

City of Oviedo

Comprehensive Annual Financial Report

For Fiscal Year Ended
September 30, 2012



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COMPREHENSIVE
ANNUAL FINANCIAL REPORT

CITY OF OVIEDO, FLORIDA

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2012

PREPARED BY:
FINANCE DEPARTMENT

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CITY OF OVIEDO, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

Year Ended September 30, 2012

<u>INTRODUCTORY SECTION</u>	<u>Page No.</u>
Letter of Transmittal	i-vii
GFOA Certificate of Achievement	viii
Organizational Chart	ix
List of Principal Officials	x
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-15
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Governmental Funds Financial Statements:	
Balance Sheet	18
Reconciliation of the Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Proprietary Funds Financial Statements:	
Statement of Net Position	22
Statement of Revenues, Expenses, and Changes in Net Position	23
Statement of Cash Flows	24-25
Fiduciary Funds Financial Statements:	
Statement of Net Position	26
Statement of Changes in Net Position	27
Notes to Financial Statements	28-72
Required Supplementary Information Other Than MD&A	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	73
Schedule of Funding Progress - Police Officers' Retirement Trust Fund	74

CITY OF OVIEDO, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS (CONTINUED)

Year Ended September 30, 2012

<u>FINANCIAL SECTION (CONTINUED)</u>	<u>Page No.</u>
Required Supplementary Information Other Than MD&A (Continued)	
Schedule of Contributions from the Employer and Other Contributing Entities – Police Officers’ Retirement Trust Fund	74
Schedule of Funding Progress – Firefighters’ Pension Trust Fund	74
Schedule of Contributions from the Employer and Other Contributing Entities – Firefighters’ Pension Trust Fund	75
Schedule of Funding Progress – Retiree Continuation Insurance Plan	75
Schedule of Contributions from the Employer and other Contributing Entities – Retiree Continuation Insurance Plan	75
Combining and Individual Fund Statements and Schedules	
Nonmajor Governmental Funds	
Combining Balance Sheet	76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	77
Special Revenue Funds	
Subcombining Balance Sheet – Nonmajor Special Revenue Funds	78-79
Subcombining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	80-81
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Special Revenue Funds:	
Capital Expansion Special Revenue Fund	82
Local Option Gas Tax Special Revenue Fund	83
State Law Enforcement Special Revenue Fund	84
Federal DEA Grant (Forfeiture) Special Revenue Fund	85
Solid Waste Special Revenue Fund	86
Building Services Special Revenue Fund	87
Stormwater Special Revenue Fund	88
Transportation Impact Fees Fund	89
Debt Service Funds:	
Subcombining Balance Sheet – Nonmajor Debt Service Funds	90
Subcombining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds	91
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Debt Service Funds:	
Public Improvement Revenue Bonds Debt Service Fund	92
General Obligation Bonds Debt Service Fund	93
Lease Financing Debt Service Fund	94

CITY OF OVIEDO, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS (CONTINUED)

Year Ended September 30, 2012

<u>FINANCIAL SECTION (CONTINUED)</u>	<u>Page</u> <u>No.</u>	
Combining and Individual Fund Statements and Schedules (Continued)		
Nonmajor Governmental Funds (Continued)		
Capital Projects Funds:		
Subcombining Balance Sheet – Nonmajor Capital Projects Funds	95-96	
Subcombining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds		97-98
 <u>STATISTICAL SECTION</u>	 TABLE	
	<u>No.</u>	
Financial Trends		
Net Position by Component	1	99
Changes in Net Position	2	100-101
Governmental Activities Tax Revenues by Source	3	102
Fund Balances of Governmental Funds	4	103
Changes in Fund Balances of Governmental Funds	5	104-105
 Revenue Capacity		
Assessed Value and Estimated Actual Value of Taxable Property	6	106
Direct and Overlapping Property Tax Rate	7	107
Principal Property Taxpayers	8	108
Property Tax Levies and Collections	9	109
 Debt Capacity		
Ratios of Outstanding Debt by Type	10	110
Ratios of General Bonded Debt Outstanding	11	111
Direct and Overlapping Governmental Activities Debt	12	112
Computation of Legal Debt Margin	13	113
Pledged-Revenue Coverage	14	114
 Demographic and Economic Information		
Demographic and Economic Statistics	15	115
Principal Employers	16	116
 Operating Information		
Full-Time Equivalent City Government Employees by Function	17	117
Operating Indicators by Function	18	118
Capital Asset Statistics by Function	19	119
 Other Supplemental Schedules		
Continuing Disclosure Requirements Utility Revenue Refunding Bonds	20	120-132

CITY OF OVIEDO, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS (CONTINUED)

Year Ended September 30, 2012

<u>OTHER REPORTS</u>	<u>Page No.</u>
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	133-134
Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Chapter 10.500, Rules of the Auditor General	135-136
Schedule of Expenditures of Federal Awards and State Financial Assistance	137
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	138
Schedule of Findings and Questioned Costs – Federal Awards Programs and State Financial Assistance	139
Management Letter	140-141
Communication with Those Charged with Governance	142-144
Affidavit of Impact Fee Compliance	145

Introductory Section

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CITY OF OVIEDO FLORIDA

400 ALEXANDRIA BLVD • OVIEDO, FLORIDA 32765

407-971-5555 • WWW.CITYOF OVIEDO.NET

March 12, 2013

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, 2012. 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, 2012 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, 2012, 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 right of way maintenance, street and sidewalk maintenance, and the water and wastewater utility system; building services, code enforcement, planning and development; and general administrative services.

The annual budget serves as the foundation for the City of Oviedo's, financial planning and control. The City Charter requires the City Manager to submit the proposed budget and accompanying message to the City Council on or before July 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

The City of Oviedo is greatly encouraged by its most recent economic trends. The City's 2011-12 total taxable property assessed valuation decreased 3.7% from last fiscal year, which is significantly lower than previous fiscal years. However, in fiscal year 2012-13 the City had an increase in its total taxable property assessed valuation of 1.34%. Additionally, early estimates project an increase of 3-4% for fiscal year 2013-14. Other changes in economic indicators from last year include a slight increase in population of 1.8% and a minor per capita income decrease of 3.4%. Unemployment declined to 6.3% from 7.3% and remains lower than the State of Florida's rate, and national average of 7.8%.

In early March of 2013 the City will be breaking ground on Oviedo in the Park, the City's new downtown development for living, working and playing. Construction will be divided into several phases. The early phases will include construction of roadways, hardscape, landscape, utilities, site development, an amphitheater park and a minimum of 250 residential dwellings. Final phases will include additional residential construction and a minimum of 85,000 square feet of commercial, office, restaurant, and retail space. Estimated costs of the entire project, which is a public private partnership with P.A.C. Land Development, range between \$200 and \$250 million. Additionally, Central Florida Regional Hospital is building an 11,000 square foot,

freestanding emergency department complete with an ambulance entry, a dozen private beds and a dedicated trauma room. The Oviedo ER will be a significant addition to the region and will include X-ray, CT scan, ultrasound and laboratory services.

Bloomberg Business Week declared Oviedo one of the “Best Places to Raise Kids” for our great schools, reasonable housing costs, and lower unemployment rate, and for being a family friendly place. Oviedo won this distinction over all other cities in the State of Florida. To determine the best places to raise kids, Business Week teamed up with Bloomberg Rankings to evaluate more than 3,200 places nationwide with populations between 5,000 and 50,000. Their report indicated public school performance and safety were weighed most heavily. In order to gauge the local job market they looked at median income and county-level unemployment. Other factors include housing costs, commute time, poverty, adult’s educational attainment, share of households with children and diversity. The data used to determine the eligible cities came from GreatSchools.Org, the FBI, U.S. Census Bureau and the U.S. Bureau of Labor Statistics. This prestigious recognition is in addition to previous acknowledgements from Family Circle’s “10 best towns for Families” and Relocate America’s, “Top 100 Cities to live.”

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, un-appropriated 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 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 1.10%.

Major Initiatives

Human Resources Initiatives Included:

Personnel Policies and Procedures were revised to ensure compliance with state and federal law changes, recent case law decisions, grievance resolution and to address operational efficiencies. Customized and implemented performance management software which resulted in improved performance tracking, compliance, goal setting and performance management. Established Utility Safety On-line Training, a centralized user-friendly safety, compliance, and management training program which allows the City to assign, track, maintain, and deliver specific training classes at no cost. Put in place Employee Health and Wellness Center service enhancements including implementation of on-line wellness management software called CareHere Connect; increased facility hours from 16 to 20 hours and service days from four to five days per week; increased the number of 90-day generic medications offered; implemented a customer clinic satisfaction survey and opened the facility to part time employees. Initiated a tobacco-free workplace policy which prohibits the hiring of tobacco users and, in addition, offers a tobacco cessation program at no cost to City employees. The Employee Health and Wellness Center continues to positively impact the cost of group medical claims. According to our brokers' return on investment analysis, costs associated with physician office visits were lowered by 44% since 2009. The utilization of inpatient services and admissions in hospital facilities decreased significantly. Taking into consideration the industry trend of 9.3%, the City's costs would have been approximately 31% higher in 2012 than they are currently if the health Center was not in place. This equates to over \$1.3 million in projected savings to the City since 2009.

Finance & IT Initiatives Included:

The City refinanced six general government debt issuances resulting in \$2.2 million in savings over the respective terms of the new notes. In addition, the City's Comprehensive Annual Financial Report, (CAFR) was completed on time during a transition of leadership. Finance participated in the successful renegotiation of the ICMA contract and selection of the new agent of record, Gehring Group, for healthcare services. IT procured a new high capacity Storage Area Network, (SAN) and continued the transition to virtualization. During the year IT engaged American Technology Solutions, (ATS) and implemented their web based product which allows employees to view paystubs, W2's and other relevant pay information on line. Additionally, the IT Department successfully resolved issues with the City's software provider, SunGard. Finally, the Finance Department successfully transitioned meter reading from customer services to utilities allowing for greater utilization of resources.

Management Services Initiatives Included:

Initiated and completed significant upgrades to the audio visual equipment in Council Chambers. Management Services coordinated the "Taste of Oviedo" event with all departments. During the event, a magnet was provided to citizens referencing important City telephone numbers. Prepared and presented Financial Dashboards. Provided Muni-Cast with 10 years of Revenue, Expenditures and Debt for analysis and trending information. Management Services coordinated data assembly and input, for the Florida Benchmarking Consortium, allowing for comparison of City results to other municipalities. Prepared and

presented the Quarter Budget Prospectus which incorporates the status of the strategic plan to actual revenues and expenditures of the City. Also prepared and presented a comprehensive mid-year budget review. In addition, a balanced budget was presented and approved by Council for fiscal year 2012-13.

Public Safety Initiatives Included:

Implemented the Multi-Housing Crime Free Program and was honored by the Florida Police Chiefs Association with recognition of the Rocky Pomerance Law Enforcement Excellence Award which recognizes agencies for developing and implementing innovative approaches to policing. The Department was also recognized at the Law Enforcement Challenge Ceremony held on July 13, 2012 at the Rosen Shingle Creek in Orlando and was awarded \$10,000 for the purchase of Law Enforcement traffic related safety equipment. In addition, the Department received two Edward Byrne Memorial Justice Assistance Grants totaling \$20,587 for the purchase of reporting software, mobile radio battery chargers and a message board. Installed an electronic key tracking system and in an effort to increase officer safety, started testing officer camera systems. Other activities included a charity football game with our neighboring Winter Springs Police Department and participation in the 7th Annual Cops for Kids Car Show at the Oviedo Mall. Throughout the year, the Police Department worked to create a seamless transition of its dispatch unit to the Seminole County Sheriff's Office. This transition will result in significant savings to the citizens of Oviedo.

Fire Rescue received the ICMA Award of Excellence. The department was selected from among 500 jurisdictions across 10 different states which recognize the customer satisfaction rating from the National Citizen Survey hosted by the National Research Center. Fire Rescue also completed the purchase and implementation of all new 800 MHz Digital Radio equipment to fulfill the FCC mandate to become digitally compliant. Furthermore, the entire inventory was funded through a joint grant opportunity among first response participants. The Oviedo share of the grant funding award was \$125,493. The main infrastructure for the tornado siren warning system was relocated to the Fire Administration office due to the consolidation of the Police Department 911 Communication Center. The tornado siren warning system is a component of the Comprehensive Emergency Management Plan assigned to the Fire Chief. After months of negotiations and planning, the FDOT right of way acquisition of Fire Station 44 and the Memorial Building for the SR 426-CR 419 capital road projects was awarded which will result in the receipt of \$1,611,050 and a zero dollar lease of both properties until December 2015, the projected completion date of the new fire station. The actual receipt of funds by the City is expected to take place in the third quarter of fiscal year 2012-13. In addition, negotiations continue with FDOT for other expenses associated with the proposed new fire station property. The new facility will combine Station 44 and Station 46 (City Hall Fire Station) into a single "Super Station". The Eastern most Fire Station, (Station 48) will remain as is.

Code Enforcement Initiatives Included:

Replaced existing software with a more user friendly Citizen Serve Software which greatly increased departmental efficiency and productivity. An ordinance was established to regulate permitted and unpermitted outdoor display and storage. In addition, an ordinance was created to establish an Administrative Citation Process. Other major initiatives included the implementation of a Special Magistrate eliminating the need for the Code Enforcement Board.

Planning and Development Initiatives Included:

Staff, with the assistance of Public Works and Parks and Recreation, applied for and was awarded funds in the amount of \$300,000 for the construction of a segment of the Florida National Scenic Trail within the City of Oviedo. The project will provide connections between

one (1) State park (Little Big Econ) and three (3) municipal parks (Shane Kelly Park, Oviedo Sports Complex and Round Lake Park). The project will also directly link three (3) neighborhoods (River Oaks, Waverlee Woods and Kingsbridge East) to the parks, other neighborhoods in the northeast part of the City and Jackson Heights Middle School. Staff also worked on revisions to the Land Development Sign Code and started a thorough re-write of the Land Development Code to address the City of Oviedo 2025 Comprehensive Plan requirements, and the City Council's direction to implement a Form Based Code in the City. In addition, the Planning and Development Division coordinated the efforts for the selection of the firm in charge of conducting an Impact Fee Study for the City, serving as liaison among the various departments. Lastly, Staff has also participated, along with the Fire Department and Public Works Department in the Preliminary Site Location Study for the new Fire Station.

Recreation and Parks Initiatives Included:

Removal and relocation of the Aulin House to Shane Kelly Park, acquisition of the United States Postal facility for the creation of our future Community Center, completion of playground renovations at Riverside Park, completion of annual outdoor hard court resurfacing at Round Lake Park, Boston Hill Park and the Gymnasium facility. Continued working with Siemens Energy on various facility improvements. Submitted four grant applications which will be awarded later this year.

Public Works Design and Construction Initiatives Included:

Building renovation for public works staffing, Aulin Ave. drainage improvements construction, Kingsbridge Dr. /Lake Rogers traffic signal design, construction of FY2011-12 road resurfacing, construction of the Washington Heights sidewalk project which is FDOT LAP funded, Long Lake Dr. sidewalk connector construction, design of the Lawton safe routes to school sidewalk project which is LAP funded and the design of the Evans St. Extension.

Utility Initiatives Included:

Big Oaks/Twin Rivers phase one reclaimed water project construction, Graham St. water main improvements construction, construction of the Little Creek reclaimed water interconnect, master waste water plan update, master reclaimed water plan update, design of the Caribe and Tomoka 6-inch water main improvements, water reclamation facility phase one odor control improvements construction, design of the River Woods Park 8-inch water main interconnect and design of water reclamation facility filtration improvements.

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, 2011, which is the 21st time the City has received this prestigious award. The Certificate of Achievement is a 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, 2011, the same period covered by this CAFR. This was the seventh 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 Bręazeale
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, 2011

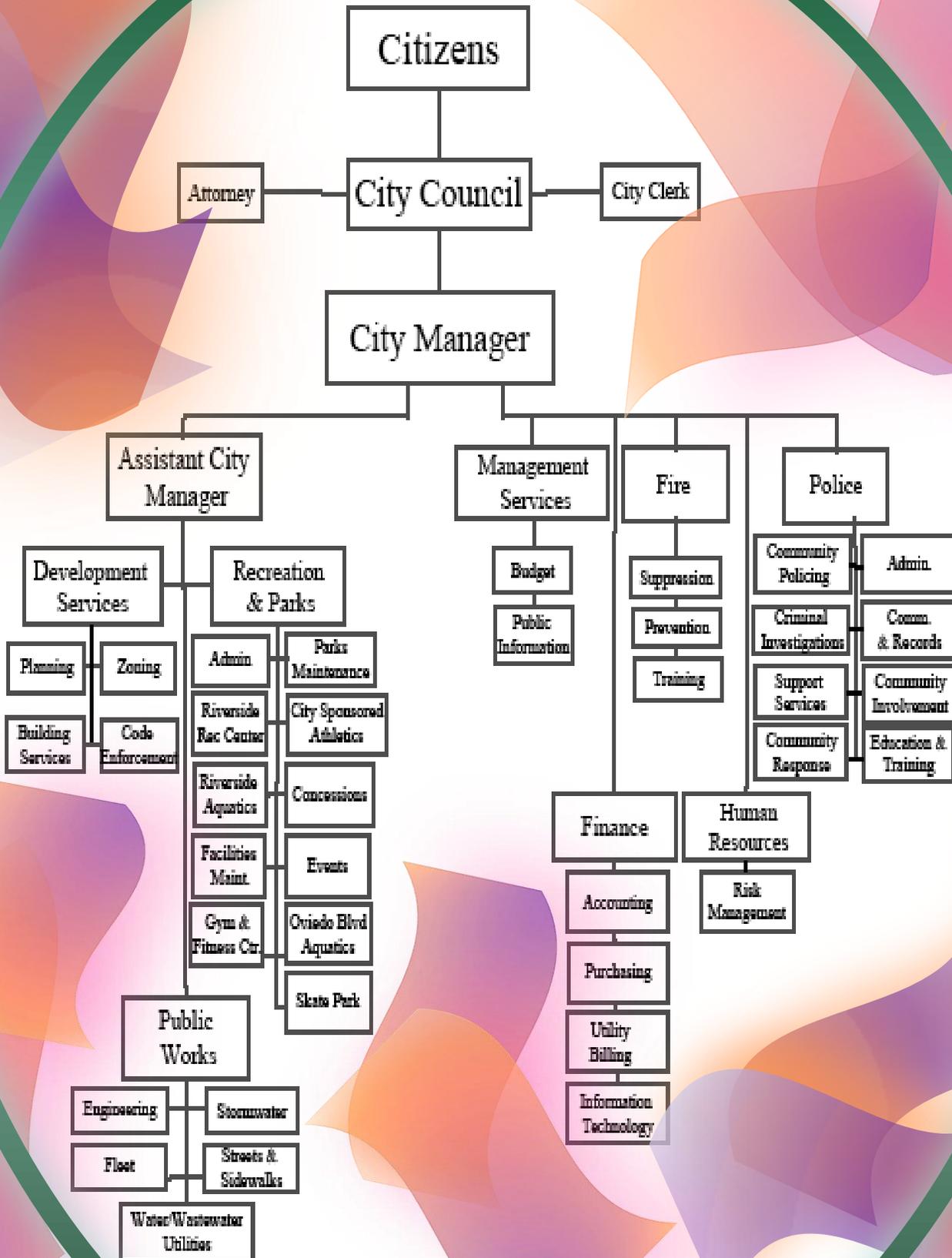
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



Christopher P. Morille
President

Jeffrey R. Emer
Executive Director

City of Oviedo Organization Chart Ending September 30, 2012



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**CITY OF OVIEDO, FLORIDA
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2012**

CITY COUNCIL

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

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 and IT
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 – 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

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Financial Section

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Oviedo, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the *City of Oviedo, Florida* (the City) as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

MCDIRMIT DAVIS & COMPANY, LLC

605 E. ROBINSON STREET, SUITE 635 ORLANDO, FLORIDA 32801
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and other post-employment benefit information on pages 3 through 15 and 73 through 75, 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 accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the Schedule 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 as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

McDiarmid Davis & Company, LLC

Orlando, Florida
March 12, 2013

Management's Discussion and Analysis

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Florida

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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 2012, the City's assets and deferred outflows of resources exceeded its liabilities by \$124,573,923 (*net position*). Of this amount, \$12,045,207 (unrestricted net position) may be utilized to meet the City's ongoing obligations to citizens and creditors.
- During fiscal year 2012, the City's total net position decreased by \$1,685,035 (or – 1.4%).
- At the close of the fiscal year 2012, the City's governmental funds reported combined ending fund balances of \$25,543,478, a decrease of \$1,161,504 in comparison with the prior year. Approximately 11% or \$2,893,290 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, unrestricted fund balance (the total of the *committed, assigned, and unassigned* components of *fund balance*) for the governmental funds was \$5,962,739, or approximately 19% of total governmental funds expenditures.
- The City's total debt decreased by \$2,758,115 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 Position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decrease in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported 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-one 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 28-72 of this report.

Required supplementary information (RSI). RSI can be found on pages 73-75 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 76-98 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis

Statement of Net Position. As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities by \$124,573,923 (*net position*) as of the close of the most recent fiscal year.

Over half (\$100,484,934 or 81%) of the City's net position 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.

\$12,043,782 of the City's net position represents resources that are subject to external restrictions on how they may be used, primarily for capital improvements. The remaining balance of *unrestricted net position* (\$12,045,207 or 10%) may be used to meet the City's ongoing obligations to citizens and creditors.

