

**CITY OF
FLORIDA CITY, FLORIDA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Prepared by the Department of Finance

CITY OF FLORIDA CITY, FLORIDA

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CITY OF FLORIDA CITY, FLORIDA

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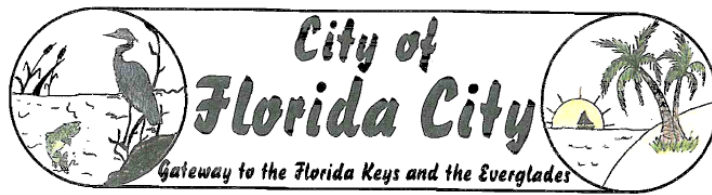
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INTRODUCTORY SECTION



May 28, 2013

To the Citizens of the City of Florida City
and Other Interested Parties:

State law requires that all general purpose local governments publish within nine months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with generally accepted auditing standards and government auditing standards by a firm of licensed certified public accountants. Additionally, the City's charter requires an annual independent audit of the books of account, financial records and transactions of all departments of the City by independent certified public accountants. Pursuant to these requirements, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Florida City for the fiscal year ended September 30, 2012.

This report consists of management's representations concerning the finances of the City of Florida City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of Florida City's financial statements in conformity with GAAP. Since the cost of internal controls should not outweigh the benefits derived, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Marcum LLP, a licensed certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the City's financial statements for the fiscal year ended September 30, 2012 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement preparation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Florida City's financial statements for the fiscal year ended September 30, 2012, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Florida City was part of a broader federally and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and legal requirements involving the administration of federal and state awards.

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

Profile of the Government

The City of Florida City is the southernmost city on the mainland of Florida before reaching the Florida Keys. It has traditionally been primarily agricultural, but recent new development is bringing far more residential communities and is, therefore, changing the landscape of the City. Through annexation, the City is preparing to triple its size geographically. The City is currently about 3 square miles, but will become much larger if current annexation requests are approved by Miami-Dade County.

The City of Florida City was incorporated in 1914 and operates under the Strong Mayor/Commission form of government. The City Commission is comprised of the Mayor and four Commissioners elected city-wide. The Mayor's term is for four years and the commissioner's term is for four years. The City Commission is responsible for enacting laws (resolutions, ordinances and regulations) governing the City as well as appointing the members of various advisory boards and the City Attorney. As chief executive officer of the City, the Mayor also serves as the chief administrative officer. The Mayor is responsible for enforcement of laws and appoints and supervises department heads. The Police Chief and the Director of Financial Planning and Administration (CFO) are appointed by the Mayor with the consent of the City Commission.

In addition to providing residents with public safety, general government, leisure and public works type services, the City provides water, sewer, sanitation, a recycling program and recreational facilities and activities.

The annual budget serves as the foundation for the City of Florida City's financial planning and control. All departments of the City are required to submit proposed budgets to the Mayor, who then makes any necessary revisions. The Mayor then presents to the City Commission, for their review, a budget estimate of the revenues and expenditures of all the City's departments. Two public hearings are then conducted to inform the taxpayers of the proposed budget and to receive their comments. A majority affirmative vote of the commission quorum is needed to adopt the budget, which is legally enacted prior to October 1st by the passage of a Resolution. The City's budget is approved at the department level. The Mayor and Director of Financial Planning and Administration may amend the adopted budget for adjustments within a department administratively, but the City Commission must approve all budget adjustments that exceed or are less than originally budgeted. Supplemental appropriations of revenues and expenditures and budget adjustments are typically approved by the City Commission during the last quarter of the fiscal year. During fiscal year 2011-2012, there were budgetary amendments. Budget-to-actual comparisons are provided in this report for the general fund for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Florida City operates.

Local Economy

The City of Florida City's positioning for progress is undoubtedly ensured for periods that extend far beyond the period of time the City has rebuilt itself from Hurricane Andrew in 1992. Its geographic location, southern end of the Florida Turnpike, U.S. Route #1, Everglades National Park to its west and Biscayne National Park to its east, brings over 3 million visitors every year. The transportation system is excellent including a new busway completed in Florida City, the Florida Turnpike and U.S. Route #1 access to the airport and other fine communities north of Florida City, including the metropolitan Miami area.

Essential to its progress, the City has a pro-business attitude towards developers, builders, contractors and others in the private sector. The City's comprehensive plan and zoning regulations provide a balanced land use plan for the orderly development of commercial, residential and recreational development.

The City of Florida City has maintained its millage rate for the 2011-2012 fiscal year at 7.75. Continued new development has slowed considerably due to the general economic climate throughout the country. In addition, as a financial policy, cost cutting measures have eliminated the need to spend any fund balance.

Long-Term Financial Planning and Major Initiatives

The City is working diligently to annex additional land to expand our western boundary. This will provide space for planned residential and commercial expansion. New parks are being developed to provide additional open space and leisure activities for the anticipated addition to our population. A new gymnasium is under construction for our children to enjoy.

Cash Management Policies and Practices

The City invests operating funds in an effort to earn a reasonable yield on its portfolio. This is consistent with the City's primary objective of safeguarding public assets by minimizing the level of credit and market risks assumed. The investment priority is safety of capital, liquidity of funds and investment income, in that order. To that end, the City's investments are guided by a detailed investment policy which is reviewed annually to determine if any changes may be required. The City substantially invests in negotiable certificates of deposit. In November 2007 the State Board of Administration froze a substantial portion of its pool assets due to too many

withdrawals and lack of liquidity. The pool has been reorganized to protect its participant's assets. From time to time, the Pool permits participants to withdraw funds. The City has \$147,390 remaining in the Pool at this time.

Pension Benefits

The City maintains a single-employer defined benefit pension plan for its police officers. An independent actuary is engaged by the pension plan to calculate the amount of the annual contribution the City must make to ensure that the plan will be able to fully meet its obligations to retired employees in a timely manner. As a matter of policy, the City fully funds the required annual contribution to the pension plan as determined by the actuary. This is accounted for in the police pension trust fund. On May 1, 2008, the City and police officers had agreed to enter the Florida Retirement System.

A replacement plan was adopted to protect the participants' assets. For the fiscal year ended September 30, 2012 the City contributed an amount to make the plan actuarially sound. One management type general employee (through a formal management plan) received 18% contribution by the City. The general employee contributed an amount much greater than the minimum of 2%. On February 1, 2009, a new pension plan was adopted with the Florida Retirement System (FRS) for all authorized general employees. The new FRS pension plan is a cost-sharing multiple employer defined benefit plan. The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll along with a required 3% employee contribution. In addition to the defined benefit pension plan for police officers, the City maintains a defined contribution pension plan for its general employees created in accordance with Internal Revenue Code Section 403(b).

The City further maintains a single-employer defined benefit pension plan for its elected officials. An independent actuary is retained by the pension plan to calculate the amount of the annual contribution the City must make to ensure the plan will be able to fully meet its obligations to retired elected officials in a timely manner.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Florida City for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2011. This was the sixteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

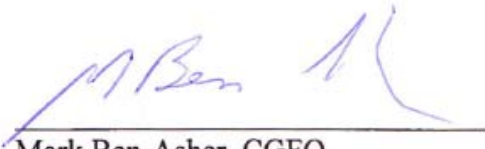
To the Citizens of the City of Florida City
and Other Interested Parties
May 28, 2013
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A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

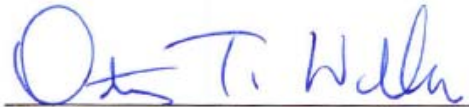
The presentation of the CAFR on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in preparation of this report. Special recognition is given to Chad Burkhalter, Assistant Director of Finance of the Finance Department, for his many contributions leading to a successful audit and preparation of this report. We also wish to recognize the assistance provided by the firm of Marcum LLP.

In closing, without the leadership and support of the Mayor and the City Commissioners, preparation of this report would not have been possible.

Sincerely,



Mark Ben-Asher CGFO
Director of Financial Planning
and Administration (CFO)



Otis T. Wallace
Mayor

CITY OF FLORIDA CITY, FLORIDA

LIST OF PRINCIPAL OFFICIALS

MAYOR-COMMISSION FORM OF GOVERNMENT

CITY COMMISSION

Otis T. Wallace, Mayor

Avis Brown, Vice Mayor

Sharon Butler

Eugene D. Berry

R. S. Shiver

CITY CLERK

Jennifer Evelyn

CITY ATTORNEY

Jeff H. Cazeau

DIRECTOR OF FINANCIAL PLANNING AND ADMINISTRATION

Mark Ben-Asher, CGFO

INDEPENDENT AUDITORS

Marcum LLP

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Florida City
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

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



Christopher P. Moynell

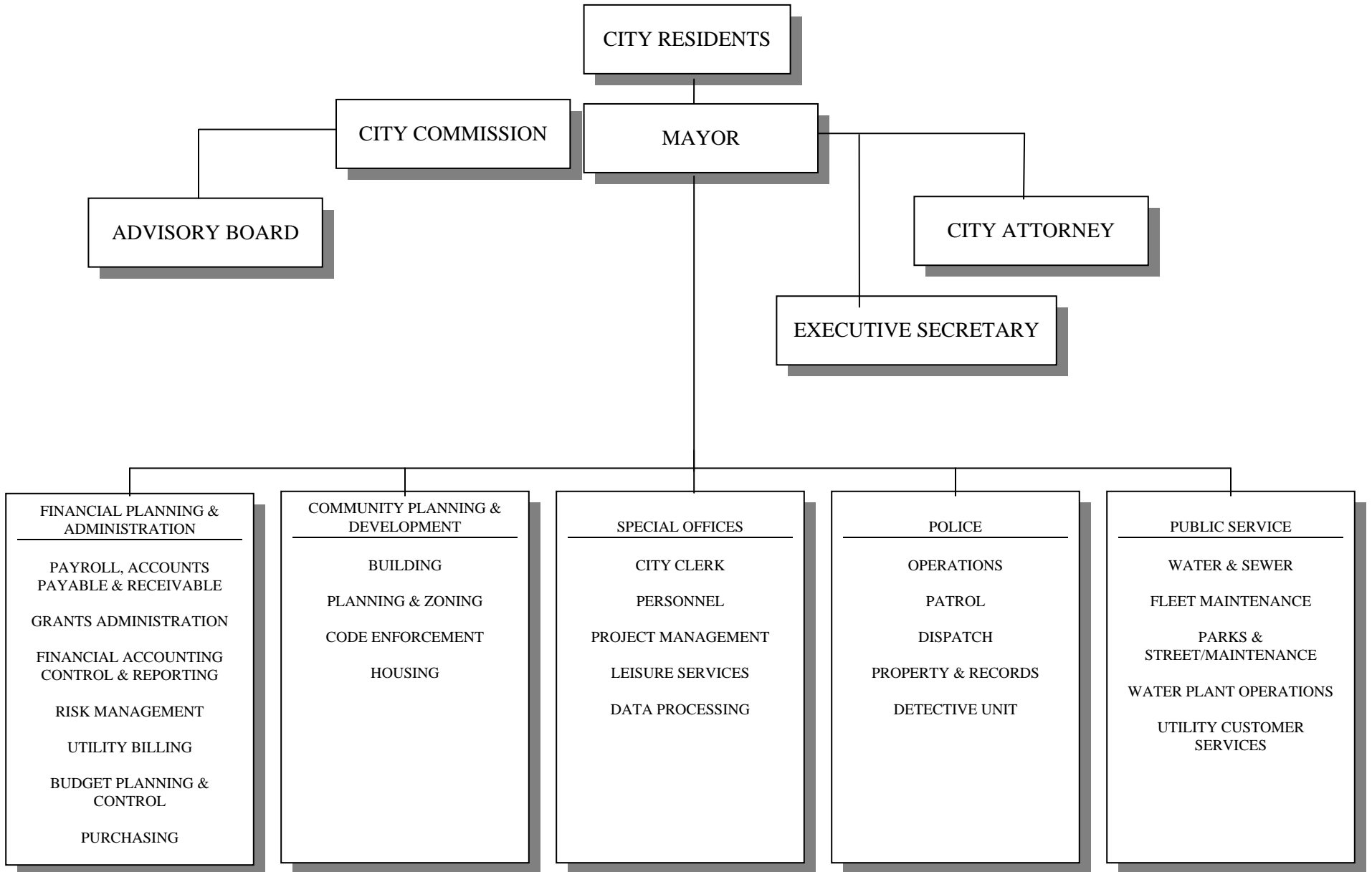
President

Jeffrey R. Emer

Executive Director

CITY OF FLORIDA CITY, FLORIDA

ORGANIZATION CHART



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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Commission
City of Florida City, Florida

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules and the schedules of funding progress and employer contributions on pages 3 through 11 and pages 56 through 61, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory and statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Marcum LLP

Miami, FL
May 28, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)

CITY OF FLORIDA CITY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Florida City, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Florida City for the fiscal year ended September 30, 2012.

FINANCIAL HIGHLIGHTS

The assets of the City of Florida City exceeded its liabilities at the close of the most recent fiscal year by \$62,862,852 (net assets.) Of this amount, \$18,693,652 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors. There were no funds budgeted or appropriated from unrestricted net assets for the fiscal year 2011-2012.

In the government-wide financial statements, the City's total net assets increased by \$3,223,337. This increase is attributable primarily to income derived through new water infrastructure replacing older lines.

For the fiscal year ended September 30, 2012, the City's governmental funds reported combined ending fund balances of \$20,051,207. This represents a decrease of \$816,849 from last year.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13,299,783 or 132.45% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components; (1) government-wide financial statements, (2) fund financial statements and (3) notes to the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public works, public safety and parks and recreation. The business-type activities of the City include a Water and Sewer Utility.

The government-wide financial statements include not only the City itself (known as the primary government,) but also a legally separate community redevelopment agency (CRA) for which the City of Florida City is financially accountable. Financial information for the CRA is reported as part of the financial information presented for the primary government. Separate disclosure of the CRA activities is presented in the Notes to the Basic Financial Statements.

The government-wide financial statements can be found on pages 12 through 13 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Florida City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The City of Florida City has three (3) fund categories; governmental funds, a proprietary fund and a fiduciary fund.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Florida City maintains six (6) governmental funds; the General Fund, CRA and Grants funds are presented as major funds. The three (3) Other Governmental Funds are combined into a single aggregated presentation. The City of Florida City adopts an annual appropriated budget for its General Fund and for the CRA Fund. Budgetary comparison schedules have been provided for the General Fund and the CRA Fund to demonstrate compliance with this budget. These schedules can be found on pages 56 and 57.

The basic governmental fund financial statements can be found on pages 12 through 16.

Proprietary Funds

The City of Florida City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Water and Sewer Operation.

The basic proprietary fund financial statements can be found on pages 17 through 19.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City maintains one fiduciary fund to account for the operation of its Police Officers Defined Benefit Pension Plan.

The basic fiduciary fund financial statements can be found on pages 20 through 21.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the basic financial statements can be found on pages 22 through 55.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

This required supplementary information can be found on pages 56 through 61.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Florida City, assets exceeded liabilities by \$62,862,852 at the close of the most recent fiscal year.

A portion of the City's net assets, \$37,387,682 or 59.47 %, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt to acquire those assets that is still outstanding. The City of Florida City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A summary of the City's net assets is presented in Table 1 and a summary of the changes in net assets is presented in Table 2.

