</u>	<u>-</u>	<u>176,544</u>	<u>364,293</u>
<u>81,880</u>	<u>52,497</u>	<u>397,188</u>	<u>1,812,548</u>
<u>81,880</u>	<u>52,497</u>	<u>397,188</u>	<u>1,812,548</u>
<u>\$ 113,102</u>	<u>\$ 52,497</u>	<u>\$ 573,732</u>	<u>\$ 2,176,841</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, 2011

	<u>Vehicle Replacement</u>	<u>Land Fill Closure</u>	<u>Technology Improvements</u>	<u>General Facility Improvements</u>
Revenues:				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Investment income	-	153	-	582
Total revenues	<u>-</u>	<u>153</u>	<u>-</u>	<u>582</u>
Expenditures:				
Current:				
General government	-	-	258,313	-
Public safety	520	-	-	-
Physical environment	-	10,501	-	20,879
Debt service:				
Issuance costs	-	-	-	-
Capital outlay:				
Physical environment	-	-	-	758,914
Parks and recreation	-	-	-	-
Total expenditures	<u>520</u>	<u>10,501</u>	<u>258,313</u>	<u>779,793</u>
Excess (deficiency) of revenues over expenditures	<u>(520)</u>	<u>(10,348)</u>	<u>(258,313)</u>	<u>(779,211)</u>
Other financing sources (uses):				
Transfers in	395,155	-	50,000	-
Transfers out	(162,420)	-	-	-
Capital leases	368,101	-	122,696	-
Revenue note issued	-	-	-	-
Total other financing sources (uses)	<u>600,836</u>	<u>-</u>	<u>172,696</u>	<u>-</u>
Net change in fund balances	600,316	(10,348)	(85,617)	(779,211)
Fund balances - beginning	<u>131,004</u>	<u>19,231</u>	<u>173,284</u>	<u>1,232,324</u>
Fund balances - ending	<u>\$ 731,320</u>	<u>\$ 8,883</u>	<u>\$ 87,667</u>	<u>\$ 453,113</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, 2011

Recreational Facility Improvement	OSC Extension Landfill	2008 Revenue Bond Construction Fund	Total
\$ 691	\$ -	\$ -	\$ 691
-	15,000	-	15,000
<u>-</u>	<u>573</u>	<u>18,165</u>	<u>19,473</u>
<u>691</u>	<u>15,573</u>	<u>18,165</u>	<u>35,164</u>
-	-	-	258,313
-	-	-	520
-	11,400	6,292	49,072
-	-	38,527	38,527
-	-	695,161	1,454,075
<u>158,717</u>	<u>-</u>	<u>-</u>	<u>158,717</u>
<u>158,717</u>	<u>11,400</u>	<u>739,980</u>	<u>1,959,224</u>
<u>(158,026)</u>	<u>4,173</u>	<u>(721,815)</u>	<u>(1,924,060)</u>
-	13,353	-	458,508
-	-	(181,939)	(344,359)
-	-	-	490,797
<u>-</u>	<u>-</u>	<u>1,300,000</u>	<u>1,300,000</u>
<u>-</u>	<u>13,353</u>	<u>1,118,061</u>	<u>1,904,946</u>
(158,026)	17,526	396,246	(19,114)
<u>239,906</u>	<u>34,971</u>	<u>942</u>	<u>1,831,662</u>
<u>\$ 81,880</u>	<u>\$ 52,497</u>	<u>\$ 397,188</u>	<u>\$ 1,812,548</u>

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Statistical Section

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CITY OF OVIEDO, FLORIDA

STATISTICAL SECTION

September 30, 2011

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.

Contents	Page
Financial Trends	97
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	104
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
Debt Capacity	108
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.	
Demographic and Economic Information	113
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.	
Operating Information	115
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.

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

Table 1

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 67,766
Restricted	-	4,691	13,350	15,031	9,070	15,667	6,060	12,668	13,338	7,956
Unrestricted	-	11,264	3,757	12,487	10,172	11,083	6,050	3,280	3,016	4,845
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>	<u>80,567</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	35,700
Restricted	-	11,324	11,466	183	180	324	299	180	182	333
Unrestricted	-	1,515	2,359	12,939	9,432	7,659	10,765	5,611	5,827	6,236
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>	<u>42,269</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	103,466
Restricted	-	16,015	24,816	15,214	9,250	15,991	6,359	12,848	13,520	8,289
Unrestricted	-	12,779	6,116	25,426	19,604	18,742	16,815	8,891	8,843	11,081
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>	<u>122,836</u>

Table 2 (continued)

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental activities:										
General government	-	\$ 2,315	\$ 2,670	\$ 3,378	\$ 3,730	\$ 3,721	\$ 3,994	\$ 3,790	\$ 3,477	\$ 2,686
Public safety	-	8,615	13,622	12,065	11,168	12,359	13,189	13,550	13,853	14,054
Highways and Streets	-	3,806	4,844	5,736	8,285	8,386	10,433	10,997	10,764	14,222
Parks and recreation	-	2,092	3,016	3,233	4,032	4,143	4,335	4,259	3,808	3,992
Interest & other fiscal charges on long-term debt	-	743	1,083	1,090	1,062	1,087	1,268	1,222	1,219	1,209
Total governmental activities expenses	-	17,571	25,235	25,502	28,277	29,696	33,219	33,818	33,121	36,163
Business-type activities:										
Water & Sewer	-	3,758	3,788	4,564	6,324	7,240	7,756	7,785	8,463	12,815
Stormwater	-	1,206	1,306	1,316	1,285	1,593	2,020	-	-	-
Total business-type activities expenses	-	4,964	5,094	5,880	7,609	8,833	9,776	7,785	8,463	12,815
Program Revenues										
Governmental activities:										
Charges for services:										
General government	-	\$ 268	\$ 297	\$ 357	\$ 406	\$ 665	\$ 691	\$ 92	\$ 193	\$ 154
Public safety	-	1,701	1,700	3,510	3,455	2,562	2,319	1,670	1,687	1,954
Highways and Streets	-	684	980	745	578	2,719	2,437	4,164	4,330	4,385
Parks and recreation	-	711	912	1,129	1,105	1,493	1,334	1,221	1,371	1,398
Operating grants and contributions	-	353	4,409	3,156	767	871	864	704	662	669
Capital grants and contributions	-	2,309	1,732	3,117	12	4,405	384	1,833	1,611	563
Total governmental activities program revenues	-	6,026	10,030	12,014	6,323	12,715	8,029	9,684	9,854	9,123
Business-type activities:										
Charges for services:										
Water & Sewer	-	3,185	4,490	4,537	5,070	5,291	5,553	6,386	6,046	11,781
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	840
Total business-type activities program revenues	-	6,792	8,594	8,330	6,941	15,667	9,144	8,189	7,244	12,621
Total government program revenues	-	12,818	18,624	20,344	13,264	28,382	17,173	17,873	17,098	21,744

