

**CITY OF FRUITLAND PARK**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**SEPTEMBER 30, 2009**

**Prepared by:**  
**Elizabeth P. Palmer**  
**City Treasurer**

**Cover photo by:**  
**Elizabeth P. Palmer**

CITY OF FRUITLAND PARK, FLORIDA  
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 FOR THE YEAR ENDED SEPTEMBER 30, 2009

TABLE OF CONTENTS

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	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	i - v
City Commission and Officials	vi
Organization Chart	vii
Certificate of Achievement for Excellence in Financial Reporting	viii
<b>FINANCIAL SECTION</b>	
<b>INDEPENDENT AUDITOR'S REPORT</b>	1-2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3-11
<b>BASIC FINANCIAL STATEMENTS:</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Assets	13
Statement of Activities	14-15
<b>Fund Financial Statements:</b>	
Balance Sheet - Governmental Funds	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	20
Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual - Community Redevelopment Fund	21
Statement of Net Assets - Proprietary Funds	22-23
Statement of Revenue, Expenses, and Changes in Fund Net Assets - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds	25-26
Statement of Fiduciary Net Assets - Fiduciary Funds	27
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	28
 Notes to Financial Statements	 29-45

CITY OF FRUITLAND PARK, FLORIDA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Page</u>
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Firefighter's Retirement Trust Fund - Six Year Trend Information	46
 <b>INDIVIDUAL FUND FINANCIAL STATEMENTS:</b>	
<u>General Fund</u>	
Comparative Balance Sheets	50
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	51
Schedule of Revenues Compared to Budget	52-53
Schedule of Expenditures Compared to Budget	54-56
<u>Community Redevelopment Fund</u>	
Comparative Balance Sheets	58
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	59
<u>Capital Projects Fund</u>	
Comparative Balance Sheets	62
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	63
<u>Utility Fund</u>	
Comparative Statements of Net Assets	66-67
Comparative Statements of Revenues, Expenses, and Changes in Net Assets	68
Comparative Statements of Cash Flows	69
<u>Recreation Programs Fund</u>	
Comparative Statements of Net Assets	70
Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual	71
Comparative Statements of Cash Flows	72
 <b>SCHEDULE OF BUDGETARY COMPLIANCE:</b>	
<u>Utility Fund</u>	
Schedule of Revenues and Expenses - Budget and Actual (Basis Other Than GAAP)	74
 <b>CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES:</b>	
Comparative Schedules of Capital Assets - By source	76
Schedule of Capital Assets - By Function and Activity	77
Schedule of Changes in Capital Assets - By Function and Activity	78

CITY OF FRUITLAND PARK, FLORIDA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

**STATISTICAL SECTION**

	<u>Page</u>
Net Assets by Component	80-81
Changes in Net Assets	82-85
Fund Balances, Governmental Funds	86-87
Changes in Fund Balances, Governmental Funds	88-89
General Government Tax Revenue by Source	90
Estimated Just Value and Taxable (Assessed) Value of Property	91
Property Tax Rates - Direct and Overlapping Governments	92
Principal Property Taxpayers	93
Property Tax Levies and Collections	94
Ratios of Outstanding Debt by Type	95
Ratios of General Bonded Debt Outstanding	96
Direct and Overlapping Governmental Activities Debt	96
Pledged-Revenue Debt Coverage (Infrastructure Sales Surtaxes)	97
Pledged-Revenue Debt Coverage (Utility Revenues)	98
Demographic and Economic Statistics	99
Demographic Statistics	100
Principal Employers	101
City Government Employees by Function	102
Operating Indicators by Function and Activity	103
Capital Asset and Infrastructure Statistics	104

**REGULATORY AND COMPLIANCE SECTION**

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters	105-106
Schedule of Expenditures of Federal Awards and State Financial Assistance	107-108
Independent Auditor's Report on Examination of Management's Assertion About Compliance with Specified Requirements	109
Management Letter	111-112



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March 31, 2010

To the Honorable Mayor, Members of the City Commission, and Citizens of the City of Fruitland Park, Florida:

