

CITY OF DUNNELLON, FLORIDA

EXECUTIVE AUDIT SUMMARY

For the Fiscal Year Ended September 30, 2012

CITY OF DUNNELLON, FLORIDA

EXECUTIVE AUDIT SUMMARY

FISCAL YEAR ENDED SEPTEMBER 30, 2012

OVERVIEW

We have prepared this Executive Audit Summary in conjunction with our audit of the City of Dunnellon, Florida's (the City) financial statements for the fiscal year ended September 30, 2012. This "Executive Audit Summary" of the complete financial report is intended to provide the City Council and Citizenry with pertinent information on key financial results of the City for the fiscal year ended September 30, 2012. However, it is necessary to read the complete financial report to gain a full understanding of the City's finances as of and for the year ended September 30, 2012.

Audit Opinion – The financial statements are fairly stated. We issued what is known as a "clean" audit report which is the highest level of audit opinion. This is a good reflection on the quality of the City's financial records and practices.

Government Auditing Standards Opinion – No compliance issues were noted in our review of laws, regulations, contracts and grants that could have significant financial implications to the City.

Internal Controls – No material weaknesses or significant deficiencies in internal controls were noted.

Single Audit – For the Single Audit, there was one major state program tested; Small Community Wastewater Construction Grant. We had no findings or questioned costs regarding this grant program. There were no federal grants received during the year that required federal Single Audit procedures.

General Fund

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 following is a listing of the General Fund revenues and expenditures for the fiscal year ended September 30, 2012:

CITY OF DUNNELLON, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended September 30, 2012

MAJOR CATEGORY	INCLUDES	TOTAL
Revenues		
Taxes	Ad valorem taxes, gas taxes, franchise and utility taxes	\$ 1,925,708
Licenses and permits	Occupational licenses, building and other permits and licenses	100,194
Intergovernmental revenues	Police grants and various stated shared revenues	262,144
Charges for services	Solid waste fees and various user charges	177,450
Fines and forfeitures	Court and red light fines	450,428
Miscellaneous revenue	Interest, cemetery fees and other miscellaneous revenues	78,331
Total revenues		2,994,255
Expenditures:		
General government	City Council and Clerk, City Manager, Legal, Finance, Planning and Other	611,924
Public safety	Police, Fire and Building Inspection	1,291,791
Physical environment	Cemetery and Solid Waste Management	158,482
Transportation	Roads and Streets	514,590
Human services	Animal and Mosquito Control	31,363
Culture and recreation	Parks and Recreation	70,376
Total expenditures		2,678,526
Excess of revenues over expenditures		315,729
Fund balances, beginning of year		2,394,621
Fund balances, end of year		\$ 2,710,350
The ending fund balance reserves are as follows:		
Committed for:		
Roads and streets		\$ 1,541,611
Public safety		56,852
Infrastructure		56,247
Cemetery perpetual care		43,452
Assigned for:		
Capital improvements		1,257,209
Unassigned (deficit)		(245,021)
Total fund balances		\$ 2,710,350
Details of these revenues and expenditures can be found on pages 48-51 of the City's annual Financial Report.		
The assigned and unassigned fund balances totaling \$1,012,188 represent approximately five months of General Fund expenditures.		

COUNTY SHARED GAS TAXES

Included in the General Fund are the City's share of the following gas taxes levied by Marion County:

Ninth Cent Gas Tax	\$ 47,021
Local Option Gas Taxes	472,922
	<u>\$ 519,943</u>

These amounts represent approximately 2.5% of the County's total collections and are based upon interlocal agreements with Marion County.

Transportation-related expenditures are also part of the General Fund. The following are those expenditures for the fiscal year ended September 30, 2012:

Personnel services	\$ 179,968
Other operating expenses	334,622
	<u>\$ 514,590</u>

Any gas tax or other transportation restricted revenues not expended during a year are added to the transportation reserve in the General Fund. At September 30, 2012, this reserve totaled \$1,541,611.

RED LIGHT CAMERA PROGRAM

The City participates in the "Red Light Camera" program as authorized by Section 316.0083 and 316.18, *Florida Statutes*. The following are the financial results from this program for the fiscal year ended September 30, 2012:

Gross fines received	\$ 773,522
Remitted to State	(405,870)
Refunds	(650)
Retained by City	<u>367,002</u>
Camera vendor charges	(224,841)
Net gain to City	<u>\$ 142,161</u>

Both the revenues and related expenditures are reported in the General Fund.

