

ORIGINAL

SUZANNE BROWNLESS, P. A.
ATTORNEY AT LAW
1311-B Paul Russell Road, Suite 201
Tallahassee, Florida 32301

ADMINISTRATIVE LAW
GOVERNMENTAL LAW
PUBLIC UTILITY LAW

TELEPHONE (850) 877-5200
TELECOPIER (850) 878-0090

September 7, 2000

VIA HAND DELIVERY

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RECORDS AND REPORTING

Ms. Blanca Bayo, Director
Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RE: Docket No. 991666-WU
Application for amendment of Certificate No. 106-W to add
territory in Lake County by Florida Water Services
Corporation

Dear Mr. Bayo:

Attached please find the original and fifteen copies of the
testimony of Jason L. Yarborough and Joseph A. Mittauer, Jr. to be
filed in the above-styled case. Also attached is one copy of each
filing to be stamped as filed and returned to our office in order
to complete our records.

Please contact me if you have any questions or need any
additional information in regard to this matter. Your assistance
is greatly appreciated.

Very truly yours,

Suzanne Brownless
Attorney for the City of Groveland

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cc: 3216
All parties
Jason L. Yarborough

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DIRECT INTERVENOR TESTIMONY OF
JASON L. YARBOROUGH
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
ON BEHALF OF
THE CITY OF GROVELAND, FLORIDA
DOCKET NO. 991666-WU

1 Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?

2 A. My name is Jason L. Yarborough and my business address
3 is 156 South Lake Avenue, Groveland, Florida 34736.

4 Q. WHAT IS YOUR POSITION WITH THE CITY OF GROVELAND?

5 A. My position is City Manager for the City of Groveland,
6 Florida (City), a municipal corporation organized
7 under the laws of the State of Florida.

8 Q. WHAT IS YOUR EDUCATIONAL BACKGROUND AND WORK
9 EXPERIENCE?

10 A. I am a graduate of Loyola University in New Orleans,
11 Louisiana receiving my B.A. degree in 1992. In 1994
12 I received my M.A. in Public Administration from the
13 University of West Florida. From 1994 until 1996 I
14 was a computer consultant for Dotson Enterprises of
15 Pensacola, Florida. In that position I provided market
16 support for a specialty software and hardware company.
17 From 1996 until 1998 I was the Clerk and then
18 Assistant City Manager for the City of Mary Esther,
19 Florida. In that position I administered the City's
20 grant projects, drafted RFPs and evaluated all bid
21 responses, assisted in the preparation of the City's
22 annual budget and five year Capital Improvement Plan
23 and secured \$2.66 million in grants to implement
24 stormwater, emergency management, park and law
25 enforcement programs. From 1998 to date I have been
26 the City Manager of the City of Groveland. My resume

1 is attached as Exhibit (_____) JLY-1 to this
2 testimony.

3 Q. WHAT ARE YOUR PRESENT DUTIES AS CITY MANAGER FOR THE
4 CITY OF GROVELAND?

5 A. I am the chief executive officer of the City
6 responsible to the City Council for the administration
7 of all of the day to day operations of the City and
8 the supervision of all departments, offices and
9 agencies of the City.

10 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS
11 PROCEEDING?

12 A. To provide testimony that the City of Groveland has
13 the financial, technical and managerial ability to
14 provide water and wastewater services to the water
15 territory service area requested by Florida Water
16 Services Corporation (Florida Water) in this docket,
17 an area included within the City's current Utility
18 Service District, and that it is in the best interests
19 of the citizens of Lake County that the City be
20 allowed to provide that service.

21 Q. PLEASE DESCRIBE THE SERVICE TERRITORY FOR THE CITY OF
22 GROVELAND.

23 A. Pursuant to §180.02(3), Florida Statutes, the City
24 adopted Ordinance 99-05-07, effective May 17, 1999,
25 creating the City of Groveland Utility Service
26 District (District). Ordinance 99-05-07 (Ordinance)

1 is attached to this testimony as Exhibit (_____) JLY-
2 2. The District is exclusive with any private or
3 public utility prohibited from constructing any
4 system, work, project or utility of a similar
5 character to that being operated in the District by
6 the City without the City's prior consent.
7 [Ordinance, §5].

8 Q. DOES THE SERVICE AREA WHICH FLORIDA WATER IS SEEKING
9 TO ADD IN THIS PROCEEDING FALL WITHIN THE DISTRICT'S
10 BOUNDARIES?

11 A. Yes, the service area requested by Florida Water in
12 this proceeding falls completely within the District.

13 Q. DID THE CITY OF GROVELAND GIVE FLORIDA WATER OR THE
14 DEVELOPER OF THE SUMMIT, THE SUMMIT LAND TRUST,
15 PERMISSION FOR FLORIDA WATER TO PROVIDE WATER OR
16 WASTEWATER UTILITY SERVICES TO THE SUMMIT PROJECT?

17 A. No. As of this date, neither the developer of the
18 Summit, the Summit Land Trust, nor Florida Water has
19 requested permission from the City for Florida Water
20 to provide water or wastewater service to this area.

21 Q. IS THE CITY READY, WILLING AND ABLE TO PROVIDE WATER
22 AND WASTEWATER SERVICES TO THE SUMMIT DEVELOPMENT?

23 A. Yes. As will be testified to in more detail by the
24 City's Engineer, Joseph A. Mittauer, P.E., the City is
25 currently constructing a 12 inch water line along
26 Cherry Lake Road/CR 478 pursuant to a grant from the

1 Department of Environmental Protection. The Cherry
2 Lake Road extension construction will be complete by
3 February, 2001. Extension of this line approximately
4 13,000 feet to the Summit Development will take
5 approximately five months from the date service is
6 requested.

7 Q. DOES THE CITY HAVE EXISTING CAPACITY TO PROVIDE WATER
8 SERVICE TO THE SUMMIT?

9 A. Yes, the City currently has three wells totalling 2.18
10 million gallons per day permitted capacity of which
11 1.6 million gallons per day is available to serve the
12 proposed potable and fireflow needs of the Summit
13 development. Unlike Florida Water, the City would not
14 have to permit other wells within three years to meet
15 the projected needs of the Summit development.

16 Q. DOES THE CITY HAVE EXISTING CAPACITY TO PROVIDE
17 WASTEWATER SERVICES TO THE SUMMIT?

18 A. Yes, although the Summit development as currently
19 proposed would utilize septic tanks, not a centralized
20 wastewater treatment system, the City could provide
21 wastewater treatment to the development from its
22 existing wastewater treatment plants within twelve
23 months of the request for service.

24 Q. DOES THE CITY HAVE THE MANAGERIAL ABILITY TO SERVE THE
25 SUMMIT?

26 A. Yes, the City has one Class "C" water operator as well

1 as two water operator technicians who are in training
2 for their Class "C" license. The City has had one
3 non-operational violation for its water system within
4 the last five years which will be discussed in more
5 detail by Mr. Mittauer, the City Engineer. The City
6 is currently in compliance with all Department of
7 Environmental Protection (DEP), St. John's Water
8 Management District and EPA permit requirements.

9 With regard to its wastewater system, the City
10 has two Class "C" wastewater operators and one Class
11 "B" and two Class "C" wastewater collections
12 operators. The City has had no violations or fines as
13 a result of operating its wastewater facilities and is
14 currently in compliance with all DEP, St. Johns Water
15 Management District and EPA permit requirements.

16 Q. DOES THE CITY HAVE THE CURRENT FINANCIAL ABILITY TO
17 PROVIDE SERVICE TO THE SUMMIT?

18 A. Yes, the City is in a strong financial condition as is
19 shown by the City's Annual Financial Report dated
20 September 30, 1999 (Exhibit (_____) JLY-3) and can
21 fund its share of expansion costs to the Summit
22 Development from the City's existing financial
23 resources.

24 Q. WHY WOULD IT BE IN THE BEST PUBLIC INTEREST FOR THE
25 CITY RATHER THAN FLORIDA WATER TO PROVIDE WATER AND/OR
26 WASTEWATER SERVICE TO THE DISPUTED SERVICE TERRITORY?

1 A. There are several reasons why it would be in the best
2 public interest for the City to provide water and
3 wastewater services to the disputed service territory.

4 First, the territory is totally located within
5 the Utilities Service District legally created by the
6 City pursuant to §180.02(3), Florida Statutes, six
7 months prior to the request by Florida Water to expand
8 its service territory. The establishment of service
9 territories is intended to insure the orderly and
10 efficient development of utility services in any given
11 area by eliminating wasteful, duplicative utility
12 systems. Allowing the developer of the Summit to
13 select the provider of water and wastewater services
14 to his development by filing a request for services
15 with Florida Water, while ignoring the prior vested
16 territorial rights of the City is contrary to existing
17 Florida case law and common sense. The City can
18 provide adequate and timely water service to the
19 Summit and should be allowed to do so.

20 Second, service by the City will result in the
21 residents of the Summit development paying lower
22 monthly service rates as well as connection fees. A
23 comparison of the City's rates and Florida Water's
24 rates applicable to this proposed territory are found
25 in Exhibit (_____) JLY-4. As can be seen, the City's
26 monthly water charge for the consumption of 5,000

1 gallons of water through a 5/8" x 3/4" meter is \$16.57
2 compared to Florida Water's charge of \$19.69, or 15.8%
3 less than the amount charged by Florida Water.
4 Likewise, the total of the current connection charges
5 for the City for a 5/8" x 3/4" meter are \$1,505.00
6 compared to Florida Water's charges of \$1,623.90, or
7 7.3% less than that charged by Florida Water. The
8 City intends to submit a rate increase request to the
9 City Council for service availability charges
10 effective October 1, 2000. However, even should that
11 increase be approved, the City's total connection
12 charges for a 5/8" x 3/4" meter will be \$1,568.65 or
13 3.4% less than those of Florida Water.

14 Third, the City of Groveland has the ability to
15 provide both water and wastewater service to the
16 Summit in a timely fashion. The Summit has been
17 approved as a Planned Unit Development (PUD) whose
18 density under the Lake County Comprehensive Land Use
19 Plan (Comprehensive Plan) and associated Land
20 Development Regulations does not require the
21 installation of a centralized wastewater system.
22 However, it has long been recognized that the
23 inevitable degradation of septic systems over time,
24 and the public's resistance to connect with an
25 available central sewer system after a septic system
26 has been installed, even though operating poorly,

1 contributes to the erosion of water quality in surface
2 and underground water resources. In short, a
3 centralized sewer system is environmentally more sound
4 over the long term than the installation of septic
5 systems. The City can provide for the installation of
6 a centralized wastewater system within a reasonable
7 period of time. Florida Water cannot.

8 Further, it has been the Commission's policy to
9 award, where possible, unified service territories for
10 both water and wastewater services on the rationale
11 that this action results in more efficient utility
12 operations. Such is the case here. Florida Water
13 does not currently have wastewater treatment
14 facilities in its existing Palisades service area nor
15 the current ability to provide wastewater service to
16 the requested service territory. Allowing the City to
17 serve the disputed territory furthers the Commission
18 policy of unified water and wastewater service
19 territories.