Table 1
Summary of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current assets	\$ 21,672,082	\$ 22,574,984	\$ 7,828,306	\$ 7,435,580	\$ 29,500,388	\$ 30,010,564
Capital assets, net	<u>18,618,782</u>	<u>15,445,091</u>	<u>19,911,600</u>	<u>19,097,153</u>	<u>38,530,382</u>	<u>34,542,244</u>
Total Assets	<u>40,290,864</u>	<u>38,020,075</u>	<u>27,739,906</u>	<u>26,532,733</u>	<u>68,030,770</u>	<u>64,552,808</u>
Current liabilities	1,601,058	1,706,928	1,203,773	777,637	2,804,831	2,484,565
Noncurrent liabilities	<u>1,096,215</u>	<u>925,288</u>	<u>1,266,872</u>	<u>1,503,440</u>	<u>2,363,087</u>	<u>2,428,728</u>
Total Liabilities	<u>2,697,273</u>	<u>2,632,216</u>	<u>2,470,645</u>	<u>2,281,077</u>	<u>5,167,918</u>	<u>4,913,293</u>
Investment in capital assets, net of related debt	18,618,782	15,445,091	18,768,900	17,693,353	37,387,682	33,138,444
Restricted	6,338,849	7,534,643	442,669	436,975	6,781,518	7,971,618
Unrestricted	<u>12,635,960</u>	<u>12,408,125</u>	<u>6,057,692</u>	<u>6,121,328</u>	<u>18,693,652</u>	<u>18,529,453</u>
Total Net Assets	<u>\$ 37,593,591</u>	<u>\$ 35,387,859</u>	<u>\$ 25,269,261</u>	<u>\$ 24,251,656</u>	<u>\$ 62,862,852</u>	<u>\$ 59,639,515</u>

Table 2
Summary of Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 5,026,525	\$ 3,773,845	\$ 2,651,685	\$ 2,580,149	\$ 7,678,210	\$ 6,353,994
Operating grants and contributions	357,988	568,881	--	--	357,988	568,881
Capital grants and contributions	3,959,800	2,800,895	--	--	3,959,800	2,800,895
General revenues:						
Property taxes	2,218,407	2,513,413	--	--	2,218,407	2,513,413
Utility taxes	698,784	650,087	--	--	698,784	650,087
Communication service taxes	265,274	275,703	--	--	265,274	275,703
Franchise fees based on gross receipts	659,738	601,814	--	--	659,738	601,814
Unrestricted intergovernmental revenue	1,412,896	1,254,721	--	--	1,412,896	1,254,721
Unrestricted state share revenue	177,259	157,197	--	--	177,259	157,197
Unrestricted investment earnings	136,182	401,293	27,229	151,318	163,411	552,611
Miscellaneous	71,972	35,700	--	--	71,972	35,700
Total Revenues	<u>14,984,825</u>	<u>13,033,549</u>	<u>2,678,914</u>	<u>2,731,467</u>	<u>17,663,739</u>	<u>15,765,016</u>
Expenses						
General government	4,842,342	5,051,175	--	--	4,842,342	5,051,175
Public works	2,516,237	2,471,340	--	--	2,516,237	2,471,340
Public safety	3,219,661	3,335,702	--	--	3,219,661	3,335,702
Parks and recreation	556,506	563,291	--	--	556,506	563,291
Water and sewer	--	--	3,305,656	3,037,330	3,305,656	3,037,330
Total Expenses	<u>11,134,746</u>	<u>11,421,508</u>	<u>3,305,656</u>	<u>3,037,330</u>	<u>14,440,402</u>	<u>14,458,838</u>
Excess (Deficiency) Before Transfers	3,850,079	1,612,041	(626,742)	(305,863)	3,223,337	1,306,178
Transfers	<u>(1,644,347)</u>	<u>(555,783)</u>	<u>1,644,347</u>	<u>555,783</u>	--	--
Change in Net Assets	<u>2,205,732</u>	<u>1,056,258</u>	<u>1,017,605</u>	<u>249,920</u>	<u>3,223,337</u>	<u>1,306,178</u>
Net Assets - Beginning	<u>35,387,859</u>	<u>34,331,601</u>	<u>24,251,656</u>	<u>24,001,736</u>	<u>59,639,515</u>	<u>58,333,337</u>
Net Assets - Ending	<u>\$ 37,593,591</u>	<u>\$ 35,387,859</u>	<u>\$ 25,269,261</u>	<u>\$ 24,251,656</u>	<u>\$ 62,862,852</u>	<u>\$ 59,639,515</u>

The City's net assets increased by \$3,223,337 during the current fiscal year. This was an increase over 2011 of \$1,917,159 due primarily to a substantial increase in capital grants and contributions despite a decrease in property taxes. Key elements of this increase are illustrated in the summary above.

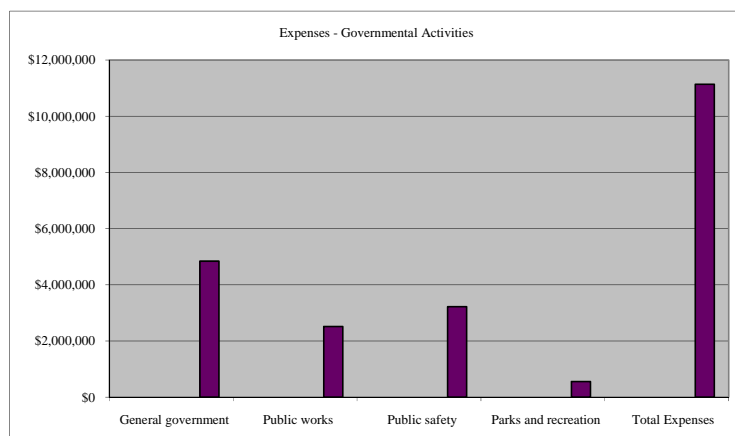
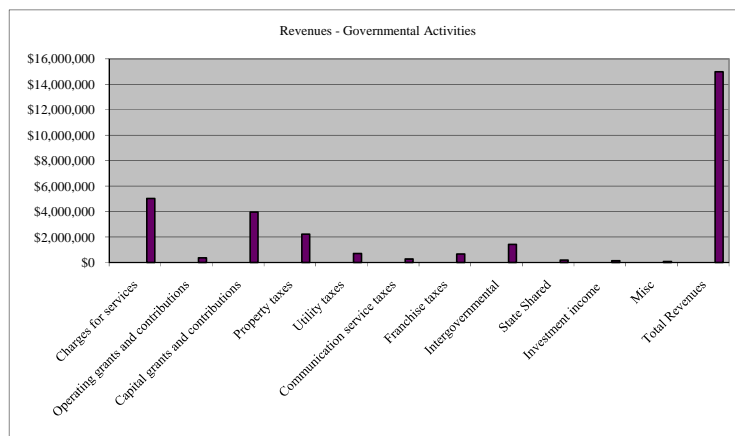
Governmental Activities

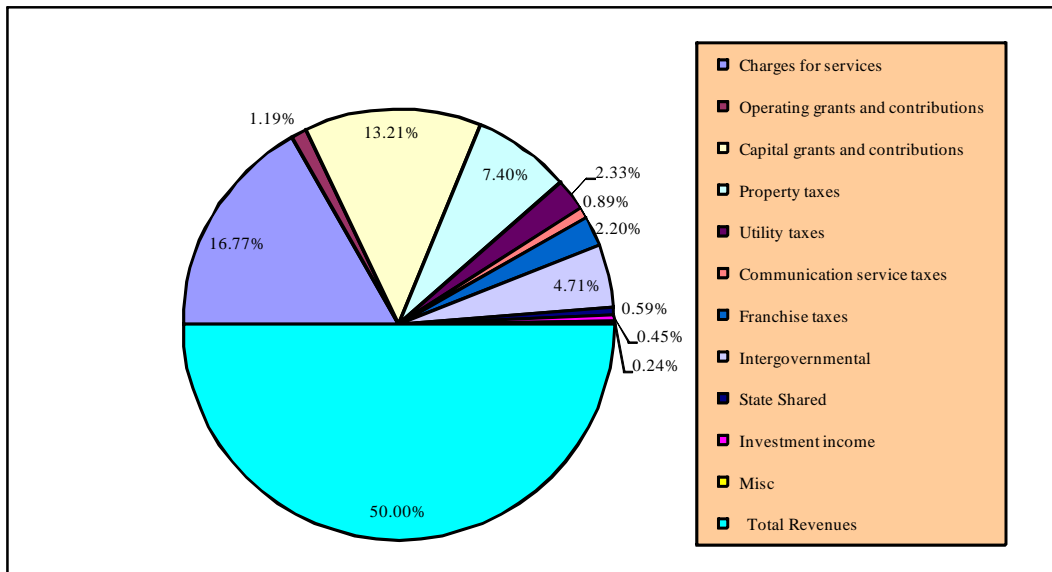
Net assets of the City's governmental activities increased by \$2,205,732 or 6.23% from \$35,387,859 in the last fiscal year to \$37,593,591 in the current fiscal year.

General government, public works and public safety comprise 95.00% of the City's total governmental activities. General government program revenues fund just less than 59% of its activities. Public works program revenues fund more than 100% of its activities while public safety program revenues fund just a bit more than 58%. General revenues, primarily property taxes, fund the balance of these activities.

Parks and recreation show program revenues in excess of expenses by slightly less than 138%. This is due primarily to the success of the City owned RV and Camp Site.

Program revenues, comprised of charges for services, and operating and capital grants and contributions amounts to \$9,344,313; the governmental activities total general revenues total \$5,640,512 and are reduced by a transfer to the business activities of \$1,644,347 which is a transfer of capital assets. Due to a small property tax base, reliance on grant funds is critical to meeting citizens' demand for services. Property taxes, which represent a bit more than 55% of total revenues for governmental activities, are non-program specific and are used to fund all activities not covered by program revenues. Amounts decreased 13.30% between 2012 and 2011 due primarily to a further decrease in property revenues in fiscal year 2012. This was caused by a significant decrease in assessed property values.





Business-type Activities

Business-type activities increased the City’s net assets by \$1,017,605 since 2011 accounting for 31.57% of the total addition to net assets.

The City maintains a water & sewer fund that accounts for this addition to net assets. Operating expenses exceeded charges for services by \$653,971. \$27,229 was realized as a result of unrestricted investment earnings. Revenues decreased between 2012 and 2011 by \$373,505. Expenses, however, remained relatively constant. A potential rate increase is being examined.

The above three graphs represent governmental activities; revenues, expenses and revenues by source.

Governmental Funds

The focus of the City of Florida City’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City’s financing requirements.

At the end of the current fiscal year, fund balance of the General Fund was \$15,113,220, an increase of \$225,688 in comparison with the prior year.

The general fund is the chief operating fund of the City of Florida City. As a measure of the general fund’s liquidity it may be useful to compare total fund balance to total fund expenditures. Total unassigned (unreserved) fund balance represents 132.45% of total general fund expenditures.

A summary of the general fund’s condensed balance sheet and statement of revenues, expenditures and changes in fund balance is presented in Table 3 and 4 for September 30, 2012 and 2011, as follows:

Table 3
Summary of Condensed Balance Sheet

General Fund	2012	2011
Total Assets	<u>\$ 16,420,539</u>	<u>\$ 18,303,944</u>
Total liabilities	\$ 1,307,319	\$ 3,416,412
Fund balance	<u>15,113,220</u>	<u>14,887,532</u>
Total Liabilities and Fund Balance	<u>\$ 16,420,539</u>	<u>\$ 18,303,944</u>

Table 4
**Summary of Condensed Statement of Revenues,
Expenditures and Changes in Fund Balance**

General Fund	2012	2011
Total revenues	\$ 10,376,905	\$ 9,597,092
Total expenditures	10,041,644	9,492,357
Transfers	<u>(109,573)</u>	<u>(37,816)</u>
Net Change in Fund Balance	<u>\$ 225,688</u>	<u>\$ 213,788</u>

General Fund Budgetary Highlights

There was a difference via budget amendments between the original and final budgeted amounts for expenditures in the General Fund of \$844,936 less than originally budgeted, however, actual expenditures were \$331,875 less than the final budgeted amount. Budgeted revenues between original and final were increased by approximately \$817,401 due to changes in revenue estimates provided by the State of Florida, however, actual revenues were less than the final budgeted amount by \$990,477. The City was able to closely monitor its expenditures and ultimately expended approximately \$331,875 less than budgeted. The following summary depicts this activity:

General Fund	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	Original	Final	Amounts	Positive (Negative)
Revenues	\$ 10,549,981	\$ 11,367,382	\$ 10,376,905	\$ (990,477)
Expenditures	<u>11,218,455</u>	<u>10,373,519</u>	<u>10,041,644</u>	<u>331,875</u>
Excess (deficiency) of revenues over expenditures	(668,474)	993,863	335,261	(658,602)
Other financing sources and uses	<u>(1,114,131)</u>	<u>(1,174,982)</u>	<u>(109,573)</u>	<u>1,065,409</u>
Net Change in Fund Balance	<u>\$ (1,782,605)</u>	<u>\$ (181,119)</u>	<u>\$ 225,688</u>	<u>\$ 406,807</u>

Community Redevelopment Agency (CRA)

The CRA incurred the following expenditures during the fiscal year ended September 30, 2012 and September 30, 2011 respectively:

CRA	2012	2011
Expenditures, general government	\$ 922,583	\$ 944,475
Expenditures, capital outlay	<u>1,931,257</u>	<u>2,562,026</u>
	<u>\$ 2,853,840</u>	<u>\$ 3,506,501</u>

In 2012, the following projects were funded by CRA's Infrastructure Fund:

- \$1,503,813 - Streetscape Project for beautification.
- \$328,311 - Consulting and Engineering expenditures.
- \$226,590 - Community Policing.
- \$113,385 - Administrative Functions.

In 2011, the following projects were funded by CRA's Infrastructure Fund:

- \$900,788 - Streetscape Project for beautification.
- \$124,572 - Water & Sewer Infrastructure expenditures.
- \$650 - Land Acquisition relating to the Lucy Street Project.
- \$404,613 - NW Neighborhood Sidewalk Project.
- \$2,086 - Industrial and Commercial Facade Renovations.
- \$70,153 - Florida City Youth Activity Center Project.
- \$402,649 - Consulting and Engineering Expenses.
- \$211,622 - Community Policing.
- \$114,307 - Administrative Functions.

For the CRA budget, original and final amounts were the same in total, but overall expenditures were just less than budgeted by approximately \$49,596.

Capital Assets

As of September 30, 2012, the City's investment in capital assets for both governmental activities and business-type activities amounted to \$38,530,382 (\$18,618,782 in governmental activities and \$19,911,600 in business-type activities). The total increase in capital assets for the fiscal year (\$5,391,938) was primarily attributed to as follows:

Governmental activities' capital assets increased by \$4,577,491 due primarily to capital grants less depreciation on buildings and equipment. Business-type activities' capital assets increased by \$814,447 due primarily to capital grants less depreciation on utility infrastructure. Additional information on the City's capital assets can be found in Note 7 on Pages 37 and 38 of the Notes to Basic Financial Statements.

Long-Term Debt

At September 30, 2012, the City had total debt outstanding of \$2,363,087 (\$1,096,215 for governmental activities and \$1,266,872 for business-type activities). Of this amount, \$342,700 represents total revenue bonds payable secured solely by specified revenue sources (water revenue). The remainder is comprised of compensated absences of \$685,882 in governmental activities, \$51,444 in business-type activities, \$800,000 notes payable in business-type activities, \$410,333 is Net Other Post Employment Benefits (OPEB) Obligations in governmental activities and \$72,728 Net OPEB Obligations in business-type activities. The note payable represents the balance of principal due on refinanced debt for money to construct water infrastructure. See Note 8 for a more detailed explanation of long-term debt on Pages 38 through 40 of the Notes to Basic Financial Statements.

Economic Factors and Next Year's Budget and Rates

The unemployment rate for the City rose with the State of Florida rate and the National rate. The City's rate is expected to drop next year as well due primarily to this nation's general economy.

The occupancy rate of the City's hospitality service industry has remained stable for the past several years, however, with the general downturn in the economy, fewer visitors are booking stays as long as in the past. It is hoped this will change in the coming year.

Inflationary trends in the region compare similarly to national indices.

The City's rates for water and sewer fees are being reviewed with an eye towards increasing the rates to improve the debt service coverage ratio and provide additional funds for renewal and replacement of infrastructure.

There were no funds budgeted or appropriated from unrestricted net assets for the fiscal year September 30, 2013 budget for the general fund.

The millage rate for 2013 remained the same.

All of these factors were considered in preparing the City of Florida City's budget for the 2012-2013 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Florida City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mark Ben-Asher, Director of Financial Planning and Administration, Finance Department, 404 West Palm Drive, P.O. Box 343570, Florida City, FL 33034-0570.