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

Statement of Net Position
As of September 30,

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 30,151,859	\$ 27,025,684	\$ 14,018,494	\$ 14,316,125	\$ 44,170,353	\$ 41,341,809
Capital assets	85,355,186	86,818,020	84,940,901	86,711,461	170,296,087	173,529,481
Total assets	<u>115,507,045</u>	<u>113,843,704</u>	<u>98,959,395</u>	<u>101,027,586</u>	<u>214,466,440</u>	<u>214,871,290</u>
Total deferred outflows of resources	62,050	-	-	-	62,050	-
Current liabilities	3,760,905	3,709,606	1,585,008	1,213,272	5,345,913	4,922,878
Long term liabilities	28,489,937	29,567,246	56,118,717	57,545,176	84,608,654	87,112,422
Total liabilities	<u>32,250,842</u>	<u>33,276,852</u>	<u>57,703,725</u>	<u>58,758,448</u>	<u>89,954,567</u>	<u>92,035,300</u>
Net position						
Net investment in capital assets	67,504,757	67,766,063	32,980,177	35,700,131	100,484,934	103,466,194
Restricted for:						
Debt service	107,683	11,703	-	333,198	107,683	344,901
Public safety	405,686	330,694	-	-	405,686	330,694
Capital improvements	11,530,413	7,613,149	-	-	11,530,413	7,613,149
Unrestricted	<u>3,769,714</u>	<u>4,845,243</u>	<u>8,275,493</u>	<u>6,235,809</u>	<u>12,045,207</u>	<u>11,081,052</u>
Total net position	<u>\$ 83,318,253</u>	<u>\$ 80,566,852</u>	<u>\$ 41,255,670</u>	<u>\$ 42,269,138</u>	<u>\$ 124,573,923</u>	<u>\$ 122,835,990</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis, Continued

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

Note that the City's net position decreased by \$1,685,035 or -1.4% in fiscal year 2012. The previous fiscal year, 2011, net position decreased by \$5,309,657 or -0.4%.

Governmental activities decreased net position by \$1,392,682 in fiscal year 2012 compared to a decrease of \$5,065,372 in 2011. The decrease in net position is due both to a reduction in revenues and an increase in expenses in 2012.

Business-type activities decreased net position by \$292,353 or -0.7% in fiscal year 2012 compared to a decrease of \$244,285 or -0.6% in 2011.

Following the *Changes in Net Position* 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

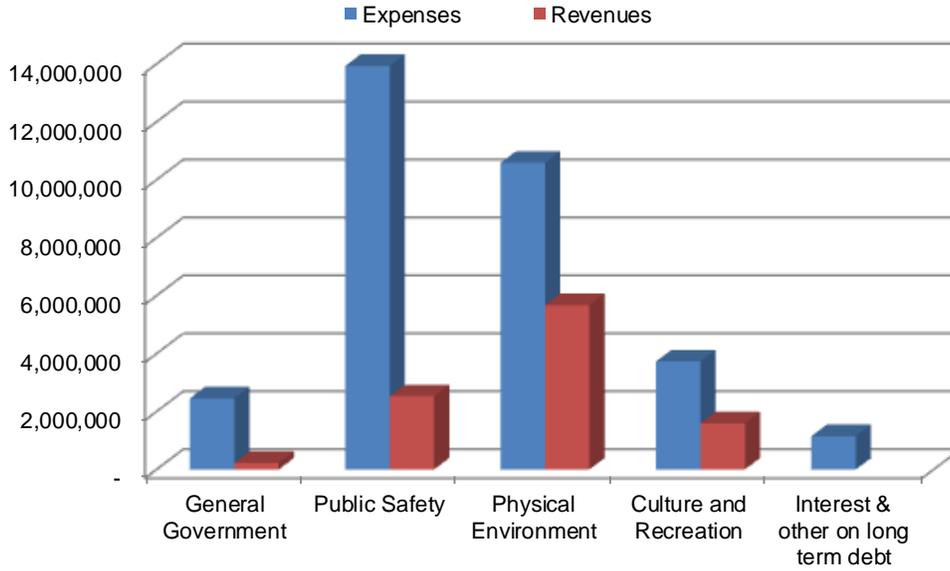
Changes in Net Position
For the Years Ended September 30,

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 7,939,962	\$ 7,891,173	\$ 11,750,283	\$ 11,780,825	\$ 19,690,245	\$ 19,671,998
Operating grants and contributions	1,032,190	669,408	-	-	1,032,190	669,408
Capital grants and contributions	1,032,899	562,776	921,103	839,566	1,954,002	1,402,342
General revenues:						
Property taxes	9,124,777	9,579,750	-	-	9,124,777	9,579,750
Other taxes	10,587,388	11,650,481	-	-	10,587,388	11,650,481
Other revenue	558,127	538,727	143,116	155,660	701,243	694,387
Total revenues	<u>30,275,343</u>	<u>30,892,315</u>	<u>12,814,502</u>	<u>12,776,051</u>	<u>43,089,845</u>	<u>43,668,366</u>
Expenses:						
General government	2,455,326	2,685,783	-	-	2,455,326	2,685,783
Public safety	13,931,688	14,054,141	-	-	13,931,688	14,054,141
Physical environment	10,590,618	14,221,913	-	-	10,590,618	14,221,913
Culture and recreation	3,731,775	3,992,313	-	-	3,731,775	3,992,313
Interest & other on long-term debt	1,148,439	1,209,414	-	-	1,148,439	1,209,414
Water and sewer	-	-	12,917,034	12,814,459	12,917,034	12,814,459
Total expenses	<u>31,857,846</u>	<u>36,163,564</u>	<u>12,917,034</u>	<u>12,814,459</u>	<u>44,774,880</u>	<u>48,978,023</u>
Increase (decrease) in net position before transfers	(1,582,503)	(5,271,249)	(102,532)	(38,408)	(1,685,035)	(5,309,657)
Transfers	189,821	205,877	(189,821)	(205,877)	-	-
Increase (decrease) in net position	(1,392,682)	(5,065,372)	(292,353)	(244,285)	(1,685,035)	(5,309,657)
Net position - October 1	80,566,852	85,632,224	42,269,138	42,513,423	122,835,990	128,145,647
Prior period adjustment	4,144,083	-	(721,115)	-	3,422,968	-
Net position - September 30	<u>\$ 83,318,253</u>	<u>\$ 80,566,852</u>	<u>\$ 41,255,670</u>	<u>\$ 42,269,138</u>	<u>\$ 124,573,923</u>	<u>\$ 122,835,990</u>

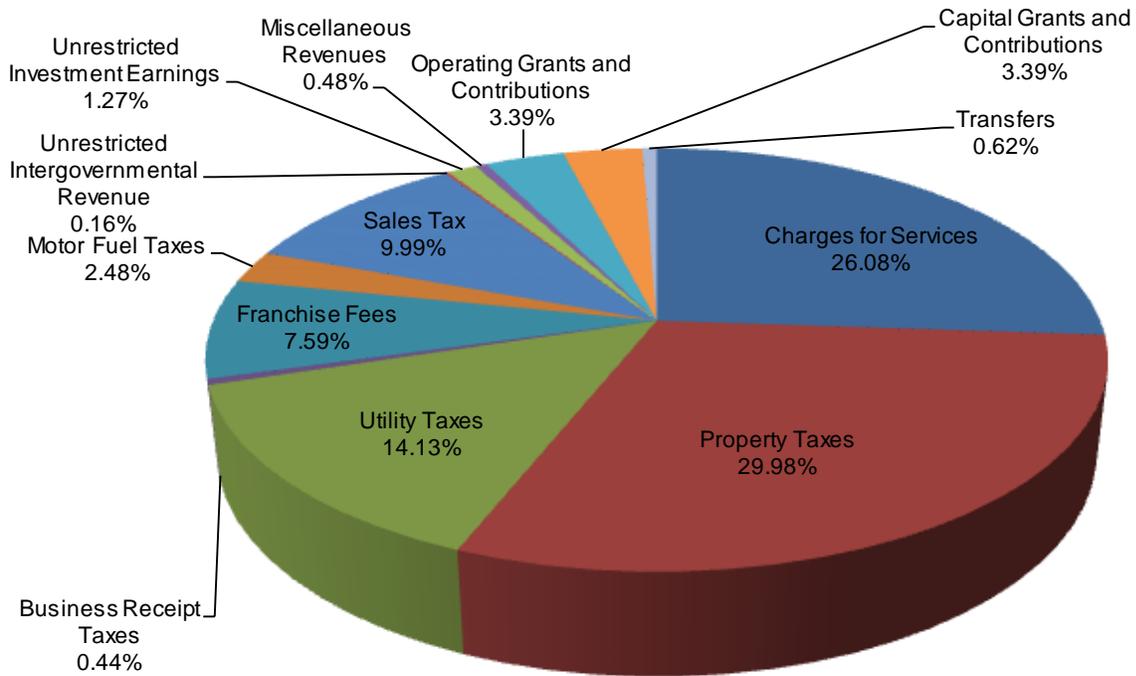
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis, Continued

Governmental Program Specific Revenues and Expenses



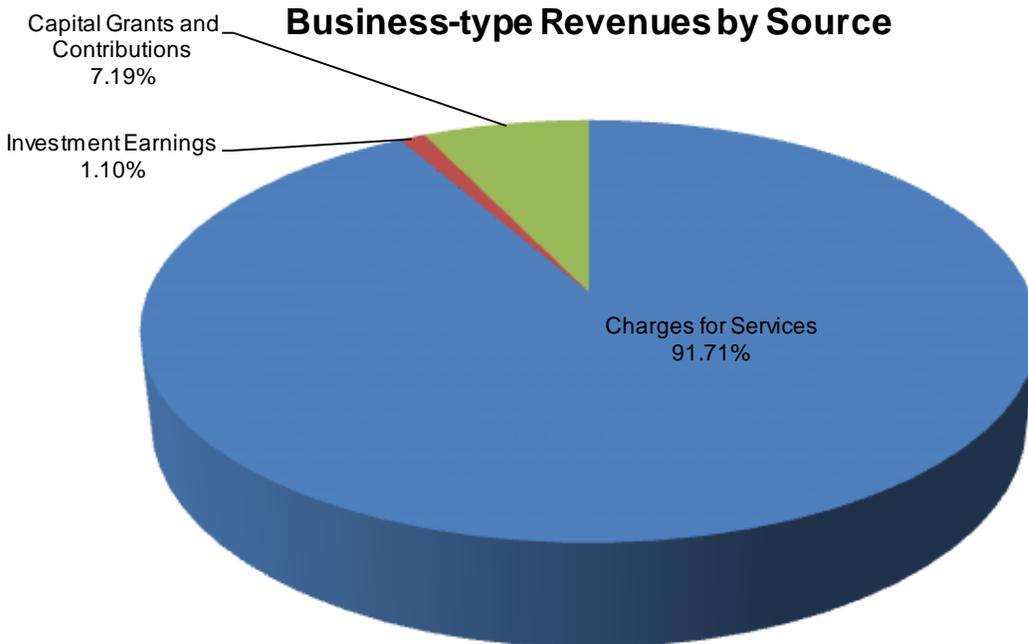
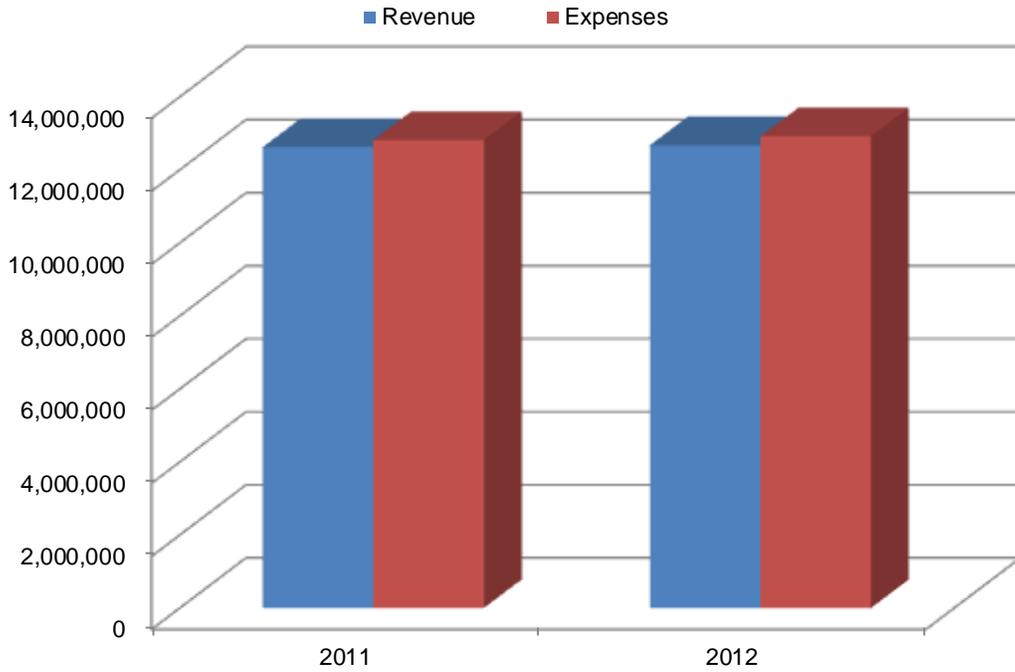
Governmental Revenues by Source



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, 2012, the City's governmental funds reported combined ending fund balances of \$25,543,478, a decrease of \$1,161,504 in comparison with the prior year. Approximately 11% of this total amount, \$2,893,290, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance, \$22,650,188, is either nonspendable, 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, 2012, the unassigned fund balance of the General Fund was \$2,914,129, while the total fund balance was \$3,016,997. 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 15% of total General Fund expenditures, while total fund balance represents 15% of that same amount.

During the current fiscal year, the fund balance of the City's General Fund decreased by \$463,408, primarily due to the decrease in property tax revenue.

The Local Option Sales Tax Fund decreased its fund balance by \$241,742 in 2012, primarily due to a decrease in intergovernmental revenue.

The Downtown Improvement Construction Fund has a total fund balance of \$8,119,035, all of which is restricted for capital projects. The net increase in fund balance during the current year of \$60,309 was due to an increase in investment income and a decrease in capital outlay.

The total fund balance of all the nonmajor governmental funds is \$8,962,741, a net decrease of \$516,663 when compared with the prior year. Capital outlay for all nonmajor governmental funds decreased by \$721,171 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 position of the Water and Sewer Utility Fund at September 30, 2012 amounted to \$8,544,755. There was a decrease in net position of the Water and Sewer Utility Fund of \$245,580 in 2012 compared to a decrease of \$137,382 in 2011.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget (\$792,362 increase in revenues and \$320,421 increase in appropriations) can be briefly summarized as follows:

Revenues:

- Increase in delinquent property taxes of \$15,000
- Increase in code enforcement fines and forfeitures of \$13,000
- Increase in miscellaneous income of \$214,789
- Increase in transfer from the Economic Development Fund of \$340,188
- Increase in transfer from the Vehicle Replacement Fund of \$214,385

Expenditures:

- Increase in salaries in the amount of \$118,765 to facilitate managerial transition.
- Increase in physical environment in the amount of \$539,509 for the purchase of the property, building and miscellaneous expenditures related to the Community Center.

Increases in expenditures were offset by increases in revenues.

Differences between the final amended budget and the actual (\$929,473 decrease in revenues and \$522,479 decrease in expenditures) can be briefly summarized as follows:

Revenues:

- Actual year end revenues were under budget by \$369,012 or 1.8%. This variance was attributed primarily to lower than expected collections of utility taxes (\$284,512) and licenses and permits (\$159,975). These shortfalls were offset by positive variances in collections of intergovernmental revenues of \$85,019, fines and forfeitures of \$41,292, and miscellaneous revenues of \$13,459.
- Transfers in from Economic Development and Vehicle Replacement were under budget by \$340,188 and \$214,385, respectively.

Expenditures:

- Actual year end expenditures were under budget by \$223,233 or 1%. The variance was primarily attributable to general government \$67,605, culture and recreation \$127,790, and physical environment \$70,023.

Overall:

- The net reduction in fund balances was \$674,920 which includes a prior period adjustment of \$211,512 for recovery efforts related to hurricane Charley. Were it not for the adjustment related to hurricane Charley the net reduction in fund balance would have been \$463,408.

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, 2012, amounts to \$170,296,087 (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 \$3,233,394 (a -1.9% decrease on total assets).

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 11,862,008	\$ 11,698,520	\$ 2,041,630	\$ 1,891,788	\$ 13,903,638	\$ 13,590,308
Buildings	10,170,294	10,423,022	975,490	1,012,814	11,145,784	11,435,836
Infrastructure and improvements	48,906,099	51,303,671	79,013,598	77,248,795	127,919,697	128,552,466
Machinery and equipment	2,639,462	2,953,983	647,068	651,397	3,286,530	3,605,380
Intangibles	136,991	161,875	1,503,292	1,531,951	1,640,283	1,693,826
Construction in progress	<u>11,640,332</u>	<u>10,276,949</u>	<u>759,823</u>	<u>4,374,716</u>	<u>12,400,155</u>	<u>14,651,665</u>
Total capital assets, net	<u>\$ 85,355,186</u>	<u>\$ 86,818,020</u>	<u>\$ 84,940,901</u>	<u>\$ 86,711,461</u>	<u>\$ 170,296,087</u>	<u>\$ 173,529,481</u>

Additional information on the City's capital assets can be found in Note 5 in the accompanying notes to financial statements.

Long-term debt. At September 30, 2012, the City had \$74,809,000 in bonded debt outstanding. Of this amount, \$7,275,000 related to General Obligation Bonds, \$8,896,000 related to Public Improvement Revenue Notes, \$7,990,000 related to Capital Improvement Revenue Notes and \$50,648,000 related to Utility Revenue Bonds/Notes. In addition, the City had \$2,859,289 related to the State Revolving Fund Loan, \$225,832 related to the City's Landfill and \$3,633,041 related to capital leases on equipment.

The City issued public improvement refunding revenue notes and capital improvement refunding revenue notes totaling \$16,886,000 to refinance previously outstanding public improvement revenue bonds and capital improvement revenue bonds reported in governmental activities. This refinancing was done to take advantage of favorable interest rates. The result is expected to be a decrease in future debt service payments approximating 2.2 million over the terms of the new issuances.

There was a reduction in principal outstanding of \$1,275,000 in annual principal payments for the ten outstanding bond issues, \$692,115 in principal payments for the capital leases, and principal payments totaling \$159,707 on the state revolving loan.

There are no limitations placed on the amount of debt the City may issue either by the City's charter, code of ordinances or by the Florida State Statutes. The City's charter does require voter referendum for any lease purchase contracts or any other unfunded multi-year contracts for the purchase of real property or the construction of any capital improvement (exceeding \$5,000,000 per fiscal year), the repayment of which extends beyond the end of any fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Capital Asset and Debt Administration, Continued

Long-term debt, continued

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.

Long Term Debt
As of September 30,

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bond						
2003	\$ 7,275,000	\$ 7,490,000	\$ -	\$ -	\$ 7,275,000	\$ 7,490,000
Public improvement						
revenue bonds	-	6,690,000	-	-	-	6,690,000
Public improvement						
refunding revenue bonds	8,896,000	2,565,000	-	-	8,896,000	2,565,000
Capital improvement						
refunding revenue bonds	7,990,000	1,545,000	-	-	7,990,000	1,545,000
Capital improvement						
revenue bonds	-	6,810,522	-	-	-	6,810,522
Utility revenue bonds	-	-	50,648,000	51,708,000	50,648,000	51,708,000
State revolving loan	-	-	2,859,289	2,911,930	2,859,289	2,911,930
Landfill post-closure care	225,832	239,623	-	-	225,832	239,623
Capital leases	1,332,806	1,725,300	2,300,235	2,599,902	3,633,041	4,325,202
Total	<u>\$ 25,719,638</u>	<u>\$ 27,065,445</u>	<u>\$ 55,807,524</u>	<u>\$ 57,219,832</u>	<u>\$ 81,527,162</u>	<u>\$ 84,285,277</u>

Additional information on the City's long-term liabilities can be found in Note 5 in the accompanying notes to financial statements.

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 2013 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 2013 remains at 4.8626, the same tax rate since fiscal year 2009. The tax rate for the General Obligation Bond of .3071 mills debt service remains unchanged from the previous year. The combined tax rate for fiscal year 2012/2013 is 5.1697.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Economic Factors and Next Year's Budgets and Rates (Continued)

The General Fund budget of \$23,259,677 is \$93,785 less than the adopted fiscal year 2011/2012 budget. The 2013 General Fund Budget was adopted without any use of fund balance, leaving unassigned fund balance in the General Fund of \$2,914,129. This unassigned fund balance is 15% of General Fund expenditures for 2012 and the City continues to meet its Fund Balance Reserve Policy. With the exception of modest increases projected for the Half Cent Sales Tax and State Revenue Sharing, virtually all other revenue sources are flat. 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 \$54.2 million (exclusive of inter-fund transfers and internal service operations) is \$9.9 million or 15% less than the fiscal year 2011-2012 total adopted budget. The decrease is due mainly to lower appropriations for debt services, capital improvements, special revenue attributable to refinancing debt and reduced fund balance availability for future projects.

The City's tax base increased by \$24.5 million or 1.34% compared to last fiscal year 2011/2012 based on the Certification of Taxable Value, provided by the Seminole County Property Appraiser.

