



CITY OF
MOUNT
DORA



*moving
forward*

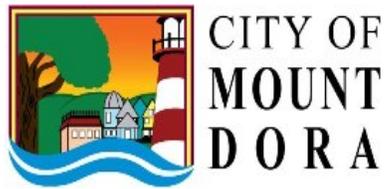
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year ended*

September 30, 2012



Comprehensive
Annual
Financial
Report

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INTRODUCTORY SECTION

**CITY OF MOUNT DORA, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2012**

MAYOR/CITY COUNCIL

MAYOR

Robert Thielhelm, Sr.

COUNCIL MEMBERS

Ryan Donovan, Vice-Mayor

Nick Girone

Robert Maraio

Ed Rowlett

Michael Teddder

Dennis R. Wood

CITY MANAGER

Michael Quinn

PREPARED BY THE FINANCE DEPARTMENT STAFF

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Sheila Hayes, Finance Manager

Robert Brekelbaum, CPA, Budget/Utility Analyst

Virginia Caverly, Accounting Technician II

AUDITORS

Purvis, Gray and Company

MAYOR/CITY COUNCIL



Robert Thielhelm, Sr.
Mayor



Ryan Donovan
Vice-Mayor/District 1



Nick Girone
Council Member
Member at Large



Robert Maraio
Council Member
District 2



Ed Rowlett
Council Member
District 3



Michael Tedder
Council Member
Member at Large



Dennis R. Wood
Council Member
District 4

**CITY OF MOUNT DORA, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2012**

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Human Resources
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Planning and Development
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Fax: 352-735-7191

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Mount Dora, FL 32757

Parks and Recreation
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Public Safety Complex
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Mount Dora, FL 32757

Police Department
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Fire Department
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Fax: 352-383-0881

Public Works Complex
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W. T. Bland Public Library
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Mount Dora, FL 32757
352-735-7180
Fax: 352-735-0074

Website:
www.cityofmountdora.com

To the Honorable Mayor and Members of City Council

The State of Florida requires that every general-purpose local government publish within twelve months of the close of each fiscal year a complete set of audited financial statements. The Comprehensive Annual Financial Report (CAFR) of the City of Mount Dora, Florida, is hereby submitted to fulfill that requirement for the fiscal year ended September 30, 2012.

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 it has established for this purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The information is presented in a manner designed to fairly set forth the financial position and the results of operations of the City, on a Government-wide and Fund basis. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Purvis, Gray and Company, Certified Public Accountants, have issued an unqualified ("Clean") opinion on the City's financial statements for the year ended September 30, 2012. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City and Government

In 1880, the City was established, and first named Royellou after the children of one of the City's pioneers. On March 25, 1910, it was incorporated as a town and changed its name to correspond to the adjoining lake and the fact that the City sits on a plateau 184 feet above sea level with the second highest elevation in the state. The town was incorporated as a city on April 23, 1953. The City is located in Central Florida, approximately 25 miles northwest of Orlando. The City consists of over 11 square miles and has the flavor of a small town with hilly terrain, several lakes, a large canopy of oak trees and many historic buildings. The readers of *Florida Living Magazine* have recognized Mount Dora as Florida's friendliest small town and as having the best antique shopping

area in the State. In 2012, TopRetirement.com name Mount Dora as the “prettiest town in Florida”. Mount Dora is also known as “The Festival City,” hosting major special events, which attract hundreds of thousands of visitors annually.

The City of Mount Dora is empowered by the State to levy a property tax on both real and personal property within its boundaries. It is also empowered by State Statute to extend its corporate limits by annexation, which it has done from time to time. The City has entered into a Joint Planning Agreement with Lake County which defines the future City limits and the type of land uses that will be utilized in areas annexed in the future.

The City Charter provides for a Council/Manager form of government. Policy-making and legislative authority is vested in a City Council consisting of the Mayor, two Council Members elected at large, and four Council Members elected on a district basis. The elected officials are elected every two years on a staggered term and non-partisan basis. The City Council appoints the City Manager, who is responsible for supervising the daily operations and appoints the department heads. The staff is arranged into nine departments: Public Works, Police, Fire, Parks and Recreation, Library Services, Planning and Development, Finance, Legal and Human Resources, each run by a professional from the appropriate field.

The City provides a full range of services, including police and fire protection, maintenance of roads and sidewalks, construction and maintenance of infrastructure, recreational, library and other cultural activities. Certain utility services are provided through legally-separated enterprise funds, including electric, water and wastewater, sanitation, stormwater and cemetery. These funds are included in the financial statements. The Community Redevelopment Agency (CRA) and the Northeast Community Redevelopment Agency (NECRA) are considered component units and are included in the City’s financial statements.

Local Economic Conditions

Mount Dora is at the border of the growth spreading from the Orlando-Metro (Orange County) area. Lake County shares its eastern border with Orange County, and the southern portion of Lake County. The City has approved housing developments in its joint planning area (JPA) that will almost double the effective population of the City when the current approved projects are completed. There will be continued annexation to expand the City limits within the JPA areas. In addition to residential growth in Mount Dora, commercial growth along U.S. 441, which runs along the northern border of the City limits, has expanded with major chain retailers that depend on larger populations for their success. Although the general slowdown in the residential housing market has impacted the City less than surrounding communities, we still see residual

effects of the slowing down of the economy in terms of lower building permits and investment earnings, although sales and gas tax distributions from the State have increased. Specific economic conditions affecting the City's financial position are discussed in greater detail in the MD&A in this report.

For several years, Lake County's unemployment numbers have been higher than the State of Florida and the United States. The number of unemployed seems to have peaked in the last year, but remains to be a deterrent to local economic recovery. Although foreclosures in the City have not been as high as some of the surrounding areas, they have impacted housing prices and the related ad valorem taxes. Vacancies in the downtown area are at historic highs, but not at levels experienced in other communities. Overall, these factors will continue to present a challenge to the City for future budgets.

Relevant Financial Policies

During the fiscal year, the City Council adopted a Five Year Capital Improvement Program outlining the capital improvements for all funds. This is the sixth year that a formal plan has been adopted. The proposed first year's capital projects were included in the 2012-13 Budget. This program was written in compliance with the City's Reserve, Debt Management, Capital Asset, and Investment Policies. These policies were written as part of an overall program to outline the City's financial strategy to meet its current and future obligations. The Vehicle Replacement Program was funded for the fifth year but only four vehicles were replaced. Approximately one-third of the fleet has been replaced in the last five years. The City's Debt Management and Investment Policies were updated in 2011. In 2010, the Debt Management Policy was expanded to allow long-term inter-fund borrowing in order to reduce loans from outside sources and interest expense. This Policy provides strict guidelines where inter-fund loans can be made with specific approval by the City Council. The Investment Policy was updated to complement with the changes in the Debt Management Policy.

Major Initiatives and Accomplishments

While the MD&A section that follows, and other supplementary information contained in this report will provide highlights and review financial performance during the reporting period, the following list of major initiatives and accomplishments, which were completed in fiscal year 2012, is provided as a background to the financial results:

During 2011-12:

- The City completed a \$2.5 million dollar remodeling of its premier Library, which was funded by impact fees, grants and donations. The

facility provides a learning experience for citizens by multiple media sources and is an area for local gatherings.

- The Water and Wastewater Department continued their program of upgrading the existing utility system by spending over \$3.0 million dollars acquiring right-of-way for future development, back-up wells for the reclaimed water system, new Consumptive Use Permit and the completion of a CDBG project costing over \$750,000. It is not surprising that the Water Division has been recognized by the American Water Works Association with an award for excellence in water conservation.
- During 2011 -12, the City and its residents worked on an extensive visioning project to determine near, mid and long-term goals for the City to protect its current charm and pave the way for economic vitality. Based upon this plan, many projects were prioritized and became part of the City's five-year Capital Improvement Plan.
- Design was started on a major stormwater project called the 7th Avenue drainage system and the repair of the Dogwood Mountain Drainage System was started. Two baffle boxes were installed at a cost of \$264,000 to improve storm water quality.
- The City started construction of a series of projects to enhance its various tourist attraction/recreation facilities. These projects include the 4th Ave. docks, development of the Recreation & Nature Park, as well as the replacement of the well-known Palm Island Boardwalk.
- Redevelopment funds were used to purchase land to expand the downtown garage and to start extensive planning for the downtown streetscape and park redesign. Also, a new park in the northeast part of the City was developed at \$239,000.

It is the responsibility of the City Manager to carry out the mandates and enforce the policies of the City Council within the budget established by City Council. In order to fulfill these duties, the Manager has a dedicated staff. These department heads, along with the City Attorney, comprise the management team. The City Manager relies on the expertise of the management team to ensure that the goals and needs of the City are met efficiently and effectively.

Long-term Financial Planning

During 2011-12, the City conducted an extensive long-term visioning project with citizens, business people and other stakeholders to review the strengths and weaknesses of the community. Looking to maintaining the character and charm of the city that is so well known, the visioning project looked to set goals and

define major capital projects for the next twenty to thirty years. Shortly after beginning of the fiscal year, the City Council adopted the plan.

The City of Mount Dora has developed methodology to manage its long-term financial plan. During the last eight years, the City Council has adopted and revised Reserve, Debt Management, Purchasing, Investment, Capital Asset Management, Vehicle Replacement and new Budget Policies. Annually, the City Council with the City Manager review the programs, services and the future capital needs of the City in order to meet the future growth and maintain the current level of service and quality of life. The Five-year Capital Improvement Program is then developed to address the priority of the projects and how to fund the projects within the City's available resources. Afterwards, this is incorporated into the budgeting process. Annually, the City Manager develops a work plan in conjunction with the City Council and Department Heads to accomplish the goals of the City. Quarterly reports provide updates on the status of the work plan and capital projects.

Financial Reporting Standards

Our initiatives and accomplishments are possible only in an environment where the resources provided by our citizens, and the use of those resources, are carefully measured, documented and monitored at all times. The trust of our citizens to protect the resources they provide and the use of these resources appropriately is a critical component of effective government.

For this reason, the City Charter requires an annual audit of the books, accounts, financial records and transactions of all administrative departments of the City by independent certified public accountants selected by the City Council. The accounting firm of Purvis, Gray and Company was selected by the City Council, and their report on the basic financial statements is included in the financial section of this report. The audit process includes a thorough examination of the records of the Finance Department, independent verification of transactions, review of bank statements and other original documents, and analysis of account balances and activities.

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

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended September 30, 2011. This was the eighteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR.

This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Internal Control System

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

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

- The safeguarding of assets against loss from unauthorized use or disposition.
- The reliability of financial reports for preparing financial statements and maintaining accountability of assets.

The concept of "reasonable assurance" recognizes that:

- The cost of a control should not exceed the benefits likely to be derived.
- The evaluation of the costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. It is understood, however, that no system of controls can prevent all errors or fraud in all situations. We believe, however, that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of Federal, State and County financial assistance, the government is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by the City's management.

Budget Controls

Budgetary control is a management function and is accomplished through the integration of budgetary and financial accounting. Budgeting is considered to be both a planning and control tool. As a planning tool, the budget is an estimate of proposed expenditures and the proposed means of financing those expenditures for the fiscal year. Budgetary control is accomplished through monthly and annual comparison of actual and estimated expenditures. Other controls to insure budgetary compliance include purchasing authorization controls, automatic controls imposed by the accounting system, electronic and signature authorizations and other policies and procedures designed to monitor and restrict outlays to only those approved by the budget.

Acknowledgements

The financial report that follows details the financial results of 2011-12's activities and reports an overall improvement in our financial position since the prior year. Continued planning, efficient and cost-effective operations and responsible financial management has positioned the City to meet the challenge of providing appropriate and quality services at the lowest possible cost to current and future citizens.

The preparation of this report could not be accomplished without the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, appreciation is extended to the Mayor and City Council members for their continued commitment to the highest ethical standards in financial reporting and disclosure, and their support and encouragement for management and staff.

I hope you will review these statements and let me know if you have any questions regarding the information contained herein.

Sincerely,



Michael Quinn, City Manager
February 5, 2013

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Mount Dora
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.



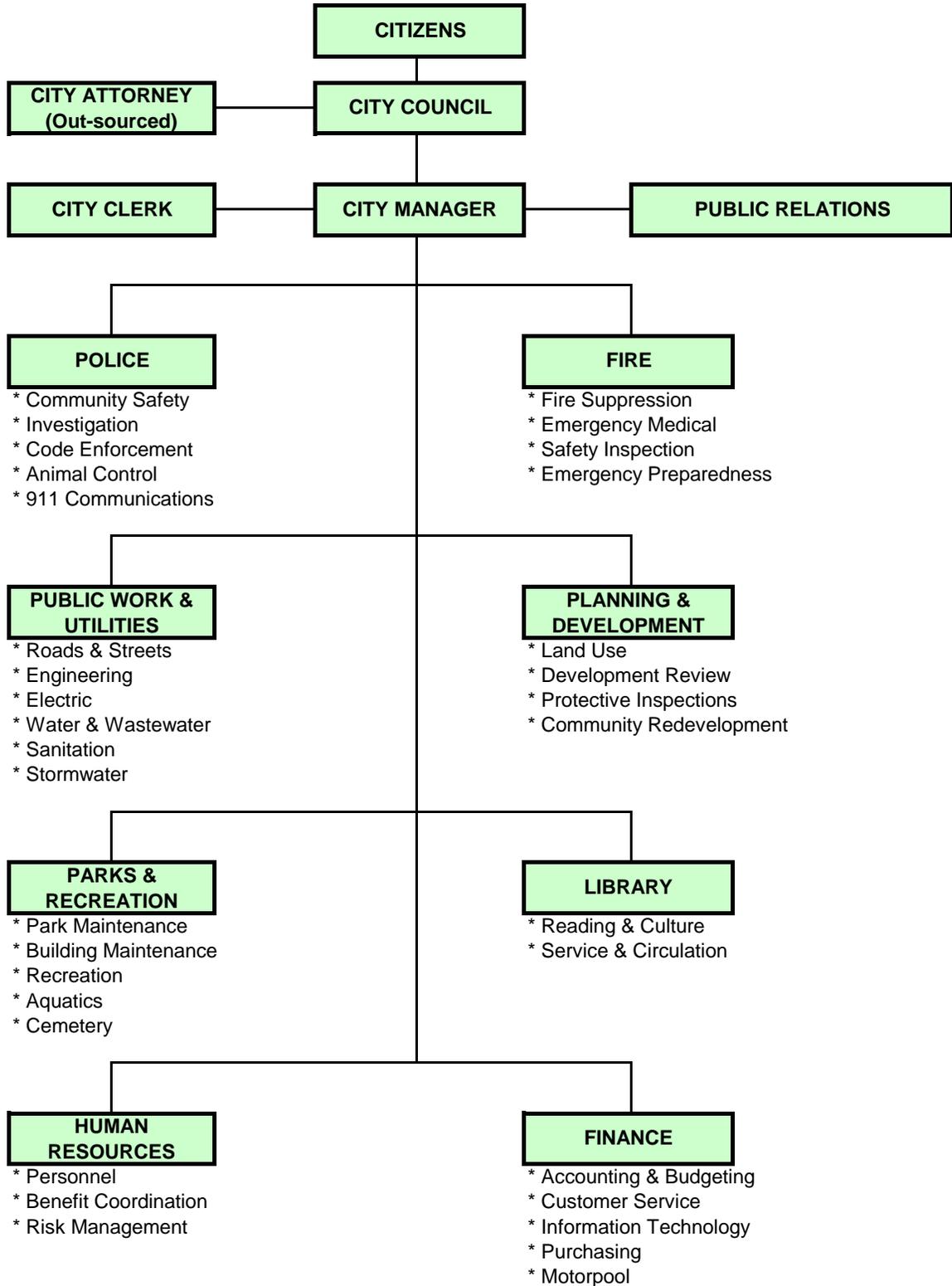
Christopher P. Morille

President

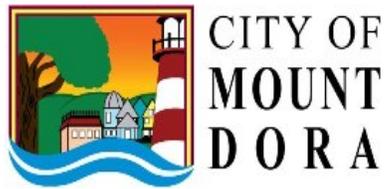
Jeffrey R. Emer

Executive Director

**CITY OF MOUNT DORA
ORGANIZATIONAL CHART
FY 2011-12**



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FINANCIAL SECTION

This section contains the following subsections:

**Report Independent Certified Public Accountants
Management's Discussion and Analysis
Basic Financial Statements**

**Notes to Financial Statements
Required Supplementary Information
Other Supplemental Information**

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Mount Dora
Mount Dora, 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 Mount Dora, 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 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 February 5, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, 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

Certified Public Accountants

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Mayor and Members of the City Council
City of Mount Dora
Mount Dora, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

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, budget to actual comparisons, and statistical section, are presented for purposes of additional analysis, and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and budget to actual comparisons 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.

Purvis, Gray and Company, LLP

February 5, 2013
Ocala, Florida

Comprehensive Annual Financial Report, Fiscal Year Ending September 30, 2012

Management's Discussion and Analysis

The readers of the City of Mount Dora's financial statements are provided with this narrative overview and analysis of the financial activities by management. We encourage readers to consider the information presented here in conjunction with additional information in this report.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Mount Dora's basic financial statements prepared in compliance with the pronouncements of the Governmental Accounting Standards Board. The City's basic financial statements are comprised of three separate components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) and 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, Police, Fire, Transportation, Planning, Community Redevelopment, Library, Recreation, Facilities and Parks Maintenance. The business-type activities of the City include electric, water and wastewater, sanitation, stormwater and the cemetery operations. The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund Financial Statements - A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, 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 funds, proprietary or business-type funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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.

Comprehensive Annual Financial Report, Fiscal Year Ending September 30, 2012 Management's Discussion and Analysis (Continued)

The City maintains eleven individual governmental funds. Information is presented separately in the governmental fund Balance Sheet as well as in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. The Changes in Fund Balances are for the General Fund, the Community Redevelopment Agency, the Northeast Community Redevelopment Agency, Public Services Tax Fund and the Impact Fees Capital Projects Fund, which are shown as major funds (statements on pages 15 and 17). The City has elected to treat the two redevelopment funds as major funds for presentation reasons, although they do not meet all the criteria of a major fund. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General, Special Revenue and Capital Funds. Budgetary comparison schedules have been provided for the General Fund and any major Special Revenue Fund to demonstrate compliance with the budget and are presented as required supplemental information. Debt Service, Capital Projects and non-major special revenue budgetary comparison schedules demonstrate compliance with the budget and are presented as other supplemental information

Proprietary Funds - The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water and wastewater, sanitation, stormwater and cemetery operations. 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 fleet maintenance operations, vehicle replacement and self insurance (health) programs. The Self Insurance Internal Service Fund was started October 1, 2009.

Because services accounted for in the internal service fund are charged back to the appropriate fund based on services provided, its activities are already included in the financial statements of the governmental and business-type funds as presented. Individual fund data for the internal service fund is provided in the proprietary fund financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric, Water and Wastewater, Sanitation, Stormwater and Cemetery Funds. The five funds are considered major funds by the City. The proprietary fund financial statements can be found on pages 19 through 23 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 these funds are not available to support City programs. The accounting practices used for fiduciary funds are much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 24 and 25 of this report.

Notes to the Financial Statements - The notes provide additional information that is essential in order to obtain 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 26 through 58 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparisons and the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 59 through 68 of this report.

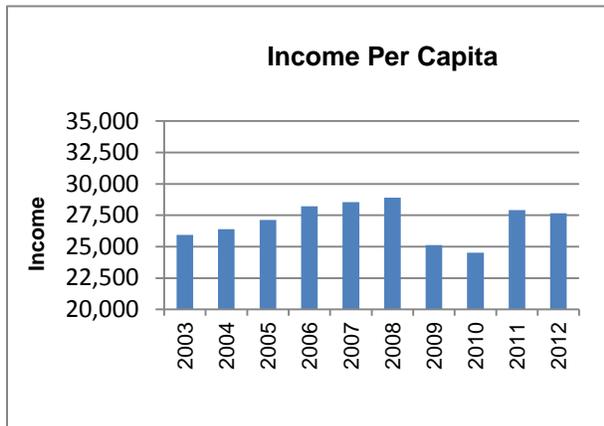
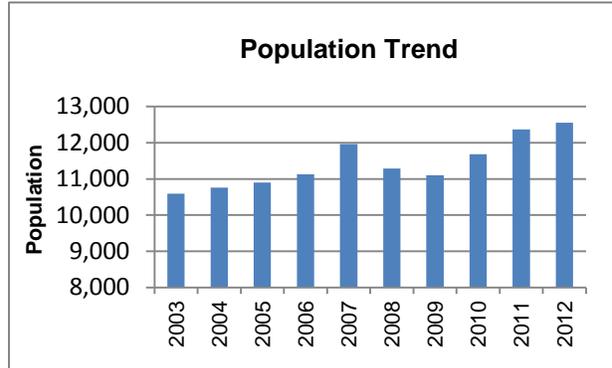
The combined statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 69 through 80 of this report.

**Comprehensive Annual Financial Report, Fiscal Year Ending September 30, 2012
Management's Discussion and Analysis (Continued)**

Economic Factors Affecting Financial Operations

In reviewing the City's financial position and results of operations, it is important to consider the economic environment present during the reporting period as well. This information is important in understanding the context of the financial decisions that have been made.

The City of Mount Dora is a small city located in Lake County bordering U.S. 441, approximately 25 miles northwest of Orlando, Florida. Incorporated as a city in 1910, Mount Dora now encompasses 11 square miles of land and waterways and continues to grow in size due to annexation. The City's population has increased from 9,418 in 2000 to 12,557 in 2012, with a seasonal population increase in the winter months. The current year's population growth reflected prior growth rates, but was slightly smaller than the state's rate. Due to seasonal and daily visitors, the demand on City services is higher than what a more rural city of the same size would experience. Current authorized development as indicated by the number of approved projects would forecast that a significant jump in population will take place over the next twenty years, but the slowdown in the housing market has extended the construction period for many of these developments.



Large-scale population growth, with its increased demand on city services, as well as job growth is eventually expected. However, Lake County's September 30, 2012 unemployment rate of 8.9%, (which is 2.3% lower than last year), is still behind the improved state rate of 8.7%

The per capita personal income in Lake County for 2012 was \$27,667, compared to \$28,896 in 2008, and is slightly lower than last year's \$27,912. Future increases in income in Lake County will rely on the ability of its residents to take advantage of business and employment opportunities related to the Metro-Orlando area, and the extent to which Lake County's economy recovers. Bridging the gap with an expressway between the I-4

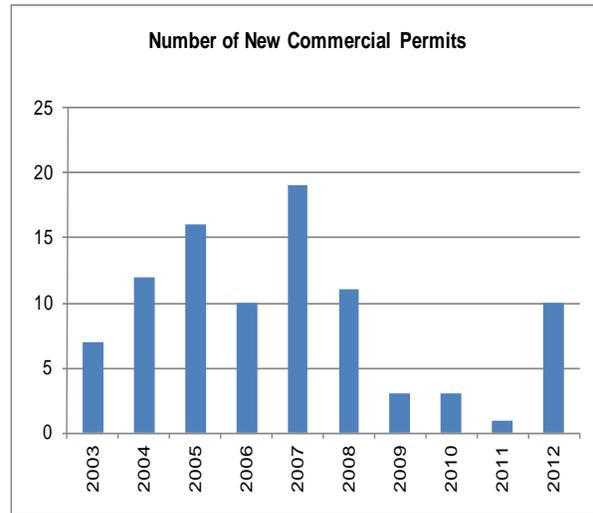
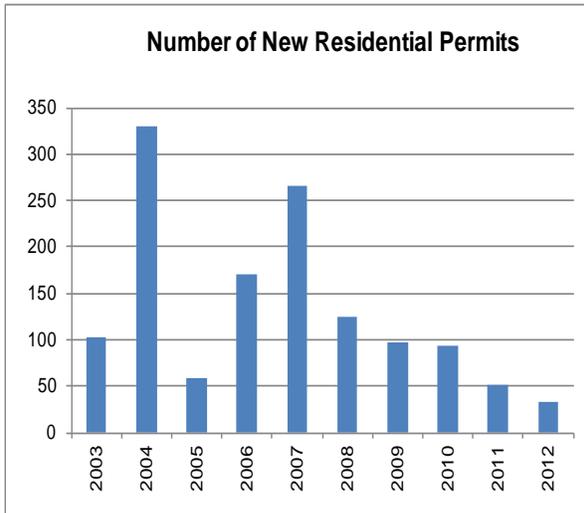
corridor in northern Orange County, through the Wekiva area, to Mount Dora's doorstep at SR 46 will make commuting from Mount Dora an obvious choice. Initial plans for the expressway have been approved.

As citizens move to Lake County to avoid the high cost of home ownership in Orange County, while continuing to commute to Orlando for higher paying jobs, the 441 corridor is becoming increasingly more congested. In 2009, the Department of Transportation's U.S. Highway 441 Road Widening project was completed to reduce congestion. The next segment of the project is currently being planned.

Permit issuance for new residential development spiked in 2004 (see chart below), and started to rebound prior to the latest housing downturn. However, it is at the lowest level in the last ten years. Planned developments within the City's service area could increase the population by 50% or more within the next twenty years.

In order to sustain the City's economic health, commercial development is an important consideration. As the graph below illustrates, the number of permits for commercial development has been insignificant since 2007. The number of permits and the value of new commercial construction increased to \$4,959,385 last year from the \$869,000 the prior year, but is still less than one-third the value in 2007. Several commercial development projects are planned, but none in the magnitude needed to significantly increase revenues or the tax base.

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The slowdown in growth has allowed the City time to catch-up on infrastructure projects, but has not provided the needed additional capital money. Fortunately, funds dedicated to capital projects have been sufficient to continue infrastructure improvements and upgrades. Much of the future demand for new non-utility services will impact the General Fund, where the City has the least flexibility to implement alternative revenue-generating activities. Most of the major capital projects will be in the Water & Wastewater and Stormwater Funds.

The City has increased the tax millage rate to 5.3891 mills in 2011 from 5.0190 mills in 2010, but it still below the 6.1810 in 2004. While the local economy appears to have stabilized to some extent, growth and recovery will be dependent on the local housing market and the state's economy.

Condensed Financial Information – Government-wide

Reviewing the changes in assets, liabilities, and net assets during the fiscal period allows the reader to assess the City's current financial position and the results of operations for the last year. The following condensed information includes some of the basic data used to measure the City's progress over the past two years.

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and Other	\$ 10,927,565	\$ 12,302,084	\$ 17,357,610	\$ 18,247,819	\$ 28,285,175	\$ 30,549,903
Capital	40,498,104	39,023,567	39,856,522	38,507,953	80,354,626	77,531,520
Total Assets	51,425,669	51,325,651	57,214,132	56,755,772	108,639,801	108,081,423
Liabilities						
Current and Other	1,300,925	946,305	2,561,065	2,416,396	3,861,990	3,362,701
Long Term Outstanding:						
Fair Value of Interest Rate Swaps	-	-	959,263	1,018,351	959,263	1,018,351
Due within one year	664,170	622,401	585,136	607,774	1,249,306	1,230,175
Due in more than one year	4,531,358	4,719,239	7,556,830	7,845,429	12,088,188	12,564,668
Total Liabilities	6,496,453	6,287,945	11,662,294	11,887,950	18,158,747	18,175,895

Comprehensive Annual Financial Report, Fiscal Year Ending September 30, 2012
Management's Discussion and Analysis (Continued)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Net Assets						
Invested in Capital, Net of Related Debt	37,109,503	35,388,167	32,242,768	30,431,980	69,352,271	65,820,147
Restricted	3,895,130	5,132,210	3,948,652	5,771,202	7,843,782	10,903,412
Unrestricted	3,924,583	4,517,329	9,360,418	8,664,640	13,285,001	13,181,969
Total Net Assets	<u>\$ 44,929,216</u>	<u>\$ 45,037,706</u>	<u>\$ 45,551,838</u>	<u>\$ 44,867,822</u>	<u>\$ 90,481,054</u>	<u>\$ 89,905,528</u>

Assets – For the first time in two years, Government-wide Assets increased from the prior year to a total balance at year-end of \$108.6 million. This year's increase was \$558,400 versus a \$482,100 decline for the prior year. The \$2.26 million decrease in Current and Other Assets was primarily due to a \$1.8 million decrease in Cash and Investments, which was used mainly for capital investments. Due from Other Funds increased by an additional \$800,000, because of an advance to the Impact Fees Fund to fund the Library Expansion Project. Gross Capital Assets increased by \$2.9 million in Business-type Activities or \$1.5 million after depreciation as important right-of-way and new wells are added in addition to the regular capital projects. Governmental Activities Capital increased as one major project was completed and another one was started. Capital Assets (e.g., land, buildings, machinery, and equipment) consist of approximately 72% of the Total Assets.

Liabilities - Total Government-wide Liabilities increased by almost one-half million dollars. This was due mostly to an increase in Accounts Payable of \$398,400 due to the timing of year-end payables (the prior year decreased by \$628,300) plus the increase in utility deposits of \$82,000. The Governmental Activities' Due Within One Year increased due to the restructuring of the bond issue. Overall, current and long-term debt was reduced by \$457,350. However, two components of Long-term Liabilities that increased were the Net OPEB Obligations by \$173,003 and Compensated Absences by \$78,670. Total liabilities were reduced by \$17,150.

Net Assets - Government-wide Assets of the City exceeded its liabilities at September 30, 2012 by \$90.4 million. Total Net Assets increased by \$575,500 from last year, approximately the same increase as in 2011, but one-half of the increase for 2010, due to lower revenue sources such as taxes, revenue sharing, and investment earnings in the last two years. Restricted Net Assets have decreased due to expenditures on capital projects. The Business-type operating expenditures actually decreased during the period by \$1,148,000 to help in growing Unrestricted Net Assets to a healthy \$13.3 million.

Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Capital Assets						
Land	\$ 6,464,555	\$ 6,376,615	\$ 5,414,207	\$ 4,259,973	\$ 11,878,762	\$ 10,636,588
Buildings	18,330,081	18,111,591	11,670,693	11,409,464	30,000,774	29,521,055
Infrastructure	26,359,500	25,022,897	50,354,621	48,704,330	76,714,121	73,727,227
Machinery, Equipment and Materials	8,541,285	8,533,703	3,508,255	3,651,368	12,049,540	12,185,071
Construction in Progress	3,243,276	1,827,049	1,180,963	966,707	4,424,239	2,793,756
Less: Accumulated Depreciation	(22,440,593)	(20,848,288)	(32,272,217)	(30,483,889)	(54,712,810)	(51,332,177)
Net Capital Assets	<u>\$ 40,498,104</u>	<u>\$ 39,023,567</u>	<u>\$ 39,856,522</u>	<u>\$ 38,507,953</u>	<u>\$ 80,354,626</u>	<u>\$ 77,531,520</u>

Governmental Capital Assets Net of Depreciation increased by \$1,475,000 in 2012 as capital spending rebounded from the prior year by \$1,440,300. This increase came about because the City boosted expenditures for several projects using reserve funds. For Business-type activities, capital assets before depreciation grew by \$3.1 million as the City is still vigorously building its infrastructure. Land category increased due to Right-of-way acquisitions for future utilities. Reversing the previous year's experience, Net Capital Assets for Governmental Activities increased as reserve funds were expended. Machinery and Equipment decreased slightly as the vehicle fleet was downsized and other purchases for small equipment were delayed. A more detailed schedule of Capital Asset activity for the year is included in the Notes on pages 41-43.

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Management's Discussion and Analysis (Continued)

Long-term Debt Activity

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Debt						
Net OPEB Obligation	\$ 846,722	\$ 790,138	\$ 258,254	\$ 141,836	\$ 1,104,976	\$ 931,974
Compensated Absences	960,206	916,102	269,958	235,394	1,230,164	1,151,496
Fair Value of Interest Rate Swaps	-	-	959,263	1,018,351	959,263	1,018,351
Revenue Bonds	3,388,600	3,635,400	7,613,754	8,075,973	11,002,354	11,711,373
Total Debt	<u>\$ 5,195,528</u>	<u>\$ 5,341,640</u>	<u>\$ 9,101,229</u>	<u>\$ 9,471,554</u>	<u>\$ 14,296,757</u>	<u>\$ 14,813,194</u>

The Revenue Bonds payables were reduced by \$756,800 less discount amortization, due to regular debt payment of the outstanding bonds. Net OPEB Obligation increased during the year due to increased medical costs and the pay-as-you go method for funding OPEB. The Compensated Absences increased due to salary increases of approximately 2% to 3% and increased accruals of the current employees. A more detailed Schedule of Long-term Liabilities is included in the Notes on pages 43-47.

Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
<i>Program Revenues</i>						
Charges for Services	\$ 1,357,236	\$ 1,377,437	\$ 20,761,780	\$ 21,752,483	\$ 22,119,016	\$ 23,129,920
Operating Grants and Contrib.	161,939	161,189	2,000	2,250	163,939	163,439
Capital Grants and Contrib.	583,538	769,185	801,163	611,855	1,384,701	1,381,040
<i>General Revenues</i>						
Property Taxes	4,547,594	4,445,380	-	-	4,547,594	4,445,380
Other Taxes	3,372,983	3,484,382	-	-	3,372,983	3,484,382
State Shared Revenues	1,746,271	1,598,248	-	-	1,746,271	1,598,248
Investment Income	70,285	118,506	72,160	107,916	142,445	226,422
Other	45,022	450,978	33,175	31,157	78,197	482,135
Total Revenues	<u>11,884,868</u>	<u>12,405,305</u>	<u>21,670,278</u>	<u>22,505,661</u>	<u>33,555,146</u>	<u>34,910,966</u>
Expenses						
General Government	2,130,728	2,287,971	-	-	2,130,728	2,287,971
Public Safety	7,603,665	7,803,814	-	-	7,603,665	7,803,814
Physical Environment	2,316	1,791	18,812,641	19,960,833	18,814,957	19,962,624
Transportation	1,681,721	1,505,870	-	-	1,681,721	1,505,870
Culture and Recreation	2,645,608	2,474,613	-	-	2,645,608	2,474,613
Interest on Long-term Debt	102,941	194,133	-	-	102,941	194,133
Total Expenses	<u>14,166,979</u>	<u>14,268,192</u>	<u>18,812,641</u>	<u>19,960,833</u>	<u>32,979,620</u>	<u>34,229,025</u>
Excess (Deficit) Before Transfer:	<u>(2,282,111)</u>	<u>(1,862,887)</u>	<u>2,857,637</u>	<u>2,544,828</u>	<u>575,526</u>	<u>681,941</u>
Net Transfers	2,173,621	1,748,400	(2,173,621)	(1,748,400)	-	-
Increase in Net Assets	<u>(108,490)</u>	<u>(114,487)</u>	<u>684,016</u>	<u>796,428</u>	<u>575,526</u>	<u>681,941</u>
Net Assets - October 1 st	45,037,706	45,152,193	44,867,822	44,071,394	89,905,528	89,223,587
Net Assets - September 30 th	<u>\$ 44,929,216</u>	<u>\$ 45,037,706</u>	<u>\$ 45,551,838</u>	<u>\$ 44,867,822</u>	<u>\$ 90,481,054</u>	<u>\$ 89,905,528</u>

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Revenues

Government-wide, the overall revenues decreased by \$1,356,000 after decreasing by \$1,136,000 in the previous year. This year's decline was due to lower utility charges (\$990,700), lower grants (\$112,250), as well as total investment earnings of \$84,000. Real Estate Taxes and State Shared Revenues were up this year. Total Business-type revenues decreased \$835,000, due mostly to a decline in electric rates.

Expenses

Continued efforts to reduce budget and expenditures in 2012 lowered the Governmental Activities expenses by \$101,200. Government-wide Salaries and Benefits were \$519,100 less due to smaller health costs that had grown rapidly the prior year. Retirement costs continued to rise despite transferring most of the General Employees to a DC plan. 2012 expense was \$1,918,900 versus \$1,422,200 for the prior year. However, Health Care costs were reduced by \$564,900 after escalating last year by \$755,400. After many years of having below average increases in claims experience, the prior year large dollar claims being filed was a significant jump. This year returned to a more normal claims experience. In addition, the City reduced Interest on Long-term Debt by \$91,192 due to prior year principal reductions and debt restructuring. All Business-type expenses were down from 2011, because of decreasing electric power expense by \$711,500 and plant operations by \$476,800.

The business-type activities more than offset the losses from governmental activities. Strong showing from the Electric Fund (\$251,144) and Water and Wastewater operations (\$306,282) led to a net asset increase for Business-type activities. As the local economy continued to struggle, the City's government-wide current financial position decreased by \$108,500. In 2012, the City faced several major issues in both Governmental Activities and in Business-type Activities. Yet, the amount of the Net Assets improved by \$575,500 or 0.6%, which is slightly less than the last two years. Both years should be considered good financial years considering Florida's economic environment.

Significant Conditions Impacting Financial Position

In the 2012-13 Budget, the City has had to take into consideration the continued slowdown of the housing market, the economy and lower property values. The millage rate was increased from 5.3891 mills to 5.6667 mills in order to keep the General Fund revenues within \$115,000 of the previous year's budget. The work force will be augmented by five positions citywide. The General Fund Budget was balanced without using any General Fund Reserves. The City continues to develop long-range planning on how to consolidate services or methods to deliver services at a lower cost. We have developed a joint effort with the surrounding cities and the county on ways that we can work together to accomplish this goal. In addition, the City continues to contract services with private enterprise, where possible.

The refunding of the 2001 Utility Tax Bond at the end of 2011 is expected to save \$650,000 in future debt payments.

Due to the planned restructuring of the workforce, the commitment to manage costs, planning appropriate rate increases and conservative revenue forecasting, both the governmental and business-type funds of the City are healthy, and are moving forward in a positive direction. The City completed an extensive visioning project to help guide the future of the City. The financial position of the City continues to grow to meet future needs as a result of prudent management strategies implemented during the last decade. The careful assessment of future demands, and the infrastructure necessary to meet those demands, as well as a measured approach to financing decisions, will ensure that this trend continues.

Analysis of Financial Position and Results of Operations - Individual Funds

Governmental Activities

General Fund

The General Fund had a \$76,493 positive net change to the fund balance due to a \$303,200 decrease in expenditures. Although this is a very small amount, any surplus in the current economic environment should be considered quite

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an accomplishment. Revenues were slightly over the Final Budget by \$47,633 due primarily to an increase in state revenue sharing over the projected amount. Actual revenues were down \$71,416 compared to last year, due to a reduction in grants of \$77,128, and a prior year's one-time donation of \$145,500. The one significant revenue over Budget and prior year's collections was the ad valorem taxes as current tax collections started to improve.

The General Fund experienced lower costs for health insurance due to the prior year's extra premiums to cover larger than normal claims. The reduction in premiums was \$405,400, which accounts for all of the \$303,200 reduction in expenditures. Budgeted expenditures were \$158,670 under the revised budget. There were no major budget revisions during the year. The only two areas that were significantly under the budget were Police Department and General Government, where retiree health insurance for the General Fund is charged. The transfer from the Public Service Tax Fund was decreased by \$100,000 to maintain adequate balances in that fund. Transfers from utilities were \$412,000 more than the prior year.

Special Revenue Funds

Community Redevelopment Agency Fund

The Community Redevelopment Agency Fund (CRA) was established by City ordinance, agreement with Lake County and based upon the State Statute. Revenues are comprised of the incremental ad valorem taxes collected on property in the City's downtown redevelopment district. Property taxes collected decreased by \$14,000 and Intergovernmental Revenues (Incremental Taxes) were down approximately \$43,800 from the previous year due to lower property values within the district. Operating Expenditures were down \$34,050, which are below the expenditures of three years ago. The CRA's fund balance was increased by \$117,800 in anticipation of new downtown capital renovations, such as a parking garage expansion and streetscape project. Last year's Fund Balance of \$512,412 was the lowest since 2004.

Northeast Redevelopment Agency Fund

The purpose of the Northeast Redevelopment Agency Fund is to account for funds received to redevelop the northeast section of the City. Total revenues were down approximately \$20,050 compared to a decrease of \$26,100 last year. The decrease of ad valorem tax and Intergovernmental Revenues (Incremental Taxes) was a smaller percentage decline than the Community Redevelopment Agency Fund as this district is composed mainly of residential rather than commercial properties. During the last year, property values in the City did not decline as fast for residential properties as for other properties. Operating expenditures decreased by \$24,250, due mainly to salaries and fringe benefits for community policing as the officer assigned to the area changed. This year's capital expenditures represent the completion of a new park. Four years ago, the NECRA Fund completed its largest capital project ever in constructing a major sports complex at Frank Brown Field in the amount of \$2.5 million. This year's budget was again a process of rebuilding the fund balance to accumulate money for future redevelopment projects. The fund balance represents approximately five years of accumulation.

Public Services Tax Fund

This fund accumulates the revenues that are pledged on the general obligation debt. Overall, revenues were down \$41,550 from last year. The electric utility tax decreased by \$86,150 over the prior year, while the communication services tax increased by \$56,750, which reversed a prior year trend for both revenues. The transfer to the General Fund was reduced by \$100,000 in order to maintain the fund balance at the same level.

Other Special Revenue Funds

The Building Inspection Fund had its second considerable substandard year with Net Assets being reduced by \$237,600 versus the prior year loss of \$375,600. Permit revenues were down another \$71,200 in addition to the \$140,900 the previous year, due to fewer permits being pulled. Expenses were reduced by \$177,700 primarily due to two employees being laid-off and related operating expenses, such as vehicles. It is expected that future revenues will increase due to higher building activity and higher permit fees.

Most years, the Law Enforcement Fund that tracks federal and state forfeitures had little activity, except for accumulating funds for equipment purchases. In 2012, the fund purchased two radar units and purchased guns to upgrade the department's weapon inventory.

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The Community Development Block Grant Fund received the remaining funds from the 2008 grant. With the construction project finished, money was disbursed and the remaining funds transferred to the Water & Wastewater Fund, which had paid for some of the start-up money. The fund was closed in 2012.

Debt Service Fund

In September 2011, the City Council approved the issuance of the 2011 Public Services Tax Refunding Bond with proceeds of \$3,635,000 to fund an escrow to call the 2001 Bonds and fund the issuance costs and prepaid interests. The transfer from the Public Services Tax Fund of \$375,000 was mostly used to make scheduled debt payments and add \$56,750 to the fund balance.

Capital Funds

Impact Fees Capital Projects Fund

This fund collects impact fees for specific activities from developers and then expends the money on capital projects. The four impact fees that are tracked by this fund are Police, Fire, Library and Recreational. The recreational fee is the largest revenue with the library fee being the third largest. Neither is collected on commercial properties. Since the number of new homes construction dropped from 93 two years ago to 33 residential permits this year, the impact fees collected is down from previous years. Construction expenditures were limited to one park, the completion of the library expansion and additions to the library collection. The Police Impact Fees repaid \$40,000 of the inter-fund loan from the General Fund; however, the Library Impact portion of the fund borrowed \$800,000 from the General Fund. The inter-fund loans are to be repaid by future revenue stream and a library construction reimbursement grant.

Discretionary Sales Tax Capital Projects Fund

Despite a slower economy, the Discretionary Sales Tax Capital Projects Fund revenues increased \$60,500 as compared to last year improvement of \$20,100. Capital expenditures rose by (\$576,850), due the prior year's late bidding of the road resurfacing project. The fund repaid \$250,000 of its loan from the General Fund.

Other Capital Funds

The City completed to three energy efficiency projects in 2012. The fund balance increased by \$196,800, due to a grant and a transfer from the General fund of \$132,500, which will be used for Visioning Projects.

Business-Type Activities

Electric Fund

A major portion of the electric rates is structured to recover the wholesale power costs. The City uses a rate structure that adjusts a portion of the customer's bill for recovering of power costs on a semi-annual basis. This last year, the overall sales of electricity were reduced by \$1,035,203, and the wholesale power costs were lowered by \$711,573. Maintenance and administrative costs only increase by \$33,200 during the year. Thus, the decline in revenues for this year and increase of \$141,050 in transfers, resulted in the system decrease in Net Assets for the Electric Fund of \$506,650 in 2011 to \$251,150 in 2012. It is expected that the system will continue to show a profit in the future, but at this lower level.

Water & Wastewater Fund

Since rate increases have been kept to a minimum to help customers during the difficult economic times, the Water and Wastewater Fund, Operating Revenues were increased by only \$17,250. Meanwhile expenses (excluding depreciation, amortization and interest) declined as by \$502,500 versus a increase in expense last year of \$611,700. Depreciation expense also decreased \$7,000. Impact fees, rebounded from last year, increasing \$132,200 due to more commercial construction. In recent years, there has a continuing trend of wide fluctuation in revenues and more capital construction, which has reduced the cash and investment by \$1,406,000 this year and by \$6,569,000 in the last four years. An effort is being made to contain future costs and rate increases are anticipated, as well as rate increase for both October 2012 and April 2013. However, there must be some slow-down in future capital expenditures or the system will be forced to issue additional debt in 2013 or 2014. The fund had an improvement in Net Assets of \$21,149, compared to a loss of \$66,726 in 2011.

**Comprehensive Annual Financial Report, Fiscal Year Ending September 30, 2012
Management's Discussion and Analysis (Continued)**

Other Enterprise Funds

The Sanitation Fund consists chiefly of collecting the fees charged by a third-party hauler. The City adds a fee to offset a maintenance worker's costs as well as billing costs. The Sanitation Fund has experienced small losses in the past as some internal operational costs are not being fully recovered through the revenue stream. The rate structure has continued to be raised to eliminate deficits. The fund had \$5,674 increase in net assets, due to the reduction in allocation of administrative and general expenses.

The Stormwater Fund did not raise its monthly fees, but was still able to accumulate some additional cash (\$217,300) for future capital projects and to accommodate the current year increase in operating costs (\$20,700) as the City continues to meet its obligations under the NPDES permit. The Change in Net Assets was only \$120,400. One major project was completed this year and two are planned for next year.

The Cemetery Fund was started in the fiscal year 2008 to run the cemetery in a more businesslike manner. The Cemetery Fund had a increase in Net Assets of \$521, while the operating loss before transfers declined by \$38,200. This was in part due to charging part of one employee's wages and benefits to another department. The annual \$75,000 transfer to subsidize operations was not sufficient to offset this year's operating costs and was augmented by an additional \$12,500 at year-end. An above ground niche constructed during the previous years should provide additional revenue when the economy improves.

Original Budget vs. Final Budget

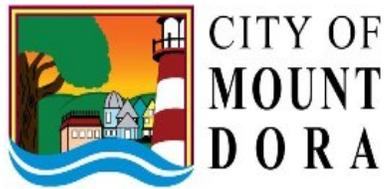
General Fund

Accurate revenue projection is critical to sound budgeting. The amount of resources available for appropriation is the foundation for any budget and should be the basis for decision-making in the budget process. General Fund Revenues exceeded the Original Budget by \$47,633 or 0.7% of the Final Budget. These projections were in keeping with the expected continued downturn in housing and the general economy. Due to the uncertainty of potential future revenue streams, the Administration continued to tightly control the operational budget. General Fund expenditures were \$142,000 or 4.6% under the original appropriations, which help offset a reduction in Net Transfers of \$113,200. The net actual revenues and expenditures versus the budgeted amount was over by \$76,493.

Requests for Information

This financial report is designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, please contact the City's Finance Department at 510 N. Baker Street, Mount Dora, Florida 32757.

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BASIC FINANCIAL STATEMENTS

CITY OF MOUNT DORA, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

Assets	Governmental Activities	Business- Type Activities	Total
Cash and Investments	\$ 9,754,290	\$ 13,261,152	\$ 23,015,442
Receivables, Net	155,908	2,450,852	2,606,760
Internal Balances	57,575	(57,575)	-
Due from Other Governments	273,001	-	273,001
Accrued Interest Receivable	13,040	16,188	29,228
Employee Advances	20,280	-	20,280
Deferred Charge	115,940	-	115,940
Inventories and Prepaid Items	431,931	709,854	1,141,785
Unamortized Bond Issuance Costs	105,600	17,876	123,476
Deferred Inflow on Interest Rate Swap	-	959,263	959,263
Capital Assets:			
Capital Assets Not Being Depreciated	9,707,831	6,595,170	16,303,001
Capital Assets Being Depreciated - Net	30,790,273	33,261,352	64,051,625
Total Assets	\$ 51,425,669	\$ 57,214,132	\$ 108,639,801
Liabilities			
Accounts Payable	1,052,471	1,351,632	2,404,103
Accrued Liabilities	158,273	197,790	356,063
Unearned Revenue and Deposits	90,181	1,011,643	1,101,824
Fair Value of Interest Rate Swap	-	959,263	959,263
Long-term Liabilities:			
Due Within One Year	664,170	585,136	1,249,306
Due in More Than One Year	4,531,358	7,556,830	12,088,188
Total Liabilities	\$ 6,496,453	\$ 11,662,294	\$ 18,158,747
Net Assets			
Invested in Capital Assets, Net of Related Debt	37,109,503	32,242,768	69,352,271
Restricted for:			
Capital Improvements	3,079,726	3,418,652	6,498,378
Debt Service	529,173	530,000	1,059,173
Building Inspections	284,037	-	284,037
Law Enforcement	2,194	-	2,194
Unrestricted	3,924,583	9,360,418	13,285,001
Total Net Assets	\$ 44,929,216	\$ 45,551,838	\$ 90,481,054

See accompanying notes.

CITY OF MOUNT DORA, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Governmental Activities							
General Government	\$ 2,130,728	\$ 166,504	\$ -	\$ -	\$ (1,964,224)	\$ -	\$ (1,964,224)
Public Safety	7,603,665	594,772	-	107,254	(6,901,639)	-	(6,901,639)
Physical Environment	2,316	2,300	-	230,825	230,809	-	230,809
Transportation	1,681,721	-	161,939	-	(1,519,782)	-	(1,519,782)
Culture and Recreation	2,645,608	593,660	-	245,459	(1,806,489)	-	(1,806,489)
Interest on Long-term debt	102,941	-	-	-	(102,941)	-	(102,941)
Total Governmental Activities	\$ 14,166,979	\$ 1,357,236	\$ 161,939	\$ 583,538	(12,064,266)	-	(12,064,266)
Business-type Activities							
Electric Utility	9,602,536	10,997,916	-	31,508	-	1,426,888	1,426,888
Water and Wastewater Utility	6,186,750	6,827,438	2,000	653,726	-	1,296,414	1,296,414
Sanitation	2,031,374	2,036,994	-	-	-	5,620	5,620
Stormwater Utility	847,512	842,054	-	115,929	-	110,471	110,471
Cemetery	144,469	57,378	-	-	-	(87,091)	(87,091)
Total Business-type Activities	\$ 18,812,641	\$ 20,761,780	\$ 2,000	\$ 801,163	-	2,752,302	2,752,302
General Revenues							
Taxes:							
Property Taxes					4,547,594	-	4,547,594
Franchise Fees					641,789	-	641,789
Public Service Taxes					1,820,926	-	1,820,926
Other Taxes					910,268	-	910,268
State-shared Revenues - unrestricted					1,746,271	-	1,746,271
Investment Earnings					70,285	72,160	142,445
Miscellaneous					45,022	33,175	78,197
Transfers					2,173,621	(2,173,621)	-
Total General Revenues and Transfers					11,955,776	(2,068,286)	9,887,490
Change in Net Assets					(108,490)	684,016	575,526
Net Assets, Beginning of Year					45,037,706	44,867,822	89,905,528
Net Assets, End of Year					\$ 44,929,216	\$ 45,551,838	\$ 90,481,054

See accompanying notes.

**CITY OF MOUNT DORA, FLORIDA
BALANCE SHEET
ALL GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012**

	General Fund	Community Redevelopment Agency Fund	Northeast Redevelopment Agency Fund	Public Services Tax Fund	Impact Fees Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and Investments	\$ 1,829,450	\$ 651,558	\$ 889,003	\$ 272,027	\$ 2,060,104	\$ 2,231,750	\$ 7,933,892
Receivables (Net)	51,129	-	-	46,810	-	-	97,939
Due from Other Funds	2,494,484	-	-	43,091	-	-	2,537,575
Due from Other Governments	128,838	-	-	51,769	-	92,394	273,001
Accrued Interest Receivable	4,190	1,063	928	1,035	1,979	2,485	11,680
Employee Advances	20,280	-	-	-	-	-	20,280
Inventory and Prepaid Items	344,001	-	-	-	-	908	344,909
Total Assets	\$ 4,872,372	\$ 652,621	\$ 889,931	\$ 414,732	\$ 2,062,083	\$ 2,327,537	\$ 11,219,276
Liabilities and Fund Balances							
Liabilities							
Accounts Payable	\$ 227,958	\$ 19,044	\$ 344	\$ -	\$ 249,062	\$ 155,339	\$ 651,747
Accrued Liabilities	145,833	3,380	416	-	557	6,956	157,142
Due to Other Funds	-	-	-	-	2,275,000	205,000	2,480,000
Unearned Revenue and Deposits	90,181	-	-	-	-	-	90,181
Total Liabilities	463,972	22,424	760	-	2,524,619	367,295	3,379,070
Fund Balances							
Nonspendable							
Inventory and Prepaid Items	344,001	-	-	-	-	120	344,121
Restricted for:							
Capital Improvements	-	630,197	889,171	-	-	1,120,966	2,640,334
Debt Service	-	-	-	414,732	-	-	414,732
Building Inspections	-	-	-	-	-	283,917	283,917
Law Enforcement	-	-	-	-	-	2,194	2,194
Assigned for:							
Capital Improvements	-	-	-	-	-	439,392	439,392
Debt Service	-	-	-	-	-	113,653	113,653
Unassigned:							
General Fund	4,064,399	-	-	-	-	-	4,064,399
Special Revenue Funds	-	-	-	-	(462,536)	-	(462,536)
Total Fund Balances	4,408,400	630,197	889,171	414,732	(462,536)	1,960,242	7,840,206
Total Liabilities and Fund Balances	\$ 4,872,372	\$ 652,621	\$ 889,931	\$ 414,732	\$ 2,062,083	\$ 2,327,537	\$ 11,219,276

See accompanying notes.

CITY OF MOUNT DORA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

Total Fund Balances of Governmental Funds \$ 7,840,206

**Amounts Reported for Governmental Activities in the Statement
of Net Assets are Different Because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$62,938,697 and the accumulated depreciation is \$22,440,593 (includes Internal Service Fund) 40,498,104

The internal service fund is used by management to charge the costs of fleet management and other services to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. 1,557,083

Pension obligation asset - deferred charge 115,940

Long-term liabilities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long term, are reported in the statement of net assets. Long-term liabilities at year-end consist of:

Bonds Payable	(3,388,600)
Less Deferred Charge for Issuance Costs (to be Amortized Over Life of Debt)	105,600
Compensated Absences	(952,395)
Unfunded Actuarial Accrued Liability -OPEB	(846,722)

Total Net Assets of Governmental Activities \$ 44,929,216

CITY OF MOUNT DORA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	General Fund	Community Redevelopment Agency Fund	Northeast Redevelopment Agency Fund	Public Services Tax Fund	Impact Fees Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 4,347,750	\$ 397,684	\$ 173,753	\$ 1,820,926	\$ -	\$ 936,232	\$ 7,676,345
Permits and Fees	671,525	-	-	-	-	267,933	939,458
Intergovernmental	1,295,660	394,863	172,491	-	-	473,495	2,336,509
Charges for Service	422,235	-	-	-	-	25,245	447,480
Fines and Forfeitures	55,241	-	-	-	-	1,305	56,546
Impact Fees	-	-	-	-	183,886	-	183,886
Miscellaneous	240,772	7,471	5,641	432	13,685	61,615	329,616
Total Revenues	<u>7,033,183</u>	<u>800,018</u>	<u>351,885</u>	<u>1,821,358</u>	<u>197,571</u>	<u>1,765,825</u>	<u>11,969,840</u>
Expenditures							
Current:							
General Government	1,181,748	341,154	125,189	-	-	-	1,648,091
Public Safety	6,495,397	-	-	-	-	554,618	7,050,015
Transportation	1,017,133	-	-	-	-	180,052	1,197,185
Culture and Recreation	1,846,421	557	847	-	10,494	14,975	1,873,294
Grants and Aid	36,667	56,540	-	-	-	-	93,207
Capital Outlay	44,824	283,982	238,908	-	1,966,772	1,038,624	3,573,110
Debt Service:							
Principal Payments	-	-	-	-	-	246,800	246,800
Interest	-	-	-	-	11,011	74,659	85,670
Total Expenditures	<u>(10,622,190)</u>	<u>(682,233)</u>	<u>(364,944)</u>	<u>-</u>	<u>(1,988,277)</u>	<u>(2,109,728)</u>	<u>(15,767,372)</u>
(Deficiency) Excess of Revenues							
(Under) Over Expenditures	<u>(3,589,007)</u>	<u>117,785</u>	<u>(13,059)</u>	<u>1,821,358</u>	<u>(1,790,706)</u>	<u>(343,903)</u>	<u>(3,797,532)</u>
Other Financing Sources (Uses)							
Transfers in	3,885,500	-	-	-	-	507,500	4,393,000
Transfers out	(220,000)	-	-	(1,825,000)	-	(174,379)	(2,219,379)
Total Other Financing Sources (Uses)	<u>3,665,500</u>	<u>-</u>	<u>-</u>	<u>(1,825,000)</u>	<u>-</u>	<u>333,121</u>	<u>2,173,621</u>
Net Change in Fund Balances	76,493	117,785	(13,059)	(3,642)	(1,790,706)	(10,782)	(1,623,911)
Fund Balance, Beginning of Year	4,331,907	512,412	902,230	418,374	1,328,170	1,971,024	9,464,117
Fund Balances, End of Year	<u>\$ 4,408,400</u>	<u>\$ 630,197</u>	<u>\$ 889,171</u>	<u>\$ 414,732</u>	<u>\$ (462,536)</u>	<u>\$ 1,960,242</u>	<u>\$ 7,840,206</u>

See accompanying notes

CITY OF MOUNT DORA, 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	\$ (1,623,911)
 Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. This reconciling item is the amount by which capital purchases of \$3,533,622 exceeded depreciation expense of \$1,947,110	1,586,512
Prepaid Net Pension Obligation used to provide for current-year contributions to retirement plans.	(115,115)
The issuance of bonds and similar long-term debt provides current financial resources to governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net assets. Also, governmental funds report the effect of issuance costs, premium, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amounts of the items that make up these differences in treatment of long-term debt and related items are:	
Debt Issued or Incurred:	
Amortization Expense	(31,855)
Principal Repayments:	
Bonds	246,800
Estimated increase in Net OPEB Obligations	(56,584)
Inter-fund Investment Earnings netted against Inter-fund Interest Expense of \$12,810	-
Some expenses reported in the statement of activities, such as compensated absences and accrued interest, do not require the use of current financial resources and are not reported as expenditures in governmental funds:	
Compensated Absences	(43,949)
Accrued Interest on Long-term Debt	1,774
The internal service fund is used by management to charge the costs of activities that benefit the entire government. The net (expense) income of the internal service fund is reported with governmental activities.	(72,162)
Change in Net Assets of Governmental Activities	\$ (108,490)

See accompanying notes.