20 Fourth, the addition of the customers in the
21 proposed service area will enable the City to expand
22 its customer base, spread its costs of operation, take
23 advantage of the economies of scale associated with
24 its existing water and wastewater treatment facilities
25 and thereby grow in an efficient and cost effective
26 manner throughout the City's Utility Service District.

1 Such expansion will benefit not only the City's
2 residents but will result in lower rates for all of
3 the City's water and wastewater customers. In the
4 last three years, due to expansion of the City's
5 customer base, the City has reduced its water
6 gallage rates by 26.6%, resulting in total water
7 charges for both City and NonCity residents for 5,000
8 gallons usage being reduced by 7%. The availability
9 of lower financing costs for municipal utilities
10 coupled with sound utility management will enable the
11 City to continue to offer low rates while maintaining
12 its high level of service.

13 Finally, expansion of the City's water and/or
14 wastewater system to the Summit PUD will comport with
15 Lake County's Comprehensive Plan Objectives 6D-2 and
16 6A-2 of the Potable Water Sub-Element and Sanitary
17 Sewer Sub-Element, respectively, of Chapter VI, Public
18 Facilities Element, which state as follows:

19
20 OBJECTIVE 6D-2: MAXIMIZE THE USE OF EXISTING
21 FACILITIES. Lake County Shall Guide the
22 Orderly Growth and Development Of the County
23 By Coordinating Water Service Availability
24 With the Municipalities, Private Enterprise
25 and Individuals. The Coordination Of Service
26 Delivery Shall Be In A Manner That Provides
27 Maximum Use of Existing Facilities.

28
29 OBJECTIVE 6A-2: MAXIMIZE THE USE OF EXISTING
30 FACILITIES. Lake County Shall Guide the
31 Orderly Growth and Development Of the County
32 By Coordinating Service Delivery With the
33 Municipalities, Private Enterprise and
34 Individuals. The Coordination Of Service

1 Delivery Shall Be In A Manner That Provides
2 Maximum Use of Existing Facilities.

3 Q. GIVEN THE FACTS PRESENTED ABOVE, WHAT ACTION SHOULD
4 THE COMMISSION TAKE REGARDING FLORIDA WATER'S
5 APPLICATION AT ISSUE IN THIS PROCEEDING?

6 A. The Commission should deny the application of Florida
7 Water Services Corporation to expand its service
8 territory in Lake County.

9 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

10 A. Yes.

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26 c: 3207

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing testimony has been furnished by U.S. Mail or Hand Delivery (*) this 7th day of September, 2000 to the following:

(*)Patricia Christensen, Esq.
Florida Public Service Comm.
Division of Legal Services
2541 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

J. Stephen Menton, Esq.
Rutledge Law Firm
P.O. Box 551
Tallahassee, FL 32302

Jason L. Yarborough
City of Groveland
156 South Lake Avenue
Groveland, FL 34736



Suzanne Brownless, Esq.

c: 3208

353 Waldo Street
Groveland, FL 34736
Phone 352-429-8817

Jason L. Yarborough

Summary of qualifications

Management professional with Master's degree in Public Administration and experienced in seeking new ways to increase customer service quality while reducing costs. Proven ability to develop and maintain working relationships with elected officials, consultants, county/state officials, and citizens.

Professional experience

1998 – 2000 City of Groveland Groveland, FL
(Pop. 3,100, \$2.7 million budget, 35 Employees)

City Manager

- Initiated community visioning and goal setting sessions.
- Successfully lobbied county for library branch.
- Formed partnership with county to fund full-time fire department for city.
- Negotiated Solid Waste Collection Franchise for 18% reduction in collection cost.
- Renegotiated wastewater plant purchase resulting in a cost reduction of 16%.
- Provided an additional revenue source without adding employees by outsourcing building department to private company.
- Increased code enforcement compliance by assigning duties to police department.
- Expanded water distribution system using Department of Environmental Protection grants.
- Created Master Wastewater Study outlining future expansion areas.
- Streamlined Planning and Zoning Procedures to reduce the complexity of the process.
- Successful grant acquisition program totaling \$1,606,000: St. John's River Water Management District (Stormwater), Department of Environmental Protection – 1) Drinking Water (Water) 2) FRDAP (Park), Community Development Block Grant- 1) Neighborhood Revitalization 2) Economic Development (Water and Wastewater Infrastructure), FAST COP and FAST MORE (Law Enforcement).
- Established Utility District to protect future customer base.
- Renegotiated settlement agreement with the Department of Community Affairs to improve city's flexibility in land use and density.
- Increased utility customer base thereby allowing water rates to be reduced by 25%.

1996 - 1998 City of Mary Esther Mary Esther, FL
(Pop. 4,406, \$3.1 million budget, 58 Employees)

Assistant City Manager/ Clerk

- Created an aggressive grant acquisition program totaling \$2,665,000 in grants including: CDBG (Stormwater), Local Mitigation (Emergency

ORDINANCE NO. 99-05-07

AN ORDINANCE PURSUANT TO CHAPTER 180, FLORIDA STATUTES (1989) CREATING A CITY OF GROVELAND UTILITIES SERVICE DISTRICT; ESTABLISHING THE BOUNDARIES OF THE DISTRICT; AUTHORIZING THE EXTENSION OF MUNICIPAL UTILITIES WITHIN THE DISTRICT BASED ON THE CITY OF GROVELAND UTILITY CODE, CHAPTER 102; REQUIRING ALL PERSONS OR CORPORATIONS LIVING OR DOING BUSINESS WITHIN THE DISTRICT TO CONNECT TO THE CITY WATER AND WASTEWATER SYSTEM WHEN AVAILABLE; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Groveland owns and operates a central water distribution system and a central wastewater collection system and treatment facility; and

WHEREAS, the City's utility systems are capable of delivering water and wastewater utility service to areas outside the municipal limits of the City; and

WHEREAS, Chapter 180, Florida Statutes (1989) authorizes municipalities to extend their water and wastewater utilities beyond their municipal limits to provide utility services to unincorporated areas within the general vicinity of the municipality; and

WHEREAS, Section 180.03(3), Florida Statutes (1989) authorizes municipalities to create a utility zone for up to five (5) miles from the corporate limits of the municipality; and further authorizes municipalities to require customers in that area to connect to the municipal water and wastewater system, when available; and

WHEREAS, the extension of water and wastewater systems by the City of Groveland within the subject utility district is environmentally sound and avoids costly duplication of infrastructure,

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GROVELAND, FLORIDA, AS FOLLOWS:

Section 1. Creation of District. There is hereby created the City of Groveland Utilities Service District (hereinafter referred to as the "District").

Section 2. District Boundaries. The District shall have the following boundaries:

Begin at the Northeast corner of Section 14, Township 21 South, Range 25 East, Lake County, Florida; thence run South along the East line of Sections 14, 23, 26, and 35, Township 21 South, Range 25 East and the East line of Section 2, Township 22 South, Range 25 East to the Southeast corner of said Section 2; thence run West along the South line of Sections 2 and 3, Township 22 South, Range 25 East to the Northeast corner of Section 9, Township 22 South, Range 25 East; thence run South along the East line of Sections 9, 16, 21, 28, and 33, Township 22 South, Range 25 East, and the East line of Sections 4, 9, and 16, Township 23 South, Range 25 East, to the Southeast corner of said Section 16; thence run West along the South line of Sections 16 and 17, Township 23 South, Range 25 East to the Northeast corner of Section 19, Township 23 South, Range 25 East; thence run South along the East line of said Section 19 to the

Southeast corner of said Section 19; thence run West along the South line of said Section 19, Township 23 South, Range 25 East, and the South line of Sections 24 and 23, Township 23 South, Range 24 East to the Southwest corner of said Section 23; thence run North along the West line of said Section 23 to the Southeast corner of Section 15, Township 23 South, Range 24 East; thence run West along the South line of Sections 15 and 16, Township 23 South, Range 24 East to the Southwest corner of said Section 16; thence run North along the West line of said Section 16 to the Southeast corner of Section 8, Township 23 South, Range 24 East; thence run West along the South line of said Section 8, Township 23 South, Range 24 East, to the Southwest corner of said Section 8; thence run North along the West line of said Section 8 to the Southeast corner of Section 6, Township 23 South, Range 24 East; thence run West along the South line of said Section 6 to the Southwest corner of said Section 6 and the West line of Township 23 South, Range 24 East; thence run North along the West line of Section 6, Township 23 South, Range 24 East and the West line of Sections 31 and 30, Township 22 South, Range 24 East to the Northwest corner of said Section 30; thence run East along the North line of Sections 30 and 29 to the Southwest corner of Section 21, Township 22 South, Range 24 East; thence run North along the West line of said Section 21 to the Northwest corner of said Section 21; thence run East along the North line of Sections 21, 22, and 23, Township 22 South, Range 24 East, to the Southwest corner of Section 13, Township 22 South, Range 24 East; thence run North along the West line of Sections 13 and 12, Township 22 South, Range 24 East to the Southeast corner of Section 2, Township 22 South, Range 24 East; thence run West along the South line of Sections 2 and 3, Township 22 South, Range 24 East to the Southwest corner of said Section 3; thence run North along the West line of said Section 3, Township 22 South, Range 24 East, and the West line of Sections 34, 27, 22, and 15, Township 21 South, Range 24 East to the Northwest corner of said Section 15; thence run East along the North line of Sections 15, 14 and 13, Township 21 South, Range 24 East and the North line of Sections 18, 17, 16, 15, and 14, Township 21 South, Range 25 East to the Northeast corner of said Section 14 and the Point of Beginning.

A map of the District is attached hereto and made a part hereof.

Section 3. Extension of Utilities Authorized. The City is authorized and empowered to extend its water and wastewater utilities, including utility lines, lift stations, booster pumps, wells, and storage tanks, to all areas within the District. All such utility extensions shall be governed by and pursuant to the City of Groveland Utility Code, Chapter 102.

Section 4. Connection to Water and Wastewater System Required. All persons or corporations developing property (either commercial, industrial, or residential) after the effective date of this Ordinance within the District shall be required to immediately connect to the City water and wastewater system within 365 days of when it becomes available. For purposes of this Ordinance, wastewater shall be deemed "available" as provided in Section 10D-6.42(7), F.A.C., which Section is hereby incorporated by reference.

Section 5. Utilities of Similar Character Prohibited. No private or public utility shall be authorized to construct within the District any system, work, project or utility of a

similar character to that being operated in the District by the City unless the City consents to such construction.

Section 6. Effective Date. This Ordinance shall take effect immediately upon its final adoption by City Council.

PASSED, ORDAINED AND APPROVED In Regular Session of the City Council of the City of Groveland, Florida, this 17 day of May, 1999.