Table 2 (continued)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net (expense)/revenue										
Governmental activities	-	\$ (11,545)	\$ (15,205)	\$ (13,488)	\$ (21,954)	\$ (16,981)	\$ (25,190)	\$ (24,134)	\$ (23,267)	\$ (27,040)
Business-type activities	-	1,828	3,500	2,450	(688)	6,834	(632)	404	(1,219)	(194)
Total government net expense	-	\$ (9,717)	\$ (11,705)	\$ (11,038)	\$ (22,622)	\$ (10,147)	\$ (25,822)	\$ (23,730)	\$ (24,486)	\$ (27,234)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	-	\$ 6,414	\$ 7,492	\$ 8,154	\$ 9,308	\$ 11,612	\$ 11,502	\$ 11,236	\$ 10,251	\$ 9,580
Franchise and utility taxes	-	4,511	5,053	5,624	6,310	6,564	6,979	7,229	7,689	7,031
Unrestricted intergovernmental revenues	-	4,724	6,201	5,240	5,334	5,442	4,916	4,480	4,554	4,619
Unrestricted investment earnings	-	475	387	589	980	1,464	1,182	1,132	711	365
Miscellaneous revenues	-	25	22	9	120	9	26	173	187	174
Gain on sale of capital assets	-	-	-	47	75	45	15	-	-	-
Transfers	-	495	415	575	100	124	12	13,526	187	206
Total governmental activities	-	16,644	19,570	20,238	22,227	25,260	24,632	37,776	23,579	21,975
Business-type activities:										
Investment earnings	-	335	151	213	459	506	343	336	450	130
Miscellaneous revenues	-	29	53	66	70	79	102	5	1	-
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	26
Transfers	-	(495)	(415)	(575)	(100)	(124)	(12)	(13,526)	(187)	(206)
Total business-type activities	-	(131)	(211)	(296)	429	461	433	(13,185)	264	(50)
Total government	-	\$ 16,513	\$ 19,359	\$ 19,942	\$ 22,656	\$ 25,721	\$ 25,065	\$ 24,591	\$ 23,843	\$ 21,925
Change in Net Assets										
Governmental activities	-	\$ 5,099	\$ 4,365	\$ 6,750	\$ 273	\$ 8,279	\$ (558)	\$ 13,642	\$ 312	\$ (5,065)
Business-type activities	-	1,697	3,289	2,154	(239)	7,295	(199)	(12,781)	(955)	(244)
Total government	-	\$ 6,796	\$ 7,654	\$ 8,904	\$ 34	\$ 15,574	\$ (757)	\$ 861	\$ (643)	\$ (5,309)

Table 3

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Property Tax	\$ 5,780	\$ 6,414	\$ 7,492	\$ 8,154	\$ 9,308	\$ 11,612	\$ 11,502	\$ 11,236	\$ 10,251	\$ 9,580
Utility Tax										
Electricity	1,255	1,330	1,304	1,702	2,020	2,073	2,115	2,223	2,558	2,383
Water	218	200	315	314	367	399	412	435	436	530
Gas	28	42	33	40	50	58	60	51	51	50
Telecommunications	1,323	1,345	1,650	1,577	1,507	1,558	1,777	1,648	1,654	1,538
Total	2,824	2,917	3,302	3,633	3,944	4,088	4,364	4,357	4,699	4,501
Franchise Fees	1,556	1,594	1,751	1,991	2,366	2,476	*	*	*	*
Total Tax Revenue by Source	\$ 10,160	\$ 10,925	\$ 12,545	\$ 13,778	\$ 15,618	\$ 18,176	\$ 15,866	\$ 15,593	\$ 14,950	\$ 14,081
Taxes included in Unrestricted Intergovernmental Revenues										
Sales Tax	\$ 2,770	\$ 5,727	\$ 4,993	\$ 3,731	\$ 3,765	\$ 3,798	\$ 3,473	\$ 2,970	\$ 2,917	\$ 2,932
State Revenue Sharing	518	582	648	854	976	1,115	966	720	710	746
Other	8	11	17	12	13	87	17	23	19	23
Total	\$ 3,296	\$ 6,320	\$ 5,658	\$ 4,597	\$ 4,754	\$ 5,000	\$ 4,456	\$ 3,713	\$ 3,646	\$ 3,701

* 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

Table 4

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

	Fiscal Year									
	2002	2003	2004 (1)	2005	2006	2007	2008	2009	2010	2011 *
General fund										
Reserved	\$ 448	\$ 495	\$ 435	\$ 751	\$ 219	\$ 591	\$ 155	\$ 168	\$ 241	\$ -
Unreserved	10,906	12,217	1,448	3,058	4,122	3,562	3,897	3,831	3,614	-
Total general fund	<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>	<u>\$ -</u>
All other governmental funds										
Reserved	\$ 8,940	\$ 5,019	\$ 16,081	\$ 19,049	\$ 11,432	\$ 19,048	\$ 11,154	\$ 8,309	\$ 9,360	\$ -
Unreserved, reported in:										
Special revenue funds	(1,169)	(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>\$ 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>	<u>\$ -</u>
* Implementation of GASB Statement No. 54										
General fund										
Non spendable										\$ 84
Restricted										34
Assigned										193
Unassigned										3,380
Total general fund										<u>\$ 3,691</u>
All other governmental funds										
Restricted										\$ 15,402
Committed										1,345
Assigned										1,978
Total all other governmental										<u>\$ 18,725</u>

(1) 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.

