

CITY OF KISSIMMEE, FLORIDA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Year Ended September 30, 2012



Prepared by Department of Finance

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CITY OF KISSIMMEE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
Year Ended September 30, 2012

INTRODUCTORY SECTION

Table of Contents	i
City Officials	iv
Organizational Chart	v
Certificate of Achievement for Excellence in Financial Reporting	vi
Letter of Transmittal	vii

FINANCIAL SECTION

Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
Basic Financial Statements:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Assets	17
Statement of Activities.....	18
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets.....	23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Statement of Net Assets – Proprietary Funds.....	28
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds.....	30
Statement of Cash Flows – Proprietary Funds	31
Statement of Fiduciary Net Assets – Pension Trust Funds.....	33
Statement of Changes in Fiduciary Net Assets – Pension Trust Funds	34
<i>Notes to the Financial Statements</i>	35
Required Supplementary Information:	
<i>Budgetary Comparison Schedules (GAAP Basis):</i>	
General Fund	64
Transportation Impact Fee Fund.....	68
Community Redevelopment Agency.....	69
Local Option Sales Tax Fund.....	70
<i>City Other Postemployment Benefits Plan Schedules:</i>	
City Other Postemployment Benefits Plan Schedule of Funding Progress.....	71
City Other Postemployment Benefits Plan Schedule of Employer Contributions.....	72
<i>City Retirement Plan Schedules:</i>	
City Retirement Plans Schedules of Funding Progress	73
City Retirement Plans Schedules of Employer Contributions	74
Other Supplemental Information:	
<i>Nonmajor Governmental Funds:</i>	
Combining Balance Sheet – All Nonmajor Governmental Funds	80
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – All Nonmajor Governmental Funds	81
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	88

Nonmajor Governmental Funds - continued:

Budgetary Comparison Schedules (GAAP Basis):

Energy Efficiency and Conservation Block Grant	94
Justice Assistance Grant	95
Kissimmee Multi-Use Trail	96
Post-Disaster Redevelopment Plan	97
Recreation Impact Fee Fund	98
Shingle Creek Trail Grant	99
Fire Assessment Fee Fund	100
Neighborhood Stabilization Program	101
Building Division	102
Community Development Block Grant	103
Columbia Avenue Culvert Project	104
Victims of Crime Act	105
Local Option Gas Tax	106
Paving Assessments	107
Charter School	108
Hazard Mitigation Grant Program	109
West Cypress Sidewalk Grant	110
Combining Balance Sheet – Nonmajor Debt Service Funds	112
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds	114
Budgetary Comparison Schedules (GAAP Basis):	
FmHA Bond	116
2004 CRA Note	117
2006 Revenue Note	118
2011B Capital Refunding Note	119
2010C Refunding Revenue Note	120
2010B Refunding Revenue Note	121
2010A Refunding Revenue Note	122
2011A Capital Refunding Note	123
Combining Balance Sheet – Nonmajor Capital Projects Funds	124
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds	125
Budgetary Comparison Schedules (GAAP Basis):	
2010B Note Construction Project	126
2010C Note Construction Project	127
2005 Capital Construction Note Project	128
Lakefront Sales Tax 2009A Capital Project Fund	129

Internal Service Funds:

Combining Statement of Net Assets – Internal Service Funds	131
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Internal Service Funds	132
Combining Statement of Cash Flows – Internal Service Funds	133

STATISTICAL SECTION

Schedule 1	Net Assets by Component – <i>Last Ten Fiscal Years</i>	137
Schedule 2	Change in Net Assets – <i>Last Ten Fiscal Years</i>	138
Schedule 3	Fund Balances, Governmental Funds – <i>Last Ten Fiscal Years</i>	140
Schedule 4	Changes in Fund Balances, Governmental Funds – <i>Last Ten Fiscal Years</i>	142
Schedule 5	Assessed and Actual Value of Taxable Property – <i>Last Ten Fiscal Years</i>	144
Schedule 6	Direct and Overlapping Property Tax Rates – <i>Last Ten Fiscal Years</i>	146
Schedule 7	Property Tax Levies and Collections – <i>Last Ten Fiscal Years</i>	147
Schedule 8	Principal Property Taxpayers – <i>Current Year and Nine Years Ago</i>	148
Schedule 9	Ratios of Outstanding Debt by Type – <i>Last Ten Fiscal Years</i>	150
Schedule 10	Direct and Overlapping Governmental Activities Debt	153
Schedule 11	Pledged Revenue Coverage – <i>Last Ten Fiscal Years</i>	154
Schedule 12	Demographic and Economic Statistics – <i>Last Ten Fiscal Years</i>	157
Schedule 13	Principal Employers – <i>Current Year and Nine Years Ago</i>	159
Schedule 14	Full-Time Equivalent City Government Employees by Function/Program – <i>Last Ten Fiscal Years</i>	160

STATISTICAL SECTION - Continued

Schedule 15 Operating Indicators by Function/Program – *Last Ten Fiscal Years* 162
Schedule 16 Capital Asset Statistics by Function/Program – *Last Ten Fiscal Years*..... 164

COMPLIANCE SECTION

Independent Auditor’s Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*..... 167
Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct
and Material Effect on Each Major Federal Program and State Project, and on
Internal Control Over Compliance In Accordance with OMB Circular A-133 and
Chapter 10.550, Rules of the Auditor General 169
Schedule of Expenditures of Federal Awards and State Financial Assistance 171
Schedule of Findings and Questioned Costs 173
Independent Auditor’s Management Letter 177

The City of Kissimmee, Florida
City Officials
As of September 30, 2012

Elected Officials

Mayor/Commissioner.....	Jim Swan
Commissioner/Vice Mayor.....	Art Otero
Commissioner/Mayor Pro Tem.....	Cheryl Grieb
Commissioner.....	Jerry Gemskie
Commissioner.....	Wanda Y. Rentas

Financial Related Management

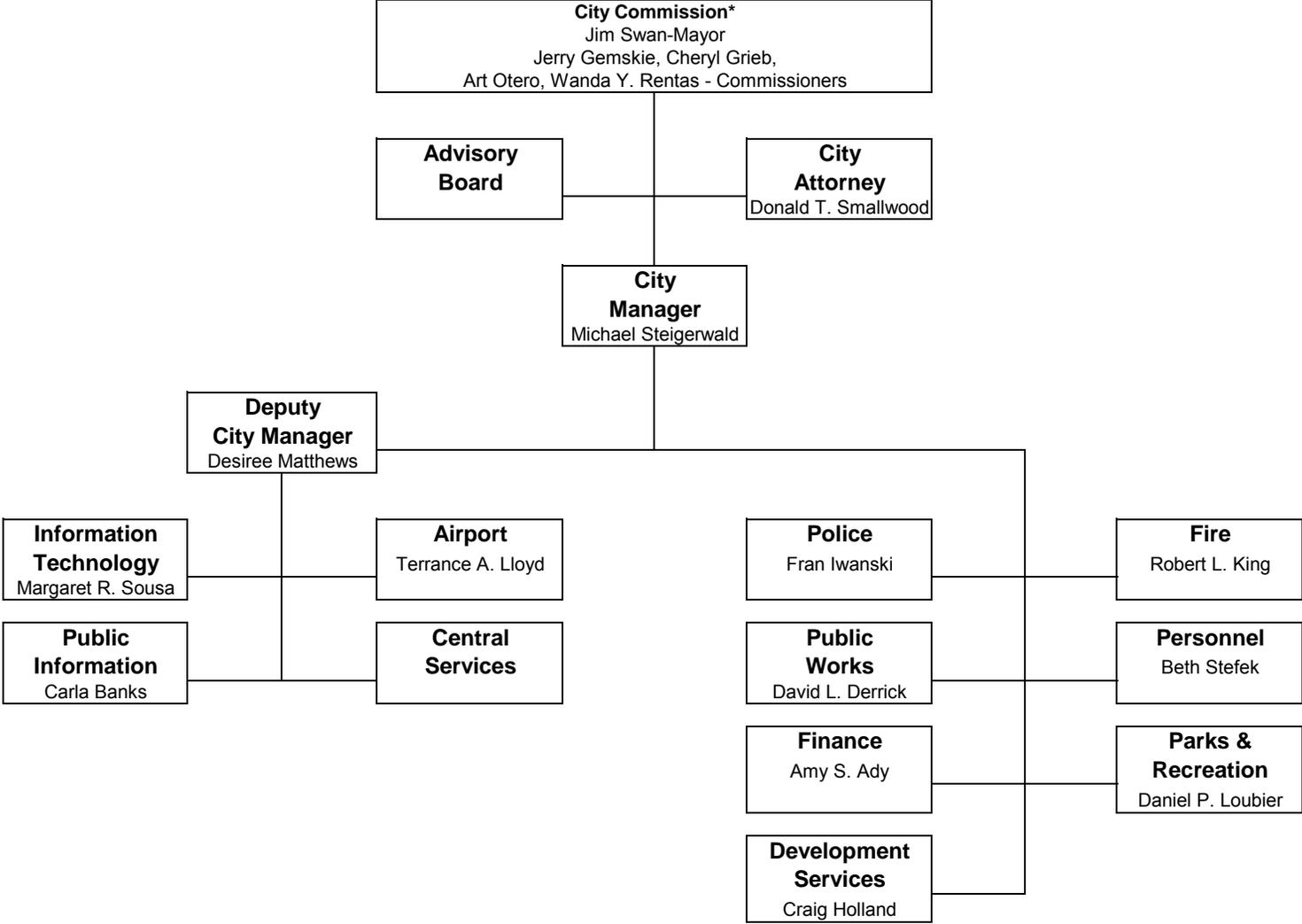
City Manager.....	Michael H. Steigerwald
Deputy City Manager.....	Desiree S. Matthews
Finance Director.....	Amy S. Ady
Assistant Finance Director.....	Joseph A. Skalamera

Other Departmental Officials

Airport Director.....	Terrence A. Lloyd
City Attorney.....	Donald T. Smallwood
Development Services Director.....	Craig M. Holland
Fire Chief.....	Robert L. King
Information Technology Director.....	Margaret R. Sousa
Parks & Recreation Director.....	Daniel P. Loubier
Personnel & Risk Management Director.....	Beth Stefek
Police Chief.....	Fran Iwanski
Public Works & Engineering Director.....	David L. Derrick

CITY OF KISSIMMEE

ORGANIZATION CHART



* The City Commission is composed of representatives elected by the citizens of the City of Kissimmee.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Kissimmee
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.