CITY COUNCIL OF THE CITY OF GROVELAND

Doris Thompson
DORIS THOMPSON, Mayor

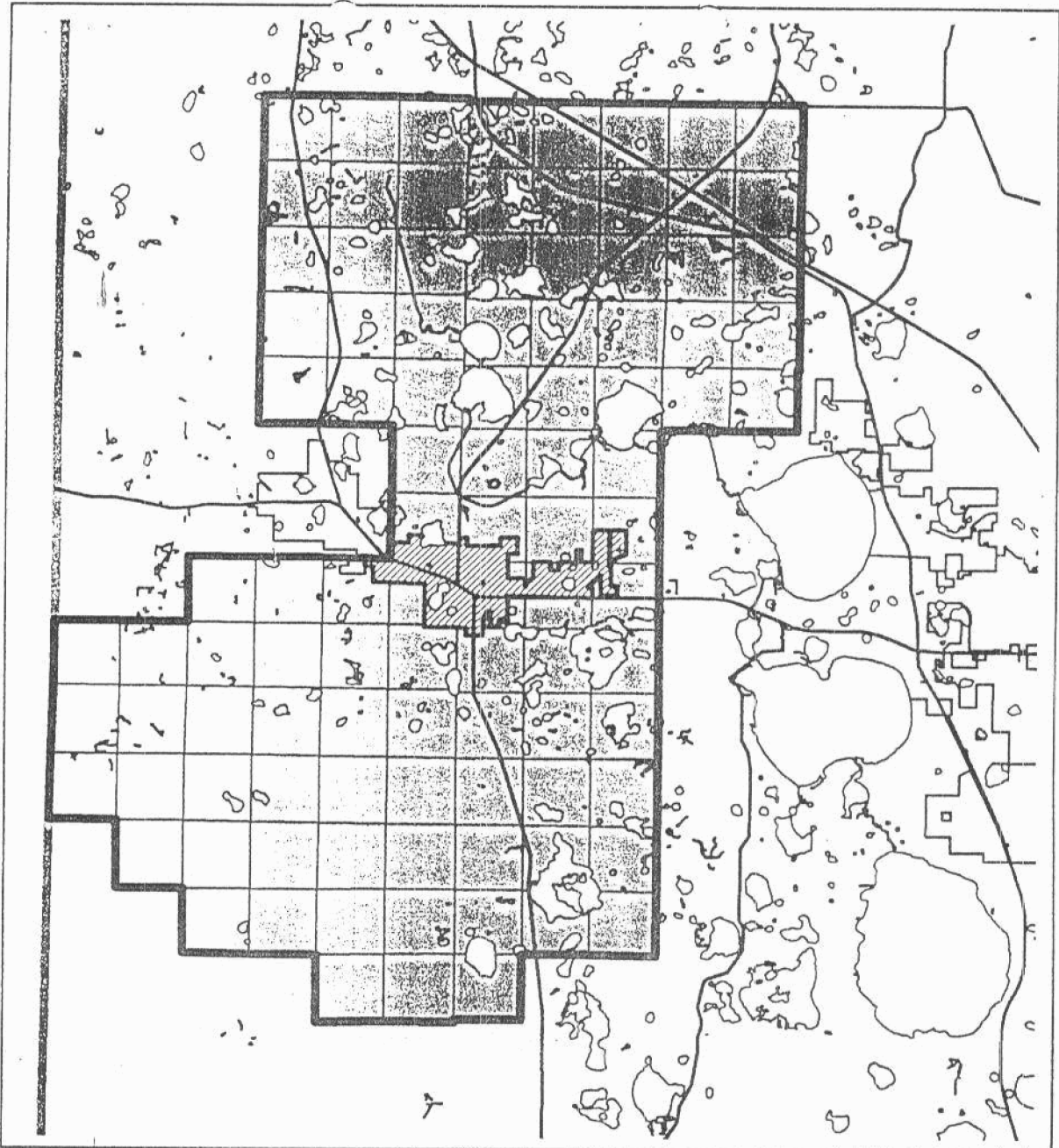
ATTEST:

Jason Yarbrough
JASON YARBOROUGH, City Manager

Passed First Reading 5/3/1999

Passed Second Reading 5/17/1999

Julia R. Law
Approved as to form:
City Attorney



**Proposed Utility Service Area
for the
City of Groveland
Lake County, Florida**



**LPG Urban &
Regional Planners, Inc.**
2001 Old U.S. Highway 441, Suite 1 / (352) 383-1444
Mound Ditch, Florida 32757 / Fax: (352) 383-3277

The Orlando Sentinel

Published Daily

State of Florida } s.s.
COUNTY OF ORANGE

99-05-07

Before the undersigned authority personally appeared Julia Nichols

who on oath says that he/she is the Legal Advertising Representative of The Orlando Sentinel, a daily newspaper published at TAVARES LAKE in LAKE County, Florida; that the attached copy of advertisement, being a LEGAL NOTICE THE in the matter of MAY 12TH

in the LAKE Court, was published in said newspaper in the issue; of 05/07/99

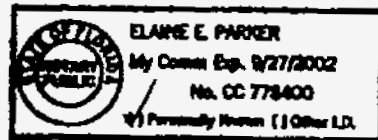
Affiant further says that the said Orlando Sentinel is a newspaper published at TAVARES LAKE in said LAKE County, Florida, and that the said newspaper has heretofore been continuously published in said LAKE County, Florida, each Week Day and has been entered as second-class mail matter at the post office in TAVARES LAKE in said LAKE County, Florida, for a period of one year next preceding the first publication of the attached copy of advertisement; and affiant further says that he/she has neither paid nor promised any person, firm or corporation any discount, rebate, commission or refund for the purpose of securing this advertisement for publication in the said newspaper.

The foregoing instrument was acknowledged before me this 7th day of May, 19 99, by Julia Nichols

who is personally known to me and who did take an oath.

Elaine E. Parker

(SEAL)

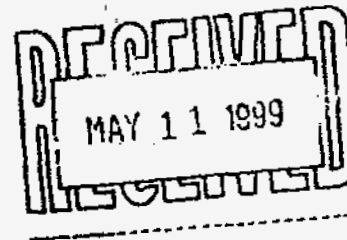


LEGAL NOTICE

The City of Groveland, Florida will have the second and final reading of the following proposed Ordinance at the City Council meeting to be held Monday, May 17, 1999 at 7:30 p.m. in Chambers, 156 South Lake Avenue, Groveland, Florida.

AN ORDINANCE OF THE 180, FLORIDA STATUTES (1989) CREATING A CITY OF GROVELAND UTILITIES SERVICE DISTRICT; ESTABLISHING THE BOUNDARIES OF THE DISTRICT; AUTHORIZING THE EXTENSION OF MUNICIPAL UTILITIES WITHIN THE DISTRICT BASED ON THE CITY OF GROVELAND UTILITY CODE, CHAPTER 182, REQUIRING ALL PERSONS OR CORPORATIONS LIVING OR DOING BUSINESS WITHIN THE DISTRICT TO CONNECT TO THE CITY WATER AND WASTEWATER SYSTEM WHEN AVAILABLE; PROVIDING AN EFFECTIVE DATE.

The public is invited to attend and be heard at this meeting and the Ordinance is available for inspection at City Hall, 156 S. Lake Avenue, during normal business hours; Monday through Friday. If a person desires to appeal any decision made by the Council with respect to any matter considered at such meetings, he or she will need to ensure that a verbatim record of the proceedings is made which record includes the testimony and evidence upon which the appeal is based and that this shall be at the person's own expense. LAK269246 MAY 7, 1999



**CITY OF GROVELAND, FLORIDA
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 1999**

CITY OF GROVELAND, FLORIDA
PRINCIPAL CITY OFFICIALS
SEPTEMBER 30, 1999

Docket No. 991666-WU
Exhibit () JLY-3
Page 2 of 59

Mayor Doris Thompson
Councilman Richard T. Flynn
Councilman Lewis F. Hart
Councilman Michael Whitaker
Councilman Robert J. Maguire
City Manager Jason L. Yarborough
Finance Director Patsy Alderman
Legal Counsel Julia R. Law
Public Works Director Larry Walker
Chief of Police Thomas R. Merrill
Fire Chief William M. Morgan, Jr.

CITY OF GROVELAND, FLORIDA
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 1999

Docket No. 991666-WU
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FINANCIAL SECTION

This Section Contains the Following Subsections

AUDITORS' REPORTS

GENERAL PURPOSE FINANCIAL STATEMENTS

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SCHEDULES

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FINANCIAL STATEMENTS

(Combined Statement - Overview)

These basic financial statements provide a summary overview of the financial position of all funds and account groups as well as the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that follow in the next Subsection.



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Groveland, Florida

We have audited the accompanying general purpose financial statements of the City of Groveland, Florida, as of and for the year then ended September 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Groveland, Florida's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *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 general purpose 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not obtain sufficient evidential matter to determine if the fixed assets recorded in the general fixed assets account group are fairly presented at cost or estimated historical cost due to insufficient detail within the City's property records.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to determine the propriety of amounts recorded as fixed assets in the general fixed assets account group, the general purpose financial statements referred to above present fairly the financial position of the City of Groveland, Florida, at September 30, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles.

MEMBER: FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS & AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2000 on our consideration of the City of Groveland, Florida's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The individual fund and account group financial statements listed in the table of contents and columns on the accompanying combined financial statements captioned "Totals (Memorandum Only)" are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Groveland, Florida. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the general purpose financial statements of the City of Groveland, Florida. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Greenlee, Kurras, Rice & Brown, P.A.

Mount Dora, Florida
April 17, 2000

CITY OF GROVELAND, FLORIDA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 SEPTEMBER 30, 1999

	GOVERNMENTAL	PROPRIETARY	ACCOUNT GROUPS		TOTALS	
	FUND TYPES	FUND TYPES	GENERAL	GENERAL	(MEMORANDUM ONLY)	
<u>ASSETS AND OTHER DEBITS</u>	<u>GENERAL</u>	<u>ENTERPRISE</u>	<u>FIXED ASSETS</u>	<u>LONG-TERM DEBT</u>	1999	1998
Cash and cash equivalents	\$ 801,937	\$ 61,023	\$...	\$...	\$ 862,960	\$ 484,091
Investments	...	...	...	...	...	192,212
Receivables:						
Accounts	24,231	61,849	...	...	86,080	93,687
Intergovernmental	9,592	...	...	...	9,592	2,381
Interfund receivable	...	...	...	...	...	186,428
Inventory	...	13,000	...	...	13,000	13,000
Prepaid expenditures	...	...	...	...	...	5,693
Restricted Assets:						
Cash and cash equivalents	...	331,871	...	...	331,871	142,826
Investments	...	71,601	...	...	71,601	134,606
Deferred charges	...	24,663	...	...	24,663	25,388
Land	...	263,565	193,300	...	456,865	456,865
Buildings and improvements	...	121,672	467,423	...	589,095	576,835
Water system	...	2,638,881	...	...	2,638,881	2,458,005
Sewer system	...	4,904,015	...	...	4,904,015	4,007,103
Construction in process	...	...	...	...	...	71,007
Equipment	...	225,723	767,371	...	993,094	733,119
Accumulated depreciation	...	(1,292,634)	...	...	(1,292,634)	(1,086,691)
Other Debits:						
Amount to be provided for retirement of long-term debt	...	...	...	133,254	133,254	49,253
TOTAL ASSETS AND OTHER DEBITS	\$ 835,760	\$ 7,425,229	\$ 1,428,094	\$ 133,254	\$ 9,822,337	\$ 8,545,808