Table 5 (continued)

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes										
Property	\$ 5,780	\$ 6,414	\$ 7,492	\$ 8,154	\$ 9,308	\$ 11,612	\$ 11,502	\$ 11,236	\$ 10,251	\$ 9,580
Franchise and utility taxes	4,380	4,511	5,053	5,624	6,310	6,564	4,364	4,357	4,699	4,501
Business receipt	-	-	-	-	-	-	136	140	152	155
Licenses and Permits	527	762	771	1,098	952	1,372	3,658	3,260	3,616	3,191
Intergovernmental	5,034	7,348	6,928	12,723	8,125	7,268	6,049	5,163	6,724	5,524
Charges for services	704	1,230	1,516	3,003	3,342	4,072	4,024	6,061	5,889	6,207
Fines and forfeitures	172	188	142	115	129	179	173	200	144	146
Investment income	535	526	443	1,368	1,201	1,748	1,142	1,086	678	350
Service assessments	788	1,079	1,349	646	924	1,488	1,150	485	727	747
Miscellaneous	105	118	109	124	233	130	157	219	279	248
Total revenues	18,025	22,176	23,803	32,855	30,524	34,433	32,355	32,207	33,159	30,649
Expenditures										
General government	2,313	2,234	2,674	3,258	3,626	3,552	3,777	3,488	3,327	2,458
Public safety	6,760	7,864	13,032 *	11,411	10,523	11,727	12,508	12,492	12,735	12,771
Physical environment	1,965	2,135	3,137	3,989	6,450	6,547	8,557	7,883	7,515	11,202
Parks and recreation	1,540	1,801	2,642	2,832	3,587	3,690	3,827	3,559	3,355	3,255
Debt service										
Principal	567	740	938	1,023	1,056	1,132	1,397	1,462	1,537	1,726
Interest	1,364	743	1,313	1,090	1,062	1,085	1,315	1,260	1,219	1,210
Issuance costs	-	-	-	-	-	-	-	-	-	38
Capital Outlay	7,737	9,077	4,031	6,302	10,380	5,481	6,581	4,791	3,075	2,718
Total expenditures	22,246	24,594	27,767	29,905	36,684	33,214	37,962	34,935	32,763	35,378
Excess of revenues over (under) expenditures	(4,221)	(2,418)	(3,964)	2,950	(6,160)	1,219	(5,607)	(2,728)	396	(4,729)

Table 5 (continued)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Other financing sources (uses)										
Transfers in	2,750	2,414	9,278	4,441	9,722	5,741	3,743	5,322	3,553	3,664
Transfers out	(2,346)	(1,919)	(8,862)	(3,866)	(9,622)	(6,175)	(4,230)	(3,627)	(3,815)	(4,018)
Bonds issued	15,775	-	9,000	-	-	5,710	-	688	-	1,300
Payment to refunded bond escrow agent	(12,371)	-	-	-	-	-	-	-	-	-
Capital leases	-	-	331	-	20	559	186	-	1,255	491
Sale of capital assets	8	5	-	60	85	45	15	38	20	52
Total other financing sources (uses)	3,816	500	9,747	635	205	5,880	(286)	2,421	1,013	1,489
Net change in fund balances	\$ (405)	\$ (1,918)	\$ 5,783	\$ 3,585	\$ (5,955)	\$ 7,099	\$ (5,893)	\$ (307)	\$ 1,409	\$ (3,240)
Debt service as a percentage of noncapital expenditures	15.35%	10.57%	10.48%	9.83%	8.76%	8.69%	9.46%	9.93%	10.23%	10.02%

* 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)

Table 6

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	
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%
2011	2,366,645	2,402,685	137,700	139,797	566,085	4.863	1,938,260	2,542,482	76.23%

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)

Table 7

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		
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
2011	4.8626	0.3071	5.1697	4.8751	0.1700	5.0451	7.7220	0.0000	7.7220	0.3313	18.2681

(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, 2011
(amounts expressed in thousands)

Table 8

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Progress Energy Florida	\$ 17,212	1	0.89%	\$ 11,083	5	0.98%
WRI - TC Alafaya Square, LLC	16,361	2	0.84%			
Oviedo Grove Apartments LP	16,243	3	0.84%	14,328	2	1.27%
1700 Oviedo Marketplace Blvd.	14,845	4	0.77%			
United Dominion Realty Trust, Inc.	11,873	5	0.61%	13,340	4	1.18%
Oviedo Town Center, LLC	8,739	6	0.45%			
GAHA Oviedo LLC	8,668	7	0.45%			
BellSouth Telecommunications	7,980	8	0.41%	13,423	3	1.19%
Dillard's	7,421	9	0.38%	9,214	7	0.82%
Riverside Landings Inv, LLC	7,146	10	0.37%	5,768	10	0.51%
The Rouse-Orlando Inc.				70,218	1	6.22%
Alfaya Square Associates, LTD				10,557	6	0.94%
Burdines, Inc.				8,627	8	0.76%
Tuscawilla Bend				6,897	9	0.61%
Total	\$ 116,488		6.01%	\$ 163,455		14.49%

Source: Seminole County Property Appraiser

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

Table 9

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
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%
2011	9,988,987	9,596,798	96.07%	45,477	9,642,275	96.53%

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Outstanding Delinquent Taxes (1)	% of Delinquent Taxes to Total Levy
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%
2011	9,988,987	1,884,482	18.87%

** Fiscal year 2007 has been restated.

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

Table 10

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	Total Primary Government	Percentage of Personal Income			
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		
2011	17,610	7,490	1,725	51,708	2,600	2,912	84,045	5.84%	2,474		

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)

Table 11

Fiscal Year	General Obligation Bonds	Total	Percentage of Actual Taxable Value of Property	Per Capita
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%	* 252
2008	8,090	8,090	0.22%	* 242
2009	7,895	7,895	0.23%	* 235
2010	7,695	7,695	0.26%	* 231
2011	7,490	7,490	0.30%	220

* Restated in fiscal year 2011

CITY OF OVIEDO, FLORIDA
Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds
September 30, 2011

Table 12

<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>7,490,000</u>	<u>100.00%</u>	\$ <u>7,490,000</u>
Overlapping:			
Seminole County	8,490,000	<u>7.65%</u>	649,485
Total overlapping general obligation bonded debt	<u>8,490,000</u>		<u>649,485</u>
Total	\$ <u>15,980,000</u>		\$ <u>8,139,485</u>