COMMUNITY REDEVELOPMENT AGENCY

The financial activities of the City's Community Redevelopment Agency (CRA) are reported in the Tax Increment Financing District Fund, a separate special revenue fund. During the fiscal year ended September 30, 2012, the following transactions and balances occurred in this fund:

Beginning fund balance		\$	556,440
Receipts:			
County taxes	\$	49,088	
City taxes		91,283	
Interest		<u>1,597</u>	
			<u>141,968</u>
Total available			<u>698,408</u>
Disbursements:			
Personnel services		131,424	
Operating expenses		77,672	
Capital outlay		<u>5,000</u>	
			214,096
Fiber optic cabling in CRA district			<u>300,000</u>
Total disbursements			<u>514,096</u>
Ending fund balance		\$	<u>184,312</u>

ENTERPRISE FUNDS

Enterprise funds are utilized to report financial transactions and balances of services where it is the intent of the governing body that the services be primarily paid for by user charges. The City currently maintains enterprise funds for its water, sewer, and communications (Greenlight) services. The following is financial results for these funds for the fiscal year ended September 30, 2012:

CITY OF DUNNELLON, FLORIDA
ENTERPRISE FUNDS
SCHEDULE OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
For the Fiscal Year Ended September 30, 2012

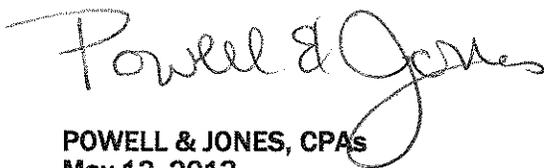
	Business-Type Activities			Total
	Water Fund	Sewer Fund	Communications Fund	
Operating revenues				
Charles for services	\$ 923,336	\$ 1,386,470	\$ 52,609	\$ 2,362,415
Total operating revenues	<u>923,336</u>	<u>1,386,470</u>	<u>52,609</u>	<u>2,362,415</u>
Operating expenses				
Personnel services	349,338	423,880	492,171	1,265,389
Operating expenses	530,347	596,270	771,671	1,898,288
Professional services	150,571	278,523	303,412	732,506
Depreciation and amortization	217,774	747,354	78,427	1,043,555
Total operating expenses	<u>1,248,030</u>	<u>2,046,027</u>	<u>1,645,681</u>	<u>4,939,738</u>
Operating loss	<u>(324,694)</u>	<u>(659,557)</u>	<u>(1,593,072)</u>	<u>(2,577,323)</u>
Nonoperating revenues				
(expenses)				
Interest and miscellaneous income	8,141	6,502	3,527	18,170
Interest expense	(72,339)	(214,095)	(330,812)	(617,246)
Interfund transfers in	-	-	300,000	300,000
Capital contributions and grants	780,820	3,097,322	-	3,878,142
Total nonoperating revenues	<u>716,622</u>	<u>2,889,729</u>	<u>(27,285)</u>	<u>3,579,066</u>
Net income (loss)	<u>\$ 391,928</u>	<u>\$ 2,230,172</u>	<u>\$ (1,620,357)</u>	<u>\$ 1,001,743</u>
Net position, beginning of year	<u>\$ 1,934,054</u>	<u>\$ 11,439,601</u>	<u>\$ (966,775)</u>	<u>\$ 12,406,880</u>
Net position, end of year	<u>\$ 2,325,982</u>	<u>\$ 13,669,773</u>	<u>\$ (2,587,132)</u>	<u>\$ 13,408,623</u>
Outstanding Debt				
September 30, 2012				
Revenue bonds	\$ 3,640,000	\$ 5,832,652	\$ 7,350,000	\$ 16,822,652
State Revolving Loan	-	3,237,313	-	3,237,313
Capital leases	-	-	1,251,902	1,251,902
Interfund loans	-	-	1,478,429	1,478,429
	<u>\$ 3,640,000</u>	<u>\$ 9,069,965</u>	<u>\$ 10,080,331</u>	<u>\$ 22,790,296</u>

Unrestricted reserves for the Water and Sewer Funds represent approximately six months of expenditures for those funds and are at adequate levels. The Communications Fund has negative operating reserves of (\$2,500,385) due to its "startup" situation.

Auditor's Report on Executive Audit Summary

The condensed financial information presented in this Executive Audit Summary is presented as a summary and therefore does not include all of the disclosures required by U.S. generally accepted accounting procedures for the fiscal year ended September 30, 2012.

In our opinion, because of the significance of the omission of the information referred to in the preceding paragraph, the condensed financial information referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the results of its operations for the fiscal year ended September 30, 2012.



POWELL & JONES, CPAs
May 13, 2013