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 Position
September 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 15,749,318	\$ 7,380,385	\$ 23,129,703
Investments	7,784,455	4,932,976	12,717,431
Restricted investments	63,574	567,702	631,276
Accounts receivable, net	1,293,452	645,492	1,938,944
Unbilled revenues	-	421,225	421,225
Due from other governments	807,010	301,177	1,108,187
Internal balances	269,262	(269,262)	-
Inventories	48,337	38,799	87,136
Prepaid expenses	3,950,344	-	3,950,344
Restricted assets:			
Cash and cash equivalents	186,107	-	186,107
Capital assets:			
Non depreciable	23,502,340	2,801,453	26,303,793
Depreciable, net	<u>61,852,846</u>	<u>82,139,448</u>	<u>143,992,294</u>
Total capital assets	<u>85,355,186</u>	<u>84,940,901</u>	<u>170,296,087</u>
Total assets	<u>115,507,045</u>	<u>98,959,395</u>	<u>214,466,440</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	<u>62,050</u>	-	<u>62,050</u>
Total deferred outflows of resources	<u>62,050</u>	-	<u>62,050</u>
LIABILITIES			
Accounts payable	2,842,209	776,152	3,618,361
Accrued liabilities	599,119	68,846	667,965
Retainage payable	118,050	52,696	170,746
Unearned revenues	158,237	-	158,237
Due to other governments	708	119,612	120,320
Liabilities payable from restricted assets	42,582	567,702	610,284
Long-term liabilities:			
Due within one year:			
Landfill closure liability	67,583	-	67,583
Capital lease payable	270,700	309,492	580,192
Bonds payable	220,000	1,086,000	1,306,000
Loans payable	-	164,064	164,064
Compensated absences	204,081	16,684	220,765
Due in more than one year:			
Landfill closure liability	158,249	-	158,249
Capital lease payable	1,062,151	1,990,738	3,052,889
Bonds payable	23,932,257	49,596,049	73,528,306
Loans payable	-	2,695,230	2,695,230
Accrued interest	74,716	31,276	105,992
Compensated absences	1,836,725	150,159	1,986,884
Other post employment benefits	<u>663,475</u>	<u>79,025</u>	<u>742,500</u>
Total liabilities	<u>32,250,842</u>	<u>57,703,725</u>	<u>89,954,567</u>
NET POSITION			
Net investment in capital assets	67,504,757	32,980,177	100,484,934
Restricted for:			
Debt service	107,683	-	107,683
Public safety	405,686	-	405,686
Capital improvements	11,530,413	-	11,530,413
Unrestricted	<u>3,769,714</u>	<u>8,275,493</u>	<u>12,045,207</u>
Total net position	<u>\$ 83,318,253</u>	<u>\$ 41,255,670</u>	<u>\$ 124,573,923</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, 2012

Functions/programs					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Program Revenue			Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 2,455,326	\$ 221,753	\$ -	\$ -	\$ (2,233,573)	\$ -	\$ (2,233,573)
Public safety	13,931,688	1,745,683	743,763	33,979	(11,408,263)	-	(11,408,263)
Physical environment	10,590,618	4,591,017	79,816	998,920	(4,920,865)	-	(4,920,865)
Parks and recreation	3,731,775	1,381,509	208,611	-	(2,141,655)	-	(2,141,655)
Interest on long-term debt	1,148,439	-	-	-	(1,148,439)	-	(1,148,439)
Total governmental activities	<u>31,857,846</u>	<u>7,939,962</u>	<u>1,032,190</u>	<u>1,032,899</u>	<u>(21,852,795)</u>	<u>-</u>	<u>(21,852,795)</u>
Business-type activities:							
Water and sewer	12,917,034	11,750,283	-	921,103	-	(245,648)	(245,648)
Total business-type activities	<u>12,917,034</u>	<u>11,750,283</u>	<u>-</u>	<u>921,103</u>	<u>-</u>	<u>(245,648)</u>	<u>(245,648)</u>
Total primary government	<u>\$ 44,774,880</u>	<u>\$ 19,690,245</u>	<u>\$ 1,032,190</u>	<u>\$ 1,954,002</u>	<u>(21,852,795)</u>	<u>(245,648)</u>	<u>(22,098,443)</u>
General revenues:							
Property taxes					9,124,777	-	9,124,777
Utility taxes					4,299,870	-	4,299,870
Business receipt taxes					134,133	-	134,133
Franchise fees					2,309,488	-	2,309,488
Motor fuel taxes					754,362	-	754,362
Sales tax					3,039,581	-	3,039,581
Unrestricted intergovernmental revenue					49,954	-	49,954
Unrestricted investment earnings					385,277	139,722	524,999
Miscellaneous					144,715	-	144,715
Gain on sale of capital assets					28,135	3,394	31,529
Transfers					189,821	(189,821)	-
Total general revenues and transfers					<u>20,460,113</u>	<u>(46,705)</u>	<u>20,413,408</u>
Change in net position					(1,392,682)	(292,353)	(1,685,035)
Net position - beginning					80,566,852	42,269,138	122,835,990
Prior period adjustment					<u>4,144,083</u>	<u>(721,115)</u>	<u>3,422,968</u>
Net position - ending					<u>\$ 83,318,253</u>	<u>\$ 41,255,670</u>	<u>\$ 124,573,923</u>

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

CITY OF OVIEDO, FLORIDA
Balance Sheet
Governmental Funds
September 30, 2012

	<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	\$ 2,664,275	\$ 989,247	\$ 5,390,332	\$ 6,018,379	\$ 15,062,233
Investments	1,119,066	500,000	2,730,000	3,085,389	7,434,455
Restricted investments	63,574	-	-	-	63,574
Receivables, net	1,061,911	-	-	229,557	1,291,468
Due from other governments	454,680	13,165	-	339,165	807,010
Inventories	48,337	-	-	-	48,337
Prepaid items	8,051	3,942,293	-	-	3,950,344
Restricted assets:					
Cash and cash equivalents	<u>115,363</u>	<u>-</u>	<u>-</u>	<u>70,744</u>	<u>186,107</u>
Total assets	<u>\$ 5,535,257</u>	<u>\$ 5,444,705</u>	<u>\$ 8,120,332</u>	<u>\$ 9,743,234</u>	<u>\$ 28,843,528</u>
Liabilities and fund balances:					
Accounts payable	\$ 1,725,606	\$ -	\$ 1,297	\$ 647,927	\$ 2,374,830
Accrued liabilities	570,135	-	-	28,984	599,119
Retainage payable	-	-	-	103,582	103,582
Due to other governments	708	-	-	-	708
Unearned revenue	158,237	-	-	-	158,237
Payable from restricted assets	<u>63,574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,574</u>
Total liabilities	<u>2,518,260</u>	<u>-</u>	<u>1,297</u>	<u>780,493</u>	<u>3,300,050</u>
Fund balances:					
Nonspendable	56,388	-	-	-	56,388
Restricted	46,480	5,444,705	8,119,035	5,914,131	19,524,351
Committed	-	-	-	1,473,613	1,473,613
Assigned	-	-	-	1,595,836	1,595,836
Unassigned	<u>2,914,129</u>	<u>-</u>	<u>-</u>	<u>(20,839)</u>	<u>2,893,290</u>
Total fund balances	<u>3,016,997</u>	<u>5,444,705</u>	<u>8,119,035</u>	<u>8,962,741</u>	<u>25,543,478</u>
Total liabilities and fund balances	<u>\$ 5,535,257</u>	<u>\$ 5,444,705</u>	<u>\$ 8,120,332</u>	<u>\$ 9,743,234</u>	<u>\$ 28,843,528</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 Position
September 30, 2012

Total fund balance, governmental funds \$ 25,543,478

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

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

Governmental capital assets	\$ 142,594,621	
Less: Accumulated depreciation	<u>(57,315,572)</u>	85,279,049

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 position. 923,613

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	\$ (24,161,000)	
Deferred charge on refunding	62,050	
Unamortized discount	8,743	
Lease payable	(1,332,851)	
Landfill closure	(225,832)	
Compensated absences	(2,040,806)	
Accrued interest payable	(74,716)	
Other post employment benefits	<u>(663,475)</u>	<u>(28,427,887)</u>

Net Position of Governmental Activities in the Statement of Net Position \$ 83,318,253

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, 2012

	<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	\$ 8,582,728	\$ -	\$ -	\$ 542,049	\$ 9,124,777
Utility taxes	4,299,870	-	-	-	4,299,870
Business receipt	134,133	-	-	-	134,133
Licenses, permits and fees	2,320,974	-	-	689,641	3,010,615
Intergovernmental	2,933,694	301,448	-	2,279,723	5,514,865
Charges for services	2,163,996	-	-	4,094,697	6,258,693
Fines and forfeitures	147,967	-	-	21,517	169,484
Investment income	84,652	112,376	87,043	89,235	373,306
Service assessments	462	-	-	804,007	804,469
Miscellaneous	<u>387,642</u>	<u>1,457</u>	<u>-</u>	<u>1,553</u>	<u>390,652</u>
Total revenues	<u>21,056,118</u>	<u>415,281</u>	<u>87,043</u>	<u>8,522,422</u>	<u>30,080,864</u>
Expenditures:					
Current:					
General government	2,065,330	-	21,137	123,954	2,210,421
Public safety	11,671,583	-	-	1,305,952	12,977,535
Physical environment	2,597,173	657,023	-	4,482,787	7,736,983
Parks and recreation	3,285,143	-	627	18,636	3,304,406
Debt service:					
Principal	-	-	-	1,085,834	1,085,834
Interest and fiscal charges	-	-	-	1,142,570	1,142,570
Issuance costs	-	-	-	162,493	162,493
Capital outlay:					
General government	-	-	-	46,603	46,603
Public safety	-	-	-	202,888	202,888
Physical environment	429,941	-	-	1,400,437	1,830,378
Parks and recreation	<u>-</u>	<u>-</u>	<u>4,970</u>	<u>68,465</u>	<u>73,435</u>
Total expenditures	<u>20,049,170</u>	<u>657,023</u>	<u>26,734</u>	<u>10,040,619</u>	<u>30,773,546</u>
Excess (deficiency) of revenues over expenditures	<u>1,006,948</u>	<u>(241,742)</u>	<u>60,309</u>	<u>(1,518,197)</u>	<u>(692,682)</u>
Other financing sources (uses):					
Transfers in	638,230	-	-	2,721,515	3,359,745
Transfers out	(2,139,311)	-	-	(1,473,845)	(3,613,156)
Refunding notes issued	-	-	-	16,886,000	16,886,000
Payment to refunded debt escrow agent	-	-	-	(17,132,136)	(17,132,136)
Sale of general capital assets	<u>30,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,725</u>
Total other financing sources (uses)	<u>(1,470,356)</u>	<u>-</u>	<u>-</u>	<u>1,001,534</u>	<u>(468,822)</u>
Net change in fund balances	(463,408)	(241,742)	60,309	(516,663)	(1,161,504)
Fund balances - beginning	3,691,917	1,186,447	8,058,726	9,479,404	22,416,494
Prior period adjustment	<u>(211,512)</u>	<u>4,500,000</u>	<u>-</u>	<u>-</u>	<u>4,288,488</u>
Fund balances - ending	<u>\$ 3,016,997</u>	<u>\$ 5,444,705</u>	<u>\$ 8,119,035</u>	<u>\$ 8,962,741</u>	<u>\$ 25,543,478</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, 2012

Net change in fund balances - total governmental funds:	\$	(1,161,504)
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	\$ 2,153,304	
Less: current year depreciation	<u>(3,789,753)</u>	(1,636,449)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position		
		(2,590)
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 Position		
Public improvement revenue refunding bonds		(8,896,000)
Capital improvement revenue refunding bonds		(7,990,000)
Landfill closure liability		13,791
Repayments of long-term debt is an expenditure in the governmental funds But the repayment reduces long-term liabilities in the Statement of Net Position		
Principal payments		1,085,834
Payment to escrow agent for refunding		17,132,136
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		
		6,797
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	\$ (96,939)	
Change in other post employment benefits	(103,594)	
Change in accrued interest	<u>(74,716)</u>	(275,249)
Contributions of capital assets are not reported as revenues in the governmental funds		
		185,510
Deferred charge on refunding		
		62,050
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.		
		<u>82,992</u>
Change in net position of governmental activities	\$	<u><u>(1,392,682)</u></u>

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

CITY OF OVIEDO, FLORIDA
Statement of Net Position
Proprietary Funds
September 30, 2012

	Business-type Activities Water and Sewer Utility Fund	Governmental Activities Internal Service Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,380,385	\$ 687,603
Investments	4,932,976	350,000
Restricted investments	567,702	-
Receivables, net	645,492	-
Insurance receivable	-	1,984
Unbilled revenues	421,225	-
Due from other governments	301,177	-
Inventories	38,799	-
Total current assets	14,287,756	1,039,587
Non-current assets:		
Capital assets:		
Non depreciable	2,801,453	-
Depreciable, net	82,139,448	76,137
Total non-current assets	84,940,901	76,137
Total assets	\$ 99,228,657	\$ 1,115,724
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 776,152	\$ 461,373
Accrued liabilities	68,846	-
Retainage payable	52,696	-
Compensated absences	166,843	-
Due to other governments	119,612	-
Bonds payable - current	1,086,000	-
Capital lease payable - current	309,492	-
Loans payable - current	164,064	-
Accrued interest payable	31,276	-
Payable from restricted assets	567,702	-
Total current liabilities	3,342,683	461,373
Non-current liabilities:		
Bonds payable, net of unamortized premium	49,596,049	-
Capital leases payable	1,990,738	-
Loans payable	2,695,230	-
Other post employment benefits	79,025	-
Total non-current liabilities	54,361,042	-
Total liabilities	57,703,725	461,373
NET POSITION		
Net investment in capital assets	32,980,177	76,137
Unrestricted	8,544,755	578,214
Total net position	\$ 41,524,932	\$ 654,351
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise fund over time	(269,262)	
Total net position per government-wide financial statements	\$ 41,255,670	

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

CITY OF OVIEDO, FLORIDA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2012

	Business-type Activities	Governmental Activities
	Water and Sewer Utility Fund	Internal Service Fund
Operating revenues:		
User charges	\$ 11,521,808	\$ -
Other revenue	228,475	2,077,973
Total operating revenues	11,750,283	2,077,973
Operating expenses:		
Cost of sales/services	4,691,455	2,175,074
Materials and supplies	-	312,577
Administration	2,106,587	-
Depreciation and amortization	3,983,892	9,306
Total operating expenses	10,781,934	2,496,957
Operating income (loss)	968,349	(418,984)
Nonoperating revenues (expenses):		
Investment earnings	139,722	11,971
Interest expense	(2,088,327)	-
Gain on sale of capital assets	3,394	-
Total nonoperating revenues (expenses)	(1,945,211)	11,971
Loss before contributions and transfers	(976,862)	(407,013)
Capital contributions	921,103	-
Transfers in	-	500,000
Transfers out	(189,821)	(56,768)
Change in net position	(245,580)	36,219
Net position - beginning	42,491,627	618,132
Prior period adjustment	(721,115)	-
Net position - ending	\$ 41,524,932	\$ 654,351
Adjustment for the net effect of the current year activity between the internal service fund and the enterprise fund	(46,773)	
Change in Business-Type Activities Net Position per Government-Wide Financial Statements.	\$ (292,353)	

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, 2012

	<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	\$ 11,298,478	\$ -
Receipts from internal services provided	-	2,125,355
Payments to suppliers	(3,924,354)	(2,644,705)
Payments to employees	(1,408,152)	-
Payments for interfund services used	(1,174,193)	-
Net cash provided by (used in) operating activities	<u>4,791,779</u>	<u>(519,350)</u>
Cash flows from non-capital financing activities:		
Transfers in	-	500,000
Transfers out	(189,821)	(56,768)
Net cash provided by (used in) non-capital financing activities	<u>(189,821)</u>	<u>443,232</u>
Cash flows from capital and related financing activities:		
Proceeds from sale of capital assets	3,394	-
Purchase of capital assets	(1,982,637)	-
Proceeds from capital debt	107,066	-
Principal paid on capital debt	(1,522,544)	-
Interest paid on capital debt	(2,088,903)	-
Capital contributions	690,408	-
Net cash used in capital and related financing activities	<u>(4,793,216)</u>	<u>-</u>
Cash flows from investing activities:		
Investment income	<u>139,722</u>	<u>11,971</u>
Net decrease in cash and cash equivalents	(51,536)	(64,147)
Cash and cash equivalents - beginning	<u>12,932,599</u>	<u>1,101,750</u>
Cash and cash equivalents - ending	<u>\$ 12,881,063</u>	<u>\$ 1,037,603</u>
Classified as:		
Cash and cash equivalents	\$ 7,380,385	\$ 687,603
Investments	4,932,976	350,000
Restricted investments, current	<u>567,702</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 12,881,063</u>	<u>\$ 1,037,603</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, 2012

	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)	\$ 968,349	\$ (418,984)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	3,983,892	9,306
(Increase) decrease in accounts receivable	(220,750)	47,382
(Increase) in due from other governments	(301,177)	-
Decrease in inventories	24,136	-
(Increase) in unbilled revenues	(24,002)	-
Increase (decrease) in accounts payable	356,923	(157,054)
(Decrease) in accrued liabilities and compensated absences	(30,294)	-
(Decrease) in retainage payable	(190,208)	-
Increase in due to other governments	116,980	-
Increase in payable from restricted assets	94,124	-
Increase in OPEB obligation	13,806	-
Net cash provided by (used in) operating activities	\$ 4,791,779	\$ (519,350)
Noncash capital and financing activities:		
Contributed capital assets	\$ 230,695	\$ -

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

CITY OF OVIEDO, FLORIDA
Statement of Net Position
Fiduciary Funds
September 30, 2012

	Total Employee Retirement Funds
ASSETS	
Cash and cash equivalents	\$ 569,888
Receivables:	
Interest receivable	43,947
Investments, at fair value:	
U.S. Treasury & Government agency	1,693,206
Real Estate Investment Trust	648,257
Corporate & foreign bonds	2,780,471
Mutual funds & common stocks	14,426,183
Total Investments	19,548,117
Total assets	20,161,952
LIABILITIES	
Total liabilities	-
NET POSITION	
Net position held in trust for pension benefits	\$ 20,161,952

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

CITY OF OVIEDO, FLORIDA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended September 30, 2012

	<u>Total Employee Retirement Funds</u>
ADDITIONS	
Contributions:	
City	\$ 1,077,272
State	525,602
Employee	<u>402,735</u>
Total contributions	<u>2,005,609</u>
Investment income:	
Interest	583,406
Net increase in fair value of investments	<u>2,782,120</u>
Net investment earnings	<u>3,365,526</u>
Total additions	<u>5,371,135</u>
DEDUCTIONS	
Benefit payments	563,322
Administrative expenses	<u>209,635</u>
Total deductions	<u>772,957</u>
Change in net position	4,598,178
Net position - beginning	<u>15,563,774</u>
Net position - ending	<u>\$ 20,161,952</u>

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

B. Reporting entity

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 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, 2012.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and the internal service fund, while business-type activities incorporate data from the government's enterprise fund. 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial 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.

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

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following 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 accounted for in another 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of presentation – fund financial statements (continued)

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.

The City reports the following major enterprise fund:

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.

Additionally, the City reports the following fund types:

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.

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

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of presentation – fund financial statements (continued)

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal services funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise fund) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement focus and basis of accounting (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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary and pension funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

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.

F. Budgetary information

1. Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, nonmajor special revenue funds, and debt service funds. The capital projects funds are appropriated on a project-length basis.

The appropriated budget is prepared by fund, function, and department. The City's department directors may make transfers of appropriations within a department. Transfers of appropriations between funds require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgetary information (continued)

1. *Budgetary basis of accounting (continued)*

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executor contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

2. *Excess of expenditures over appropriations*

For the year ended September 30, 2012, expenditures exceeded appropriations in the following funds (the legal level of budgetary control): (a) solid waste special revenue fund by \$20,496; (b) general obligation bonds debt service fund by \$301; and (c) lease financing debt service fund by \$44.

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. *Cash and cash equivalents*

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 \$2,797 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, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

2. Investments

Investments for the City are reported at fair value (generally based on quoted market prices) except for the position in the Florida State Board of Administration's Local Government Surplus Investment Pool (LGIP). In accordance with state law, the LGIP operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the LGIP qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The LGIP is subject to regulatory oversight by the State of Florida, although it is not registered with the SEC. Fund B is accounted for as a fluctuating NOVPOOL, not a 2a7-like money market fund.

3. Receivables

All receivables are shown net of an allowance for uncollectibles. Accounts receivable in excess of 90 days comprise the accounts receivable allowance for uncollectibles.

4. Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and repair parts. The cost of such inventories is recorded as expenditures/expense when consumed rather than when purchased.

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

5. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

5. Capital assets (continued)

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 Governmental Accounting Standards Board (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:

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

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

6. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

6. *Deferred outflows/inflows of resources (continued)*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City does not have any item that qualifies for reporting in this category for the year ended September 30, 2012.

7. *Net position flow assumption*

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

8. *Fund balance flow assumptions*

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

9. *Fund balance policies*

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

9. Fund balance policies (continued)

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

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

H. Revenues and expenditures/expenses

1. Program revenues

Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property taxes

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, 2012 was 4.8626 mills.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Revenues and expenditures/expenses (continued)

2. *Property taxes (continued)*

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

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. *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.

4. *Proprietary funds operating and nonoperating revenues and expenses*

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Other significant accounting policies

1. *New GASB Statements Implemented*

In fiscal year 2012, the City implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which specifically identifies and consolidates the accounting and financial reporting provisions that apply to state and local governments.

In fiscal year 2012, the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes guidance for reporting deferred outflows or resources, deferred inflows of resources, and net position in a statement of financial position.

In fiscal year 2012, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

2. *Estimates*

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

3. *Redevelopment Trust Fund*

The City passed Ordinance No. 1496 in 2010, establishing a redevelopment trust fund, providing for the funding of a redevelopment trust fund for community redevelopment within the City community redevelopment area (CRA). As of September 30, 2012, there has been no activity since tax values of the proper within the CRA have decreased since 2010.

NOTE 2 - ACCOUNTING CHANGES AND CORRECTION OF AN ERROR

Beginning fund balance of 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 \$211,512. In addition, net position of governmental activities at the beginning of the year was decreased by \$211,512. This adjustment had no effect on operations of the preceding year.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 2 - ACCOUNTING CHANGES AND CORRECTION OF AN ERROR (CONTINUED)

Beginning fund balance of the Local Option Sales Tax Fund has been adjusted for the effects of amounts determined to be prepaid to the Florida Department of Transportation (FDOT), previously recorded as an expenditure in the fund statements. As a result, fund balance at the beginning of the year was increased by \$4,500,000. In addition, net position of governmental activities at the beginning of the year was increased by \$4,500,000. This adjustment reduced expenditures and increased assets in the preceding year in the amount of \$4,500,000.

Beginning fund balance of the Water and Sewer Utility Fund has been adjusted for the effects of implementation of GASB Statement No. 65 (GASB No. 65), *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 now requires bond issuance costs be expensed when incurred and not capitalized. As a result, fund balance at the beginning of the year was decreased by \$721,115. In addition, net position of business-type activities at the beginning of the year was decreased by \$721,115. This adjustment had no effect on operations of the preceding year.

Beginning net position of Governmental Activities has been adjusted for the effect of implementation of GASB No. 65. GASB No. 65 now requires bond issuance costs be expensed when incurred and not capitalized. As a result, net position of governmental activities at the beginning of the year was decreased by \$144,405. This adjustment has 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 position

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

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 position of governmental activities* as reported in the government-wide statement of activities.

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

In accordance with the Fund Reserve Policy, the City reserves an amount equal to 15 percent of the annual General Fund budget 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, 2012

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (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.