LIABILITIES, EQUITY AND OTHER CREDITS

Liabilities:						
Accounts payable and accrued expenses	\$ 15,851	\$ 9,308	\$...	\$...	\$ 25,159	\$ 43,383
Compensated absences	32,121	13,885	...	22,313	68,319	73,872
Interfund payable	...	...	...	...	...	186,428
Payable From Restricted Assets:						
Customer deposits	...	66,379	...	...	66,379	58,104
Bonds payable	...	38,000	...	...	38,000	37,000
Note payable	...	58,700	...	...	58,700	...
Accrued interest	...	12,170	...	...	12,170	12,331
Notes payable	...	274,017	...	...	274,017	...
Obligation under capital lease	...	49,156	...	110,941	160,097	16,389
Bonds payable	...	2,883,000	...	...	2,883,000	2,921,000
	<u>47,972</u>	<u>3,404,615</u>	<u>...</u>	<u>133,254</u>	<u>3,585,841</u>	<u>3,348,507</u>
Total Liabilities						
Equity and Other Credits:						
Contributed capital	...	4,004,733	...	...	4,004,733	3,438,900
Investments in general fixed assets	...	...	1,428,094	...	1,428,094	1,264,938
Retained Earnings:						
Reserved for debt service	...	15,881	...	...	15,881	...
Unreserved	...	...	...	...	...	(58,193)
Fund Balance:						
Reserved	463,919	...	...	...	463,919	320,019
Unreserved	323,869	...	...	...	323,869	231,637
	<u>787,788</u>	<u>4,020,614</u>	<u>1,428,094</u>	<u>...</u>	<u>6,236,496</u>	<u>5,197,301</u>
Total Equity and Other Credits						
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>\$ 835,760</u>	<u>\$ 7,425,229</u>	<u>\$ 1,428,094</u>	<u>\$ 133,254</u>	<u>\$ 9,822,337</u>	<u>\$ 8,545,808</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GROVELAND, FLORIDA
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 GOVERNMENTAL FUND TYPE
 FOR THE YEAR ENDED SEPTEMBER 30, 1999

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	<u>GOVERNMENTAL FUND TYPE</u>	<u>(MEMORANDUM ONLY)</u>
	<u>GENERAL</u>	<u>1998</u>
Revenues:		
Taxes	\$ 851,544	\$ 774,807
Licenses and permits	12,503	9,607
Intergovernmental	244,289	219,637
Charges for services	51,076	27,164
Fines and forfeitures	47,523	39,987
Miscellaneous	<u>26,833</u>	<u>36,471</u>
 Total Revenues	 <u>1,233,768</u>	 <u>1,107,673</u>
Expenditures:		
Current:		
General government	226,453	193,600
Public safety	758,553	564,795
Physical environment	...	300
Transportation	122,922	98,054
Human services	4,197	4,267
Culture and recreation	<u>105,298</u>	<u>107,345</u>
 Total Expenditures	 <u>1,217,423</u>	 <u>968,361</u>
 Excess of Revenues Over Expenditures	 <u>16,345</u>	 <u>139,312</u>
Other Financing Sources (Uses):		
Operating transfer in	45,482	...
Proceeds from capital lease	<u>174,305</u>	<u>25,359</u>
 Total Other Financing Sources (Uses)	 <u>219,787</u>	 <u>25,359</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 236,132	 164,671
 Fund Balance - Beginning of Year	 <u>551,656</u>	 <u>386,985</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 787,788</u>	 <u>\$ 551,656</u>

The notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

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FOR THE YEAR ENDED SEPTEMBER 30, 1999

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:			
Taxes	\$ 798,396	\$ 851,544	\$ 53,148
Licenses and permits	8,360	12,503	4,143
Intergovernmental	219,946	244,289	24,343
Charges for services	27,315	51,076	23,761
Fines and forfeitures	39,000	47,523	8,523
Miscellaneous	21,350	26,833	5,483
Total Revenues	<u>1,114,367</u>	<u>1,233,768</u>	<u>119,401</u>
Expenditures:			
Current:			
General government	207,904	226,453	(18,549)
Public safety	655,414	758,553	(103,139)
Physical environment	400	...	400
Transportation	217,248	122,922	94,326
Human services	7,440	4,197	3,243
Culture and recreation	115,961	105,298	10,663
Total Expenditures	<u>1,204,367</u>	<u>1,217,423</u>	<u>(13,056)</u>
Excess of Revenues Over Expenditures	<u>(90,000)</u>	<u>16,345</u>	<u>106,345</u>
Other Financing Sources (Uses):			
Operating transfer in	...	45,482	45,482
Proceeds from capital lease	...	174,305	174,305
Total Other Financing Sources (Uses)	<u>...</u>	<u>219,787</u>	<u>219,787</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(90,000)</u>	<u>236,132</u>	<u>326,132</u>
Fund Balance - Beginning of Year	<u>551,656</u>	<u>551,656</u>	<u>...</u>
FUND BALANCE - END OF YEAR	<u>\$ 461,656</u>	<u>\$ 787,788</u>	<u>\$ 326,132</u>

The notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS
 PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED SEPTEMBER 30, 1999

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	<u>PROPRIETARY FUND TYPE</u>	<u>(MEMORANDUM ONLY)</u>
	<u>ENTERPRISE</u>	<u>1998</u>
Operating Revenues:		
Charges for services	<u>\$ 877,160</u>	<u>\$ 868,896</u>
Operating Expenses:		
Personal services	178,986	215,989
Operating expenses	298,806	278,758
Utility services	34,361	25,533
Repairs and maintenance	33,625	20,601
Engineering	21,117	11,716
Insurance	11,955	8,800
Depreciation	205,943	179,017
Bad debts	...	<u>8,665</u>
Total Operating Expenses	<u>784,793</u>	<u>749,079</u>
Operating Income	<u>92,367</u>	<u>119,817</u>
Nonoperating Revenues (Expenses):		
Water quality assurance payments	150,466	...
Interest revenue	19,417	9,283
Miscellaneous revenue	5,770	2,125
Interest expense	<u>(148,464)</u>	<u>(152,631)</u>
Total Nonoperating Revenues (Expenses)	<u>27,189</u>	<u>(141,223)</u>
Income (Loss) Before Operating Transfers	119,556	(21,406)
Operating Transfers Out	<u>(45,482)</u>	<u>...</u>
Net Income (Loss)	74,074	(21,406)
Retained Earnings - Beginning of Year	<u>(58,193)</u>	<u>(36,787)</u>
RETAINED EARNINGS - END OF YEAR	<u>\$ 15,881</u>	<u>\$ (58,193)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GROVELAND, FLORIDA
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED SEPTEMBER 30, 1999

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	PROPRIETARY FUND TYPE	(MEMORANDUM ONLY)
	ENTERPRISE	1998
Cash Flows From Operating Activities:		
Cash received from customers	\$ 885,166	\$ 877,652
Cash payments to suppliers for goods and services	(408,659)	(361,347)
Cash payments for employee services	(181,426)	(212,991)
	295,081	303,314
Cash Flows From Noncapital Financing Activities:		
Utility deposits received from customers	8,275	6,062
Loan from general fund	...	94,626
Repayment to general fund	(186,428)	...
Operating transfers out to general fund	(45,482)	...
	(223,635)	100,688
Cash Flows From Capital And Related Financing Activities:		
Principal paid on revenue bonds and notes payable	(95,700)	(94,449)
Principal paid on capital lease obligations	(51,859)	...
Acquisition and construction of capital assets	(623,428)	(60,952)
Interest paid on revenue bonds and notes payable	(147,900)	(152,654)
Water quality assurance payments	150,466	...
Proceeds from capital grants	420,066	28,022
Proceeds from impact fees	145,767	40,104
	(202,588)	(239,929)
Cash Flows From Investing Activities:		
Interest and other	25,187	11,408
Purchase) disposition of investments	71,618	(15,454)
	96,805	(4,046)
Net Increase (Decrease) In Cash and Cash Equivalents	(34,337)	160,027
Cash and Cash Equivalents At Beginning Of Year	427,231	267,204
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 392,894	\$ 427,231

The notes to the financial statements are an integral part of this statement.

CITY OF GROVELAND, FLORIDA
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED SEPTEMBER 30, 1999

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	PROPRIETARY FUND TYPE	(MEMORANDUM ONLY)
	ENTERPRISE	1998
Reconciliation Of Operating Income To Net Cash Provided By Operating Activities:		
Operating Income	<u>\$ 92,367</u>	<u>\$ 119,817</u>
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:		
Depreciation	205,943	179,017
Bad debts	...	8,665
Changes In Assets and Liabilities:		
(Increase) decrease in accounts receivable	8,006	8,756
(Increase) decrease in prepaid expenses	891	(891)
(Decrease) in accounts payable	(9,686)	(15,048)
Increase (decrease) in compensated absences	<u>(2,440)</u>	<u>2,998</u>
Total Adjustments	<u>202,714</u>	<u>183,497</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 295,081</u>	<u>\$ 303,314</u>

Noncash investing, capital and financing activities:

The City acquired vehicles totaling \$101,015 by incurring a capital lease obligation of the same amount. Additionally the City acquired a sewer package plant by incurring a note payable of \$391,417.

The notes to the financial statements are an integral part of this statement.

CITY OF GROVELAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1999

1. Significant Accounting Policies:

The City of Groveland, Florida, is incorporated under the Special Acts of 1923 of the State of Florida, Chapter 9764, and operates under a Council-Mayor form of government under its charter adopted pursuant to the laws of the State of Florida. The City provides the following services: public safety (police and fire), highways and streets, water and sanitation, culture and recreation, and general administrative services.

The financial statements of the City of Groveland, Florida have been prepared in conformity with generally accepted accounting principles as applicable to governments. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The following is a summary of the City's more significant accounting policies:

- A. **Reporting Entity** - These financial statements include all the City's funds and account groups. There are no component units, separate governmental units, agencies or nonprofit corporations which require inclusion in the City's financial statements.
- B. **Fund Accounting** - The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds and account groups of the City are as follows:

Governmental Fund -

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

Proprietary Fund -

Enterprise Fund - The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided

that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Account Groups -

1. *General Fixed Assets* - To account for fixed assets other than those accounted for in the Proprietary Fund.
 2. *General Long-Term Debt* - To account for long-term liabilities expected to be financed from governmental funds.
- C. **Basis of Accounting** - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of this fund presents increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decrease (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

All major revenues, except for property taxes and licenses, are considered measurable and available and, as such, susceptible to accrual.

Proprietary funds are accounted for using the accrual basis of accounting. Recognition is given to revenues when earned and expenses are recorded at the time liabilities are

incurred. Earned, but unbilled, utility charges are not recorded at year end due to their immaterial amount.

The Schedule of Expenditures of Federal and State Awards is prepared on the accrual basis except that the capital grant is expensed.

The government reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D. Budgets and Budgetary Accounting - The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Finance Director submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearing are conducted at City Hall to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.

The City Finance Director is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Formal budgetary integration is employed as a management control device during the year for the General Fund.

Budgets are adopted for all funds. Budget amounts for the governmental fund types are reported in the financial statements. A comparison of budgeted and actual (budgetary basis) expenses in the enterprise fund is shown in notes to financial statements No.2.