CITY OF MOUNT DORA, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2012

	Business-Type Activities					Governmental Activities	
	Electric Utility Fund	Water and Wastewater Fund	Sanitation Fund	Stormwater Utility Fund	Cemetery Fund	Total	Internal Service Funds
Assets							
Current Assets							
Pooled Cash and Investments	\$ 4,414,515	\$ 1,904,733	\$ 1,721	\$ 1,820,072	\$ 10,097	\$ 8,151,138	\$ 1,820,398
Cash - Customer Deposits	658,946	297,623	55,074	-	-	1,011,643	-
Receivables:							
Customers (Net of Allowance for Uncollectible Accounts)	1,408,300	732,316	218,994	91,242	-	2,450,852	57,969
Accrued Interest Receivable	5,137	9,130	3	1,916	2	16,188	1,360
Inventories, at Cost	580,793	129,061	-	-	-	709,854	87,022
Total Current Assets	<u>7,067,691</u>	<u>3,072,863</u>	<u>275,792</u>	<u>1,913,230</u>	<u>10,099</u>	<u>12,339,675</u>	<u>1,966,749</u>
Noncurrent Assets							
Restricted Assets							
Pooled Cash and Investments:							
Sinking	-	679,719	-	-	-	679,719	-
Water Impact Fees	-	771,212	-	-	-	771,212	-
Wastewater Impact Fees	-	2,647,440	-	-	-	2,647,440	-
Total Restricted Assets	<u>-</u>	<u>4,098,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,098,371</u>	<u>-</u>
Deferred Outflow on Interest Rate Swap	<u>-</u>	<u>959,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>959,263</u>	<u>-</u>
Unamortized Bond Issuance Costs	<u>-</u>	<u>17,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,876</u>	<u>-</u>
Capital Assets							
Property, Plant and Equipment	15,000,764	48,978,705	26,371	6,903,319	38,617	70,947,776	1,731,170
(Accumulated Depreciation and Amortization)	(8,421,682)	(21,406,233)	(24,936)	(2,413,653)	(5,713)	(32,272,217)	(1,125,008)
Construction in Progress	<u>-</u>	<u>1,132,092</u>	<u>-</u>	<u>48,871</u>	<u>-</u>	<u>1,180,963</u>	<u>-</u>
Total Capital Assets - Cost Less Depreciation	<u>6,579,082</u>	<u>28,704,564</u>	<u>1,435</u>	<u>4,538,537</u>	<u>32,904</u>	<u>39,856,522</u>	<u>606,162</u>
Total Noncurrent Assets	<u>6,579,082</u>	<u>33,780,074</u>	<u>1,435</u>	<u>4,538,537</u>	<u>32,904</u>	<u>44,932,032</u>	<u>606,162</u>
Total Assets	<u>\$ 13,646,773</u>	<u>\$ 36,852,937</u>	<u>\$ 277,227</u>	<u>\$ 6,451,767</u>	<u>\$ 43,003</u>	<u>\$ 57,271,707</u>	<u>\$ 2,572,911</u>

Continued

See accompanying notes.

CITY OF MOUNT DORA, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2012
(Concluded)

	Business-Type Activities					Total	Governmental
	Electric Utility Fund	Water and Wastewater Fund	Sanitation Fund	Stormwater Utility Fund	Cemetery Fund		Internal Service Funds
Liabilities and Net Assets							
Current Liabilities							
Accounts Payable	\$ 779,979	\$ 433,020	\$ 133,985	\$ 4,136	\$ 512	\$ 1,351,632	\$ 400,723
Due to Other Funds	43,091	-	14,484	-	-	57,575	-
Accrued Expenses	13,683	177,729	937	4,164	1,277	197,790	1,131
Bond Payable	-	530,000	-	-	-	530,000	-
Unamortized Discount	-	(43,695)	-	-	-	(43,695)	-
Compensated Absences	32,842	56,851	1,241	6,537	1,360	98,831	2,860
Customer Deposits	658,946	297,623	55,074	-	-	1,011,643	-
Total Current Liabilities	<u>1,528,541</u>	<u>1,451,528</u>	<u>205,721</u>	<u>14,837</u>	<u>3,149</u>	<u>3,203,776</u>	<u>404,714</u>
Long-term Liabilities							
Bond Payable	-	7,345,000	-	-	-	7,345,000	-
Unamortized Discount	-	(217,551)	-	-	-	(217,551)	-
Fair Value of Interest Rate Swap	-	959,263	-	-	-	959,263	-
Compensated Absences	56,866	98,438	2,149	11,319	2,355	171,127	4,952
Net OPEB Obligation	77,062	146,795	5,039	21,946	7,412	258,254	-
Total Long-term Liabilities	<u>133,928</u>	<u>8,331,945</u>	<u>7,188</u>	<u>33,265</u>	<u>9,767</u>	<u>8,516,093</u>	<u>4,952</u>
Total Liabilities	<u>1,662,469</u>	<u>9,783,473</u>	<u>212,909</u>	<u>48,102</u>	<u>12,916</u>	<u>11,719,869</u>	<u>409,666</u>
Net Assets							
Invested in Capital Assets, Net of Related Debt	6,579,082	21,090,810	1,435	4,538,537	32,904	32,242,768	606,162
Restricted for Capital Improvements	-	3,418,652	-	-	-	3,418,652	-
Restricted for Debt Service	-	530,000	-	-	-	530,000	-
Unrestricted	5,405,222	2,030,002	62,883	1,865,128	(2,817)	9,360,418	1,557,083
Total Net Assets	<u>11,984,304</u>	<u>27,069,464</u>	<u>64,318</u>	<u>6,403,665</u>	<u>30,087</u>	<u>45,551,838</u>	<u>2,163,245</u>

See accompanying notes.

CITY OF MOUNT DORA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Business-Type Activities					Total	Governmental
	Electric Utility Fund	Water and Wastewater Fund	Sanitation Fund	Stormwater Utility Fund	Cemetery Fund		Internal Service Funds
Operating Revenues							
Charges for Services	\$ 10,997,916	\$ 6,827,438	\$ 2,036,994	\$ 842,054	\$ 57,378	\$ 20,761,780	\$ 2,381,577
Operating Expenses							
Purchased Power	7,058,179	-	-	-	-	7,058,179	-
Plant Operations	-	1,947,907	-	-	-	1,947,907	-
Distribution and Collection	1,027,884	1,262,271	2,030,004	396,162	-	4,716,321	-
Administration and General	1,004,220	1,216,396	-	94,700	142,721	2,458,037	2,295,745
Depreciation and Amortization	512,253	1,443,386	1,370	356,650	1,748	2,315,407	234,866
Total Operating Expenses	<u>9,602,536</u>	<u>5,869,960</u>	<u>2,031,374</u>	<u>847,512</u>	<u>144,469</u>	<u>18,495,851</u>	<u>2,530,611</u>
Operating Income (Loss)	<u>1,395,380</u>	<u>957,478</u>	<u>5,620</u>	<u>(5,458)</u>	<u>(87,091)</u>	<u>2,265,929</u>	<u>(149,034)</u>
Non-operating Revenues (Expenses)							
Investment Earnings	24,330	37,740	54	9,924	112	72,160	11,484
Interest Expense	-	(316,790)	-	-	-	(316,790)	-
Other Income	28,526	6,649	-	115,929	-	151,104	65,388
Total Non-operating Revenues (Expenses)	<u>52,856</u>	<u>(272,401)</u>	<u>54</u>	<u>125,853</u>	<u>112</u>	<u>(93,526)</u>	<u>76,872</u>
Income (Loss) Before Capital Contributions and Transfers	1,448,236	685,077	5,674	120,395	(86,979)	2,172,403	(72,162)
Capital Contributions and Transfers							
Capital Contributions	31,508	653,726	-	-	-	685,234	-
Transfers in	-	174,379	-	-	87,500	261,879	-
Transfers (out)	(1,228,600)	(1,206,900)	-	-	-	(2,435,500)	-
Net Capital Contributions and Transfers	<u>(1,197,092)</u>	<u>(378,795)</u>	<u>-</u>	<u>-</u>	<u>87,500</u>	<u>(1,488,387)</u>	<u>-</u>
Change in Net Assets	251,144	306,282	5,674	120,395	521	684,016	(72,162)
Net Assets, Beginning of Year	<u>11,733,160</u>	<u>26,763,182</u>	<u>58,644</u>	<u>6,283,270</u>	<u>29,566</u>	<u>44,867,822</u>	<u>2,235,407</u>
Net Assets, End of Year	<u>\$ 11,984,304</u>	<u>\$ 27,069,464</u>	<u>\$ 64,318</u>	<u>\$ 6,403,665</u>	<u>\$ 30,087</u>	<u>\$ 45,551,838</u>	<u>\$ 2,163,245</u>

See accompanying notes.

CITY OF MOUNT DORA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Business-Type Activities					Total	Governmental
	Electric Utility Fund	Water and Wastewater Fund	Sanitation Fund	Stormwater Utility Fund	Cemetery Fund		Internal Service Funds
Cash Flows from Operating Activities							
Cash Received from Customers, Including							
Cash Deposits	\$ 11,243,226	\$ 6,871,611	\$ 2,037,283	\$ 880,199	\$ 57,378	\$ 21,089,697	\$ 2,381,577
Cash Paid to Suppliers	(8,254,190)	(2,526,511)	(1,963,903)	(262,454)	(56,754)	(13,063,812)	(2,232,913)
Cash Paid to Employees for Services	(838,152)	(1,616,925)	(58,266)	(222,563)	(83,926)	(2,819,832)	(71,259)
Net Cash Provided by (Used in) Operating Activities	<u>2,150,884</u>	<u>2,728,175</u>	<u>15,114</u>	<u>395,182</u>	<u>(83,302)</u>	<u>5,206,053</u>	<u>77,405</u>
Cash Flows from Noncapital Financing Activities							
Transfers In	-	174,379	-	-	87,500	261,879	-
Transfers Out	(1,228,600)	(1,206,900)	-	-	-	(2,435,500)	-
Subsidy from Others	-	2,555	-	-	-	2,555	27,164
Subsidy from Grants	-	2,000	-	115,929	-	117,929	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(1,228,600)</u>	<u>(1,027,966)</u>	<u>-</u>	<u>115,929</u>	<u>87,500</u>	<u>(2,053,137)</u>	<u>27,164</u>
Cash Flows from Capital and Related Financing Activities							
Capital Contributions	31,508	653,726	-	-	-	685,234	-
Property, Plant and Equipment Acquisitions	(372,397)	(2,894,174)	-	(303,426)	-	(3,569,997)	(122,890)
Cash Received from Sale of Assets	6,998	694	-	-	-	7,692	38,224
Property Rent	18,750	1,400	-	-	-	20,150	-
Insurance Proceeds	2,778	-	-	-	-	2,778	-
Principal Payments on Debt	-	(510,000)	-	-	-	(510,000)	-
Interest Paid	-	(359,717)	-	-	-	(359,717)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(312,363)</u>	<u>(3,108,071)</u>	<u>-</u>	<u>(303,426)</u>	<u>-</u>	<u>(3,723,860)</u>	<u>(84,666)</u>
Cash Flows from Investing Activities							
Investment Earnings	23,474	49,193	53	9,617	110	82,447	11,437
Total Cash Flows from Investing Activities	<u>23,474</u>	<u>49,193</u>	<u>53</u>	<u>9,617</u>	<u>110</u>	<u>82,447</u>	<u>11,437</u>
Net Increase (Decrease) in Cash and Cash Equivalents	633,395	(1,358,669)	15,167	217,302	4,308	(488,497)	31,340
Cash and Cash Equivalents, Beginning of Year	4,440,066	7,659,396	41,628	1,602,770	5,789	13,749,649	1,789,058
Cash and Cash Equivalents, End of Year	<u>\$ 5,073,461</u>	<u>\$ 6,300,727</u>	<u>\$ 56,795</u>	<u>\$ 1,820,072</u>	<u>\$ 10,097</u>	<u>\$ 13,261,152</u>	<u>\$ 1,820,398</u>

Continued

See accompanying notes.

CITY OF MOUNT DORA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(Concluded)

	Business-Type Activities					Governmental	
	Electric Utility Fund	Water and Wastewater Fund	Sanitation Fund	Stormwater Utility Fund	Cemetery Fund	Total	Internal Service Funds
Shown in the Financial Statements as							
Pooled Cash and Investments	\$ 4,414,515	\$ 1,904,733	\$ 1,721	\$ 1,820,072	\$ 10,097	\$ 8,151,138	\$ 1,820,398
Cash - Customer Deposits	658,946	297,623	55,074	-	-	1,011,643	-
Restricted Cash	-	4,098,371	-	-	-	4,098,371	-
Total	\$ 5,073,461	\$ 6,300,727	\$ 56,795	\$ 1,820,072	\$ 10,097	\$ 13,261,152	\$ 1,820,398
Reconciliation of Operating Income to Net Cash							
Provided by (Used in) Operating Activities							
Operating Income (Loss)	\$ 1,395,380	\$ 957,478	\$ 5,620	\$ (5,458)	\$ (87,091)	\$ 2,265,929	\$ (149,034)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:							
Depreciation and Amortization	512,253	1,443,386	1,370	356,650	1,748	2,315,407	234,866
Changes in Assets Decrease (Increase) and Liabilities Increase (Decrease):							
Accounts Receivable - Net	213,264	9,416	(14,982)	38,145	-	245,843	-
Inventories	58,411	7,216	-	-	-	65,627	(62,802)
Prepaid Items	175	100	-	-	-	275	-
Accounts Payable	(108,986)	192,440	(9,458)	(4,704)	(978)	68,314	54,174
Due to Other Funds	2,835	-	14,484	-	-	17,319	-
Accrued Expenses	(615)	(5,500)	46	509	(157)	(5,717)	46
Compensated Absences	11,836	22,292	504	(357)	289	34,564	155
Net OPEB Obligation	34,285	66,590	2,259	10,397	2,887	116,418	-
Customer Deposits	32,046	34,757	15,271	-	-	82,074	-
Total Adjustments	<u>755,504</u>	<u>1,770,697</u>	<u>9,494</u>	<u>400,640</u>	<u>3,789</u>	<u>2,940,124</u>	<u>226,439</u>
Net Cash Provided by (Used in) Operating Activities	\$ 2,150,884	\$ 2,728,175	\$ 15,114	\$ 395,182	\$ (83,302)	\$ 5,206,053	\$ 77,405

See accompanying notes.

CITY OF MOUNT DORA, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
SEPTEMBER 30, 2012

	Pension Trust Funds
Assets	
Cash and Cash Equivalents	\$ 28,451
Receivables (Net)	76,149
Investments:	
Money Market Funds	568,936
Bonds	1,150,533
Stocks	7,455,131
Bond Mutual Fund	8,138,279
Stock Mutual Fund	7,332,523
Accrued Interest Receivable	16,467
Total Assets	24,766,469
Liabilities - Payables	99,774
Net Assets	
Held in Trust for:	
Employees' Pension Benefits	\$ 24,666,695

See accompanying notes.

CITY OF MOUNT DORA, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Pension Trust Funds
Additions	
Contributions:	
Employer	\$ 1,097,887
Employee	233,248
State	<u>155,851</u>
Total Contributions	<u>1,486,986</u>
Investment Earnings	3,853,894
Less: Investment Management Fees	<u>(118,811)</u>
Net Investment Income (Loss)	<u>3,735,083</u>
Total Additions	<u>5,222,069</u>
Deductions	
Pension Benefit Payments and Refunds	1,405,171
General and Administrative	<u>107,758</u>
(Total Deductions)	<u>(1,512,929)</u>
Net Increase	<u>3,709,140</u>
Net Assets Reserved for Employees'	
Pension Benefits	
Beginning of Year	<u>20,957,555</u>
End of Year	<u><u>\$ 24,666,695</u></u>

See accompanying notes.

**NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA**

Note 1 - Description of Funds and Summary of Significant Accounting Policies

The financial statements of the City of Mount Dora, Florida (the City) have been prepared in conformity with generally accepted accounting principles (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant City accounting policies are described below.

Reporting Entity

The City of Mount Dora, Florida is the City's official name. The City was originally incorporated as a town on March 25, 1910 and later incorporated as a city on April 23, 1953, pursuant to Chapter 29302, L.O.F. On September 17, 1991, the City adopted its current charter by Ordinance Number 91-585.

The City operates under a council-manager form of government and provides the following services, as authorized by its charter: public safety, public works, public utilities, culture, recreation and community development.

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may or may not be financially accountable and, as such, be includable within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

■ **Blended Component Units**

The City established the Community Redevelopment Agency and the Northeast Community Redevelopment Agency as component units of the City. The City Council is the governing body for both agencies.

These agencies are authorized by Florida Statutes and formed by City Ordinance. The Community Redevelopment Agency was created by Ordinance Number 447 passed on June 16, 1987 and the Northeast Community Redevelopment Agency was created by Ordinance Number 546 passed on April 3, 1990. The statutory life of these community redevelopment agencies is thirty years unless extended by ordinance and notification to contributing parties. The City passed Ordinance 2012-05 on May 1, 2012 to extend the CRA for an additional thirty years. The governing bodies are appointed by the City (or its officials) who retains the corporate powers of these agencies. These organizations are reported as blended component units as part of the primary government, since the City is able to impose its will on the organization or there is a potential for specific financial benefits or burdens on the City. Separate financial statements are not issued for either agency.

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 1 - Description of Funds and Summary of Significant Accounting Policies *(Continued)*

Reporting Entity *(Concluded)*

■ **Related Organization; Not Included in Entity**

The Board of the Mount Dora Health Facilities Authority is appointed by the City Council, but the City's accountability does not extend beyond making these appointments. There was no activity or expenditures this Fiscal Year. Neither funding nor bonded debt approval is provided by the City Council. This organization is excluded from the reporting entity.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses, or a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are allocated automatically and certain indirect costs are included in program expenses reported for individual functions and activities. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Note that consumable services are not eliminated.

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 1 - Description of Funds and Summary of Significant Accounting Policies *(Continued)*

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

Government-wide Financial Statements *(Concluded)*

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally-dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

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

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City operates the following major governmental funds:

■ **Government Funds**

Governmental funds are used to account for all or most of a government's general activities. The City operates the following major governmental funds:

- The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Community Redevelopment Agency Fund** accounts for receipts and disbursements of additional tax monies for the City's Downtown Redevelopment Tax District.
- The **Northeast Redevelopment Agency Fund** accounts for receipts and disbursements of tax proceeds and other revenues to redevelop the northeast section of the City.
- The **Public Services Tax Fund** accounts for pledged revenues of the public service tax and communications tax for the Improvement Refunding Revenue Bonds – Series 2011.
- The **Impact Fees Capital Projects Fund** accounts for the receipts and disbursements of impact fees restricted for capital improvements for law enforcement, fire control, recreation, and libraries activities.

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 1 - Description of Funds and Summary of Significant Accounting Policies *(Continued)*

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)
Fund Financial Statements *(Continued)*

■ **Proprietary Funds**

The Proprietary funds are used to account for a government's ongoing activities, which are similar to those found in the private sector, where the determination of changes in net assets is necessary or useful to sound financial administration.

The City reports the following major proprietary funds:

- The **Electric Utility Fund** accounts for the fiscal activity of providing electric services to residential and commercial customers.
- The **Water and Wastewater Fund** accounts for the fiscal activity of providing water and wastewater services to residential and commercial customers within and outside City limits.
- The **Sanitation Fund** accounts for the operations and maintenance of the City's refuse collection and recycling system.
- The **Stormwater Utility Fund** accounts for the operations and maintenance of the City's stormwater management system.
- The **Cemetery Fund** accounts for the operation and maintenance of the City owned cemetery.

■ **Additionally, the City reports the following non-major fund types:**

- The Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.
 - **Building Inspection Fund** – To account for revenues and expenditures related to Building Inspection Program.
 - **Law Enforcement Fund** - To account for forfeitures restricted for law enforcement expenditures.

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 1 - Description of Funds and Summary of Significant Accounting Policies *(Continued)*

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Concluded)

Fund Financial Statements *(Concluded)*

■ **Additionally, the City reports the following non-major fund types:** *(Concluded)*

- **Debt Service Fund** - To account for the accumulation of the resources that are restricted, committed or assigned for the payment of general long-term debt principal and interest, excluding lease payments.
- **Discretionary Sales Tax Capital Projects Fund** - To account for receipts and disbursements of the City's portion of the additional one percent sales tax passed by Lake County voters in November 2001.
- **Other Capital Projects Fund** - To account for the intermittent resources that are restricted, committed or assigned for the constructing multi-year, public buildings and renovations as well as other departmental joint projects.
- **Internal Service Fund - Motorpool Fund** - To account for the cost of operating a maintenance facility for automotive equipment used by other City departments. Such costs are billed to other departments on a break-even basis, including overhead, depreciation and charges for a vehicle replacement program.
- **Internal Service Fund - Insurance Fund** - To account for the cost of operating a self-funded health and life insurance program. Such costs are billed to other departments on a break-even basis based upon the estimated individual premiums. These costs include network and claims administration, third-party stop loss insurance premiums, life insurance premiums, as well as pharmaceutical, hospital, doctor and other medical claims.
- The **Pension Trust Fund** accounts for the activities of the City's General Employees' and Firefighters' and Police Officers' Retirement Funds, which accumulate resources for pension benefit payments for qualified retiring employees. They are excluded from the government-wide financial statements because they are fiduciary in nature and do not represent resources available to the government for operations.

Summary of Significant Accounting Policies

Proprietary Funds

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements, to the extent that those standards do not conflict with or contradict guidance of GASB. Based on the accounting and reporting standards set forth in GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the City has opted to apply only the accounting and reporting pronouncements issued by the Financial Accounting Standards Board (FASB) on or

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 1 - Description of Funds and Summary of Significant Accounting Policies (Continued)

Summary of Significant Accounting Policies (Continued)

before November 30, 1989, for business-type activities and enterprise funds. 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 funds and of the internal service funds are customer charges for sales and services. Operating expenses for enterprise funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. These nonoperating revenues include investment earnings, grants, impact fees and rental income plus sale of scrap and equipment.

When both restricted and unrestricted resources are available for use, it is the City's policy to generally use restricted resources first, and then unrestricted resources, as they are needed for their intended purposes; however, this decision is frequently made on a case-by-case basis based upon facts and circumstances. Revenues of the enterprise funds are recognized on the basis of services rendered. Enterprise funds billing cycles that overlap September 30th are prorated based upon the meter-reading dates. As a regulated electric utility, the City applies the accounting principles permitted by Statement of Financial Accounting Standards No. 71, *Accounting for the Effects of Certain Types of Regulation* (SFAS 71). Under SFAS 71, certain expenses and revenues are deferred and recognized in accordance with rate actions of the City Council.

Budgets and Budgetary Accounting

The City's procedures in preparing and adopting the annual budget, which is adopted on a basis consistent with generally accepted accounting principles, are as follows:

- The City Manager is responsible for preparing a proposed operating budget for the upcoming year prior to September 30 that includes estimated revenues, proposed expenditures, and other financing sources and uses.
- Public hearings are held to obtain taxpayer comments and suggestions. The budget is enacted through passage of a resolution.
- The City Manager is authorized to transfer budgeted amounts within any fund or department, but may not revise total fund expenditures without the approval of the City Council. The budgetary data presented is in agreement with the originally adopted budget, as amended by the City Council.
- Formal budgetary integration is employed as a management control device during the year for all funds. Budgets are adopted on a basis consistent with generally accepted accounting principles. Total budgeted fund expenditures within the governmental-type funds may not be exceeded legally. Appropriations lapse at the end of the year and are re-appropriated in the ensuing year's budget. All funds have legally adopted budgets, except the pension trust funds.

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 1 - Description of Funds and Summary of Significant Accounting Policies *(Continued)*

Summary of Significant Accounting Policies *(Continued)*

Pooled Cash and Investments

Pooled cash and investments include cash on hand, demand deposits with banks, deposits in cash management pools that have the general characteristics of demand deposit accounts, as well as investments. The City's pooled investment account is considered to be cash equivalent since each fund can effectively deposit or withdraw funds at any time without prior notice or penalty.

Each fund utilizing the pooled cash and investments account participates on a dollar-equivalent basis. Interest is distributed quarterly based on average balances. The nature of the pooled accounts permits temporary negative cash balances upon overdrawing of cash available in individual funds, which is presented as interfund receivables and payables. The investments of the pension trust funds are held separately from those of other City funds. Investments, including pension funds, are stated at fair value - quoted market price or the best available estimate.

Receivables (Net)

Receivables include amounts due from utility customers, third-party collectors of taxes and miscellaneous sources. All receivables are current and therefore due within one year. Receivables and revenues are reported net of an allowance for uncollectible accounts. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$627 for the General Fund; \$89,888 for the Electric Fund; \$188,755 for the Water & Wastewater Fund; \$13,977 for the Sanitation Fund; and \$5,824 for the Stormwater Fund as of September 30, 2012. Uncollectible amounts shown as an expense were \$16,520 for the Electric Fund; \$8,094 for the Water & Wastewater Fund; \$3,578 for the Sanitation Fund; and \$1,523 for the Stormwater Fund for the year ended September 30, 2012.

Interfund Receivables and Payables and Transfers

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Transfers are recognized in the accounting period in which the interfund receivable and payable arise. Transfers are made from the enterprise funds to finance operations of the general fund. Transfers are also made from the special revenue fund to the debt service fund to finance debt service requirements.

Capital Grants and Contributions

Accounts receivable from other governments include amounts due from grantors. Program and capital grants for general capital assets are recorded as receivables and revenues at the time reimbursable costs are incurred. Revenues received in advance of costs being incurred are deferred. Capital grants and other contributions for capital asset additions to the proprietary funds are recorded as nonoperating revenues. Contributed assets are recorded in the proprietary funds and in general assets at fair value at the time received.

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 1 - Description of Funds and Summary of Significant Accounting Policies *(Continued)*

Summary of Significant Accounting Policies *(Continued)*

Inventory

Inventories held by the proprietary funds are carried at cost, determined using the weighted-average cost method. Inventory shown in the general fund consists of janitorial and office supplies held for consumption. General fund inventories are valued at cost, as determined using the weighted-average cost method. Inventory is accounted for by use of the consumption method.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30th are recorded as prepaid items.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Property, plant and equipment with initial, individual costs that equal or exceed \$1,000 and estimated useful lives of over one year are recorded as capital assets. Roads, bridges, and sidewalks are capitalized when their initial or improvement costs equal or exceed \$25,000 and possess estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure assets acquired prior to October 1, 2003 have been recorded.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of major business-type activities is included as part of the capitalized value of the assets constructed. During 2012, \$42,927 of interest was capitalized in the Water/Wastewater Utility Fund.

Capital asset purchases are recorded as capital outlay expenditures in the fund level governmental funds in the year of acquisition.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Plant, Buildings and Improvements	25 - 50 Years
Utility Line Extensions	30 - 50 Years
Machinery, Equipment and Vehicles	3 - 25 Years
Meters, Poles and Transformers	15 - 33 Years
Studies	5 Years

Proprietary fund expenses for repairs and maintenance are expensed when incurred. Additions, major renewals and replacements, which increase the useful lives of the assets, are capitalized.

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 1 - Description of Funds and Summary of Significant Accounting Policies *(Continued)*

Summary of Significant Accounting Policies *(Concluded)*

Compensated Absences

In governmental fund financial statements, the amount of compensated absences associated with employee vacations that are recorded as expenditures represent the amounts paid during the year, plus the amount accrued at year-end that would normally be liquidated with available spendable resources. Only the amount of the compensated absence liability that has matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement) that would normally be liquidated with current expendable available resources in the next fiscal year is recorded in the fund financial statements of governmental funds. In the government-wide financial statements, all governmental fund compensated absences are recorded and split between the current and noncurrent portions.

In proprietary funds, the amount of compensated absences associated with employee vacations that are recorded as expenses represent the amounts paid during the year and accrued at year-end. The entire liability for compensated absences of these funds is reflected in the respective financial statements split between the current and noncurrent portions.

The City's sick leave paid-out policy upon termination varies depending upon whether or not a specific employee is included in a recognized bargaining unit; however, for some employees there is no maximum amount that an employee can accrue. For Police Union employees, there is no limit on the amount of sick leave that may be paid out. For Fire Union employees hired after 1/1/96, the sick leave accrual is capped at 467 hours, for those employed prior to that date the maximum is 720 hours. General employees who had more than 720 hours prior to 10/1/90 are paid a maximum of 960 hours and all others are paid a maximum of 720 hours. All payouts for sick leave depend upon which bargaining unit (if any) the employee is in and the circumstances of the employee's departure. Sick leave payout of accrued hours is at a rate of 25%, if an employee leaves, or 50%, if they retire. The City accrues 25% of sick leave hours at the employee's current pay rate for financial reporting purposes, except those employees who are vested and have reached retirement age, which the sick leave accruals are computed at 50%.

Each fund is required to liquidate the related liability that becomes current during that fiscal year and was recorded within that fund.

Bond Discounts/Issuance Costs

In governmental fund types, bond discounts and issuance costs are recognized in the current period. As part of the reconciliation and presentation at the government-wide level, these costs are adjusted and reflected similarly to proprietary funds.

In the proprietary funds, bond and issuance costs are being amortized over eighteen years (the original life of the bond) using the effective interest rate method.

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 1 - Description of Funds and Summary of Significant Accounting Policies (Continued)

Fund Balance Disclosure

In accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies governmental fund balances as follows:

Nonspendable Fund Balance includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal/contractual requirements. Examples are Prepaid Expenses and Inventory.

Spendable Fund Balance includes Restricted, Committed, Assigned and Unassigned designations.