The Comprehensive Annual Financial Report (CAFR) for the City of Fruitland Park, Florida, for the fiscal year ended September 30, 2009 is hereby submitted pursuant to Florida Statutes Chapter 218.39 and Chapter 10.550 of the Rules of the Auditor General of the State of Florida. State law requires an annual financial audit of local government entities be completed no later than twelve months after the end of the fiscal year. This CAFR is published to fulfill this requirement for the fiscal year ended September 30, 2009 and to provide the citizens, city commission, city staff, creditors and other interested parties with detailed information concerning the financial condition and activities of the City.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Because the cost of the internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. In addition, we believe the information

contained in this report is presented in a manner designed to fairly set forth the financial position and results of operation of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain a maximum understanding of the City's financial affairs are included.

The City of Fruitland Park maintains budgetary controls to ensure compliance with legal provisions contained in the annual appropriated budget approved by the City Commission. Annual budgets are legally adopted for the activities of the General Fund, Redevelopment Fund, Capital Projects Fund, Utility Fund and the Recreation Programs Fund. Budgets are controlled at the department level and total expenditures may not legally exceed appropriations for each budgeted department without Commission approval. Encumbrance accounting is utilized to reserve the encumbered portion of the appropriation.

The City of Fruitland Park's financial statements have been audited in accordance with generally accepted auditing standards by Shumacker, Johnston & Ross, P.A., Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Fruitland Park are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and estimates made by management; and evaluating the overall financial statement

presentation. Shumacker Johnston & Ross concluded, based upon the audit, that there is reasonable basis for rendering an unqualified ("clean report") opinion that the City of Fruitland Park's financial statements for the fiscal year ending September 30, 2009, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A), immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A provides "financial highlights" and interprets the financial report by analyzing trends and by explaining changes, fluctuations and variances in the financial data. This letter of transmittal complements the MD&A and should be read in conjunction with it.

### **Profile of the City**

The City of Fruitland Park is operated under a Commission-Manager form of government. Policymaking and legislative authorities are vested in the City Commission that consists of a Mayor and four other members. The Mayor presides over commission meeting and public ceremonies. The Commission is non-partisan and the members are elected to four year staggered terms. The City Commission is responsible, among other things, for passing ordinances, adopting the budget, appointing boards, and hiring the City Manager, City Treasurer, City Clerk, City Attorney and the City Auditor. The City Manager is responsible for carrying out the

policies of the Commission, overseeing the day-to-day operations and appointing department heads.

The City of Fruitland Park, incorporated in 1927, is located in central Florida. It is empowered by Florida Statute to extend its corporate limits by annexation, which it does from time to time. Fruitland Park has a population of 3,978 and a land area of approximately 7 square miles. The City's property tax millage rate is 4.36 for fiscal year 2009.

The City of Fruitland Park provides a full range of services to its residents. These services include a library, police and fire protection, the construction and maintenance of local streets, and recreational and cultural activities. The City also maintains and operates water and wastewater utilities. Garbage collection and disposal services are provided by way of an exclusive franchise agreement with Waste Management Inc.

The annual budget serves as the foundation for the City of Fruitland Park's financial planning and control. All department heads are required to submit requests for appropriation to the City Manager. The City Manager uses these requests as a starting point for developing a proposed budget and then presents the proposed budget to the City Commission for review. The City Commission is required to hold public hearings on the proposed budget and adopt a final budget by no later than September 30<sup>th</sup>, the close of the fiscal year. The City Manager and Department Heads may transfer resources within a

department as necessary; however transfers between departments require special approval (budget amendment by resolution) from the City Commission. The City of Fruitland Park utilizes an encumbrance accounting system to maintain budgetary control. These encumbrances lapse at year-end.

### **Local economy**

Fruitland Park, which is located in northwest Lake County, is essentially residential in character and its economy is primarily centered in retail trade. Fruitland Park is next door to the biggest residential retirement community (The Villages) in the state.

Fruitland Park, like other communities nationwide, has been impacted by the recent decline in the economy. Housing and development continues but at a much slower pace. Currently the City is working with Smart Fuels Florida LLC, a company that will produce bio-diesel from waste cooking oil. This project is in the final phase of site plan approval and it is anticipated that this project will add more than 70 new jobs to the local economy. Recently completed Spring Lake Cove, the City's first multi-story apartment complex, is now in full operation offering 144 new residential apartments. Fruitland Park Center, a multi use commercial complex, has now completed the second phase of their construction, and is doing a brisk business.