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BASIC FINANCIAL STATEMENTS

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CITY OF FLORIDA CITY, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2012

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash	\$ 16,766,071	\$ 6,582,970	\$ 23,349,041
Receivables, net	2,630,499	320,660	2,951,159
Investments	366,013	--	366,013
Internal balances	381,031	(381,031)	--
Restricted cash and cash equivalents	1,434,156	924,676	2,358,832
Prepaid items	54,202	--	54,202
Other assets	20,293	--	20,293
Net pension asset	19,817	--	19,817
Capital assets not being depreciated	7,232,096	4,202,387	11,434,483
Capital assets being depreciated, net	11,386,686	15,709,213	27,095,899
Total Assets	<u>40,290,864</u>	<u>27,358,875</u>	<u>67,649,739</u>
Liabilities			
Accounts payable	931,287	329,965	1,261,252
Accrued liabilities	420,461	10,770	431,231
Customer deposits	119,913	482,007	601,920
Unearned revenue	129,397	--	129,397
Noncurrent liabilities:			
Due within one year	68,587	68,744	137,331
Due in more than one year	1,027,628	1,198,128	2,225,756
Total Liabilities	<u>2,697,273</u>	<u>2,089,614</u>	<u>4,786,887</u>
Net Assets			
Invested in capital assets, net of related debt	18,618,782	18,768,900	37,387,682
Restricted for:			
Transportation projects	1,165,131	--	1,165,131
Grants and contributions	1,615,388	--	1,615,388
Pension	25,378	--	25,378
Capital projects	3,264,116	--	3,264,116
Impact fees - Public safety	125,904	--	125,904
Impact fees - Parks and recreation	142,932	--	142,932
Sewer system capital improvements	--	324,061	324,061
Reserve fund	--	118,608	118,608
Unrestricted	12,635,960	6,057,692	18,693,652
Total Net Assets	<u>\$ 37,593,591</u>	<u>\$ 25,269,261</u>	<u>\$ 62,862,852</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FLORIDA CITY, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities							
General government	\$ 4,842,342	\$ 447,734	\$ 53,098	\$ 2,346,542	\$ (1,994,968)	\$ --	\$ (1,994,968)
Public works	2,516,237	2,236,764	--	1,613,258	1,333,785	--	1,333,785
Public safety	3,219,661	1,574,803	304,890	--	(1,339,968)	--	(1,339,968)
Parks and recreation	556,506	767,224	--	--	210,718	--	210,718
Total Governmental Activities	<u>11,134,746</u>	<u>5,026,525</u>	<u>357,988</u>	<u>3,959,800</u>	<u>(1,790,433)</u>	<u>--</u>	<u>(1,790,433)</u>
Business-type Activities							
Water and sewer	3,305,656	2,651,685	--	--	--	(653,971)	(653,971)
Total Business-type Activities	<u>3,305,656</u>	<u>2,651,685</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(653,971)</u>	<u>(653,971)</u>
Total	<u>\$ 14,440,402</u>	<u>\$ 7,678,210</u>	<u>\$ 357,988</u>	<u>\$ 3,959,800</u>	<u>(1,790,433)</u>	<u>(653,971)</u>	<u>(2,444,404)</u>
General Revenues							
Property taxes					2,218,407	--	2,218,407
Utility taxes					698,784	--	698,784
Communication services tax					265,274	--	265,274
Franchise fees based on gross receipts					659,738	--	659,738
Unrestricted intergovernmental revenue					1,412,896	--	1,412,896
Unrestricted state shared revenues					177,259	--	177,259
Unrestricted investment earnings					136,182	27,229	163,411
Miscellaneous					71,972	--	71,972
Transfers					<u>(1,644,347)</u>	<u>1,644,347</u>	<u>--</u>
Total General Revenues and Transfers					<u>3,996,165</u>	<u>1,671,576</u>	<u>5,667,741</u>
Change in Net Assets					<u>2,205,732</u>	<u>1,017,605</u>	<u>3,223,337</u>
Net Assets - Beginning					<u>35,387,859</u>	<u>24,251,656</u>	<u>59,639,515</u>
Net Assets - Ending					<u>\$ 37,593,591</u>	<u>\$ 25,269,261</u>	<u>\$ 62,862,852</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FLORIDA CITY, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2012

	General	CRA	Grants	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash	\$ 10,608,435	\$ 4,452,961	\$ 1,510,969	\$ 193,706	\$ 16,766,071
Receivables:					
Billed and other	386,631	--	--	31,865	418,496
Unbilled	85,562	--	--	--	85,562
Taxes	544,745	--	--	--	544,745
Intergovernmental	--	--	1,581,696	--	1,581,696
Investments	366,013	--	--	--	366,013
Due from other funds	3,044,236	--	--	77,158	3,121,394
Restricted cash and cash equivalents	1,310,422	--	--	123,734	1,434,156
Prepaid items	54,202	--	--	--	54,202
Other assets	20,293	--	--	--	20,293
Total Assets	<u>\$ 16,420,539</u>	<u>\$ 4,452,961</u>	<u>\$ 3,092,665</u>	<u>\$ 426,463</u>	<u>\$ 24,392,628</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 689,689	\$ --	\$ 206,092	\$ 35,506	\$ 931,287
Accrued liabilities	411,508	--	6,725	2,228	420,461
Due to other funds	--	1,188,845	1,456,268	95,250	2,740,363
Customer deposits	119,913	--	--	--	119,913
Unearned revenue	86,209	--	--	43,188	129,397
Total Liabilities	<u>1,307,319</u>	<u>1,188,845</u>	<u>1,669,085</u>	<u>176,172</u>	<u>4,341,421</u>
Fund Balances					
Non-spendable:					
Prepays	54,202	--	--	--	54,202
Restricted for:					
Transportation projects	1,165,131	--	--	--	1,165,131
Grants and contributions	--	--	1,423,580	191,808	1,615,388
Impact fees - public safety	67,421	--	--	58,483	125,904
Impact fees - parks and recreation	142,932	--	--	--	142,932
Pension	25,378	--	--	--	25,378
Capital projects	--	3,264,116	--	--	3,264,116
Committed to:					
Stormwater	358,373	--	--	--	358,373
Unassigned:					
General fund	13,299,783	--	--	--	13,299,783
Total Fund Balances	<u>15,113,220</u>	<u>3,264,116</u>	<u>1,423,580</u>	<u>250,291</u>	<u>20,051,207</u>
Total Liabilities and Fund Balances	<u>\$ 16,420,539</u>	<u>\$ 4,452,961</u>	<u>\$ 3,092,665</u>	<u>\$ 426,463</u>	
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds					18,618,782
Compensated absences					(685,882)
Net OPEB obligation					(410,333)
Net pension asset					19,817
Net Assets of Governmental Activities					<u>\$ 37,593,591</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FLORIDA CITY, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	General	CRA	Grants	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 3,842,203	\$ --	\$ --	\$ --	\$ 3,842,203
Intergovernmental	1,590,155	1,711,417	--	--	3,301,572
Charges for services	3,100,203	--	--	--	3,100,203
Investment earnings	108,560	19,217	5,100	3,305	136,182
Impact fees	71,972	--	--	--	71,972
Licenses and permits	278,495	--	--	--	278,495
Fines and forfeitures	1,148,571	--	--	256,848	1,405,419
Grants	--	--	2,553,273	--	2,553,273
Miscellaneous	236,746	--	2,583	56,177	295,506
Total Revenues	<u>10,376,905</u>	<u>1,730,634</u>	<u>2,560,956</u>	<u>316,330</u>	<u>14,984,825</u>
Expenditures					
Current:					
General government	2,954,902	922,583	180,948	240,530	4,298,963
Public safety	3,060,753	--	--	--	3,060,753
Public works	2,461,659	--	--	--	2,461,659
Parks and recreation	434,114	--	--	--	434,114
Capital outlay	1,130,216	1,931,257	2,484,712	--	5,546,185
Total Expenditures	<u>10,041,644</u>	<u>2,853,840</u>	<u>2,665,660</u>	<u>240,530</u>	<u>15,801,674</u>
Excess (Deficiency) of Revenues over Expenditures	<u>335,261</u>	<u>(1,123,206)</u>	<u>(104,704)</u>	<u>75,800</u>	<u>(816,849)</u>
Other Financing Sources (Uses)					
Transfers in	--	--	109,573	--	109,573
Transfers out	(109,573)	--	--	--	(109,573)
Total Other Financing Sources (Uses)	<u>(109,573)</u>	<u>--</u>	<u>109,573</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	225,688	(1,123,206)	4,869	75,800	(816,849)
Fund Balances - Beginning	<u>14,887,532</u>	<u>4,387,322</u>	<u>1,418,711</u>	<u>174,491</u>	<u>20,868,056</u>
Fund Balances - Ending	<u>\$ 15,113,220</u>	<u>\$ 3,264,116</u>	<u>\$ 1,423,580</u>	<u>\$ 250,291</u>	<u>\$ 20,051,207</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FLORIDA CITY, FLORIDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Amounts reported for governmental activities in the statement of activities
(Page 13) are different because:

Net change in fund balances - total governmental funds (Page 15) \$ (816,849)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

The details of the difference are as follows:

Capital outlay	\$ 5,466,315	
Depreciation expense	<u>(648,277)</u>	
Net adjustment		4,818,038

Transfers of capital assets to business-type activities from governmental activities decreases net assets of governmental activities in the statement of activities, but are not reported in the governmental funds because they are not financial resources. (1,644,347)

Some expenses reported in the statement of activities do not require current financial resources and, therefore, are not reported as expenditures in governmental funds.

The details of the difference are as follows:

Compensated absences	(143,138)	
Change in net OPEB obligation	(54,623)	
Change in net pension obligation	26,834	
Change in net pension asset	<u>19,817</u>	
Net adjustment		<u>(151,110)</u>

Change in net assets of governmental activities (Page 13) \$ 2,205,732

The accompanying notes are an integral part of these financial statements.

CITY OF FLORIDA CITY, FLORIDA

STATEMENT OF NET ASSETS
 PROPRIETARY FUND

SEPTEMBER 30, 2012

	Business-Type Activity - Enterprise Water and Sewer Fund
Assets	
Current Assets	
Cash	\$ 6,582,970
Receivables, net	320,660
Restricted cash	<u>924,676</u>
Total Current Assets	<u>7,828,306</u>
Noncurrent Assets	
Capital assets:	
Land	1,578,818
Construction in progress	2,623,569
Machinery and equipment	647,035
Plant distribution system	30,848,340
Less accumulated depreciation	<u>(15,786,162)</u>
Total capital assets (net of accumulated depreciation)	<u>19,911,600</u>
Total Assets	<u>27,739,906</u>
Liabilities	
Current Liabilities	
Accounts payable	329,965
Accrued liabilities	10,770
Due to other funds	381,031
Customer deposits	482,007
Current portion of compensated absences	5,144
Current portion of revenue bonds payable	<u>63,600</u>
Total Current Liabilities	<u>1,272,517</u>
Noncurrent Liabilities	
Notes payable	800,000
Revenue bonds payable	279,100
Net OPEB obligation	72,728
Compensated absences	<u>46,300</u>
Total Noncurrent Liabilities	<u>1,198,128</u>
Total Liabilities	<u>2,470,645</u>
Net Assets	
Invested in capital assets, net of related debt	18,768,900
Restricted for sewer system capital improvements	324,061
Restricted for reserve fund	118,608
Unrestricted	<u>6,057,692</u>
Total Net Assets	<u>\$ 25,269,261</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FLORIDA CITY, FLORIDA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Business-Type Activity - <u>Enterprise Fund</u> Water and <u>Sewer Fund</u>
Operating Revenues	
Charges for services	\$ <u>2,651,685</u>
Operating Expenses	
General and administrative	2,440,531
Depreciation	<u>829,900</u>
Total Operating Expenses	<u>3,270,431</u>
Operating Loss	<u>(618,746)</u>
Non-Operating Revenues (Expenses)	
Interest income	27,229
Interest expense	<u>(35,225)</u>
Total Non-Operating Revenues (Expenses)	<u>(7,996)</u>
Loss before Capital Contributions	(626,742)
Contribution of Capital Assets	<u>1,644,347</u>
Change in Net Assets	1,017,605
Net Assets - Beginning	<u>24,251,656</u>
Net Assets - Ending	<u><u>\$ 25,269,261</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF FLORIDA CITY, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Business-Type Activity - <u>Enterprise Fund</u> Water and Sewer Fund
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 2,629,709
Payments to suppliers	(1,581,243)
Payments to employees	<u>(802,968)</u>
Net Cash Provided by Operating Activities	<u>245,498</u>
Cash Flows from Capital and Related Financing Activities	
Principal paid on note	(200,000)
Principal paid on bonds	(61,100)
Interest paid on bonds	(35,225)
Due to other funds	<u>1,213,083</u>
Net Cash Provided by Capital and Related Financing Activities	<u>916,758</u>
Cash Flows from Investing Activities	
Interest received	<u>27,229</u>
Net Cash Provided by Investing Activities	<u>27,229</u>
Net Increase in Cash and Cash Equivalents	1,189,485
Cash and Cash Equivalents, Beginning (Including Restricted)	<u>6,318,161</u>
Cash and Cash Equivalents, Ending (Including Restricted)	<u>\$ 7,507,646</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating loss	\$ <u>(618,746)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	829,900
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Receivables	(35,292)
Increase (decrease) in:	
Accounts payable and accrued liabilities	31,787
Customer deposits	13,316
Compensated absences	(1,199)
Net OPEB obligation	<u>25,732</u>
Total adjustments	<u>864,244</u>
Net Cash Provided by Operating Activities	<u>\$ 245,498</u>
Noncash Investing, Capital and Related Financing Activities	
Contribution of capital assets from grants fund	<u>\$ 1,644,347</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FLORIDA CITY, FLORIDA

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

SEPTEMBER 30, 2012

Assets

Cash \$ 1,441,578

Investments

Money market mutual funds	108,046
Common stock	1,745,385
Corporate bonds	475,589
Government securities	<u>501,009</u>

Total Investments 4,271,607

Receivables

Accrued interest	<u>14,040</u>
------------------	---------------

Total Assets 4,285,647

Liabilities

Liabilities	<u>--</u>
-------------	-----------

**Net Assets Held in Trust for
Pension Benefits**

\$ 4,285,647

The accompanying notes are an integral part of these financial statements.

CITY OF FLORIDA CITY, FLORIDA

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Additions

Contributions

Employer \$ 582,827

Total Contributions 582,827

Investment Earnings

Net appreciation in fair value of investments 393,307

Interest and dividends 66,979

Total Investments Earnings 460,286

Total Additions 1,043,113

Deductions

Benefits paid 74,281

Administrative expenses 35,706

Total Deductions 109,987

Change in Net Assets 933,126

Net Assets - Beginning 3,352,521

Net Assets - Ending \$ 4,285,647

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Florida City (the City), located in Miami-Dade County, Florida (the County) is a political subdivision of the State of Florida. The City, which was created by the Florida Legislature, was incorporated in 1915. The City operates under a Strong-Mayor form of government and provides the following services as authorized by its charter; public safety, water and sewer, sanitation, culture recreation, public works and improvements, planning and zoning, highways and streets, and general administrative services. The City does not provide any educational facilities or fire services; those services are provided by the Miami-Dade County School Board and the County, respectively.

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

A. FINANCIAL REPORTING ENTITY

The accompanying basic financial statements include those of the City (the primary government) and its component units. Component units are legally separate organizations for which the City is financially accountable or organizations which should be included in the City's financial statements because of the nature and significance of their relationship with the City. The basic criteria for determining whether an organization should be included in the City's reporting entity is based on the criteria stated in the Governmental Accounting Standards Board Statements for *The Financial Reporting Entity*. GASB defines a reporting entity to be financially accountable if it meets one of the following criteria: (1) the appointment by the City of a voting majority of the organization's governing body, (2) the ability of the City to impose its will on the organization, or (3) if there is a financial benefit/burden relationship with the City. In addition, an organization which is fiscally dependent on the City, should be included in its reporting entity.

Component units are included in the reporting entity either as blended or as discretely presented. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Accordingly, data from these component units are combined with data of the primary government. Based upon the application of the criteria described above, the financial activity of the blended component units listed below has been included in the City's financial reporting entity.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. FINANCIAL REPORTING ENTITY (CONTINUED)

- (i) The Community Redevelopment Agency (the CRA) was created under the Community Redevelopment Act of 1969, enacted by Florida Legislature. The CRA's board of directors is the City Commission. The CRA's executive director is the City's Mayor. The CRA has a September 30th year end and is presented as a major fund.
- (ii) The Florida City Foundation, Inc. (the Foundation) is a nonprofit (501(c)(3)) organization. The Foundation accepts charitable contributions which are used to pay for activities and other items to benefit the citizens of the City. The City Commission serves as the board of the Foundation. The Foundation, which is presented as a non major fund, has a December 31st year end and therefore the amounts presented for the Foundation are as of and for the year ended December 31, 2011.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements. All remaining non major governmental funds are aggregated and reported as other governmental funds.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Community Redevelopment Agency (CRA)* was created to promote economic development for local businesses and for new businesses.