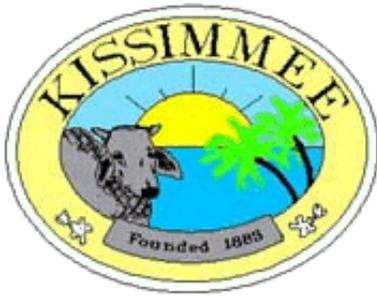


Christopher P. Morrell

President

Jeffrey R. Emer

Executive Director



City of Kissimmee

City Manager

101 N. Church Street, Kissimmee, Florida 34741-5054 • Telephone (407)-518-2210
Fax (407)-518-2208 • Email: aady@kissimmee.org

March 21, 2013

The Honorable Mayor and
Members of the City Commission
City Of Kissimmee, Florida

Florida Statutes require that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby submit the comprehensive annual financial report of the City of Kissimmee, Florida for the fiscal year ended September 30, 2012.

This report consists of management's representations concerning the finances of the City of Kissimmee. 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, the management of the City of Kissimmee has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Kissimmee's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Kissimmee's 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 of Kissimmee's financial statements have been audited by Moore Stephens Lovelace, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Kissimmee 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 amount and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Kissimmee's financial statements for the fiscal year ended September 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's 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 Kissimmee was performed in conjunction with a federally mandated "Single Audit" designed to meet the special needs of federal 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 audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal 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 MD&A and should be read in conjunction with it. The City of Kissimmee's MD&A can be found immediately following the report of the independent auditors.

THE CITY

The City of Kissimmee (the "City"), near the geographic center of Florida, is the County Seat of Osceola County. Of Florida's 67 counties, Osceola is the State's sixth largest in geographical size, with a land area of 1,506 square miles. There are approximately 13,549 acres within the corporate limits of the City. The 2010 U.S. Census reported 59,682 people living within the City. The current population figure is 62,322.

The City has a commission/manager form of government, with a Mayor-Commissioner and four other Commissioners who are elected at large for four-year staggered terms. Elections are held on the Tuesday, nine (9) weeks prior to the State of Florida General Elections. The City employs a full-time manager who is the chief executive and administrative officer of the City.

The City provides a full range of municipal services, including police, fire, public works, social services, public improvements, planning, economic development, zoning, recreational services and general administrative services. The City also provides garbage and trash collection and operates a municipal airport as well as a stormwater utility.

ACCOUNTING SYSTEM, INTERNAL ACCOUNTING CONTROLS, AND BUDGETARY CONTROL

The City's accounting records for General, Special Revenue, Debt Service, and Capital Projects Funds are maintained on a modified accrual basis. Revenues are recognized when they become measurable and available, while expenditures are recorded at the time the related fund liabilities are incurred. Accounting records for Enterprise, Internal Service and Pension Trust Funds are maintained on a full accrual basis.

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

1. The safeguarding of assets against loss from unauthorized use or disposition; and
2. The reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

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

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The Director of Finance maintains budgetary control, in conformance with the City Charter and Florida Statutes, through constant review. Budgetary responsibility for the General, Special Revenue, Debt Service, Capital Projects and Enterprise Funds is established at the sub-object of expenditure level. The City Manager is authorized to approve transfers between non-salary sub-object line items within departments; however, transfers from salary line items, transfers between departments and changes in total budget appropriations for a fund must have prior approval of the City Commission. However, the City Manager can approve transfers of unused amounts in salary account line items to advertising, recruiting and/or professional service account line items. Interim financial reports are provided for internal use.

THE REPORTING ENTITY AND ITS SERVICES

The funds and entities related to the City, included in the Comprehensive Annual Financial Report, are controlled by or dependent on the City. Determination of “controlled by or dependent on” is based on criteria and disclosure requirements of Governmental Accounting Standards Board Statement Number 14 *Defining the Reporting Entity*. The criteria deal with the selection of governing authority, designation of management, and ability to significantly influence operations and accountability for fiscal matters. Based on these criteria, the various funds shown in the Table of Contents are included in this report. This report, together with the accounting and budgeting systems, have been designed to conform to the standards set forth by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. Fund structure has also been designed to comply with the legal requirements of the various revenue bond covenants and resolutions.

ECONOMIC CONDITION AND OUTLOOK

The City is primarily residential in character but also serves as a regional retail and commercial center. It derives a substantial portion of its economic activity from its proximity to Walt Disney World as well as from the surrounding cattle and citrus industries.

The Walt Disney World complex has been largely responsible for growth in the City and its adjacent areas since it opened on October 1, 1971. The complex is the site of the “Magic Kingdom”, an amusement theme park, and a variety of other facilities designed to attract visitors for an extended stay by offering a wide range of recreational activities for the entire family.

Disney initiated a major development in the western part of Osceola County. This project, known as “Celebration”, has hotels and other commercial development, and has over 8,000 residential units. This endeavor has had a favorable impact on the County’s ad valorem and sales tax revenue base.

There are more than 50 attractions easily accessible from the Kissimmee Resort area. In addition to Walt Disney World, located approximately 7 miles west of the City, some of the tourist attractions near the City include Sea World, Gatorland Zoo, Reptile World Serpentarium, Medieval Times, and Kennedy Space Center. Special events that take place in the City each year are the Silver Spurs Rodeo, Sunshine State Regional Chili Cookoff, Osceola County Art Festival and the Kissimmee Bluegrass Festival.

The City’s comprehensive plan, including a five-year capital growth program, has been developed to establish goals, objectives and policies for effective and realistic growth management. This plan is reviewed and will be revised if necessary. Management is committed and prepared to implement proactive alternatives that will insure the City’s economic viability. The City will continue to budget and manage all resources in the most cost-effective manner. The City will maintain strict due-diligence measures and aggressively seek out opportunities to reduce or maintain expenditures on operations to within budgetary limits in order to develop and maintain the community’s infrastructure and to enhance City services.

MAJOR INITIATIVES

In Parks and Recreation, the first phase of the lakefront redevelopment project was opened to the public. In addition, construction on phase two of the lakefront project was completed and phase three was initiated. Public Works continued to make significant progress on its road improvement plan as well as various grant funded drainage projects. In addition, Public Works continued making progress on right-of-way acquisition for a major road widening project. The municipally owned airport continued to embark on several expansion/improvement projects this past year as well. The Development Services Department received additional entitlement monies via the Community Development Block Grant program. The Community Redevelopment Agency finalized phase one of the streetscape project as well as the district's master plan. Finally, the City has continued, on a contractual basis, to provide certain administrative services to Tohopekaliga Water Authority.

FUND BALANCE

The City has established a fund balance policy in accordance with GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The purpose of the fund balance policy is to establish a key element of the financial stability of the City by setting guidelines for fund balance. Unassigned fund balance is an important measure of economic stability. It is essential that the City maintain adequate levels of unassigned fund balance to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and similar circumstances.

FIDUCIARY OPERATIONS

The City has fiduciary responsibility for the self-directed deferred compensation plan that allows employees to defer a portion of salary for future years. The City also has separate Pension Trust Funds for General Employees', Police Officers' and Firefighters'. These Funds were created to account for the accumulation of resources to be used for the retirement annuities of all City employees. The City continues to contribute to these funds in accordance with City Commission established criteria that includes an annual independent actuarial analyses. Effective for fiscal years beginning after June 2014, the City will be required by changes in Governmental Accounting Standards to recognize the unfunded portion of the actuarially determined liability.

STATUTORY REQUIREMENTS – INDEPENDENT AUDIT

Florida Statutes require the City's financial statements to be subjected to an annual examination by an independent Certified Public Accountant. Those provisions have been satisfied and the opinion of the independent accountant is included.

CERTIFICATE OF ACHIEVEMENT PROGRAM

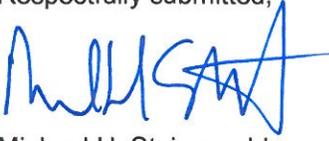
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kissimmee, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 2011. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The 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 the City's current comprehensive annual financial report 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.

ACKNOWLEDGEMENTS

The presentation of this report could not have been accomplished without the efficient and dedicated service of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation. We would also like to thank the Commissioners for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Michael H. Steigerwald".

Michael H. Steigerwald
City Manager

A handwritten signature in blue ink, appearing to read "Amy S. Ady".