CITY OF OVIEDO, FLORIDA
Computation of Legal Debt Margin*
September 30, 2011

Table 13

Assessed valuations:		
Assessed value		\$ 1,831,647,000
Add back exempt real property		555,145,000
Total assessed value		<u>\$ 2,386,792,000</u>
Legal debt margin:		
Debt limitation - 3% of assessed value		<u>\$ 71,603,760</u>
Debt applicable to limitation:		
Total bonded debt	\$ 25,100,000	
Less: Public Improvement Revenue Bonds	<u>(17,610,000)</u>	
Total debt applicable to limitation		<u>\$ 7,490,000</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

Table 14

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
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
2011	4,501,078	1,232,760	3.65	2011	1,831,939	657,039	2.79

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
2011	2,185,142	68,212	32.03

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
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
2011	13,949,977	6,425,860	154,540	7,678,857	4,063,850	1.85	1.89

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

Table 15

Fiscal Year	Population (1)	Personal Income <i>(thousands of dollars)</i>	Per Capita Personal Income	Median Age(1)	School Enrollment (2)	Unemployment Rate (3)
2002	28,012	899,465	32,110 (4)	32.8	8,075	5.0%
2003	29,018	1,035,885	35,698 (4)	32.8	8,368	5.1%
2004	29,928	1,068,370	35,698 (4)	32.8	8,080	3.6%
2005	30,800	1,037,221	33,676 (4)	32.8	10,133	3.3%
2006	31,946	1,140,983	35,716 (4)	32.8	8,853	2.9%
2007	32,855	1,276,022	38,838 (4)	32.8	9,900	3.7%
2008	33,431	1,368,866	40,946 (5)	34.7	10,268	4.9%
2009	33,529	1,415,695	42,223 (5)	36.3	10,232	8.3%
2010	33,316	1,447,214	43,439 (5)	35.6	10,783	8.7%
2011	33,969	1,438,247	42,340 (5)	36.3	10,114	7.9%

(1) Source: Metro Orlando Economic Development Commission

(2) Source: Seminole County School Board.

(3) Source: U.S. Dept of Labor, Bureau of Labor Statistics

(4) Source: U.S. Department of Commerce for Seminole County and Annual City of Oviedo Estimates.

(5) Source: Bureau of Economic Analysis.

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

Table 16

Employer	2011 ¹			2002		
	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	541	2	8.44%	*	*	*
City of Oviedo	280	3	4.37%	*	*	*
A Duda & Sons, Inc.	200	4	3.12%	*	*	*
First Baptist Church	125	5	1.95%	*	*	*
Winn Dixie Stores, Inc.	110	6	1.72%	*	*	*
Sears Roebuck & Company	100	7	1.56%	*	*	*
Outback Steakhouse	80	8	1.25%	*	*	*
US Post Office	75	9	1.17%	*	*	*
Macys Florida Stores LLC	70	10	1.09%	*	*	*
	2,531		39.47%			

¹ Per Telephone survey of major local businesses. Some information was carried forward from the previous fiscal year due to the inability to obtain updated information.

* Data not available.

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

Table 17

Function	Full-time Equivalent Employees as of September 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	44	51	57	58	66	79	78	75	59	56
Public Safety:										
Police										
Officers	56	57	57	58	60	64	63	63	62	62
Civilians ¹	18	19	18	19	20	19	19	17	17	11
Fire										
Firefighters and officers	40	46	46	46	46	46	46	47	46	50
Civilians	2	5	5	5	5	5	5	5	5	3
Building	18	14	17	24	26	26	26	13	4	4
Public Works	27	27	34	39	41	38	38	37	37	38
Parks and Recreations	33	40	62	70	71	68	59	63	56	57
Total	238	259	296	319	335	345	333	320	286	280

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Traffic and parking violations	14,312	10,913	15,689	9,555	3,618	5,187	4,735	4,669	3,618	4,616
Physical arrests	935	787	649	774	1,051	1,144	881	977	1,051	937
Complaints	40,508	33,098	30,762	30,239	32,486	39,872	42,424	52,554	32,486	46,883
Fire										
Construction inspections	1,639	1,036	484	936	1,258	1,323	955	1,249	1,652	1,198
Hydrant inspections	1,724	1,778	1,878	2,000	516	1,000	1,300	800	1,128	1,140
Number of emergency calls answered	3,359	4,017	3,989	3,973	4,032	3,993	3,971	4,228	3,919	3,894
Medical Transports	952	1,015	1,036	1,152	1,215	1,302	1,575	1,427	1,418	1,443
Highways and streets										
Streets paved (miles)	0.2	-	0.1	-	-	0.3	-	6.2	6.2***	6.11
Streets resurfaced (tons/asphalt)	*	*	*	*	4,100	12,000	7,547	4,782	6,150	4,926
Sidewalks/bike paths built or repaired (square feet)	*	*	*	*	56,450	-	72,171	54,585	131,395	75,330
Parks and recreation										
Sports Complex ball games	2,680	2,600	2,580	2,560	2,560	2,610	2,422	2,395	2,346	2,359
Field Rentals	*	66	-	10	31	39	45	31	59	57
Swimming Pool Passes	*	11	371	303	312	382	376	393	393	379
Water										
New connections	163	254	673	407	190	292	172	99	317	32
Number of customers	9,892	10,146	10,819	11,226	11,416	11,708	11,880	11,979	12,296	12,328
Water main breaks	*	*	*	*	3	1	1	1	2.00	1.00
Average daily consumption (millions of gallons)	3.95	3.94	4.00	3.72	4.16	3.86	4.04	3.71	3.55	4.00
Average daily production (millions of gallons)	3.82	3.94	4.09	4.05	4.66	4.59	4.47	4.00	3.68	4.17
Meter reads	118,704	121,752	129,828	134,712	136,992	140,496	142,560	143,747	149,052	150,628
General Government										
Employment applications received	*	*	*	1,486	1,177	1,165	1,660	664	851	1,328
Personnel Action Forms processed	*	*	*	*	607	635	555	422	394	281
Legal Notices published	35	33	24	35	56	62	75	74	67	61
Business Tax Receipts issued	1,356	1,700	2,070	4,270	4,400	4,291	4,200	4,081	4,119	4,310
Insurance Claims Submitted	35	18	35	54	33	21	43	49**	47	30
Permits issued	3,305	3,916	4,101	6,897	4,269	4,035	3,082	2,727	2,952	3,071
Number of general ledger transactions posted	*	*	132,746	163,954	163,153	183,208	168,280	177,685	186,569	176,335
A/P Checks issued	7,459	8,701	9,754	7,602	9,585	10,103	6,388	5,583	5,385	5,252
Purchase orders/FPO's processed	3,719	3,847	4,016	4,393	6,775	6,857	4,255	3,142	3,322	3,011