The *Grants Fund* accounts for all grant monies and the related program income from federal, state, and local grants received.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

The City reports the following major proprietary fund in the basic financial statements:

The *Water and Sewer Fund* accounts for activities of providing water and sewer services to the public.

Additionally, the City reports the following fund type:

The *Pension Trust Funds* are used to account for the City's single-employer defined benefit pension plans covering substantially all of its police officers and elected officials.

The financial statements of the City follow the guidance of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* for both the government-wide and proprietary fund financial statements. The City has the option of following subsequent private-sector guidance, post November 30, 1989, that does not conflict with or contradict GASB pronouncements for their business-type activities and enterprise funds. The City has elected not to follow subsequent private sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's various utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer fund are charges to customers for services. Operating expenses for the enterprise fund includes the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

The City’s cash and cash equivalents include cash on hand and certificates of deposit. The Investment Pool (Florida PRIME and Fund B, (Non 2a-7 Like Pool)) is recorded at its value of the pool shares, which is fair value. All other investments are reported at fair value based on quoted market prices. Cash and cash equivalents for purposes of the statement of cash flows, includes cash and certificates of deposit which are defined as short-term, highly liquid investments with original maturities of three months or less.

The nature of investments is governed by the provisions of Florida Statutes Section 218. Under this statute, authorized investments are limited, unless otherwise authorized by law or ordinance, to the local government surplus funds trust fund, money market funds, direct or unconditionally guaranteed obligations of the United States Government, obligations of certain governmental agencies, interest bearing time deposits or savings accounts.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

3. Capital Assets

Capital assets, which include property, plant and equipment, intangibles and certain infrastructure assets (e.g., streets, alleys, sidewalks, drainage, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City did not retroactively report infrastructure assets. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)

3. Capital Assets (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. No such costs were capitalized in 2012.

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	10-50
Equipment and Machinery	3-5
Plant Distribution System	25-50

4. Compensated Absences

City employees are granted vacation and sick pay leave in varying amounts based on length of service and the department in which the employee provides service. It is the City's policy to permit full-time employees to accumulate limited amounts of earned vacation leave and a limited amount of earned sick pay. Upon separation from service, employees receive payment for all unused vacation leave and 50% of unused sick leave for general employees and 75% of unused sick leave for police officers. In the governmental funds, a liability is recorded only for vacation and sick leave payouts for employees that resigned or terminated prior to fiscal year end and were subsequently paid with current available financial resources.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)

5. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line amortization method. The results of using this method do not differ significantly from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

6. Net Assets

Net assets of the government-wide and proprietary funds are categorized as invested in capital assets, net of related debt; restricted or unrestricted. Invested in capital assets, net of related debt, is that portion of net assets that relates to the City's capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct or improve those assets, excluding unexpended proceeds.

Restricted net assets is that portion of net assets that has been restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net assets consist of all net assets that do not meet the definition of either of the other two components.

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)

7. Fund Equity

The City's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned or unassigned.

The City reports the following classifications:

Non-spendable fund balance. Non-spendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

Committed fund balance. These amounts can only be used for the specific purposes pursuant to constraints imposed by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of a resolution or an ordinance (equally binding), commit fund balance. Once adopted, the limitation remains in place until the City Council removes or revises the limitation by taking the same type of action (the adoption of another resolution or ordinance). This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council and the Mayor have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)

7. Fund Equity (continued)

Additionally, the City would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

8. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets, liabilities, disclosures of contingent liabilities, revenues and expenditures/expenses reported in the financial statements and accompanying notes. These estimates include assessing the collectability of receivables, the realization of pension obligations and the useful lives of capital assets. Although these estimates as well as all estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

NOTE 2 – DEPOSITS AND INVESTMENTS

DEPOSITS

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS

The City has adopted an investment policy in accordance with Florida Statutes to establish guidelines for the efficient management of its cash reserves. The City is authorized to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, the State Board of Administration investment pool, any intergovernmental investment pools authorized pursuant to Chapter 163 of the Florida Statutes, SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency, and securities of any interest in any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio is limited to obligations of the U.S. government, its agencies and instrumentalities and to repurchase agreements fully collateralized by such U.S. government obligations and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

The State Board of Administration (SBA) administers the Florida PRIME and the Fund B Surplus Funds Trust Fund. (Fund B), both of which are governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME and Fund B. The Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund, which permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of \$1 per share.

The fair value of the position in the Florida PRIME is equal to the value of the pool shares. The Fund B does not meet the requirements of an SEC 2a-7 like fund and therefore is accounted for as a fluctuating NAV pool. As of September 30, 2012, the fair value factor for Fund B was \$.94897 per share. The Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within the Florida PRIME. The investments in the Florida PRIME and Fund B are not insured by FDIC or any other governmental agency.

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

As of September 30, 2012, the City had the following investments subject to interest rate risk:

	Fair Value	Weighted Average Maturity
SBA - Florida PRIME	\$ 218,623	39 days
SBA - Fund B	<u>147,390</u>	4.08 years
Total Investments - City	<u><u>\$ 366,013</u></u>	

Interest Rate Risk

The City has an investment policy of structuring the investment portfolio so that the investments mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell investments on the open market prior to maturity and investing operating funds primarily in short-term securities, certificates of deposit, or similar investment pools.

Credit Risk

The City’s investment policy limits investments to the highest ratings issued by a nationally recognized statistical rating organization (NRSRO). The Florida PRIME is rated AAAM by Standard and Poor’s; the Fund B is not rated by an NRSRO.

INVESTMENTS – POLICE OFFICERS’ SUBSTITUTE PENSION TRUST FUND

As of September 30, 2012, the City’s Police Officers’ Substitute Pension Trust Fund had the following fixed income investments with its corresponding maturities in its portfolio:

Investments	Investment Maturities (In Years)			
	Fair Value	Less Than 1	1-5	6-10
Corporate Bonds	\$ 475,589	\$ 44,167	\$ 349,231	\$ 82,191
Government Securities	<u>501,009</u>	<u>224,041</u>	<u>237,299</u>	<u>39,669</u>
Total Fixed Income Investments	<u><u>\$ 976,598</u></u>	<u><u>\$ 268,208</u></u>	<u><u>\$ 586,530</u></u>	<u><u>\$ 121,860</u></u>

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS – POLICE OFFICERS’ SUBSTITUTE PENSION TRUST FUND (CONTINUED)

Interest Rate Risk

Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to market value losses arising from increasing interest rates.

Credit Risk

The Plan's investment policy limits investments in bonds, stocks, or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided the corporation is listed on any one or more of the recognized national stock exchanges or on the National Market System of the NASDAQ Stock Market and in the case of bonds only, holds a rating in one of the three highest classifications by a major rating service. The Plan's corporate bonds were all rated "A" or better under Standard & Poor's ratings. The Plan's government securities were all rated AAA by Standard & Poor's.

Concentration of Credit Risk

The Plan's investment policy prohibits equity securities concentrations greater than 7.5% in the securities of any one company at cost and fixed income securities concentrations greater than 10% in any one issuer with the exception of U.S. government or agency issues. As of September 30, 2012, the value of each position held in the Plan's portfolio comprised less than 5% of Plan net assets.

RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those such changes could materially affect the amounts reported in the statement of plan net assets. The Plan, through its investment advisor, monitors the Plan's investments and the risks associated therewith on a regular basis which the Plan believes minimizes these risks.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 3 - RECEIVABLES

Receivables as of September 30, 2012 for the City’s individual major funds and non major funds, including the allowances for uncollectible accounts, are as follows:

	General	Grants	Water and Sewer	Florida City Foundation	Total
Customers billed	\$ 583,699	\$ --	\$ 494,423	\$ --	\$ 1,078,122
Customers unbilled	85,562	--	89,606	--	175,168
Taxes	544,745	--	--	--	544,745
Intergovernmental	--	1,581,696	--	--	1,581,696
Other receivables	6,282	--	--	31,865	38,147
Gross receivables	1,220,288	1,581,696	584,029	31,865	3,417,878
Less: allowance	(203,350)	--	(263,369)	--	(466,719)
Total Receivables, Net	<u>\$ 1,016,938</u>	<u>\$ 1,581,696</u>	<u>\$ 320,660</u>	<u>\$ 31,865</u>	<u>\$ 2,951,159</u>

NOTE 4 – PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Miami-Dade County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments are also designed to ensure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The millage rate assessed by the City for fiscal year ended September 30, 2012 is 7.75%.

All property is reassessed according to its fair market value as of January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State statutes. Property taxes are centrally billed and collected by the County and remitted to the City for their proportionate share of collected taxes. Current year property values are assessed as of January 1st, the lien date, of each year for the fiscal year beginning October 1st and are billed on November 1st, subject to a 1% per month discount for the period November through February, and are due no later than March 31st. On April 1st, unpaid amounts become delinquent and are subject to interest and penalties. Beginning June 1st, tax certificates representing delinquent taxes with interest and penalties are sold by the County, with remittance to the City for its share of those receipts. Generally, the City collects more than 95% of the current year’s property taxes during the year in which they are due. There were no material delinquent property taxes as September 30, 2012.

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2012 is as follows:

Receivable Fund	Payable Fund	Amount
General	Grants	\$ 1,456,268
General	CRA	1,188,845
General	Water and Sewer	381,031
Law Enforcement Trust Fund State	Law Enforcement Trust Fund Federal	77,158
General	Law Enforcement Trust Fund Federal	12,345
General	Law Enforcement Trust Fund State	5,747
 Total Interfund Balances		 \$ 3,121,394

The outstanding balances between funds result mainly from the time lag between the dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

INTERFUND TRANSFERS

Transfers In	Transfer Out	
	General Fund	Total
Grants Fund	\$ 109,573	\$ 109,573
 Total Interfund Transfers	 \$ 109,573	 \$ 109,573

Transfers are used to move unrestricted general fund revenues to finance various projects in accordance with budgetary authorizations.

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 6 – RESTRICTED CASH AND CASH EQUIVALENTS

General Fund	
Transportation	\$ 1,165,131
Pension costs	25,378
Customer deposits	<u>119,913</u>
Total General Fund	<u><u>\$ 1,310,422</u></u>
Other Governmental Funds	
Law enforcement trust fund	<u>\$ 123,734</u>
Water and Sewer	
Customer deposits	\$ 482,007
Sewer system capital improvements	324,061
Reserve fund	<u>118,608</u>
Total Water and Sewer	<u><u>\$ 924,676</u></u>

The water revenue bond resolutions require that all monies held by the water fund be restricted for the following purposes:

A. RESERVE FUND

The reserve fund is required to accumulate \$83,197; as of September 30, 2012 the balance is \$118,608. This fund is used in order to meet unforeseen operating expenses of an emergency nature or for renewals and replacement of assets, paying principal and interest in the event of a deficiency or unavailable funds.

B. SEWER SYSTEM CAPITAL IMPROVEMENTS

The City is required under a 1988 State grant to reserve \$32,453 a year in a sewer system capital improvement account to accumulate the equivalent value of the sewer system grant received by the City, as adjusted for inflationary cost increases. Annual deposits of \$32,453 were required to be made until the sum of all deposits exceeds \$649,060. As of September 30, 2012, \$649,060 had been deposited, however, based on sewer system capital expenditures over the years, the balance is currently \$324,061.

C. CUSTOMER DEPOSITS

This amount is restricted based on deposits paid to the City by its water and sewer customers.

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 7 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 5,256,003	\$ 230,535	\$ --	\$ 5,486,538
Construction in progress (1)	<u>377,468</u>	<u>3,012,437</u>	<u>(1,644,347)</u>	<u>1,745,558</u>
Total Capital Assets Not Being Depreciated	<u>5,633,471</u>	<u>3,242,972</u>	<u>(1,644,347)</u>	<u>7,232,096</u>
Capital Assets Being Depreciated				
Buildings	14,198,218	2,047,740	--	16,245,958
Equipment and machinery	<u>2,193,834</u>	<u>175,603</u>	<u>(192,823)</u>	<u>2,176,614</u>
Total Capital Assets Being Depreciated	<u>16,392,052</u>	<u>2,223,343</u>	<u>(192,823)</u>	<u>18,422,572</u>
Less accumulated depreciation for:				
Buildings	(4,630,205)	(504,601)	--	(5,134,806)
Equipment and machinery	<u>(1,950,227)</u>	<u>(143,676)</u>	<u>192,823</u>	<u>(1,901,080)</u>
Total Accumulated Depreciation	<u>(6,580,432)</u>	<u>(648,277)</u>	<u>192,823</u>	<u>(7,035,886)</u>
Total Capital Assets Being Depreciated, Net	<u>9,811,620</u>	<u>1,575,066</u>	<u>--</u>	<u>11,386,686</u>
Governmental Activities Capital Assets, Net	<u>\$15,445,091</u>	<u>\$4,818,038</u>	<u>\$ (1,644,347)</u>	<u>\$ 18,618,782</u>
(1) Increases and decreases include assets acquired by governmental activities of \$1,644,347 contributed to the water and sewer fund.				
Business-type Activities				
Capital Assets Not Being Depreciated				
Land	\$ 1,578,818	\$ --	\$ --	\$ 1,578,818
Construction in progress (1)	<u>979,222</u>	<u>1,644,347</u>	<u>--</u>	<u>2,623,569</u>
Total Capital Assets Not Being Depreciated	<u>2,558,040</u>	<u>1,644,347</u>	<u>--</u>	<u>4,202,387</u>
Capital Assets Being Depreciated				
Machinery and equipment	684,623	--	(37,588)	647,035
Plant distribution system	<u>30,848,340</u>	<u>--</u>	<u>--</u>	<u>30,848,340</u>
Total Capital Assets Being Depreciated	<u>31,532,963</u>	<u>--</u>	<u>(37,588)</u>	<u>31,495,375</u>
Less accumulated depreciation for:				
Machinery and equipment	(582,561)	(15,016)	37,588	(559,989)
Plant distribution system	<u>(14,411,289)</u>	<u>(814,884)</u>	<u>--</u>	<u>(15,226,173)</u>
Total Accumulated Depreciation	<u>(14,993,850)</u>	<u>(829,900)</u>	<u>37,588</u>	<u>(15,786,162)</u>
Total Capital Assets Being Depreciated, Net	<u>16,539,113</u>	<u>(829,900)</u>	<u>--</u>	<u>15,709,213</u>
Business-type Activities Capital Assets, Net	<u>\$19,097,153</u>	<u>\$ 814,447</u>	<u>\$ --</u>	<u>\$ 19,911,600</u>

(1) Increases include assets contributed from governmental activities of \$1,644,347.

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 7 – CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

General government	\$ 399,754
Public safety	108,544
Public works	25,629
Parks and recreation	<u>114,350</u>

Total Depreciation Expense - Governmental Activities \$ 648,277

Business-Type Activities

Water and sewer	<u>\$ 829,900</u>
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NOTE 8 – LONG-TERM DEBT

The following is a summary of changes in long-term liabilities of the City for governmental activities for the fiscal year ended September 30, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences	\$ 631,259	\$ 399,307	\$ (344,684)	\$ 685,882	\$ 68,587
Net OPEB obligation	267,195	143,138	--	410,333	--
Net pension obligation	<u>26,384</u>	<u>62,932</u>	<u>(89,316)</u>	<u>--</u>	<u>--</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 924,838</u>	<u>\$ 605,377</u>	<u>\$ (434,000)</u>	<u>\$ 1,096,215</u>	<u>\$ 68,587</u>

All governmental activities obligations are generally liquidated by the general fund.