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash deposits with financial institutions

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of September 30, 2012, the carrying amount of the City's deposits was \$4,779,129 and the bank balance was \$4,906,849. 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, 2012, the City's investment portfolio was composed of the following investments:

Investment Type	Fair Value	Investment Maturities		
		Less Than 1 Year	1 to 5 Years	More than 5 Years
Pooled interest bearing				
checking account	\$ 4,779,129	\$ 4,779,129	\$ -	\$ -
Florida Prime	2,586	2,586	-	-
Local Government				
Investment Pool (Fund B)	1,662	-	-	1,662
Certificates of deposit	3,500,000	3,500,000	-	-
U.S. Agencies	9,566,927	-	9,566,927	-
Prime Money Market	18,739,240	18,739,240	-	-
	<u>\$ 36,589,544</u>	<u>\$ 27,020,955</u>	<u>\$ 9,566,927</u>	<u>\$ 1,662</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

B. Investments (continued)

The City utilizes a pooled investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested. As of September 30, 2012, the carrying amount of investments includes accrued interest of \$72,176.

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.

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

Cash and investments - Statements of Net Position:

Cash and cash equivalents	\$ 23,129,703
Investments	12,717,431
Restricted investments	631,276
Restricted assets:	
Cash and cash equivalents	186,107
Total cash and investments	<u>\$ 36,664,517</u>

Portfolio total shown above	\$ 36,589,544
Plus: cash on hand	2,797
Plus: accrued interest	72,176
Total cash and investments	<u>\$ 36,664,517</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 five 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 five 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, 2012.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

B. Investments (continued)

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

Type of Investment	Credit Rating	Percentage of Total
Prime Money Market Fund	Aaa	2%
Federal Farm Credit System Banks (FCSB)	Aaa	26%
Federal Home Loan Mortgage Corporation (FHLMC)	Aaa	10%
Federal National Mortgage Association (FNMA)	Aaa	62%

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.

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.

Custodial credit risk-investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of September 30, 2012, 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, 2012 consisted of the following:

	General Fund	Local Option Sales Tax Fund	Downtown Improvement Fund	Other Governmental Funds	Enterprise Funds	Internal Service Fund
Interest income	\$ 83,863	\$ 113,519	\$ 88,012	\$ 91,495	\$ 146,016	\$ 11,965
Net increase (decrease) in fair value of investments	<u>789</u>	<u>(1,143)</u>	<u>(969)</u>	<u>(2,260)</u>	<u>(6,294)</u>	<u>6</u>
	<u>\$ 84,652</u>	<u>\$ 112,376</u>	<u>\$ 87,043</u>	<u>\$ 89,235</u>	<u>\$ 139,722</u>	<u>\$ 11,971</u>

CITY OF OVIEDO, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

C. Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for the general and nonmajor governmental funds, as well as the enterprise fund, in the aggregate, including the applicable allowances for uncollectible accounts:

	<u>General Fund</u>	<u>Solid Waste Fund</u>	<u>Stormwater Fund</u>	<u>Water/Sewer Utility Fund</u>
Accounts receivable	\$ 1,210,995	\$ 248,168	\$ 112,505	\$ 864,753
Less: allowance for doubtful accounts	<u>(149,084)</u>	<u>(94,447)</u>	<u>(36,669)</u>	<u>(219,261)</u>
Accounts receivable, net	<u>\$ 1,061,911</u>	<u>\$ 153,721</u>	<u>\$ 75,836</u>	<u>\$ 645,492</u>

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CITY OF OVIEDO, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

D. Capital assets

Capital assets activity for the year ended September 30, 2012, 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	\$ 11,698,520	\$ 163,488	\$ -	\$ 11,862,008
Construction in progress	<u>10,276,949</u>	<u>1,611,498</u>	<u>(248,115)</u>	<u>11,640,332</u>
Total capital assets, not being depreciated	<u>21,975,469</u>	<u>1,774,986</u>	<u>(248,115)</u>	<u>23,502,340</u>
Capital assets, being depreciated:				
Buildings	13,490,602	-	-	13,490,602
Machinery and equipment	9,428,243	334,283	(182,629)	9,579,897
Intangibles	425,212	15,235	-	440,447
Infrastructure and improvements	<u>95,220,424</u>	<u>462,426</u>	<u>-</u>	<u>95,682,850</u>
Total capital assets, being depreciated	<u>118,564,481</u>	<u>811,944</u>	<u>(182,629)</u>	<u>119,193,796</u>
Less accumulated depreciation for:				
Buildings	(3,067,580)	(252,728)	-	(3,320,308)
Machinery and equipment	(6,474,260)	(646,214)	180,039	(6,940,435)
Intangibles	(263,337)	(40,119)	-	(303,456)
Infrastructure and improvements	<u>(43,916,753)</u>	<u>(2,859,998)</u>	<u>-</u>	<u>(46,776,751)</u>
Total accumulated depreciation	<u>(53,721,930)</u>	<u>(3,799,059)</u>	<u>180,039</u>	<u>(57,340,950)</u>
Total capital assets, being depreciated, net	<u>64,842,551</u>	<u>(2,987,115)</u>	<u>(2,590)</u>	<u>61,852,846</u>
Governmental activities capital assets, net	<u>\$ 86,818,020</u>	<u>\$ (1,212,129)</u>	<u>\$ (250,705)</u>	<u>\$ 85,355,186</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,891,788	\$ 149,842	\$ -	\$ 2,041,630
Construction in progress	<u>4,374,716</u>	<u>1,646,367</u>	<u>(5,261,260)</u>	<u>759,823</u>
Total capital assets, not being depreciated	<u>6,266,504</u>	<u>1,796,209</u>	<u>(5,261,260)</u>	<u>2,801,453</u>
Capital assets, being depreciated:				
Buildings	1,938,797	-	-	1,938,797
Machinery and equipment	2,451,479	147,584	(19,822)	2,579,241
Intangibles	1,563,215	-	-	1,563,215
Infrastructure and improvements	<u>100,311,792</u>	<u>5,530,799</u>	<u>-</u>	<u>105,842,591</u>
Total capital assets, being depreciated	<u>106,265,283</u>	<u>5,678,383</u>	<u>(19,822)</u>	<u>111,923,844</u>
Less accumulated depreciation for:				
Buildings	(925,983)	(37,324)	-	(963,307)
Machinery and equipment	(1,800,082)	(151,913)	19,822	(1,932,173)
Intangibles	(31,264)	(28,659)	-	(59,923)
Infrastructure and improvements	<u>(23,062,997)</u>	<u>(3,765,996)</u>	<u>-</u>	<u>(26,828,993)</u>
Total accumulated depreciation	<u>(25,820,326)</u>	<u>(3,983,892)</u>	<u>19,822</u>	<u>(29,784,396)</u>
Total capital assets, being depreciated, net	<u>80,444,957</u>	<u>1,694,491</u>	<u>-</u>	<u>82,139,448</u>
Business-type activities capital assets, net	<u>\$ 86,711,461</u>	<u>\$ 3,490,700</u>	<u>\$ (5,261,260)</u>	<u>\$ 84,940,901</u>

CITY OF OVIEDO, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

D. Capital assets (continued)

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

Governmental activities:	
General government	\$ 97,297
Public safety	558,187
Transportation, including depreciation of general infrastructure assets	2,804,607
Culture and recreation	<u>338,968</u>
Total depreciation expense	<u>\$ 3,799,059</u>
Business-type activities:	
Water and sewer utility	<u>\$ 3,983,892</u>
Total depreciation expense	<u>\$ 3,983,892</u>

E. Interfund transfers

The composition of interfund transfers for the year ended September 30, 2012 is as follows:

	Transfer in:			Total
	General Fund	Nonmajor Governmental Funds	Internal Service Fund	
Transfer out:				
General fund	\$ -	\$ 1,723,262	\$ 416,049	\$ 2,139,311
Non-major				
governmental funds	526,300	925,107	22,438	1,473,845
Water/sewer utility fund	55,162	73,146	61,513	189,821
Internal service fund	<u>56,768</u>	<u>-</u>	<u>-</u>	<u>56,768</u>
Total	<u>\$ 638,230</u>	<u>\$ 2,721,515</u>	<u>\$ 500,000</u>	<u>\$ 3,859,745</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, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)**F. Lease obligations**

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>(782,278)</u>	<u>(468,089)</u>
Total	<u>\$ 1,904,076</u>	<u>\$ 2,765,212</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2012, were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2013	\$ 306,010	\$ 384,606
2014	295,780	384,606
2015	250,158	384,606
2016	123,623	291,395
2017	123,623	291,395
2018 - 2021	<u>370,862</u>	<u>874,197</u>
Total minimum lease payments	1,470,056	2,610,805
Less: amount representing interest	<u>(137,205)</u>	<u>(310,570)</u>
Present value of minimum lease payments	<u>\$ 1,332,851</u>	<u>\$ 2,300,235</u>

G. Long-term liabilities**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 \$11,573,610. For the fiscal year, principal and interest paid on this series was \$553,231 and total pledged revenue was \$542,049. General obligation bonds outstanding at September 30, 2012 is as follows:

CITY OF OVIEDO, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

G. Long-term liabilities (continued)

General obligation bonds (continued)

Governmental activities:

<u>General obligation bonds</u>	<u>Sale Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding 09/30/2012</u>
Limited Ad Valorem Bonds	2003	\$ 9,000,000	2% - 4.75%	2033	\$ 7,275,000

Advance refunding

The City issued \$8,896,000 in public improvement refunding revenue notes with interest rates ranging from 1.46% - 1.94%. The proceeds were used to advance refund \$9,255,000 of outstanding 2002 Series A and 2002 Series B public improvement bonds which had interest rates ranging from 4.50% - 4.75%. The net proceeds of \$8,813,326 (after \$82,674 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2002 Series A and 2002 Series B public improvement bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$62,050. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The City advance refunded the 2002 Series A and 2002 Series B public improvement bonds to reduce its total debt service payments over ten years by approximately \$1.1 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$1.01 million.

Public improvement notes outstanding at September 30, 2012, is as follows:

Governmental activities:

<u>Public improvement notes</u>	<u>Sale Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding 09/30/2012</u>
Public improvement (Refunding - Series A)	2012	\$ 6,526,000	1.94%	2022	\$ 6,526,000
Public improvement (Refunding - Series B)	2012	\$ 2,370,000	1.46%	2018	\$ 2,370,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

G. Long-term liabilities (continued)

Advance refunding (continued)

The Public Improvement Revenue Refunding Note, Series 2012 A are secured by utility tax revenue and communication services tax revenue. The total principal and interest remaining to be paid on this series is \$7,273,001. For the fiscal year, total pledged revenue was \$4,299,870.

The Public Improvement Revenue Refunding Note, Series 2012 B are secured by utility tax revenue and communication services tax revenue. The total principal and interest remaining to be paid on this series is \$2,500,563. For the fiscal year, total pledged revenue was \$4,299,870.

Current refunding

The City issued \$7,990,000 in capital improvement refunding revenue notes with interest rates ranging from 1.68% - 2.36%. The proceeds were used to current refund \$8,355,522 of outstanding 2006, 2007, 2009, and 2011 capital improvement bonds which had interest rates ranging from 3.06% - 4.67%. The net proceeds of \$7,887,151 (after \$102,849 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2006, 2007, 2009, and 2011 capital improvement bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The City currently refunded the 2006, 2007, 2009, and 2011 capital improvement bonds to reduce its total debt service payments over nine years by approximately \$1.25 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and net debt) of approximately \$1.1 million.

Capital improvement notes outstanding at September 30, 2012, is as follows:

Governmental activities:

<u>Capital improvement notes</u>	<u>Sale Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding 09/30/2012</u>
Capital improvement (Refunding - Series A)	2012	\$ 1,422,000	1.68%	2020	\$ 1,422,000
Capital improvement (Refunding - Series B)	2012	\$ 4,779,000	2.31%	2027	\$ 4,779,000
Capital improvement (Refunding - Series C)	2012	\$ 595,000	2.11%	2023	\$ 595,000
Capital improvement (Refunding - Series D)	2012	\$ 1,194,000	2.36%	2025	\$ 1,194,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

G. Long-term liabilities (continued)

Current refunding (continued)

The Capital Improvement Revenue Refunding Notes, Series 2012 A – D are secured by half-cent sales tax and electric franchise fee revenues. The total principal and interest remaining to be paid on Series 2012 A – D is \$1,537,214, \$5,737,627, \$676,048, and \$1,407,446, respectively. For the fiscal year, total pledged revenue was \$4,027,444.

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.

Self-supporting revenue bonds/notes outstanding at September 30, 2012, is as follows:

Business-type activities:

<u>Utility revenue bonds</u>	<u>Sale Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding 09/30/2012</u>
Utility revenue	2003	\$ 9,000,000	2.5% to 5.0%	2032	\$ 8,200,000
Utility revenue (Refunding - Series 2004)	2004	\$ 5,360,000	3% to 4.4%	2025	\$ 3,985,000
Utility revenue	2007	\$ 3,752,000	3.86%	2027	\$ 3,083,000
Utility revenue (Series A)	2010	\$ 5,080,000	2% to 3%	2020	\$ 4,560,000
Utility revenue (Series B)	2010	\$ 30,820,000	5.03% to 5.96%	2020	\$ 30,820,000

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 \$13,145,412. For the fiscal year, principal and interest paid on this series was \$506,319 and total pledged revenue was \$6,998,070.

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 \$5,238,933. For the fiscal year, principal and interest paid on this series was \$406,410 and total pledged revenue was \$6,998,070.

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 \$4,118,290. For the fiscal year, principal and interest paid on this series was \$274,794 and total pledged revenue was \$6,998,070.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

G. Long-term liabilities (continued)

Self-supporting revenue bonds/notes (continued)

The Utility Revenue Bonds, Series 2010A are secured by the net revenues of the water and sewer system. The total principal and interest remaining to be paid on this series is \$5,097,621. For the fiscal year, principal and interest paid on this series was \$638,813 and total pledged revenue was \$6,998,070.

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 \$69,522,480. For the fiscal year, principal and interest paid on this series was \$1,784,472 and total pledged revenue was \$6,998,070.

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. In 2012, the City executed a new loan agreement with the Department of Environmental Protection. Revenues pledged are derived from the City's Water and Sewer Utility System.

Notes payable outstanding at September 30, 2012, is as follows:

Business-type activities:

<u>Notes payable</u>	<u>Sale Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding 09/30/2012</u>
State of Florida State Revolving Fund (SRF) Loan	2006	\$ 3,732,834	2.71%	2026	\$ 2,752,222
State of Florida State Revolving Fund (SRF) Loan	2012	\$ 107,066	3.15%	2032	\$ 107,067

The State of Florida – State Revolving Fund (SRF) Loans are 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 these series is \$3,325,639 and \$147,713, respectively. For the fiscal year, principal and interest paid on these series was \$237,032 and total pledged revenue was \$3,150,230.

Summary of debt service requirement to maturity

The debt service requirements for the City's bonds, loan, and notes are as follows:

CITY OF OVIEDO, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

G. Long-term liabilities (continued)

Summary of debt service requirement to maturity (continued)

Governmental activities:

<u>Year Ending September 30,</u>	<u>General Obligation</u>	<u>Revenue Notes</u>	<u>Total Interest</u>	<u>Total Principal & Interest</u>
2013	\$ 220,000	\$ -	\$ 573,750	\$ 793,750
2014	230,000	1,477,000	645,354	2,352,354
2015	235,000	1,581,000	607,946	2,423,946
2016	245,000	1,610,000	568,736	2,423,736
2017	255,000	1,641,000	528,252	2,424,252
2018 - 2022	1,455,000	7,217,000	2,013,086	10,685,086
2023 - 2027	1,820,000	2,986,000	1,116,693	5,922,693
2028 - 2032	2,290,000	374,000	465,754	3,129,754
2033 - 2037	<u>525,000</u>	<u>-</u>	<u>24,938</u>	<u>549,938</u>
	7,275,000	\$ 16,886,000	\$ 6,544,509	\$ 30,705,509
Less amount representing:				
Unamortized discount	<u>(8,743)</u>			
Net debt	\$ <u>7,266,257</u>			

Business-type activities:

<u>Year Ending September 30,</u>	<u>SRF Loans</u>	<u>Revenue bonds</u>	<u>Total Interest</u>	<u>Total Principal & Interest</u>
2013	\$ 164,766	\$ 1,086,000	\$ 2,628,647	\$ 3,879,413
2014	172,615	1,117,000	2,595,812	3,885,427
2015	177,343	1,153,000	2,560,117	3,890,460
2016	182,202	1,184,000	2,522,824	3,889,026
2017	187,194	1,861,000	2,484,166	4,532,360
2018 - 2022	1,015,760	8,966,000	11,746,529	21,728,289
2023 - 2027	923,589	9,721,000	10,150,720	20,795,309
2028 - 2032	35,818	14,690,000	8,030,950	22,756,768
2033 - 2037	<u>-</u>	<u>10,870,000</u>	<u>1,651,156</u>	<u>12,521,156</u>
	\$ <u>2,859,287</u>	50,648,000	\$ <u>44,370,921</u>	\$ <u>97,878,208</u>
Less amount representing:				
Unamortized premium		<u>34,049</u>		
Net debt		\$ <u>50,682,049</u>		

CITY OF OVIEDO, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

G. Long-term liabilities (continued)

Changes in long-term liabilities

Changes in the City's long-term liabilities for the year ended September 30, 2012 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
General obligation bonds	\$ 7,490,000	\$ -	\$ (215,000)	\$ 7,275,000	\$ 220,000
Unamortized discount	(9,431)	-	688	(8,743)	-
Public improvement revenue bonds	9,255,000	-	(9,255,000)	-	-
Public improvement refunding					
revenue notes	-	8,896,000	-	8,896,000	-
Capital improvement revenue bonds	8,355,522	-	(8,355,522)	-	-
Unamortized premium	7,484	-	(7,484)	-	-
Capital improvement refunding					
revenue notes	-	7,990,000	-	7,990,000	-
Landfill post-closure care	239,623	-	(13,791)	225,832	67,583
Capital lease	1,725,300	-	(392,449)	1,332,851	270,700
Compensated absences	1,943,867	168,038	(71,099)	2,040,806	204,081
Other post employment benefits	<u>559,881</u>	<u>103,594</u>	<u>-</u>	<u>663,475</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 29,567,246</u>	<u>\$ 17,157,632</u>	<u>\$ (18,309,657)</u>	<u>\$ 28,415,221</u>	<u>\$ 762,364</u>
Business-type activities:					
Utility revenue bonds	\$ 51,708,000	\$ -	\$ (1,060,000)	\$ 50,648,000	\$ 1,086,000
Unamortized (discount) premium	37,219	-	(3,170)	34,049	-
Capital lease	2,599,902	-	(299,667)	2,300,235	309,492
SRF loan	2,911,930	107,066	(159,707)	2,859,289	164,064
Compensated absences	191,054	182,021	(206,232)	166,843	16,684
Other post employment benefits	<u>65,219</u>	<u>13,806</u>	<u>-</u>	<u>79,025</u>	<u>-</u>
Business-type activity long-term liabilities	<u>\$ 57,513,324</u>	<u>\$ 302,893</u>	<u>\$ (1,728,776)</u>	<u>\$ 56,087,441</u>	<u>\$ 1,576,240</u>

Landfill post-closure care is discussed in Note 5, I. – Commitments and Contingencies, 3. – Landfill Post-Closure Care.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

H. Risk management

1. Public Risk Management of Florida

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 it's 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, 2012. The cost of the insurance is allocated among the appropriate departments settlements in excess of insurance coverage in any of the prior three years.

2. Self-insured for Employee Health Insurance

The City is self-insured for employee health insurance. As permitted by GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the City accounts for its self-insured assets, liabilities, net position and activities in an internal service fund.

The claims liability of \$148,129 has been actuarially determined and represents the best estimate available of incurred but not reported claims. The actuarial estimate is comprised of the following components:

Estimated unpaid medical costs	\$	125,981
15% margin		18,898
Estimated unpaid prescription drugs		3,250
		<u>\$ 148,129</u>

Changes to the claims liability are as follows for the years ended September 30:

	<u>2012</u>	<u>2011</u>
Claims liability - beginning of year	\$ 280,000	\$ 230,000
Incurred claims	1,499,924	2,039,514
Payments on claims	<u>(1,631,795)</u>	<u>(1,989,514)</u>
Claims liability - end of year	<u>\$ 148,129</u>	<u>\$ 280,000</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

I. Commitments and contingencies

1. 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.

2. Commitments Under Construction Contracts

At September 30, 2012, the City had ongoing construction commitments of \$1,799,986 for various infrastructure improvements.

3. 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 FDEP 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 FDEP. 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 position.

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 until 2022 at a cost annually adjusted for inflation. The current estimated future cost for post-closure care amounting to \$175,832 is reported as a long-term liability in the government-wide statement of net position.

The City is required to maintain at least one year's funding of long-term care in 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 checking account for this purpose. The following is a schedule of the transactions in this account in the OSC Extension Landfill Fund during fiscal year 2012.