Notes

- * Information not available
- ** Restated 09/30/2010
- *** Restated 09/30/2011

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

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicle patrol units	39	41	41	41	41	42	42	49	42	41
Motorcycle patrol units	-	-	16	4	4	4	4	4	4	4
Bicycle patrol units	13	13	2	13	15	18	18	19	18	21
Fire stations	2	3	3	3	3	3	3	3	3	3
Highways and streets										
Streets maintained - paved (miles)	101.40	105.08	112.27	113.12	114.98	130.00	115.28	115.28	116.78	117
Streets maintained - unpaved (miles)	7.70	7.70	7.89	7.89	7.89	8.00	7.89	7.89	7.39	7.19
Traffic Signals	17	19	19	19	20	20	20	20	23	23
Culture and recreation										
Park acreage	240	330	330	330	353	353	387	482	482	482
Parks	11	11	11	11	11	11	12	12	12	12
Tennis courts	8	8	8	8	8	8	8	8	8	8
Community centers	2	3	3	3	2	2	2	2	2	2
Swimming Pools	1	2	2	2	2	2	2	2	2	2
Water										
Water plants	2	2	2	2	3	2	2	2	1	1
Water mains (miles)	111.2	131.0	131.0	132.8	133.4	137.4	175.0	160.0	175	175
Fire hydrants	*	*	*	*	1,000	1,124	1,125	1,124	1,124	1,124
Maximum daily capacity (millions of gallons)	8.87	10.48	10.48	10.48	20.48	17.24	17.24	17.24	10	10
Sewer										
Wastewater plants	-	-	-	-	-	-	-	-	1	1
Sanitary sewers (miles)	29.12	29.12	29.12	29.12	29.33	31.20	32.30	32.30	106	108
Sanitary lift stations	*	*	*	*	*	*	*	*	64	65
Reclaim										
Reclaim lines (miles)	*	*	*	*	*	17	26	26	53.3	53.3

Notes
* Information not available

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Other Supplemental Schedules

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CITY OF OVIEDO, FLORIDA
Utility Bond Issue Continuing Disclosure
Summary of Capital Improvement Funding Plan (\$000s) [1]
September 30, 2011

	Fiscal Year Ending September 30						Total
	2011	2012	2013	2014	2015	2016	
Capital Projects:							
Water System	\$637,188	\$487,889	\$399,550	\$362,350	\$361,269	\$484,050	\$2,732,296
Sewer System	70,000	1,197,500	494,600	1,490,000	0	0	3,252,100
Reclaim System	162,500	1,677,480	1,184,512	1,728,070	2,082,168	1,669,858	8,504,588
Alafaya System	3,868,740	1,063,000	275,000	80,000	80,000	80,000	5,446,740
Stormwater System	660,364	1,258,276	479,281	550,878	417,481	269,573	3,635,853
Total Utility System							
Capital Projects	<u>\$5,398,792</u>	<u>\$5,684,145</u>	<u>\$2,832,943</u>	<u>\$4,211,298</u>	<u>\$2,940,918</u>	<u>\$2,503,481</u>	<u>\$23,571,577</u>
Funding Sources:							
System Development							
Charges	\$242,397	\$1,772,226	\$862,031	\$1,495,428	\$805,950	\$780,823	\$5,958,855
Fund Equity (Available							
Reserves or Unfunded)	647,364	0	0	1,728,070	2,082,168	1,669,858	6,127,460
Renewal and Replacement							
Fund	52,800	200,639	291,800	52,800	52,800	52,800	703,639
Outstanding Bonds -							
Previously Issued Debt	371,991	0	0	0	0	0	371,991
Series 2010 Bonds	4,031,240	2,206,300	494,600	935,000	0	0	7,667,140
Bank of America Lease	0	0	0	0	0	0	0
SRF Loan WW59020 -							
Additional Debt	0	1,504,980	1,184,512	0	0	0	2,689,492
Vehicle Replacement Fund	53,000	0	0	0	0	0	53,000
Total Funding Sources	<u>\$5,398,792</u>	<u>\$5,684,145</u>	<u>\$2,832,943</u>	<u>\$4,211,298</u>	<u>\$2,940,918</u>	<u>\$2,503,481</u>	<u>\$23,571,577</u>

[1] Source: City of Oviedo Management Services Department

CITY OF OVIEDO, FLORIDA
Utility Bond Issue Continuing Disclosure
Existing Water System Rates [1]
September 30, 2011

	Current City Rates
<u>Residential Water:</u>	
Monthly Base Charge per Dwelling Unit	\$10.13
Usage Charge per Thousand Gallons	
Block 1 (0 - 3,000 Gallons)	\$0.84
Block 2 (3,001 - 10,000 Gallons)	1.87
Block 3 (10,001 - 15,000 Gallons)	3.52
Block 4 (15,001 - 30,000 Gallons)	5.01
Block 5 (Above 30,000 Gallons)	5.88
<u>Commercial Water:</u>	
Monthly Base Charge per Account	
5/8" Meter	\$10.13
1" Meter	25.33
1 1/2" Meter	50.67
2" Meter	81.06
3" Meter	152.00
4" Meter	253.33
6" Meter	506.66
Usage Charge per Thousand Gallons	\$2.53
<u>Residential Irrigation (Potable Water):</u>	
Monthly Base Charge per Account	\$10.13
Usage Charge per Thousand Gallons	
Block 1 (0 - 10,000 Gallons)	\$3.52
Block 2 (10,001 - 15,000 Gallons)	5.01
Block 3 (Above 15,000 Gallons)	5.89
<u>Commercial Irrigation (Potable Water):</u>	
Monthly Base Charge per Account	
5/8" Meter	\$10.13
1" Meter	25.33
1 1/2" Meter	50.67
2" Meter	81.06
3" Meter	152.00
4" Meter	253.33
6" Meter	506.66
Usage Charge per Thousand Gallons	\$3.93
<u>Wholesale Water</u>	
All Usage (per Thousand Gallons)	\$1.33