The City is not on the encumbrance system and appropriations lapse at the end of each fiscal year. Supplemental appropriations were not made during the year. The budget is adopted with fund level control, thus expenditures may not legally exceed budgeted appropriations at the fund level.

E. Assets, Liabilities and Fund Equity

1. *Cash, Cash Equivalents, and Investments* - For purpose of cash flows, cash includes amounts in demand deposits as well as short-term investments with an original maturity date of three months or less.

Investments are stated at fair value.

2. *Receivables* - Water and sanitation charges are recognized when billed. Receivables are shown net of an allowance for doubtful accounts of \$20,297 which management has estimated to be uncollectible. The City has no concentration of credit risk.
3. *Due from other governmental units* - Those amounts that represent a claim against another government, are measurable and have been accrued.
4. *Short-term Interfund Receivables/Payables* - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "inter-fund receivables/payable."
5. *Inventories* - Enterprise fund inventories are priced at the lower of cost or market using the first-in, first-out method. The costs of inventories in the general fund are recorded when consumed rather than when purchased.
6. *Restricted Assets* - The restricted assets represent those assets which are earmarked for specific purposes and cannot be used for paying general obligations. The corresponding liability designated as payable from restricted assets represents the current maturities for which the restricted assets are accumulated.
7. *Fixed Assets* - General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, street

and sidewalks, drainage systems and lighting systems, are not capitalized, as these assets are immovable and of value only to the City.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	30 - 40
Improvements	25 - 40
Machinery and equipment	5 - 25

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

8. *Long-Term Obligations* - Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.
9. *Risk Management* - The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; natural disasters; and job-related illnesses or injuries to employees. Significant losses are covered through participation in a local government nonassessable self insurance pool. For these insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.
10. *Fund Equity* - Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

F. **Property Taxes** - Key dates in the property tax cycle (latest date where appropriate) are as follows:

Lien date	January 1
Assessment roll validated	July 1
Millage resolution approved	September 30

Beginning of fiscal year for which taxes have been levied	October 1
Tax bills rendered and due	November 1
Property Taxes Payable:	
Maximum discount	November 30
Delinquent	April 1
Tax certificates sold	May 31

The statutory maximum tax rates which may be assessed by the City are as follows:

Ad valorem millage	10 mills
Utility tax	
(Electric, gas, telephone)	10%
(Telecommunications)	7%

- G. **Employee Benefits** - Retired or terminated employees have the option of continued participation in group insurance at the employees' own expense.

Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. Vested or accumulated vacation and sick leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

Sick leave accumulates at one day per month. Sick leave may be accumulated up to a maximum of 120 days. Retiring employees receive payment for fifty percent of accumulated sick leave if employed for three years or longer.

Employees earn annual leave according to length of service. Vacation may be accumulated up to a maximum of two years accumulated leave.

- H. Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. **Stewardship, Compliance and Accountability:**

A. Enterprise Fund Budget Comparisons:

Comparison of budgeted and actual (budget basis) expenses at the legal level of control for the Enterprise Funds is presented as follows:

<u>Water and Sanitation Fund</u>	
Actual (GAAP Basis)	\$978,739
Add: Principal payments	147,559
Capital outlay	52,896
Less: Depreciation	<u>(205,943)</u>
 Actual (Budget Basis)	 973,251
Budget	<u>979,384</u>
 Variance - favorable (unfavorable)	 <u>\$ 6,133</u>

B. Excess of Expenditures over Appropriations in Individual Funds:

The general fund had an excess of actual expenditures over budget of \$13,056. However, it should be noted that without a GAAP adjusting entry to record the proceeds from capital leases of \$174,305, the City would have had a favorable variance of \$161,249.

3. Deposits and Investments:

Deposit

The Florida Security for Depositors Act identifies those financial institutions that have deposited the required collateral in the name of the Treasurer of the State of Florida as qualified public depositories. The City only places deposits with qualified public depositories. Therefore, all City deposits are either insured by FDIC or Florida's Multiple Financial Institution Collateral Pool.

Investments

State statutes authorize the City to invest surplus funds in the local Government Surplus Funds Trust Fund, obligations of the U.S. Treasury and U.S. Agencies, state and national banks doing business in Florida, and in savings and loan associations under state and federal supervision located in Florida.

The City's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or securities held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments held by the counterparty's agent in the City name. Category 3 includes uninsured and unregistered investments held by a counterparty, but not in the City's name.

Ordinances No. 90-12-15 and 98-04-03 authorize the City to invest surplus funds with a brokerage firm in investments that would not be allowed by the Florida Security for Public Deposits Act.

	<u>Categories</u>			<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
U.S. Government securities	\$...	\$33,785	\$...	\$33,785	\$33,785
Money market funds				<u>37,816</u>	<u>37,816</u>
Total Investments				<u>\$71,601</u>	<u>\$71,601</u>

4. General Fixed Assets:

A summary of changes in general fixed assets follows:

	<u>Balance October 1 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 1999</u>
Land	\$ 193,300	\$...	\$...	\$ 193,300
Buildings	347,465	11,000	...	358,465
Improvements other than buildings	108,958	...	...	108,958
Equipment	<u>615,215</u>	<u>182,156</u>	<u>30,000</u>	<u>767,371</u>
Total	<u>\$1,264,938</u>	<u>\$193,156</u>	<u>\$ 30,000</u>	<u>\$1,428,094</u>

5. Proprietary Fund Fixed Assets:

A summary of proprietary fund fixed assets at September 30, 1999, follows:

Land	\$ 263,565
Building & improvements	121,672
Water system	2,638,881
Sewer system	4,904,015
Equipment	<u>225,723</u>
Total	8,153,856
Less accumulated depreciation	<u>(1,292,634)</u>
Net	<u>\$ 6,861,222</u>

6. Retirement Plan:

The City has adopted a Defined Contribution (Money Purchase) Prototype Retirement Plan to provide certain benefits for its employees in the event of their retirement from active service and for their beneficiaries in the event of death.

Eligibility

The plan covers any employee who on the plan effective date or any subsequent anniversary date, has (a) completed ½ years of service with the City, and (b) attained age 18.

Normal Retirement Age

The plan defines normal retirement age as the later of:

- (a) the participant's 65th birthday or
- (b) the date ten years subsequent to the date of the participant's commencement of participation in this plan or a predecessor plan which this plan amended and succeeded.

Vesting Schedule

The City's contributions are vested to the individual participant's accounts as follows:

<u>Years of Participation</u>	<u>% Vested</u>
0 - 1	0
1 - 2	20
2 - 3	40
3 - 4	60
4 - 5	80
5 and up	100

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. City contributions and forfeited interest by employees who leave employment before vesting are used to reduce the City's current-period contribution requirement or is refunded to the City.

Funding Policy

The plan is non-contributory. The City contributes 10% of the monthly compensation of each participant. The City's total payroll for the year ended September 30, 1999 was \$684,845. The City's contribution of \$43,336 was calculated on covered payroll of \$433,360.

7. Leases:

The following schedule presents a summary of the capital lease commitments as of September 30, 1999:

	Present Value Minimum <u>Lease Payments</u>	<u>Interest</u>	Total Minimum <u>Lease Payments</u>
Police vehicle	\$ 8,443	\$ 527	\$ 8,970
Fire truck	57,498	8,027	65,525
Police vehicles	30,905	1,623	32,528
Flatbed truck	14,095	775	14,870

These total minimum lease payments are payable as follows:

<u>September 30 Year Ending</u>	
2000	\$ 72,750
2001	16,381
2002	16,381
2003	<u>16,381</u>
	<u>\$121,893</u>

8. Long-Term Debt:

The following is a summary of changes in liabilities reported in the general long-term debt account group for the year ended September 30, 1999.

	Balance <u>October 1</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>September 30</u>
Compensated absences	\$ 32,864	\$...	\$ 10,551	\$ 22,313
Obligation under capital lease	<u>16,389</u>	<u>174,304</u>	<u>79,752</u>	<u>110,941</u>
	<u>\$ 49,253</u>	<u>\$ 174,304</u>	<u>\$ 90,303</u>	<u>\$ 133,254</u>

The general long-term debt account group is comprised of the following at September 30, 1999:

Compensated absences represent the long-term portion of the general fund's liability for accrued vacation and sick leave.	\$ 22,313
Municipal lease purchase agreement, dated March 21, 1998, for \$25,359 interest at 6.25%, due in annual installments of \$8,970 including interest, secured by vehicle.	8,443
Municipal lease purchase agreement, dated January 21, 1999 for \$28,966 interest at 5.5%, due in annual installments of \$14,871 including interest, secured by a vehicle.	14,095
Municipal lease purchase agreement, dated September 24, 1998 for \$70,068, interest at 5.44%, due in annual installments of \$16,381 including interest, secured by a vehicle.	57,498
Municipal purchase lease agreement, dated February 25, 1999 for \$63,432 interest at 5.25%, due in annual installments of \$32,527 including interest, secured by vehicles.	<u>30,905</u>
Total	<u>\$133,254</u>

The following is a summary of changes in long-term liabilities of the Enterprise Fund for the year ended September 30, 1999:

	Balance <u>October 1</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>September 30</u>
Water revenue bonds payable	\$1,065,000	\$...	\$ 16,000	\$ 1,049,000
Sewer revenue bonds payable	1,893,000	...	21,000	1,872,000
Compensated absences	7,376	...	4,973	2,403
Obligation under capital leases	...	101,015	51,859	49,156
Note payable	<u>...</u>	<u>391,417</u>	<u>58,700</u>	<u>332,717</u>
	<u>\$2,965,376</u>	<u>\$ 492,432</u>	<u>\$ 152,532</u>	<u>\$ 3,305,276</u>

The long-term debt of the enterprise fund is comprised of the following at September 30, 1999:

Compensated absences representing the long-term portion of the enterprise fund liability for accrued vacation and sick leave.	\$ 2,403
Water revenue bonds, original issue \$998,200, due serially in annual installments of \$9,200 to \$57,000 to September 2028, interest at 5% due annually.	896,000
Water revenue bonds, original issue \$170,000, due serially in annual installments of \$1,000 to \$10,000 to September 2028, interest at 5% due annually.	153,000
Sewer revenue bonds (1994 A Series), original issue \$1,451,000, due serially in annual installments ranging from \$72,550 to \$88,200 to September 2033, interest at 5% annually.	1,392,000
Sewer revenue bonds (1994 B Series) original issue \$500,000 due serially in annual installments ranging from \$25,000 to \$30,050 to September 2033, interest at 5% annually.	480,000
Municipal lease purchase agreements, dated December 1999, for \$101,015, interest at 5.5% due in annual installments of \$51,859, including interest, secured by vehicles.	49,156
Note payable to Jaymark Developers, secured by sewer package plant, payable from impact fees collected by the City in the subdivision served by the sewer plant.	<u>332,717</u>
Total	<u>\$3,305,276</u>

The water revenue and sewer revenue bonds are payable from and secured by a lien on the net revenues of the water and sewer systems. Florida Statute Section 212.055 (2)(E) and Attorney General Opinion 88-59 permit the use of infrastructure surtax funds to service bond indebtedness incurred subsequent to July 1, 1987, for infrastructure purposes.