There are 495 licensed businesses in Fruitland Park, which is 30 more than last year.

Businesses looking to build or relocate in Lake County can take advantage of various incentives. The Jobs Growth Investment Trust pays incentives to businesses that create quality jobs in Lake County. The Lake County Impact Fee Deferral Program allows new businesses to defer the payment of impact fees from the date of issuance of a building permit to the certificate of occupancy. Another incentive, Lake County's Fast Track Permitting expedites the review method for new business site plans and building permits.

Lake County along with Lake Sumter Community College, the Sumter County Economic Development Council and other local economic development-oriented agencies established the Business Assistance Center; a partnership to help new and nurture existing businesses. This partnership provides small-business mentoring and is a resource when small businesses hit the inevitable bump or hurdle.

Affordable land and a pro-business approach contributes to the areas overall success in attracting new business. Large distributors such as Marriott, Domino's Pizza, Toyota and Goodyear Tire and Rubber Company have located in Lake County because of the central location, which allows for easy and efficient distribution throughout the state.

Lake County's December 2009 unemployment rate was 12.6%. This is up from 8.5% for the same time period last year. This rate is higher than the state

average of 11.6% and the national average of 9.7% for the same period.

### **Major Initiatives**

In effort to attract quality business along US Highway 27/441, the City of Fruitland Park recently constructed a 98,000 gallons per day wastewater collection, transmission and treatment facility. These improvements enhanced the City's ability to attract and service customers along the commercial corridor. At the end of fiscal year 2009, 223 customers were connected to the City's wastewater system. The City of Fruitland Park financed construction of this project (\$2,161,586- 40 semi-annual payments over 20 years) utilizing the Department of Environmental Protection's State Revolving Fund low interest (2.52%) loan program.

### **Long Term Financial Planning**

Lake County voters renewed a One-Cent Discretionary Infrastructure Surtax on November 6, 2002. This tax is authorized through December 31, 2017 and provides a funding source for infrastructure and capital projects. Among other projects, the City pledged these dollars for debt service on City Hall. The sixth of ten annual payments was made in February 2009 leaving an outstanding principal balance of \$444,495 on this loan.

At September 30, 2009 the unreserved, undesignated fund balance in the General Fund increased from 2.05 to 2.18 months of current General Fund expenditures. This figure is just over the "no less than one to two months of regular general fund operating expenditures" provided for in the

Government Finance Officers Association's Appropriate Level of Unreserved Fund Balance recommendation; however it is approximately one month shy of the 3-6 months of operating expenditures informally established by the City for budgetary and planning purposes.

### **Awards**

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 Fruitland Park for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending September 30, 2008. This is the tenth consecutive year that the City of Fruitland Park has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe this Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and will submit it to GFOA to determine its eligibility for another Certificate.

This report represents numerous hours of preparation and it would not have been possible without the efficient and dedicated efforts of the finance department staff. We would like to express our appreciation to all staff members who assisted and contributed to the preparation

of this report. Special recognition is given to the finance department and to the Certified Public Accounting Firm of Shumacker, Johnston & Ross, who worked diligently to ensure the timeliness and accuracy of this report. We also thank the Mayor and Commission Members for their interest and support in planning and conducting the operations of the City in a responsible and professional manner.