Amy S. Ady
Finance Director

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MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Commission
City of Kissimmee, Florida

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Honorable Mayor and
Members of the City Commission
City of Kissimmee, Florida

INDEPENDENT AUDITOR'S REPORT
(Concluded)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate 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 basic financial statements. The introductory section, the other supplemental information section, and the statistical section, listed in the table of contents, are presented for additional analysis and are not a required part of the financial statements. The other supplemental information section 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 other supplemental information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
March 21, 2013

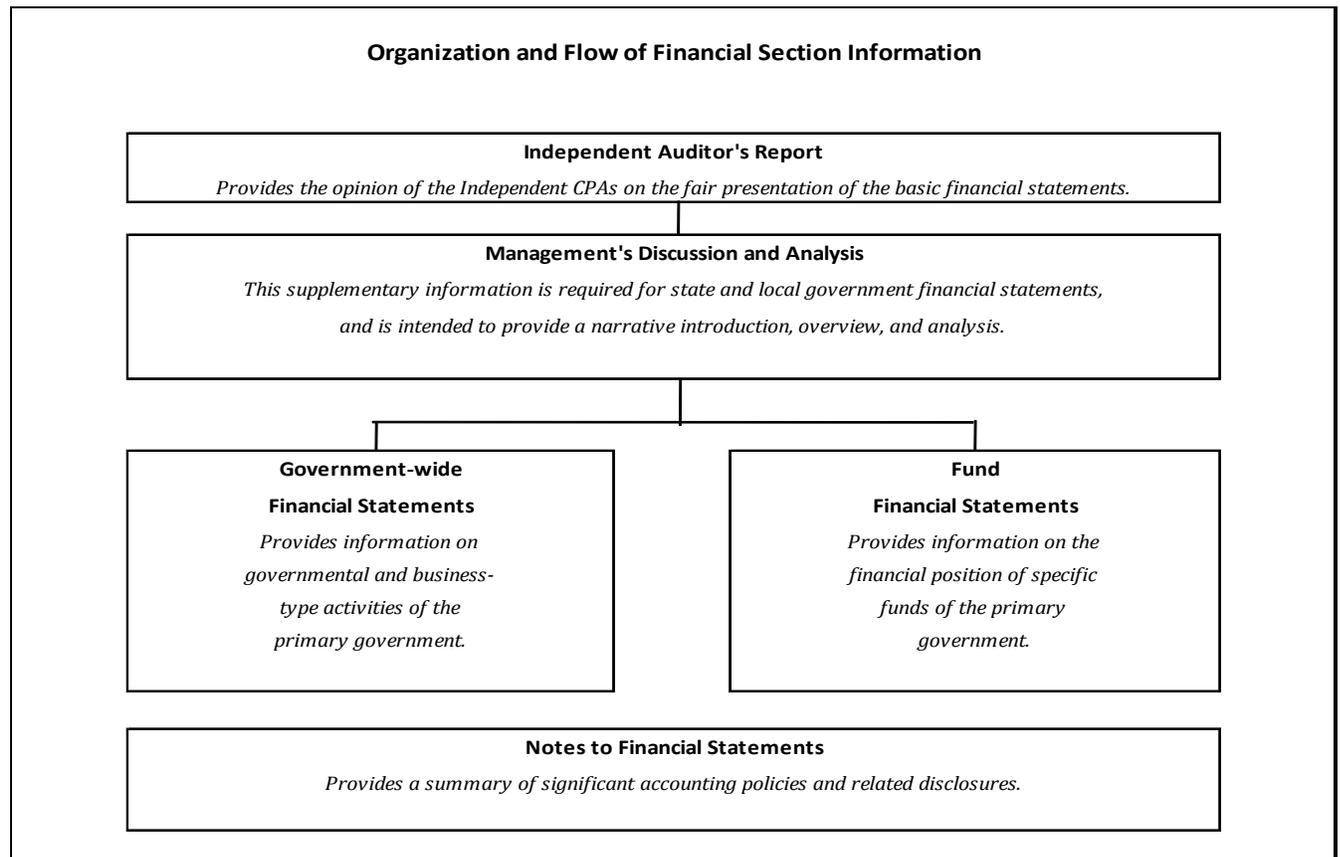
The City of Kissimmee, Florida's (the "City") Management's Discussion and Analysis (the "MD&A") presents an overview of the City's financial activities for the fiscal year ended September 30, 2012. Please read it in conjunction with the letter of transmittal in the introductory section, and the City's financial statements following the MD&A.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of fiscal year 2012 by \$204,085 (net assets). Of this amount, \$19,714 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$11,503, of which governmental activities contributed 77% of the increase.
- The City's net capital assets increased \$10,544 or 5.4% from the prior year.

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 financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.



Government-wide financial statements

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

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Additionally, nonfinancial factors, such as a change in the City's property tax base or the condition of City facilities and infrastructure, should be considered to assess the overall financial health of the City.

The *statement of activities* presents information showing how the government's net assets changed during fiscal year 2012. 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 only result in cash flows in future fiscal periods (e.g., uncollected but earned revenue, and unused vacation leave).

Both of these 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 safety, physical environment, transportation, economic environment, and culture/recreation. The business-type activities of the City include sanitation/solid waste services, storm water services, and the operation of an airport. The government-wide financial statements can be found immediately following the MD&A.

The government-wide financial statements include not only the City itself (known as the primary government) but also legally separate entities known as component units. Component units, which are other governmental units over which the City Commission can exercise influence and/or may be obligated to provide financial subsidy, are presented within governmental activities in the government-wide financial statements, and as an individual special revenue fund in the basic and fund financial statements. The City's component unit (the Community Redevelopment Agency) is a major fund of the City and will be addressed in this MD&A.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

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

The City maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Transportation Impact Fee Fund, Community Redevelopment Agency, and Local Option Sales Tax Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation noted as Nonmajor Governmental Funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* in the other supplemental information section of this report.

The City adopts an annual appropriated budget for its general fund, capital projects funds, most debt service funds, and most special revenue funds. Budgetary comparison schedules have been provided for these funds to demonstrate budgetary compliance.

Proprietary Funds

The City maintains two different types of proprietary funds. The *enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the fiscal activities relating to storm water, sanitation/solid waste, and airport operations. The *internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its risk management programs and to allocate costs from central services (such as information technology, purchasing, and warehouse, garage, building maintenance, and printing). Because these activities predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Stormwater Utility Fund, the Solid Waste Fund and the Airport Fund, which are considered to be major funds of the City, and the aggregate of the internal service funds.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is similar to proprietary funds. The City has three pension trust funds to account for the general employees' pension plan, the police officers' pension plan, and the firefighters' pension plan.

Notes to the 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.

Other information

In addition to the basic financial statements and accompanying notes, *required supplementary information* is included which presents budgetary comparison schedules for the City's General Fund, Transportation Impact Fee Fund, Community Redevelopment Agency, and Local Option Sales Tax Fund; schedules of funding progress and employer contributions for the City's OPEB Plan; and schedules of funding progress and employer contributions for the City's three pension plans. Required supplementary information can be found following the notes to the financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented in the other supplemental information section of this report. Combining and individual fund budgetary comparison schedules for nonmajor funds can be found after the required supplementary information.

CITY OF KISSIMMEE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
 September 30, 2012
 (In Thousands)

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, assets exceeded liabilities by \$204,085 at the close of the fiscal year ended September 30, 2012.

At the end of fiscal year 2012, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The largest portion of the City's net assets (81%) reflects its investment in capital assets (e.g., land, buildings, and equipment); less any related outstanding debt used to acquire those assets. The 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 its 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. The City has *restricted net assets* (\$19,346) for construction projects, public safety programs, supplementary care, and other purposes. The remaining balance of *unrestricted net assets* (\$19,714) may be used to meet the government's ongoing obligations to citizens and creditors.

City of Kissimmee, Florida
Net Assets
(In Thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and Other Assets	\$ 56,122	\$ 56,290	\$ 6,126	\$ 6,885	\$ 62,248	\$ 63,175
Capital Assets (Net)	<u>172,063</u>	<u>165,503</u>	<u>35,075</u>	<u>31,091</u>	<u>207,138</u>	<u>196,594</u>
Total Assets	<u>228,185</u>	<u>221,793</u>	<u>41,201</u>	<u>37,976</u>	<u>269,386</u>	<u>259,769</u>
Current and Other Liabilities	7,254	7,301	1,447	777	8,701	8,078
Long-term Liabilities	<u>55,559</u>	<u>57,998</u>	<u>1,041</u>	<u>1,111</u>	<u>56,600</u>	<u>59,109</u>
Total Liabilities	<u>62,813</u>	<u>65,299</u>	<u>2,488</u>	<u>1,888</u>	<u>65,301</u>	<u>67,187</u>
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	130,537	127,332	34,488	31,091	165,025	158,423
Restricted	17,963	16,573	1,383	101	19,346	16,674
Unrestricted	<u>16,872</u>	<u>12,589</u>	<u>2,842</u>	<u>4,896</u>	<u>19,714</u>	<u>17,485</u>
Total Net Assets	<u>\$ 165,372</u>	<u>\$ 156,494</u>	<u>\$ 38,713</u>	<u>\$ 36,088</u>	<u>\$ 204,085</u>	<u>\$ 192,582</u>

There was a net increase of \$11,503 in the City's net assets over fiscal year 2011. There was a net increase of \$8,878 in net assets reported in connection with the City's governmental activities and \$2,625 in business-type activities. The governmental activities increase represents 77% of the total increase, and business-type activities contributed 23% of the increase at year end. Key reasons for these changes are presented in the following pages for governmental and business-type activities.