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 8 – LONG-TERM DEBT (CONTINUED)

The following is a summary of changes in long-term liabilities of the City for business-type activities for the fiscal year ended September 30, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities					
Bonds Payable					
Water revenue bonds, Series 1977	\$ 212,000	\$ --	\$ (49,000)	\$ 163,000	\$ 51,000
Water revenue bonds, Series 1981	<u>191,800</u>	<u>--</u>	<u>(12,100)</u>	<u>179,700</u>	<u>12,600</u>
Total Bonds Payable	403,800	--	(61,100)	342,700	63,600
Notes payable	1,000,000	1,000,000	(1,200,000)	800,000	--
Compensated absences	52,644	24,744	(25,944)	51,444	5,144
Net OPEB obligation	<u>46,996</u>	<u>25,732</u>	<u>--</u>	<u>72,728</u>	<u>--</u>
Business-Type Activities					
Long-Term Liabilities	<u>\$ 1,503,440</u>	<u>\$ 1,050,476</u>	<u>\$ (1,287,044)</u>	<u>\$ 1,266,872</u>	<u>\$ 68,744</u>

REVENUE BONDS PAYABLE

Long-term debt of the Water and Sewer Fund is comprised of Water Revenue Bonds.

Water Revenue Bonds – Series 1977

\$1,000,000 Water Revenue Bonds due in annual principal installments on September 1st, matures September 2015; interest at 5%. The bonds were issued to finance the cost of construction and erection of a water treatment system.

\$ 163,000

Water Revenue Bonds – Series 1981

\$365,000 addition to 1977 Water Revenue Bonds due in annual principal installments on September 1st, matures September 2023; interest at 5%. The bonds were issued for the purpose of completing the construction of additions, extensions, and improvements to the water system.

179,700

\$ 342,700

For both of the water revenue bonds noted above, the pledged revenues consist of the charges for services to the customers of the water utility system. For the fiscal year ended September 30, 2012, debt service of approximately \$81,000 is only 3% of the approximate \$2,500,000 of the pledged revenues. Over the life of the debt which matures in 2023, it is estimated that debt service will be less than 5% of the total pledged revenues.

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 8 – LONG-TERM DEBT (CONTINUED)

REVENUE BONDS PAYABLE (CONTINUED)

Debt service requirements to maturity for the bonds at September 30, 2012 are as follows:

Fiscal Year Ending September 30	Water Revenue Bonds		
	Principal	Interest	Total
2013	\$ 63,600	\$ 17,135	\$ 80,735
2014	67,300	13,955	81,255
2015	71,900	10,590	82,490
2016	14,700	6,995	21,695
2017	15,400	6,260	21,660
2018 – 2023	<u>109,800</u>	<u>19,995</u>	<u>129,795</u>
Total Debt Service Requirements	<u><u>\$ 342,700</u></u>	<u><u>\$ 74,930</u></u>	<u><u>\$ 417,630</u></u>

NOTE PAYABLE

On November 16, 2006, the City entered into a Loan Agreement with the Florida Local Government Finance Commission Pooled Commercial Paper Loan Program (the Program) under this program, the City could borrow under various notes an amount not to exceed \$4,500,000. The loan was acquired to finance various water improvements including the reimbursement of certain costs incurred by the City therewith. The principal outstanding as of September 30, 2011 was \$1,000,000, with a variable interest rate based on loan activity of the Program, had a maturity date of December 6, 2011. Interest, on the outstanding principal balance, was paid on a monthly basis and was \$3,751 for fiscal year ended September 30, 2012. The City received a 90 day extension and repaid the loan on March 6, 2012.

On March 6, 2012, the City entered into a \$1,000,000 revolving line of credit with the Community Bank of Florida, with a fixed interest rate of 1.95% for the first three years and then adjusted every three years to 65% of Wall Street Journal prime rate. The line of credit has a maturity date of ten years from the date of execution and is secured with pledged water system revenues of the City. Interest is payable monthly and principal is due at maturity. As of September 30, 2012, \$800,000 was drawn on the line.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. LITIGATION

The City is involved in several lawsuits incidental to its operations, the outcome of which, in the opinion of management and legal counsel, should not have a material adverse effect on the financial condition of the City.

B. GRANTS CONTINGENCY

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

C. 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 and natural disasters for which the City carries commercial insurance. There were no reductions in coverage from coverage in the prior year. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

NOTE 10 – DEFINED CONTRIBUTION PLAN

Effective October 1, 1998, the City adopted the City of Florida City Defined Contribution Plan, created in accordance with Internal Revenue Code Section 401(a) for all of its general employees. Employees are eligible to participate in this Plan after completing one year of service. Contributions to this Plan began on January 1, 1999 after the General Employees Retirement Plan was frozen on December 31, 1998. The Plan is administered by VALIC. Amendments to the Plan are authorized by the City Commission. Employees contribute 2% of their compensation and the City contributes 4% of participants' compensation. The participants are 100% vested in their contributions and vest over a three year period in the City's contributions. Employee contributions to the Plan for fiscal year ended September 30, 2012 were \$ 2,494; the City's contribution was \$ 22,443.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 11 – POLICE OFFICERS’ SUBSTITUTE PENSION TRUST FUND

A. PLAN DESCRIPTION

The City is the sponsor of a single-employer Public Employee Retirement System (PERS) which provides pension benefits for its police officers. The PERS is considered to be part of the City’s financial reporting entity and is included in the City’s basic financial statements as a pension trust fund. The retirement plan does not issue a separate financial report. Included below are the Statement of Fiduciary Net Assets and the Statement of Changes in Fiduciary Net Assets as of and for the year ended September 30, 2012.

Police Officers' Substitute Pension Trust Fund
Statement of Fiduciary Net Assets
September 30, 2012

Assets	
Investments	
Money market mutual funds	\$ 108,046
Common stock	1,745,385
Corporate bonds	475,589
Government securities	<u>501,009</u>
Total Investments	2,830,029
Receivables	
Accrued interest	<u>8,819</u>
Total Assets	2,838,848
Liabilities	
Liabilities	<u>--</u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 2,838,848</u>

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 11 – POLICE OFFICERS’ SUBSTITUTE PENSION TRUST FUND (CONTINUED)

A. PLAN DESCRIPTION (CONTINUED)

**Police Officers' Substitute Pension Trust Fund
Statement of Changes in Fiduciary Net Assets
For the Fiscal Year ended September 30, 2012**

Additions	
Contributions	
Employer	\$ 89,316
Total Contributions	<u>89,316</u>
Investment Earnings	
Net appreciation in fair value of investments	393,307
Interest and dividends	<u>61,758</u>
Total Investments Earnings	<u>455,065</u>
Total Additions	<u>544,381</u>
Deductions	
Benefits paid	74,281
Administrative expenses	<u>35,706</u>
Total Deductions	<u>109,987</u>
Change in Net Assets	434,394
Net Assets - Beginning	<u>2,404,454</u>
Net Assets - Ending	<u>\$ 2,838,848</u>

At October 1, 2012, the date of the most recent actuarial valuation, membership in the police officers’ substitute pension trust fund consisted of the following:

Retirees and beneficiaries currently receiving benefits and terminated or inactive participants entitled to benefits but not yet receiving them	<u>47</u>
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CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 11 – POLICE OFFICERS’ SUBSTITUTE PENSION TRUST FUND (CONTINUED)

A. PLAN DESCRIPTION (CONTINUED)

Effective May 1, 2008, a new replacement plan was established under Ordinance 07-03 (new local plan). The new plan is called the “Substitute Pension Trust Fund”. The Board of Trustees serve as the trustees of the new plan. Simultaneous with the creation of the new plan and effective May 1, 2008, under Ordinance 08-03, the old Chapter 185 Plan which had originally been created under Ordinance 69-25, was terminated (the old plan). Essentially, the new plan was a continuation of the old plan with the exception that the new plan was not a Chapter 185 Plan.

On May 1, 2008, the City of Florida City also joined the Florida Retirement system for its police officers. A referendum was held to allow the police officers to: stay in the new local plan, join the FRS without being eligible for an employer benefit under the new local or join the FRS and keep their deferred vested benefit under the new plan. At the time of the conversion, two officers stayed in the City’s new local plan, twenty-two officers joined FRS while being ineligible to receive an employer benefit under the new local plan, and six officers joined FRS while retaining their accrued benefit under the new local plan. Additionally, all new officers are enrolled into the FRS upon employment.

All full-time permanent police employees are eligible to participate in the Plan from the date of employment. Police employees who retire at or after age 60 are entitled to a normal retirement benefit of 2.5% of Average Compensation multiplied by credited service years of service to a maximum of 30 years. Benefits vest at a rate of 10% per year.

Vested employees may retire at or after age 50 with at least ten years of credited service and receive reduced retirement benefits. Benefits, upon early retirement, are reduced by 3% for each year early retirement precedes normal retirement date. Active participants are allowed to purchase service credit for military service or prior service rendered as a police officer. Pension benefits are established and may be amended only by the City Commission.

B. CONTRIBUTIONS AND FUNDING POLICY

Active members are required to contribute 7% of their salaries to the PERS. If an employee leaves covered employment or dies before ten years of service, accumulated employee contributions with credited interest are refunded. The City is required to make contributions at actuarially determined amounts; that amount was \$26,384 for the year ended September 30, 2012. The minimum contribution consists of the normal cost plus the amortization of the components of the unfunded actuarial accrued liability, which should provide sufficient resources to pay employee pension benefits when due. The Police Officers Substitute Retirement Plan uses the aggregate actuarial cost method.

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 11 – POLICE OFFICERS’ SUBSTITUTE PENSION TRUST FUND (CONTINUED)

B. CONTRIBUTIONS AND FUNDING POLICY (CONTINUED)

The annual required contributions for the Plan for the current year were determined as part of the October 1, 2010 actuarial valuation using the aggregate actuarial cost method. The aggregate actuarial cost method does not identify and separately amortize unfunded actuarial liabilities. In accordance with GASB Statement No. 25, a schedule of funding progress is not required, however in accordance with GASB Statement No. 50, a schedule of funding progress is required using the entry age normal cost method.

C. ACCOUNTING POLICIES

The Plan follows the accrual basis of accounting. Investments are presented at fair value. Contributions are recorded when paid or when the City has made the commitment to contribute to the Plan. Purchases and sales are recorded on the trade-date basis. Benefits are recorded when paid. Administrative costs of the Plan are funded through investment earnings.

D. ANNUAL PENSION COST AND NET PENSION OBLIGATION

The City’s annual pension cost and net pension obligation of the new plan as of the latest actuarial valuation are as follows:

Annual required contribution	\$	26,384
Interest on net pension obligation		683
Adjustment to annual required contribution		35,865
Annual pension cost		62,932
Contributions made		89,316
Increase (decrease) in net pension obligation		(26,384)
Net pension obligation (asset) at beginning of year		26,384
Net Pension Obligation (Asset) at End of Year	\$	--

Fiscal Year Ended	Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
9/30/2010	\$ 32,469	100%	\$ --
9/30/2011	30,463	100%	--
9/30/2012	26,384	100%	--

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 11 – POLICE OFFICERS’ SUBSTITUTE PENSION TRUST FUND (CONTINUED)

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plan as of October 1, 2010, is as follows.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)**	UAAL as a Percentage of Covered Payroll ((b-a)÷c)
October 1, 2010*	\$ 2,519,253	\$ 2,369,541	\$ (149,712)	106.3%	\$ --	N/A

*Actuarial accrued liability is calculated using the entry age normal cost method.

**No active employees.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the basic financial statements, presents trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the AAL for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation date	October 1, 2010
Actuarial cost method	Aggregate
Amortization method	Level percentage, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions	
Investment rate of return	7.0%
Projected salary increases	0.0%

NOTE 12 – ELECTED OFFICIALS RETIREMENT PLAN

The following is a brief description of the Plan:

PLAN DESCRIPTION

On October 1, 2009, the City of Florida City formed a single employer defined benefit retirement plan for elected officials. Currently, there are 7 participants, 5 active members and 2 retirees.

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 12 – ELECTED OFFICIALS RETIREMENT PLAN (CONTINUED)

CONTRIBUTIONS AND FUNDING POLICIES

Effective October 1, 2009, the first valuation of the Plan was performed. This valuation determined the required contribution for 2012. During the fiscal year ending September 30, 2012, \$493,511 was funded, which represented 238.64% of covered payroll that was actuarially determined, and is currently held in cash.

Plan documents are currently being prepared for the Plan.

The elected officials' retirement plan does not issue separate stand alone financial statements. Included below are the Statement of Fiduciary Net Assets and the Statement of Changes in Fiduciary Net Assets as of and for the year ended September 30, 2012.

**Elected Officials Retirement Plan
Statement of Fiduciary Net Assets
September 30, 2012**

Assets	
Cash	\$ 1,441,578
Receivables	
Accrued Interest	<u>5,221</u>
Total Assets	<u>1,446,799</u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 1,446,799</u>

**Elected Officials Retirement Plan
Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended September 30, 2012**

Additions	
Employer contributions	\$ 493,511
Interest and dividends	<u>5,221</u>
Total Additions	<u>498,732</u>
Change in Net Assets	498,732
Net Assets - Beginning	<u>948,067</u>
Net Assets - Ending	<u>\$ 1,446,799</u>

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 12 – ELECTED OFFICIALS RETIREMENT PLAN (CONTINUED)

ANNUAL PENSION COST AND NET PENSION OBLIGATION

The City’s annual pension cost and net pension asset (NPA) for the current year are as follows:

Annual required contribution	\$ 473,694
Interest on net pension obligation	--
Adjustment to annual required contribution	--
Annual pension cost	<u>473,694</u>
Contributions made	<u>493,511</u>
Increase (decrease) in net pension obligation	(19,817)
Net pension obligation (asset) at beginning of year	<u>--</u>
Net Pension Obligation (Asset) at End of Year	<u><u>\$ (19,817)</u></u>

Annual Pension Cost (APC) is a measure of the periodic cost of an employers’ participation in a defined benefit pension plan. The APC is as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
09/30/2010	\$ 473,694	100.0%	\$ --
09/30/2011	473,694	100.0%	--
09/30/2012	473,694	104.2%	(19,817)

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the Plan as of October 1, 2012, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Normal Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)÷c)
October 1, 2012	\$ 1,446,799	\$ 3,045,435	\$ 1,598,636	47.5%	\$ 206,790	773.1%

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 12 – ELECTED OFFICIALS RETIREMENT PLAN (CONTINUED)

FUNDED STATUS AND FUNDING PROGRESS (CONTINUED)

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

In prior years, the plan has been funded on a pay-as-you-go basis. Prospectively, the Plan will be prefunded on an actuarially sound basis.

Additional information as of the October 1, 2012 Actuarial Valuation Report is as follows:

Actuarial valuation date	October 1, 2012
Actuarial cost method	Entry age normal
Amortization method	Closed, level dollar
Remaining amortization	10 years
Asset valuation method	Market value
Actuarial assumptions	
Investment rate of return	5.0%
Projected salary increases	5.0%
Rate of inflation	3.0%

NOTE 13 – FLORIDA RETIREMENT SYSTEM

PLAN DESCRIPTION

Effective May 1, 2008, the City of Florida City commenced participation in the Florida Retirement System (FRS), a cost-sharing multiple employer Public Employee Retirement System (PERS). The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report was for the fiscal year ended June 30, 2012. That report may be obtained by writing to the state of Florida, Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000 or visiting the website at <http://dms.myflorida.com>.

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 13 – FLORIDA RETIREMENT SYSTEM (CONTINUED)

FUNDING POLICY

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll along with a required 3% employee contribution, are adequate to accumulate sufficient assets to pay benefits when due. Level percentages of payroll employer contribution rates, established by State law, are determined using the entry-age actuarial cost method. The level percentages of payroll method is also used to amortize the unfunded liability over a period of 30 years, and to amortize each change in actuarial assumptions.

The City of Florida City police officers are eligible to participate in the FRS. Normal retirement is at 6 years of credited service and age 62 or at 30 years of credited service regardless of age for regular members.

Benefits vest after six years of credited service. Early retirement may be taken any time after vesting; however, there is a five percent benefit reduction for each year prior to normal retirement age or date. The FRS also provides disability and survivor benefits. Benefits are established by State statute.

Employer contributions rates are required by job class. The City of Florida City contribution rates by job class range from 4.91% to 14.10%. The eligible payroll for City of Florida City employees covered by the System for the year ended September 30, 2012 was approximately \$4,450,000.

The following are the required contributions and the percentage contributed by the City of Florida City for the current year:

Fiscal Year Ended September 30	Required Contribution	Actual Contribution	Percentage Contributed
2012	\$ 545,391	\$ 545,593	100%
2011	669,022	676,031	101%
2010	628,108	670,058	107%

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS

Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB) standard does not require funding of OPEB expense, but any difference between the annual required contribution (ARC) and the amount funded during the year is required to be recorded in the employer's Statement of Net Assets as an increase (or decrease) in the OPEB obligation. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2010 liability.