[1] Amounts shown are inside-City Rates. For customers located outside City limits, a 25% surcharge is added to the inside-City Rates. As of September 2011, 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, 2011

	<u>Current City Rates</u>
<u>Residential Reclaimed/ Alternative Water:</u>	
Monthly Base Charge per Account	\$9.28
Usage Charge per Thousand Gallons	
Block 1 (0 - 15,000 Gallons)	1.10
Block 2 (15,001 - 30,000 Gallons)	1.65
Block 3 (Above 30,000 Gallons)	3.30
<u>Commercial Reclaimed/ Alternative Water:</u>	
Monthly Base Charge per Account	
5/8" Meter	\$9.28
1" Meter	23.21
1 1/2" Meter	46.40
2" or Greater	74.26
Usage Charge per Thousand Gallons	\$1.10

[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

CITY OF OVIEDO, FLORIDA
Utility Bond Issue Continuing Disclosure
Existing Sewer System Rates [1]
September 30, 2011

	<u>Alafaya Service Area</u>	<u>City Service Area</u>
<u>Residential Sewer:</u>		
Monthly Base Charge per Dwelling Unit	\$27.11	\$19.82
Usage Charge per Thousand Gallons (Up to 10,000 Gallons)	\$3.61	\$3.97
<u>Commercial Sewer:</u>		
Monthly Base Charge per Account		
5/8" Meter	\$27.11	\$19.82
1" Meter	66.77	49.55
1 1/2" Meter	135.65	99.07
2" Meter	217.04	158.51
3" Meter	434.05	297.20
4" Meter	678.21	495.35
6" Meter	1,355.50	990.71
Usage Charge per Thousand Gallons	\$4.32	\$3.97

[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

CITY OF OVIEDO, FLORIDA
Utility Bond Issue Continuing Disclosure
Water and Sewer Rate Comparison [1]
September 30, 2011

	Residential Service Assuming 8,000 Gallons of Utility Service		
	Water	Sewer	Total
City of Oviedo			
Current Rates - Existing City Utility System	\$22.00	\$51.58	\$73.58
Current Rates - Alafaya System		55.99	55.99
Other Florida Utilities			
City of Altamonte Springs	\$23.96	\$35.94	\$59.90
City of Casselberry [2]	19.82	53.05	72.87
City of Cocoa	36.61	55.71	92.32
City of DeLand	27.23	48.97	76.20
City of Deltona [2]	25.52	122.37	147.89
City of Maitland	15.97	46.04	62.01
City of Melbourne [2]	40.81	61.26	102.07
City of Orlando / O.U.C.	15.30	47.38	62.68
City of Sanford [2]	22.32	48.43	70.75
City of St. Cloud	24.17	48.85	73.02
City of Titusville	34.26	65.27	99.53
City of Winter Park [2]	17.78	51.07	68.85
City of Winter Springs	15.59	43.93	59.52
Orange County	16.40	41.77	58.17
Seminole County [2]	19.22	51.32	70.54
Volusia County - Softened	41.82	49.02	90.84
Other Neighboring Utilities Average	\$24.80	\$54.40	\$79.20

[1] Source: Public Resources Management Group, Inc.

[2] Unless otherwise noted, amounts shown reflect residential rates in effect February 2012 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

CITY OF OVIEDO, FLORIDA
Utility Bond Issue Continuing Disclosure
System Development Charges
September 30, 2011

	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]	1,036	2,678	3,715

[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
<u>Other Neighboring Utilities:</u>			
City of Altamonte Springs	600	1,855	2,455
City of Casselberry	1,220	2,076	3,296
City of Lake Mary	1,010	2,664 [2]	3,674
City of Longwood	1,449	4,029	5,478
City of Sanford	1,343	3,025 [2]	4,368
City of Winter Springs	595	2,421	3,016
Other Neighboring Utilities' Average	1,036	2,678	3,715

[1] Unless otherwise noted, amounts shown reflect residential rates in effect February 2012 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. This comparison is intended to show comparable charges for similar service for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each listed utility.

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

Source: Public Resources Management Group, Inc.

CITY OF OVIEDO, FLORIDA
Utility Bond Issue Continuing Disclosure
Water System Customer and Sales Statistics
September 30, 2011

Fiscal Year Ended September 30	Average Annual Water Accounts	Average Annual ERCs [1]	Water Sales (000s of gallons)	Average Monthly Water Use per ERC
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
2011	12,565	14,271	1,465,590	8,560
Average Annual Historical Growth Rate	<u>2.32%</u>	<u>2.38%</u>	<u>-1.51%</u>	<u>-3.83%</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 individual meter sizes for those classes of customers.

Source: City of Oviedo Finance Department

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
2011	1,453,397	3.982	4.566	87.2%
2012	1,527,652	4.185	4.620	90.6%
2013	1,453,196	3.981	4.674	85.2%
2014	1,456,966	3.992	4.674	85.4%
2015	1,462,682	4.007	4.674	85.7%
2016	1,465,557	4.015	4.674	85.9%

[1] Amounts adjusted for an unaccounted for or unbilled water factor of 4.00% 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: Public Resources Management Group, Inc.

CITY OF OVIEDO, FLORIDA
Utility Bond Issue Continuing Disclosure
Sewer System Customer and Sales Statistics
September 30, 2011

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
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
2011	9,182	10,272	789,887	6,408
Average Annual Historical Growth Rate	<u>101.85%</u>	<u>77.75%</u>	<u>94.68%</u>	<u>-1.47%</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
2011 [2]	2,312	459,123	53,139
Average Annual Historical Growth Rate	<u>131.70%</u>	<u>202.83%</u>	<u>180.18%</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.

[2] The City acquired Alafaya Utilities in September, 2010. Therefore, Fiscal Year 2011 reflects the addition of Alafaya Jurisdiction's accounts.