Balance - October 1, 2011	\$ 52,528
Required deposit	17,583
Investment income	633
Balance - September 30, 2012	<u>\$ 70,744</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

I. Commitments and contingencies (continued)

4. Grants

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

J. 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 below). 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, 2012 there were 242 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, 2012, both the City and participating employees contributed \$804,352 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, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

K. 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.

L. 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, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

L. 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, 2012 for Police Officers and Firefighters:

Current Fund Participation	Police Officers' Retirement Trust	Firefighters' Pension Trust
Active members	60	52
Retirees and beneficiaries receiving benefits	13	1
Terminated employees not yet receiving benefits	3	-
Disability retirees	5	1
Number of participants	81	54

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

L. Police officers' retirement trust fund and firefighters' pension trust fund (continued)

Funding policy

The contribution requirements of plan members and the City are established and may be amended by City ordinance. Firefighters' Plan members are required to contribute 7% of annual covered payroll. Police Officers' Plan members are required to contribute 6% of annual covered payroll. The annual State insurance premium tax is required to be contributed to the Plan and varies in amount each year. For fiscal year 2012, the State contribution was \$252,010 for police officers and \$273,592 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
Annual pension cost	<u>\$ 760,993</u>	<u>\$ 752,182</u>
Contributions made:		
Employer	\$ 543,689	\$ 533,583
Employee	198,655	204,080
State	<u>252,010</u>	<u>273,592</u>
	<u>\$ 994,354</u>	<u>\$ 1,011,255</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

L. Police officers' retirement trust fund and firefighters' pension trust fund (continued)

Annual pension cost and contributions made (continued)

The annual pension cost, net pension obligation and required contribution for September 30, 2012 were determined as part of the actuarial valuation of each plan as of October 1, 2012. 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:

	Police Officers' Retirement Trust	Firefighters' Pension Trust
Annual required contribution (ARC)	\$ 760,993	\$ 752,182
Interest on net pension obligation (NPO)	-	-
Adjustment to ARC	-	-
Annual pension cost	760,993	752,182
Contributions made	(760,993)	(752,182)
Increase (decrease) in NPO	-	-
NPO at beginning of year	-	-
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, 2011, actuarial valuation. The annual required contribution for the current year was determined as part of the October 1, 2012 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 smoothing 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 28 years for police officers and 29 years for firefighters.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

L. 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>
9/30/2012	\$ 760,993	100%	\$ -
9/30/2011	722,509	100%	-
9/30/2010	520,907	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>
9/30/2012	\$ 752,182	100%	\$ -
9/30/2011	717,738	100%	-
9/30/2010	706,858	100%	-

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

L. Police officers' retirement trust fund and firefighters' pension trust fund (continued)

The following are the financial statements for the Police Officers' Retirement Trust Fund and Firefighters' Pension Trust Fund as of September 30, 2012:

**Combining Statement of Net Position
Fiduciary Funds**

	Police Officers' Retirement Trust Fund	Firefighters' Pension Trust Fund	Total Employee Retirement Funds
ASSETS			
Cash and cash equivalents	\$ 431,487	\$ 138,401	\$ 569,888
Receivables:			
Interest receivable	32,735	11,212	43,947
Investments, at fair value:			
U.S. Treasury & Government agency	1,693,206	-	1,693,206
Real Estate Investment Trust	648,257	-	648,257
Corporate & foreign bonds	2,780,471	-	2,780,471
Mutual funds & common stocks	7,666,358	6,759,825	14,426,183
Total Investments	<u>12,788,292</u>	<u>6,759,825</u>	<u>19,548,117</u>
Total assets	<u>\$ 13,252,514</u>	<u>\$ 6,909,438</u>	<u>\$ 20,161,952</u>
LIABILITIES			
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net position held in trust for pension benefits	<u>\$ 13,252,514</u>	<u>\$ 6,909,438</u>	<u>\$ 20,161,952</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)**L. Police officers' retirement trust fund and firefighters' pension trust fund
(continued)****Combining Statement of Changes in Net Position
Fiduciary Funds**

	Police Officers' Retirement Trust Fund	Firefighters' Pension Trust Fund	Total Employee Retirement Funds
ADDITIONS			
Contributions:			
City	\$ 543,689	\$ 533,583	\$ 1,077,272
State	252,010	273,592	525,602
Employee	<u>198,655</u>	<u>204,080</u>	<u>402,735</u>
Total contributions	<u>994,354</u>	<u>1,011,255</u>	<u>2,005,609</u>
Investment income:			
Interest	414,450	168,956	583,406
Net increase in fair value of investments	<u>1,805,295</u>	<u>976,825</u>	<u>2,782,120</u>
Net investment earnings	<u>2,219,745</u>	<u>1,145,781</u>	<u>3,365,526</u>
Total additions	<u>3,214,099</u>	<u>2,157,036</u>	<u>5,371,135</u>
DEDUCTIONS			
Benefit payments	534,570	28,752	563,322
Administrative expenses	<u>126,423</u>	<u>83,212</u>	<u>209,635</u>
Total deductions	<u>660,993</u>	<u>111,964</u>	<u>772,957</u>
Change in net position	2,553,106	2,045,072	4,598,178
Net position - beginning	<u>10,699,408</u>	<u>4,864,366</u>	<u>15,563,774</u>
Net position - ending	<u>\$ 13,252,514</u>	<u>\$ 6,909,438</u>	<u>\$ 20,161,952</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

L. Police officers' retirement trust fund and firefighters' pension trust fund (continued)

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)
10/1/2012	\$ 12,562,078	\$ 16,657,973	\$ 4,095,895	75.41%	\$ 3,286,796	124.62%

**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)
10/1/2012	\$ 6,854,446	\$ 10,596,199	\$ 3,741,753	64.69%	\$ 2,922,755	128.02%

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.

M. Other post-employment benefits (OPEB) obligations

Plan description and funding policy

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

M. Other post-employment benefits (OPEB) obligations (continued)

Funded status and funding progress

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 \$1,402,000 and funded ratio was 0%. The covered payroll was \$11,595,800 and the ratio of UAAL to covered payroll was 11.09%.

Annual OPEB cost and Net OPEB obligation

The annual required contribution and Net OPEB Obligation for the fiscal year ended September 30, 2012 is as follows:

Annual required contribution	\$	156,900
Interest on net OPEB obligation		25,000
Adjustment to annual required contribution		<u>(26,000)</u>
Annual OPEB cost		155,900
Employer contributions		<u>(38,500)</u>
Increase in Net OPEB obligation		117,400
Net OPEB obligation (beginning of year)		<u>625,100</u>
Net OPEB obligation (end of year)	\$	<u>742,500</u>

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
2012	\$ 156,900	24.5%	\$ 742,500
2011	149,700	21.8%	625,100
2010	245,400	6.3%	508,800

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

M. Other post-employment benefits (OPEB) obligations (continued)

Actuarial methods and 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 decreasing 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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

M. Other post-employment benefits (OPEB) obligations (continued)

Actuarial methods and assumptions (continued)

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.

Claim costs- Assuming an increase of 9.5%, per Capita costs for fiscal year ending in 2012 are assumed to be:

Age	Claim Cost (Annual)
50 and lower	7,214
50 - 54	8,479
55 - 59	10,119
60 - 64	12,438
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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

M. Other post-employment benefits (OPEB) obligations (continued)

Actuarial methods and assumptions (continued)

Decrements (continued)-

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.

Age	General Employees		Firefighters	Police Officers
	Male	Female		
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

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

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

M. Other post-employment benefits (OPEB) obligations (continued)

Actuarial methods and assumptions (continued)

Decrements (continued)-

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:

Age	Participation
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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

M. Other post-employment benefits (OPEB) obligations (continued)

Actuarial methods and assumptions (continued)

Summary of benefits (continued)-

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

N. Fund balances

In accordance with of GASB Statement No. 54, the components of the fund balances of governmental funds now reflect the classifications described below.

Nonspendable 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

N. Fund balances (continued)

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, as discussed previously in Note 1. Fund balance flow assumptions are also discussed in Note 1.

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.

The Building Services Special Revenue Fund has a deficit fund balance of \$20,839 at September 30, 2012.

At September 30, 2012, the City's governmental fund balances were classified as follows:

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CITY OF OVIEDO, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2012

NOTE 5 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

N. Fund balances (continued)

	General Fund	Local Option Sales Tax Fund	Downtown Improvement Construction Fund	Other Governmental Funds	Total Governmental Funds
Fund balances					
Non spendable:					
Inventories	\$ 48,337	\$ -	\$ -	\$ -	\$ 48,337
Prepaid items	8,051	-	-	-	8,051
Restricted for:					
Public safety	46,480	-	-	359,206	405,686
Physical environment	-	5,444,705	8,119,035	5,447,242	19,010,982
Debt service	-	-	-	107,683	107,683
Committed to:					
Physical environment	-	-	-	1,473,613	1,473,613
Assigned to:					
General government	-	-	-	23,416	23,416
Public safety	-	-	-	659,180	659,180
Physical environment	-	-	-	903,825	903,825
Parks and recreation	-	-	-	9,415	9,415
Unassigned	<u>2,914,129</u>	<u>-</u>	<u>-</u>	<u>(20,839)</u>	<u>2,893,290</u>
Total fund balance	<u>\$ 3,016,997</u>	<u>\$ 5,444,705</u>	<u>\$ 8,119,035</u>	<u>\$ 8,962,741</u>	<u>\$ 25,543,478</u>

O. Subsequent event

Subsequent to September 30, 2012, the City passed Resolution No. 2625-13, authorizing the purchase agreement, lease agreements, and City deed with the Florida Department of Transportation (FDOT) for the acquisition of right-of-way of fire station 44 and memorial building. The purchase agreement with FDOT for the fire station and memorial building will result in the acceptance of \$1,611,050. FDOT also has agreed to lease back both buildings at zero dollars while the City works towards the relocation of the fire station and memorial building operations. In addition, FDOT has agreed to pay for additional expenses associated with the relocation of the fire station in the amount of \$123,776 for sanitary sewer, fiber optics, and impact fee expenses for the new fire station site. FDOT has also indicated they will pay all or a majority of the \$200,000 estimated for architect and engineering design services since the fire station is a unique relocation with critical public safety operations. FDOT has also agreed to cover demolition and removal expenses of the buildings after vacancy, as well as other expenses as the project moves forward such as moving expenses, the initial geotechnical survey, etc.

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, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property Taxes	\$ 8,566,069	\$ 8,581,069	\$ 8,582,728	\$ 1,659
Utility taxes	4,584,382	4,584,382	4,299,870	(284,512)
Business receipts	145,616	145,616	134,133	(11,483)
Licenses and permits	2,480,949	2,480,949	2,320,974	(159,975)
Intergovernmental	2,848,675	2,848,675	2,933,694	85,019
Charges for services	2,177,381	2,177,381	2,163,996	(13,385)
Fines and forfeitures	93,675	106,675	147,967	41,292
Investment income	130,200	125,200	84,652	(40,548)
Service assessments	1,000	1,000	462	(538)
Miscellaneous	159,394	374,183	387,642	13,459
Total revenues	<u>21,187,341</u>	<u>21,425,130</u>	<u>21,056,118</u>	<u>(369,012)</u>
Expenditures:				
Current:				
General government	2,415,160	2,132,935	2,065,330	67,605
Public safety	11,584,713	11,689,328	11,671,583	17,745
Physical environment	2,630,174	2,628,334	2,597,173	31,161
Culture and recreation	3,362,201	3,396,976	3,285,143	111,833
Capital outlay:				
Physical environment	13,800	408,873	429,941	(21,068)
Culture and recreation	15,957	15,957	-	15,957
Total expenditures	<u>20,022,005</u>	<u>20,272,403</u>	<u>20,049,170</u>	<u>223,233</u>
Excess (deficiency) of revenues over expenditures	<u>1,165,336</u>	<u>1,152,727</u>	<u>1,006,948</u>	<u>(145,779)</u>
Other financing sources (uses):				
Transfers in	638,230	1,192,803	638,230	(554,573)
Transfers out	(2,368,534)	(2,438,557)	(2,139,311)	299,246
Sale of capital assets	36,613	36,613	30,725	(5,888)
Total other financing sources (uses)	<u>(1,693,691)</u>	<u>(1,209,141)</u>	<u>(1,470,356)</u>	<u>(261,215)</u>
Net change in fund balances	(528,355)	(56,414)	(463,408)	(406,994)
Fund balances - beginning	3,691,917	3,691,917	3,691,917	-
Prior period adjustment	-	-	(211,512)	(211,512)
Fund balances - ending	<u>\$ 3,163,562</u>	<u>\$ 3,635,503</u>	<u>\$ 3,016,997</u>	<u>\$ (618,506)</u>

NOTE: General fund annual budget is adopted on a basis consistent with generally accepted accounting principles.

CITY OF OVIEDO, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2012

**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)
10/1/2012	\$ 12,562,078	\$ 16,657,973	\$ 4,095,895	75.41%	\$ 3,286,796	124.62%
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%

**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
2012	\$ 760,993	\$ 545,036	\$ 215,957 *	100.00%
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%

* 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)
10/1/2012	\$ 6,854,446	\$ 10,596,199	\$ 3,741,753	64.69%	\$ 2,922,755	128.02%
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%

CITY OF OVIEDO, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2012

**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
2012	\$ 752,182	\$ 478,590	\$ 273,592	100.00%
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%

**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)/d)
10/1/2010*	\$ -	\$ 1,402,000	\$ 1,402,000	0.00%	\$ 96,700	\$ 11,885,700	11.80%
10/1/2008*	-	1,172,000	1,172,000	0.00%	158,400	10,888,800	10.76%

* Actuarial valuation for 10/1/2010 covers the years ended September 30, 2011 and 2012 and the actuarial valuation for 10/1/2008 covers the years ended September 30, 2009 and 2010.

**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
2012	\$ 156,900	24.5%	\$ 742,500
2011	149,700	21.8%	625,100
2010	245,400	6.3%	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, 2012

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Assets:				
Cash and cash equivalents	\$ 4,944,841	\$ 111,688	\$ 961,850	\$ 6,018,379
Investments	2,592,631	-	492,758	3,085,389
Receivables, net	229,557	-	-	229,557
Due from other governments	337,693	-	1,472	339,165
Restricted assets:				
Cash and cash equivalents	-	-	70,744	70,744
Total assets	\$ 8,104,722	\$ 111,688	\$ 1,526,824	\$ 9,743,234
Liabilities and fund balances:				
Accounts payable	\$ 629,771	\$ 4,005	\$ 14,151	\$ 647,927
Accrued liabilities	16,717	-	12,267	28,984
Retainage payable	59,964	-	43,618	103,582
Total liabilities	706,452	4,005	70,036	780,493
Fund balances:				
Restricted	5,806,448	107,683	-	5,914,131
Committed	1,473,613	-	-	1,473,613
Assigned	139,048	-	1,456,788	1,595,836
Unassigned	(20,839)	-	-	(20,839)
Total fund balances	7,398,270	107,683	1,456,788	8,962,741
Total liabilities and fund balances	\$ 8,104,722	\$ 111,688	\$ 1,526,824	\$ 9,743,234

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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, 2012

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:				
Taxes	\$ -	\$ 542,049	\$ -	\$ 542,049
Licenses and permits	689,641	-	-	689,641
Intergovernmental	2,167,607	-	112,116	2,279,723
Charges for services	4,078,447	-	16,250	4,094,697
Fines and forfeitures	21,517	-	-	21,517
Investment income	80,870	3,533	4,832	89,235
Service assessments	804,007	-	-	804,007
Miscellaneous	1,553	-	-	1,553
Total revenues	<u>7,843,642</u>	<u>545,582</u>	<u>133,198</u>	<u>8,522,422</u>
Expenditures:				
Current:				
General government	-	-	123,954	123,954
Public safety	1,151,090	-	154,862	1,305,952
Physical environment	4,424,366	-	58,421	4,482,787
Parks and recreation	14,636	-	4,000	18,636
Debt service:				
Principal	-	1,085,834	-	1,085,834
Interest and fiscal charges	-	1,142,570	-	1,142,570
Issuance costs	-	162,493	-	162,493
Capital outlay:				
General government	-	-	46,603	46,603
Public safety	-	-	202,888	202,888
Physical environment	1,269,836	-	130,601	1,400,437
Parks and recreation	-	-	68,465	68,465
Total expenditures	<u>6,859,928</u>	<u>2,390,897</u>	<u>789,794</u>	<u>10,040,619</u>
Excess (deficiency) of revenues over expenditures	<u>983,714</u>	<u>(1,845,315)</u>	<u>(656,596)</u>	<u>(1,518,197)</u>
Other financing sources (uses):				
Transfers in	-	2,187,394	534,121	2,721,515
Transfers out	(1,240,560)	-	(233,285)	(1,473,845)
Proceeds of refunding debt	-	16,886,000	-	16,886,000
Payment to refunded debt escrow agent	-	(17,132,136)	-	(17,132,136)
Total other financing sources (uses)	<u>(1,240,560)</u>	<u>1,941,258</u>	<u>300,836</u>	<u>1,001,534</u>
Net change in fund balances	(256,846)	95,943	(355,760)	(516,663)
Fund balances - beginning	<u>7,655,116</u>	<u>11,740</u>	<u>1,812,548</u>	<u>9,479,404</u>
Fund balances - ending	<u>\$ 7,398,270</u>	<u>\$ 107,683</u>	<u>\$ 1,456,788</u>	<u>\$ 8,962,741</u>

CITY OF OVIEDO, FLORIDA
Subcombining Balance Sheet
Nonmajor Special Revenue Funds
September 30, 2012

	<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	\$ 833,938	\$ 174,995	\$ 24,689	\$ 204,177
Investments	572,631	-	20,000	110,000
Receivables, net	-	-	-	-
Due from other governments	-	331,884	373	-
Total assets	<u>\$ 1,406,569</u>	<u>\$ 506,879</u>	<u>\$ 45,062</u>	<u>\$ 314,177</u>
Liabilities and fund balances:				
Accounts payable	\$ 8,606	\$ 280,273	\$ -	\$ 33
Accrued liabilities	-	-	-	-
Retainage payable	-	59,964	-	-
Total liabilities	<u>8,606</u>	<u>340,237</u>	<u>-</u>	<u>33</u>
Fund balances:				
Restricted	1,397,963	166,642	45,062	314,144
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>1,397,963</u>	<u>166,642</u>	<u>45,062</u>	<u>314,144</u>
Total liabilities and fund balances	<u>\$ 1,406,569</u>	<u>\$ 506,879</u>	<u>\$ 45,062</u>	<u>\$ 314,177</u>

CITY OF OVIEDO, FLORIDA
Subcombining Balance Sheet, Continued
Nonmajor Special Revenue Funds
September 30, 2012

<u>Solid Waste</u>	<u>Building Services</u>	<u>Stormwater</u>	<u>Transportation Impact Fees</u>	<u>Total</u>
\$ 134,139	\$ -	\$ 995,217	\$ 2,577,686	\$ 4,944,841
70,000	-	510,000	1,310,000	2,592,631
153,721	-	75,836	-	229,557
5,436	-	-	-	337,693
<u>\$ 363,296</u>	<u>\$ -</u>	<u>\$ 1,581,053</u>	<u>\$ 3,887,686</u>	<u>\$ 8,104,722</u>
\$ 224,248	\$ 20,652	\$ 90,910	\$ 5,049	\$ 629,771
-	187	16,530	-	16,717
-	-	-	-	59,964
<u>224,248</u>	<u>20,839</u>	<u>107,440</u>	<u>5,049</u>	<u>706,452</u>
-	-	-	3,882,637	5,806,448
-	-	1,473,613	-	1,473,613
139,048	-	-	-	139,048
-	(20,839)	-	-	(20,839)
<u>139,048</u>	<u>(20,839)</u>	<u>1,473,613</u>	<u>3,882,637</u>	<u>7,398,270</u>
<u>\$ 363,296</u>	<u>\$ -</u>	<u>\$ 1,581,053</u>	<u>\$ 3,887,686</u>	<u>\$ 8,104,722</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, 2012

	<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	-	1,580,488	-	61,517	525,602
Charges for services	-	307	-	-	-
Fines and forfeitures	-	-	21,517	-	-
Investment income	13,969	3,672	515	2,934	-
Service assessments	475,085	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>489,054</u>	<u>1,584,467</u>	<u>22,032</u>	<u>64,451</u>	<u>525,602</u>
Expenditures:					
Current:					
Public safety	32,450	-	20,651	2,918	525,602
Physical environment	-	658,109	-	-	-
Parks and recreation	14,636	-	-	-	-
Capital outlay:					
Physical environment	-	852,383	-	-	-
Total expenditures	<u>47,086</u>	<u>1,510,492</u>	<u>20,651</u>	<u>2,918</u>	<u>525,602</u>
Excess (deficiency) of revenues over expenditures	<u>441,968</u>	<u>73,975</u>	<u>1,381</u>	<u>61,533</u>	<u>-</u>
Other financing sources (uses):					
Transfers out	<u>(439,156)</u>	<u>(236,300)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(439,156)</u>	<u>(236,300)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,812	(162,325)	1,381	61,533	-
Fund balances - beginning	<u>1,395,151</u>	<u>328,967</u>	<u>43,681</u>	<u>252,611</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ 1,397,963</u>	<u>\$ 166,642</u>	<u>\$ 45,062</u>	<u>\$ 314,144</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, 2012

<u>Solid Waste</u>	<u>Building Services</u>	<u>Stormwater</u>	<u>Transportation Impact Fees</u>	<u>Total</u>
\$ -	\$ 689,641	\$ -	\$ -	\$ 689,641
-	-	-	-	2,167,607
2,580,936	-	1,497,204	-	4,078,447
-	-	-	-	21,517
2,445	104	15,110	42,121	80,870
-	-	-	328,922	804,007
26	(473)	2,000	-	1,553
<u>2,583,407</u>	<u>689,272</u>	<u>1,514,314</u>	<u>371,043</u>	<u>7,843,642</u>
-	569,469	-	-	1,151,090
2,439,669	-	909,455	417,133	4,424,366
-	-	-	-	14,636
-	-	307,160	110,293	1,269,836
<u>2,439,669</u>	<u>569,469</u>	<u>1,216,615</u>	<u>527,426</u>	<u>6,859,928</u>
<u>143,738</u>	<u>119,803</u>	<u>297,699</u>	<u>(156,383)</u>	<u>983,714</u>
<u>(161,036)</u>	<u>(150,000)</u>	<u>(168,661)</u>	<u>(85,407)</u>	<u>(1,240,560)</u>
<u>(161,036)</u>	<u>(150,000)</u>	<u>(168,661)</u>	<u>(85,407)</u>	<u>(1,240,560)</u>
(17,298)	(30,197)	129,038	(241,790)	(256,846)
<u>156,346</u>	<u>9,358</u>	<u>1,344,575</u>	<u>4,124,427</u>	<u>7,655,116</u>
<u>\$ 139,048</u>	<u>\$ (20,839)</u>	<u>\$ 1,473,613</u>	<u>\$ 3,882,637</u>	<u>\$ 7,398,270</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 20,000	\$ 20,000	\$ 13,969	\$ (6,031)
Service assessments	<u>299,293</u>	<u>299,293</u>	<u>475,085</u>	<u>175,792</u>
Total revenues	<u>319,293</u>	<u>319,293</u>	<u>489,054</u>	<u>169,761</u>
Expenditures:				
Current:				
Public safety	75,000	75,000	32,450	42,550
Parks and recreation	<u>35,000</u>	<u>35,000</u>	<u>14,636</u>	<u>20,364</u>
Total expenditures	<u>110,000</u>	<u>110,000</u>	<u>47,086</u>	<u>62,914</u>
Excess (deficiency) of revenues over expenditures	<u>209,293</u>	<u>209,293</u>	<u>441,968</u>	<u>232,675</u>
Other financing sources (uses):				
Transfers out	<u>(503,438)</u>	<u>(503,438)</u>	<u>(439,156)</u>	<u>64,282</u>
Total other financing sources (uses)	<u>(503,438)</u>	<u>(503,438)</u>	<u>(439,156)</u>	<u>64,282</u>
Net change in fund balances	(294,145)	(294,145)	2,812	296,957
Fund balances - beginning	<u>1,395,151</u>	<u>1,395,151</u>	<u>1,395,151</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,101,006</u>	<u>\$ 1,101,006</u>	<u>\$ 1,397,963</u>	<u>\$ 296,957</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 1,541,932	\$ 2,241,932	\$ 1,580,488	\$ (661,444)
Charges for services	-	-	307	307
Investment income	<u>4,000</u>	<u>4,000</u>	<u>3,672</u>	<u>(328)</u>
Total revenues	<u>1,545,932</u>	<u>2,245,932</u>	<u>1,584,467</u>	<u>(661,465)</u>
Expenditures:				
Current:				
Physical environment	1,375,351	533,351	658,109	(124,758)
Capital outlay:				
Physical environment	<u>60,258</u>	<u>1,602,258</u>	<u>852,383</u>	<u>749,875</u>
Total Expenditures	<u>1,435,609</u>	<u>2,135,609</u>	<u>1,510,492</u>	<u>625,117</u>
Excess (deficiency) of revenues over expenditures	<u>110,323</u>	<u>110,323</u>	<u>73,975</u>	<u>(36,348)</u>
Other financing sources (uses):				
Transfers out	<u>(236,300)</u>	<u>(236,300)</u>	<u>(236,300)</u>	<u>-</u>
Total other financing sources (uses)	<u>(236,300)</u>	<u>(236,300)</u>	<u>(236,300)</u>	<u>-</u>
Net change in fund balances	(125,977)	(125,977)	(162,325)	(36,348)
Fund balances - beginning	<u>328,967</u>	<u>328,967</u>	<u>328,967</u>	<u>-</u>
Fund balances - ending	<u>\$ 202,990</u>	<u>\$ 202,990</u>	<u>\$ 166,642</u>	<u>\$ (36,348)</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, 2012