PLAN DESCRIPTION

The City provides an optional single employer defined benefit post-employment healthcare plan to eligible individuals. The plan allows its employees and their beneficiaries, at their own cost, to continue to obtain health, dental and other insurance benefits upon retirement. The benefits of the plan conform to Florida Statutes, which are the legal authority for the plan. The plan has no assets and does not issue a separate financial report.

FUNDING POLICY AND ANNUAL OPEB COST

The City does not directly make a contribution to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group rates as are charged to the City for active employees by its healthcare provider. However, the City's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits as an Employer Contribution, based upon an implicit rate subsidy. This offset equals the total age-adjusted costs paid by the City or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

The annual OPEB cost for the City for the current year and the related information is as follows:

Required contribution rates:

Employer	Pay-as-you-go
Plan members	N/A
Annual required contribution	\$ 168,524
Interest on normal cost	9,267
Adjustment to the annual required contribution	<u>(8,921)</u>
Annual OPEB cost	168,870
Employer contribution	<u>0</u>
Increase in net OPEB obligation	168,870
Net OPEB obligation - beginning of year	<u>314,191</u>
Net OPEB Obligation - End of Year	<u>\$ 483,061</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2012 was:

Fiscal Year Ended September 30	OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 168,870	0%	\$ 483,061
2011	160,900	0%	314,191
2010	153,291	0%	153,291

FUNDED STATUS AND FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)÷c)
September 30, 2010	\$ --	\$ 792,989	\$ 792,989	0.0%	\$ 4,101,157	19.0%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

FUNDED STATUS AND FUNDING PROGRESS (CONTINUED)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

METHODS AND ASSUMPTIONS

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

Contribution rate	0.0%
Actuarial valuation date	September 30, 2010
Annual OPEB cost	\$160,900
Contributions made	\$0
Actuarial cost method	Entry age normal
Amortization method	Level percentage, closed
Remaining amortization	30 years
Asset valuation method	Unfunded
Actuarial assumptions:	
Investment rate of return*	3.0%
Payroll growth assumptions	4.0%
Initial trend rate	9.0%
Healthcare trends	8.5%
* Includes inflation at	2.8%

As authorized by GASB 45, The Alternative Measurement Method allows the employer to use simplifications of certain assumptions in measuring actuarial accrued liabilities and the ARC.

CITY OF FLORIDA CITY, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

METHODS AND ASSUMPTIONS (CONTINUED)

The following simplifying assumptions were made:

Retirement Age for Active Employees – Retirement age for active employees have been determined as the earliest age eligible for normal retirement under Florida Retirement System. If the employees had already attained their normal retirement age as of the time when this calculation was performed, they were assumed to retire in the next year.

Active Member Marital Status – Assumption of marital status for active employees has been incorporated in the acceptance probability for spousal coverage. Using this approach, the percentage of future retired plan members taking spousal coverage was assumed at 20%. For active employees, spouses' genders were assumed to be opposite to the members' genders and females were assumed 3 years younger than their spouses. Covered spouse data were collected for current retired plan members as of the valuation date, and were assumed to remain unchanged until the assumed death of the spouses.

Mortality – Life expectancies were based on the RP2000 Generational Combined Healthy Male and Female mortality tables projected from the year 2000 using Projection Scale AA.

Turnover – Non-group-specific age-based turnover data provided in GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an unexpected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Health Insurance Premiums – Health insurance premiums for retirees in effect on the fiscal year ending date were used as the basis for calculation of the present value of total benefits to be paid.

CITY OF FLORIDA CITY, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 15 – COMMUNITY REDEVELOPMENT COMMUNITY AGENCY (CRA)

The CRA incurred the following expenditures during the fiscal year ended September 30, 2012:

In 2012, the following major project was funded by CRA's Infrastructure Fund:

- Approximately \$1,503,813 of expenditures for the Streetscape project

In addition, expenditures were incurred for consulting and engineering of approximately \$328,311, administrative functions for approximately \$113,385, and Community Policing for approximately \$226,590.

NOTE 16 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The City had excess of expenditures over appropriations in the legal department by \$892. These over expenditures were offset by greater than anticipated revenues and overall lower than expected expenditures.

NOTE 17 – DEFICIT IN FUND BALANCE

At September 30, 2012, the Federal Law Enforcement Forfeiture Fund had an unassigned fund deficit of \$17,579. The City believes the deficit will be eliminated in the ensuing fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF FLORIDA CITY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Taxes	\$ 5,095,408	\$ 4,899,050	\$ 3,842,203	\$ (1,056,847)
Intergovernmental	1,493,773	1,601,850	1,590,155	(11,695)
Charges for services	3,045,500	3,118,860	3,100,203	(18,657)
Interest	45,000	14,200	108,560	94,360
Impact fees	43,000	72,020	71,972	(48)
Licenses and permits	305,500	276,300	278,495	2,195
Fines and forfeitures	310,000	17,250	1,148,571	1,131,321
Other	211,800	1,367,852	236,746	(1,131,106)
Total Revenues	<u>10,549,981</u>	<u>11,367,382</u>	<u>10,376,905</u>	<u>(990,477)</u>
Expenditures				
Current:				
General government:				
Mayor and commissioners	563,493	562,944	562,907	37
Administration	491,757	488,090	486,070	2,020
Finance department	462,526	356,260	349,846	6,414
Legal	50,650	38,593	39,485	(892)
Building and zoning	579,021	541,810	541,011	799
General government	1,624,437	916,534	855,842	60,692
Vehicle maintenance	129,692	119,855	119,741	114
Total General Government	3,901,576	3,024,086	2,954,902	69,184
Public safety	3,102,400	3,065,488	3,060,753	4,735
Public works	2,581,057	2,463,335	2,461,659	1,676
Parks and recreation	197,212	193,930	188,857	5,073
Campersite	230,012	245,535	245,257	278
Capital outlay	1,206,198	1,381,145	1,130,216	250,929
Total Expenditures	<u>11,218,455</u>	<u>10,373,519</u>	<u>10,041,644</u>	<u>331,875</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(668,474)</u>	<u>993,863</u>	<u>335,261</u>	<u>(1,322,352)</u>
Other Financing Sources (Uses)				
Prior year carryover	1,782,605	181,119		
Transfers out	(1,114,131)	(1,174,982)	(109,573)	
Total Other Financing Sources and (Uses)	<u>668,474</u>	<u>(993,863)</u>	<u>(109,573)</u>	
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 225,688</u>	

See notes to budgetary comparison schedule.

CITY OF FLORIDA CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**BUDGETARY COMPARISON SCHEDULE
CRA FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Intergovernmental	\$ 1,692,604	\$ 1,692,604	\$ 1,711,417	\$ 18,813
Investment earnings	<u>50,000</u>	<u>50,000</u>	<u>19,217</u>	<u>30,783</u>
Total Revenues	<u>1,742,604</u>	<u>1,742,604</u>	<u>1,730,634</u>	<u>49,596</u>
Expenditures				
Current:				
General government	1,070,786	1,070,786	922,583	148,203
Capital outlay	<u>4,657,225</u>	<u>4,657,225</u>	<u>1,931,257</u>	<u>2,725,968</u>
Total Expenditures	<u>5,728,011</u>	<u>5,728,011</u>	<u>2,853,840</u>	<u>2,874,171</u>
Deficiency of Revenues over Expenditures	<u>(3,985,407)</u>	<u>(3,985,407)</u>	<u>(1,123,206)</u>	<u>(2,824,575)</u>
Other Financing Sources				
Prior year carryover	<u>3,985,407</u>	<u>3,985,407</u>	<u>--</u>	
Total Other Financing Sources and Uses	<u>3,985,407</u>	<u>3,985,407</u>	<u>--</u>	
Net Change in Fund Balance	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>	<u><u>\$ (1,123,206)</u></u>	

See notes to budgetary comparison schedule.

CITY OF FLORIDA CITY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTE TO BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

An annual appropriated budget is adopted on a basis consistent with accounting principles generally accepted in the United States for the general fund and CRA, except for hurricane related expenditures.

The City follows these procedures in establishing the budgetary data reflected in the accompanying financial statements:

- a. Management submits to the City Commission a proposed operating budget for the ensuing fiscal year. The operating budget includes appropriations and the means of financing them with an explanation regarding each expenditure that is not of a routine nature;
- b. Public hearings are conducted to obtain taxpayer comments;
- c. Prior to October 1st, the budget is legally enacted through passage of a resolution;
- d. The City Commission, by motion, may make supplemental appropriations for the year up to the amount of revenue in excess of those estimated appropriations. There were no supplementary appropriations for the fiscal year ended September 30, 2012.
- e. Formal budgetary integration is employed as a management control device during the year for all funds;
- f. Amendments to the budget within a department can be authorized by the Mayor as the City's Chief administrator. Any amendments outside of a department must be approved by the City Commission. Therefore, the legal level of control is at the department level.
- g. Unencumbered appropriations lapse at year end.
- h. Budgeted amounts are as originally adopted or as amended. Individual type amendments were not material in relation to the original appropriations.

CITY OF FLORIDA CITY, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
PENSION TRUST FUNDS**

SCHEDULE OF FUNDING PROGRESS

Police Officers Substitute Pension Trust Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)* (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)÷c)
October 1, 2008	\$ 2,566,108	\$ 3,121,873	\$ 555,765	82.2%	\$ --	0.0%
October 1, 2009	2,365,827	2,314,592	(51,235)	102.2%	--	0.0%
October 1, 2010	2,519,253	2,369,541	(149,712)	106.3%	--	0.0%

*Actuarial accrued liability is calculated using the entry age normal cost method.

Elected Officials Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)÷c)
October 1, 2009	\$ --	\$ 3,101,028	\$ 3,101,028	0.0%	\$ 197,073	1573.5%
October 1, 2012	1,446,799	3,045,435	1,598,636	47.5%	206,790	773.1%

CITY OF FLORIDA CITY, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
PENSION TRUST FUNDS**

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Police Officers Substitute Pension Trust Fund

Fiscal Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2009	\$ 64,304	100%
2010	32,469	100%
2011	30,463	100%
2012	26,384	100%

Elected Officials Retirement Plan

Fiscal Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2010	\$ 473,694	100%
2011	473,694	100%
2012	493,511	104%

CITY OF FLORIDA CITY, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

OTHER POST RETIREMENT BENEFITS

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) ÷ (b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) ÷ c)
September 30, 2010	\$ --	\$ 792,989	\$ 792,989	0.0%	\$ 4,101,157	19.3%

*GASB Statement No. 45, Other Post Employment Benefits, was implemented for the fiscal year ended September 30, 2010. Only one actuarial valuation has been performed since implementation.

COMBINING FUND FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for revenues derived from specific sources that are legally restricted to expenditures for particular purposes.

Law Enforcement Forfeiture – Federal. This fund accounts for assets received from the Federal Government (Department of Justice and Treasury Department) from federally forfeited cash, property, proceeds and any interest earned thereon, which are equitably shared with the participating agency and restricted to expenditure for law enforcement purposes under their Federal Equitable Sharing Agreement.

Law Enforcement Forfeiture – State. This fund accounts for assets acquired pursuant to Florida Statute 921.701, *Florida Contraband Forfeiture Act*. Proceeds from the sale of such forfeited property are restricted for expenditure for law enforcement purposes, which are those other than the normal law enforcement operating expenditures.

Florida City Foundation – This fund is a component unit of the City reflecting the activity of a non-profit organization, which provides activities to benefit the citizens of the City. This component unit has a December 31st year end.

CITY OF FLORIDA CITY, FLORIDA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2012

	Law Enforcement Forfeiture - Federal	Law Enforcement Forfeiture - State	Florida City Foundation	Total Nonmajor Governmental Funds
Assets				
Cash	\$ --	\$ --	\$ 193,706	\$ 193,706
Accounts receivable	--	--	31,865	31,865
Due from other funds	--	77,158	--	77,158
Restricted cash and cash equivalents	<u>74,152</u>	<u>49,582</u>	<u>--</u>	<u>123,734</u>
Total Assets	<u><u>\$ 74,152</u></u>	<u><u>\$ 126,740</u></u>	<u><u>\$ 225,571</u></u>	<u><u>\$ 426,463</u></u>
Liabilities and Fund Balance				
Accounts payable	\$ --	\$ 1,743	33,763	\$ 35,506
Accrued liabilities	2,228	--	--	2,228
Due to other funds	89,503	5,747	--	95,250
Unearned revenue	<u>--</u>	<u>43,188</u>	<u>--</u>	<u>43,188</u>
Total Liabilities	<u>91,731</u>	<u>50,678</u>	<u>33,763</u>	<u>176,172</u>
Fund Balances				
Restricted	<u>(17,579)</u>	<u>76,062</u>	<u>191,808</u>	<u>250,291</u>
Total Fund Balances	<u>(17,579)</u>	<u>76,062</u>	<u>191,808</u>	<u>250,291</u>
Total Liabilities and Fund Balances	<u><u>\$ 74,152</u></u>	<u><u>\$ 126,740</u></u>	<u><u>\$ 225,571</u></u>	<u><u>\$ 426,463</u></u>

CITY OF FLORIDA CITY, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Law Enforcement Forfeiture - Federal	Law Enforcement Forfeiture - State	Florida City Foundation	Total Nonmajor Governmental Funds
Revenues				
Investment earnings	\$ 469	\$ 330	\$ 2,506	\$ 3,305
Forfeitures	238,376	18,472	--	256,848
Other	--	3,079	53,098	56,177
Total Revenues	<u>238,845</u>	<u>21,881</u>	<u>55,604</u>	<u>316,330</u>
Expenditures				
Current:				
General government	<u>167,520</u>	<u>32,197</u>	<u>40,813</u>	<u>240,530</u>
Total Expenditures	<u>167,520</u>	<u>32,197</u>	<u>40,813</u>	<u>240,530</u>
Excess (Deficiency) of Revenues over Expenditures	71,325	(10,316)	14,791	75,800
Fund Balances - Beginning	<u>(88,904)</u>	<u>86,378</u>	<u>177,017</u>	<u>174,491</u>
Fund Balances - Ending	<u><u>\$ (17,579)</u></u>	<u><u>\$ 76,062</u></u>	<u><u>\$ 191,808</u></u>	<u><u>\$ 250,291</u></u>

FIDUCIARY FUNDS

FIDUCIARY FUNDS

Police Officers' Substitute Pension Trust Fund – This fund accounts for the accumulation of resources and for contributions and benefits of certain police officers.

Elected Officials Retirement Plan – This fund accounts for the accumulation of resources and for contributions and benefits for elected officials.

CITY OF FLORIDA CITY, FLORIDA

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

SEPTEMBER 30, 2012

	Police Officers' Substitute Pension Trust Fund	Elected Officials Retirement Plan	Total
Assets			
Cash	\$ --	\$ 1,441,578	\$ 1,441,578
Investments			
Money market mutual funds	108,046	--	108,046
Common stock	1,745,385	--	1,745,385
Corporate bonds	475,589	--	475,589
Government securities	<u>501,009</u>	<u>--</u>	<u>501,009</u>
Total Investments	2,830,029	--	4,271,607
Receivables			
Accrued interest	<u>8,819</u>	<u>5,221</u>	<u>14,040</u>
Total Assets	2,838,848	1,446,799	4,285,647
Liabilities			
Liabilities	<u>--</u>	<u>--</u>	<u>--</u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 2,838,848</u>	<u>\$ 1,446,799</u>	<u>\$ 4,285,647</u>

CITY OF FLORIDA CITY, FLORIDA

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Police Officers' Substitute Pension Trust Fund	Elected Officials Retirement Plan	Total
Additions			
Contributions			
Employer	\$ 89,316	\$ 493,511	\$ 582,827
Total Contributions	<u>89,316</u>	<u>493,511</u>	<u>582,827</u>
Investment Earnings			
Net appreciation in fair value of investments	393,307	--	393,307
Interest and dividends	<u>61,758</u>	<u>5,221</u>	<u>66,979</u>
Total Investments Earnings	<u>455,065</u>	<u>5,221</u>	<u>460,286</u>
Total Additions	<u>544,381</u>	<u>498,732</u>	<u>1,043,113</u>
Deductions			
Benefits paid	74,281	--	74,281
Administrative expenses	<u>35,706</u>	<u>--</u>	<u>35,706</u>
Total Deductions	<u>109,987</u>	<u>--</u>	<u>109,987</u>
Change in Net Assets	434,394	498,732	933,126
Net Assets - Beginning	<u>2,404,454</u>	<u>948,067</u>	<u>3,352,521</u>
Net Assets - Ending	<u>\$ 2,838,848</u>	<u>\$ 1,446,799</u>	<u>\$ 4,285,647</u>

STATISTICAL SECTION

Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	66-69
Revenue Capacity	
These schedules contain information to help the reader understand and assess the City's most significant local revenue source, the property tax.	70-73
Debt Capacity	
These schedules represent information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	74-76
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	77-79
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial reports relates to the services the City provides and the activities it performs.	80-81

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant years.