CITY OF KISSIMMEE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2012
(In Thousands)

City of Kissimmee, Florida
Changes in Net Assets
(In Thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>REVENUES</u>						
Program Revenues:						
Charges for Services	\$ 29,675	\$ 26,211	\$ 9,088	\$ 8,485	\$ 38,763	\$ 34,696
Operating Grants and Contributions	445	1,016	-	-	445	1,016
Capital Grants and Contributions	2,210	4,790	3,152	289	5,362	5,079
General Revenues:						
Property Taxes	11,146	12,175	-	-	11,146	12,175
Other Taxes	20,274	18,940	-	-	20,274	18,940
Other	<u>18,203</u>	<u>16,513</u>	<u>9</u>	<u>8</u>	<u>18,212</u>	<u>16,521</u>
Total Revenues	<u>81,953</u>	<u>79,645</u>	<u>12,249</u>	<u>8,782</u>	<u>94,202</u>	<u>88,427</u>
<u>EXPENSES</u>						
General Government	29,314	29,095	-	-	29,314	29,095
Public Safety	30,865	30,980	-	-	30,865	30,980
Physical Environment	-	-	-	-	-	-
Transportation	5,883	6,966	-	-	5,883	6,966
Economic Environment	845	1,939	-	-	845	1,939
Culture/Recreation	5,924	4,778	-	-	5,924	4,778
Interest on Long-term Debt	1,520	1,307	-	-	1,520	1,307
Stormwater	-	-	3,312	3,085	3,312	3,085
Airport	-	-	1,181	1,060	1,181	1,060
Solid Waste	<u>-</u>	<u>-</u>	<u>3,855</u>	<u>3,856</u>	<u>3,855</u>	<u>3,856</u>
Total Expenses	<u>74,351</u>	<u>75,065</u>	<u>8,348</u>	<u>8,001</u>	<u>82,699</u>	<u>83,066</u>
Excess Before Transfers	7,602	4,580	3,901	781	11,503	5,361
Transfers	<u>1,276</u>	<u>340</u>	<u>(1,276)</u>	<u>(340)</u>	<u>-</u>	<u>-</u>
Change in Net Assets	8,878	4,920	2,625	441	11,503	5,361
Net Assets - Beginning	<u>156,494</u>	<u>151,574</u>	<u>36,088</u>	<u>35,647</u>	<u>192,582</u>	<u>187,221</u>
Net Assets - Ending	<u>\$ 165,372</u>	<u>\$ 156,494</u>	<u>\$ 38,713</u>	<u>\$ 36,088</u>	<u>\$ 204,085</u>	<u>\$ 192,582</u>

Governmental activities

Governmental activities accounted for an increase of \$8,878 from the prior year net assets. Charges for services increased \$3,464 or 13% and total expenses decreased \$712. The increased charges for services resulted from increased public safety and recreation programs offered to citizens.

CITY OF KISSIMMEE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2012
(In Thousands)

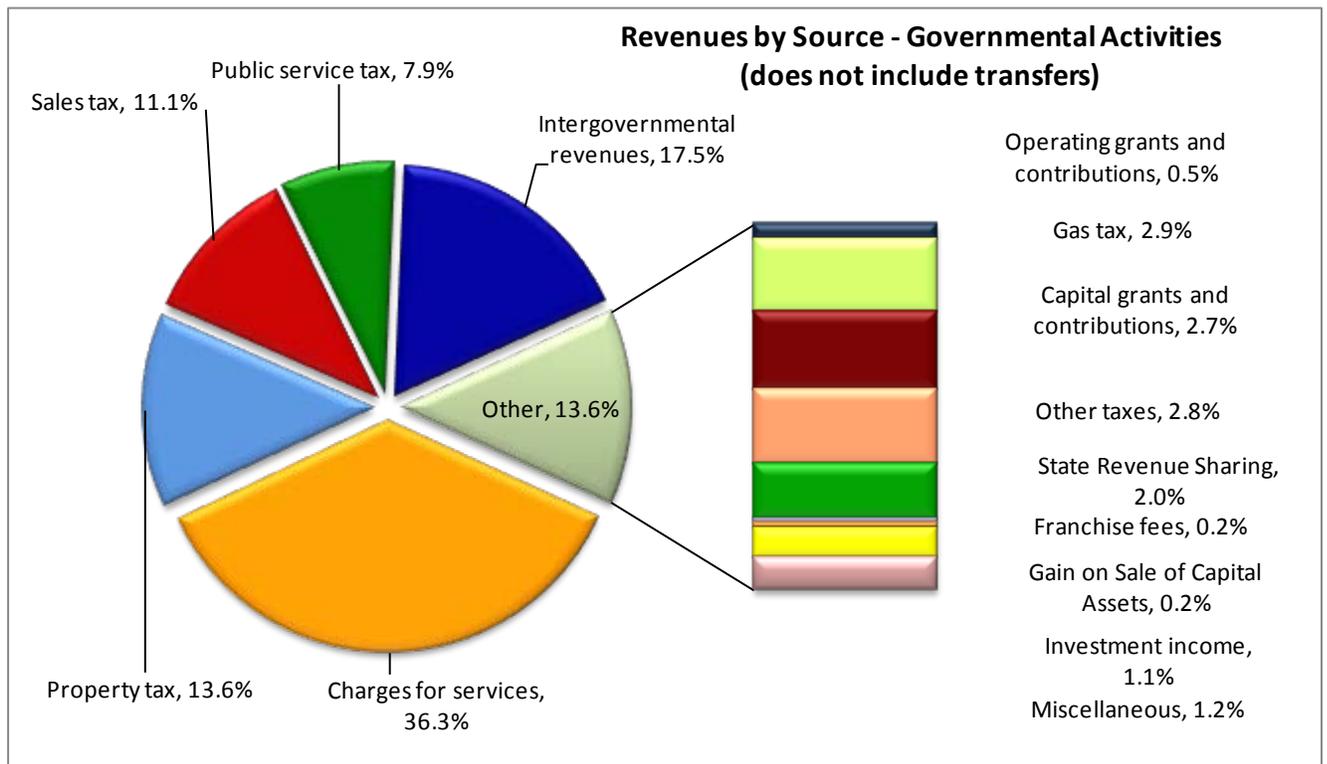
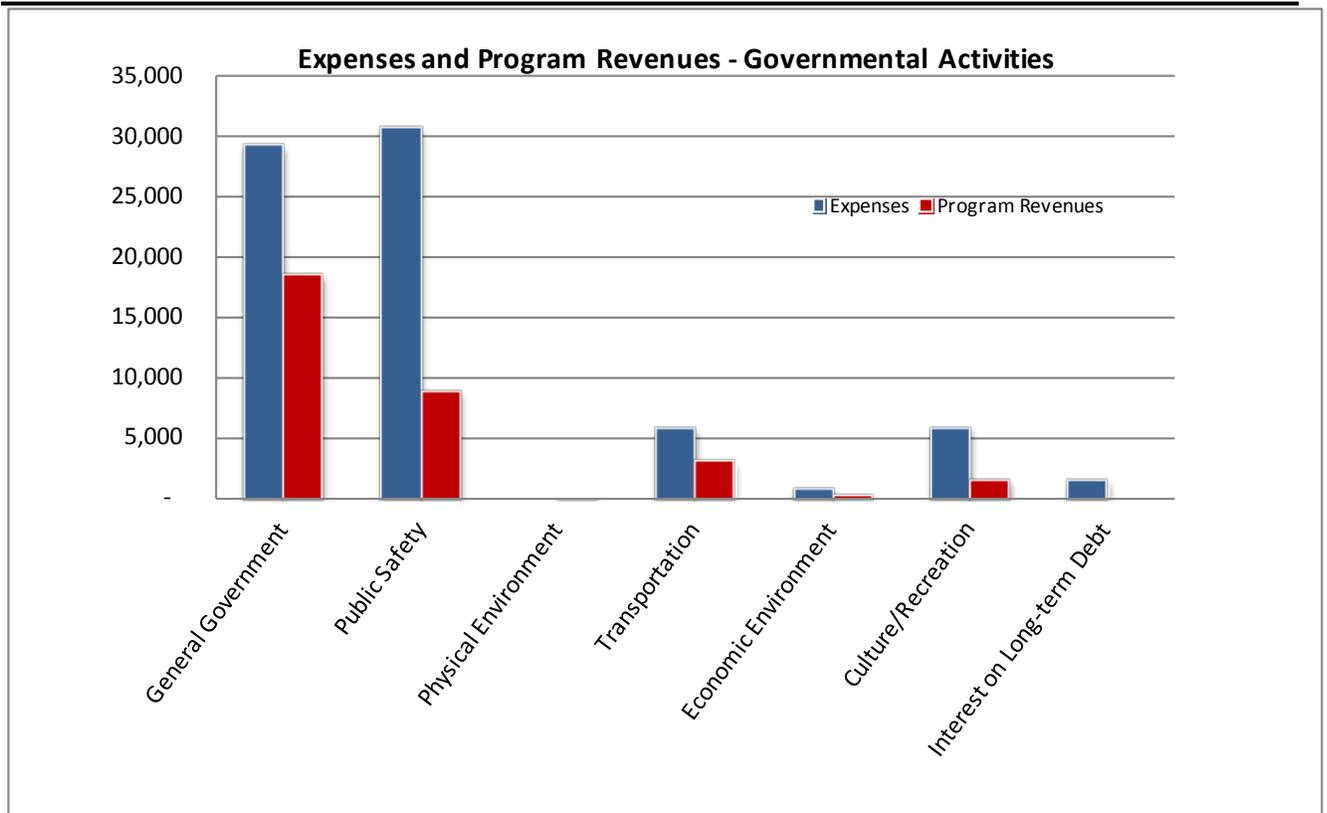
The following tables and graphs show the results of governmental activities for fiscal year ended 2012.