The annual requirements to amortize all long-term debt outstanding as of September 30, 1999, including interest payments of \$3,031,605 are as follows:

<u>Year Ending September 30</u>	<u>General Long-Term Debt Account Group</u>	<u>Enterprise Fund</u>	<u>Total</u>
2000	\$ 72,750	\$ 297,012	\$ 369,762
2001	16,381	321,158	337,539
2002	16,381	322,109	338,490
2003	38,694	185,950	224,644
2004	...	184,650	184,650
2005 - 2009	...	924,450	924,450
2010 - 2014	...	923,750	923,750
2015 - 2019	...	924,250	924,250
2020 - 2024	...	925,000	925,000
2025 - 2029	...	853,900	853,900
2030 - 2034	...	463,700	463,700
Total	<u>\$144,206</u>	<u>\$6,325,929</u>	<u>\$6,470,135</u>

9. Reserved Fund Balances and Retained Earnings:

Fund Balance - Reserves have been established for the following items in the General Fund:

Reserved for Infrastructure - Funds reserved by state statute for capital expenditures.

Reserved for Police Education - Funds reserved by state statute for education of police officers.

Reserved for Law Enforcement - Funds reserved specifically for drug investigations.

Reserved for Law Enforcement Communication - Funds reserved by state statute for communication expenditures by police departments.

Reserved Fund Balance at September 30, 1999, consisted of the following:

Reserved for infrastructure	\$431,236
Reserved for police education	14,367
Reserved for law enforcement	10,681
Reserved for law enforcement communication	<u>7,635</u>
Total Reserved Fund Balance at September 30, 1999	<u>\$463,919</u>

Retained Earnings - Reserves have been established for the following items.

Reserved for debt service - Funds reserved for debt service payments. **\$15,881**

10. Contributed Capital:

A summary of changes in contributed capital in the enterprise fund for the year ended September 30, 1999, follows:

<u>Source</u>	<u>Water and Sanitation</u>
Capital grants	\$ 420,066
Impact fees	145,767
Contributed capital, beginning of year	<u>3,438,900</u>
Contributed capital, end of year	<u>\$4,004,733</u>

11. Segment Information for Enterprise Funds:

The City operates an enterprise fund which provides water, sewer and sanitation services.

Segment information for the year ended September 30, 1999, is as follows:

	<u>Sewer</u>	<u>Water</u>	<u>Sanitation</u>	<u>Total Enterprise Fund</u>
Operating Revenues	\$ 198,338	\$ 513,562	\$165,260	\$ 877,160
Depreciation	102,303	103,640	...	205,943
Operation Income	(53,126)	145,384	109	92,367
Operating Transfers:				
Out	...	(45,482)	...	(45,482)
Net Income (Loss)	(60,089)	134,054	109	74,074
Current Capital:				
Contributions	504,673	61,160	...	565,833
Plant, Property & Equipment:				
Additions	896,912	218,948	...	1,115,860
Total Assets	4,992,974	2,432,255	...	7,425,229
Bonds payable	1,872,000	1,049,000	...	2,921,000
Net Working Capital	...	...	...	65,926
Total Equity	1,893,435	2,127,129	...	4,020,614

12. Contingencies:

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

13. Other Matters:

On September 26, 1999 the City took title to a sewer package plant constructed and financed by Jaymark Developers. An agreement between the City and Jaymark Developers provided for payment by impact and usage fees collected by the City in the subdivision secured by the sewer plant. The original agreement between the City and Jaymark indicated estimated costs for construction of the plant to be \$625,575 and that the City would be liable for the lesser of Jaymark's actual cost of construction or \$625,575.

Upon submittal of cost documentation by Jaymark to the City that indicated actual costs of \$625,575, the City approved costs of \$391,417. The City recorded an asset in this amount and a corresponding liability. The actual cost of the plant is still in dispute between the City and Jaymark Developers. If resolved in favor of Jaymark, the City would increase the cost of the asset with a corresponding increase in the liability to Jaymark Developers.

**COMBINING AND INDIVIDUAL FUND
AND
ACCOUNT GROUP STATEMENTS**

These financial statements provide a more detailed view of the "General Purpose Financial Statements" presented in the preceding subsection.

Combining statements are presented when there are more than one fund of a given fund type. Individual fund and account group statements are presented when there is only one fund of a given type and for the account group. They are also necessary to present budgetary comparisons.

GENERAL FUND

The General Fund accounts for all revenues and expenditures of the City which are not required to be accounted for in other funds. It receives a greater variety and number of taxes and other general revenues than any other fund.

CITY OF GROVELAND, FLORIDA
 GENERAL FUND
 BALANCE SHEET
 SEPTEMBER 30, 1999
 WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1998

<u>ASSETS</u>	<u>TOTALS</u>	
	<u>1999</u>	<u>1998</u>
Cash and cash equivalents	\$ 801,937	\$ 199,686
Investments	...	183,599
Accounts receivable	24,231	23,832
Due from other governmental units	9,592	2,381
Interfund receivable	...	186,428
Prepaid expenditures	...	4,802
TOTAL ASSETS	\$ 835,760	\$ 600,728
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 15,851	\$ 24,389
Compensated absences	32,121	24,683
Total Liabilities	47,972	49,072
Fund Balance:		
Reserved:		
For infrastructure	431,236	296,985
For police education	14,367	12,173
For law enforcement	10,681	9,113
For law enforcement communication	7,635	...
For roads and streets	...	1,748
Unreserved, undesignated	323,869	231,637
Total Fund Balance	787,788	551,656
TOTAL LIABILITIES AND FUND BALANCE	\$ 835,760	\$ 600,728

The notes to the financial statements are an integral part of this statement.

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES & CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 1999

WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1998

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	1998 ACTUAL
Revenues:				
Taxes	\$ 798,396	\$ 851,544	\$ 53,148	\$ 774,807
Licenses and permits	8,360	12,503	4,143	9,607
Intergovernmental	219,946	244,289	24,343	219,637
Charges for services	27,315	51,076	23,761	27,164
Fines and forfeitures	39,000	47,523	8,523	39,987
Miscellaneous	21,350	26,833	5,483	36,471
Total Revenues	<u>1,114,367</u>	<u>1,233,768</u>	<u>119,401</u>	<u>1,107,673</u>
Expenditures:				
General government	207,904	226,453	(18,549)	193,600
Public safety	655,414	758,553	(103,139)	564,795
Physical environment	400	...	400	300
Transportation	217,248	122,922	94,326	98,054
Human services	7,440	4,197	3,243	4,267
Culture and recreation	115,961	105,298	10,663	107,345
Total Expenditures	<u>1,204,367</u>	<u>1,217,423</u>	<u>(13,056)</u>	<u>968,361</u>
Excess of Revenues over Expenditures	<u>(90,000)</u>	<u>16,345</u>	<u>106,345</u>	<u>139,312</u>
Other Financing Sources (Uses):				
Operating transfer in	...	45,482	45,482	...
Proceeds from capital lease	...	174,305	174,305	25,359
Total Other Financing Sources (Uses)	<u>...</u>	<u>219,787</u>	<u>219,787</u>	<u>25,359</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>(90,000)</u>	<u>236,132</u>	<u>326,132</u>	<u>164,671</u>
End Balance - Beginning of Year	<u>551,656</u>	<u>551,656</u>	<u>...</u>	<u>386,985</u>
FUND BALANCE - END OF YEAR	<u>\$ 461,656</u>	<u>\$ 787,788</u>	<u>\$ 326,132</u>	<u>\$ 551,656</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GROVELAND, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 1999
WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1998

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)	1998 <u>ACTUAL</u>
Revenues:				
Taxes:				
Ad valorem	\$ 304,336	\$ 292,485	\$ (11,851)	\$ 271,209
Infrastructure surtax	162,000	180,048	18,048	163,189
Franchise fees	97,000	100,876	3,876	105,465
Utility service taxes	189,500	225,493	35,993	186,269
Local option gas tax	45,560	52,642	7,082	48,675
Total Taxes	<u>798,396</u>	<u>851,544</u>	<u>53,148</u>	<u>774,807</u>
Licenses and Permits:				
Professional and occupational Permits	8,000	12,260	4,260	9,352
	360	243	(117)	255
Total Licenses and Permits	<u>8,360</u>	<u>12,503</u>	<u>4,143</u>	<u>9,607</u>
Intergovernmental:				
Two-cent cigarette tax	10,000	9,567	(433)	10,675
State revenue sharing	61,746	61,946	200	65,337
Mobile home licenses	1,500	1,282	(218)	1,187
Alcoholic beverage licenses	300	469	169	262
Half-cent sales tax	112,000	111,644	(356)	102,504
Municipal fuel tax rebate	800	...	(800)	...
One-cent gas tax	16,000	18,767	2,767	21,845
County occupational licenses	5,600	2,279	(3,321)	3,159
Interlocal agreement	...	...	...	5,571
Grants	12,000	38,335	26,335	9,097
Total Intergovernmental	<u>219,946</u>	<u>244,289</u>	<u>24,343</u>	<u>219,637</u>
Charges For Services:				
Other public safety charges	3,715	2,009	(1,706)	5,476
Zoning fees	1,800	27,144	25,344	480
Sale of maps	100	35	(65)	...
Qualifying fees	300	288	(12)	408
Fire protection services	12,000	12,000	...	12,000
Dispatching services	9,400	9,600	200	8,800
Total Charges For Services	<u>\$ 27,315</u>	<u>\$ 51,076</u>	<u>\$ 23,761</u>	<u>\$ 27,164</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GROVELAND, FLORIDA
 GENERAL FUND
 SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 1999

WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1998

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE <u>(UNFAVORABLE)</u>	1998 <u>ACTUAL</u>
Fines and Forfeitures:				
Court fines	\$ 30,000	\$ 35,975	\$ 5,975	\$ 29,040
Police education	2,600	1,743	(857)	1,288
Law enforcement communication	...	8,350	8,350	5,288
Code enforcement fines	1,000	...	(1,000)	1,260
Drug forfeitures	5,000	198	(4,802)	2,657
Other	400	1,257	857	454
Total Fines and Forfeitures	<u>39,000</u>	<u>47,523</u>	<u>8,523</u>	<u>39,987</u>
Miscellaneous Revenues:				
Interest	9,250	13,331	4,081	21,662
Sale of surplus equipment	4,000	30	(3,970)	2,400
Sale of fruit	300	...	(300)	...
Other income	2,600	1,493	(1,107)	3,700
Rents	4,000	3,141	(859)	4,685
Refund of prior year expenditure	1,200	8,838	7,638	4,024
Total Miscellaneous Revenues	<u>21,350</u>	<u>26,833</u>	<u>5,483</u>	<u>36,471</u>
TOTAL REVENUES	<u>\$ 1,114,367</u>	<u>\$ 1,233,768</u>	<u>\$ 119,401</u>	<u>\$ 1,107,673</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GROVELAND, FLORIDA
 GENERAL FUND
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 1999
 WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1998