CITY OF FLORIDA CITY, FLORIDA

**NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	
Governmental Activities										
Investment in capital assets, net of related debt	\$ 18,618,782	\$ 15,445,091	\$ 13,265,395	\$ 11,738,467	\$ 9,903,919	\$ 9,216,440	\$ 8,983,035	\$ 9,019,352	\$ 9,397,814	
Restricted	6,338,849	7,534,643	2,697,968	2,423,478	2,672,279	3,415,653	2,552,596	2,144,379	964,776	
Unrestricted	<u>12,635,960</u>	<u>12,408,125</u>	<u>18,368,238</u>	<u>18,036,360</u>	<u>16,157,755</u>	<u>13,518,231</u>	<u>11,099,191</u>	<u>7,730,177</u>	<u>6,468,821</u>	
Total Governmental Activities Net Asset	<u>\$ 37,593,591</u>	<u>\$ 35,387,859</u>	<u>\$ 34,331,601</u>	<u>\$ 32,198,305</u>	<u>\$ 28,733,953</u>	<u>\$ 26,150,324</u>	<u>\$ 22,634,822</u>	<u>\$ 18,893,908</u>	<u>\$ 16,831,411</u>	
Business-type Activities										
Invested in capital assets, net of related debt	\$ 18,768,900	\$ 17,693,353	\$ 17,569,157	\$ 17,240,977	\$ 13,424,540	\$ 11,229,432	\$ 11,379,596	\$ 10,196,352	\$ 9,383,443	
Restricted	442,669	436,975	432,135	424,144	412,451	392,064	373,400	448,855	102,683	
Unrestricted	<u>6,057,692</u>	<u>6,121,328</u>	<u>6,000,444</u>	<u>5,892,055</u>	<u>5,527,742</u>	<u>5,909,421</u>	<u>4,422,798</u>	<u>4,482,324</u>	<u>3,421,871</u>	
Total Business-type Activities Net Assets	<u>\$ 25,269,261</u>	<u>\$ 24,251,656</u>	<u>\$ 24,001,736</u>	<u>\$ 23,557,176</u>	<u>\$ 19,364,733</u>	<u>\$ 17,530,917</u>	<u>\$ 16,175,794</u>	<u>\$ 15,127,531</u>	<u>\$ 12,907,997</u>	
Primary government:										
Invested in capital assets, net of related debt	\$ 37,387,682	\$ 33,138,444	\$ 30,834,552	\$ 28,979,444	\$ 23,328,459	\$ 20,445,872	\$ 20,362,631	\$ 19,215,704	\$ 18,781,257	
Restricted	6,781,518	7,971,618	3,130,103	2,847,622	3,084,730	3,807,717	2,925,996	2,593,234	1,067,459	
Unrestricted	<u>18,693,652</u>	<u>18,529,453</u>	<u>24,368,682</u>	<u>23,928,415</u>	<u>21,685,497</u>	<u>19,427,652</u>	<u>15,521,989</u>	<u>12,212,501</u>	<u>9,890,692</u>	
Total Primary Government Net Assets	<u>\$ 62,862,852</u>	<u>\$ 59,639,515</u>	<u>\$ 58,333,337</u>	<u>\$ 55,755,481</u>	<u>\$ 48,098,686</u>	<u>\$ 43,681,241</u>	<u>\$ 38,810,616</u>	<u>\$ 34,021,439</u>	<u>\$ 29,739,408</u>	

Note: City implemented GASB Statement No. 34 for the fiscal year ended September 30, 2004.

CITY OF FLORIDA CITY, FLORIDA

**CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses									
Governmental activities:									
General government	\$ 4,842,342	\$ 5,051,175	\$ 5,020,179	\$ 4,651,826	\$ 7,523,141	\$ 5,667,814	\$ 7,207,254	\$ 5,593,188	\$ 6,750,582
Public works	2,516,237	2,471,340	2,751,993	2,504,853	2,306,644	2,262,054	2,124,505	1,874,039	1,866,177
Public safety	3,219,661	3,335,702	3,103,892	3,072,338	2,762,759	2,721,738	2,519,888	2,082,179	1,891,913
Parks and recreation	556,506	563,291	576,549	576,109	472,468	483,585	495,524	320,202	348,558
Interest on long-term debt	--	--	--	2,907	--	--	--	--	--
Total Governmental Activities Expenses	11,134,746	11,421,508	11,452,613	10,808,033	13,065,012	11,135,191	12,347,171	9,869,608	10,857,230
Business-type Activities									
Water and sewer	3,305,656	3,037,330	3,012,668	2,789,256	3,109,161	2,897,951	2,730,591	2,396,457	2,280,435
Total Business-type Activities Expenses	3,305,656	3,037,330	3,012,668	2,789,256	3,109,161	2,897,951	2,730,591	2,396,457	2,280,435
Total Primary Government Expenses	\$14,440,402	\$14,458,838	\$14,465,281	\$13,597,289	\$16,174,173	\$14,033,142	\$15,077,762	\$12,266,065	\$13,137,665
Program Revenue									
Governmental activities:									
Charge for services:									
Refuse collection	\$ 2,171,831	\$ 2,164,331	\$ 2,118,146	\$ 2,168,138	\$ 2,070,686	\$ 2,048,653	\$ 1,833,499	\$ 1,768,283	\$ 1,617,067
Recycling fees	64,933	66,197	63,324	68,572	58,116	55,022	50,299	46,846	51,889
Public safety	1,574,803	393,234	529,790	104,893	145,873	49,140	79,359	488,016	112,369
Parks and recreation	767,224	662,055	634,142	623,469	645,184	734,439	801,138	657,420	617,641
Other activities	447,734	488,028	510,199	418,830	686,445	1,077,228	1,585,863	927,216	1,346,671
Operating grants and contributions	357,988	568,881	390,603	244,052	3,144,190	2,273,359	4,354,732	2,791,073	3,820,901
Capital grants and contributions	3,959,800	2,800,895	2,009,897	5,918,099	842,630	788,951	764,533	747,105	649,851
Total Governmental Activities Programs Revenues	9,344,313	7,143,621	6,256,101	9,546,053	7,593,125	7,026,792	9,469,423	7,425,959	8,216,389
Business-type Activities									
Charge for services:									
Water and sewer	2,651,685	2,580,149	2,519,473	2,473,213	2,164,536	2,525,153	2,480,959	2,419,733	2,796,755
Operating grants and contributions	--	--	--	--	--	--	--	--	--
Capital grants and contributions	--	--	--	--	2,588,502	1,449,731	1,115,457	2,089,371	--
Total Business-type Activities Programs Revenues	2,651,685	2,580,149	2,519,473	2,473,213	4,753,038	3,974,884	3,596,416	4,509,104	2,796,755
Total Primary Government Program Revenues	\$11,995,998	\$ 9,723,770	\$ 8,775,574	\$12,019,266	\$12,346,163	\$11,001,676	\$13,065,839	\$11,935,063	\$11,013,144
Net (Expense) Revenue									
Governmental activities	(1,790,433)	\$(4,277,887)	\$(5,196,512)	\$(1,261,980)	\$(5,471,887)	\$(4,108,399)	\$(2,877,748)	\$(2,443,649)	\$(2,640,841)
Business-type activities	(653,971)	(457,181)	(493,195)	(316,043)	1,643,877	1,076,933	865,825	2,112,647	516,320
Total Primary Government Net (Expense) Revenue	\$(2,444,404)	\$(4,735,068)	\$(5,689,707)	\$(1,578,023)	\$(3,828,010)	\$(3,031,466)	\$(2,011,923)	\$(331,002)	\$(2,124,521)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes	\$ 2,218,407	\$ 2,513,413	\$ 4,390,868	\$ 5,834,352	\$ 5,046,491	\$ 4,680,375	\$ 3,324,341	\$ 2,432,713	\$ 2,073,163
Utility Taxes	698,784	650,087	629,105	605,045	592,559	503,507	507,071	497,209	495,558
Communication services tax	265,274	275,703	320,014	326,375	307,618	295,276	304,099	270,293	471,780
Franchise fees based on gross receipts	659,738	601,814	637,019	742,064	670,884	603,862	577,240	503,920	277,861
Unrestricted intergovernmental revenue	1,412,896	1,254,721	1,195,745	534,167	584,714	583,721	583,283	524,491	490,345
Unrestricted state shared revenues	177,259	157,197	145,554	--	--	--	--	--	--
Unrestricted investment earnings	136,182	401,293	706,281	735,173	649,354	823,122	387,365	87,033	218,875
Miscellaneous	71,972	35,700	98,969	237,062	203,895	134,039	414,940	190,487	183,286
Transfers	(1,644,347)	(555,783)	(793,747)	(4,287,906)	--	--	--	--	--
Total Governmental Activities	3,996,165	5,334,145	7,329,808	4,726,332	8,055,515	7,623,902	6,098,339	4,506,146	4,210,868
Business-type Activities									
Unrestricted Investment earnings	27,229	151,318	144,008	220,580	254,925	278,190	182,438	106,888	94,889
Transfers	1,644,347	555,783	793,747	4,287,906	--	--	--	--	--
Total Business-type Activities	1,671,576	707,101	937,755	4,508,486	254,925	278,190	182,438	106,888	94,889
Total Primary Government	\$ 5,667,741	\$ 6,041,246	\$ 8,267,563	\$ 9,234,818	\$ 8,310,440	\$ 7,902,092	\$ 6,280,777	\$ 4,613,034	\$ 4,305,757
Change in Net Assets									
Governmental activities	\$ 2,205,732	\$ 1,056,258	\$ 2,133,296	\$ 3,464,352	\$ 2,583,628	\$ 3,515,503	\$ 3,220,591	\$ 2,062,497	\$ 1,570,027
Business-type activities	1,017,605	249,920	444,560	4,192,443	1,898,802	1,355,123	1,048,263	2,219,535	611,209
Total Primary Government	\$ 3,223,337	\$ 1,306,178	\$ 2,577,856	\$ 7,656,795	\$ 4,482,430	\$ 4,870,626	\$ 4,268,854	\$ 4,282,032	\$ 2,181,236

Note: City implemented GASB Statement No. 34 for the fiscal year ended September 30, 2004.

CITY OF FLORIDA CITY, FLORIDA

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 88,453	\$ 1,014,121	\$ 1,770,249	\$ 1,278,122	\$ 2,234,868	\$ 1,611,948	\$ 1,944,008	\$ 1,606,214	\$ --	\$ --
Unreserved	4,184,181	5,038,982	5,116,108	7,981,860	9,436,411	11,362,289	12,662,817	13,214,399	--	--
Non-Spendable	--	--	--	--	--	--	--	--	252	54,202
Restricted	--	--	--	--	--	--	--	--	1,554,119	1,400,862
Committed	--	--	--	--	--	--	--	--	218,692	358,373
Unassigned	--	--	--	--	--	--	--	--	13,114,469	13,299,783
Total General Fund	<u>\$ 4,272,634</u>	<u>\$ 6,053,103</u>	<u>\$ 6,886,357</u>	<u>\$ 9,259,982</u>	<u>\$ 11,671,279</u>	<u>\$ 12,974,237</u>	<u>\$ 14,606,825</u>	<u>\$ 14,820,613</u>	<u>\$ 14,887,532</u>	<u>\$ 15,113,220</u>
All Other Governmental Funds										
Reserved	\$ --	\$ 89,299	\$ 272,197	\$ 44,771	\$ 44,771	\$ 44,771	\$ --	\$ --	\$ --	\$ --
Unreserved, reported in:										
Special revenue funds	4,860,444	1,801,295	3,074,396	4,673,679	5,500,637	6,389,207	6,393,842	6,983,660	--	--
Restricted	--	--	--	--	--	--	--	--	5,980,524	4,937,981
Unassigned	--	--	--	--	--	--	--	--	--	--
Total All Other Governmental Funds	<u>\$ 4,860,444</u>	<u>\$ 1,890,594</u>	<u>\$ 3,346,593</u>	<u>\$ 4,718,450</u>	<u>\$ 5,545,408</u>	<u>\$ 6,433,978</u>	<u>\$ 6,393,842</u>	<u>\$ 6,983,660</u>	<u>\$ 5,980,524</u>	<u>\$ 4,937,981</u>

CITY OF FLORIDA CITY, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	\$ 3,048,194	\$ 3,318,362	\$ 3,704,135	\$ 4,712,751	\$ 6,083,020	\$ 6,617,552	\$ 7,507,836	\$ 5,977,006	\$ 4,041,017	\$ 3,842,203
Intergovernmental	6,157,460	1,596,708	1,886,441	1,860,483	1,938,026	2,070,344	2,379,640	2,457,943	3,730,546	3,301,572
Charges for services	3,717,208	2,128,659	2,621,528	2,907,724	3,013,128	2,972,925	2,955,335	2,980,585	3,067,264	3,100,203
Program income	15,530	6,415	68,841	11,467	6,751	4,665	--	--	--	--
Interest/Investment Earnings	174,075	218,875	87,033	387,365	823,122	649,354	735,173	706,281	401,293	136,182
Impact fees	154,791	495,137	254,765	591,756	256,263	141,041	46,526	88,865	35,700	71,972
Licenses and permits	320,698	809,898	523,472	771,320	645,951	363,774	285,958	355,720	386,001	278,495
Donations	15,550	10,725	2,328	1,900	20,535	2,100	--	--	--	--
Confiscated property	7,826	11,477	17,027	8,589	10,551	3,587	--	--	--	--
Fines and forfeitures	22,087	35,321	362,025	70,770	38,589	124,978	96,083	263,003	157,679	1,405,419
Grants	--	3,379,924	2,178,292	4,268,564	1,638,886	2,375,807	4,073,802	945,725	632,528	2,553,273
Other revenues	288,351	415,755	226,218	453,479	175,872	322,513	479,938	604,528	581,521	295,506
Total Revenues	<u>13,921,770</u>	<u>12,427,256</u>	<u>11,932,105</u>	<u>16,046,168</u>	<u>14,650,694</u>	<u>15,648,640</u>	<u>18,560,291</u>	<u>14,379,656</u>	<u>13,033,549</u>	<u>14,984,825</u>
Expenditures										
General government	8,759,836	4,992,062	4,387,909	6,263,248	3,959,431	4,303,450	5,516,655	4,589,607	4,554,946	4,298,963
Public safety	1,664,272	1,809,718	1,868,060	2,411,032	2,559,295	2,622,265	2,928,761	2,908,019	3,136,898	3,060,753
Public works	1,699,657	1,815,524	1,848,024	2,078,063	2,200,313	2,233,032	2,564,748	2,440,690	2,407,302	2,461,659
Parks and recreation	229,592	266,312	245,119	413,403	392,531	369,972	459,774	451,007	441,081	434,114
Capital outlay	63,703	1,843,754	1,381,943	1,464,536	2,332,956	3,876,217	5,445,725	3,186,728	3,429,539	5,546,185
Debt service:										
Principal	41,388	--	87,108	180,301	115,882	52,176	49,269	--	--	--
Interest	38,700	--	--	--	--	--	2,907	--	--	--
Total Expenditures	<u>12,497,148</u>	<u>10,727,370</u>	<u>9,818,163</u>	<u>12,810,583</u>	<u>11,560,408</u>	<u>13,457,112</u>	<u>16,967,839</u>	<u>13,576,051</u>	<u>13,969,766</u>	<u>15,801,674</u>
Excess of Revenues Over (Under) Expenditures	<u>1,424,622</u>	<u>1,699,886</u>	<u>2,113,942</u>	<u>3,235,585</u>	<u>3,090,286</u>	<u>2,191,528</u>	<u>1,592,452</u>	<u>803,605</u>	<u>(936,217)</u>	<u>(816,849)</u>
Other Financing Sources (Uses)										
Transfer in	543,190	487,156	758,368	783,094	1,130,053	1,441,320	2,031,361	1,998,075	37,816	109,573
Transfer out	(543,190)	(487,156)	(758,368)	(783,094)	(1,130,053)	(1,441,320)	(2,031,361)	(1,998,075)	(37,816)	(109,573)
Other financing source	--	150,000	251,993	--	147,969	--	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>150,000</u>	<u>251,993</u>	<u>--</u>	<u>147,969</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	<u>\$ 1,424,622</u>	<u>\$ 1,849,886</u>	<u>\$ 2,365,935</u>	<u>\$ 3,235,585</u>	<u>\$ 3,238,255</u>	<u>\$ 2,191,528</u>	<u>\$ 1,592,452</u>	<u>\$ 803,605</u>	<u>\$ (936,217)</u>	<u>\$ (816,849)</u>
Debt service as a percentage of noncapital expenditures*	0.64%	0.00%	1.03%	1.59%	1.26%	0.54%	0.45%	0.00%	0.00%	0.00%

FY 1998-FY2003 Water and Sewer was included as Special Revenue Fund. As of 2004, water and sewer is reclassified as Enterprise Fund.