Expenses and Program Revenues – Governmental Activities
(In Thousands)

Functions/Programs	Expenses				Net Cost of Services		
			% of				
	2012	Total	2011	% Change	2012	2011	% Change
General Government	\$ 29,314	39%	\$ 29,095	1%	\$ (10,811)	\$ (12,753)	-15%
Public Safety	30,865	42%	30,980	0%	(22,042)	(23,228)	-5%
Physical Environment	-	0%	-	0%	108	359	-70%
Transportation	5,883	8%	6,966	-16%	(2,800)	(2,210)	27%
Economic Environment	845	1%	1,939	-56%	(607)	(669)	-9%
Culture/Recreation	5,924	8%	4,778	24%	(4,349)	(3,240)	34%
Interest on Long-term Debt	<u>1,520</u>	<u>2%</u>	<u>1,307</u>	<u>16%</u>	<u>(1,520)</u>	<u>(1,307)</u>	<u>16%</u>
	<u>\$ 74,351</u>	<u>100%</u>	<u>\$ 75,065</u>		<u>\$ (42,021)</u>	<u>\$ (43,048)</u>	

Revenue by Source – Governmental Activities
(In Thousands)

Description	% of			
	2012	Total	2011	% Change
Program Revenues				
Charges for services	\$ 29,675	36%	\$ 26,211	13%
Operating grants and contributions	445	1%	1,016	-56%
Capital grants and contributions	2,210	3%	4,790	-54%
General Revenues				
Property tax	11,146	13%	12,175	-8%
Sales tax	9,135	11%	8,832	3%
Public service tax	6,480	8%	5,755	13%
Gas tax	2,397	3%	2,284	5%
Other taxes	2,262	3%	2,069	9%
State revenue sharing	1,672	2%	1,597	5%
Unrestricted intergovernmental revenues	14,370	16%	13,264	8%
Franchise fees	133	0%	142	-6%
Investment income	920	1%	90	922%
Gain on sale of capital assets	157	0%	-	0%
Miscellaneous	951	1%	1,420	-33%
Transfers	<u>1,276</u>	<u>2%</u>	<u>340</u>	<u>275%</u>
	<u>\$ 83,229</u>	<u>100%</u>	<u>\$ 79,985</u>	



CITY OF KISSIMMEE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
 September 30, 2012
 (In Thousands)

Business-type activities

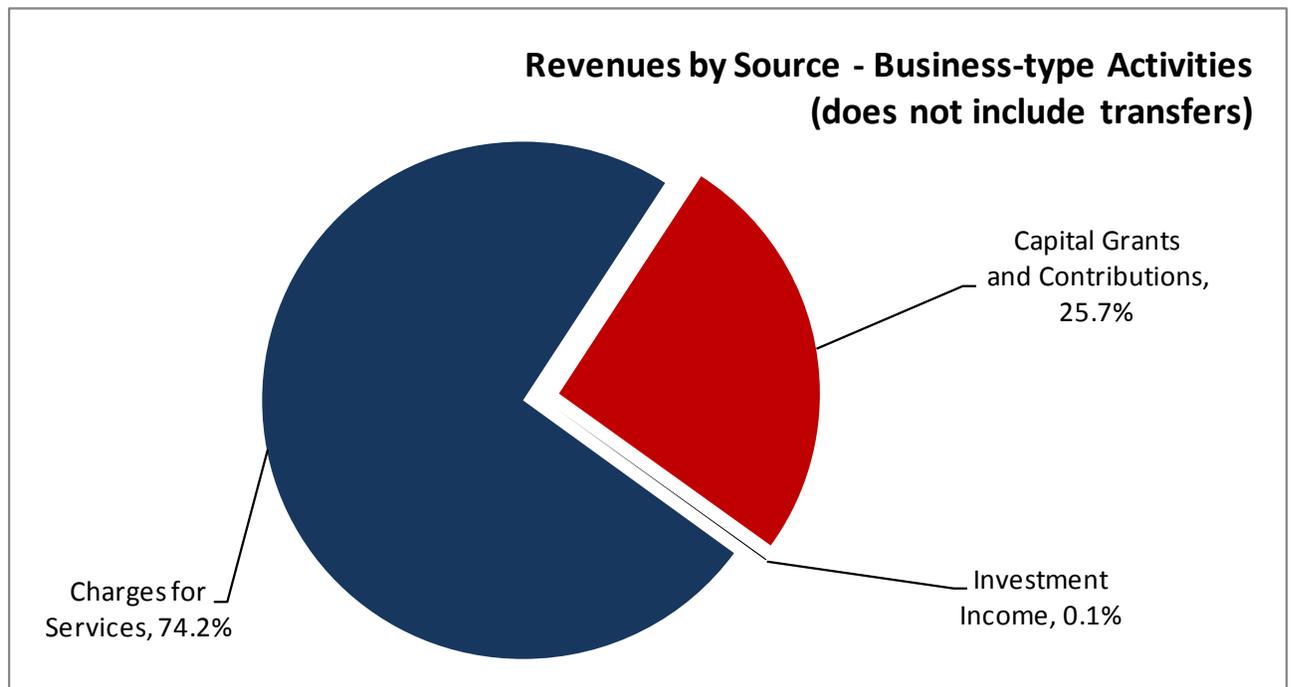
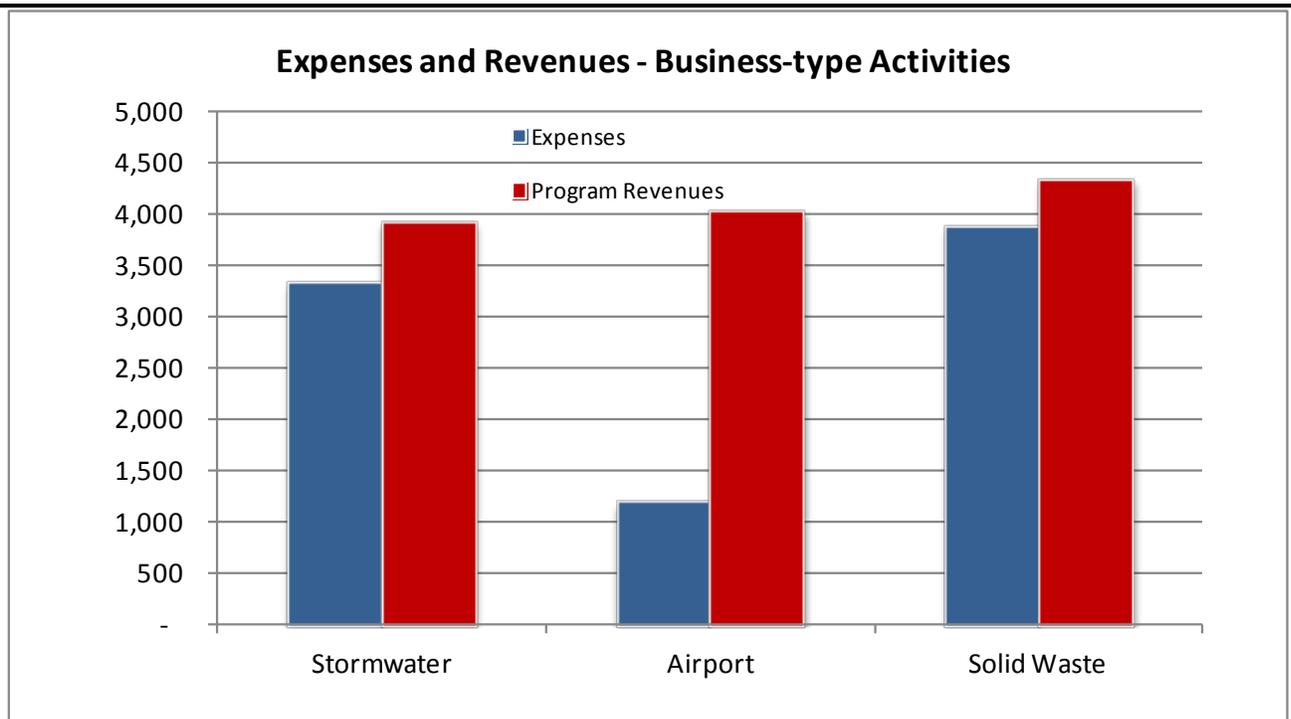
Business-type activities increased the City's net assets by \$2,625 accounting for 23% of the total growth in the City's net assets. The majority of this increase resulted from capital contributions received for future improvements at the City Airport.

Expenses and Program Revenues – Business-type Activities
(In Thousands)

Functions/Programs	Expenses			Net Increase (Decrease) In Net Assets		
	2012	2011	% Change	2012	2011	% Change
Stormwater	\$ 3,312	\$ 3,085	7%	\$ 588	\$ 643	-9%
Airport	1,181	1,060	11%	2,835	58	4788%
Solid Waste	3,855	3,856	0%	469	72	551%
	<u>\$ 8,348</u>	<u>\$ 8,001</u>		<u>\$ 3,892</u>	<u>\$ 773</u>	

Revenues by Source – Business-type Activities
(In Thousands)

	2012	% of Total	2011	% Change
Charges for services	\$ 9,088	74%	\$ 8,485	7%
Operating grants and contributions	-	0%	-	0%
Capital grants and contributions	3,152	26%	289	991%
Investment income	9	0%	8	13%
Transfers in	-	0%	-	0%
	<u>\$ 12,249</u>	<u>100%</u>	<u>\$ 8,782</u>	



Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the 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. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2012, the City's governmental funds reported combined ending fund balances of \$41,746, a decrease of \$324 in comparison with the prior year. In the prior year, the Governmental Accounting Standards Board (GASB) issued Statement No. 54 with the objective to enhance the usefulness of fund balance information by providing classifications that would be consistently applied. Components of fund balance are now comprised of nonspendable, restricted, committed, assigned, and unassigned. The components of committed, assigned and unassigned are considered spendable unrestricted fund balance. The total spendable unrestricted fund balance of governmental funds in fiscal year 2012 was \$18,289 compared to \$14,910 for fiscal year 2011, an increase of \$3,379 for all governmental funds. The main cause of this was receipt of grant funds in the current year for prior year expenditures.

The City has four major governmental funds - the General Fund, Transportation Impact Fee Fund, Community Redevelopment Agency, and Local Option Sales Tax Fund. More detailed information regarding these major funds is provided in the following section.