- **Restricted** includes fund balance amounts that are limited for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. Examples would be:
 - **Community Redevelopment Agency and the Northeast Redevelopment Agency Funds** – As noted under Blended Component Units, these two agencies were established to enhance redevelopment activities in two different sections of the City. The interlocal agreement with the County as well as the State Statutes contains certain restrictions on the expenditures of funds.
 - **Capital Projects Impact Fees Fund** - The City Council has adopted ordinances that require new developments to pay a fee for their impact on recreation, library, police and fire services. These fees are accounted for separately and may be used only for additions and extensions to the respective system or debt service on previous qualified projects. The impact fees and interest earned on these funds are recognized as restricted.
 - **Discretionary Sales Tax Fund** - The City Council has entered into an interlocal agreement with the County and other municipalities to share revenue from a countywide optional one cent sales tax. The proceeds are distributed to various governments based upon an agreed formula. The funds are restricted for infrastructure capital uses as outlined in the agreement.
 - **Protective Inspections Fund** – Florida Statutes require that building and fire permit revenue are only to be used for activities related to those operations. In order to comply with those requirements, the City records all revenues and expenditures in this fund that qualify under the Statutes.
 - **Law Enforcement Trust Fund** – This fund was established to receive forfeiture funds, which are restricted by Federal and State Statutes as to their usage.

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 1 - Description of Funds and Summary of Significant Accounting Policies *(Continued)*

Fund Balance Disclosure *(Continued)*

- **Pledged Revenue and Debt Service Funds** – These funds were established in accordance with bond covenants to record receipt of revenues pledged for the repayment of the outstanding general bond and to record the various interest and principal payments.
- **Committed** includes fund balance amounts that are obligated to a specific purpose which are internally imposed by the government through formal action by ordinances, which is the highest level of City Council. These commitments can only be overturned by a like action. Examples are Encumbrances of Construction and Service Contracts, and specific allocation of funds for particular future activities.
- **Assigned** includes spendable fund balance amounts that are intended to be used for specific purposes that are considered neither restricted nor committed. Undesignated excess Fund Balances may be assigned by the City Council, City Manager or Finance Director for specific purposes through the budget process or agenda items. The assigned designation may be reversed by the City Council at any public meeting.
- **Unassigned** includes residual positive fund balances within the General Fund, which have not been classified within the other above mentioned categories. Unassigned Fund Balances may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in the General Fund, it is the City's policy to use unassigned resources first, then assigned, and then committed as needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in any other governmental fund, it is the City's policy to use committed resources first, then assigned, and then unassigned as needed.

The City does not have a formal minimum fund balance requirement. However, the City has adopted a Reserve Policy, which addresses various targeted reserve amounts in the General Fund and Enterprise Fund and the action that will be taken if the reserves fall below the targeted amount.

Net Assets are utilized in the government-wide and business-type Fund Financial Statements presentations. Net assets are categorized as invested in capital assets, net of related debt, plus restricted and unrestricted net assets.

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 1 - Description of Funds and Summary of Significant Accounting Policies *(Continued)*

Fund Balance Disclosure *(Continued)*

- **Invested in Capital Assets, net of Related Debt** is intended to reflect the portion of net assets which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less outstanding liquid assets and any associated unamortized costs associated with that debt.
- **Restricted Net Assets** are liquid assets, which have third-party (statutory, bond covenant or granting agency) limitations on their use. The City typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.
- **Unrestricted Net Assets** typically represent unrestricted liquid assets. The City Council has the authority to revisit or alter this designation.

Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. Florida Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The millage rate assessed by the City for the fiscal year ended September 30, 2012 was 5.3891 mills.

All property is assessed according to its fair market value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of Florida Statutes.

The current-year taxes for the fiscal year beginning October 1 are billed in the month of November and are due no later than March 31. On April 1, all unpaid amounts become delinquent and are subject to interest and penalties. Discounts are allowed for early payment, as follows:

November	4%
December	3%
January	2%
February	1%
March	0%

Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1 of the following tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. The certificate holder may make application for a tax deed on any unredeemed tax certificates. Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 1 - Property Taxes (Continued)

There were no material delinquent and uncollected property taxes at year-end. The City's tax calendar is as follows:

Valuation Date:	January 1
Levy Date:	November 1
Due Date:	March 31 (Succeeding Year)
Lien Date:	April 1 (Succeeding Year)

Legal Compliance - Budgets

Budgets and Budgetary Accounting

The annual operating budget serves as legal authorization for expenditures and the proposed means of financing them. The 2011-12 annual operating budget was prepared for all funds, except Pension Trust Funds.

Budget submissions are completed during the month of April and are due to the City Manager by May 31. A proposed budget is presented to the City Council in July. The City Council conducts a series of budget work sessions during the month of July. During these work sessions, the proposed expenditure budgets are reconciled to the revenue estimates provided by the Director of Finance. The revenue estimates include the amount of ad valorem taxes to be derived from the tax roll certified by the Property Appraiser as of July 1. Within thirty-five days from that date, the City Council must advise the Property Appraiser of the proposed and rolled back millage rates.

Within eighty days, but not earlier than sixty-five days after the Property Appraiser certifies the tax roll, the City Council conducts a public hearing to adopt a tentative budget and millage rates. No sooner than two days and no later than twenty days following the first public hearing, a second public hearing is held to formally adopt the final budget and millage.

Note 2 - Cash and Investments

Pooled Cash and Investments

The City maintains a cash and investment pool that carries substantially all cash and investments of the City, and is used by all funds except the Pension Trust Funds. Each fund's portion of the pool is displayed in the accompanying financial statements as "Equity in Pooled Investments." The cash and investments of the Pension Trust Funds are held separately from other funds of the City. All cash and investments of the pool are considered cash equivalents for the statement of cash flows.

Cash Deposits

As of September 30, 2012, the City's pooled cash deposits were entirely covered by federal depository insurance or by the banking network provided by Chapter 280 of the Florida Statutes. Florida Statutes provide for collateral pooling by banks and savings and loans, and limit local government deposits to "authorized depositories." Therefore, all pooled cash deposits held by banks can be classified as fully insured.

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 2 - Cash and Investments (Continued)

Investments (Continued)

Restricted Cash

Customer deposits, sinking fund and unspent impact fees are shown as restricted cash due to the legal limitations imposed on them.

Investments

The City's pooled investment policy allows the City to invest surplus money in instruments as provided by Florida Statute 218.415. Among them are:

- The State Board of Administration of Florida Local Government Surplus Trust Fund;
- Florida regulated or federal banking institutions (provided such deposits are secured by collateral, as required);
- Direct or guaranteed obligations of the United States Government;
- Obligations of the Federal Farm Credit Banks; the Federal Home Loan Mortgage Corporation (including participation certificates), or the Federal Home Loan Bank or its district banks or obligation guaranteed by the Government National Mortgage Association;
- Obligations of the Federal National Mortgage Association (including participation certificates and pass-through certificates guaranteed by the Federal National Mortgage Association); and
- Open or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940.

City ordinance authorizes investments for the Pension Trust Funds as follows:

- Annuity and life insurance contracts;
- Time and savings accounts of a National Bank and a State of Florida banks insured by FDIC;
- Obligations of the United States; State and local government bonds (as restricted); and
- Corporate stocks and bonds (as restricted).

The following is a summary of pooled investments held by the City as of September 30, 2012:

<u>Type</u>	<u>Fair Value</u>	<u>Maturities</u>		
		<u>1 Year or less</u>	<u>1-5 Years</u>	<u>5-10 Years</u>
U.S. Government Agencies	\$ 11,255,657	\$ -	\$11,255,657	\$ -
Certificate of Deposits	1,250,000	500,000	750,000	-
Local Government Surplus Trust Fund	86,102			
Money market accounts	8,703,381			
Total Investments	21,295,140			
Demand deposits	1,717,462			
Petty cash	2,840			
Total Cash and Investments	\$ 23,015,442			

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 2 - Cash and Investments *(Continued)*

Investments *(Continued)*

The following is a summary of pension investments held by the City as of September 30, 2012:

	Fair Value	Maturities		
		1 Year or less	1-5 Years	5-10 Years
U.S. Treasuries	\$ 1,150,533	\$ -	\$ 572,890	\$ 577,643
Money market accounts	568,936			
Bond mutual funds	8,138,279			
Domestic stocks	6,625,768			
International Stocks	775,471			
Real estate investment trust	113,965			
Domestic stock mutual funds	7,272,450			
Total Investments	<u>24,645,402</u>			
Cash	<u>28,451</u>			
Total Cash and Investments	<u>\$ 24,673,853</u>			

Interest Rate Risk – To mitigate interest rate risk, the City’s Pooled Investment Policy requires that the investment portfolio structure maturities to meet the City’s cash needs for ongoing operations and that operating funds be invested primarily in short-term securities. Of the total Cash and Investments outstanding at year-end, 47.8% have maturities of less than one year. The City’s policy requires that individual securities have maturities no greater than five years and two months. The Local Government Surplus Trust (Florida Prime) Fund A had a weighted average maturity of 39 days and Fund B had a weighted average life of 4.08 years as of September 30, 2012. FLSAFE has 26 days weighted average maturity The Florida Municipal Investment Trust 0-2 Year High Quality Bond Fund has 0.83 year weighted average maturity and the 1-3 Year High Quality Bond Fund has 1.67 year weighted average maturity The Pension Investment Policies do not restrict maturities.

Credit Quality Risk – To mitigate credit risk, the City invests primarily in U.S. Federal Agency obligations and State of Florida Qualified Public Depositories. Money market accounts are held with FLSAFE (\$111,567), Florida Municipal Investment Trust 0-2 Year High Quality Bond Fund (\$6,040,383) and the 1-3 Year High Quality Bond Fund (\$2,551,431), which are all AAA money market funds. Fund A of the Local Government Surplus Trust (Florida Prime) Fund is an AAAM money market fund, while Fund B is unrated. All Federal Agency Bonds held at year-end had AAA rating. All of these investments meet the criteria under the City’s Pooled Investment Policy. Under that policy, the credit risk is mitigated by (1) limiting investments to the safest types of securities; (2) pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which any entity will do business; and (3) diversifying the investment portfolio so that the potential losses on individual securities will be minimized. The Pension Investment Policies restricts bond investments to investment grade quality. All bonds in the pension funds at year-end had an AAA rating.

Custodial Risk – To mitigate custodial risk, broker/dealers must meet established capital requirements, as set forth by the Securities Exchange Commission, be registered in the State

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 2 - Cash and Investments (Concluded)

Investments (Concluded)

of Florida, provide proof of registration, complete a broker/dealer questionnaire, certify a understanding of the City's Pooled Investment Policy, and provide a copy of their most recent audit report. All pension assets are held by a third party.

Concentration of Credit Risk – The City's Pooled Investment Policy requires that investments be diversified by security type, maturity and institution. No investment in a single authorized security with the same maturity date or total investment in certificates of deposit within a single institution shall exceed 10% of the total deposits.

The Pension Investment Policies do not restrict individual investment concentrations. Pension fund investments are made up primarily of individual bonds, stocks and mutual funds, which do not exceed 5% of net plan assets, except \$ 8,138,279 in Wells Fargo commingled bond mutual fund and \$7,272,450 in Rockwood Capital commingled stock mutual fund.

Note 3 - Capital Assets

Capital asset activity for the year ended September 30, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 6,376,615	\$ 87,940	\$ -	\$ 6,464,555
Construction in Progress	1,827,049	2,673,501	(1,257,274)	3,243,276
Total Capital Assets Not Being Depreciated	8,203,664	2,761,441	(1,257,274)	9,707,831
Capital Assets Being Depreciated:				
Buildings	18,111,591	251,991	(33,501)	18,330,081
Infrastructure	25,022,897	1,543,032	(206,429)	26,359,500
Equipment	7,981,438	302,579	(300,455)	7,983,562
Media Collection	552,265	54,744	(49,286)	557,723
Total Capital Assets Being Depreciated	51,668,191	2,152,346	(589,671)	53,230,866
Less Accumulated Depreciation				
Buildings	(6,736,846)	(693,317)	33,501	(7,396,662)
Infrastructure	(8,117,614)	(796,120)	206,429	(8,707,305)
Equipment	(5,624,348)	(611,144)	300,455	(5,935,037)
Media Collection	(369,480)	(81,395)	49,286	(401,589)
Total Accumulated Depreciation	(20,848,288)	(2,181,976)	589,671	(22,440,593)
Total Capital Assets Being Depreciated, Net	30,819,903	(29,630)	-	30,790,273
Total Governmental Activities Capital Assets, Net	\$ 39,023,567	\$ 2,731,811	\$ (1,257,274)	\$ 40,498,104

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 3 - Capital Assets (Continued)

Depreciation Expense was charged to the following functions/programs:

Depreciation Expense - Governmental Activities

General Government and Administration	\$ 291,700
Public Safety	457,398
Physical Environment	2,316
Transportation	477,855
Culture and Recreation	717,841
Capital Assets held by the Internal Service Funds are charged to the various functions based upon their usage of the assets	234,866

Total Depreciation Expense - Governmental Activities	\$ 2,181,976
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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 4,259,973	\$ 1,154,234	\$ -	\$ 5,414,207
Construction in Progress	966,707	2,030,462	(1,816,206)	1,180,963
Total Capital Assets Not Being Depreciated	5,226,680	3,184,696	(1,816,206)	6,595,170
Capital Assets Being Depreciated:				
Buildings	11,409,464	261,229	-	11,670,693
Infrastructure	48,704,330	1,953,407	(303,116)	50,354,621
Equipment	3,651,368	80,850	(223,963)	3,508,255
Total Capital Assets Being Depreciated	63,765,162	2,295,486	(527,079)	65,533,569
Less Accumulated Depreciation				
Buildings	(3,060,875)	(257,597)		(3,318,472)
Infrastructure	(24,877,755)	(1,876,767)	303,116	(26,451,406)
Equipment	(2,545,259)	(181,043)	223,963	(2,502,339)
Total Accumulated Depreciation	(30,483,889)	(2,315,407)	527,079	(32,272,217)
Total Capital Assets Being Depreciated, Net	33,281,273	(19,921)	-	33,261,352
Total Business-type Activities Capital Assets, Net	\$ 38,507,953	\$ 3,164,775	\$ (1,816,206)	\$ 39,856,522

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 3 - Capital Assets (Concluded)

Depreciation Expense was charged to the following functions/programs:

Depreciation Expense - Business-type

Electric Utility	\$ 512,253
Water and Wastewater Utility	1,443,386
Sanitation	1,370
Stormwater Utility	356,650
Cemetery	1,748
Total Depreciation Expense - Business-type	\$ 2,315,407

Note 4 - Long-term Liabilities

Long-term liability activity for the year ended September 30, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Revenue Bonds:					
Imp. Rev. Refunding Bonds, 2011	3,635,400	-	(246,800)	3,388,600	253,400
Total Revenue Bonds	3,635,400	-	(246,800)	3,388,600	253,400
Other Liabilities:					
Compensated Absences	916,102	473,664	(429,560)	960,206	410,770
Net OPEB Obligations	790,138	56,584	-	846,722	-
Total Other Liabilities	1,706,240	530,248	(429,560)	1,806,928	410,770
Total Governmental Activities	\$ 5,341,640	\$ 530,248	\$ (676,360)	\$ 5,195,528	\$ 664,170
Business-type Activities					
Revenue Bonds:					
2006 Serial Bonds	\$ 8,385,000	\$ -	\$ (510,000)	\$ 7,875,000	\$ 530,000
Less Deferred Amounts for Issuance Discount	(309,027)	-	47,781	(261,246)	(43,695)
Plus Fair Value of Int. Rate Swap	1,018,351	-	(59,088)	959,263	-
Total Revenue Bonds	9,094,324	-	(521,307)	8,573,017	486,305
Other Liabilities:					
Compensated Absences	235,394	148,070	(113,506)	269,958	98,831
Net OPEB Obligations	141,836	116,418	-	258,254	-
Total Other Liabilities	377,230	264,488	(113,506)	528,212	98,831
Total Business-type Activities	\$ 9,471,554	\$ 264,488	\$ (634,813)	\$ 9,101,229	\$ 585,136

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 4 - Long-term Liabilities (Continued)

Compensated absences and net pension obligations are generally liquidated with resources from the fund that created the liability. Net Other Pension Employment Obligations have been paid by the general and proprietary funds on a pay-as-you go basis, with allocations to the proper fund/department.

Capital Improvement Refunding Revenue Bonds, Series 2011

In 2011, the City issued Capital Improvement Refunding Revenue Bonds, Series 2011, (Series 2011 Bonds) in the amount of \$3,638,400, with a fixed interest rate of 1.95%. The proceeds were used to defease the 2001 Bonds and to pay issuance costs. Management expects that the net present value will provide a savings of over \$650,000 over the life of the bonds.

The Series 2011 Bonds are payable from a secured lien and pledge of the public services tax pursuant to Section 166.2331, Florida Statutes. Annual principal and interest on the bonds are expected to require approximately 17.5 percent of such tax revenue and are payable through 2024. Pledged revenues available for debt service totaled \$1,820,926 for the year. At year-end, pledged future revenues totaled \$3,833,292, which was the amount of the remaining principal and interest on the bonds. There was no Federal arbitrage liability due on these bonds at year end.

Utility Bonds

The series 2006 Bonds were issued January 2006 in the amount of \$9,495,000 at a fixed rate of 3.74% to refund \$9,070,000 of outstanding Series 1998 Bonds. The net carrying amount is amount due at maturity, adjusted for unamortized premium or discount and issuance costs related to the old debt, as well as the deferred outflow associated with the derivative instrument that is an effective hedge on the new debt. Management expects that the net present value will provide a savings of over \$610,000 over the life of the bonds.

The Series 2006 Bonds are payable from and secured by a pledge of and prior lien on the revenues derived from operations of the water and wastewater system. Annual principal and interest on the bonds are expected to require approximately 36.3 percent of such revenue and are payable through 2023. Principal and interest for the current year was \$823,517. At year-end, pledged future revenues totaled \$9,772,770, which was the amount of the remaining principal and interest on the loan. There was no Federal arbitrage liability due on these bonds at year end.

Derivative Instruments

Simultaneous to the issuance of the Series 2006 Bonds, the City entered into a pay-fixed receive variable interest rate swap, a derivative instrument, in order to fix the rate on the new bonds at 3.74%. The bonds carry a variable interest rate that changes monthly based upon 63.7% of London Interbank Offered Rate (LIBOR) plus 0.55%, and the variable rate of the interest swap is the same as the bonds. Because the variable rate of the swap and all other relevant terms are the same as the bonds, the pay-fix interest rate swap rate does not vary. Accordingly, the derivative instrument is considered effective for financial reporting purposes. The interest rate swap is recorded at fair value as a liability of the Water and Wastewater Fund with a corresponding Deferred Inflow.

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 4 - Long-term Liabilities (Continued)

The fair value balance and notional amount of the derivative instrument outstanding as of September 30, 2012, classified by type, and the change in fair value of the derivative instrument for the year then ended as reported in the 2012 financial statement is as follows; (amounts in thousands; debit (credit):

	<u>Changes in Fair Value</u>		<u>Fair Value at 9/30/12</u>		<u>Notional</u>
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	
Business-type activities					
Cash flow hedge:					
Pay-fixed interest rate swap	Deferred	\$59	Debt	\$(959)	\$7,875
	Outflow				

The fair value of the interest rate swap was estimated using the estimated price or spread level at which an agent for the City might find liquidity for a round lot transaction within the relevant market. Valuations are based in part upon historical cash and asset information furnished to our agent by third parties.

The City's objective and terms of the hedging derivative instrument as of September 30, 2012 was as follows:

Type: Pay-fixed interest rate swap

Objective: To provide a fix rate on the Series 2006 Bonds

Original Notional Amount: \$9,495,000

Current Notional Amount: \$7,875,000

Date of Agreement: September 21, 2005

Effective Date: January 17, 2006

Maturity Date: October 1, 2023

Terms: Pay 3.74% Fixed Rate with the underlying variable rate at 63.7% of London Interbank Offered Rate (LIBOR) plus 0.55% and the variable rate of the interest rate is the same as the bonds

Adjustment Period: First of each month

Counterparty Credit Rating: A/A2

Risks

Credit Risk

The agreement is subject to termination if there is a credit event due to merger or bankruptcy of either party. In such event close-out netting provision permits the non-defaulting party to terminate the agreement and pay or receive a single amount.

The fair value of the hedging derivative was negative \$959,263 as of September 30, 2012. This is the maximum liability that the City would have if there was an early termination of the bond agreement.

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 4 - Long-term Liabilities (Continued)

Interest rate risk

The City is exposed to interest rate risk on the hedging instrument. A pay-fix interest rate swap, the amount that may be payable due to early termination, will increase or decrease in direct relationship to the change in the LIBOR rate.

Basis risk

The City is exposed to basis risk with this pay-fix interest rate swap only if there is an early termination. The amount of risk is dependent on the prevailing current market rate at that time.

Termination Risk

The City may terminate the pay-fix interest rate swap at any time and be subject to pay or receive payment based upon Net Settlement Amount equal to the market value of the derivative.

Rollover Risk

The City has no rollover risk as the derivative instrument has an identical maturity date to that of the outstanding bonds.

The following is a schedule of bonds and notes outstanding at September 30, 2012:

Description of the Bonds	Purpose of the Issue	Amount Issued	Amount Outstanding	Interest Rate
Governmental Activities				
Revenue Bonds:				
Improvement Revenue Refunding Bonds, Series 2011	Refunding	\$ 3,635,400	\$ 3,388,600	1.95%
Total Governmental Activities		<u>\$ 3,635,400</u>	<u>\$ 3,388,600</u>	
Business-type Activities				
Revenue Bonds:				
Utility Revenue Bonds, Series 2006	Refunding	\$ 9,495,000	\$ 7,875,000	3.74%
Total Business-type Activities		<u>\$ 9,495,000</u>	<u>\$ 7,875,000</u>	

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 4 - Long-term Liabilities (Concluded)

Debt service to maturity on the City's bonded indebtedness, and note payable are as follows:

Year(s) Ending	Business-type Activities		Governmental Activities	
	Principal	Interest	Principal	Interest
2013	\$ 530,000	\$ 284,614	\$ 253,400	\$ 66,078
2014	550,000	264,418	258,300	61,136
2015	570,000	243,474	263,300	56,100
2016	595,000	221,689	268,500	50,965
2017	615,000	199,062	273,700	45,729
2018-2022	3,445,000	625,235	1,450,800	146,472
2023-2024	1,570,000	59,279	620,600	18,211
Total	\$ 7,875,000	\$ 1,897,771	\$ 3,388,600	\$ 444,691

Conduit Debt

Periodically, the City will issue conduit debt to fulfill a public need or purpose. These obligations are not reported as liabilities in the financial statements as the City is not obligated in any manner for repayment of the debt. In 2008, the City authorized the issuance of \$3,300,000 of conduit bonds under the authority of the Florida Statutes, Part II Chapter 159 for Christian Home and Bible School, who is solely responsible for the debt, issuance costs and all debt payments. The 2008 Bonds issued have a final maturity on February 23, 2018. There was \$2,887,251 outstanding as of September 30, 2012.

Capitalized Lease Obligations

As of September 30, 2012, the City had no outstanding capital lease agreements.

Defeased Debt

There is no outstanding defeased debt.

Note 5 - Inter-fund Balances and Transfers

Inter-fund balances at September 30, 2012, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Impact Fees	\$ 2,275,000
General Fund	Discretionary Sales Tax	205,000
General Fund	Sanitation Fund	14,484
Public Services Tax Fund	Electric Utility	43,091

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 5 - Inter-fund Balances and Transfers (Continued)

In 2010, the City Council passed Resolution 2010-16, which authorized long-term inter-fund loans from the General Fund to the Discretionary Sales Tax Fund and Capital Projects Impact Fees Fund. Resolution 2011-08 authorized an additional \$600,000 for Capital Projects Impact Fees Fund for the Library Expansion project. The receivable from the Sanitation Fund is for estimated franchise taxes due. The Receivable in the Public Services Fund is for the estimated utility taxes for unbilled prorated services from the Electric Utility Fund.

Inter-fund transfers during 2011-12 were made as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ 3,885,500	\$ 220,000
Public Service Fund	-	1,825,000
Electric Utility Fund	-	1,228,600
Water and Wastewater Utility Fund	174,379	1,206,900
Cemetery Fund	87,500	-
Non-major Funds:		
Community Development Block Grant	-	174,379
Debt Service Fund	375,000	-
Other Capital Project funds	132,500	-
Total	<u>\$ 4,654,879</u>	<u>\$ 4,654,879</u>

The Enterprise Funds transfer money to the General Fund based upon a calculation of the amount of taxes and investment returns that would be expected to be received by the general government, if the utilities were privately owned. Revenues deposited in the Public Services Tax Fund are transferred to the Debt Service Fund to meet the required debt payments with the balance of the budgeted funds being transferred to the General Fund for operations. The General Fund transferred money to the Cemetery Fund to subsidize operations. The CDBG Fund transfer funds to reimburse the Water and Wastewater Utility Fund for cost pad by that fund. The City Council authorized transfer to Capital Project Funds to finance several budgeted projects

Note 6 - All Requirements for Electric Service/Purchased Electric Power Cost Agreement

The City has entered into an agreement with Progress Energy, Inc. for the purchase and sale of all requirements for electric service. The agreement expires on December 31, 2017.

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 7 - Agreement for Exclusive Right to Collect Refuse

On August 6, 1997, the City entered into an agreement with Waste Management, Inc. The agreement grants exclusive rights to Waste Management, Inc. to collect refuse within the City, commenced on October 1, 1997, subject to termination upon default. The contract has been extended until September 30, 2013. The contract may be extended for an additional five-year term.

The City continues to bill and collect from sanitation customers. The City retains \$2.10 per month for each customer billed as revenue in the sanitation fund. A 10% franchise fee is collected and recognized in the general fund. Waste Management, Inc. has furnished the City with a performance bond in the amount of \$250,000 insuring the faithful performance of the agreement. In addition, a liability policy naming the City as an additional insured in the amount of \$250,000 per occurrence and \$500,000 in the aggregate has been obtained.

Note 8- Other Post-employment Benefits

The City provides, through annual City Council appropriation, health and life insurance for fifty-eight retired employees and fifteen spouses. The post-employment benefits are funded for by the general and enterprise funds on a “pay-as-you-go” basis. Stand alone financial reports are not issued. The cost for the year ended September 30, 2012, was \$406,900. In addition, the City provides health insurance coverage to terminated employees in accordance with the COBRA law. These benefits are provided at a limited cost by the City, since the former employees reimburse the City for the full estimated premium allowed by law.

Based on GASB Statements 45, which set forth the guidelines for the treatment of Other Post Employment Benefits (OPEB), the City has had an actuarial calculation completed to determine the future funding requirements of these benefits. The actuary’s 2011 valuation (calculated as of October 1, 2011) involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. These assumptions include future employment, mortality future payroll and health care cost trends. The calculation used the Entry Age Normal method, including normal pension-related actuarial assumptions, health care inflation for Pre-Medicare and for post-Medicare of 8% grading down to 5% in 2014, plus a payroll growth inflation assumption of 4%. The calculation amortizes the UAAL over 30 years, using closed amortization periods. The calculation is based upon the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing costs between the employer and the plan members at the date of the evaluation. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents multi-year trend information indicating whether the actuarial value of plan assets is increasing over time relative to the actuarial liabilities for benefits.

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 8- Other Post-employment Benefits (Concluded)

Valuation Date	10/1/2011	10/1/2010	10/1/2009
Applicable for Fiscal Year ending	9/30/2012	9/30/2011	9/30/2010
Annual Required Contribution	745,422	716,204	634,676
Interest on Net OPEB Obligation	46,599	37,580	26,245
Adjustment in Annual Required Contribution	(35,568)	(28,684)	(20,032)
Annual OPEB Cost/(Expense)	756,453	725,100	640,889
Estimated Contribution Made	(583,450)	(544,721)	(414,188)
Anticipated Increase/(Decrease) in Net OPEB Obligation	173,003	180,379	226,701
Net OPEB Obligation - Beginning of the Year	931,974	751,595	524,894
Estimated Net Obligation - End of the Year	<u>1,104,977</u>	<u>931,974</u>	<u>751,595</u>
Percentage of Annual OPEB Cost Contributed	<u>77.1%</u>	<u>75.1%</u>	<u>64.6%</u>

Funded Status as of Fiscal Year Beginning	<u>10/1/2011</u>
Actuarial Accrued Liability (AAL)	\$ 11,062,548
Actuarial Value of Assets (AVA)	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 11,062,548</u>
Funded Ratio	<u>0.0%</u>
Covered Payroll	<u>\$ 7,301,866</u>
Ratio of UAAL to Covered Payroll	<u>151.5%</u>

The City contributes either 50% or 100% of the active health insurance premium for certain groups of retirees with at least 10 years of service on September 30, 2003 and who were participating in the City's group insurance plan. For those employees hired prior to April 15, 2003 with less than 10 years of service on September 30, 2003, the City contributes 2.5% for each year of service toward the retiree premium in the City's group insurance up to 75% for normal retirees and 50% for early retirees. Pursuant to Section 112. 01, Florida Statutes, the City is required to permit participation in the health insurance program by retirees and their eligible dependents, at a cost to the retirees that is no greater than the cost at which coverage is available for active employees. The City also contributes 100% of the active life insurance premium for normal retirees with at least 10 years of service on September 30, 2003 and participating in the City's group life insurance plan. Life insurance coverage is available up to \$5,000 and may be purchased by the retiree at the active premium rate. The City currently has no plans to fund the Unfunded Actuarial Accrued Liability.

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 9 - Uncertainties

The City participates in a number of Federal and State programs funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the grantor. The City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any individual fund or the overall financial position of the City.

Note 10 - Federal and State Single Audit Requirements

During the fiscal year, less than \$500,000 was expended in Federal and State financial assistance. Pursuant to the Office of Management and Budget (OMB) Circular A-133 and the Single Audit Act, the City was not subject to Federal or State Single Audit requirements.

Note 11 - Risk Management and Litigation

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, which the City carries commercial insurance. The City has effectively managed risks through insurance coverage subject to coverage limits from commercial insurance companies. For each of the past three fiscal years, no losses in excess of the insurance coverage have occurred. There have been no significant reductions in coverage limits from prior years.