	<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	\$ 15,000	\$ 15,000	\$ 21,517	\$ 6,517
Investment income	<u>1,000</u>	<u>1,000</u>	<u>515</u>	<u>(485)</u>
Total revenues	<u>16,000</u>	<u>16,000</u>	<u>22,032</u>	<u>6,032</u>
Expenditures:				
Current:				
Public safety	<u>23,000</u>	<u>23,000</u>	<u>20,651</u>	<u>2,349</u>
Total expenditures	<u>23,000</u>	<u>23,000</u>	<u>20,651</u>	<u>2,349</u>
Excess (deficiency) of revenues over expenditures	<u>(7,000)</u>	<u>(7,000)</u>	<u>1,381</u>	<u>8,381</u>
Net change in fund balances	(7,000)	(7,000)	1,381	8,381
Fund balances - beginning	<u>43,681</u>	<u>43,681</u>	<u>43,681</u>	<u>-</u>
Fund balances - ending	<u>\$ 36,681</u>	<u>\$ 36,681</u>	<u>\$ 45,062</u>	<u>\$ 8,381</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 3,500	\$ 3,500	\$ 61,517	\$ 58,017
Investment income	<u>5,000</u>	<u>5,000</u>	<u>2,934</u>	<u>(2,066)</u>
Total revenues	<u>8,500</u>	<u>8,500</u>	<u>64,451</u>	<u>55,951</u>
Expenditures:				
Current:				
Public safety	<u>8,500</u>	<u>8,500</u>	<u>2,918</u>	<u>5,582</u>
Total expenditures	<u>8,500</u>	<u>8,500</u>	<u>2,918</u>	<u>5,582</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>61,533</u>	<u>61,533</u>
Net change in fund balances	-	-	61,533	61,533
Fund balances - beginning	<u>252,611</u>	<u>252,611</u>	<u>252,611</u>	<u>-</u>
Fund balances - ending	<u>\$ 252,611</u>	<u>\$ 252,611</u>	<u>\$ 314,144</u>	<u>\$ 61,533</u>

CITY OF OVIEDO, FLORIDA
Solid Waste Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2012

	<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	\$ 2,540,776	\$ 2,540,776	\$ 2,580,936	\$ 40,160
Investment income	3,000	3,000	2,445	(555)
Miscellaneous	-	-	26	26
Total revenues	<u>2,543,776</u>	<u>2,543,776</u>	<u>2,583,407</u>	<u>39,631</u>
Expenditures:				
Current:				
Physical environment	<u>2,419,173</u>	<u>2,419,173</u>	<u>2,439,669</u>	<u>(20,496)</u>
Total expenditures	<u>2,419,173</u>	<u>2,419,173</u>	<u>2,439,669</u>	<u>(20,496)</u>
Excess (deficiency) of revenues over expenditures	<u>124,603</u>	<u>124,603</u>	<u>143,738</u>	<u>19,135</u>
Other financing sources (uses):				
Transfers out	<u>(161,036)</u>	<u>(161,036)</u>	<u>(161,036)</u>	<u>-</u>
Total other financing sources (uses)	<u>(161,036)</u>	<u>(161,036)</u>	<u>(161,036)</u>	<u>-</u>
Net change in fund balances	(36,433)	(36,433)	(17,298)	19,135
Fund balances - beginning	<u>156,346</u>	<u>156,346</u>	<u>156,346</u>	<u>-</u>
Fund balances - ending	<u>\$ 119,913</u>	<u>\$ 119,913</u>	<u>\$ 139,048</u>	<u>\$ 19,135</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, 2012

	<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	\$ 781,910	\$ 781,910	\$ 689,641	\$ (92,269)
Investment income	-	-	104	104
Miscellaneous	-	-	(473)	(473)
Total revenues	<u>781,910</u>	<u>781,910</u>	<u>689,272</u>	<u>(92,638)</u>
Expenditures:				
Current:				
Public safety	<u>631,910</u>	<u>631,910</u>	<u>569,469</u>	<u>62,441</u>
Total expenditures	<u>631,910</u>	<u>631,910</u>	<u>569,469</u>	<u>62,441</u>
Excess (deficiency) of revenues over expenditures	<u>150,000</u>	<u>150,000</u>	<u>119,803</u>	<u>(30,197)</u>
Other financing sources (uses):				
Transfers out	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Net change in fund balances	-	-	(30,197)	(30,197)
Fund balances - beginning	<u>9,358</u>	<u>9,358</u>	<u>9,358</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ 9,358</u>	<u>\$ 9,358</u>	<u>\$ (20,839)</u>	<u>\$ (30,197)</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, 2012

	<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	\$ 1,509,119	\$ 1,509,119	\$ 1,497,204	\$ (11,915)
Investment income	15,000	15,000	15,110	110
Miscellaneous	-	-	2,000	2,000
Total revenues	<u>1,524,119</u>	<u>1,524,119</u>	<u>1,514,314</u>	<u>(9,805)</u>
Expenditures:				
Current:				
Physical environment	1,245,850	1,245,850	909,455	336,395
Capital outlay:				
Physical environment	<u>1,387,276</u>	<u>1,387,276</u>	<u>307,160</u>	<u>1,080,116</u>
Total expenditures	<u>2,633,126</u>	<u>2,633,126</u>	<u>1,216,615</u>	<u>1,416,511</u>
Excess (deficiency) of revenue over expenditures	<u>(1,109,007)</u>	<u>(1,109,007)</u>	<u>297,699</u>	<u>1,406,706</u>
Other financing sources (uses):				
Transfers in	35,550	35,550	-	(35,550)
Transfers out	<u>(168,661)</u>	<u>(168,661)</u>	<u>(168,661)</u>	<u>-</u>
Total other financing sources (uses)	<u>(133,111)</u>	<u>(133,111)</u>	<u>(168,661)</u>	<u>(35,550)</u>
Net change in fund balances	(1,242,118)	(1,242,118)	129,038	1,371,156
Fund balances - beginning	<u>1,344,575</u>	<u>1,344,575</u>	<u>1,344,575</u>	<u>-</u>
Fund balances - ending	<u>\$ 102,457</u>	<u>\$ 102,457</u>	<u>\$ 1,473,613</u>	<u>\$ 1,371,156</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ 80,000	\$ 80,000	\$ 42,121	\$ (37,879)
Service assessments	<u>218,122</u>	<u>218,122</u>	<u>328,922</u>	<u>110,800</u>
Total revenues	<u>298,122</u>	<u>298,122</u>	<u>371,043</u>	<u>72,921</u>
Expenditures:				
Current:				
Physical environment	40,000	440,588	417,133	23,455
Capital outlay:				
Physical environment	<u>1,229,625</u>	<u>1,229,625</u>	<u>110,293</u>	<u>1,119,332</u>
Total expenditures	<u>1,269,625</u>	<u>1,670,213</u>	<u>527,426</u>	<u>1,142,787</u>
Excess (deficiency) of revenue over expenditures	<u>(971,503)</u>	<u>(1,372,091)</u>	<u>(156,383)</u>	<u>1,215,708</u>
Other financing sources (uses):				
Transfers out	<u>(111,224)</u>	<u>(111,224)</u>	<u>(85,407)</u>	<u>25,817</u>
Total other financing sources (uses)	<u>(111,224)</u>	<u>(111,224)</u>	<u>(85,407)</u>	<u>25,817</u>
Net change in fund balances	(1,082,727)	(1,483,315)	(241,790)	1,241,525
Fund balances - beginning	<u>4,124,427</u>	<u>4,124,427</u>	<u>4,124,427</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,041,700</u>	<u>\$ 2,641,112</u>	<u>\$ 3,882,637</u>	<u>\$ 1,241,525</u>

CITY OF OVIEDO, FLORIDA
Subcombining Balance Sheet
Nonmajor Debt Service Funds
September 30, 2012

	Public Improvement Revenue Bonds	General Obligation Bonds	Lease Financing Debt Service	Total
Assets:				
Cash and cash equivalents	\$ 102,097	\$ 9,591	\$ -	\$ 111,688
Total assets	<u>\$ 102,097</u>	<u>\$ 9,591</u>	<u>\$ -</u>	<u>\$ 111,688</u>
Liabilities and fund balances:				
Accounts payable	\$ 4,005	\$ -	\$ -	\$ 4,005
Total liabilities	<u>4,005</u>	<u>-</u>	<u>-</u>	<u>4,005</u>
Fund balances:				
Restricted	98,092	9,591	-	107,683
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>98,092</u>	<u>9,591</u>	<u>-</u>	<u>107,683</u>
Total liabilities and fund balances	<u>\$ 102,097</u>	<u>\$ 9,591</u>	<u>\$ -</u>	<u>\$ 111,688</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, 2012

	Public Improvement Revenue Bonds	General Obligation Bonds	Lease Financing Debt Service	Total
Revenues:				
Taxes	\$ -	\$ 542,049	\$ -	\$ 542,049
Investment income	-	3,533	-	3,533
Total revenues	<u>-</u>	<u>545,582</u>	<u>-</u>	<u>545,582</u>
Expenditures:				
Debt service:				
Principal	478,385	215,000	392,449	1,085,834
Interest and fiscal charges	759,440	338,832	44,298	1,142,570
Issuance costs	<u>162,493</u>	<u>-</u>	<u>-</u>	<u>162,493</u>
Total expenditures	<u>1,400,318</u>	<u>553,832</u>	<u>436,747</u>	<u>2,390,897</u>
Excess (deficiency) of revenues over expenditures	<u>(1,400,318)</u>	<u>(8,250)</u>	<u>(436,747)</u>	<u>(1,845,315)</u>
Other financing sources (uses):				
Transfers in	1,744,127	6,557	436,710	2,187,394
Refunding notes issued	16,886,000	-	-	16,886,000
Payment to refunded debt escrow agent	<u>(17,132,136)</u>	<u>-</u>	<u>-</u>	<u>(17,132,136)</u>
Total other financing sources (uses)	<u>1,497,991</u>	<u>6,557</u>	<u>436,710</u>	<u>1,941,258</u>
Net change in fund balances	97,673	(1,693)	(37)	95,943
Fund balances - beginning	<u>419</u>	<u>11,284</u>	<u>37</u>	<u>11,740</u>
Fund balances - ending	<u>\$ 98,092</u>	<u>\$ 9,591</u>	<u>\$ -</u>	<u>\$ 107,683</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, 2012

	<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	\$ 1,288,385	\$ 478,385	\$ 478,385	\$ -
Interest	777,654	553,186	759,440	(206,254)
Issuance costs	<u>-</u>	<u>898,082</u>	<u>162,493</u>	<u>735,589</u>
Total expenditures	<u>2,066,039</u>	<u>1,929,653</u>	<u>1,400,318</u>	<u>529,335</u>
Excess (deficiency) of revenues over expenditures	<u>(2,066,039)</u>	<u>(1,929,653)</u>	<u>(1,400,318)</u>	<u>529,335</u>
Other financing sources (uses):				
Transfers in	2,066,039	1,744,130	1,744,127	3
Proceeds of refunding debt	-	16,886,000	16,886,000	-
Payment to refunded debt escrow agent	<u>-</u>	<u>(16,700,477)</u>	<u>(17,132,136)</u>	<u>(431,659)</u>
Total other financing sources (uses)	<u>2,066,039</u>	<u>1,929,653</u>	<u>1,497,991</u>	<u>(431,656)</u>
Net change in fund balances	-	-	97,673	97,679
Fund balances - beginning	<u>419</u>	<u>419</u>	<u>419</u>	<u>-</u>
Fund balances - ending	<u>\$ 419</u>	<u>\$ 419</u>	<u>\$ 98,092</u>	<u>\$ 97,679</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 540,974	\$ 540,974	\$ 542,049	\$ 1,075
Investment income	<u>6,000</u>	<u>6,000</u>	<u>3,533</u>	<u>(2,467)</u>
Total revenues	<u>546,974</u>	<u>546,974</u>	<u>545,582</u>	<u>(1,392)</u>
Expenditures:				
Debt service:				
Principal	215,000	215,000	215,000	-
Interest	<u>338,531</u>	<u>338,531</u>	<u>338,832</u>	<u>(301)</u>
Total expenditures	<u>553,531</u>	<u>553,531</u>	<u>553,832</u>	<u>(301)</u>
Excess (deficiency) of revenues over expenditures	<u>(6,557)</u>	<u>(6,557)</u>	<u>(8,250)</u>	<u>(1,693)</u>
Other financing sources (uses):				
Transfers in	<u>6,557</u>	<u>6,557</u>	<u>6,557</u>	<u>-</u>
Total other financing sources and uses	<u>6,557</u>	<u>6,557</u>	<u>6,557</u>	<u>-</u>
Net change in fund balances	-	-	(1,693)	(1,693)
Fund balances - beginning	<u>11,284</u>	<u>11,284</u>	<u>11,284</u>	<u>-</u>
Fund balances - ending	<u>\$ 11,284</u>	<u>\$ 11,284</u>	<u>\$ 9,591</u>	<u>\$ (1,693)</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, 2012**

	<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	\$ 391,143	\$ 391,143	\$ 392,449	\$ (1,306)
Interest	<u>45,560</u>	<u>45,560</u>	<u>44,298</u>	<u>1,262</u>
Total expenditures	<u>436,703</u>	<u>436,703</u>	<u>436,747</u>	<u>(44)</u>
Excess (deficiency) of revenue over expenditures	<u>(436,703)</u>	<u>(436,703)</u>	<u>(436,747)</u>	<u>(44)</u>
Other financing sources (uses):				
Transfers in	<u>436,703</u>	<u>436,703</u>	<u>436,710</u>	<u>7</u>
Total other financing sources (uses)	<u>436,703</u>	<u>436,703</u>	<u>436,710</u>	<u>7</u>
Net change in fund balances	-	-	(37)	(37)
Fund balances - beginning	<u>37</u>	<u>37</u>	<u>37</u>	<u>-</u>
Fund balances - ending	<u>\$ 37</u>	<u>\$ 37</u>	<u>\$ -</u>	<u>\$ (37)</u>

CITY OF OVIEDO, FLORIDA
Subcombining Balance Sheet
Nonmajor Capital Projects Funds
September 30, 2012

	<u>Vehicle Replacement</u>	<u>Land Fill Closure</u>	<u>Technology Improvements</u>	<u>General Facility Improvements</u>
Assets:				
Cash and cash equivalents	\$ 440,887	\$ 11,232	\$ 16,134	\$ 200,170
Investments	230,000	-	10,000	252,758
Due from other governments	1,472	-	-	-
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 672,359</u>	<u>\$ 11,232</u>	<u>\$ 26,134</u>	<u>\$ 452,928</u>
Liabilities and fund balances:				
Accounts payable	\$ 13,179	\$ -	\$ 451	\$ -
Accrued liabilities	-	10,000	2,267	-
Retainage payable	-	-	-	43,618
Total liabilities	<u>13,179</u>	<u>10,000</u>	<u>2,718</u>	<u>43,618</u>
Fund balances:				
Assigned	<u>659,180</u>	<u>1,232</u>	<u>23,416</u>	<u>409,310</u>
Total fund balances	<u>659,180</u>	<u>1,232</u>	<u>23,416</u>	<u>409,310</u>
Total liabilities and fund balances	<u>\$ 672,359</u>	<u>\$ 11,232</u>	<u>\$ 26,134</u>	<u>\$ 452,928</u>

CITY OF OVIEDO, FLORIDA
Subcombining Balance Sheet, Continued
Nonmajor Capital Projects Funds
September 30, 2012

<u>Recreational Facility Improvement</u>	<u>OSC Extension Landfill</u>	<u>2008 Revenue Bond Construction Fund</u>	<u>Total</u>
\$ 9,415	\$ (4,348)	\$ 288,360	\$ 961,850
-	-	-	492,758
-	-	-	1,472
<u>-</u>	<u>70,744</u>	<u>-</u>	<u>70,744</u>
<u>\$ 9,415</u>	<u>\$ 66,396</u>	<u>\$ 288,360</u>	<u>\$ 1,526,824</u>
\$ -	\$ -	\$ 521	\$ 14,151
-	-	-	12,267
<u>-</u>	<u>-</u>	<u>-</u>	<u>43,618</u>
<u>-</u>	<u>-</u>	<u>521</u>	<u>70,036</u>
<u>9,415</u>	<u>66,396</u>	<u>287,839</u>	<u>1,456,788</u>
<u>9,415</u>	<u>66,396</u>	<u>287,839</u>	<u>1,456,788</u>
<u>\$ 9,415</u>	<u>\$ 66,396</u>	<u>\$ 288,360</u>	<u>\$ 1,526,824</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, 2012

	<u>Vehicle Replacement</u>	<u>Land Fill Closure</u>	<u>Technology Improvements</u>	<u>General Facility Improvements</u>
Revenues:				
Intergovernmental	\$ 112,116	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Investment income	<u>-</u>	<u>203</u>	<u>-</u>	<u>114</u>
Total revenues	<u>112,116</u>	<u>203</u>	<u>-</u>	<u>114</u>
Expenditures:				
Current:				
General government	-	-	123,954	-
Public safety	154,862	-	-	-
Physical environment	-	16,194	-	18,095
Parks and recreation	-	-	-	-
Capital outlay:				
General government	-	-	46,603	-
Public safety	202,888	-	-	-
Physical environment	-	-	-	25,822
Parks and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>357,750</u>	<u>16,194</u>	<u>170,557</u>	<u>43,917</u>
Excess (deficiency) of revenues over expenditures	<u>(245,634)</u>	<u>(15,991)</u>	<u>(170,557)</u>	<u>(43,803)</u>
Other financing sources (uses):				
Transfers in	406,779	8,340	106,306	-
Transfers out	<u>(233,285)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>173,494</u>	<u>8,340</u>	<u>106,306</u>	<u>-</u>
Net change in fund balances	(72,140)	(7,651)	(64,251)	(43,803)
Fund balances - beginning	<u>731,320</u>	<u>8,883</u>	<u>87,667</u>	<u>453,113</u>
Fund balances - ending	<u>\$ 659,180</u>	<u>\$ 1,232</u>	<u>\$ 23,416</u>	<u>\$ 409,310</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, 2012

<u>Recreational Facility Improvement</u>	<u>OSC Extension Landfill</u>	<u>2008 Revenue Bond Construction Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 112,116
-	16,250	-	16,250
<u>-</u>	<u>633</u>	<u>3,882</u>	<u>4,832</u>
<u>-</u>	<u>16,883</u>	<u>3,882</u>	<u>133,198</u>
-	-	-	123,954
-	-	-	154,862
-	15,680	8,452	58,421
4,000	-	-	4,000
-	-	-	46,603
-	-	-	202,888
-	-	104,779	130,601
<u>68,465</u>	<u>-</u>	<u>-</u>	<u>68,465</u>
<u>72,465</u>	<u>15,680</u>	<u>113,231</u>	<u>789,794</u>
<u>(72,465)</u>	<u>1,203</u>	<u>(109,349)</u>	<u>(656,596)</u>
-	12,696	-	534,121
<u>-</u>	<u>-</u>	<u>-</u>	<u>(233,285)</u>
<u>-</u>	<u>12,696</u>	<u>-</u>	<u>300,836</u>
(72,465)	13,899	(109,349)	(355,760)
<u>81,880</u>	<u>52,497</u>	<u>397,188</u>	<u>1,812,548</u>
<u>\$ 9,415</u>	<u>\$ 66,396</u>	<u>\$ 287,839</u>	<u>\$ 1,456,788</u>

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Statistical Section

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CITY OF OVIEDO, FLORIDA

STATISTICAL SECTION

September 30, 2012

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	99
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	106
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	110
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	115
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	117
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 Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

Table 1

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Net investment in capital assets	\$ 34,278	\$ 37,049	\$ 33,439	\$ 41,987	\$ 42,758	\$ 56,841	\$ 70,052	\$ 69,958	\$ 67,766	\$ 67,505
Restricted	4,691	13,350	15,031	9,070	15,667	6,060	12,668	13,338	7,956	12,044
Unrestricted	11,264	3,757	12,487	10,172	11,083	6,050	3,280	3,016	4,845	3,769
Total governmental activities net position	<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>	<u>83,318</u>
Business-type activities										
Net investment in capital assets	31,464	33,697	36,269	39,541	48,465	45,184	37,677	36,505	35,700	32,980
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	8,276
Total business-type activities net position	<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>	<u>41,256</u>
Primary government										
Net investment in capital assets	65,742	70,746	69,708	81,528	91,223	102,025	107,729	106,463	103,466	100,485
Restricted	16,015	24,816	15,214	9,250	15,991	6,359	12,848	13,520	8,289	12,044
Unrestricted	12,779	6,116	25,426	19,604	18,742	16,815	8,891	8,843	11,081	12,045
Total primary government net position	<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>	<u>\$ 124,574</u>