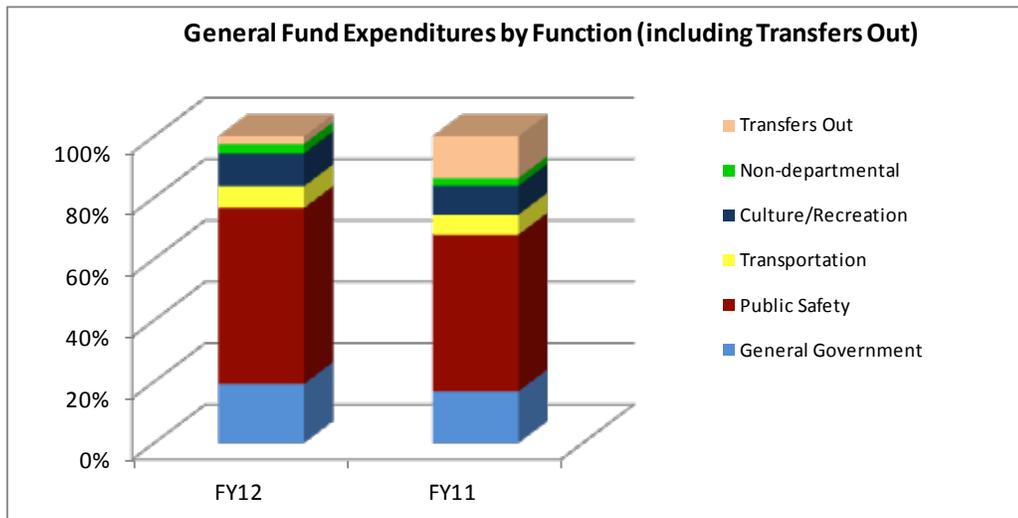
Major Funds

General Fund

The General Fund is the chief operating fund of the City. At the end of fiscal year 2012, the spendable unrestricted fund balance (assigned for budgetary carryforward \$927 and unassigned fund balance \$18,755) of the General Fund totaled \$19,682 compared to \$17,268 in fiscal year 2011, an increase of \$2,414. As a measure of the General Fund's liquidity, it may be useful to compare the spendable unrestricted fund balance of \$19,682 to the total fund's expenditures of \$46,927. This represents 41.9% of total expenditures compared to 36.8% in the prior fiscal year. Thus, the City was able to improve liquidity available to meet upcoming expenditures in its chief operating fund.

The fund balance in the General Fund increased by \$2,411 during the current fiscal year. The General Fund maintained the same level of spending as the prior year while increasing its revenues from services provided to citizens for public safety and recreation. Some of the increased revenue was from implementation of a red light camera program in the City's traffic corridor used to mitigate problems within areas with the highest incidence of red light running. The General Fund intergovernmental revenue increased from its share of fees from local electric and water utilities.

The following graph displays the General Fund current expenditures (not including debt service) by function for fiscal years 2012 and 2011. As the graph displays, there were no major fluctuations in expenditures by function from the prior year; however, there was a significant decrease in transfers out that was offset by significantly larger transfers in during the prior year.



Transportation Impact Fee Fund

The Transportation Impact Fee Fund increased its restricted fund balance by \$1,077 from the prior year from impact fee revenues. These revenues are collected to offset future costs of transportation improvements and expansion due to increased population growth. There were no large construction projects in the current year or prior year.

The Community Redevelopment Agency

The Community Redevelopment Agency (CRA) fund balance increased by \$1,233 from the prior year. The largest contributor of this increase was from reclassification of an advance being paid back to another fund. Incremental tax revenues and current year expenditures were consistent with the prior year so that the fund balance deficit improved to \$(982), which will be adjusted by future revenues and continued budgeting efforts.

The Local Option Sales Tax Fund

The Local Option Sales Tax Fund fund balance decreased by \$(263) from the prior year. Current year expenditures for transportation and recreation capital improvements were almost 100% greater in 2012 compared to 2011. The remaining fund balance of \$8,795 is restricted for future construction projects.

Enterprise funds

The City's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail. The City has three major enterprise funds – the Stormwater Fund, the Airport Fund, and the Solid Waste Fund. Unrestricted net assets in the Stormwater Fund decreased by \$883, in the Airport Fund decreased by \$836, and in the Solid Waste Fund decreased by \$335 over the prior year. These mainly resulted from increased operating expenses in all three funds in the current year.

CITY OF KISSIMMEE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
 September 30, 2012
 (In Thousands)

Stormwater Fund

The Stormwater Fund had a decrease in net assets of \$472. Operating expenses were \$227 greater than the prior year without a corresponding increase in revenues. The investment in capital assets increased by \$411 for improvements to the system, which decreased the available unrestricted net assets.

Airport Fund

The Airport Fund had an increase in net assets of \$2,837. The largest component of this increase was from capital contributions for current and future improvements. The investment in capital assets increased by \$2,391 from the prior year and restricted net assets increased by \$1,282 for future expansion and improvements.

Solid Waste Fund

The Solid Waste Fund had an increase in net assets of \$260 from the prior year. Operating revenues were greater than operating expenses by \$391 in the current year, confirming that the City's rates are sufficient to cover operational costs of the solid waste system. The current year's expenses were consistent with the prior year.

General Fund Budgetary Highlights

The General Fund's original budget was amended to increase expenditures and transfers out by \$1,786. The changes for expenditures and transfers out within functions are summarized in the table below. Adjustments were made for additional grant-funded expenditures during the course of the year, primarily in the general government function by \$1,042.

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>
General Government	\$ 9,223	\$ 10,265	\$ 1,042
Public Safety	28,366	28,897	531
Transportation	3,788	3,852	64
Culture/Recreation	5,541	5,633	92
Non-departmental	1,262	1,262	-
Transfers Out	923	980	57
	<u>\$ 49,103</u>	<u>\$ 50,889</u>	<u>\$ 1,786</u>

The General Fund under-spent the final budget by \$2,766 during fiscal year 2012. All departments spent less than their final budget (from reduced personnel costs) during the year while trying to provide the same levels of service to the City's citizens. Public Safety reduced their personnel costs by \$743. The changes within functions are summarized in the table presented here.

	Actual		
	<u>Expenditures</u>	<u>Final Budget</u>	<u>Difference</u>
General Government	\$ 9,274	\$ 10,265	\$ 991
Public Safety	27,610	28,897	1,287
Transportation	3,389	3,852	463
Culture/Recreation	5,199	5,633	434
Non-departmental	1,455	1,262	(193)
Transfers Out	1,196	980	(216)
	<u>\$ 48,123</u>	<u>\$ 50,889</u>	<u>\$ 2,766</u>

CITY OF KISSIMMEE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2012
(In Thousands)

Capital Assets and Long-term Debt

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2012 amounts to \$207,138 (net of accumulated depreciation). This investment in capital assets includes land, parking capacity, buildings, improvements other than buildings (including leasehold improvements), equipment, vehicles, infrastructure, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was \$10,544. Governmental activities increased capital assets by \$6,560 and business-type activities increased by \$3,984.

The largest increase was in construction in progress of \$10,604, primarily attributed to the Lakefront improvement project, Oak Street improvements, and other major transportation projects.

City of Kissimmee, Florida
Capital Assets (Net)
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 17,455	\$ 17,211	\$ 401	\$ 401	\$ 17,856	\$ 17,612
Intangibles, net	2,994	3,069	1	1	2,995	3,070
Buildings	54,215	54,080	3,978	3,645	58,193	57,725
Improvements Other than Buildings	107,777	101,433	31,704	30,950	139,481	132,383
Equipment	27,954	34,297	6,970	5,357	34,924	39,654
Construction in Progress	42,462	33,747	2,121	232	44,583	33,979
	252,857	243,837	45,175	40,586	298,032	284,423
Less: Accumulated Depreciation	(80,794)	(78,334)	(10,100)	(9,495)	(90,894)	(87,829)
Capital Assets, net	<u>\$ 172,063</u>	<u>\$ 165,503</u>	<u>\$ 35,075</u>	<u>\$ 31,091</u>	<u>\$ 207,138</u>	<u>\$ 196,594</u>

Additional information on the City's capital assets, including major construction commitments, can be found in Note 5 of this report.

Long-term Debt

At the end of fiscal year 2012, the City had total debt outstanding of \$48,257. This is a decrease of \$2,865 or 5.6% from the prior year, primarily due to principal payments. Of the total outstanding, \$46,659 is notes and bonds payable at year-end. Notes and bonds payable are the largest percentage (96.7%) of the City's overall outstanding debt.

CITY OF KISSIMMEE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
 September 30, 2012
 (In Thousands)

City of Kissimmee, Florida
Outstanding Long-term Debt
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenue Notes	\$ 46,343	\$ 48,609	\$ -	\$ -	\$ 46,343	\$ 48,609
Revenue Bonds	316	343	-	-	316	343
Capital Lease Payable	62	135	587	730	649	865
Other	949	1,305	-	-	949	1,305
	<u>\$ 47,670</u>	<u>\$ 50,392</u>	<u>\$ 587</u>	<u>\$ 730</u>	<u>\$ 48,257</u>	<u>\$ 51,122</u>

Additional information on the City's debt, including any major changes to the City's credit ratings, can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City at September 30, 2012 was 8.4%, which represents an improvement of 1.9% from the 10.3% unemployment rate from the prior year and 3.5% improvement from 2010.
- The taxable assessed values decreased another 1.8% in the 2012 fiscal year. Since the 2008 highpoint, assessed value has dropped 42.7% in this 4-year period. Tax collections were down \$1.1 million or 7.7% from the prior year.
- Population increased slightly to 62,322 compared to 60,375 in the prior fiscal year.
- The ad valorem tax rate for the General Fund stayed constant at 4.6253 for the 2012 fiscal year budget.
- Rates for the City's solid waste and stormwater services increased in 2012 for the annual CPI (consumer price index) adjustment.

Requests for Information

This financial report is designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the City's Finance Department, 101 North Church Street, Kissimmee, Florida 34741.