Insurance against losses are provided through various commercial carriers for the following:

- | | |
|----------------------------------|---|
| ■ General Liability | ■ Pollution Liability |
| ■ Property | ■ Accidental Death and Dismemberment |
| ■ Automobile | ■ Group Health (partially self insured) |
| ■ Police Professional | ■ Employee Dishonesty |
| ■ Fire Legal Liability | ■ Emergency Medical Treatment |
| ■ Boiler and Machinery Liability | |

In 2010, The City established a limited risk management program to help contain rising health insurance costs. The program consists of purchasing an aggregate stop loss and individual maximum claims reinsurance policies with the City being responsible for the claims not covered by the policies. Premiums are charged to each fund and department based upon the individuals selection of coverage. Then the employees are charged for a portion of individual or family coverage. The premiums collected are then deposited into the internal service fund called Self-Insurance fund. All administrative, network, insurance and claims costs are charged to the fund. If there were to be a shortage, then the excess would be charged to each fund and department based upon their portioned share.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs) based the estimated claims incurred as of September 30th and offset by any estimated recover from the excess insurance. The results of the process to estimate the claims liability is not an exact amount as it depends on timing of claims being reported and processed through the system. During the year, the excess individual insurance policy covers claims in excess of \$60,000, while aggregate covers total claims in excess of \$1,625,775.

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 11 - Risk Management and Litigation (Continued)

Fiscal Year Ending	9/30/12	9/30/11
Unpaid Claims, Beginning of Fiscal Year	\$ 340,729	\$ 531,728
Incurred Claims (including IBNRs)	1,241,001	937,010
Claims Payments	(1,196,482)	(1,128,009)
Unpaid Claims, End of Fiscal Year	<u>\$ 385,248</u>	<u>\$ 340,729</u>

Note 12 - Defined-Benefit Pension Plans

Plan Descriptions and Contribution Information

The City maintains three separate single-employer pension defined benefit plans for police officers, firefighters, and general employees that cover substantially all full-time Police and Fire employees most full-time General Employees hired before 10/1/2010. These plans are maintained as Pension Trust Funds, utilize the accrual basis of accounting and are included as part of the City's reporting entity. State law requires contributions to be determined by actuarial studies at least every three years. The City elects to have actuarial studies conducted annually. Stand-alone financial reports are not issued.

Investments are reported at fair value and are managed by third party money managers. The City's independent custodian and the individual money managers price each instrument (using various third party pricing sources) and reconcile material differences. Investments that do not have an estimated market are reported at estimated fair value. Performance reporting, manager fees and the City's asset valuations are based on the custodian's determination of the fair value.

Membership of each plan consisted of the following at October 1, 2011, the date of the latest actuarial valuation:

	<u>GERP</u>	<u>PORP</u>	<u>FRP</u>
Retirees and Beneficiaries receiving benefits	72	12	11
Terminated Plan Members entitled to but not yet receiving benefits	8	5	1
Active Plan Members with frozen benefits	75	0	0
Active Plan Members with continuing benefit accruals	19	32	23
Total	<u>174</u>	<u>49</u>	<u>35</u>

- **Plan Description** - The General Employees' Retirement Plan (GERP) provides retirement, death and disability benefits to plan members and their beneficiaries. The GERP is a defined-benefit pension plan formed under authority of Florida Statutes, Chapter 112, covering substantially all full-time employees hired before October 1, 2010, who are not classified as full-time sworn police officers or firefighters. It is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The City Council has the authority to establish and amend the benefit provisions of the plan. Benefits and refunds are recognized when due and payable in accordance with the terms

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 12 - Defined-benefit Pension Plans *(Continued)*

Plan Descriptions and Contribution Information *(Continued)*

■ **General Employees' Retirement Plan *(Continued)***

● **Plan Description *(Continued)*** - of the plan. On September 21, 2010, the City council passed Ordinance 2010-14, which materially changed the number of employees eligible for the Plan. Only employees with seven years of service and age 55 or older (15 members) as of September 30, 2010 and non-certified employees of the Police Union (8 members) will continue to participate in the plan after October 1, 2010. All other employees and future employees will participate in a new defined contribution plan.

● **Contributions** - None are required for members hired prior to October 1, 1985; 7.14% of pay for additional benefits provided to contributing members (optional for members hired prior to October 1, 1985, and mandatory for all subsequent members). City contributions are required for the remaining amount necessary to fund annual normal costs and amortization of the unfunded actuarial accrued liability.

■ **Police Officers' Retirement Plan**

● **Plan Description** - The Police Officers' Retirement Plan (PORP) provides retirement, death and disability benefits to plan members and their beneficiaries. The PORP is a defined-benefit pension plan covering all regular sworn police officers employed by the City. It is not subject to the provisions of ERISA. The PORP is modeled after Florida Statutes, Chapter 185, as amended by City Ordinance. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

● **Contributions** - Plan members are required to contribute 5.55% of their annual covered salary. The State of Florida collects and remits proceeds from a 1% excise tax levied on insurance premiums within the City limits. The City contributes the proceeds from the State and an additional amount equal to the actuarially-determined amount each year. The State contribution is recognized when received, which was \$ 74,603 for the FY 2012.

■ **Firefighters' Retirement Plan**

● **Plan Description** - The Firefighters' Retirement Plan (FRP) provides retirement, death and disability benefits to plan members and their beneficiaries. The FRP is a defined-benefit pension plan covering all certified full-time and volunteer firefighters. It is not subject to the provisions of the ERISA. The FRP is modeled after Florida Statutes, Chapter 175, as amended by City Ordinance. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

● **Contributions** - Plan members are required to contribute 5.49% of their annual covered salary. The State of Florida collects and remits proceeds from a 1% excise tax levied on insurance premiums within the City limits. The City contributes the proceeds from the State and the additional amount equal to the actuarially-determined amount each year. The State contribution is recognized when received, which was \$ 81,248 for the FY 2012.

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 12 - Defined-benefit Pension Plans (Continued)

Annual Pension Costs and Net Pension Obligation

The City's annual pension cost and net pension obligation to GERP, PORP and FRP for the Fiscal Year ending September 30, 2012 were as follows:

	GERP	PORP	FRP
Annual Required Contribution (ARC)	494,966	410,372	290,906
Interest on Net Pension Obligation	(6,952)	(6,914)	(3,792)
Adjustment to ARC	16,928	10,666	5,545
Annual Pension Cost	504,942	414,124	292,659
Contribution Made	(494,966)	(338,460)	(263,184)
Net Pension Obligation, Beginning of Year	(91,480)	(92,180)	(47,395)
Net Pension Obligation, End of Year	\$ (81,504)	\$ (16,516)	\$ (17,920)

The aggregate negative net pension obligation of \$115,940 is reflected on the statement of net assets as a deferred charge.

The current funding status of the three plans as of the most recent valuation dates are as follows:

Pension Plan	Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL) Entry Age (1)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
GERP	10/1/11	\$ 11,525,703	\$ 15,840,310	\$4,314,607	72.8%	\$4,181,877	103.2%
PORP	10/1/11	5,606,689	6,763,841	1,157,152	82.9%	1,898,583	60.9%
FRP	10/1/11	4,595,919	5,200,074	604,155	88.4%	1,246,793	48.5%

(1) General Employees Retirement Fund uses Frozen Initial Liability

Other Pension Information

The annual required contribution for the current year was determined as part of the actuarial valuation, as indicated. The assumptions do not include other post-retirement benefits.

Actuarial Valuation, October 1

	2011 GERP	2011 PORP	2011 FRP
Actuarial Valuation Method	Frozen Initial	Aggregate	Aggregate
Rate of Return	7.6%	7.5%	8.0%
Projected Salary Increase	6.0%	6.0% to 12.5%	5.5%
Inflation Rate	3.0%	4.0%	4.0%
Cost-of-living Adjustment	N/A	N/A	N/A
Remaining Amortization Period	18 Years	N/A	N/A

The actuarial value of assets was determined using the market value for the GERP and a five-year smoothing market for the PORP and FRP. The excess of the actuarial value of assets over the actuarial accrued liabilities is being amortized using the level dollar method for the GERP and is not applicable for the PORP and FRP. The remaining amortization period at October 1,

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 12 - Defined-benefit Pension Plans (Continued)

2011, is eighteen years for the GERP and is closed. Both the PORP and FRP use the aggregate-actuarial-cost method, which does not identify or separately amortize unfunded actuarial liabilities. For actuarial calculation, administrative expenses are assumed to be equal to the average of actual expenses over the previous two years. Actuarial valuations involve estimates and assumptions about events far in the future and are subject to continual revisions. Actuarial valuations reflect long-term perspective and are designed to reduce short-term volatility. The Aggregate Actuarial Cost Method used by the Police Officers' and Firefighters' Retirement Plans does not identify or separately amortize unfunded actuarial accrued liabilities, information about the funded status and funding progress is presented using entry age actuarial cost method and the information presented is intended to serve as a surrogate for the funded status and funding progress of the plan. Schedules of funding progress are presented as required supplementary information following the notes to the financial statements

<u>Three-Year Trend Information</u>				
	F/Y/E	Annual Pension	% of APC	Net Pension
	September 30th	Cost (APC)	Contributed	Obligation
GERP	2012	\$ 504,942	98.0%	\$ (81,504)
	2011	538,816	97.8%	(91,480)
	2010	803,745	99.3%	(103,539)
PORP	2012	395,359	99.1%	(88,428)
	2011	332,533	98.7%	(92,180)
	2010	352,297	98.9%	(96,621)
FRP	2012	292,659	99.4%	(45,642)
	2011	249,229	99.5%	(47,395)
	2010	227,735	99.5%	(48,691)

Derivation of the Current UAAL for the General Employee's Retirement Plan

10/1/10 UAAL	\$ 3,550,357
Last year's Employer Normal Costs	136,966
Last Year's Contribution	(526,757)
Interest at the Assumed Rate	259,381
This Year's UAAL prior to Revision	3,419,947
Change in UAAL Due to Plan Amendments and/or Changes in Actuarial Assumptions	159,269
10/1/11 Revised UAAL	\$ 3,579,216

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 12 - Defined-Benefit Pension Plans (Concluded)

Other Pension Plan Information (Concluded)

UAAL amortization period and payments for the General Employees' Retirement Plan

Date Established	<u>Original UAAL</u>		Years Remaining	<u>Current UAAL</u>	
	Amortization Period (Years)	Amount		Amount	Payment
10/1/2009	20	\$ 3,770,344	18	\$ 3,268,243	\$ 315,158
10/1/2010	19	157,488	18	151,704	14,629
10/1/2011	18	159,269	18	159,269	15,358
		<u>\$ 4,087,101</u>		<u>\$ 3,579,216</u>	<u>\$ 345,145</u>

Schedule of the Change in Pension Plan Net Assets as of September 30, 2012

	General Employees' Retirement Fund	Police Officers' Retirement Fund	Firefighters' Retirement Fund	Total
Assets				
Cash	\$ 2,417	\$ 14,242	\$ 11,792	\$ 28,451
Receivable	-	48,493	27,656	76,149
Investments	13,275,762	6,180,899	5,188,741	24,645,402
Accrued Interest Receivable	8,690	4,083	3,694	16,467
Total Assets	<u>13,286,869</u>	<u>6,247,717</u>	<u>5,231,883</u>	<u>24,766,469</u>
Liabilities				
Accounts Payable	(91,374)	(4,600)	(3,800)	(99,774)
Deferred Contribution	-	-	-	-
Total Liabilities	<u>(91,374)</u>	<u>(4,600)</u>	<u>(3,800)</u>	<u>(99,774)</u>
Net Assets				
Restricted for Employees' Pension Benefits	<u>\$ 13,195,495</u>	<u>\$ 6,243,117</u>	<u>\$ 5,228,083</u>	<u>\$ 24,666,695</u>

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Continued)

Note 12 - Defined-Benefit Pension Plans (Concluded)

Other Pension Plan Information (Concluded)

Schedule of the Change in Pension Plan Net Assets as of September 30, 2012 (Concluded)

	General Employees' Retirement Fund	Police Officers' Retirement Fund	Firefighters' Retirement Fund	Total
Additions				
Contributions:				
Employer	\$ 494,966	\$ 338,460	\$ 264,461	\$ 1,097,887
Employee	64,592	98,810	69,846	233,248
State	-	74,603	81,248	155,851
Total Contributions	559,558	511,873	415,555	1,486,986
Investment Earnings:				
Investment Earnings	2,127,467	938,147	788,280	3,853,894
Less: Investment Management Fees	(59,361)	(27,513)	(31,937)	(118,811)
Net Investment Income	2,068,106	910,634	756,343	3,735,083
Total Additions	2,627,664	1,422,507	1,171,898	5,222,069
Deductions				
Pension Benefit Payments	896,089	264,659	195,617	1,356,365
Pension Contribution Refunds	15,194	5,547	28,065	48,806
General and Administrative	46,589	32,640	28,529	107,758
Total Deductions	(957,872)	(302,846)	(252,211)	(1,512,929)
Net increase	1,669,792	1,119,661	919,687	3,709,140
Net assets Restricted for Employees' Pension Benefits				
Beginning of the Year	11,525,703	5,123,456	4,308,396	20,957,555
End of the Year	\$ 13,195,495	\$ 6,243,117	\$ 5,228,083	\$ 24,666,695

NOTES TO FINANCIAL STATEMENTS
CITY OF MOUNT DORA, FLORIDA
(Concluded)

Note 13 – Deferred Compensation Program and 401A

The City offers its employees a deferred compensation program created in accordance with the Internal Revenue Code (IRC) Section 457 and Chapter 112.215, Florida Statutes. During the year ended September 30, 2012, the City complied with the requirements of subsection (g) of IRC Section 457 and, accordingly, all assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. Pursuant to the provisions of GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the financial statements do not display deferred compensation balance.

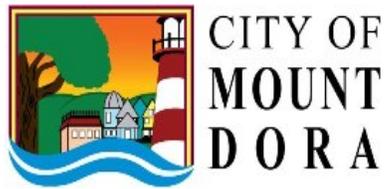
The City also provides a defined contribution plan under the Internal Revenue Code, Section 401 (a). The plan provides an employer-paid, pre-tax allowance for the non-union and General Employees Union employees that do not qualify for the Defined Benefit Plan, the City Manager and part-time employees that work over 1000 hours the previous year. The benefit is in replacement of a pension plan for these employees. The City contributes 6% of the employee's base salary and will match the employees' contribution up to another 4%, for a maximum contribution of 10% for an employee. The employee vests in the City's contribution evenly over a five year period. For the year ended September 30, 2012, the City contributed \$378,495 for the 401(a) plan benefit.

Note 14 - Construction Commitments

During 2011-12, the City entered into eleven contracts that are partially completed. All expenditures and the related contract retainage have been recorded in the appropriate fund. The remaining portion of the contract and the amount of retainage is as follows:

<u>Fund</u>	<u>Balance</u>	<u>Retainage</u>
Discretionary Sales Tax Fund	\$ 1,429,446	\$ 16,500
Capital Projects Impact Fees Fund	355,694	102,431
Water & Wastewater Fund	383,202	19,667
Stormwater Fund	411,582	-

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REQUIRED SUPPLEMENTARY INFORMATION

The following supplemental schedules present trend information regarding the retirement plans for the City's general employees, police officers, firefighters and major fund budgetary comparison schedules. This information is necessary for a fair presentation in conformity with generally accepted accounting principles. The basis for budgetary comparisons shown is same as GAAP.

CITY OF MOUNT DORA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FUND - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Taxes				
Ad Valorem	\$ 3,949,500	\$ 3,949,500	\$ 3,976,157	\$ 26,657
Local Option Gas Tax	332,500	332,500	342,915	10,415
Local Business Tax	29,500	29,500	28,678	(822)
Total Taxes	<u>4,311,500</u>	<u>4,311,500</u>	<u>4,347,750</u>	<u>36,250</u>
Permits and Fees				
Franchise Fee:				
Electric	492,500	492,500	415,892	(76,608)
Gas	60,000	60,000	40,973	(19,027)
Solid Waste	174,000	174,000	180,127	6,127
Other	4,000	4,000	4,797	797
Site Development Permits	10,000	10,000	8,588	(1,412)
Garage Sale Permits	1,550	1,550	1,485	(65)
Rental License	15,000	15,000	19,663	4,663
Total Permits and Fees	<u>757,050</u>	<u>757,050</u>	<u>671,525</u>	<u>(85,525)</u>
Intergovernmental				
Grants	35,500	35,500	42,658	7,158
State Revenue Sharing	275,950	275,950	320,491	44,541
Local Option Sales Tax	498,400	498,400	561,474	63,074
County Revenue Sharing	10,750	10,750	12,285	1,535
County Voted One-cent Gas Tax	89,000	89,000	84,088	(4,912)
County Library Funding	274,650	274,650	274,664	14
Total Intergovernmental	<u>1,184,250</u>	<u>1,184,250</u>	<u>1,295,660</u>	<u>111,410</u>
Charges for Services				
Special Events Fees	20,400	20,400	30,225	9,825
Development Review Fees	22,500	22,500	37,556	15,056
Certify, Copy, Records, Maps	300	300	2,027	1,727
Collection Commissions	150	150	555	405
Public Safety Revenue	173,100	173,100	211,438	38,338
Recreation Fees	86,950	86,950	83,150	(3,800)
Investment Management Fee	62,500	62,500	57,284	(5,216)
Total Charges for Services	<u>365,900</u>	<u>365,900</u>	<u>422,235</u>	<u>56,335</u>

continued

CITY OF MOUNT DORA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FUND - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues (Concluded)				
Fines and Forfeitures				
Court and Parking Fines	\$ 39,000	\$ 39,000	\$ 36,704	\$ (2,296)
Library Fines	25,500	25,500	18,537	(6,963)
Code Enforcement Fines	500	500	-	(500)
Total Fines and Forfeitures	<u>65,000</u>	<u>65,000</u>	<u>55,241</u>	<u>(9,759)</u>
Miscellaneous				
Miscellaneous Billings	4,500	4,500	2,137	(2,363)
Investment Earnings	123,000	123,000	32,430	(90,570)
Real Estate Rent	167,100	167,100	154,990	(12,110)
Sale of Surplus Property	3,000	3,000	4,854	1,854
Contributions	-	-	9,840	9,840
Other Revenues	4,250	4,250	36,521	32,271
Total Miscellaneous	<u>301,850</u>	<u>301,850</u>	<u>240,772</u>	<u>(61,078)</u>
Total Revenues	<u>6,985,550</u>	<u>6,985,550</u>	<u>7,033,183</u>	<u>47,633</u>
Expenditures				
General Government				
Legislative:				
Personal Services	50,550	50,550	45,512	5,038
Operating Expenses	32,750	32,750	38,827	(6,077)
Cost Allocations	(33,050)	(33,050)	(30,500)	(2,550)
Total Legislative	<u>50,250</u>	<u>50,250</u>	<u>53,839</u>	<u>(3,589)</u>
Executive:				
Personal Services	229,950	300,200	250,455	49,745
Operating Expenses	179,400	215,450	212,729	2,721
Cost Allocations	(214,400)	(314,400)	(236,750)	(77,650)
Total Executive	<u>194,950</u>	<u>201,250</u>	<u>226,434</u>	<u>(25,184)</u>
Finance and Administrative:				
Personal Services	1,137,950	1,165,050	1,168,708	(3,658)
Operating Expenses	643,800	643,800	604,341	39,459
Capital Outlay	16,300	16,300	7,122	9,178
Cost Allocations	(1,517,600)	(1,517,600)	(1,496,502)	(21,098)
Total Finance and Administrative	<u>280,450</u>	<u>307,550</u>	<u>283,669</u>	<u>23,881</u>

continued

CITY OF MOUNT DORA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FUND - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Expenditures (Continued)				
Planning and Development:				
Personal Services	\$ 240,000	\$ 243,700	\$ 235,363	\$ 8,337
Operating Expenses	82,050	84,050	49,275	34,775
Cost Allocations	20,500	20,500	20,550	(50)
Total Planning and Development	<u>342,550</u>	<u>348,250</u>	<u>305,188</u>	<u>43,062</u>
Other General Government:				
Personal Services	612,000	787,100	803,152	(16,052)
Operating Expenses	28,150	172,310	162,087	10,223
Capital Outlay	-	3,150	3,450	(300)
Grants and Aid	35,000	36,700	36,667	33
Cost Allocations	(145,650)	(652,250)	(645,499)	(6,751)
Contingency	25,000	25,000	-	25,000
Total Other General Government	<u>554,500</u>	<u>372,010</u>	<u>359,857</u>	<u>12,153</u>
Total General Government	<u>1,422,700</u>	<u>1,279,310</u>	<u>1,228,987</u>	<u>50,323</u>
Public Safety				
Law Enforcement:				
Personal Services	3,215,950	3,251,300	3,287,853	(36,553)
Operating Expenses	728,450	728,450	716,882	11,568
Capital Outlay	-	-	1,875	(1,875)
Cost Allocations	281,400	281,400	281,000	400
Total Law Enforcement	<u>4,225,800</u>	<u>4,261,150</u>	<u>4,287,610</u>	<u>(26,460)</u>
Fire Control:				
Personal Services	1,822,900	1,864,650	1,875,327	(10,677)
Operating Expenses	262,150	262,150	257,385	4,765
Capital Outlay	3,000	3,000	2,513	487
Cost Allocations	78,150	78,150	76,950	1,200
Total Fire Control	<u>2,166,200</u>	<u>2,207,950</u>	<u>2,212,175</u>	<u>(4,225)</u>
Total Public Safety	<u>6,392,000</u>	<u>6,469,100</u>	<u>6,499,785</u>	<u>(30,685)</u>
Transportation				
Roads and Streets:				
Personal Services	530,450	539,600	555,286	(15,686)
Operating Expenses	462,900	462,900	411,147	51,753
Capital Outlay	-	-	-	-
Cost Allocations	50,600	50,600	50,700	(100)
Total Transportation	<u>1,043,950</u>	<u>1,053,100</u>	<u>1,017,133</u>	<u>35,967</u>

continued

CITY OF MOUNT DORA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FUND - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(Concluded)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Expenditures (Concluded)				
Culture and Recreation				
Libraries:				
Personal Services	\$ 424,250	\$ 434,050	\$ 439,717	\$ (5,667)
Operating Expenses	167,950	167,950	122,280	45,670
Capital Outlay	26,500	26,500	27,237	(737)
Cost Allocations	67,800	67,800	68,200	(400)
Total Libraries	<u>686,500</u>	<u>696,300</u>	<u>657,434</u>	<u>38,866</u>
Parks and Recreation:				
Personal Services	905,350	597,100	557,281	39,819
Operating Expenses	665,250	530,850	504,943	25,907
Capital Outlay	3,300	3,300	2,627	673
Cost Allocations	(354,800)	151,800	154,000	(2,200)
Total Parks and Recreation	<u>1,219,100</u>	<u>1,283,050</u>	<u>1,218,851</u>	<u>64,199</u>
Total Culture and Recreation	<u>1,905,600</u>	<u>1,979,350</u>	<u>1,876,285</u>	<u>103,065</u>
Total Expenditures	<u>(10,764,250)</u>	<u>(10,780,860)</u>	<u>(10,622,190)</u>	<u>158,670</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(3,778,700)</u>	<u>(3,795,310)</u>	<u>(3,589,007)</u>	<u>206,303</u>
Other Financing Sources (Uses)				
Transfers in:				
Public Services Tax	1,550,000	1,550,000	1,450,000	(100,000)
Electric	1,236,250	1,236,250	1,228,600	(7,650)
Water and Wastewater	1,199,950	1,199,950	1,206,900	6,950
Transfers out:				
Cemetery Fund	(75,000)	(75,000)	(87,500)	(12,500)
Capital Fund	(132,500)	(132,500)	(132,500)	-
Total Other Financing Sources (Uses)	<u>3,778,700</u>	<u>3,778,700</u>	<u>3,665,500</u>	<u>(113,200)</u>
Net Change in Fund Balance	-	(16,610)	76,493	93,103
Fund Balance, Beginning of Year	-	16,610	4,331,907	4,315,297
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,408,400</u>	<u>\$ 4,408,400</u>

CITY OF MOUNT DORA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FUND - COMMUNITY REDEVELOPMENT AGENCY
(INCREMENTAL TAX DISTRICT)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Taxes	\$ 401,050	\$ 401,050	\$ 397,684	\$ (3,366)
Intergovernmental	698,600	698,600	394,863	(303,737)
Miscellaneous	7,500	7,500	7,471	(29)
Total Revenues	<u>1,107,150</u>	<u>1,107,150</u>	<u>800,018</u>	<u>(307,132)</u>
Expenditures				
General Government:				
Personal Services	197,950	197,950	198,379	(429)
Operating Expenses	140,500	175,500	142,499	33,001
Grants and Aid	80,000	78,200	56,540	21,660
Capital Outlay	6,200	5,395	5,395	-
Total General Government	<u>(424,650)</u>	<u>(457,045)</u>	<u>(402,813)</u>	<u>54,232</u>
Transportation				
Capital Outlay	500,000	698,992	222,915	476,077
Total Transportation	<u>(500,000)</u>	<u>(698,992)</u>	<u>(222,915)</u>	<u>476,077</u>
Culture and Recreation				
Operating Expenses	-	-	557	(557)
Capital Outlay	300,000	394,512	55,948	338,564
Total Culture and Recreation	<u>(300,000)</u>	<u>(394,512)</u>	<u>(56,505)</u>	<u>(338,007)</u>
Total Expenditures	<u>(1,224,650)</u>	<u>(1,550,549)</u>	<u>(682,233)</u>	<u>192,302</u>
Net Change in Fund Balance	(117,500)	(443,399)	117,785	(114,830)
Fund Balance, Beginning of Year	<u>117,500</u>	<u>443,399</u>	<u>512,412</u>	<u>69,013</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 630,197</u>	<u>\$ (45,817)</u>

CITY OF MOUNT DORA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FUND - NORTHEAST REDEVELOPMENT AGENCY
(INCREMENTAL TAX DISTRICT)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 174,150	\$ 174,150	\$ 173,753	\$ (397)
Intergovernmental	173,050	173,050	172,491	(559)
Miscellaneous	12,500	12,500	5,641	(6,859)
Total Revenues	<u>359,700</u>	<u>359,700</u>	<u>351,885</u>	<u>(7,815)</u>
Expenditures				
General Government:				
Personal Services	108,550	109,650	106,605	3,045
Operating Expenses	16,700	27,700	18,584	9,116
Grants and Aid	5,000	3,900	-	3,900
Capital Outlay	225,000	225,000	-	225,000
Culture and Recreation				
Operating Expenses	-	-	847	(847)
Capital Outlay	-	523,864	238,908	284,956
Total Expenditures	<u>(355,250)</u>	<u>(890,114)</u>	<u>(364,944)</u>	<u>525,170</u>
Net Change in Fund Balance	4,450	(530,414)	(13,059)	517,355
Fund Balance, Beginning of Year	<u>-</u>	<u>534,864</u>	<u>902,230</u>	<u>367,366</u>
Fund Balance, End of Year	<u>\$ 4,450</u>	<u>\$ 4,450</u>	<u>\$ 889,171</u>	<u>\$ 884,721</u>

CITY OF MOUNT DORA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FUND - PUBLIC SERVICES TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Utility Taxes:				
Communications Services	\$ 525,000	\$ 525,000	\$ 586,993	\$ 61,993
Electric	1,298,150	1,298,150	1,162,193	(135,957)
Gas	82,350	82,350	71,740	(10,610)
Investment Earnings	7,500	7,500	432	(7,068)
Total Revenues	<u>1,913,000</u>	<u>1,913,000</u>	<u>1,821,358</u>	<u>(91,642)</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>1,913,000</u>	<u>1,913,000</u>	<u>1,821,358</u>	<u>(91,642)</u>
Other Financing (Uses)				
Transfers Out:				
General Fund	1,550,000	1,550,000	1,450,000	(100,000)
Debt Service	375,000	375,000	375,000	-
Total Other Financing (Uses)	<u>1,925,000</u>	<u>1,925,000</u>	<u>1,825,000</u>	<u>(100,000)</u>
Net Change in Fund Balance	(12,000)	(12,000)	(3,642)	8,358
Fund Balances, Beginning of Year	<u>12,000</u>	<u>12,000</u>	<u>418,374</u>	<u>406,374</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 414,732</u>	<u>\$ 414,732</u>

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF MOUNT DORA, FLORIDA
SCHEDULE OF FUNDING PROGRESS
(UNAUDITED)**

GENERAL EMPLOYEES' RETIREMENT FUND

Actuarial Valuation date 10/1	(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/(c)
	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Level Dollar, Closed	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2011	\$ 11,525,703	\$ 15,840,310	\$ 4,314,607	72.8%	\$ 4,181,877	103.2%
2010	12,091,526	15,681,114	3,589,588	77.1%	5,256,191	68.3%
2009	10,497,679	14,268,023	3,770,344	73.6%	5,456,477	69.1%
2008	12,090,931	14,447,008	2,356,077	83.7%	5,686,670	41.4%
2007	11,399,072	13,174,552	1,775,480	86.5%	5,471,423	32.5%
2006	10,202,669	12,037,028	1,834,359	84.8%	5,169,021	35.5%
2005	9,110,559	10,999,629	1,889,070	82.8%	4,528,827	41.7%
2004	8,429,336	10,195,079	1,765,743	82.7%	4,126,143	42.7%
2003	7,927,889	9,456,896	1,529,007	83.8%	4,063,190	37.6%
2002	7,488,829	8,118,791	629,962	92.2%	4,148,945	15.2%