Source: City of Oviedo Finance Department

CITY OF OVIEDO, FLORIDA
Utility Bond Issue Continuing Disclosure
Utility Enterprise System Top Ten Utility Customers
September 30, 2011

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	\$ 150,251	1.32%
2 Oviedo Marketplace	Commercial	Four 4", Two 3"	Water/Sewer	132,684	1.17%
3 Seminole County - SR 426	Government	One 6"	Water	130,495	1.15%
4 CPG Construction	Multi-Family	Eight 2", Four 5/8"	Water/Sewer	54,041	0.48%
5 Seminole County Public Schools - Oviedo High	Government	6", 3", 2", 1 1/2"	Water/Sewer	49,988	0.44%
6 Rouse-Oviedo	Commercial	Four 4", Two 3"	Water/Sewer	46,055	0.41%
7 Seminole County Public Schools - Lawton Elementary	Government	One 4", One 2"	Water/Sewer	45,778	0.40%
8 SLP IV	Commercial	Three 2"	Water/Alafaya Sewer	40,198	0.35%
9 Seminole County Public Schools - Lawton Chiles Middle	Government	One 4", One 3/4"	Water/Alafaya Sewer	38,324	0.34%
10 First Baptist Church Of Oviedo	Commercial	4", 3", 2", 5/8"	Water/Sewer	33,884	0.30%
				\$ 721,696	6.36%
Total Utility Enterprise System Rate Revenues				\$ 11,355,406	100%

Ten Largest Water Users

Account	12- Month Usage [1]	Percent of Total [2]	Revenue Generated	Percent of Total [3]
1 Seminole County	98,124	6.69%	\$ 130,495	2.73%
2 Paradigm Properties, Inc	11,974	0.82%	43,819	0.92%
3 CPG Construction	10,023	0.68%	11,672	0.24%
4 Oviedo Marketplace	9,043	0.62%	80,794	1.69%
5 Rouse-Oviedo	7,113	0.49%	19,068	0.40%
6 SLP IV	4,365	0.30%	13,949	0.29%
7 Seminole County Public Schools - Lawton Elementary	4,311	0.29%	16,914	0.35%
8 Seminole County Public Schools - Lawton Chiles Middle	4,006	0.27%	13,288	0.28%
9 Seminole County Public Schools - Oviedo High	3,829	0.26%	18,179	0.38%
10 Seminole County Public Schools - Jackson Heights	2,920	0.20%	11,153	0.23%
Total	155,709	10.62%	\$ 359,331	7.51%

[1] Represent in (000s) gallons

[2] Based on approximate total billable flow of 1,465,950 million gallons for the 12-month period.

[3] Based on approximate total Water Sales of \$4,785,195 for the 12-month period.

Ten Largest Sewer Users

Account	12- Month Usage [1]	Percent of Total [2]	Revenue Generated	Percent of Total [3]
1 Paradigm Properties, Inc	11,974	1.52%	\$ 106,431	1.87%
2 CPG Construction	10,021	1.27%	42,369	0.74%
3 Oviedo Marketplace	5,970	0.76%	51,890	0.91%
4 Rouse-Oviedo	5,682	0.72%	26,986	0.47%
5 Seminole County Public Schools - Lawton Elementary	4,311	0.55%	28,864	0.51%
6 SLP IV	4,305	0.55%	26,249	0.46%
7 Seminole County Public Schools - Lawton Chiles Middle	3,921	0.50%	25,036	0.44%
8 Seminole County Public Schools - Oviedo High	3,829	0.48%	31,809	0.56%
9 First Baptist Church Of Oviedo	2,454	0.31%	21,607	0.38%
10 Seminole County Public Schools - Partin Elementary	1,541	0.20%	14,796	0.26%
Total	54,010	6.86%	\$ 376,038	6.60%

[1] Represent in (000s) gallons

[2] Based on approximate total billable flow of 789,887 million gallons for the 12-month period.

[3] Based on approximate total Sewer Sales of \$5,699,996 for the 12-month period.

Source: City of Oviedo Finance Department

CITY OF OVIEDO, FLORIDA
Utility Bond Issue Continuing Disclosure
Stormwater System Customer Statistics
September 30, 2011

Fiscal Year Ended September 30	Average Annual Stormwater Accounts	Average Annual Stormwater ERUs [1]
2007	11,343	16,090
2008	11,590	16,684
2009	11,773	17,189
2010	11,917	17,483
2011	12,198	17,707
Average Annual Historical Growth Rate	<u>1.83%</u>	<u>2.43%</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 2011 (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	2.01%
2 Reformed Theological Seminary	Commercial	13,104	0.94%
3 Paradigm Properties, Inc	Commercial	10,920	0.78%
4 Seminole County Public Schools - Lawton Elementary	Government	10,668	0.76%
5 Publix Super Markets #493	Commercial	8,736	0.63%
6 Publix Super Markets #329	Commercial	8,624	0.62%
7 LA Fitness	Commercial	8,498	0.61%
8 Albertson's Inc #04412	Commercial	8,316	0.60%
9 Win Dixie	Commercial	8,316	0.60%
10 Lockwood Associates, LP	Commercial	8,064	0.58%
	Totals	<u>\$113,386</u>	<u>8.13%</u>
Total Stormwater System Rate Revenues		\$1,397,267	100.00%

Source: City of Oviedo Finance Department

CITY OF OVIEDO, FLORIDA
Utility Bond Issue Continuing Disclosure
Historical Operating Results and Estimated Bond Coverage
September 30, 2011