CITY OF KISSIMMEE, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2012
(In Thousands)

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 27,024	\$ 3,541	\$ 30,565
Investments	96	-	96
Restricted Cash and Investments	17,963	1,383	19,346
Receivables (net)	5,145	767	5,912
Due from Other Governments	2,457	427	2,884
Due from KUA	1,702	-	1,702
Due from TWA	1,063	8	1,071
Inventories	505	-	505
Pension Asset	102	-	102
Prepaid Items	65	-	65
Capital Assets:			
Capital Assets not Being Depreciated	59,917	2,522	62,439
Capital Assets Being Amortized (Net)	2,994	1	2,995
Capital Assets Being Depreciated (Net)	<u>109,152</u>	<u>32,552</u>	<u>141,704</u>
Total Capital Assets	<u>172,063</u>	<u>35,075</u>	<u>207,138</u>
Total Assets	<u>228,185</u>	<u>41,201</u>	<u>269,386</u>
LIABILITIES			
Accounts Payable	1,552	1,180	2,732
Contracts Payable	481	135	616
Accrued Liabilities	3,637	112	3,749
Due to Other Governments	1,231	-	1,231
Due to KUA	-	20	20
Unearned Revenue	299	-	299
Deposits	54	-	54
Long-term Liabilities:			
Due Within One Year	5,746	192	5,938
Due in More Than One Year	<u>49,813</u>	<u>849</u>	<u>50,662</u>
Total Liabilities	<u>62,813</u>	<u>2,488</u>	<u>65,301</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	130,537	34,488	165,025
Restricted:			
Supplementary Care - Nonexpendable	703	-	703
Construction Projects	14,840	-	14,840
Public Safety	517	-	517
Charter School	1,303	-	1,303
Airport Projects	-	1,383	1,383
Other Purposes	600	-	600
Unrestricted	<u>16,872</u>	<u>2,842</u>	<u>19,714</u>
Total Net Assets	<u>\$ 165,372</u>	<u>\$ 38,713</u>	<u>\$ 204,085</u>

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

CITY OF KISSIMMEE, FLORIDA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2012
(In Thousands)

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 29,314	\$ 18,328	\$ 150	\$ 25
Public Safety	30,865	8,349	177	297
Physical Environment	-	69	-	39
Transportation	5,883	1,796	-	1,287
Economic Environment	845	-	91	147
Culture/Recreation	5,924	1,133	27	415
Interest on Long-term Debt	1,520	-	-	-
Total Governmental Activities	74,351	29,675	445	2,210
Business-type Activities:				
Stormwater	3,312	3,886	-	14
Airport	1,181	878	-	3,138
Solid Waste	3,855	4,324	-	-
Total Business-type Activities	8,348	9,088	-	3,152
Total	\$ 82,699	\$ 38,763	\$ 445	\$ 5,362

General Revenues:
Property Tax
Sales Tax
Public Service Tax
Gas Tax
Other Taxes
State Revenue Sharing
Unrestricted Intergovernmental Revenues
Franchise Fees
Investment Income
Gain on Sale of Capital Assets
Miscellaneous
Transfers
Total General Revenues and Transfers
Change in Net Assets
Net Assets - Beginning
Net Assets - Ending

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

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (10,811)	\$ -	\$ (10,811)
(22,042)	-	(22,042)
108	-	108
(2,800)	-	(2,800)
(607)	-	(607)
(4,349)	-	(4,349)
(1,520)	-	(1,520)
<u>(42,021)</u>	<u>-</u>	<u>(42,021)</u>
-	588	588
-	2,835	2,835
-	469	469
-	<u>3,892</u>	<u>3,892</u>
<u>(42,021)</u>	<u>3,892</u>	<u>(38,129)</u>
11,146	-	11,146
9,135	-	9,135
6,480	-	6,480
2,397	-	2,397
2,262	-	2,262
1,672	-	1,672
14,370	-	14,370
133	-	133
920	9	929
157	-	157
951	-	951
<u>1,276</u>	<u>(1,276)</u>	<u>-</u>
<u>50,899</u>	<u>(1,267)</u>	<u>49,632</u>
8,878	2,625	11,503
<u>156,494</u>	<u>36,088</u>	<u>192,582</u>
<u>\$ 165,372</u>	<u>\$ 38,713</u>	<u>\$ 204,085</u>

CITY OF KISSIMMEE, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2012
(In Thousands)

	General	Transportation Impact Fee	Community Redevelopment Agency
ASSETS			
Cash and Cash Equivalents	\$ 14,382	\$ 3,753	\$ 973
Investments	96	-	-
Restricted Cash and Investments	-	-	-
Accounts Receivable (net)	4,431	315	-
Special Assessments Receivable (net)	36	-	-
Due from KUA	1,701	-	-
Due from TWA	441	-	-
Due from Other Funds	814	-	-
Due from Other Governments	1,003	-	-
Prepaid Items	65	-	-
Inventories	308	-	-
Advance to Other Funds	-	-	-
Total Assets	\$ 23,277	\$ 4,068	\$ 973
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities:			
Accounts Payable	\$ 984	\$ 2	\$ 14
Contracts Payable	-	-	-
Accrued Liabilities	961	-	-
Due to Other Funds	-	-	-
Due to Other Governments	467	764	-
Advance from Other Funds	-	-	1,941
Deposits Payable	54	-	-
Deferred Revenue	71	294	-
Total Liabilities	2,537	1,060	1,955
Fund Balances (Deficits):			
Nonspendable Prepaids and Inventories	373	-	-
Nonspendable Supplementary Care	-	-	-
Restricted for Transportation Projects	-	3,008	-
Restricted for Public Safety Projects	502	-	-
Restricted for Development Services	-	-	-
Restricted for Economic Development	180	-	-
Restricted for Recreation Projects	-	-	-
Restricted for Charter School	-	-	-
Restricted for Construction Projects	-	-	-
Restricted for Other Capital Improvements	3	-	-
Assigned for Budgetary Carryforward	927	-	-
Assigned for Debt Service	-	-	-
Unassigned (Deficits)			
General Fund	18,755	-	-
Special Revenue Funds	-	-	(982)
Total Fund Balances (Deficits)	20,740	3,008	(982)
Total Liabilities and Fund Balances (Deficits)	\$ 23,277	\$ 4,068	\$ 973

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

<u>Local Option Sales Tax</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 6,152	\$ 8,273	\$ 33,533
-	-	96
-	5,374	5,374
-	-	4,746
-	-	36
-	-	1,701
-	1	442
-	-	814
871	583	2,457
-	-	65
-	-	308
<u>1,941</u>	<u>-</u>	<u>1,941</u>
<u>\$ 8,964</u>	<u>\$ 14,231</u>	<u>\$ 51,513</u>
\$ 160	\$ 145	\$ 1,305
9	472	481
-	2,607	3,568
-	814	814
-	-	1,231
-	-	1,941
-	-	54
-	8	373
<u>169</u>	<u>4,046</u>	<u>9,767</u>
-	-	373
-	703	703
-	3,158	6,166
-	15	517
-	350	350
-	128	308
-	39	39
-	1,303	1,303
-	4,900	4,900
8,795	-	8,798
-	-	927
-	42	42
-	-	18,755
<u>-</u>	<u>(453)</u>	<u>(1,435)</u>
<u>8,795</u>	<u>10,185</u>	<u>41,746</u>
<u>\$ 8,964</u>	<u>\$ 14,231</u>	<u>\$ 51,513</u>

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CITY OF KISSIMMEE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
as of September 30, 2012
(In Thousands)

Total fund balances of governmental funds \$ 41,746

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$250,109, the accumulated depreciation is \$77,241, and the accumulated amortization is \$1,087. The difference does not include the net capital assets of the internal service funds which are included below. 171,781

The internal service fund is used by management to charge the costs of risk management services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 3,553

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities--both current and long-term--are reported in the Statement of Net Assets. The amount does not include the net long-term liabilities of the internal service funds which are included below. Long-term liabilities at year-end consist of:

Bonds payable	\$	316	
Capital leases		62	
Notes payable		46,343	
KUA-County liability		949	
Other postemployment benefits		2,424	
Compensated absences		1,790	(51,884)

The pension asset on the government-wide statement of net assets resulted from contributions in excess of the required annual contribution. This is not considered to represent a current financial asset and, therefore, is not reported in the governmental funds. 102

Deferred revenue from federal and state grants recognized as revenue of the current period 74

Total net assets of governmental activities \$ 165,372

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

CITY OF KISSIMMEE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2012
(In Thousands)

	<u>General</u>	<u>Transportation Impact Fee</u>	<u>Community Redevelopment Agency</u>
REVENUES			
Taxes	\$ 16,388	\$ -	\$ 1,432
Permits, Fees and Special Assessments	136	1,094	-
Intergovernmental Revenues	21,198	-	-
Charges for Services	6,266	-	-
Fines and Forfeitures	865	-	-
Investment Income	845	18	3
Miscellaneous Revenues	520	-	1
Total Revenues	<u>46,218</u>	<u>1,112</u>	<u>1,436</u>
EXPENDITURES			
Current:			
General Government	10,213	-	504
Public Safety	27,610	-	-
Transportation	3,389	2	-
Economic Environment	-	-	-
Culture/Recreation	5,199	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal Retirement	356	-	-
Interest and Fiscal Charges	160	-	-
Total Expenditures	<u>46,927</u>	<u>2</u>	<u>504</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(709)</u>	<u>1,110</u>	<u>932</u>
OTHER FINANCING SOURCES and (USES)			
Transfers In	4,217	-	700
Transfers (Out)	(1,196)	(33)	(399)
Proceeds from Sale of Capital Assets	99	-	-
Total Other Financing Sources and (Uses)	<u>3,120</u>	<u>(33)</u>	<u>301</u>
Net Change in Fund Balances	2,411	1,077	1,233
Fund Balances (Deficits) - Beginning	<u>18,329</u>	<u>1,931</u>	<u>(2,215)</u>
Fund Balances (Deficits) - Ending	<u>\$ 20,740</u>	<u>\$ 3,008</u>	<u>\$ (982)</u>