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

Table 2

Expenses	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
General government	\$ 2,315	\$ 2,670	\$ 3,378	\$ 3,730	\$ 3,721	\$ 3,994	\$ 3,790	\$ 3,477	\$ 2,686	\$ 2,455
Public safety	8,615	13,622	12,065	11,168	12,359	13,189	13,550	13,853	14,054	13,932
Highways and Streets	3,806	4,844	5,736	8,285	8,386	10,433	10,997	10,764	14,222	10,590
Parks and recreation	2,092	3,016	3,233	4,032	4,143	4,335	4,259	3,808	3,992	3,732
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	1,149
Total governmental activities expenses	17,571	25,235	25,502	28,277	29,696	33,219	33,818	33,121	36,163	31,858
Business-type activities:										
Water & Sewer	3,758	3,788	4,564	6,324	7,240	7,756	7,785	8,463	12,815	12,917
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	\$ 12,917
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 268	\$ 297	\$ 357	\$ 406	\$ 665	\$ 691	\$ 92	\$ 193	\$ 154	\$ 222
Public safety	1,701	1,700	3,510	3,455	2,562	2,319	1,670	1,687	1,954	1,746
Highways and Streets	684	980	745	578	2,719	2,437	4,164	4,330	4,385	4,591
Parks and recreation	711	912	1,129	1,105	1,493	1,334	1,221	1,371	1,398	1,382
Operating grants and contributions	353	4,409	3,156	767	871	864	704	662	669	1,032
Capital grants and contributions	2,309	1,732	3,117	12	4,405	384	1,833	1,611	563	1,033
Total governmental activities program revenues	6,026	10,030	12,014	6,323	12,715	8,029	9,684	9,854	9,123	10,006
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	11,751
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	921
Total business-type activities program revenues	6,792	8,594	8,330	6,941	15,667	9,144	8,189	7,244	12,621	12,672
Total government program revenues	\$ 12,818	\$ 18,624	\$ 20,344	\$ 13,264	\$ 28,382	\$ 17,173	\$ 17,873	\$ 17,098	\$ 21,744	\$ 22,678

Table 2 (continued)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (expense)/revenue										
Governmental activities	\$ (11,545)	\$ (15,205)	\$ (13,488)	\$ (21,954)	\$ (16,981)	\$ (25,190)	\$ (24,134)	\$ (23,267)	\$ (27,040)	\$ (21,853)
Business-type activities	1,828	3,500	2,450	(668)	6,834	(632)	404	(1,219)	(194)	(245)
Total government net expense	<u>\$ (9,717)</u>	<u>\$ (11,705)</u>	<u>\$ (11,038)</u>	<u>\$ (22,622)</u>	<u>\$ (10,147)</u>	<u>\$ (25,822)</u>	<u>\$ (23,730)</u>	<u>\$ (24,486)</u>	<u>\$ (27,234)</u>	<u>\$ (22,098)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 6,414	\$ 7,492	\$ 8,154	\$ 9,308	\$ 11,612	\$ 11,502	\$ 11,236	\$ 10,251	\$ 9,580	\$ 9,125
Franchise and utility taxes	4,511	5,053	5,624	6,310	6,564	6,979	7,229	7,689	7,031	6,609
Unrestricted intergovernmental revenues	4,724	6,201	5,240	5,334	5,442	4,916	4,480	4,554	4,619	3,978
Unrestricted investment earnings	475	387	589	980	1,464	1,182	1,132	711	365	385
Miscellaneous revenues	25	22	9	120	9	26	173	187	174	145
Gain on sale of capital assets	-	-	47	75	45	15	-	-	-	28
Transfers	495	415	575	100	124	12	13,526	187	206	190
Total governmental activities	<u>16,644</u>	<u>19,570</u>	<u>20,238</u>	<u>22,227</u>	<u>25,260</u>	<u>24,632</u>	<u>37,776</u>	<u>23,579</u>	<u>21,975</u>	<u>20,460</u>
Business-type activities:										
Investment earnings	335	151	213	459	506	343	336	450	130	140
Miscellaneous revenues	29	53	66	70	79	102	5	1	-	-
Gain on sale of capital assets	-	-	-	-	-	-	-	-	26	3
Transfers	(495)	(415)	(575)	(100)	(124)	(12)	(13,526)	(187)	(206)	(190)
Total business-type activities	<u>(131)</u>	<u>(211)</u>	<u>(296)</u>	<u>429</u>	<u>461</u>	<u>433</u>	<u>(13,185)</u>	<u>264</u>	<u>(50)</u>	<u>(47)</u>
Total government	<u>\$ 16,513</u>	<u>\$ 19,359</u>	<u>\$ 19,942</u>	<u>\$ 22,656</u>	<u>\$ 25,721</u>	<u>\$ 25,065</u>	<u>\$ 24,591</u>	<u>\$ 23,843</u>	<u>\$ 21,925</u>	<u>\$ 20,413</u>
Change in Net Position										
Governmental activities	\$ 5,099	\$ 4,365	\$ 6,750	\$ 273	\$ 8,279	\$ (558)	\$ 13,642	\$ 312	\$ (5,065)	\$ (1,393)
Business-type activities	1,697	3,289	2,154	(239)	7,295	(199)	(12,781)	(955)	(244)	(292)
Total government	<u>\$ 6,796</u>	<u>\$ 7,654</u>	<u>\$ 8,904</u>	<u>\$ 34</u>	<u>\$ 15,574</u>	<u>\$ (757)</u>	<u>\$ 861</u>	<u>\$ (643)</u>	<u>\$ (5,309)</u>	<u>\$ (1,685)</u>

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

Table 3

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Property Tax	\$ 6,414	\$ 7,492	\$ 8,154	\$ 9,308	\$ 11,612	\$ 11,502	\$ 11,236	\$ 10,251	\$ 9,580	\$ 9,125
Utility Tax										
Electricity	1,330	1,304	1,702	2,020	2,073	2,115	2,223	2,558	2,383	2,232
Water	200	315	314	367	399	412	435	436	530	519
Gas	42	33	40	50	58	60	51	51	50	59
Telecommunications	1,345	1,650	1,577	1,507	1,558	1,777	1,648	1,654	1,538	1,490
Total	<u>2,917</u>	<u>3,302</u>	<u>3,633</u>	<u>3,944</u>	<u>4,088</u>	<u>4,364</u>	<u>4,357</u>	<u>4,699</u>	<u>4,501</u>	<u>4,300</u>
Franchise Fees	1,594	1,751	1,991	2,366	2,476	*	*	*	*	*
Total Tax Revenue by Source	<u>\$ 10,925</u>	<u>\$ 12,545</u>	<u>\$ 13,778</u>	<u>\$ 15,618</u>	<u>\$ 18,176</u>	<u>\$ 15,866</u>	<u>\$ 15,593</u>	<u>\$ 14,950</u>	<u>\$ 14,081</u>	<u>\$ 13,425</u>

**Taxes included in Unrestricted
Intergovernmental Revenues**

Sales Tax	\$ 5,727	\$ 4,993	\$ 3,731	\$ 3,765	\$ 3,798	\$ 3,473	\$ 2,970	\$ 2,917	\$ 2,932	\$ 2,241
State Revenue Sharing	582	648	854	976	1,115	966	720	710	746	779
Other	11	17	12	13	87	17	23	19	23	20
Total	<u>\$ 6,320</u>	<u>\$ 5,658</u>	<u>\$ 4,597</u>	<u>\$ 4,754</u>	<u>\$ 5,000</u>	<u>\$ 4,456</u>	<u>\$ 3,713</u>	<u>\$ 3,646</u>	<u>\$ 3,701</u>	<u>\$ 3,040</u>

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

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

Table 4

	Fiscal Year									
	2003	2004 (1)	2005	2006	2007	2008	2009	2010	2011 *	2012 *
General fund										
Reserved	\$ 495	\$ 435	\$ 751	\$ 219	\$ 591	\$ 155	\$ 168	\$ 241	\$ -	\$ -
Unreserved	12,217	1,448	3,058	4,122	3,562	3,897	3,831	3,614	-	-
Total general fund	<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>	<u>\$ -</u>
All other governmental funds										
Reserved	\$ 5,019	\$ 16,081	\$ 19,049	\$ 11,432	\$ 19,048	\$ 11,154	\$ 8,309	\$ 9,360	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	(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>\$ 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>	<u>\$ -</u>

* Implementation of GASB Statement No. 54

General fund										
Nonspendable									\$ 84	\$ 56
Restricted									34	47
Assigned									193	-
Unassigned									3,380	2,914
Total general fund									<u>\$ 3,691</u>	<u>\$ 3,017</u>
All other governmental funds										
Restricted									\$ 15,402	\$ 19,478
Committed									1,345	1,474
Assigned									1,978	1,596
Unassigned									-	(21)
Total all other governmental									<u>\$ 18,725</u>	<u>\$ 22,527</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.

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

Table 5

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes										
Property	\$ 6,414	\$ 7,492	\$ 8,154	\$ 9,308	\$ 11,612	\$ 11,502	\$ 11,236	\$ 10,251	\$ 9,580	\$ 9,125
Franchise and utility taxes	4,511	5,053	5,624	6,310	6,564	4,364	4,357	4,699	4,501	4,300
Business receipt	-	-	-	-	-	136	140	152	155	134
Licenses and Permits	762	771	1,098	952	1,372	3,658	3,260	3,616	3,191	3,011
Intergovernmental	7,348	6,928	12,723	8,125	7,268	6,049	5,163	6,724	5,524	5,515
Charges for services	1,230	1,516	3,003	3,342	4,072	4,024	6,061	5,889	6,207	6,259
Fines and forfeitures	188	142	115	129	179	173	200	144	146	169
Investment income	526	443	1,368	1,201	1,748	1,142	1,086	678	350	373
Service assessments	1,079	1,349	646	924	1,488	1,150	485	727	747	804
Miscellaneous	118	109	124	233	130	157	219	279	248	391
Total revenues	<u>22,176</u>	<u>23,803</u>	<u>32,855</u>	<u>30,524</u>	<u>34,433</u>	<u>32,355</u>	<u>32,207</u>	<u>33,159</u>	<u>30,649</u>	<u>30,081</u>
Expenditures										
General government	2,234	2,674	3,258	3,626	3,552	3,777	3,488	3,327	2,458	2,210
Public safety	7,864	13,032 *	11,411	10,523	11,727	12,508	12,492	12,735	12,771	12,978
Physical environment	2,135	3,137	3,989	6,450	6,547	8,557	7,883	7,515	11,202	7,737
Parks and recreation	1,801	2,642	2,832	3,587	3,690	3,827	3,559	3,355	3,255	3,305
Debt service										
Principal	740	938	1,023	1,056	1,132	1,397	1,462	1,537	1,726	1,086
Interest	743	1,313	1,090	1,062	1,085	1,315	1,260	1,219	1,210	1,143
Issuance costs	-	-	-	-	-	-	-	-	38	162
Capital Outlay	9,077	4,031	6,302	10,380	5,481	6,581	4,791	3,075	2,718	2,153
Total expenditures	<u>24,594</u>	<u>27,767</u>	<u>29,905</u>	<u>36,684</u>	<u>33,214</u>	<u>37,962</u>	<u>34,935</u>	<u>32,763</u>	<u>35,378</u>	<u>30,774</u>
Excess of revenues over (under) expenditures	(2,418)	(3,964)	2,950	(6,160)	1,219	(5,607)	(2,728)	396	(4,729)	(693)

Table 5 (continued)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other financing sources (uses)										
Transfers in	2,414	9,278	4,441	9,722	5,741	3,743	5,322	3,553	3,664	3,360
Transfers out	(1,919)	(8,862)	(3,866)	(9,622)	(6,175)	(4,230)	(3,627)	(3,815)	(4,018)	(3,614)
Proceeds of refunding debt	-	9,000	-	-	5,710	-	688	-	1,300	16,886
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	(17,132)
Capital leases	-	331	-	20	559	186	-	1,255	491	-
Sale of general capital assets	5	-	60	85	45	15	38	20	52	31
Total other financing sources (uses)	<u>500</u>	<u>9,747</u>	<u>635</u>	<u>205</u>	<u>5,880</u>	<u>(286)</u>	<u>2,421</u>	<u>1,013</u>	<u>1,489</u>	<u>(469)</u>
Net change in fund balances	<u>\$ (1,918)</u>	<u>\$ 5,783</u>	<u>\$ 3,585</u>	<u>\$ (5,955)</u>	<u>\$ 7,099</u>	<u>\$ (5,893)</u>	<u>\$ (307)</u>	<u>\$ 1,409</u>	<u>\$ (3,240)</u>	<u>\$ (1,162)</u>
Debt service as a percentage of noncapital expenditures	10.57%	10.48%	9.83%	8.76%	8.69%	9.46% *	9.93% *	9.28%	8.99%	7.79%

* 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	
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%
2012	2,278,882	2,313,586	107,910	109,553	555,145	4.863	1,831,647	2,423,139	75.59%

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		
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
2012	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 Millage Rate Report

Table 8

CITY OF OVIEDO, FLORIDA
Principal Property Taxpayers
September 30, 2012
(amounts expressed in thousands)

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Oviedo Grove Apartments LP	\$ 18,047	1	0.99%	\$ 13,936	2	1.24%
Progress Energy Florida	16,209	2	0.88%	10,913	6	0.97%
WRI - TC Alafaya Square, LLC	15,526	3	0.85%			
1700 Oviedo Marketplace Blvd. (aka Oviedo Mall)	14,355	4	0.78%			
United Dominion Realty Trust, Inc.	13,060	5	0.71%	13,508	3	1.20%
Oviedo Town Center, LLC	9,611	6	0.52%			
BellSouth Telecommunications	7,613	7	0.42%	12,154	4	1.08%
Riverside Landings Inv, LLC	7,002	8	0.38%			
AEJ Oviedo LLC	6,884	9	0.38%			
Gemini Town Center	6,843	10	0.37%			
The Rouse-Orlando Inc.				60,318	1	5.35%
Alfaya Square Associates, LTD				11,706	5	1.04%
Dillard's				10,748	7	0.95%
Burdines, Inc.				10,645	8	0.94%
The Sanctuary-Oviedo LP				10,609	9	0.94%
Tuscawilla Bend				7,914	10	0.70%
Total	\$ 115,150		6.29%	\$ 162,451		14.40%

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
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%
2012	9,469,036	9,116,787	96.28%	8,094	9,124,881	96.37%

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Outstanding Delinquent Taxes (1)	% of Delinquent Taxes to Total Levy
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%
2012	9,469,036	1,844,732	19.48%

** Fiscal year 2007 has been restated.

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

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

Table 10

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			
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
2012	16,886	7,275	1,332	50,648	2,300	2,859	81,300	5.75%	2,352

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
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	0.29%	220
2012	7,275	7,275	0.30%	210

* Restated in fiscal year 2011

CITY OF OVIEDO, FLORIDA
Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds
September 30, 2012

Table 12

<u>Jurisdiction</u>	<u>Total Long-term Debt Outstanding</u>	<u>Percentage Applicable to City of Oviedo</u>	<u>Amount Applicable to City of Oviedo</u>
Direct:			
City of Oviedo	\$ 24,293,851	100.00%	\$ 24,293,851
Overlapping:			
Seminole County	107,595,000	8.06%	8,667,013
Total overlapping debt	107,595,000		8,667,013
Total	\$ 131,888,851		\$ 32,960,864

Sources: Overlapping debt for Seminole County obtained from Seminole County Finance Department.
The percentage of overlapping debt applicable to the City of Oviedo is estimated using
the population of the City of Oviedo and Seminole County.

CITY OF OVIEDO, FLORIDA
Computation of Legal Debt Margin*
September 30, 2012

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	Electric Franchise Fees & Half-Cent Sales Tax	Maximum Annual Debt Service	Coverage
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
2012 (5)	4,299,870	1,144,649	3.76	2012 (6)	1,932,547	745,006	2.59
Capital Improvement Revenue Note, Series 2009							
Year	Franchise Fees	Debt Service Annual Debt	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				
2012 (6)	-	-	-				
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
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 (7)	13,949,977	6,449,660	178,872	7,679,189	3,092,305	2.43	2.48
2012	13,966,585	6,474,093	351,929	7,844,421	3,610,808	2.08	2.17

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.
- (5) Public Improvement Revenue Bonds and Capital Improvement Revenue Bonds/Notes were refinanced in Fiscal Year 2012.
- (6) During FY12 refinance, Capital Improvement Revenue Note, Series 2009 was included with the Capital Revenue Improvement Bonds/Notes.
- (7) Restated in Fiscal Year 2012

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)
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%
2012	34,573	1,414,520	40,914 (5)	35.3	10,133	8.9%

(1) Source: Metro Orlando Economic Development Commission/Bureau of Economic and Business Research, University of Florida

(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	2012 ¹			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Seminole County School System	894	1	13.94%	*	*	*
Publix Super Markets	520	2	8.11%	*	*	*
City of Oviedo	300	3	4.68%	*	*	*
Securesolutions LLC	183	4	2.85%	*	*	*
First Baptist Church	133	5	2.07%	*	*	*
A Duda & Sons, Inc.	131	6	2.04%	*	*	*
Winn Dixie Stores, Inc.	120	7	1.87%	*	*	*
Sears Roebuck & Company	96	8	1.50%	*	*	*
Outback Steakhouse	75	9	1.17%	*	*	*
US Post Office	70	10	1.09%	*	*	*
	2,522		39.33%			

¹ Per Telephone survey of major local businesses.

* 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,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	51	57	58	66	79	78	75	59	56	53
Public Safety:										
Police										
Officers	57	57	58	60	64	63	63	62	62	61
Civilians ¹	19	18	19	20	19	19	17	17	11	10
Fire										
Firefighters and officers	46	46	46	46	46	46	47	46	50	49
Civilians	5	5	5	5	5	5	5	5	3	4
Building	14	17	24	26	26	26	13	4	4	4
Public Works	27	34	39	41	38	38	37	37	38	36
Parks and Recreations	40	62	70	71	68	59	63	56	57	55
Total	259	296	319	335	345	333	320	286	280	272

Notes:

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

Table 18

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

Function	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police										
Traffic and parking violations	10,913	15,689	9,555	3,618	5,187	4,735	4,669	3,618	4,616	3,367
Physical arrests	787	649	774	1,051	1,144	881	977	1,051	937	676
Complaints	33,098	30,762	30,239	32,486	39,872	42,424	52,554	32,486	46,883	44,431
Fire										
Construction inspections	1,036	484	936	1,258	1,323	955	1,249	1,652	1,198	367
Hydrant inspections	1,778	1,878	2,000	516	1,000	1,300	800	1,128	1,140	1,140
Number of emergency calls answered	4,017	3,989	3,973	4,032	3,993	3,971	4,228	3,919	3,894	4,076
Medical Transports	1,015	1,036	1,152	1,215	1,302	1,575	1,427	1,418	1,443	1,493
Highways and streets										
Streets paved (miles)	-	0.1	-	-	0.3	-	6.2	6.2***	6.11	6.54
Streets resurfaced (tons/asphalt)	*	*	*	4,100	12,000	7,547	4,782	6,150	4,926	5,223.50
Sidewalks/bike paths built or repaired (square feet)	*	*	*	56,450	-	72,171	54,585	131,395	75,330	22,275
Parks and recreation										
Sports Complex ball games	2,600	2,580	2,560	2,560	2,610	2,422	2,395	2,346	2,359	1,985
Field Rentals	66	-	10	31	39	45	31	59	57	89
Swimming Pool Passes	11	371	303	312	382	376	393	393	379	298
Water										
New connections	254	673	407	190	292	172	99	317	32	206
Number of customers	10,146	10,819	11,226	11,416	11,708	11,880	11,979	12,296	12,328	12,534
Water main breaks	*	*	*	3	1	1	1	2.00	1.00	-
Average daily consumption (millions of gallons)	3.94	4.00	3.72	4.16	3.86	4.04	3.71	3.55	4.00	3.80
Average daily production (millions of gallons)	3.94	4.09	4.05	4.66	4.59	4.47	4.00	3.68	4.17	3.80
Meter reads	121,752	129,828	134,712	136,992	140,496	142,560	143,747	149,052	150,628	153,190
General Government										
Employment applications received	*	*	1,486	1,177	1,165	1,660	664	851	1,328	938
Personnel Action Forms processed	*	*	*	607	635	555	422	394	281	417
Legal Notices published	33	24	35	56	62	75	74	67	61	51
Business Tax Receipts issued	1,700	2,070	4,270	4,400	4,291	4,200	4,081	4,119	4,310	3,947
Insurance Claims Submitted	18	35	54	33	21	43	49**	47	30	20
Permits issued	3,916	4,101	6,897	4,269	4,035	3,082	2,727	2,952	3,071	2,726
Number of general ledger transactions posted	*	132,746	163,954	163,153	183,208	168,280	177,685	186,569	176,335	210,509
A/P Checks issued	8,701	9,754	7,602	9,585	10,103	6,388	5,583	5,385	5,252	5,073
Purchase orders/FPO's processed	3,847	4,016	4,393	6,775	6,857	4,255	3,142	3,322	3,011	2,908