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE <u>(UNFAVORABLE)</u>	1998 <u>ACTUAL</u>
<u>GENERAL GOVERNMENT:</u>				
Legislative:				
City Council:				
Personal services	\$ 13,200	\$ 12,100	\$ 1,100	\$ 14,300
Operating expenses	<u>21,185</u>	<u>15,451</u>	<u>5,734</u>	<u>14,873</u>
Total Legislative	<u>34,385</u>	<u>27,551</u>	<u>6,834</u>	<u>29,173</u>
Executive:				
City Manager/Finance:				
Personal services	110,247	144,781	(34,534)	89,934
Operating expenses	56,872	48,567	8,305	54,900
Capital outlay	<u>...</u>	<u>54</u>	<u>(54)</u>	<u>14,393</u>
Total Executive	<u>167,119</u>	<u>193,402</u>	<u>(26,283)</u>	<u>159,227</u>
Legal Services:				
City Attorney:				
Operating expenses	<u>6,400</u>	<u>5,500</u>	<u>900</u>	<u>5,200</u>
Total General Government	<u>207,904</u>	<u>226,453</u>	<u>(18,549)</u>	<u>193,600</u>
<u>PUBLIC SAFETY:</u>				
Law Enforcement:				
Police Department:				
Personal services	299,500	306,188	(6,688)	264,584
Operating expenses	108,442	67,877	40,565	82,954
Capital outlay	40,929	77,484	(36,555)	35,903
Debt service	<u>....</u>	<u>41,498</u>	<u>(41,498)</u>	<u>8,970</u>
Total Police Department	<u>448,871</u>	<u>493,047</u>	<u>(44,176)</u>	<u>392,411</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GROVELAND, FLORIDA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 1999
WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1998

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)	1998 <u>ACTUAL</u>
<u>PUBLIC SAFETY (CONTINUED):</u>				
Fire Control:				
Fire Department:				
Personal services	\$ 2,079	\$ 3,840	\$ (1,761)	\$ 2,507
Operating expenses	20,520	24,002	(3,482)	21,510
Capital outlay	20,600	82,810	(62,210)	439
Debt service	...	16,381	(16,381)	...
Total Fire Department	<u>43,199</u>	<u>127,033</u>	<u>(83,834)</u>	<u>24,456</u>
Detention:				
Personal services	153,305	134,106	19,199	144,888
Operating expenses	9,039	3,762	5,277	3,040
Capital outlay	1,000	...	1,000	...
Total Detention	<u>163,344</u>	<u>137,868</u>	<u>25,476</u>	<u>147,928</u>
Code Enforcement				
Personal services	...	605	(605)	...
Total Public Safety	<u>655,414</u>	<u>758,553</u>	<u>(103,139)</u>	<u>564,795</u>
<u>PHYSICAL ENVIRONMENT:</u>				
Grove:				
Operating expense	400	...	400	300
Total Physical Environment	<u>400</u>	<u>...</u>	<u>400</u>	<u>300</u>
<u>TRANSPORTATION:</u>				
Roads and Streets:				
Personal services	41,567	28,949	12,618	19,252
Operating expenses	85,681	42,048	43,633	45,308
Capital outlay	90,000	37,054	52,946	33,494
Debt service	...	14,871	(14,871)	...
Total Transportation	<u>217,248</u>	<u>122,922</u>	<u>94,326</u>	<u>98,054</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GROVELAND, FLORIDA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 1999
WITH COMPARATIVE ACTUAL TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1998

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE <u>(UNFAVORABLE)</u>	1998 <u>ACTUAL</u>
<u>HUMAN SERVICES:</u>				
Animal Control:				
Personal services	\$ 4,720	\$ 1,589	\$ 3,131	\$ 1,991
Operating expenses	<u>2,720</u>	<u>2,608</u>	<u>112</u>	<u>2,276</u>
Total Human Services	<u>7,440</u>	<u>4,197</u>	<u>3,243</u>	<u>4,267</u>
<u>CULTURE AND RECREATION:</u>				
Library:				
Operating expenses	<u>5,696</u>	<u>1,616</u>	<u>4,080</u>	<u>396</u>
Total Library	<u>5,696</u>	<u>1,616</u>	<u>4,080</u>	<u>396</u>
Parks and Recreation:				
Personal services	33,805	61,582	(27,777)	30,962
Operating expenses	52,460	38,258	14,202	48,699
Capital outlay	24,000	3,842	20,158	5,688
Debt service	...	...	...	21,600
Total Parks and Recreation	<u>110,265</u>	<u>103,682</u>	<u>6,583</u>	<u>106,949</u>
Total Culture and Recreation	<u>115,961</u>	<u>105,298</u>	<u>10,663</u>	<u>107,345</u>
TOTAL EXPENDITURES	<u>\$ 1,204,367</u>	<u>\$ 1,217,423</u>	<u>\$ (13,056)</u>	<u>\$ 968,361</u>

The notes to the financial statements are an integral part of this statement.

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

CITY OF GROVELAND, FLORIDA
 WATER AND SANITATION FUND
 BALANCE SHEET
 SEPTEMBER 30, 1999

WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1998

	TOTALS	
ASSETS	1999	1998
Current Assets:		
Cash and cash equivalents	\$ 61,023	\$ 284,405
Investments	...	8,613
Accounts receivable	61,849	69,855
Inventory	13,000	13,000
Prepaid expenses	...	891
Total Current Assets	135,872	376,764
Restricted Assets:		
Cash and cash equivalents:		
Customer deposits	66,379	58,104
Impact fees	148,215	65,252
Water Revenue Bonds - Debt Service	23,784	7,395
Sewer Revenue Bonds - Debt Service	127	12,075
Water Revenue Bonds - Reserve	93,366	...
Total Cash and Cash Equivalents	331,871	142,826
Investments:		
Water Revenue Bonds - Reserve	...	54,034
Sewer Revenue Bonds - Reserve	71,601	80,572
Total Investments	71,601	134,606
Total Restricted Assets	403,472	277,432
Deferred Charges:		
Bond issuance cost	24,663	25,388
Property, Plant and Equipment:		
Land	263,565	263,565
Buildings and improvements	121,672	120,412
Water system	2,638,881	2,458,005
Sewer system	4,904,015	4,007,103
Construction in process	...	71,007
Equipment	225,723	117,904
	8,153,856	7,037,996
Less accumulated depreciation	1,292,634	1,086,691
Net Property, Plant and Equipment	6,861,222	5,951,305
TOTAL ASSETS	\$ 7,425,229	\$ 6,630,889

Continued

The notes to the financial statements are an integral part of this statement.

<u>LIABILITIES AND FUND EQUITY</u>	<u>TOTALS</u>	
	<u>1999</u>	<u>1998</u>
Liabilities:		
Current Liabilities (Payable From Current Assets):		
Accounts Payable and accrued expenses	\$ 9,308	\$ 18,994
Compensated absences	11,482	8,949
Interfund payable	...	186,428
Obligation under capital leases	49,156	...
Total Current Liabilities (Payable From Current Assets)	69,946	214,371
Current Liabilities (Payable From Restricted Assets):		
Customer deposits	66,379	58,104
Revenue bonds	38,000	37,000
Note payable	58,700	...
Accrued interest	12,170	12,331
Total Current Liabilities (Payable From Restricted Assets)	175,249	107,435
Long-Term Liabilities:		
Compensated absences	2,403	7,376
Revenue bonds	2,883,000	2,921,000
Note payable	274,017	...
Total Long-Term Liabilities	3,159,420	2,928,376
Total Liabilities	3,404,615	3,250,182
Fund Equity:		
Contributed capital	4,004,733	3,438,900
Retained earnings:		
Reserved for debt service	15,881	...
Unreserved	...	(58,193)
Total Fund Equity	4,020,614	3,380,707
TOTAL LIABILITIES AND FUND EQUITY	\$ 7,425,229	\$ 6,630,889

CITY OF GROVELAND, FLORIDA
 WATER AND SANITATION FUND
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
 FOR THE YEAR ENDED SEPTEMBER 30, 1999
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1998

	TOTALS	
	1999	1998
Operating Revenues:		
Water sales	\$ 443,597	\$ 462,723
Sanitation fees	165,260	159,696
Sewer charges	198,338	198,194
Meter installations	47,995	26,466
New connections	5,778	4,028
Delinquent and late fees	16,192	17,789
Total Operating Revenues	<u>877,160</u>	<u>868,896</u>
Operating Expenses:		
Personal services	178,986	215,989
Operating expenses	298,806	278,758
Utility services	34,361	25,533
Repair and maintenance	33,625	20,601
Engineering	21,117	11,716
Insurance	11,955	8,800
Depreciation	205,943	179,017
Bad debts	...	8,665
Total Operating Expenses	<u>784,793</u>	<u>749,079</u>
Operating Income	<u>92,367</u>	<u>119,817</u>
Nonoperating Revenues (Expenses):		
Water quality assurance payments	150,466	...
Interest revenue	19,417	9,283
Miscellaneous revenue	5,770	2,125
Interest expense	(148,464)	(152,631)
Total Nonoperating Revenues (Expenses)	<u>27,189</u>	<u>(141,223)</u>
Income (Loss) Before Operating Transfers	119,556	(21,406)
Operating Transfers Out	(45,482)	...
Net Income (Loss)	74,074	(21,406)
Retained Earnings - Beginning of Year	(58,193)	(36,787)
RETAINED EARNINGS - END OF YEAR	<u>\$ 15,881</u>	<u>\$ (58,193)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GROVELAND, FLORIDA
WATER AND SANITATION FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 1999
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1998

	TOTALS	
	1999	1998
Cash Flows From Operating Activities:		
Cash received from customers	\$ 885,166	\$ 877,652
Cash payments to suppliers for goods and services	(408,659)	(361,347)
Cash payments for employee services	(181,426)	(212,991)
 Net Cash Provided (Used) by Operating Activities	 295,081	 303,314
Cash Flows From Noncapital Financing Activities:		
Utility deposits received from customers	8,275	6,062
Loan from general fund	...	94,626
Repayment to general fund	(186,428)	...
Operating transfers out to general fund	(45,482)	...
 Net Cash Provided by Noncapital Financing Activities	 (223,635)	 100,688
Cash Flows From Capital and Related Financing Activities:		
Principal paid on revenue bonds and notes payable	(95,700)	(94,449)
Principal paid on capital lease obligations	(51,859)	...
Acquisition and construction of capital assets	(623,428)	(60,952)
Interest paid on revenue bonds and notes payable	(147,900)	(152,654)
Water quality assurance payments	150,466	...
Proceeds from capital grants	420,066	28,022
Proceeds from impact fees	145,767	40,104
 Net Cash Used For Capital and Related Financing Activities	 (202,588)	 (239,929)
Cash Flows From Investing Activities:		
Interest and other	25,187	11,408
(Purchase) disposition of investments	71,618	(15,454)
 Net Cash Provided (Used) By Investing Activities	 96,805	 (4,046)
 Net increase (decrease) in cash and cash equivalents	 (34,337)	 160,027
Cash and cash equivalents at beginning of year	427,231	267,204
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 \$ 392,894	 \$ 427,231

Continued

The notes to the financial statements are an integral part of this statement.