POLICE OFFICERS' RETIREMENT FUND

Actuarial Valuation date 10/1	(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/(c)
	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2011	\$ 5,606,689	\$ 6,763,841	\$ 1,157,152	82.9%	\$ 1,898,583	60.9%
2010	5,290,735	6,227,313	936,578	85.0%	1,961,175	47.8%
2009	4,857,631	5,704,611	846,980	85.2%	1,937,468	43.7%
2008	4,521,811	5,191,482	669,671	87.1%	1,978,254	33.9%
2007	4,132,561	4,534,136	401,575	91.1%	1,788,405	22.5%
2006	3,030,542	3,755,895	725,353	80.7%	1,458,952	49.7%
2005	2,701,410	3,403,188	701,778	79.4%	1,429,903	49.1%
2004	2,404,294	3,073,573	669,279	78.2%	1,434,810	46.6%
2003	2,191,313	2,688,180	496,867	81.5%	1,371,197	36.2%
2002	2,005,926	2,292,017	286,091	87.5%	1,228,744	23.3%

FIREFIIGHTERS' RETIREMENT FUND

Actuarial Valuation date 10/1	(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/(c)
	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2011	\$ 4,595,919	\$ 5,200,074	\$ 604,155	88.4%	\$ 1,246,793	48.5%
2010	4,267,134	4,858,172	591,038	87.8%	1,318,797	44.8%
2009	3,686,940	4,248,985	562,045	86.8%	1,159,985	48.5%
2008	3,357,310	3,857,291	499,981	87.0%	1,116,078	44.8%
2007	3,169,383	3,568,596	399,213	88.8%	1,106,320	36.1%
2006	2,819,105	3,187,772	368,667	88.4%	940,112	38.2%
2005	2,618,209	3,139,169	520,960	83.4%	786,501	66.2%
2004	2,496,376	3,083,200	586,824	81.0%	777,154	75.5%
2003	2,399,985	2,838,439	438,454	84.6%	753,632	58.2%
2002	2,334,561	2,640,349	305,788	88.4%	674,345	45.3%

REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

CITY OF MOUNT DORA, FLORIDA
SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER AND OTHERS
(UNAUDITED)

General Employees' Retirement Plan (GERP)

Year Ended September 30th	Annual Required Contribution (ARC) (1)	Percentage of ARC Contributed
2011	\$ 526,757	100.0%
2010	797,760	100.0%
2009	693,738	100.0%
2008	652,201	100.0%
2007	587,751	100.0%
2006	528,266	100.0%
2005	512,705	100.0%
2004	470,958	100.0%
2003	403,489	100.0%
2002	329,856	102.2%

Police Officers' Retirement Plan (PORP)

Year Ended September 30th	Annual Required Contribution (ARC) (2)	Percentage of ARC Contributed
2011	\$ 297,117	110.4%
2010	348,521	100.0%
2009	300,381	100.0%
2008	265,984	100.0%
2007	251,320	100.0%
2006	250,839	101.2%
2005	220,039	100.0%
2004	181,395	100.0%
2003	158,096	100.8%
2002	122,655	100.0%

Firefighters' Retirement Plan (FRP)

Year Ended September 30th	Annual Required Contribution (ARC) (2)	Percentage of ARC Contributed
2011	\$ 247,933	100.0%
2010	226,573	100.0%
2009	209,865	100.0%
2008	182,344	100.0%
2007	181,996	100.0%
2006	180,803	101.0%
2005	163,809	102.3%
2004	134,488	100.0%
2003	96,512	100.8%
2002	77,369	101.7%

(1) Includes required employer's contributions only

(2) Includes required contributions by employer and excise tax on certain insurance policies, which are collected by the State of Florida

REQUIRED SUPPLEMENTARY INFORMATION
(Concluded)

CITY OF MOUNT DORA, FLORIDA
OPEB SCHEDULE OF FUNDING PROGRESS

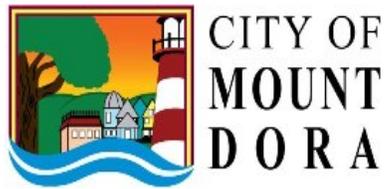
(1) Valuation Date	(2) Actual Value of Assets (AVA)	(3) Entry Age Normal Actuarial Accrued Liability (AAAL)	(4) Unfunded Actuarial Accrued Liability (UAAL) (3) - (2)	(5) Funded Ratio (2) / (3)	(6) Annual Covered Payroll	(7) UAAL as a Percentage of Payroll (4) / (6)
10/1/11	\$ -	\$ 11,062,548	\$ 11,062,548	0.00%	\$ 7,301,866	151.50%
10/1/10	-	10,808,969	10,808,969	0.00%	7,021,025	153.95%
10/1/09	-	9,344,282	9,344,282	0.00%	8,139,902	114.80%
10/1/08	-	8,993,332	8,993,332	0.00%	7,826,829	114.90%

CITY OF MOUNT DORA, FLORIDA
CONTRIBUTIONS FROM EMPLOYER

Year Ended September 30,	Annual Required Contribution	% of ARC Contributed	Net OPEB Obligation
2012	\$ 756,453	77.1%	\$ 1,104,977
2011	725,100	75.1%	931,974
2010	640,889	64.6%	751,595
2009	608,585	62.0%	524,894

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. City implemented GASB Statement No. 45, *Accounting and Financial Reporting for Other Postemployment Benefits*, in fiscal year 2008; accordingly, only four years of OPEB data are presented.

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OTHER SUPPLEMENTAL INFORMATION

**CITY OF MOUNT DORA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012**

	Special Revenue Funds			Capital Funds			Total
	Building Inspection Fund	Law Enforcement Fund	Community Development Block Grant Fund	Debt Service Fund	Discretionary Sales Tax Capital Projects Fund	Other Capital Projects Funds	
Assets							
Pooled Cash and Investments	\$ 292,551	\$ 8,496	\$ -	\$ 112,780	\$ 1,378,609	\$ 439,314	\$ 2,231,750
Due from Other Governments	-	-	-	-	92,394	-	92,394
Accrued Interest Receivable	612	35	-	85	1,675	78	2,485
Prepaid Items	120	-	-	788	-	-	908
Total Assets	<u>\$ 293,283</u>	<u>\$ 8,531</u>	<u>\$ -</u>	<u>\$ 113,653</u>	<u>\$ 1,472,678</u>	<u>\$ 439,392</u>	<u>\$ 2,327,537</u>
Liabilities and Fund Balances							
Liabilities							
Accounts Payable	\$ 2,290	\$ 6,337	\$ -	\$ -	\$ 146,712	\$ -	\$ 155,339
Accrued Liabilities	6,956	-	-	-	-	-	6,956
Due to Other Funds	-	-	-	-	205,000	-	205,000
Total Liabilities	<u>9,246</u>	<u>6,337</u>	<u>-</u>	<u>-</u>	<u>351,712</u>	<u>-</u>	<u>367,295</u>
Fund Balance							
Nonspendable							
Inventory and Prepays	120	-	-	-	-	-	120
Restricted for:							
Capital Improvements	-	-	-	-	1,120,966	-	1,120,966
Building Inspections	283,917	-	-	-	-	-	283,917
Law Enforcement	-	2,194	-	-	-	-	2,194
Assigned for:							
Capital Improvements	-	-	-	-	-	439,392	439,392
Debt Service Funds	-	-	-	113,653	-	-	113,653
Total Fund Balances	<u>284,037</u>	<u>2,194</u>	<u>-</u>	<u>113,653</u>	<u>1,120,966</u>	<u>439,392</u>	<u>1,960,242</u>
Total Liabilities and Fund Balances	<u>\$ 293,283</u>	<u>\$ 8,531</u>	<u>\$ -</u>	<u>\$ 113,653</u>	<u>\$ 1,472,678</u>	<u>\$ 439,392</u>	<u>\$ 2,327,537</u>

CITY OF MOUNT DORA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue Funds			Debt Service Fund	Capital Funds		Total
	Building Inspection Fund	Law Enforcement Fund	Community Development Block Grant Fund		Discretionary Sales Tax Capital Projects Fund	Other Capital Projects Funds	
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 936,232	\$ -	\$ 936,232
Intergovernmental	-	4,551	230,825	-	143,000	95,119	473,495
Permits and Fees	267,933	-	-	-	-	-	267,933
Charges For Services	25,245	-	-	-	-	-	25,245
Fines and Forfeitures	-	1,305	-	-	-	-	1,305
Miscellaneous	14,461	34	86	1,441	8,691	36,902	61,615
Total Revenues	<u>307,639</u>	<u>5,890</u>	<u>230,911</u>	<u>1,441</u>	<u>1,087,923</u>	<u>132,021</u>	<u>1,765,825</u>
Expenditures							
Public Safety	537,656	16,962	-	-	-	-	554,618
Transportation	-	-	-	-	180,052	-	180,052
Culture and Recreation	-	-	-	-	14,975	-	14,975
Capital Outlay	7,608	-	106,138	-	857,158	67,720	1,038,624
Debt Service:							
Principal	-	-	-	246,800	-	-	246,800
Interest	-	-	-	72,859	1,800	-	74,659
Other Costs	-	-	-	-	-	-	-
Total Expenditures	<u>(545,264)</u>	<u>(16,962)</u>	<u>(106,138)</u>	<u>(319,659)</u>	<u>(1,053,985)</u>	<u>(67,720)</u>	<u>(2,109,728)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(237,625)</u>	<u>(11,072)</u>	<u>124,773</u>	<u>(318,218)</u>	<u>33,938</u>	<u>64,301</u>	<u>(343,903)</u>
Other Financing Sources (Uses)							
Transfers in	-	-	-	375,000	-	132,500	507,500
Transfers out	-	-	(174,379)	-	-	-	(174,379)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(174,379)</u>	<u>375,000</u>	<u>-</u>	<u>132,500</u>	<u>333,121</u>
Net Change in Fund Balance	<u>(237,625)</u>	<u>(11,072)</u>	<u>(49,606)</u>	<u>56,782</u>	<u>33,938</u>	<u>196,801</u>	<u>(10,782)</u>
Fund Balances, Beginning of Year	<u>521,662</u>	<u>13,266</u>	<u>49,606</u>	<u>56,871</u>	<u>1,087,028</u>	<u>242,591</u>	<u>1,971,024</u>
Fund Balances, End of Year	<u>\$ 284,037</u>	<u>\$ 2,194</u>	<u>\$ -</u>	<u>\$ 113,653</u>	<u>\$ 1,120,966</u>	<u>\$ 439,392</u>	<u>\$ 1,960,242</u>

CITY OF MOUNT DORA, FLORIDA
BUDGET TO ACTUAL COMPARISON - NONMAJOR FUND
BUILDING INSPECTION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Permits and Fees	\$ 355,000	\$ 267,933	\$ (87,067)
Charges For Services	23,950	25,245	1,295
Investment Earnings	7,500	2,297	(5,203)
Miscellaneous Income	10,000	12,164	2,164
Total Revenues	<u>396,450</u>	<u>307,639</u>	<u>(88,811)</u>
Expenditures			
Public Safety:			
Operating	571,850	537,656	34,194
Capital Outlay	9,200	7,608	1,592
Total Expenditures	<u>(581,050)</u>	<u>(545,264)</u>	<u>35,786</u>
Net Change in Fund Balance	(184,600)	(237,625)	(53,025)
Fund Balance, Beginning of Year	<u>184,600</u>	<u>521,662</u>	<u>337,062</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 284,037</u>	<u>\$ 284,037</u>

CITY OF MOUNT DORA, FLORIDA
BUDGET TO ACTUAL COMPARISON - NONMAJOR FUND
LAW ENFORCEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$ 6,081	\$ 4,551	\$ (1,530)
Fines and Forfeitures	-	1,305	1,305
Investment Earnings	100	34	(66)
Total Revenues	<u>6,181</u>	<u>5,890</u>	<u>(291)</u>
Expenditures			
Public Safety:			
Operating	17,081	16,962	119
Total Expenditures	<u>(17,081)</u>	<u>(16,962)</u>	<u>119</u>
Net Change in Fund Balance	(10,900)	(11,072)	(172)
Fund Balance, Beginning of Year	<u>11,000</u>	<u>13,266</u>	<u>2,266</u>
Fund Balance, End of Year	<u>\$ 100</u>	<u>\$ 2,194</u>	<u>\$ 2,094</u>

**CITY OF MOUNT DORA, FLORIDA
 BUDGET TO ACTUAL COMPARISON - NONMAJOR FUND
 COMMUNITY DEVELOPMENT BLOCK GRANT FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Intergovernmental	\$ 230,800	\$ 230,825	\$ 25
Investment Earnings	-	86	86
Total Revenues	<u>230,800</u>	<u>230,911</u>	<u>111</u>
Expenditures			
Capital Outlay - Transportation	106,172	106,138	34
Total Expenditures	<u>(106,172)</u>	<u>(106,138)</u>	<u>34</u>
(Deficiency) of Revenues (Under) Expenditures	<u>124,628</u>	<u>124,773</u>	<u>145</u>
Other Financing Uses			
Transfers out	(174,400)	(174,379)	21
Net Change in Fund Balance	(49,772)	(49,606)	166
Fund Balance, Beginning of Year	<u>49,772</u>	<u>49,606</u>	<u>(166)</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MOUNT DORA, FLORIDA
BUDGET TO ACTUAL COMPARISON - NONMAJOR FUND
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Investment Earnings	\$ 800	1,441	\$ 641
Total Revenues	<u>800</u>	<u>1,441</u>	<u>641</u>
Expenditures			
Debt Service:			
Principal	205,000	246,800	(41,800)
Interest	172,950	72,859	100,091
Other Costs	1,050	-	1,050
Total Expenditures	<u>(379,000)</u>	<u>(319,659)</u>	<u>59,341</u>
(Deficiency) of Revenues Over Expenditures	<u>(378,200)</u>	<u>(318,218)</u>	<u>59,982</u>
Other Financing Sources (Uses)			
Transfers in			
Public Services Tax	375,000	375,000	-
Total Financing Sources	<u>375,000</u>	<u>375,000</u>	<u>-</u>
Net Change in Fund Balance	(3,200)	56,782	59,982
Fund Balance, Beginning of Year	<u>-</u>	<u>56,871</u>	<u>56,871</u>
Fund Balance, End of Year	<u>\$ (3,200)</u>	<u>\$ 113,653</u>	<u>\$ 116,853</u>

CITY OF MOUNT DORA, FLORIDA
BUDGET TO ACTUAL COMPARISON - NONMAJOR FUND
DISCRETIONARY SALES TAX CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues			
Taxes	\$ 875,000	\$ 936,232	\$ 61,232
Intergovernmental-Grants	-	143,000	143,000
Investment Earnings	18,750	8,691	(10,059)
Total Revenues	<u>893,750</u>	<u>1,087,923</u>	<u>194,173</u>
Expenditures			
Operating:			
Transportation	-	180,052	(180,052)
Culture and Recreation	-	14,975	(14,975)
Capital Outlay:			
General Government	240,752	139,641	101,111
Public Safety	115,000	116,004	(1,004)
Transportation	781,822	438,527	343,295
Culture and Recreation	2,268,458	162,986	2,105,472
Inter-fund Interest	10,550	1,800	8,750
Total Expenditures	<u>(3,416,582)</u>	<u>(1,053,985)</u>	<u>2,362,597</u>
Excess of Revenues Over Expenditures	(2,522,832)	33,938	2,556,770
Other Financing Sources			
Debt Proceed	1,100,000	-	-
Total Financing Sources	<u>1,100,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(1,422,832)	33,938	2,556,770
Fund Balance, Beginning of Year	<u>1,422,832</u>	<u>1,087,028</u>	<u>(335,804)</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 1,120,966</u>	<u>\$ 2,220,966</u>

CITY OF MOUNT DORA, FLORIDA
BUDGET TO ACTUAL COMPARISON - NONMAJOR FUND
OTHER CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues			
Grants	\$ 212,400	\$ 95,119	\$ (117,281)
Donations	-	35,000	35,000
Investment Earnings	5,650	1,902	(3,748)
Total Revenues	<u>218,050</u>	<u>132,021</u>	<u>(86,029)</u>
Expenditures			
General Government:			
Capital Outlay	68,900	67,720	1,180
Transportation			
Capital Outlay	131,000	-	131,000
Culture and Recreation:			
Capital Outlay	19,787	-	19,787
Total Expenditures	<u>(219,687)</u>	<u>(67,720)</u>	<u>151,967</u>
(Deficiency) of Revenues Over Expenditures	(1,637)	64,301	65,938
Other Financing Sources			
Operating Transfers in - General Fund	-	132,500	(132,500)
Total Financing Sources	<u>-</u>	<u>132,500</u>	<u>(132,500)</u>
Net Change in Fund Balance	(1,637)	196,801	(66,562)
Fund Balance, Beginning of Year	<u>7,287</u>	<u>242,591</u>	<u>235,304</u>
Fund Balance, End of Year	<u>\$ 5,650</u>	<u>\$ 439,392</u>	<u>\$ 168,742</u>

**CITY OF MOUNT DORA, FLORIDA
BUDGET TO ACTUAL COMPARISON - MAJOR FUND
IMPACT FEES CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues			
Impact Fees:			
Police	\$ 14,000	\$ 55,136	\$ 41,136
Fire	21,000	27,291	6,291
Libraries	70,000	35,231	(34,769)
Recreation	131,500	66,228	(65,272)
Intergovernmental-Grants	420,000	-	(420,000)
Investment Earnings	63,200	13,685	(49,515)
Total Revenues	<u>719,700</u>	<u>197,571</u>	<u>(522,129)</u>
Expenditures			
Culture and Recreation	-	10,494	(10,494)
Capital Outlay:			
Libraries	1,923,692	1,701,836	221,856
Recreational	1,511,713	264,936	1,246,777
Debt Service:			
Interest	37,350	11,011	26,339
Total Expenditures	<u>(3,472,755)</u>	<u>(1,988,277)</u>	<u>1,484,478</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(2,753,055)</u>	<u>(1,790,706)</u>	<u>962,349</u>
Other Financing Sources			
Debt Proceeds	600,000	-	(600,000)
Total Other Financing Sources	<u>600,000</u>	<u>-</u>	<u>(600,000)</u>
Net Change in Fund Balance	(2,153,055)	(1,790,706)	362,349
Fund Balance, Beginning of Year	<u>2,153,055</u>	<u>1,328,170</u>	<u>(824,885)</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ (462,536)</u>	<u>\$ (462,536)</u>

**INTERNAL SERVICE FUNDS
COMBINING STATEMENTS**

CITY OF MOUNT DORA, FLORIDA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 20112

	<u>Motorpool</u> <u>Fund</u>	<u>Vehicle</u> <u>Replacement</u> <u>Fund</u>	<u>Self</u> <u>Insurance</u> <u>Fund</u>	<u>Total</u>
Assets				
Current Assets				
Pooled Cash and Investments	\$ 34,106	\$ 1,199,883	\$ 586,409	\$ 1,820,398
Receivables (Net)	-	-	57,969	57,969
Accrued Interest Receivable	32	973	355	1,360
Inventory, at Cost	87,022	-	-	87,022
Total Current Assets	<u>121,160</u>	<u>1,200,856</u>	<u>644,733</u>	<u>1,966,749</u>
Capital Assets				
Property, Plant and Equipment	131,913	1,560,926	38,331	1,731,170
(Accumulated Depreciation and Amortization)	(122,957)	(988,890)	(13,161)	(1,125,008)
Total Capital Assets - Cost Less Depreciation	<u>8,956</u>	<u>572,036</u>	<u>25,170</u>	<u>606,162</u>
Total Assets	<u>\$ 130,116</u>	<u>\$ 1,772,892</u>	<u>\$ 669,903</u>	<u>\$ 2,572,911</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts Payable	\$ 15,476	\$ -	\$ 385,247	\$ 400,723
Accrued Expenses	1,131	-	-	1,131
Compensated Absences	2,860	-	-	2,860
Total Current Liabilities	<u>19,467</u>	<u>-</u>	<u>385,247</u>	<u>404,714</u>
Long-term Liabilities				
Compensated Absences	4,952	-	-	4,952
Total Long-term Liabilities	<u>4,952</u>	<u>-</u>	<u>-</u>	<u>4,952</u>
Total Liabilities	<u>24,419</u>	<u>-</u>	<u>385,247</u>	<u>409,666</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	8,956	572,036	25,170	606,162
Unrestricted	96,741	1,200,856	259,486	1,557,083
Total Net Assets	<u>105,697</u>	<u>1,772,892</u>	<u>284,656</u>	<u>2,163,245</u>
Total Liabilities and Net Assets	<u>\$ 130,116</u>	<u>\$ 1,772,892</u>	<u>\$ 669,903</u>	<u>\$ 2,572,911</u>

CITY OF MOUNT DORA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Motorpool Fund</u>	<u>Vehicle Replacement Fund</u>	<u>Self Insurance Fund</u>	<u>Total</u>
Operating Revenues				
Charges for Services	\$ 155,800	\$ 184,500	\$ 2,041,277	\$ 2,381,577
Operating Expenses				
Administration and General	135,027	-	2,160,718	2,295,745
Depreciation and Amortization	2,925	223,167	8,774	234,866
Total Operating Expenses	<u>137,952</u>	<u>223,167</u>	<u>2,169,492</u>	<u>2,530,611</u>
Operating Income (Loss)	<u>17,848</u>	<u>(38,667)</u>	<u>(128,215)</u>	<u>(149,034)</u>
Non-operating Revenues (Expenses)				
Investment Earnings	358	6,733	4,393	11,484
Other Income	148	38,076	27,164	65,388
Total Non-operating Revenues (Expenses)	<u>506</u>	<u>44,809</u>	<u>31,557</u>	<u>76,872</u>
Change in Net Assets	18,354	6,142	(96,658)	(72,162)
Net Assets, Beginning of Year	<u>87,343</u>	<u>1,766,750</u>	<u>381,314</u>	<u>2,235,407</u>
Net Assets, End of Year	<u>\$ 105,697</u>	<u>\$ 1,772,892</u>	<u>\$ 284,656</u>	<u>\$ 2,163,245</u>

CITY OF MOUNT DORA, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Motorpool Fund	Vehicle Replacement Fund	Self Insurance Fund	Total
Cash Flows from Operating Activities				
Cash Received from Customers, Including Cash	\$ 155,800	\$ 184,500	\$ 2,041,277	\$ 2,381,577
Cash Paid to Suppliers	(116,712)	-	(2,116,201)	(2,232,913)
Cash Paid to Employees for Services	(71,259)	-	-	(71,259)
Net Cash Provided by (Used in) Operating Activities	(32,171)	184,500	(74,924)	77,405
Cash Flows from Noncapital Financing Activities				
Subsidy from Others	-	-	27,164	27,164
Net Cash Provided by (Used in) Noncapital Financing Activities	-	-	27,164	27,164
Cash Flows from Capital and Related Financing Activities				
Property, Plant and Equipment Acquisitions	(7,799)	(115,091)	-	(122,890)
Cash Received from Sale of Assets	148	38,076	-	38,224
Net Cash Provided by (Used in) Capital and Related Financing Activities	(7,651)	(77,015)	-	(84,666)
Cash Flows from Investing Activities				
Investment Earnings	326	7,063	4,048	11,437
Total Cash Flows from Investing Activities	326	7,063	4,048	11,437
Net Increase (Decrease) in Cash and Cash Equivalents	(39,496)	114,548	(43,712)	31,340
Cash and Cash Equivalents, Beginning of Year	73,602	1,085,335	630,121	1,789,058
Cash and Cash Equivalents, End of Year	\$ 34,106	\$ 1,199,883	\$ 586,409	\$ 1,820,398
Shown in the Financial Statements as				
Pooled Cash and Investments	\$ 34,106	\$ 1,199,883	\$ 586,409	\$ 1,820,398
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities				
Operating Income (Loss)	\$ 17,848	\$ (38,667)	\$ (128,215)	\$ (149,034)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Depreciation and Amortization	2,925	223,167	8,774	234,866
Changes in Assets Decrease (Increase) and Liabilities Increase (Decrease):				
Inventories	(62,802)	-	-	(62,802)
Accounts Payable	9,657	-	44,517	54,174
Accrued Expenses	46	-	-	46
Compensated Absences	155	-	-	155
Total Adjustments	(50,019)	223,167	53,291	226,439
Net Cash Provided by (Used in) Operating Activities	\$ (32,171)	\$ 184,500	\$ (74,924)	\$ 77,405

STATISTICAL SECTION

**CITY OF MOUNT DORA
STATISTICAL SECTION - UNAUDITED**

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

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These tables contain trend information to help the reader understand how the City's financial performance has changed over time.

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D. Demographic and Economic Information Financial Trends

These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

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E. Operating Information

These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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**CITY OF MOUNT DORA
NET ASSETS BY COMPONENT**

Table A - 1
(accrual basis of accounting)
Last Ten Fiscal Years

	Fiscal Year				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental Activities					
Invested in capital assets, net of related debt	\$ 37,109,503	\$ 35,388,167	\$ 35,188,792	\$ 31,183,837	\$ 29,099,333
Restricted	3,895,130	5,132,210	5,975,018	9,625,598	9,730,361
Unrestricted	3,924,583	4,517,329	3,988,383	3,239,296	4,088,233
Total governmental activities net assets	<u>44,929,216</u>	<u>45,037,706</u>	<u>45,152,193</u>	<u>44,048,731</u>	<u>42,917,927</u>
Business-type activities					
Invested in capital assets, net of related debt	32,242,768	30,431,980	30,364,657	28,898,204	26,056,129
Restricted	3,948,652	5,771,202	6,073,074	6,758,987	9,482,277
Unrestricted	9,360,418	8,664,640	7,633,663	7,800,422	7,334,199
Total business-type activities net assets	<u>45,551,838</u>	<u>44,867,822</u>	<u>44,071,394</u>	<u>43,457,613</u>	<u>42,872,605</u>
Primary government					
Invested in capital assets, net of related debt	69,352,271	65,820,147	65,553,449	60,082,041	55,155,462
Restricted	7,843,782	10,903,412	12,048,092	16,384,585	19,212,638
Unrestricted	13,285,001	13,181,969	11,622,046	11,039,718	11,422,432
Total primary government net assets	<u>\$ 90,481,054</u>	<u>\$ 89,905,528</u>	<u>\$ 89,223,587</u>	<u>\$ 87,506,344</u>	<u>\$ 85,790,532</u>

	Fiscal Year				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental Activities					
Invested in capital assets, net of related debt	\$ 26,549,110	\$ 24,210,289	\$ 13,462,954	\$ 9,106,293	\$ 6,922,419
Restricted	8,608,058	7,756,454	10,269,822	5,851,746	4,366,943
Unrestricted	4,557,508	3,844,704	4,232,891	4,066,028	2,830,952
Total governmental activities net assets	<u>39,714,676</u>	<u>35,811,447</u>	<u>27,965,667</u>	<u>19,024,067</u>	<u>14,120,314</u>
Business-type activities					
Invested in capital assets, net of related debt	24,816,823	23,580,329	21,423,195	20,139,115	20,873,309
Restricted	7,830,118	7,020,378	5,596,231	3,720,515	2,405,294
Unrestricted	9,593,857	10,737,172	11,562,690	11,163,306	10,125,422
Total business-type activities net assets	<u>42,240,798</u>	<u>41,337,879</u>	<u>38,582,116</u>	<u>35,022,936</u>	<u>33,404,025</u>
Primary government					
Invested in capital assets, net of related debt	51,365,933	47,790,618	34,886,149	29,245,408	27,795,728
Restricted	16,438,176	14,776,832	15,866,053	9,572,261	6,772,237
Unrestricted	14,151,365	14,581,876	15,795,581	15,229,334	12,956,374
Total primary government net assets	<u>\$ 81,955,474</u>	<u>\$ 77,149,326</u>	<u>\$ 66,547,783</u>	<u>\$ 54,047,003</u>	<u>\$ 47,524,339</u>

**CITY OF MOUNT DORA
CHANGES IN NET ASSETS**

Table A - 2, Part 1A
(accrual basis of accounting)
Last Five Fiscal Years*

	Fiscal Year				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Program Revenues					
Governmental activities					
Charges for Services					
General government	\$ 166,504	\$ 322,883	\$ 181,715	\$ 181,061	\$ 202,878
Public safety	594,772	630,286	807,850	918,845	1,379,273
Physical environment	2,300	4,709	4,704	4,030	-
Transportation	-	-	-	-	-
Culture and recreation	593,660	419,559	612,157	419,660	491,461
Operating Grants and Contributions					
General government	-	-	-	-	-
Public safety	-	-	-	-	31,893
Transportation	161,939	161,189	161,520	164,694	165,529
Culture and recreation	-	-	-	-	-
Grants and aid	-	-	-	29,413	-
Capital Grants and Contributions					
General government	-	-	-	-	-
Public safety	107,254	202,063	221,091	147,997	343,188
Physical environment	230,825	380,442	85,531	-	-
Transportation	-	-	-	-	-
Culture and recreation	245,459	186,680	341,138	368,135	1,647,294
Grants and aid	-	-	-	-	-
Total governmental activities program revenues	<u>2,102,713</u>	<u>2,307,811</u>	<u>2,415,706</u>	<u>2,233,835</u>	<u>4,261,516</u>
Business-type activities					
Charges for services					
Electric Utility	10,997,916	12,035,897	12,915,245	11,942,165	11,293,738
Water and Wastewater Utility	6,827,438	6,844,702	5,971,629	5,852,575	5,679,309
Sanitation	2,036,994	1,978,335	1,908,373	1,893,368	1,797,926
Stormwater Utility	842,054	845,683	814,734	701,161	595,485
Cemetery	57,378	47,866	61,305	55,528	38,270
Operating grants and contributions					
Electric Utility	-	-	-	5,184	-
Water and Wastewater Utility	2,000	2,250	2,000	6,161	1,470
Sanitation	-	-	-	1,625	-
Stormwater Utility	115,929	-	2,466	2,609	-
Capital Grants and Contributions					
Electric Utility	31,508	45,840	-	-	-
Water and Wastewater Utility	653,726	521,530	971,208	803,837	2,193,964
Sanitation	-	-	-	-	-
Stormwater Utility	-	44,485	-	588,984	241,560
Total business-type activities program revenues	<u>21,564,943</u>	<u>22,366,588</u>	<u>22,646,960</u>	<u>21,853,197</u>	<u>21,841,722</u>
Total primary government program revenues	<u>\$ 23,667,656</u>	<u>\$ 24,674,399</u>	<u>\$ 25,062,666</u>	<u>\$ 24,087,032</u>	<u>\$ 26,103,238</u>