*See pg 16 for capital expenditures

CITY OF FLORIDA CITY, FLORIDA

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)**

Fiscal Year	Real Property				Personal Property		Less Tax Exempt Property	Total		Assessed Value as a Percentage of Value	Total Direct Tax Rate
	Commercial		Residential		Assessed Value	Actual Value		Total Taxable Assessed Value	Estimated Value		
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value							
2003	\$ 169,794	\$ 185,058	\$ 97,058	\$ 131,819	\$ 25,507	\$ 25,612	\$ 40,284	\$ 252,075	\$ 342,489	73.60%	8.900
2004	191,525	218,037	117,070	159,967	26,261	27,515	45,403	289,453	405,519	71.38%	8.900
2005	206,667	207,239	189,807	217,824	33,975	34,588	62,710	367,739	459,651	80.00%	8.900
2006	255,887	256,601	293,331	347,027	37,010	37,661	65,093	521,135	641,289	81.26%	8.900
2007	328,686	329,998	373,662	443,925	39,434	38,714	72,027	669,755	812,637	82.42%	7.750
2008	476,932	655,100	173,618	273,485	36,396	37,117	72,100	614,846	965,702	63.67%	7.750
2009	586,664	766,492	202,672	313,428	39,995	45,075	83,862	745,469	1,124,995	66.26%	7.750
2010	499,708	696,426	154,640	244,370	40,419	45,551	88,483	606,284	986,347	61.47%	7.750
2011	409,445	582,038	98,227	144,406	41,215	46,306	86,152	548,887	772,750	71.03%	7.750
2012	353,890	504,597	69,038	95,980	36,876	42,145	81,867	459,804	642,722	71.54%	7.750

(1) Information obtained from Miami-Dade County Department of Property Appraiser.

CITY OF FLORIDA CITY, FLORIDA

**PROPERTY TAX RATES (1)
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year	City of Florida City Direct Rates		Overlapping Rates				Total Millage
	Operating Millage	Total City Millage	School District Millage	State Millage	Miami- Dade County	Special District Millages	
2003	8.9000	8.9000	9.1000	0.7355	6.2540	3.6470	28.6365
2004	8.9000	8.9000	8.6870	0.7355	6.2200	3.5912	28.1337
2005	8.9000	8.9000	8.4380	0.7355	6.1200	3.5758	27.7693
2006	8.9000	8.9000	8.1050	0.7355	5.9000	3.5593	27.1998
2007	7.7500	7.7500	7.9480	0.6585	4.8646	3.0552	24.2763
2008	7.7500	7.7500	7.7970	0.6585	5.1229	3.0305	24.3589
2009	7.7500	7.7500	7.9950	0.6585	5.1229	3.1093	24.6357
2010	7.7500	7.7500	8.2490	0.6585	5.8725	3.3793	25.9093
2011	7.7500	7.7500	8.0050	0.4708	5.0900	3.1422	24.4580
2012	7.7500	7.7500	7.9980	0.4634	4.9885	3.1352	24.3351

(1) Information Obtained from Miami-Dade County Department of Property Appraiser

CITY OF FLORIDA CITY, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS

**AS OF SEPTEMBER 30, 2012 AND NINE YEARS AGO
(DOLLARS IN THOUSANDS)**

Taxpayer	Type of Business	2012			2003		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Wal-Mart Store	Retail Shopping	\$ 20,200	1	5.05%	\$ 15,602	1	5.46%
Largo Motors Co LTD	Car Dealership	11,600	2	2.90%	--		
Home Depot USA, Inc.	Retail Shopping	11,200	3	2.80%	9,254	3	3.24%
Florida Keys Factory Shops	Mall	10,439	4	2.61%	11,002	2	3.85%
Bonita Pointe Associates	Real Estate	6,300	5	1.57%	--		0.00%
RA & RE Inc	Motel	5,670	6	1.42%	--		0.00%
Hotel One, Inc.	Hotel	5,238	7	1.31%	3,717	5	1.30%
Zamora Corporation	Real Estate	4,852	8	1.21%	--		0.00%
Kunvarji Hotels LLC	Hotel	4,400	9	1.10%	--		0.00%
Parlon Corporation	Motel	4,397	10	1.10%	--		0.00%
River Oaks Holdings, Ltd.	Rental	--		0.00%	3,200	8	1.12%
Peninsula Housing Development, Inc.	Rental	--		0.00%	3,729	4	1.30%
Home Depot USA, Inc.	Retail Shopping	--		0.00%	3,679	6	1.29%
C.L. Leemon	Hotel	--		0.00%	3,500	7	1.22%
South Florida Motel Corp.	Motel	--		0.00%	3,200	9	1.12%
Strano Brothers Partnership	Agriculture	--		0.00%	2,993	10	1.05%
Total		<u>\$ 84,296</u>		<u>21.07%</u>	<u>\$ 59,876</u>		<u>20.94%</u>

(1) The total assessed valuation of taxable property for 2012 \$400,091

(2) The total assessed valuation of taxable property for 2003 \$286,002

CITY OF FLORIDA CITY, FLORIDA

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	(1) Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	(2) Delinquent Tax Collections	Total Tax Collections	Ratio of Collection Total Tax Collection to Total Tax Levy	(3) Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2003	\$ 2,222,409	\$ 1,844,095	83.0%	\$ 32,590	\$ 1,876,685	84.4%	\$ 171,031	7.7%
2004	2,562,967	2,036,150	79.4%	37,014	2,073,164	80.9%	20,035	0.8%
2005	3,528,894	2,421,178	68.6%	11,535	2,432,713	68.9%	100,983	2.9%
2006	5,201,929	3,293,617	63.3%	30,724	3,324,341	63.9%	N/A	0.0%
2007	5,579,344	4,669,535	83.7%	10,840	4,680,375	83.9%	N/A	0.0%
2008	5,580,238	4,927,302	88.3%	119,190	5,046,491	90.4%	N/A	0.0%
2009	6,102,410	5,560,785	91.1%	273,567	5,834,352	95.6%	N/A	0.0%
2010	5,579,798	4,109,922	73.7%	280,946	4,390,868	78.7%	N/A	0.0%
2011*	2,934,969	2,070,059	70.5%	443,353	2,513,412	85.6%	N/A	0.0%
2012*	3,189,744	1,976,266	62.0%	242,141	2,218,407	69.5%	N/A	0.0%

(1) Information taken from Florida Municipal Ad Valorem Tax Profile.

(2) Information obtained from City of Florida City's financial statements.

(3) Information obtained from Miami-Dade County Tax Collector.

* As of 2011, the amount applicable for CRA has been removed due to the implementation of GASB 54

N/A - Not available.

CITY OF FLORIDA CITY, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE BUSINESS-TYPE ACTIVITIES LAST TEN FISCAL YEARS

Fiscal Year	Water Bonds	Total Primary Government	Percentage of Household Income*	Per Capita Household Income*
2003	\$ 835,400	\$ 835,400	N/A	N/A
2004	796,700	796,700	1.47%	\$ 11,730
2005	711,900	711,900	N/A	N/A
2006	667,000	667,000	N/A	N/A
2007	619,500	619,500	N/A	N/A
2008	569,600	569,600	0.91%	5,175
2009	517,200	517,200	N/A	N/A
2010	462,300	462,300	N/A	N/A
2011	403,800	403,800	2.31%	9,337
2012	342,700	342,700	1.94%	6,637

Note: Governmental activities has no outstanding debt.

N/A: Not Available

*Information obtained from Zip Atlas.

CITY OF FLORIDA CITY, FLORIDA

**COMPUTATION OF OVERLAPPING BONDED DEBT
GENERAL OBLIGATIONS BONDS
(DOLLARS IN THOUSANDS)**

SEPTEMBER 30, 2012

	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City of Florida City (2)	Amount Applicable to City of Florida City
School Board of Miami-Dade County	\$ 175,186	0.46%	\$ 814
Miami-Dade County (1)	<u>1,043,496</u>	0.46%	<u>4,847</u>
	<u>\$ 1,218,682</u>		<u>\$ 5,660</u>

(1) Information obtained from Miami-Dade County, Finance Department.

(2) Percentage based upon population of Florida City v Miami-Dade County

CITY OF FLORIDA CITY, FLORIDA

**WATER REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)**

Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
2003	\$ 1,786	\$ 1,280	\$ 506	\$ 41	\$ 40	\$ 81	6.25
2004	2,595	2,165	430	44	38	82	5.24
2005	2,278	2,276	2	45	36	81	0.02
2006	2,425	2,583	(158)	48	33	81	(1.95)
2007	2,547	2,778	(231)	50	31	81	(2.85)
2008	2,235	2,999	(764)	52	28	80	(9.55)
2009	2,370	2,738	(368)	55	26	81	(4.54)
2010	2,505	2,944	(439)	59	23	82	(5.37)
2011	2,537	2,992	(455)	61	20	81	(5.60)
2012	2,507	3,277	(770)	64	17	81	(9.54)

- (1) Total revenue (including interest) exclusive of tap fees.
- (2) Total operating expenses.
- (3) Includes principal and interest of revenue bonds only.

CITY OF FLORIDA CITY, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Year	Population	Household Income (Thousands of Dollars)	Per Capita Household Income	Unemployment Rate
2003	8,466	N/A	N/A	18.6%
2004	8,715	\$ 48,703	\$ 11,730	13.8%
2005	8,787	N/A	N/A	9.0%
2006	9,195	N/A	N/A	10.3%
2007	9,318	N/A	N/A	N/A
2008	10,193	18,111	5,175	18.6%
2009	10,217	18,285	N/A	18.6%
2010	10,568	23,888	N/A	26.2%
2011	11,704	25,132	9,337	18.2%
2012	11,850	21,635	6,637	20.9%

N/A - Information not available for year indicated.

(1) Population for City of Florida City obtained from Bureau of Economic and Business Research, University of Florida.

(2) Unemployment rate for City of Florida City obtained from Zip Atlas.

CITY OF FLORIDA CITY, FLORIDA

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND EIGHT YEARS AGO**

AS OF SEPTEMBER 30, 2012

Employer	2012			2004		
	Employees (1)	Rank	Percentage of Total City Employment	Employees (1)	Rank	Percentage of Total City Employment
Wal-Mart	775	1	25.83%	400	1	15.90%
Home Depot (Home Depot USA)	213	2	7.10%	182	3	7.23%
Cracker Barrel	200	3	6.67%	--	--	0.00%
Fidelity Life Association	92	4	3.07%	--	--	0.00%
Applebee's Neighborhood Grill & Bar	85	5	2.83%	90	6	3.58%
Golden Corral	75	6	2.50%	83	7	3.30%
Best Buy	64	7	2.13%	--	--	0.00%
McDonald's	60	8	2.00%	60	8	2.38%
Mutineer Restaurant	55	9	1.83%	60	10	2.38%
Largo Honda	50	10	1.67%	--	--	0.00%
Capri Restaurant	50	11	1.67%	140	4	5.56%
City of Florida City *	105	--	3.50%	101	5	4.01%
Florida Rock and Sand	--	--	0.00%	185	2	7.35%
Strano Brothers Partnership	--	--	0.00%	60	9	2.38%
	<u>1,824</u>		<u>60.80%</u>	<u>1,361</u>		<u>51.71%</u>

(1) Estimated area employment

Note: Obtained from City of Florida City Building and Zoning.

* Information obtained from City of Florida City Human Resources

CITY OF FLORIDA CITY, FLORIDA

**CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAMS
LAST TEN FISCAL YEARS**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Administration	8	8	7	7	7	6	6	5	5	5
Finance	7	6	6	5	4	8	8	6	6	6
Police	42	39	39	40	36	44	46	41	39	40
Building and zoning	5	5	4	6	6	7	6	6	6	6
Public works	16	16	16	16	14	19	17	17	16	16
Park and recreation	3	2	6	5	5	6	6	5	6	5
Campersite	2	2	2	2	2	2	2	2	2	1
Water	11	12	14	12	15	16	16	15	14	15
Sewer	3	4	3	1	1	1	1	1	1	1
Vehicle maintenance	2	2	2	2	2	2	2	2	2	2
Housing	1	1	1	1	--	--	--	--	--	--
Grants	<u>8</u>	<u>8</u>	<u>9</u>	<u>8</u>	<u>11</u>	<u>14</u>	<u>14</u>	<u>8</u>	<u>8</u>	<u>8</u>
Total Employees	<u>108</u>	<u>105</u>	<u>109</u>	<u>105</u>	<u>103</u>	<u>125</u>	<u>124</u>	<u>108</u>	<u>105</u>	<u>105</u>

Note: Obtained from City of Florida City Human Resources

CITY OF FLORIDA CITY, FLORIDA

**OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Physical arrest	1,823	1,690	1,664	1,496	1,348	1,666	1,635	1,617	1,312	978
Juvenile arrest	204	192	235	155	116	221	194	167	175	186
Traffic violations	2,343	3,402	2,035	2,135	2,169	2,010	1,770	2,048	1,327	1,047
Water										
Number of service connections	1,819	1,857	1,999	2,130	1,555	78	1,481	1,167	1,618	752
Average monthly consumption (thousands of dollar)	\$ 59,720	\$ 58,374	\$ 50,293	\$ 67,095	\$ 65,281	\$ 63,202	\$ 69,438	\$ 67,550	\$ 72,320	\$ 71,665
Sewer										
Number of service connections	1,568	1,630	1,780	1,950	2,009	122	1,711	1,498	1,708	844
Average monthly sewage treatment (thousands of dollar)	\$ 75,495	\$ 85,411	\$ 85,411	\$ 99,064	\$ 93,788	\$ 94,392	\$ 109,791	\$ 113,672	\$ 120,905	\$ 121,322
Electric Distribution System										
Number of customers	3,196	3,196	3,196	3,196	3,196	3,196	3,196	3,196	3,196	3,196
Facilities and Services not Included in the Primary Government										
Cable television system:										
Number of customers	1,063	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027
Miles of service	35.31	37.57	37.57	37.57	37.57	37.57	37.57	37.57	37.57	37.57
Education:										
Number of elementary schools	1	1	1	1	1	1	1	1	1	1
Number of instructors	85	85	85	88	88	88	88	88	88	88

N/A - Not Available

Note: Obtained from City of Florida City Records

CITY OF FLORIDA CITY, FLORIDA

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Station	1	1	1	1	1	1	1	1	1	1
Patrol units	24	17	17	18	18	18	21	21	21	21
Other Public Works										
Streets (miles)	42	42	42	42	42	42	42	42	42	42
Streetlights	460	460	460	460	460	460	460	460	460	460
Traffic signals	6	6	6	6	6	6	6	6	6	6
Park and Recreation										
Acreage	40	40	40	40	40	40	40	40	40	40
Playgrounds	3	4	4	4	4	4	4	4	4	4
Tennis court	2	2	2	2	2	2	2	2	2	2
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	43	43	43	43	43	43	43	43	43	43
Fire hydrants	652	662	662	662	662	662	662	662	662	662
Store capacity (thousands of gallons)	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Sewer										
Sanitary sewer (miles)	22	23	23	23	23	23	23	23	23	23
Storm sewers (miles)	3	4	4	4	4	4	4	4	4	4

N/A - Not Available

Note: Obtained from City of Florida City Records