CITY OF GROVELAND, FLORIDA
 WATER AND SANITATION FUND
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED SEPTEMBER 30, 1999
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 1998

	TOTALS	
	1999	1998
Reconciliation Of Operating Income To Net Cash Provided By Operating Activities:		
Operating Income	\$ 92,367	\$ 119,817
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:		
Depreciation	205,943	179,017
Bad debts	...	8,665
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	8,006	8,756
(Increase) decrease in prepaid expenses	891	(891)
Decrease in accounts payable	(9,686)	(15,048)
Increase (decrease) in compensated absences	(2,440)	2,998
Total Adjustments	202,714	183,497
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 295,081	\$ 303,314

Noncash investing, capital and financing activities:

The City acquired vehicles totaling \$101,015 by incurring a capital lease obligation of the same amount. Additionally the City acquired a sewer package plant by incurring a note payable of \$391,417.

The notes to the financial statements are an integral part of this statement.

ACCOUNT GROUPS

Account Groups are used to establish accounting control and accountability for the City's general fixed assets and the unmatured principal of its general long-term debt. These account groups are not funds; they do not reflect available financial resources and related liabilities.

CITY OF GROVELAND, FLORIDA
 SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE
 SEPTEMBER 30, 1999
 WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1998

	TOTALS	
	1999	1998
General Fixed Assets:		
Land	\$ 193,300	\$ 193,300
Buildings and improvements	467,423	456,423
Equipment	767,371	615,215
TOTAL GENERAL FIXED ASSETS	\$ 1,428,094	\$ 1,264,938
Investments in General Fixed Assets From:		
General Fund revenues	\$ 1,325,853	\$ 1,162,697
Federal Revenue Sharing revenues	102,241	102,241
TOTAL INVESTMENTS IN GENERAL FIXED ASSETS	\$ 1,428,094	\$ 1,264,938

The notes to the financial statements are an integral part of this statement.

CITY OF GROVELAND, FLORIDA
 SCHEDULE OF GENERAL LONG-TERM DEBT
 SEPTEMBER 30, 1999
 WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 1998

	TOTALS	
	1999	1998
<u>Amount to be provided for the Payment of General Long-Term Debt</u>		
Obligation under capital lease	\$ 110,941	\$ 16,389
Compensated absences	22,313	32,864
Total to be Provided	\$ 133,254	\$ 49,253
Obligation under capital lease	\$ 110,941	\$ 16,389
Compensated absences	22,313	32,864
Total General Long-Term Debt Payable	\$ 133,254	\$ 49,253

The notes to the financial statements are an integral part of this statement.

OTHER REPORTS

Jerry D. Brown, C.P.A.

Suzanne M. Wolfe, C.P.A.



KURRAS
RICE &
BROWN, PA
CERTIFIED PUBLIC
ACCOUNTANTS

John S. Rice, C.P.A.

Patricia A. Sykes-Amos, C.P.A.

C. L. (Chip) Garner, C.P.A.

Dorothy A. Kurras, C.P.A.

John A. Powers, C.P.A.

Keire Rice Hosley, C.P.A.

David S. McDonald, C.P.A.

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

Honorable Mayor and City Council
City of Groveland, Florida

We have audited the general purpose financial statements of the City of Groveland, Florida, as of and for the year ended September 30, 1999, and have issued our report thereon dated April 17, 2000, which was qualified because we were unable to obtain sufficient evidential matter to determine if the general fixed assets account group was fairly stated. Except as discussed in the preceding sentence, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Groveland, Florida's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Groveland, Florida's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Groveland, Florida's ability to record, process

MEMBER: FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS & AMERICAN INSTITUTE OF CE

605 Montrose Street
P.O. Box 120400 • Clermont, FL 34712-0400
(352) 394-3256 • Fax (352) 394-6910

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summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 99-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do believe that the reportable condition noted above is a material weakness.

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

Greenlee, Kurras, Rice & Brown, P.A.

Mount Dora, Florida
April 17, 2000



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

Honorable Mayor and City Council
City of Groveland, Florida

We have audited the compliance of the City of Groveland, Florida with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 1999. The City of Groveland, Florida's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Groveland, Florida's management. Our responsibility is to express an opinion on the City of Groveland, Florida's compliance based on our audit.

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

In our opinion, the City of Groveland, Florida complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended September 30, 1999.

Internal Control Over Compliance

The management of the City of Groveland, Florida is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Groveland, Florida's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Greenlee, Kurras, Rice & Brown, P.A.

Mount Dora, Florida
April 17, 2000

CITY OF GROVELAND, FLORIDA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 1999

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PROGRAM I.D. NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>RECEIPTS OR REVENUE RECOGNIZED</u>	<u>DISBURSEMENTS/ EXPENDITURES</u>
<u>Department of Housing and Urban Development</u>					
Passed through Florida Department of Community Affairs					
Community Development Block Grant State's Program	14.228*	97-DB-3K-06-45-02-N21	\$ 488,523	\$ 420,066	\$ 420,066
<u>U.S. Department of Justice</u>					
Community Oriented Policing Services Grant	16.580	95-CF-WX-5224	60,143	4,143	4,143
Passed through Florida Department of Community Affairs					
Local Law Enforcement Block Grant	Unknown	99-CJ-A2-06-45-02-066	1,876	1,876	1,876
Total U.S. Department of Justice			62,019	6,019	6,019
Total Federal and State Awards			\$ 550,542	\$ 426,085	\$ 426,085

• Denotes a major program

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Findings - Financial Statement Audit

99-1 Interfund Receivables/Payables

Condition: The interfund accounts (due to/from) are not reconciled by the Finance Department on a monthly basis.

Criteria: Internal controls should be in place that provide reasonable assurance that expenditures made by one fund on behalf of another fund are recorded in both.

Effect: Because the City did not reconcile the interfund receivables/payables, expenses in the water fund were either not recorded or were in some instances materially overstated on the unadjusted trial balance.

Recommendation: The City's Finance Department should reconcile the interfund accounts monthly and if not in agreement make the appropriate adjusting journal entries.

Response: The Finance Director will monitor the interfund accounts monthly and timely record any adjusting entries required.

MANAGEMENT LETTER

Honorable Mayor and City Council
City of Groveland, Florida

This report contains our comments as required by Chapter 10.554 (1)(E), Rules of the Auditor General, Local Government Entity Audits, for the City of Groveland, Florida, for the year ended September 30, 1999.

Subparagraph 1 refers to whether irregularities reported in the preceding annual financial audit have been corrected. There were no irregularities reported in the preceding annual financial audit.

Subparagraph 2 refers to whether recommendations made in the preceding annual audit have been followed by the City. The recommendation made in the preceding annual audit which has not been implemented is as follows:

The City needs to establish a subsidiary ledger for general fixed assets. We recommend that subsidiary records on each recorded asset should be set up with the following information:

- (1) Date of acquisition:
- (2) Cost or estimated cost:

Subparagraph 3 refers to whether the unit of local government is or during the year was in a state of financial emergency as a consequence of conditions described in Section 218.503(1), Florida Statutes. No such condition occurred or existed during the fiscal year.

Subparagraph (4) refers to whether the financial report filed with the Department of Banking and Finance pursuant to section 218.32(1)(a), Florida Statutes agrees to the annual financial audit report. For the year ended September 30, 1999, the financial report was in agreement in all material respects.

Subparagraph (5) does not apply to the City.

Subparagraph 6 refers to recommendations to improve the local governmental entity's present financial management, accounting procedures and internal controls. We present the following recommendation in addition to Finding 99-1.

Bank Accounts - The City should consider consolidating many of its bank accounts. Presently there is a duplicate account for most funds that are being tracked.

Chart of Accounts

- A. Expense Accounts - The City should consider combining some of its expense accounts to facilitate disbursements and coding and also to more closely conform with the State of Florida's chart of accounts.
- B. Grant Revenue Accounts - The City should establish a separate general ledger account for every grant revenue funding source that is only used for the respective grant's receipts.

Subparagraph 7 refers to violations of laws, rules and regulations discovered within the scope of the financial audit. We noted no violations of laws, rules or regulations.

Subparagraph 8 refers to illegal or improper expenditures discovered within the scope of the financial audit. No illegal or improper expenditures were discovered during the current audit.

Subparagraph 9 refers to improper or inadequate accounting procedures, failure to properly record financial transactions, and inaccuracies, irregularities, shortages, and defalcations discovered. Our audit did not discover any of the above items which would require disclosure, even though adjustments were made to the City's accounts for the year ended September 30, 1999. All adjustments are reviewed with the City Finance Director prior to the delivery of this report.

The City of Groveland, Florida, is incorporated under the Special Acts of 1923 of the State of Florida, Chapter 9764.

This report is intended solely for the use of management and the State of Florida and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the City of Groveland and the State of Florida, is a matter of public record.

Greenlee, Kurras, Rice & Brown, P.A.

Mount Dora, Florida
April 17, 2000

City of Groveland
156 S. Lake Ave.
Groveland, FL 34736

(352) 429-2141

FAX: (352) 429-3852

(email) ourtown@maglenet.net

Michael Whitaker, Mayor

Jason L. Yarborough, City Manager

April 20, 2000

State of Florida
Auditor General
P.O. Box 1735
Tallahassee, FL 32302-1735

Attention: Ted Sauerbeck, Room 372

RE: September 30, 1999, Audit Report for the City of Groveland, Florida.

Dear Mr. Sauerbeck:

This letter documents our compliance with Chapter 10.558(1) of the Rules of the Auditor General of the State of Florida.

Bank Accounts

We are examining different methods of consolidating our banking accounts.

Chart of Accounts

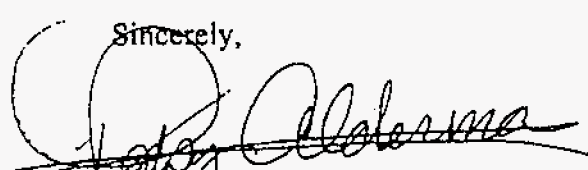
Expense Accounts

We have combined duplicate expense accounts in our new accounting computer system.

Grant Revenue Accounts

We will in the future distinguish between the different grants the city receives.

Sincerely,


Patsy Alderman
Finance Director

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Water Monthly Service Rates
for a 5/8" x 3/4" Meter

<u>Description</u>	<u>Florida Water</u>	<u>City of Groveland</u>
Base Facility Charge	\$9.44	
Gallonge Charge / 1,000 gal.	\$2.05	
First 4,000 gallons		\$13.13
Over 4,000 gal. Per 1,000 gal.		\$3.44
TYPICAL BILLS:		
0 gallons	\$9.44	\$13.13
5,000 gallons	\$19.69	\$16.57
10,000 gallons	\$29.94	\$33.77

Water Service Availability Charges
for a 5/8" x 3/4" Meter

<u>Description</u>	<u>Florida Water Services Corp.</u>	<u>City of Groveland</u>
Main Extension Charge	\$446.00	\$300.00
Meter Installation Charge	\$90.00	\$500.00
Service Installation Charge	\$143.00	\$10.00
Plant Capacity Charge	\$700.00	\$695.00
Allowance for Funds Prudently Invested Transmission / Distribution May, 2000 - December, 2000	\$244.90	\$0.00
TOTALS	\$1,623.90	\$1,505.00