**CITY OF MOUNT DORA
CHANGES IN NET ASSETS**

Table A - 2, Part 1B
(accrual basis of accounting)
Prior Five Fiscal Years*

	<u>2007</u>	<u>2006</u>	<u>Fiscal Year</u> <u>2005</u>	<u>2004</u>	<u>2003</u>
Program Revenues					
Governmental activities					
Charges for Services					
General government	\$ 174,684	\$ 177,213	\$ 181,928	\$ 119,819	\$ 82,616
Public safety	1,497,998	1,393,277	1,008,786	888,523	666,027
Physical environment	40,575	55,620	53,310	41,390	58,670
Transportation	9,096	18,587	32,530	-	-
Culture and recreation	221,675	351,950	104,633	82,258	83,975
Operating Grants and Contributions					
General government	-	1,187	-	-	-
Public safety	18,990	17,529	29,762	130,581	49,052
Transportation	174,884	232,555	310,382	406,947	159,470
Culture and recreation	-	7,305	219,418	222,056	223,937
Grants and aid	-	-	-	219,494	75,052
Capital Grants and Contributions					
General government	-	2,275	2,000	22,170	2,577
Public safety	237,823	144,430	386,802	171,206	16,593
Physical environment	416,478	274,022	9,500	-	464,927
Transportation	-	-	-	-	-
Culture and recreation	925,701	803,800	554,159	454,849	36,844
Grants and aid	-	-	-	60,173	-
Total governmental activities program revenues	<u>3,717,904</u>	<u>3,479,750</u>	<u>2,893,210</u>	<u>2,819,466</u>	<u>1,919,740</u>
Business-type activities					
Charges for services					
Electric utility	10,606,134	10,115,125	8,503,788	7,813,649	7,481,770
Water and Wastewater utility	5,540,912	5,306,787	4,702,155	4,603,488	3,732,356
Sanitation	1,659,465	1,602,500	1,607,506	1,528,850	1,468,616
Stormwater utility	487,590	418,019	363,244	313,090	300,388
Cemetery	-	-	-	-	-
Operating grants and contributions					
Electric utility	-	-	90,108	49,997	3,315
Water and Wastewater utility	10,000	-	-	-	255,110
Sanitation	-	-	2,984	863	-
Stormwater utility	-	2,506	1,073,661	5,514	-
Capital Grants and Contributions					
Electric utility	750,000	778,789	-	-	-
Water and Wastewater utility	1,730,027	2,893,861	3,374,637	1,181,106	-
Sanitation	-	-	-	-	-
Stormwater utility	88,608	-	-	-	-
Total business-type activities program revenues	<u>20,872,736</u>	<u>21,117,587</u>	<u>19,718,083</u>	<u>15,496,557</u>	<u>13,241,555</u>
Total primary government program revenues	<u>\$ 24,590,640</u>	<u>\$ 24,597,337</u>	<u>\$ 22,611,293</u>	<u>\$ 18,316,023</u>	<u>\$ 15,161,295</u>

**CITY OF MOUNT DORA
CHANGES IN NET ASSETS**

Table A - 2, Part 2A
(accrual basis of accounting)
Last Five Fiscal Years

	Fiscal Year				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenses					
Governmental Activities					
General Government	\$ 2,130,728	\$ 2,287,971	\$ 2,256,811	\$ 2,242,323	\$ 2,506,635
Public Safety	7,603,665	7,803,814	7,477,581	7,612,660	7,720,632
Physical Environment	2,316	1,791	2,285	36,114	210,221
Transportation	1,681,721	1,505,870	1,598,941	1,629,318	1,700,728
Culture and Recreation	2,645,608	2,474,613	2,370,129	2,436,673	2,430,445
Interest on long-term debt	102,941	194,133	249,881	364,150	388,451
Total governmental activities expenses	<u>14,166,979</u>	<u>14,268,192</u>	<u>13,955,628</u>	<u>14,321,238</u>	<u>14,957,112</u>
Business-type activities					
Electric	9,602,536	10,290,807	11,469,781	11,028,955	11,286,466
Water / Wastewater	6,186,750	6,719,473	6,098,546	5,991,743	5,824,230
Sanitation	2,031,374	1,970,385	1,949,096	1,941,538	1,858,390
Stormwater	847,512	807,019	708,143	607,240	471,745
Cemetery	144,469	173,149	148,597	106,255	132,683
Total business-type activities expenses	<u>18,812,641</u>	<u>19,960,833</u>	<u>20,374,163</u>	<u>19,675,731</u>	<u>19,573,514</u>
Total primary government expenses	<u>32,979,620</u>	<u>34,229,025</u>	<u>34,329,791</u>	<u>33,996,969</u>	<u>34,530,626</u>
Net (Expense)/Revenue					
Governmental activities	(12,064,266)	(11,960,381)	(11,539,922)	(12,087,403)	(10,695,596)
Business-type activities	2,752,302	2,405,755	2,272,797	2,177,466	2,268,208
Total primary government net expense	<u>(9,311,964)</u>	<u>(9,554,626)</u>	<u>(9,267,125)</u>	<u>(9,909,937)</u>	<u>(8,427,388)</u>
General revenues and other changes in net assets					
Governmental activities					
General revenues					
Property taxes	4,547,594	4,445,380	4,861,132	5,146,296	5,180,370
Franchise taxes	641,789	671,730	677,432	642,088	594,705
Public service taxes	1,820,926	1,857,841	1,873,661	1,721,599	1,653,353
Other taxes	910,268	954,811	1,075,927	1,140,903	1,140,262
State-shared revenues	1,746,271	1,598,248	1,567,623	1,590,061	1,786,774
Investment income	70,285	118,506	257,595	450,508	578,423
Miscellaneous revenue	45,022	450,978	393,164	518,152	693,324
Transfers	2,173,621	1,748,400	1,936,850	2,008,600	2,271,636
Total governmental activities	<u>11,955,776</u>	<u>11,845,894</u>	<u>12,643,384</u>	<u>13,218,207</u>	<u>13,898,847</u>
Business-type activities					
Interest earnings	72,160	107,916	200,198	345,524	547,389
Miscellaneous revenue	33,175	31,157	77,636	70,618	87,846
Transfers	(2,173,621)	(1,748,400)	(1,936,850)	(2,008,600)	(2,271,636)
Total business-type activities	<u>(2,068,286)</u>	<u>(1,609,327)</u>	<u>(1,659,016)</u>	<u>(1,592,458)</u>	<u>(1,636,401)</u>
Total primary government	<u>9,887,490</u>	<u>10,236,567</u>	<u>10,984,368</u>	<u>11,625,749</u>	<u>12,262,446</u>
Change in Net Assets					
Governmental activities	(108,490)	(114,487)	1,103,462	1,130,804	3,203,251
Business-type activities	684,016	796,428	613,781	585,008	631,807
Total primary government: change in net assets	<u>\$ 575,526</u>	<u>\$ 681,941</u>	<u>\$ 1,717,243</u>	<u>\$ 1,715,812</u>	<u>\$ 3,835,058</u>

**CITY OF MOUNT DORA
CHANGES IN NET ASSETS**

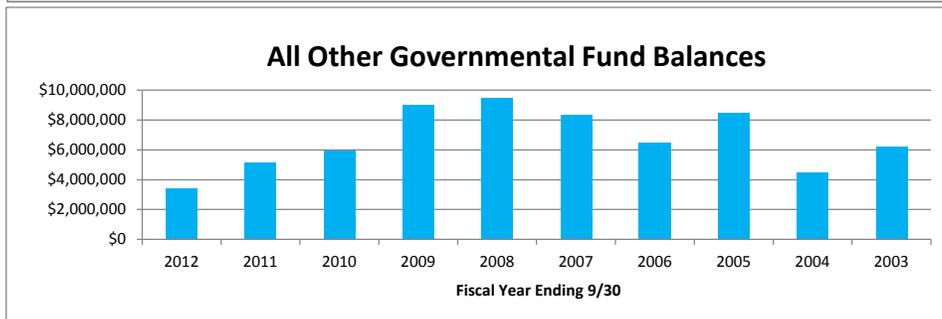
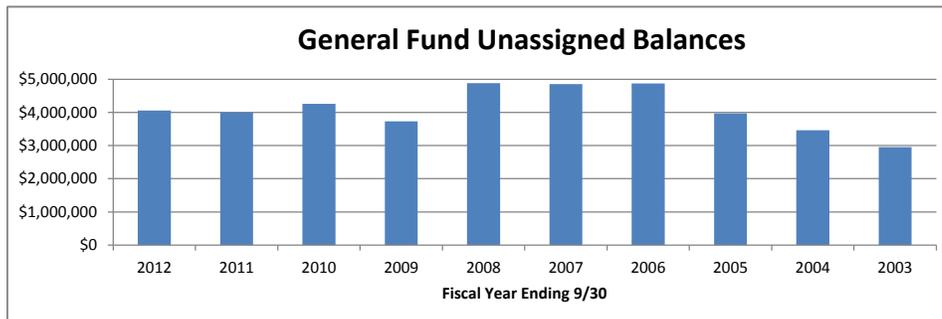
Table A - 2, Part 2
(accrual basis of accounting)
Prior Five Fiscal Years

	<u>2007</u>	<u>2006</u>	<u>Fiscal Year 2005</u>	<u>2004</u>	<u>2003</u>
Expenses					
Governmental Activities					
General Government	\$ 1,990,873	\$ 2,340,300	\$ 2,013,388	\$ 2,482,791	\$ 2,267,846
Public Safety	7,260,150	6,174,389	5,154,776	4,708,107	4,446,570
Physical Environment	98,608	834,330	76,467	54,992	146,048
Transportation	2,438,644	1,414,961	1,231,113	1,241,178	1,045,417
Culture and Recreation	2,611,462	2,354,876	1,853,744	1,574,077	1,734,403
Interest on long-term debt	410,095	437,589	404,138	393,858	367,562
Total governmental activities expenses	14,809,832	13,556,445	10,733,626	10,455,003	10,007,846
Business-type activities					
Electric	10,188,842	9,494,720	8,848,203	7,461,904	7,260,707
Water / Wastewater	5,608,183	5,143,935	4,464,063	4,085,594	3,821,856
Sanitation	1,778,997	1,686,703	1,656,322	1,547,607	1,483,239
Stormwater	386,679	324,535	276,131	220,115	174,366
Cemetery	-	-	-	-	-
Total business-type activities expenses	17,962,701	16,649,893	15,244,719	13,315,220	12,740,168
Total primary government expenses	32,772,533	30,206,338	25,978,345	23,770,223	22,748,014
Net (Expense)/Revenue					
Governmental activities	(11,091,928)	(10,076,695)	(7,840,416)	(7,635,537)	(8,088,106)
Business-type activities	2,910,035	4,467,694	4,473,364	2,181,337	501,387
Total primary government net expense	(8,181,893)	(5,609,001)	(3,367,052)	(5,454,200)	(7,586,719)
General revenues and other changes in net assets					
Governmental activities					
General revenues					
Property taxes	5,137,047	4,234,363	3,713,026	3,419,198	3,128,552
Franchise taxes	568,066	551,608	470,138	438,468	410,920
Public service taxes	1,602,720	1,541,387	1,532,318	1,457,250	1,408,463
Other taxes	1,255,322	1,119,623	1,042,584	989,762	865,230
State-shared revenues	2,100,093	2,121,691	2,204,939	1,633,144	1,398,536
Investment income	800,926	564,765	240,317	153,296	184,534
Miscellaneous revenue	621,313	44,877	414,558	2,833,962	106,773
Transfers	2,909,670	2,641,739	1,339,450	1,271,605	714,421
Total governmental activities	14,995,157	12,820,053	10,957,330	12,196,685	8,217,429
Business-type activities					
Interest earnings	803,249	639,853	265,024	195,606	165,564
Miscellaneous revenue	99,305	289,955	160,242	139,603	194,836
Transfers	(2,909,670)	(2,641,739)	(1,339,450)	(1,271,605)	(714,421)
Total business-type activities	(2,007,116)	(1,711,931)	(914,184)	(936,396)	(354,021)
Total primary government	12,988,041	11,108,122	10,043,146	11,260,289	7,863,408
Change in Net Assets					
Governmental activities	3,903,229	2,743,358	3,116,914	4,561,148	129,323
Business-type activities	902,919	2,755,763	3,559,180	1,244,941	147,366
Total primary government: change in net assets	\$ 4,806,148	\$ 5,499,121	\$ 6,676,094	\$ 5,806,089	\$ 276,689

CITY OF MOUNT DORA
FUND BALANCES - GOVERNMENTAL FUNDS
 Table A - 3
 (modified accrual basis of accounting)
 Last Ten Fiscal Years

	Fiscal Year				
	2012	2011	2010	2009	2008
General Fund					
Nonspendable- Inventory & Prepays	\$ 344,001	\$ 331,602	\$ 55,119	\$ 548,494	\$ 70,679
Unassigned	4,064,399	4,000,305	4,266,521	3,729,009	4,887,013
Total General Fund	4,408,400	4,331,907	4,321,640	4,277,503	4,957,692
All Other Governmental Funds					
Nonspendable- Inventory & Prepays	120	659			
Restricted for					
Capital Improvements	2,640,334	2,802,496	4,151,774	7,150,769	7,453,650
Debt Service	414,732	406,374	909,183	757,947	775,137
Building Inspections	283,917	336,403	897,318	1,081,696	1,210,769
Law Enforcement	2,194	13,266	12,812	11,047	18,630
Library Improvements	-	-	3,931	3,869	3,766
Assigned					
Capital Improvement	439,392	1,319,541	-	-	-
Building Inspections	-	184,600	-	-	-
Debt Service	113,653	68,871	-	-	-
Unassigned	(462,536)	-	-	-	-
Total all other governmental funds	3,431,806	5,132,210	5,975,018	9,005,328	9,461,952
Total Fund Balances	\$ 7,840,206	\$ 9,464,117	\$ 10,296,658	\$ 13,282,831	\$ 14,419,644

	Fiscal Year				
	2007	2006	2005	2004	2003
General Fund					
Nonspendable- Inventory & Prepays	\$ 20,068	\$ 331,468	\$ 301,305	\$ 298,259	\$ 263,089
Unassigned	4,853,003	4,872,676	3,975,624	3,469,311	2,953,473
Total General Fund	4,873,071	5,204,144	4,276,929	3,767,570	3,216,562
All Other Governmental Funds					
Reserved					
Restricted for					
Capital Improvements	6,432,444	6,183,867	7,753,278	3,988,961	5,765,342
Law Enforcement	16,343	7,406	6,353	14,527	24,291
Library Improvements	3,628	3,439	3,303	3,236	3,186
Unassigned					
CDBG Capital Improvement	-	(348,705)	-	-	-
Special Assessment	-	(12,699)	-	-	-
Total all other governmental funds	8,326,132	6,512,438	8,443,101	4,486,734	6,233,138
Total Fund Balances	\$ 13,199,203	\$ 11,716,582	\$ 12,720,030	\$ 8,254,304	\$ 9,449,700



**CITY OF MOUNT DORA
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

Table A - 4
(modified accrual basis of accounting)
Last Ten Fiscal Years

	Fiscal Year									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Program Revenues										
Governmental Activities										
Taxes	\$ 7,651,220	\$ 7,534,701	\$ 7,959,401	\$ 8,071,971	\$ 8,708,795	\$ 8,716,742	\$ 7,883,617	\$ 7,263,969	\$ 6,589,218	\$ 6,077,074
Permits and Fees	939,458	1,038,659	1,183,824	1,213,811	830,852	1,188,733	914,518	681,228	626,964	337,838
Intergovernmental	2,361,634	2,305,642	2,027,997	2,066,687	2,891,971	2,798,384	3,175,273	2,550,067	2,148,104	2,125,000
Charges for service	447,480	391,044	421,637	498,186	629,516	581,859	600,413	494,288	361,542	341,805
Fines and forfeitures	56,546	71,420	107,353	77,635	195,450	116,783	122,989	103,865	109,777	187,273
Special assessments levied	-	-	-	-	-	40,667	50,821	288,275	373,163	-
Impact fees	183,886	222,067	491,211	464,973	1,229,735	940,277	648,843	534,003	623,204	53,012
Miscellaneous revenue	329,616	524,797	638,443	626,179	818,959	959,841	2,093,083	454,302	493,071	299,265
Total revenues	11,969,840	12,088,330	12,829,866	13,019,442	15,305,278	15,343,286	15,489,557	12,369,997	11,325,043	9,421,267
Program Expenditures										
Governmental activities										
General government	1,648,091	1,824,705	1,711,285	1,563,780	1,726,435	1,471,835	1,926,629	1,520,119	2,049,413	1,916,310
Public safety	7,050,015	7,359,005	6,964,266	7,054,045	7,125,110	6,738,074	5,683,156	4,790,096	4,293,757	4,048,999
Physical environment	-	-	-	-	-	90,367	51,851	61,194	42,427	127,537
Transportation	1,197,185	1,054,922	1,137,263	1,159,668	1,161,075	1,097,239	934,347	1,031,724	1,096,031	960,218
Culture and recreation	1,873,294	1,852,700	1,802,722	1,855,120	1,964,475	2,111,882	1,931,065	1,476,163	1,220,585	1,457,033
Grants and aid	93,207	59,941	44,899	57,859	60,931	82,657	-	-	-	-
Capital outlay	3,573,110	2,132,785	3,148,571	1,606,545	3,541,589	4,393,076	6,405,705	3,130,188	4,057,977	4,464,890
Debt service										
Principal payments	246,800	195,000	2,690,000	5,020,900	403,454	397,053	1,768,071	1,318,460	756,386	710,064
Interest	85,670	240,923	252,833	315,353	372,353	387,102	432,673	398,157	396,711	318,406
Other costs	-	34,690	1,050	31,585	1,050	1,050	1,247	17,620	1,050	18,748
Total expenditures	15,767,372	14,754,671	17,752,889	18,664,855	16,356,472	16,770,335	19,134,744	13,743,721	13,914,337	14,022,205
(Deficiency) Excess of Revenues (under) over expenditures	(3,797,532)	(2,666,341)	(4,923,023)	(5,645,413)	(1,051,194)	(1,427,049)	(3,645,187)	(1,373,724)	(2,589,294)	(4,600,938)
Other financing sources (uses)										
Transfers in	4,393,000	4,336,068	3,827,839	4,989,400	4,135,586	5,625,912	4,752,715	3,693,209	3,490,420	3,239,429
Transfer out	(2,219,379)	(2,587,668)	(1,890,989)	(2,980,800)	(1,863,950)	(2,716,242)	(2,110,976)	(2,353,759)	(2,218,816)	(2,525,008)
Issuance of debt/debt proceeds	-	3,635,400	-	2,500,000	-	-	-	4,500,000	122,294	3,391,369
Payment to Refund Bond Escrow	-	(3,550,000)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	2,173,621	1,833,800	1,936,850	4,508,600	2,271,636	2,909,670	2,641,739	5,839,450	1,393,898	4,105,790
Net change in fund balance	\$ (1,623,911)	\$ (832,541)	\$ (2,986,173)	\$ (1,136,813)	\$ 1,220,442	\$ 1,482,621	\$ (1,003,448)	\$ 4,465,726	\$ (1,195,396)	\$ (495,148)
Debt service as a percentage of non-capital expenditures	2.4%	3.3%	17.9%	28.3%	5.3%	5.6%	15.7%	12.6%	8.3%	7.5%

CITY OF MOUNT DORA
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Table B - 1
 Last Ten Fiscal Years

Fiscal Year Ended Sept. 30	Taxable Value Real Property for Operating Purposes	Personal Property for Operating Purposes	Gross Taxable Value	New Construction Taxable Value	Adjusted Taxable Value	Final Taxable Value	Millage Rate
2012	\$ 785,662,034	\$ 47,693,338	\$ 833,355,372	\$ 7,873,780	\$ 825,481,592	\$ 833,884,478	5.389
2011	819,961,993	49,908,031	869,870,024	16,435,948	853,434,076	869,405,079	5.019
2010	869,487,989	50,742,218	920,230,207	21,834,507	898,395,700	918,851,498	5.019
2009	946,090,167	50,632,664	996,722,831	28,817,008	967,905,823	994,673,443	5.019
2008	1,011,674,805	55,125,641	1,066,800,446	47,584,822	1,019,215,624	1,059,952,506	5.019
2007	1,018,315,833	52,408,254	1,070,927,320	57,760,717	1,013,166,603	1,072,536,796	5.019
2006	832,754,673	50,226,456	883,207,548	46,374,701	836,832,847	888,374,815	5.975
2005	668,089,272	42,822,331	711,162,763	24,370,673	686,792,090	718,914,524	6.105
2004	577,364,951	40,422,092	618,007,965	19,368,274	598,639,691	618,600,781	6.181
2003	531,843,206	39,943,532	572,020,247	16,408,785	555,611,462	570,882,942	6.181

Source: Lake County Property Appraiser (forms DR-420 and DR-422)

Notes: Property in the City is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value and a separate table for assessed and actual data is not presented. Tax rates are per \$1,000 of assessed value.

**CITY OF MOUNT DORA
DIRECT AND OVERLAPPING PROPERTY TAX RATES**

Table B - 2
(rate per \$1,000 of assessed value)
Last Ten Fiscal Years

Fiscal Year	Direct Rate*	Overlapping Rates				Total
	Basic Rate *	Lake County	Lake County Schools	North Lake Hospital	Other**	
2012	5.389	4.841	7.394	1.000	0.957	19.581
2011	5.019	4.731	7.523	1.000	1.042	19.315
2010	5.019	4.651	7.532	1.000	1.152	19.354
2009	5.019	4.651	7.517	1.000	1.094	19.281
2008	5.019	4.755	7.698	1.000	1.148	19.620
2007	5.975	5.747	7.648	1.000	1.244	21.614
2006	6.105	5.747	7.981	1.000	1.328	21.814
2005	6.181	5.797	7.990	1.000	1.374	22.211
2004	6.181	5.817	8.440	1.000	1.399	22.362
2003	6.181	5.917	8.440	1.000	1.399	22.937

* The Direct Rate is the City's operating millage rate

Source: Lake County Property Appraiser, City CAFR.

Notes: Fiscal tax year coincides with prior calendar year, e.g., fiscal year 2010 uses 2009 tax millage rate.

Overlapping rates are those of City and County governments that apply to property owners within the the City of Mount Dora.

* The rate used in the calculation for property taxes. Property in the City is reassessed each year. Property is assessed at actual value; therefore the assessed values are equal to actual value.

** "Other" includes Lake County Water Authority, St. John's River Water Management, and Lake Co. Ambulance District.

CITY OF MOUNT DORA
PRINCIPAL PROPERTY TAXPAYERS
Table B - 3, Part 1
Last Five Calendar Years

Taxpayer	Calendar Year														
	2012			2011			2010			2009			2008		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Magnolia Place Apartments Assoc. LLC	\$ 9,937,467	1	1.19%	\$ 9,764,303	1	1.06%	\$ 8,798,948	4	0.96%	\$ -	-	-	\$ -	-	-
Lowe's Home Centers, Inc.	8,328,146	2	1.00%	8,377,981	3	0.91%	9,302,822	1	1.01%	11,294,470	1	1.14%	11,513,625	2	1.07%
Wal-Mart Stores East, Inc.	8,322,822	3	1.00%	8,954,157	2	0.97%	8,957,967	3	0.97%	10,073,416	2	1.01%	10,246,562	3	0.96%
HI-C Investments, Ltd.	7,865,037	4	0.94%	7,896,864	4	0.86%	8,487,098	5	0.92%	9,284,797	3	0.93%	9,305,693	4	0.87%
Target Corp.	6,804,622	5	0.82%	6,830,759	6	0.74%	6,856,298	7	0.75%	8,175,594	6	0.82%	8,201,133	8	0.76%
Lake Care Systems, Inc.	6,531,643	6	0.78%	6,798,078	7	0.74%	9,118,483	2	0.99%	8,266,399	4	0.83%	7,978,105	9	0.74%
Waterman Healthcare Care Systems, Inc.	6,502,937	7	0.78%	7,297,260	5	0.79%	7,753,013	6	0.84%	8,182,667	5	0.82%	9,176,308	5	0.86%
Prime Tree PME Loch Leven LLC	5,742,459	8	0.69%	5,057,196	9	0.55%	6,300,474	8	0.68%	7,477,526	8	0.75%	8,313,071	7	0.78%
Spring Harbor, Ltd.	5,516,249	9	0.66%	5,523,099	8	0.60%	5,542,419	10	0.60%	5,748,468	10	0.58%	-	-	-
Main Street Leasing Co.	5,112,767	10	0.61%	-	-	-	-	-	-	6,429,796	9	0.65%	7,199,238	10	0.67%
Embarq-Florida Inc.	-	-	-	4,843,601	10	0.53%	6,197,095	9	0.67%	-	-	-	-	-	-
Sprint-Florida, Inc.	-	-	-	-	-	-	-	-	-	7,810,875	7	0.79%	-	-	-
Lakes of Mount Dora Ventures, LP	-	-	-	-	-	-	-	-	-	-	-	-	11,846,142	1	1.10%
Park Square Enterprises, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	8,878,550	6	0.83%
PMR Properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cornerstone Corp.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
KIMCO Realty	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
First National Bank of Mount Dora	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gary Holmes Golf Co.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Albertson's Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 60,726,682		7.28%	\$ 61,578,995		6.69%	\$ 68,515,669		7.43%	\$ 82,744,008		8.32%	\$ 92,658,427		8.64%

Source: Lake County Tax Collectors Office, City CAFR.
Previous years' information are maintained by the City

**CITY OF MOUNT DORA
PRINCIPAL PROPERTY TAXPAYERS**

Table B - 3, Part 2
Previous Five Calendar Years

Taxpayer	Calendar Year														
	2007			2006			2005			2004			2003		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Magnolia Place Apartments Assoc. LLC	\$ -			-			-			-			-		
Lowe's Home Centers, Inc.	11,509,120	3	1.07%	11,762,619	1	1.32%	-			-			-		
Wal-Mart, Inc.	11,873,036	2	1.11%	\$ 9,379,343	3	1.06%	\$ 10,940,861	1	1.28%	\$ 8,936,245	1	1.45%	\$ 8,935,696	1	1.57%
Hi-C Investments, Ltd.	8,929,961	6	0.83%	8,788,505	5	0.99%	7,693,884	4	0.90%	7,705,869	3	1.25%	7,718,663	3	1.35%
Target Corp.	9,975,878	5	0.93%	7,979,655	6	0.90%	-			-			-		
Lake Care Systems, Inc.	11,393,169	4	1.06%	7,499,938	7	0.84%	8,629,415	2	1.00%	-			-		
Waterman Healthcare Care Systems, Inc.	21,964,890	1	2.05%	8,991,981	4	1.01%	6,024,466	6	0.70%	4,702,244	7	0.76%	4,761,788	6	0.83%
Prime Tree PME Loch Leven LLC	8,672,226	7	0.81%	10,788,564	2	1.21%	-			-			-		
Spring Harbor, Ltd.	6,762,268	10	0.63%	6,773,581	9	0.76%	6,768,774	5	0.79%	6,797,099	4	1.10%	7,508,621	4	1.32%
Main Street Leasing Co.	7,731,731	8	0.72%	6,295,058	10	0.71%	5,736,507	7	0.67%	5,104,025	5	0.83%	4,624,430	7	0.81%
Embarq-Florida Inc.	-			-			-			-			-		
Sprint-Florida, Inc.	7,349,810	9	0.70%	7,499,807	8	0.84%	8,376,778	3	0.98%	8,376,778	2	1.35%	8,376,778	2	1.47%
Lakes of Mount Dora Ventures, LP	-			-			-			-			-		
Park Square Enterprises, Inc.	-			-			-			-			-		
PMR Properties	-			-			5,152,341	8	0.60%	-			-		
Cornerstone Corp.	-			-			4,976,012	9	0.58%	-			-		
KIMCO Realty	-			-			4,887,924	10	0.57%	4,800,147	6	0.78%	4,801,499	5	0.84%
First National Bank of Mount Dora	-			-			-			3,867,575	8	0.63%	3,865,053	8	0.68%
Gary Holmes Golf Co.	-			-			-			3,802,954	9	0.61%	3,636,608	10	0.64%
Albertson's Inc.	-			-			-			3,235,959	10	0.52%	-		
Total	\$ 106,162,089		9.91%	\$ 85,759,051		9.65%	\$ 69,186,962		8.07%	\$ 57,328,895		9.28%	\$ 54,229,136		9.51%

Source: Lake County Tax Collectors Office, City CAFR.
Previous years' information are maintained by the City

**CITY OF MOUNT DORA
PROPERTY TAX LEVIES AND COLLECTIONS**

Table B - 4
Last Ten Fiscal Years

Fiscal Year Ended Sept. 30	Tax Year	Total Tax Levy	Current Total Collections	Percent of Levy Currently Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2012	2011	\$ 4,684,953	\$ 4,369,807	93.27%	\$ -	4,369,807	93.27%
2011	2010	4,611,716	4,268,836	92.57%	177,788	4,446,624	96.42%
2010	2009	4,992,266	4,566,013	91.46%	176,544	4,742,557	95.00%
2009	2008	5,319,902	4,857,478	91.31%	295,118	5,152,596	96.86%
2008	2007	5,383,062	4,932,864	91.64%	288,818	5,221,682	97.00%
2007	2006	5,304,514	4,999,790	94.26%	247,506	5,137,047	96.84%
2006	2005	4,387,444	4,160,393	94.82%	137,257	4,234,363	96.51%
2005	2004	3,823,571	3,617,101	94.60%	73,970	3,713,026	97.11%
2004	2003	3,528,627	3,403,045	96.44%	95,925	3,419,198	96.90%
2003	2002	3,242,322	3,112,564	96.00%	16,153	3,128,552	96.49%

Source: Lake County Property Appraiser Form DR-420, City Finance Department.