Notes

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

Table 19

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

Function	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicle patrol units	41	41	41	41	42	42	49	42	41	39
Motorcycle patrol units	-	16	4	4	4	4	4	4	4	4
Bicycle patrol units	13	2	13	15	18	18	19	18	21	14
Fire stations	3	3	3	3	3	3	3	3	3	3
Highways and streets										
Streets maintained - paved (miles)	105.08	112.27	113.12	114.98	130.00	115.28	115.28	116.78	117	117.3
Streets maintained - unpaved (miles)	7.70	7.89	7.89	7.89	8.00	7.89	7.89	7.39	7.19	6.9
Traffic Signals	19	19	19	20	20	20	20	23	23	25
Culture and recreation										
Park acreage	330	330	330	353	353	387	482	482	482	482
Parks	11	11	11	11	11	12	12	12	12	12
Tennis courts	8	8	8	8	8	8	8	8	8	8
Community centers	3	3	3	2	2	2	2	2	2	3
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Water										
Water plants	2	2	2	3	2	2	2	1	1	1
Water mains (miles)	131.0	131.0	132.8	133.4	137.4	175.0	160.0	175	175	176
Fire hydrants	*	*	*	1,000	1,124	1,125	1,124	1,124	1,124	1,126
Maximum daily capacity (millions of gallons)	10.48	10.48	10.48	20.48	17.24	17.24	17.24	10	10	10
Sewer										
Wastewater plants	-	-	-	-	-	-	-	1	1	1
Sanitary sewers (miles)	29.12	29.12	29.12	29.33	31.20	32.30	32.30	106	108	110
Sanitary lift stations	*	*	*	*	*	*	*	64	65	66
Reclaim										
Reclaim lines (miles)	*	*	*	*	17	26	26	53.3	53.3	57.8

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, 2012

	Fiscal Year Ending September 30						Total
	2012	2013	2014	2015	2016	2017	
Capital Projects:							
Water System	\$ 487,889	\$ 399,550	\$ 362,350	\$ 361,269	\$ 484,050	\$ 624,050	\$ 2,719,158
Sewer System	1,197,500	494,600	1,490,000	-	-	922,350	4,104,450
Reclaim System	1,677,480	1,184,512	1,728,070	2,082,168	1,669,858	2,608,842	10,950,930
Alafaya System	1,063,000	275,000	80,000	80,000	80,000	30,000	1,608,000
Stormwater System	1,258,276	479,281	550,878	417,481	269,573	190,000	3,165,489
Total Utility System							
Capital Projects	<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>\$ 4,375,242</u>	<u>\$ 22,548,027</u>
Funding Sources:							
System Development							
Charges	\$ 1,772,226	\$ 862,031	\$ 1,495,428	\$ 805,950	\$ 780,823	\$ 814,050	\$ 6,530,508
Fund Equity (Available							
Reserves or Unfunded)	-	-	1,728,070	2,082,168	1,669,858	3,478,392	8,958,488
Renewal and Replacement							
Fund	200,639	291,800	52,800	52,800	52,800	82,800	733,639
Outstanding Bonds -							
Previously Issued Debt	-	-	-	-	-	-	-
Series 2010 Bonds	2,206,300	494,600	935,000	-	-	-	3,635,900
Bank of America Lease	-	-	-	-	-	-	-
SRF Loan WW59020 -							
Additional Debt	1,504,980	1,184,512	-	-	-	-	2,689,492
Vehicle Replacement Fund	-	-	-	-	-	-	-
Total Funding Sources	<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>\$ 4,375,242</u>	<u>\$ 22,548,027</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, 2012

	<u>Current City Rates</u>
<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 2012, 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, 2012

	<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, 2012

	<u>Alafaya</u> <u>Service Area</u>	<u>City</u> <u>Service Area</u>
<u>Residential Sewer:</u>		
Monthly Base Charge per Dwelling Unit	\$ 27.11	\$ 19.82
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
September 30, 2012

	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	22.00	55.99	77.99
Other Florida Utilities			
City of Altamonte Springs	\$ 23.96	\$ 35.94	\$ 59.90
City of Casselberry [1]	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 [1]	25.52	122.37	147.89
City of Maitland	15.97	46.04	62.01
City of Melbourne [1]	40.81	61.26	102.07
City of Orlando / O.U.C.	15.30	47.38	62.68
City of Sanford [1]	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 [1]	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 [1]	19.22	51.32	70.54
Volusia County - Softened	41.82	49.02	90.84
Other Neighboring Utilities Average	\$ 24.80	\$ 54.46	\$ 79.26

[1] Unless otherwise noted, amounts shown reflect residential rates in effect September 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.

Source: Public Resources Management Group, Inc.

CITY OF OVIEDO, FLORIDA
Utility Bond Issue Continuing Disclosure
System Development Charges
September 30, 2012

	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	\$ 5,674
Alafaya Service Area		2,325	4,728
Utility Average [2]		1,036	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.

Source: Public Resources Management Group, Inc.

COMPARISON OF WATER AND SEWER SYSTEM DEVELOPMENT CHARGES [1]

	Residential 5/8" x 3/4" Meter		
	Water	Sewer	Combined
Other Neighboring Utilities:			
City of Altamonte Springs	\$	600	\$ 2,455
City of Casselberry		1,220	3,296
City of Lake Mary		1,010	3,674
City of Longwood		1,449	5,478
City of Sanford		1,343	4,368
City of Winter Springs		595	3,016
Other Neighboring Utilities' Average	\$	1,036	\$ 3,715

[1] Unless otherwise noted, amounts shown reflect residential rates in effect September 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, and \$1,140 retained by City.

Source: Public Resources Management Group, Inc.

CITY OF OVIEDO, FLORIDA
Utility Bond Issue Continuing Disclosure
Water System Customer and Sales Statistics
September 30, 2012

Fiscal Year Ended September 30	Average Annual Water Accounts	Average Annual ERCs [1]	Water Sales (000s of gallons)	Average Monthly Water Use per ERC
2008	11,909	13,475	1,461,535	9,039
2009	12,157	13,779	1,377,379	8,330
2010	12,282	14,001	1,313,276	7,817
2011	12,564	14,478	1,396,543	8,038
2012	12,751	14,648	1,341,892	7,634
Average Annual Historical Growth Rate	<u>1.72%</u>	<u>2.11%</u>	<u>-2.11%</u>	<u>-4.13%</u>

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

Source: Public Resources Management Group, Inc.

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
2012	1,427,544	3.911	4.620	84.7%
2013	1,386,961	3.800	4.674	81.3%
2014	1,390,382	3.809	4.674	81.5%
2015	1,383,553	3.791	4.674	81.1%
2016	1,377,340	3.774	4.674	80.7%
2017	1,379,802	3.780	4.674	80.9%

[1] Amounts adjusted for an unaccounted for or unbilled water factor of 6.00% 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, 2012

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
2008	1,360	1,956	156,537	6,669
2009	1,460	2,129	149,400	5,848
2010	1,546	2,209	138,404	5,221
2011	9,179	10,288	723,109	5,857
2012	9,328	10,471	731,176	5,819
Average Annual Historical Growth Rate	<u>61.83%</u>	<u>52.11%</u>	<u>47.01%</u>	<u>-3.35%</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.

Source: Public Resources Management Group, Inc.

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]	516	84,272	13,610
2010	703	107,289	12,718
2011 [2]	2,303	463,649	16,777
2012	2,445	402,379	13,714
Average Annual Historical Growth Rate	<u>67.96%</u>	<u>68.39%</u>	<u>0.26%</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: Public Resources Management Group, Inc.

CITY OF OVIEDO, FLORIDA
Utility Bond Issue Continuing Disclosure
Utility Enterprise System Top Ten Utility Customers
September 30, 2012

Account	Service Class	Type of Service	Total Rate Revenues [1]	Percent of Utility Enterprise System Revenues [2]
1 Paradigm Properties, Inc	Multi-Family	Water/Sewer	\$ 153,634	1.36%
2 Seminole County Public Schools	Government	Water/Sewer	140,623	1.24%
3 Seminole County - SR 426	Government	Water	133,476	1.18%
4 SLP IV	Commercial	Water/Sewer	103,127	0.91%
5 Oviedo Marketplace	Commercial	Water/Sewer	89,450	0.79%
6 Publix Supermarkets	Commercial	Water/Sewer	60,111	0.53%
7 CPG Construction	Multi-Family	Water/Sewer	58,504	0.52%
8 First Baptist Church Of Oviedo	Commercial	Water/Sewer	33,578	0.30%
9 Father Flanagan's Boys Town	Commercial	Sewer	17,141	0.15%
10 A Duda & Sons Inc.	Commercial	Water	16,508	0.15%
Total			\$ 806,152	7.11%

[1] Represents Potable Water, Sewer and Reclaimed Water.

[2] Based on Total Utility Enterprise System Rate Revenues of \$11,332,654 for the 12-month period.

Source: City of Oviedo Finance Department

Ten Largest Water Users

Account	12- Month Usage [1]	Percent of Total [2]	Revenue Generated	Percent of Total [3]
1 Seminole County Public Schools	16,565	1.20%	\$ 65,700	1.43%
2 Seminole County	44,024	3.18%	58,552	1.27%
3 Oviedo Marketplace	13,562	0.98%	47,080	1.02%
4 Paradigm Properties Inc.	10,813	0.78%	41,728	0.91%
5 SLP IV	4,703	0.34%	37,015	0.80%
6 CPG Construction	10,638	0.77%	13,056	0.28%
7 Publix Super Markets	3,166	0.23%	10,929	0.24%
8 First Baptist Church of Oviedo	238	0.02%	10,439	0.23%
9 A Duda & Sons, Inc.	2,403	0.17%	7,052	0.15%
10 Alafaya Investments LLC	1,261	0.09%	4,164	0.09%
Total	107,373	7.76%	\$ 295,715	6.42%

[1] Represent in (000s) gallons

[2] Based on approximate total billable flow of 1,384,797 million gallons for the 12-month period.

[3] Based on approximate total Water Sales of \$4,600,663 for the 12-month period.

Source: City of Oviedo Finance Department

Ten Largest Sewer Users

Account	12- Month Usage [1]	Percent of Total [2]	Revenue Generated	Percent of Total [3]
1 Paradigm Properties, Inc	10,813	1.37%	\$ 110,906	1.90%
2 Seminole County Public Schools	8,986	1.14%	74,923	1.28%
3 SLP IV	13,445	1.70%	66,112	1.13%
4 Publix Supermarkets	10,932	1.38%	49,183	0.84%
5 CPG Construction	10,638	1.35%	45,448	0.78%
6 Oviedo Marketplace	10,169	1.29%	42,371	0.72%
7 First Baptist Church Of Oviedo	5,238	0.66%	23,139	0.40%
8 Father Flanagan's Boys Town	2,462	0.31%	17,141	0.29%
9 Alafaya Investments LLC	1,261	0.16%	8,053	0.14%
10 Property Mgt. LLC	1,253	0.16%	6,878	0.12%
Total	75,197	9.52%	\$ 444,154	7.60%

[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 \$5,851,989 for the 12-month period.

Source: City of Oviedo Finance Department

CITY OF OVIEDO, FLORIDA
Utility Bond Issue Continuing Disclosure
Stormwater System
September 30, 2012

Fiscal Year Ended September 30	Average Annual Stormwater Accounts	Average Annual Stormwater ERUs [1]
2008	11,590	16,684
2009	11,773	17,189
2010	11,917	17,483
2011	12,198	17,707
2012	12,538	17,768
Average Annual Historical Growth Rate	<u>1.99%</u>	<u>1.59%</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.

Source: City of Oviedo Finance Department

Stormwater Top Ten Customers - Fiscal Year 2012 (Based on Billed Revenues)

Account	Service Class	Total Billed Revenues	Percent of Total System Billed Revenues
1 Seminole County Public Schools - Oviedo High	Government	\$ 28,140	1.88%
2 Reformed Theological Seminary	Commercial	13,104	0.88%
3 Paradigm Properties, Inc	Commercial	10,920	0.73%
4 Seminole County Public Schools - Lawton Elem.	Government	10,668	0.71%
5 Publix Super Markets #493	Commercial	8,736	0.58%
6 Publix Super Markets #329	Commercial	8,624	0.58%
7 LA Fitness	Commercial	8,498	0.57%
8 Albertson's Inc #04412	Commercial	8,316	0.56%
9 Winn Dixie	Commercial	8,316	0.56%
10 Lockwood Associates, LP	Commercial	8,064	0.54%
	Totals	<u>\$ 113,386</u>	<u>7.57%</u>
Total Stormwater System Rate Revenues		\$ 1,497,204	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, 2012

	Fiscal Year Ended September 30, [1]				
	2008	2009	2010	2011	2012
Total Sales Revenues [2]					
Potable Water	\$ 4,340,495	\$ 4,496,680	\$ 4,254,821	\$ 4,786,280	\$ 4,600,663
Sewer	954,530	1,053,287	1,228,984	5,699,996	5,851,989
Reclaimed Water	58,997	167,668	245,295	870,215	880,002
Stormwater System	1,361,852	1,437,189	1,430,303	1,397,267	1,497,204
Revenue from Other Sources:					
Other Operating Revenues [3]	299,191	273,524	324,503	1,076,932	1,034,935
Unrestricted Interest Income [4]	455,271	163,773	367,804	119,287	101,635
Total Gross Revenues	\$ 7,470,336	\$ 7,592,121	\$ 7,851,710	\$ 13,949,977	\$ 13,966,428
Cost of Operation and Maintenance [5]					
Water, Wastewater and Reclaimed Water Systems	\$ 4,414,455	\$ 4,013,010	\$ 3,933,734	\$ 5,454,681	\$ 5,671,257
Stormwater System	1,026,785	1,060,822	949,169	994,979	802,836
Total Cost of Operation and Maintenance	\$ 5,441,240	\$ 5,073,832	\$ 4,882,903	\$ 6,449,660	\$ 6,474,093
Net Revenues	\$ 2,029,096	\$ 2,518,289	\$ 2,968,807	\$ 7,500,317	\$ 7,492,335
Total Bond Service Requirement [6]	\$ 1,130,377	\$ 1,190,044	\$ 1,268,697	\$ 3,092,305	\$ 3,610,808
Senior Lien Bond Rate Covenant Compliance: [7]					
Test (i) - Net Revenues:					
Calculated Bond Service Coverage	1.80	2.12	2.34	2.43	2.07
Minimum Requirement	1.10	1.10	1.10	1.10	1.10
OR					
Test (ii) - Net Revenues:					
Calculated Bond Service Coverage	1.80	2.12	2.34	2.43	2.07
Minimum Requirement	1.00	1.00	1.00	1.00	1.00
AND					
Net Revenues	\$ 2,029,096	\$ 2,480,793	\$ 2,968,807	\$ 7,500,317	\$ 7,492,335
System Development Charges [8]	457,851	391,821	172,719	178,872	351,929
Total Pledged Revenue	\$ 2,486,947	\$ 2,872,614	\$ 3,141,526	\$ 7,679,189	\$ 7,844,264
Calculated Debt Service Coverage	2.20	2.41	2.48	2.48	2.17
Minimum Requirement	1.25	1.25	1.25	1.25	1.25
Subordinate Debt Service – Second Lien					
Adjusted Net Revenue [9]	785,682	1,171,745	1,573,240	4,098,781	3,520,446
Total Subordinate Lien Debt Service [10]	247,852	237,975	237,545	217,052	237,032
Calculated Debt Service Coverage	3.17	4.92	6.62	18.88	14.85
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	\$ 650,867	\$ 1,090,270	\$ 1,462,565	\$ 4,190,960	\$ 3,644,495
Less Other Recognized Transfers [13]					
Vehicle and Information Technology Equipment					
Replacement Funds [14]	\$ 112,375	\$ 147,841	\$ 165,705	\$ 218,236	\$ 288,118
Other Debt – Capital Leases [15]	126,108	126,108	147,069	410,789	417,612
Administrative Indirect Allocation	706,150	629,705	698,600	1,100,583	1,303,111
Total Other Recognized Transfers	\$ 944,633	\$ 903,654	\$ 1,011,374	\$ 1,729,608	\$ 2,008,841
Excess of Net Revenues above Transfers [16]	\$ (293,763)	\$ 186,616	\$ 451,191	\$ 2,461,352	\$ 1,635,654
Total System Development Charges Collected	\$ 715,437	\$ 493,354	\$ 183,111	\$ 96,294	\$ 400,931
Net Amount Available for Other Utility System Purposes	\$ 421,672	\$ 679,970	\$ 634,302	\$ 2,557,646	\$ 2,036,585

Footnotes on following page.

CITY OF OVIEDO, FLORIDA
Utility Bond Issue Continuing Disclosure
Historical Operating Results and Estimated Bond Coverage
September 30, 2012

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 \$624,565 in 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 McCulloch 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 Revenue 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. Fiscal Year 2011 Stormwater was increased from \$971,179 to \$994,979 to include healthcare expenses of \$23,800.
- [6] Amounts reflect Bond Service Requirement on Outstanding Bonds issued in accordance with the provisions of the Bond Resolution. Fiscal Year 2011 Total Bond Service Requirements was decreased from \$4,063,850 to \$3,092,305 as interest totaling \$971,545 was included twice.
- [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,				
	2008	2009	2010	2011	2012
Net Revenues	\$ 2,029,096	\$ 2,480,793	\$ 2,968,807	\$ 7,500,317	\$ 7,492,335
Less Senior Lien Debt Service	1,130,377	1,190,044	1,268,697	3,092,305	3,610,808
Less Senior Lien Debt Service Coverage Requirement (10% of Debt Service)	113,038	119,004	126,870	309,231	361,081
Net Revenues Available for SRF Loan Coverage Calculation	<u>\$ 785,681</u>	<u>\$ 1,171,745</u>	<u>\$ 1,573,240</u>	<u>\$ 4,098,781</u>	<u>\$ 3,520,446</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, 2012

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,				
	2008	2009	2010	2011	2012
Subordinate Leases					
SunTrust (Generator) Lease (a)	\$ 93,210	\$ 93,210	\$ 93,210	\$ 93,210	\$ 93,210
BB&T (Street Sweeper) Lease (b)	32,898	32,898	32,898	32,898	33,071
BBOA (Meter Replacement) Lease (c)	-	-	20,961	284,681	291,331
Total Subordinate Leases	<u>\$ 126,108</u>	<u>\$ 126,108</u>	<u>\$ 147,069</u>	<u>\$ 410,789</u>	<u>\$ 417,612</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
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council
City of Oviedo, Florida

We have audited the 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, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 12, 2013. 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

Management of the City is responsible for establishing and maintaining effective 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 misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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.

MCDIRMIT DAVIS & COMPANY, LLC

605 E. ROBINSON STREET, SUITE 635 ORLANDO, FLORIDA 32801
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

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 City, in a separate letter dated March 12, 2013.

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

McDiernit Davis & Company, LLC

Orlando, Florida
March 12, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND CHAPTER 10.500, RULES OF THE AUDITOR GENERAL**

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

Compliance

We have audited *City of Oviedo, Florida's* (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the *Florida Department of Financial Services State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2012. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*; and Chapter 10.550, *Rules of the Auditor General*. Those standards, OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2012.

MCDIRMIT DAVIS & COMPANY, LLC

605 E. ROBINSON STREET, SUITE 635 ORLANDO, FLORIDA 32801
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Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state project to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis.

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

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

McDiarmid Davis & Company, LLC

Orlando, Florida
March 12, 2013

CITY OF OVIEDO, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year Ended September 30, 2012

Award type			
Grantor	CFDA/ CSFA	Agency or Pass-through Entity Grant Number	Expenditures
Pass-through grantor			
Grantor program title	Number		
Other federal awards -			
United States Department of Justice			
Bulletproof Vest Partnership Program	16.607	QTM-B-IIIA	\$ 6,951
passed through State of Florida, Department of Law Enforcement			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2012-JAGD-SEMI-1-C5-021	5,028
United States Department of Transportation			
passed through State of Florida, Department of Transportation			
Highway Planning and Construction (Federal-Aid Highway Program) *	20.205	SRRS-146-A / 425822-1-58-01	465,956
Highway Planning and Construction (Federal-Aid Highway Program) *	20.205	4311-020-P / 427897-1-58-01	315,959
Highway Planning and Construction (Federal-Aid Highway Program) *	20.205	SRTS-172-A / 429610-1-38-01	60,450
United States Department of Homeland Security			
Federal Emergency Management Agency			
Assistance to Firefighters Grant	97.044	EMW-2011-FR-00007	<u>112,116</u>
Total federal awards			<u>\$ 966,460</u>
Other state awards -			
State of Florida, Department of Environmental Protection			
Wastewater Treatment Facility Construction *	37.077	WW848051 - Oviedo	<u>\$ 736,861</u>

* Denotes a major program

See accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

CITY OF OVIEDO, FLORIDA

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

Year Ended September 30, 2012

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal and state grant activity of the City of Oviedo, Florida (the City) under programs of the federal and state government for the year ended September 30, 2012. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and in accordance with the requirements of Section 215.97, Florida Statutes. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Therefore, amounts reported on the Schedule are based on expenditures incurred as of September 30, 2012, even if grant or loan was received subsequent to that date. Federal expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

CITY OF OVIEDO, FLORIDA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE**

Year Ended September 30, 2012

Part A - Summary of Auditor's Results:

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Oviedo, Florida (the City).
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs or state projects are reported in the Independent Auditor's Report on Compliance with Requirements that could have a Direct and material Effect on each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*.
5. The auditor's report on compliance for the major federal award programs and state projects for the City expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, are reported in this Schedule.
7. The programs tested as major programs included: Highway Planning and Construction (Federal-aid highway program (CFDA 20.205) and Wastewater Treatment Facility Construction (CSFA 37.077).
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The City did not qualify as a low-risk auditee.

Part B - Findings – Financial Statement Audit:

None

Part C - Findings and Questioned Costs – Major Federal Award Programs and State Financial Assistance Audit:

None

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MANAGEMENT LETTER

Honorable Mayor and City Council
City of Oviedo, Florida

We have audited the financial statements of the *City of Oviedo, Florida (the City)*, as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated March 12, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and State Project and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.550 Rules of the Florida Auditor General; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule which are dated March 12, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local government entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations identified in the preceding annual financial report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

MCDIRMIT DAVIS & COMPANY, LLC

605 E. ROBINSON STREET, SUITE 635 ORLANDO, FLORIDA 32801
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- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- 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 governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- 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, 2012, 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, 2012. 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.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, 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 12, 2013

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 *City of Oviedo, Florida* (the City) for the year ended September 30, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, 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 August 24, 2012. 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 1 to the financial statements, the City adopted the following Statements of Governmental Accounting Standards (GASBs): (a) GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, (b) GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position*, and (c) GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The application of existing policies was not changed during 2012. 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.

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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 Nos. 62, 63, and 65 as disclosed in Note 1 to the financial statements.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 12, 2013.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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 the Council and management of the City 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 12, 2013



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: Colette M. Weber

(Seal)