Respectfully Submitted,

  
Ralph O. Bowers, City Manager

  
Elizabeth P. Palmer, City Treasurer

# CITY COMMISSION AND OFFICIALS

September 30, 2009

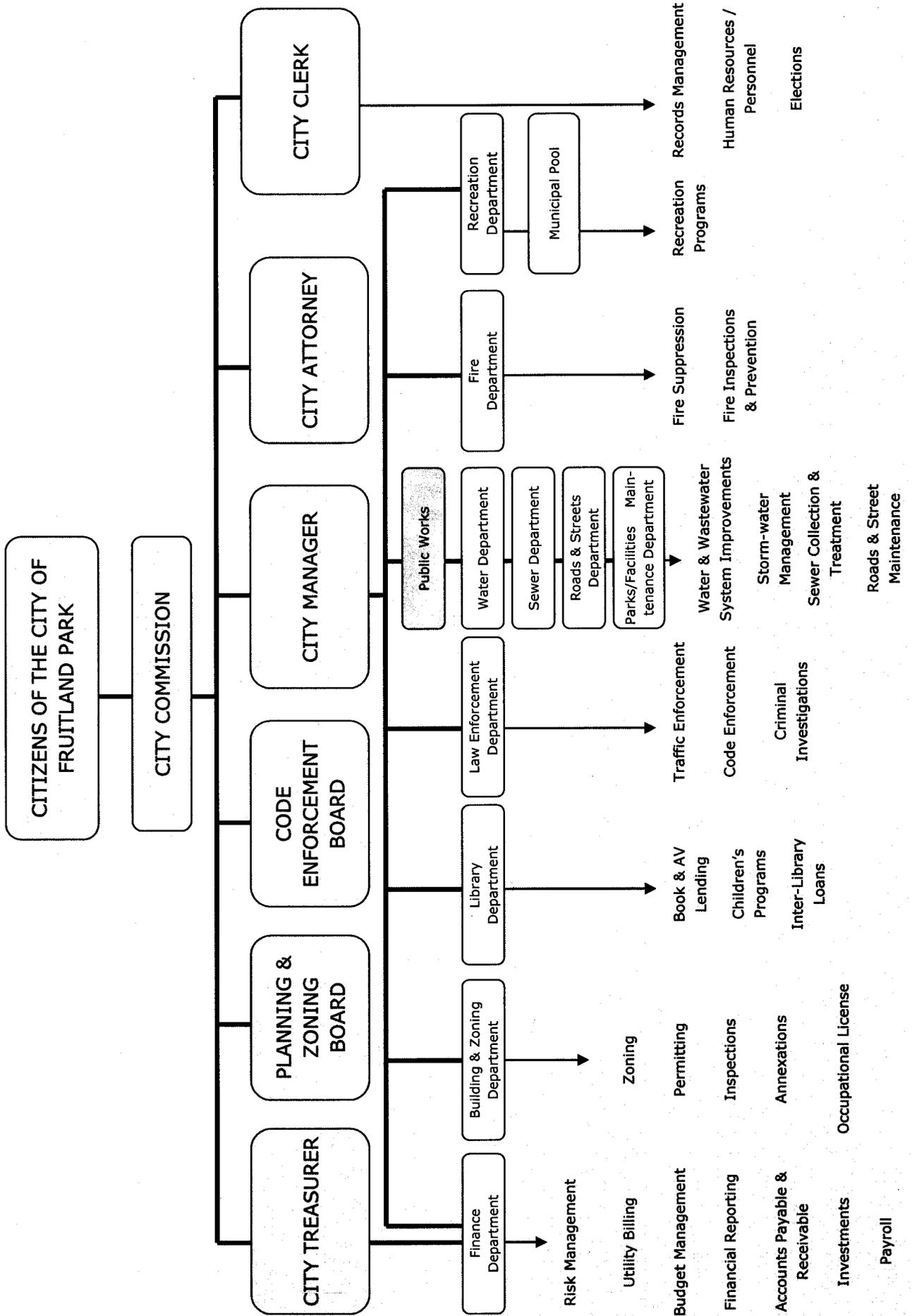
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Mayor .....	Christopher J. Bell
Vice Mayor-Commissioner.....	Sharon A. Kelly
Commissioner.....	Al Goldberg
Commissioner.....	John Gunter
Commissioner.....	Darrel E. Martin
City Manager.....	Ralph O. Bowers
City Treasurer.....	Elizabeth P. Palmer
City Clerk.....	Diane Gibson-Smith
Police Chief.....	J. Mark Isom
Building and Zoning Director.....	Peggy S. Newman
Public Works Director.....	John Bostic III
Librarian.....	Jo-Ann D. Glendinning
Recreation Director.....	Sherry L. Bechtel
City Attorney.....	Scott A. Gerken

# CITY OF FRUITLAND PARK

## Organizational Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fruitland Park  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2008

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.



President

Executive Director