	Fiscal Year Ended September 30, [1]				
	2007	2008	2009	2010	2011
Total Sales Revenues [2]					
Potable Water	\$4,126,597	\$4,340,495	\$4,496,680	\$4,254,821	\$4,786,280
Sewer	844,883	954,530	1,053,287	1,228,984	5,699,996
Reclaimed Water	46,692	58,997	167,668	245,295	870,215
Stormwater System	1,128,598	1,361,852	1,437,189	1,430,303	1,397,267
Revenue from Other Sources:					
Other Operating Revenues [3]	351,158	299,191	273,524	324,503	1,076,932
Unrestricted Interest Income [4]	263,715	455,271	163,773	367,804	119,287
Total Gross Revenues	\$6,761,643	\$7,470,336	\$7,592,121	\$7,851,710	\$13,949,977
Cost of Operation and Maintenance [5]					
Water, Wastewater and Reclaimed Water Systems	\$4,025,328	\$4,414,455	\$4,013,010	\$3,933,734	\$5,454,681
Stormwater System	638,669	1,026,785	1,060,822	949,169	971,179
Total Cost of Operation and Maintenance	\$4,663,997	\$5,441,240	\$5,073,832	\$4,882,903	\$6,425,860
Net Revenues	\$2,097,646	\$2,029,096	\$2,518,289	\$2,968,807	\$7,524,117
Total Bond Service Requirement [6]	\$914,429	\$1,130,377	\$1,190,044	\$1,268,697	\$4,063,850
Senior Lien Bond Rate Covenant Compliance: [7]					
Test (i) - Net Revenues:					
Calculated Bond Service Coverage	2.29	1.80	2.12	2.34	1.85
Minimum Requirement	1.10	1.10	1.10	1.10	1.10
OR					
Test (ii) - Net Revenues:					
Calculated Bond Service Coverage	2.29	1.80	2.12	2.34	1.85
Minimum Requirement	1.00	1.00	1.00	1.00	1.00
AND					
Net Revenues	\$2,097,646	\$2,029,096	\$2,480,793	\$2,968,807	\$7,524,117
Service Requirement [8]	515,607	457,851	391,821	172,719	154,540
Total Pledged Revenue	\$2,613,253	\$2,486,947	\$2,872,614	\$3,141,526	\$7,678,657
Calculated Debt Service Coverage	2.86	2.20	2.41	2.48	1.89
Minimum Requirement	1.25	1.25	1.25	1.25	1.25
Subordinate Debt Service – Second Lien					
Adjusted Net Revenue [9]	\$1,091,774	\$785,682	\$1,171,745	\$1,573,240	\$3,053,882
Total Subordinate Lien Debt Service [10]	247,852	247,852	237,975	237,545	217,052
Calculated Debt Service Coverage	4.40	3.17	4.92	6.62	14.07
Minimum Requirement	1.15	1.15	1.15	1.15	1.15
Less Other Required Transfers [11]					
Reserve Account Deposit [12]	-	-	-	-	-
Net Revenues after Payment of Debt Service	\$935,365	\$650,867	\$1,090,270	\$1,462,565	\$3,243,215
Less Other Recognized Transfers [13]					
Replacement Funds [14]					
Replacement Funds [14]	\$180,348	\$112,375	\$147,841	\$165,705	\$218,236
Other Debt – Capital Leases [15]	98,693	126,108	126,108	147,069	410,789
Administrative Indirect Allocation	659,100	706,150	629,705	698,600	1,100,583
Total Other Recognized Transfers	\$938,141	\$944,633	\$903,654	\$1,011,374	\$1,729,608
Excess of Net Revenues above Transfers [16]	(\$2,775)	(\$293,763)	\$186,616	\$451,191	\$1,513,607
Total System Development Charges Collected	\$1,798,765	\$715,437	\$493,354	\$183,111	\$96,294
Net Amount Available for Other Utility System Purposes	\$1,795,990	\$421,672	\$679,970	\$634,302	\$1,609,901

Footnotes on following page.

CITY OF OVIEDO, FLORIDA
Utility Bond Issue Continuing Disclosure
Historical Operating Results and Estimated Bond Coverage
September 30, 2011

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. Fiscal Year 2011 includes \$652,324 Build America Bond rebates.
- [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,				
	2007	2008	2009	2010	2011
Net Revenues	\$2,097,646	\$2,029,096	\$2,480,793	\$2,968,807	\$7,524,117
Less Senior Lien Debt Service	914,429	1,130,377	1,190,044	1,268,697	4,063,850
Less Senior Lien Debt Service Coverage Requirement (10% of Debt Service)	91,443	113,038	119,004	126,870	406,385
Net Revenues Available for SRF Loan Coverage Calculation	<u>\$1,091,774</u>	<u>\$785,681</u>	<u>\$1,171,745</u>	<u>\$1,573,240</u>	<u>\$3,053,882</u>

- [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).

Footnotes continue on following page.

CITY OF OVIEDO, FLORIDA
Utility Bond Issue Continuing Disclosure
Historical Operating Results and Estimated Bond Coverage
September 30, 2011

Footnotes continued:

- [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.
- [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,				
	2007	2008	2009	2010	2011
Subordinate Leases					
SunTrust (Generator) Lease (a)	\$93,210	\$93,210	\$93,210	\$93,210	\$93,210
BB&T (Street Sweeper) Lease (b)	5,483	32,898	32,898	32,898	32,898
BBOA (Meter Replacement) Lease (c)	-	-	-	20,961	284,681
Total Subordinate Leases	<u>\$98,693</u>	<u>\$126,108</u>	<u>\$126,108</u>	<u>\$147,069</u>	<u>\$410,789</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.

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Other Reports

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
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 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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 14, 2012. 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 opinions 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 misstatement on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material weakness 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.

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*.

We noted certain matters that we reported to management of the City in a separate letter dated March 14, 2012.

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

McDiarmid Davis & Company, LLC

Orlando, Florida
March 14, 2012

- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. 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 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 government 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.
- Section 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 year ended September 30, 2011, 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, 2011. In connection with our audit, we determined that these two parties were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City'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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone of than these specified parties.

McDiernit Davis & Company, LLC

Orlando, Florida
March 14, 2012

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) for the year ended September 30, 2011. 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. As described in Note 17 to the financial statements, the City changed accounting policies related to clarity and consistency to Fund Balance classifications and categories by adopting Statement of Governmental Accounting Standards (GASB) No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The application of existing policies was not changed during 2011. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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.

MCDIRMIT DAVIS & COMPANY, LLC

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Member - Florida Certified Public Accountants Association, Institute of Certified Public Accountants, Florida Institute of Certified Public Accountants

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

Implementation of GASB Statement No. 54 as disclosed in Note 17 to the financial statements.

Difficulties Encountered in Performing the Audit

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

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 disagreement 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 14, 2012.

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 governmental unit'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 governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Orlando, Florida
March 14, 2012



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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.

Jerry Boop, CPA, CGFO
Finance Director

Notary:
(Seal)