**CITY OF MOUNT DORA
PRINCIPAL ELECTRICAL CUSTOMERS**

Table B - 5 - Part 1
Last Five Fiscal Years

Electric Customer	Fiscal Year									
	2012		2011		2010		2009		2008	
	Kilowatt Hours	Rank								
Mount Dora High School	2,108,160	1	2,213,280	1	2,226,240	1	2,044,800	2	2,291,040	2
City of Mount Dora - Water Dept	1,803,200	2	1,803,100	2	1,544,900	3	1,564,600	3	1,609,600	3
Triangle Elementary School	1,247,268	3	1,389,032	3	1,268,428	4	1,300,156	4	1,392,232	4
National Deaf Academy	1,171,960	4	1,179,360	4	1,209,360	5	1,213,119	5	1,159,693	6
Hallmark Nameplate	901,200	5	890,760	5	899,640	6	868,440	7	1,039,080	8
Mount Dora Middle School	862,080	6	-		-		-		-	
Lakeside Corp of Mount Dora	839,000	7	670,400	9	862,800	7	919,400	6	1,070,800	7
Avante At Mount Dora	796,360	8	778,200	7	809,200	8	786,200	9	810,000	9
City of Mount Dora - Wastewater Plant	732,384	9	787,536	6	756,240	9	787,008	8	-	
City of Mount Dora - Police/Fire Dept.	764,160	10	685,800	8	708,200	10	669,280	10	717,680	10
McDonalds	-		669,320	10	-		-		-	
Publix Super Markets	-		-		1,971,480	2	2,750,400	1	2,773,680	1
Database Management	-		-		-		-		1,363,560	5
Rising Star Management	-		-		-		-		-	
Christian Home and Bible School	-		-		-		-		-	
Total	11,225,772		11,066,788		12,256,488		12,903,403		14,227,365	

Source: City Utility Records

**CITY OF MOUNT DORA
PRINCIPAL ELECTRICAL CUSTOMERS**

Table B - 5 - Part 2
Previous Five Fiscal Years

	Fiscal Year									
	2007		2006		2005		2004		2003	
Electric Customer	Kilowatt Hours	Rank								
Mount Dora High School	2,556,000	2	2,695,680	2	1,307,520	3	1,260,522	5	1,553,394	3
City of Mount Dora - Water Dept	1,807,200	3	1,635,200	3	1,431,500	2	1,468,000	3	1,553,800	2
Triangle Elementary School	1,389,300	5	1,441,160	5	1,050,788	6	1,170,280	7	1,217,380	6
National Deaf Academy	1,143,469	6	1,152,874	7	1,104,956	5	794,764	10	882,064	10
Hallmark Nameplate	998,400	8	1,004,760	8	-	-	951,000	9	945,240	9
Mount Dora Middle School	-	-	-	-	-	-	1,392,632	4	996,560	7
Lakeside Corp of Mount Dora	1,101,600	7	1,220,600	6	1,172,000	4	1,192,600	6	1,295,877	5
Avante At Mount Dora	823,800	9	797,800	9	767,200	9	-	-	-	-
City of Mount Dora - Wastewater Plant	-	-	-	-	787,800	8	960,000	8	949,200	8
City of Mount Dora - Police/Fire Dept.	737,840	10	-	-	-	-	-	-	-	-
McDonalds	-	-	-	-	-	-	-	-	-	-
Publix Super Markets	2,851,680	1	2,827,680	1	2,857,320	1	2,820,000	1	2,925,360	1
Database Management	1,425,640	4	1,480,840	4	1,019,040	7	-	-	-	-
Rising Star Management	-	-	604,880	10	611,360	10	-	-	-	-
Christian Home and Bible School	-	-	-	-	-	-	1,478,788	2	1,470,251	4
	-	-	-	-	-	-	1,392,632	4	996,560	7
Total	14,834,929		14,861,474		9,370,464		12,152,696		11,678,492	

Source: City Utility Records

**CITY OF MOUNT DORA
PRINCIPAL WATER CUSTOMERS**

Table B - 6 - Part 1
Last Five Fiscal Years

Water Customer	Fiscal Year									
	2012		2011		2010		2009		2008	
	Hundred Cubic Feet	Rank								
Spring Harbor, Ltd	23,419	1	19,372	1	21,392	1	21,265	1	26,854	1
Watermann Communities Inc.	15,766	2	13,185	2	13,923	2	15,236	3	19,245	2
Hammock Oaks	14,851	3	13,472	3	7,293	8	-	-	-	-
Mount Dora High School	14,526	4	12,859	4	13,507	3	15,676	2	9,106	5
Southernaire MHC, Inc.	8,605	5	9,161	5	8,427	6	7,448	7	7,537	6
Rath Harper & Assoc. (Veranda Aparts.)	8,095	6	6,943	8	-	-	-	-	-	-
National Deaf Academy	7,884	7	7,359	7	5,898	10	-	-	-	-
Mount Dora Commons	7,463	8	7,666	6	7,803	7	7,152	8	4,687	-
Riley's Mobile Home Park	6,285	9	6,729	9	-	-	-	-	5,269	10
City Of Mount Dora Wastewater Plant	5,886	10	5,803	10	6,881	9	7,585	6	6,319	8
Lake Care Systems, Inc.	-	-	-	-	11,373	4	10,377	5	11,196	4
Lakeside Corp of Mount Dora	-	-	-	-	10,205	5	11,168	4	11,693	3
Avante At Mount Dora	-	-	-	-	-	-	6,206	9	5,496	9
Mount Dora Dialysis	-	-	-	-	-	-	-	-	-	-
Wal-Mart, Inc.	-	-	-	-	-	-	5,603	10	7,338	7
Oakwood Association	-	-	-	-	-	-	-	-	-	-
Ajax Building Corp	-	-	-	-	-	-	-	-	-	-
Bristol Lakes	-	-	-	-	-	-	-	-	-	-
Hibiscus MHP Ltd. Partnership	-	-	-	-	-	-	-	-	-	-
Villa Dora Commons	-	-	-	-	-	-	-	-	-	-
Total - Hundred Cubic Feet	112,780		102,549		106,702		107,716		114,740	

Source: City Utility Records

**CITY OF MOUNT DORA
PRINCIPAL WATER CUSTOMERS**

Table B - 6 Part 2
Previous Five Fiscal Years

Water Customer	Fiscal Year									
	2007		2006		2005		2004		2003	
	Hundred Cubic Feet	Rank								
Spring Harbor, Ltd	9,814	3	10,318	3	30,899	1	40,134	1	29,732	1
Watermann Communities Inc.	-		-		-		-		-	
Hammock Oaks	-		-		-		-		-	
Mount Dora High School	9,538	4	9,898	4	17,124	4	6,265	8	-	
Southernaire MHC, Inc.	9,033	5	8,752	5	8,949	6	5,617	10	8,715	7
Rath Harper & Assoc. (Veranda Aparts.)	-		-		-		-		-	
National Deaf Academy	4,055	9	4,019	10	-		-		-	
Mount Dora Commons	-		5,265	9	-		-		7,557	9
Riley's Mobile Home Park	5,831	8	7,205	7	-		-		-	
City Of Mount Dora Wastewater Plant	-		-		-		-		-	
Lake Care Systems, Inc.	16,913	1	14,508	1	19,575	2	20,207	2	27,546	2
Lakeside Corp of Mount Dora	13,137	2	11,126	2	11,029	5	11,403	4	8,935	6
Avante At Mount Dora	6,203	7	5,505	8	8,651	7	7,587	7	9,667	5
Mount Dora Dialysis	3,629	10	-		-		-		-	
Wal-Mart, Inc.	7,691	6	7,207	6	7,433	8	8,191	6	8,086	8
Oakwood Association	-		-		5,711	10	5,767	9	-	
Ajax Building Corp	-		-		7,226	9	-		-	
Bristol Lakes	-		-		18,316	3	15,629	3	15,545	3
Hibiscus MHP Ltd. Partnership	-		-		-		10,432	5	12,689	4
Villa Dora Commons	-		-		-		-		7,326	10
Total - Hundred Cubic Feet	85,844		83,803		134,913		131,232		135,798	

Source: City Utility Records

CITY OF MOUNT DORA
RATIOS OF OUTSTANDING GENERAL DEBT BY TYPE

Table C - 1
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities								Business-Type Activities		Percent of Personal Income	Per Capita
	Capital Improvement Revenue Bonds (1)	Capital Improvement Refunding Bonds (2)	Capital Leases	General Notes	Special Assessment Note	Tax Increment Revenue Note	Bond Anticipation Note	Subtotal	Utility Revenue Bonds	Total Primary Government		
2012	\$ -	\$ 3,388,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,388,600	\$ 7,875,000	\$ 11,263,600	3.24%	\$ 897
2011	-	3,635,400	-	-	-	-	-	3,635,400	8,385,000	12,020,400	3.88%	972
2010	3,745,000	-	-	-	-	-	-	3,745,000	8,880,000	12,625,000	4.41%	1,080
2009	3,935,000	-	-	2,500,000	-	-	-	6,435,000	9,355,000	15,790,000	5.66%	1,423
2008	4,115,000	-	25,945	314,956	-	-	4,500,000	8,955,901	9,405,000	18,360,901	5.62%	1,626
2007	4,290,000	-	56,416	514,989	-	-	4,500,000	9,361,405	9,855,000	19,216,405	5.63%	1,609
2006	4,455,000	-	95,130	707,911	-	-	4,500,000	9,758,041	10,290,000	20,048,041	6.39%	1,802
2005	4,615,000	-	135,627	893,975	1,380,742	-	4,500,000	11,525,344	10,235,000	21,760,344	7.36%	1,997
2004	4,770,000	-	785,045	1,073,424	1,714,967	-	-	8,343,436	10,590,000	18,933,436	6.67%	1,760
2003	4,920,000	-	788,392	1,243,637	2,000,000	25,500	-	8,977,529	10,930,000	19,907,529	7.24%	1,879

(1) Capital Improvement Revenue Bonds, Series 2001, which were refunded on September 22, 2011
 (2) 2011 Capital Improvement Refunding Bonds issue on September 22, 2011 to refund the 2001 Series

Notes: There are no legal debt limits for Florida Municipalities.
 Details regarding the City's per capita personal income can be found on Table D - 1.
 Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**CITY OF MOUNT DORA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

Table C - 2
As of September 30, 2012

Taxing District	Debt Outstanding (1)	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Other Debt			
Lake County Board of County Commissioners	\$ 27,130,000	4.21%	\$ 1,142,177
School District of Lake County	42,495,000	4.21%	<u>\$ 1,789,046</u>
Subtotal - overlapping debt			2,931,223
City direct debt (3)			<u>3,388,600</u>
Total Direct and Overlapping Debt			<u><u>\$ 6,319,823</u></u>

(1) General Obligation only

(2) The estimated percentage is based on the city's population to total county population.

(3) The City has no general obligation debt. Utility revenue bonds are excluded.

Source: Lake County and Lake County School Board

**CITY OF MOUNT DORA
PLEGGED REVENUE COVERAGE - UTILITY BONDS**

Table C - 3
Utility (Water and Wastewater) Revenue Bonds
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Operating Revenue (1)</u>	<u>Direct Operating Expenses (2)</u>	<u>Net Available for Debt Service (3)</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2012	\$ 6,871,827	\$ 4,426,574	\$ 2,445,253	\$ 510,000	\$ 306,509	2.99
2011	6,917,067	4,929,089	1,987,978	495,000	327,664	2.42
2010	6,152,268	4,317,404	1,834,864	475,000	348,208	2.23
2009	6,149,370	4,251,962	1,897,408	50,000	353,449	4.70
2008	6,101,495	4,004,986	2,096,509	405,000	421,026	2.54
2007	6,120,793	3,852,805	2,267,988	450,000	464,087	2.48
2006	5,784,549	3,213,155	2,571,394	370,000	525,366	2.87
2005	4,903,970	2,798,287	2,105,683	355,000	535,703	2.36
2004	4,685,416	2,418,392	2,267,024	340,000	550,146	2.55
2003	3,797,921	2,342,883	1,455,038	330,000	564,006	1.63

- (1) Operating Revenue includes investment earnings and other miscellaneous income.
- (2) Direct Operating Expenses exclude depreciation, amortization and interest expense.
- (3) A large portion of Water and Wastewater Impact Fees may be used to pay debt service. Impact fee funds are not included in the Net Available for Debt Service figure.

CITY OF MOUNT DORA
PLEDGED REVENUE COVERAGE - CAPITAL IMPROVEMENT BONDS
Table C - 3
Capital Improvement Revenue Bonds (1)
Last Ten Fiscal Years

Fiscal Year	Utility Taxes	Telecommunication Taxes	Investment Earnings (2)	Available for Debt Service	Debt Service (1)		Coverage
					Principal	Interest	
2012	\$ 1,233,933	\$ 586,993	\$ 432	\$ 1,821,358	\$ 246,800	\$ 72,859	5.70
2011	1,327,594	530,247	5,088	1,862,929	195,000	181,198	4.95
2010	1,334,238	539,424	8,591	1,882,253	190,000	189,035	4.97
2009	1,234,722	486,877	13,702	1,735,301	180,000	196,235	4.61
2008	1,069,299	584,053	21,296	1,674,648	175,000	203,060	4.43
2007	1,044,155	558,564	22,087	1,624,806	165,000	209,330	4.34
2006	1,012,878	528,509	12,170	1,553,557	160,000	215,330	4.14
2005	990,761	541,556	4,137	1,536,454	155,000	221,143	4.08
2004	975,034	482,216	1,898	1,459,148	150,000	226,768	3.87
2003	907,813	500,649	1,375	1,409,837	-	226,768	6.22

- (1) The 2001 Capital Improvement Bonds were refunded on September 22, 2011 by the issuance of the Capital Improvement Revenue Refunding Bonds, Series 2011.
- (1) Investment Earnings on money in the Pledged Revenue Fund.

**CITY OF MOUNT DORA
DEMOGRAPHIC AND ECONOMIC STATISTICS**

Table D - 1
Last Ten Calendar Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (3)	Personal Income Inc. (Dec.)	Unemployment Rate (4)
2012	12,557	\$ 347,414,519	\$ 27,667	-0.88%	8.9%
2011	12,370	345,271,440	27,912	13.83%	11.2%
2010	11,687	286,576,927	24,521	-2.38%	12.3%
2009	11,100	278,809,800	25,118	-13.07%	10.9%
2008	11,290	326,235,840	28,896	1.21%	7.1%
2007	11,961	341,498,511	28,551	1.22%	4.4%
2006	11,125	313,791,750	28,206	4.00%	3.0%
2005	10,899	295,602,678	27,122	2.78%	3.6%
2004	10,758	283,892,862	26,389	1.74%	4.1%
2003	10,594	274,776,578	25,937	-0.43%	4.6%

- (1) Bureau of Business and Economic Research, University of Florida.
- (2) The actual per capita personal income for the City is not known. The County's per capita figures are multiplied by the population to determine the total personal income for the City.
- (3) Per Metro Orlando EDC

**CITY OF MOUNT DORA
PRINCIPAL EMPLOYERS**

Table D - 2
Latest Year and Ten Years Ago

Employer	2011		
	Number of Employees	Rank	Percent of Total County Employment
Lake County Public Schools	4,353	1	3.20%
Villages of Lake-Sumter, Inc.	2,220	2	1.63%
Leesburg Regional Medical Center	1,870	3	1.37%
Florida Hospital / Waterman, Inc.	1,400	4	1.03%
Embarq	811	5	0.60%
Casmin Incorporated	800	6	0.59%
Lake County Government	690	7	0.51%
Lake County Sheriff's Department	585	8	0.43%
G & T Conveyor Company, Inc.	550	9	0.40%
Bailey Industries	509	10	0.37%

Employer	2001		
	Number of Employees	Rank	Percent of Total County Employment
Lake County Public Schools	3,451	1	3.82%
Villages of Lake-Sumter, Inc.	1,651	2	1.68%
Florida Hospital / Waterman, Inc.	1,500	3	1.53%
Leesburg Regional Medical Center	1,300	4	1.32%
Winn Dixie Stores	1,190	5	1.21%
Publix Supermarkets	1,001	6	1.02%
Embarq	650	7	0.66%
Golden Gem Growers	629	8	0.64%
Florida Crushed Stone Co.	600	9	0.61%
Lester Coggins Trucking	500	10	0.51%

Source: Metro Orlando Economic Development Commission.

2011 Lake County Schools, FL Comprehensive Annual Financial Report

2011 Lake County , FL Comprehensive Annual Financial Report

Note: Figures are for the entire Lake County and not just for the City.

CITY OF MOUNT DORA
FULL TIME EQUIVALENT EMPLOYEES BY FUNCTION / PROGRAM
Table E - 1, Part 1
Last Five Fiscal Years

	Fiscal Year				
	2012	2011	2010	2009	2008
General Government					
Administration	7.50	7.50	7.50	7.50	7.50
Finance	16.60	16.60	16.80	17.00	17.25
Planning	3.26	3.26	3.26	4.26	4.26
Building Maintenance	7.70	7.20	9.20	8.20	9.20
Public Safety					
Police	41.46	42.46	42.46	43.46	44.36
Police Communications	8.63	8.63	8.63	8.10	8.00
Fire	25.00	25.00	25.00	25.00	26.40
Physical Environment					
Electric	11.05	11.05	11.05	12.45	11.95
Water / Wastewater	30.30	30.20	29.42	31.22	30.72
Sanitation	1.25	1.25	1.25	1.13	1.10
Stormwater	4.00	3.80	2.80	3.30	2.70
Cemetery	1.85	2.35	2.35	2.35	2.35
Transportation					
Roads and Streets	8.55	8.55	9.55	10.00	11.40
Engineering	0.85	1.15	1.15	1.12	1.10
Culture and Recreation					
Library Services	9.35	9.35	9.13	9.98	10.98
Recreation	5.36	6.26	6.51	6.11	9.29
Parks Maintenance	7.25	7.25	6.25	6.59	7.49
Other					
CRA	4.00	4.00	4.00	5.00	5.00
NECRA	1.50	1.50	1.50	1.50	1.50
Protective Inspections	5.24	7.24	7.24	8.24	8.24
Motorpool	1.56	1.56	1.56	1.00	4.00
Total	<u>202.26</u>	<u>206.16</u>	<u>206.61</u>	<u>213.51</u>	<u>224.79</u>

Source: City Finance Department - Annual Budget

Note: Police Officers and Firefighters shown as 1 FTE even though they work in excess of 2,080 hours per year.

CITY OF MOUNT DORA
FULL TIME EQUIVALENT EMPLOYEES BY FUNCTION / PROGRAM
 Table E - 1, Part 2
 Previous Five Fiscal Years

	Fiscal Year				
	2007	2006	2005	2004	2003
General Government					
Administration	8.00	10.50	10.50	10.50	10.50
Finance	18.25	19.60	18.60	19.00	18.00
Planning	4.26	4.26	3.45	3.45	3.50
Building Maintenance	10.00	10.00	9.00	9.00	7.00
Public Safety					
Police	44.73	42.90	38.77	38.67	38.67
Police Communications	8.00	8.00	8.00	8.00	9.00
Fire	29.20	23.20	20.20	19.20	18.20
Physical Environment					
Electric	11.95	11.95	11.20	10.70	10.75
Water / Wastewater	28.35	28.25	23.60	21.50	22.80
Sanitation	1.10	1.10	1.10	1.10	1.00
Stormwater	2.95	1.95	1.70	1.70	1.00
Cemetery	2.00	2.00	0.50	0.50	3.50
Transportation					
Roads and Streets	12.40	11.40	11.30	11.49	13.50
Engineering	1.10	1.10	1.10	0.51	0.00
Culture and Recreation					
Library Services	11.95	11.90	10.80	10.74	11.67
Recreation	12.16	12.16	12.29	10.60	12.30
Parks Maintenance	4.84	4.50	6.50	7.50	10.50
Other					
CRA	5.00	4.00	4.00	3.00	3.00
NECRA	1.50	0.50	1.50	1.50	1.50
Protective Inspections	8.24	5.24	4.05	3.05	4.00
Motorpool	4.00	4.00	4.00	4.00	4.00
Total	<u>229.98</u>	<u>218.51</u>	<u>202.16</u>	<u>195.71</u>	<u>204.39</u>

Source: City Finance Department - Annual Budget

Note: Police Officers and Firefighters shown as 1 FTE even though they work in excess of 2,080 hours per year.

**CITY OF MOUNT DORA
CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM**

Table E -2

	Fiscal year				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Schools **					
Elementary	2	2	2	2	2
Junior/Senior High	1	1	1	1	1
Fire					
Stations	2	2	2	2	1
Firefighters	21	21	21	21	21
Response Vehicles	4	4	5	5	5
Parks and Recreation					
Park Acreage	216	216	216	216	216
Sports Fields & Courts Operated	16	16	16	16	16
City Facilities Operated	40	40	40	40	40
Police					
Stations	1	1	1	1	1
Officers ***	32	33	33	34	35
Patrol Vehicles	34	35	35	36	38

	Fiscal year			
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Schools **				
Elementary	2	2	2	2
Junior/Senior High	1	1	1	1
Fire				
Stations	1	1	1	1
Firefighters	21	22	22	21
Response Vehicles	5	5	5	5
Parks and Recreation				
Park Acreage	216	243	227	192
Sports Fields & Courts Operated	16	5	5	5
City Facilities Operated	40	20	20	19
Police				
Stations	1	1	1	1
Officers ***	36	34	32	31
Patrol Vehicles	36	37	31	19

* Information not gathered in prior years

** Public schools owned and operated by Lake County School Board

*** Sworn officers

Information is from Lake County and City Budget

**CITY OF MOUNT DORA
OPERATING INDICATORS BY FUNCTION / PROGRAM**

Table E - 3

	For Fiscal Years Ending September 30,				
	2012	2011	2010	2009	2008
Water/Waterwater System					
Number of Water Accounts	8,142	8,019	7,935	7,766	7,520
Average Daily Consumption (in Hcf)	3,291	3,850	3,478	3,835	3,264
Number of Wastewater Accounts	5,709	5,537	5,441	5,231	4,817
Average Daily Consumption (in Hcf)	1,866	1,855	1,746	1,756	1,730
Number of Reclaimed Water Accounts	1,425	N/A	N/A	N/A	N/A
Average Daily Consumption (in Hcf)	1,022	N/A	N/A	N/A	N/A
Electric					
Energy Purchased (kWh)	88,072,494	94,304,554	98,575,322	93,739,396	96,521,132
Annual Peak Demand (kW)	20,712	22,987	24,859	22,997	22,896
Avg. Number of Accounts - Total	5,691	5,691	5,685	5,467	5,394
Energy Sales (kWh) - Total	84,364,970	89,857,216	94,648,835	90,001,944	92,057,332
Ave. Monthly Non-demand Consumption (2,963	2,845	3,000	2,743	2,490
Planning					
Total Building permits issued	861	786	951	881	944
Total Value of Construction (Thousands) \$	15,182	25,197	35,123	42,550	76,448
Number Planning Docket Items	29	30	29	40	64
Historic Preservation					
Number Historic properties reviewed	13	11	11	16	33
Cost of Improvements made to:					
Historic Commercial Properties	68,423	103,000	68,720	396,650	\$ 31,400
Historic Residential Properties	401,565	93,175	342,409	148,250	\$ 474,625
Police					
Physical Arrests (Excl. DUI / DWI)	546	554	605	660	642
DUI / DWI Arrests	56	61	51	64	86
Emergency Calls	4,251	7,478	5,336	5,956	6,057
Incident Reports	1,916	2,076	2,128	2,170	2,265
Traffic Stops	4,790	4,782	5,340	9,750	6,001
Traffic Tickets	2,944	2,930	2,911	2,681	3,840
Accident (Crash) Reports	510	495	505	523	502
Fire					
Fire/Rescue Calls	3,339	3,440	3,034	3,410	3,492
Total Number of Inspections	1,049	836	691	1,044	1,129
Total Number of Fire Building Calls	7	6	7	N/A	N/A
Parks and Recreation					
Recreation Programs	22	20	20	21	28
Program Attendance	8,807	8,508	8,531	8,813	6,448
Library					
Registered Borrowers	17,601	18,351	18,374	19,284	18,145
Volumes in Collection	83,839	84,907	81,025	77,456	73,049
Total Annual Circulation	225,068	286,672	318,903	311,012	277,365
Library Visits	227,246	286,413	327,774	289,602	273,710

Information is from Lake County plus City Utilities and Departments

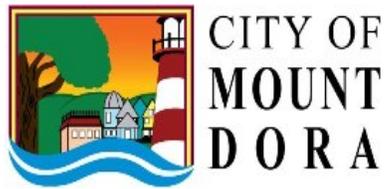
**CITY OF MOUNT DORA
OPERATING INDICATORS BY FUNCTION / PROGRAM**

Table E - 3

	For Fiscal Years Ending September 30,				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Water/Waterwater System					
Number of Water Accounts	7,154	6,814	6,453	6,354	6,216
Average Daily Consumption (in Hcf)	3,513	3,399	2,978	3,093	2,966
Number of Wastewater Accounts	4,437	4,169	3,997	3,896	3,784
Average Daily Consumption (in Hcf)	1,769	1,700	1,619	1,600	1,537
Number of Reclaimed Water Accounts	N/A	N/A	N/A	N/A	N/A
Average Daily Consumption (in Hcf)	N/A	N/A	N/A	N/A	N/A
Electric					
Energy Purchased (kWh)	100,680,912	103,407,409	99,824,759	95,946,709	97,471,429
Annual Peak Demand (kW)	24,058	24,254	25,138	22,333	22,851
Avg. Number of Accounts - Total	5,416	5,410	5,806	5,287	5,112
Energy Sales (kWh) - Total	94,495,830	98,094,800	95,899,500	90,865,200	95,304,607
Average Monthly Consumption (kWh)	2,231	2,487	2,376	2,432	2,554
Planning					
Total Building permits issued	1,159	1,067	832	785	671
Total Value of Construction (Thousands) \$	99,844	90,157	50,998	73,057	28,209
Number Planning Docket Items	65	97	81	86	55
Historic Preservation					
Number Historic properties reviewed	31	28	13	21	9
Cost of Improvements made to:					
Historic Commercial Properties \$	40,625	-	165,050	176,980	N/A
Historic Residential Properties \$	878,921	347,685	192,450	89,059	N/A
Police					
Physical Arrests (Excl. DUI / DWI)	659	716	720	673	621
DUI / DWI Arrests	73	56	56	38	30
Emergency Calls	6,176	6,295	5,585	5,874	4,866
Incident Reports	2,185	2,292	2,062	2,048	2,043
Traffic Stops	6,621	8,026	5,415	4,258	3,659
Traffic Tickets	4,631	6,262	4,337	3,069	2,455
Accident Reports	570	628	642	604	559
Fire					
Fire/Rescue Calls	3,304	3,271	2,853	2,930	2,960
Total Number of Inspections	743	1,053	1,000	1,014	920
Total Number of Fire Building Calls	N/A	N/A	N/A	N/A	N/A
Parks and recreation					
Recreation Programs	31	29	7	7	6
Program Attendance	8,400	8,875	3,660	3,420	3,400
Library					
Registered Borrowers	16,402	16,097	15,764	16,349	15,724
Volumes in Collection	66,792	64,536	51,878	51,664	48,119
Total Annual Circulation	239,558	214,239	209,044	186,219	172,714
Library Visits	248,934	228,141	205,618	194,556	176,522

Information is from Lake County plus City Utilities and Departments

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**ADDITIONAL ELEMENTS OF REPORT PREPARED IN
ACCORDANCE WITH THE PROVISIONS OF
GOVERNMENT AUDITING STANDARDS AND THE
RULES OF THE AUDITOR GENERAL OF THE
STATE OF FLORIDA**

**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***

The Honorable Mayor and Members of the City Council
City of Mount Dora
Mount Dora, 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 Mount Dora, 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 February 5, 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 controls 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 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.

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*.

Certified Public Accountants

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

The Honorable Mayor and Members of the City Council
City of Mount Dora
Mount Dora, Florida

**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*
(*Concluded*)**

We noted certain matters that we reported to management of the City in a separate letter dated February 5, 2013.

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

Purvis, Gray and Company, LLP

February 5, 2013
Ocala, Florida

MANAGEMENT LETTER

The Honorable Mayor and Members of the City Council
City of Mount Dora
Mount Dora, Florida

We have audited the financial statements of the City of Mount Dora, Florida (the City), as of and for the year ended September 30, 2012, and have issued our report thereon dated February 5, 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. We have issued our 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*. Disclosures in that report, which is dated February 5, 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 governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' report 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 report. There were no findings or recommendations disclosed in the preceding audit report.
- Section 10.554(1)(i)2, *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3, *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4, *Rules of the Auditor General*, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Certified Public Accountants

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS
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The Honorable Mayor and Members of the City Council
City of Mount Dora
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MANAGEMENT LETTER

(Concluded)

- 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. The legal authority is disclosed in the notes to the financial statements.
- Section 10.554(1)(i)7.(a), *Rules of the Auditor General*, requires a statement to be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions 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 reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7(c) and 10.556(7), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Purvis, Gray and Company, LLP

February 5, 2013
Ocala, Florida