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

Local Option Sales Tax	Nonmajor Governmental Funds	Total Governmental Funds
\$ 5,408	\$ 2,358	\$ 25,586
-	3,817	5,047
-	7,016	28,214
-	216	6,482
-	-	865
13	30	909
303	343	1,167
<u>5,724</u>	<u>13,780</u>	<u>68,270</u>
805	3,824	15,346
141	1,801	29,552
1,325	2,340	7,056
-	641	641
1,530	-	6,729
-	6,461	6,461
-	2,366	2,722
-	1,360	1,520
<u>3,801</u>	<u>18,793</u>	<u>70,027</u>
<u>1,923</u>	<u>(5,013)</u>	<u>(1,757)</u>
231	4,714	9,862
(2,475)	(4,483)	(8,586)
<u>58</u>	<u>-</u>	<u>157</u>
<u>(2,186)</u>	<u>231</u>	<u>1,433</u>
(263)	(4,782)	(324)
<u>9,058</u>	<u>14,967</u>	<u>42,070</u>
<u>\$ 8,795</u>	<u>\$ 10,185</u>	<u>\$ 41,746</u>

CITY OF KISSIMMEE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended September 30, 2012
(In Thousands)

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	(324)
--	----	-------

Governmental funds report capital purchases as expenditures. However, in the statement of activities, the cost of those assets is depreciated and amortized over their estimated useful lives and reported as depreciation expense. This is the amount by which capital purchases (\$13,279) exceeds depreciation (\$6,558, which excludes the amount related to internal service funds accounted for below) and amortization (\$235). 6,486

The issuance of bonds and similar long-term debt provides current financial resources to governmental funds and thus contributes to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amounts of the items that make up these differences in the treatment of long-term debt and related items are:

Principal repayments:		
Bonds	\$	27
Leases		73
Notes		<u>2,266</u>
		2,366

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. These adjustments are as follows:

Compensated absences		(43)	
KUA-County liability		356	
Other postemployment benefits		<u>(495)</u>	(182)

Continued

CITY OF KISSIMMEE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES - Continued
For The Year Ended September 30, 2012
(In Thousands)

Payments made contributing to a pension asset do not require the use of current financial resources; therefore, are not an expenditure in the governmental fund statements. On the statement of activities, these payments decrease the pension obligation for public safety.	\$	2
Under the modified accrual basis of accounting, grant revenues are recognized when both the measurable and available criteria have been met. Grant revenues earned in the current year were not recognized since availability criteria was not met. Under full accrual accounting, all revenues would be recognized.		(4)
In the statement of activities, only the loss on the sale/disposal of capital assets is reported. The change in net assets differs from the change in fund balance by the cost of the capital assets sold/disposed or adjusted in value.		87
The internal service fund is used by management to charge the costs of risk management services to other funds. The net revenue of the internal service fund is reported with governmental activities.		<u>447</u>
Change in net assets of governmental activities	\$	<u>8,878</u>

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

CITY OF KISSIMMEE, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2012
(In Thousands)

	<u>Business-type Activities - Enterprise Funds</u>				Governmental
	<u>Stormwater</u>	<u>Airport</u>	<u>Solid Waste</u>	<u>Total</u>	Activities - Internal Service Funds
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 1,179	\$ 1,714	\$ 648	\$ 3,541	\$ 6,080
Restricted Cash and Cash Equivalents	-	1,383	-	1,383	-
Accounts Receivable (net)	323	78	366	767	363
Due from Other Funds	-	-	-	-	735
Due from Other Governments	-	427	-	427	-
Due from KUA	-	-	-	-	1
Due from TWA	-	-	8	8	621
Inventories	-	-	-	-	197
Total Current Assets	<u>1,502</u>	<u>3,602</u>	<u>1,022</u>	<u>6,126</u>	<u>7,997</u>
Capital Assets:					
Land	-	401	-	401	-
Buildings	89	3,884	5	3,978	71
Improvements Other Than Buildings	9,024	22,647	33	31,704	1,245
Software	1	-	-	1	-
Machinery, Equipment and Vehicles	2,470	434	4,066	6,970	2,519
Construction in Progress	-	2,121	-	2,121	-
Less: Accumulated Depreciation	<u>(2,178)</u>	<u>(5,549)</u>	<u>(2,373)</u>	<u>(10,100)</u>	<u>(3,553)</u>
Total Capital Assets (Net)	<u>9,406</u>	<u>23,938</u>	<u>1,731</u>	<u>35,075</u>	<u>282</u>
Total Noncurrent Assets	<u>9,406</u>	<u>23,938</u>	<u>1,731</u>	<u>35,075</u>	<u>282</u>
Total Assets	<u>\$ 10,908</u>	<u>\$ 27,540</u>	<u>\$ 2,753</u>	<u>\$ 41,201</u>	<u>\$ 8,279</u>

Continued

CITY OF KISSIMMEE, FLORIDA
STATEMENT OF NET ASSETS - Continued
PROPRIETARY FUNDS
September 30, 2012
(In Thousands)

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities - Internal
	<u>Stormwater</u>	<u>Airport</u>	<u>Solid Waste</u>	<u>Total</u>	<u>Service Funds</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 166	\$ 364	\$ 650	\$ 1,180	\$ 247
Contracts Payable	-	135	-	135	-
Due to KUA	13	-	7	20	-
Accrued Liabilities	51	13	48	112	69
Due to Other Funds	-	-	-	-	735
Compensated Absences Payable	26	3	17	46	31
Capital Lease Payable	-	-	146	146	-
Estimated Claims Payable	-	-	-	-	1,700
Total Current Liabilities	<u>256</u>	<u>515</u>	<u>868</u>	<u>1,639</u>	<u>2,782</u>
Noncurrent Liabilities:					
Compensated Absences Payable	60	7	40	107	73
Other Postemployment Benefits	145	27	129	301	170
Capital Lease Payable	-	-	441	441	-
Estimated Claims Payable	-	-	-	-	1,701
Total Noncurrent Liabilities	<u>205</u>	<u>34</u>	<u>610</u>	<u>849</u>	<u>1,944</u>
Total Liabilities	<u>461</u>	<u>549</u>	<u>1,478</u>	<u>2,488</u>	<u>4,726</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	9,406	23,938	1,144	34,488	282
Restricted for Airport Projects	-	1,383	-	1,383	-
Unrestricted	<u>1,041</u>	<u>1,670</u>	<u>131</u>	<u>2,842</u>	<u>3,271</u>
Total Net Assets	<u>\$ 10,447</u>	<u>\$ 26,991</u>	<u>\$ 1,275</u>	<u>\$ 38,713</u>	<u>\$ 3,553</u>

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

CITY OF KISSIMMEE, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For The Year Ended September 30, 2012
(In Thousands)

	Business-type Activities - Enterprise Funds				Governmental
	Stormwater	Airport	Solid Waste	Total	Activities - Internal Service Funds
Operating Revenues:					
Charges for Services	\$ 3,828	\$ 878	\$ 4,233	\$ 8,939	\$ 13,388
Miscellaneous Revenues	-	-	-	-	4
Total Operating Revenues	<u>3,828</u>	<u>878</u>	<u>4,233</u>	<u>8,939</u>	<u>13,392</u>
Operating Expenses:					
Personal Services	1,672	383	1,494	3,549	1,975
Contracted Services	546	69	816	1,431	1,137
Supplies and Materials	219	32	328	579	84
Repairs and Maintenance	271	42	308	621	819
Other Services and Charges	63	290	374	727	604
Depreciation	491	356	469	1,316	89
Claims/Premium Expense	50	9	53	112	8,375
Total Operating Expenses	<u>3,312</u>	<u>1,181</u>	<u>3,842</u>	<u>8,335</u>	<u>13,083</u>
Operating Income (Loss)	<u>516</u>	<u>(303)</u>	<u>391</u>	<u>604</u>	<u>309</u>
Nonoperating Revenues:					
Interest Expense	-	-	(13)	(13)	-
Investment Income	3	4	2	9	11
Insurance Recoveries	-	-	-	-	165
Gain or (Loss) from Sale of Capital Assets	58	-	91	149	(41)
Total Nonoperating Revenues	<u>61</u>	<u>4</u>	<u>80</u>	<u>145</u>	<u>135</u>
Income (Loss) Before Contributions and Transfers					
	577	(299)	471	749	444
Capital Contributions	14	3,138	-	3,152	3
Transfers In	-	-	-	-	646
Transfers (Out)	(1,063)	(2)	(211)	(1,276)	(646)
Change in Net Assets	<u>(472)</u>	<u>2,837</u>	<u>260</u>	<u>2,625</u>	<u>447</u>
Total Net Assets - Beginning	<u>10,919</u>	<u>24,154</u>	<u>1,015</u>	<u>36,088</u>	<u>3,106</u>
Total Net Assets - Ending	<u>\$ 10,447</u>	<u>\$ 26,991</u>	<u>\$ 1,275</u>	<u>\$ 38,713</u>	<u>\$ 3,553</u>

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

CITY OF KISSIMMEE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended September 30, 2012
(In Thousands)

	<u>Business-type Activities - Enterprise Funds</u>				Governmental
	<u>Stormwater</u>	<u>Airport</u>	<u>Solid Waste</u>	<u>Total</u>	Activities - Internal <u>Service Funds</u>
Cash Flows from Operating Activities					
Receipts from Customers and Users	\$ 3,774	\$ 815	\$ 4,197	\$ 8,786	\$ 13,289
Payments to Suppliers	(1,035)	(249)	(1,510)	(2,794)	(11,656)
Payments to Employees	(1,635)	(377)	(1,456)	(3,468)	(1,943)
Net Cash Provided (Used) by Operating Activities	<u>1,104</u>	<u>189</u>	<u>1,231</u>	<u>2,524</u>	<u>(310)</u>
Cash Flows from Noncapital Financing Activities					
Transfers (to) Other Funds	(1,063)	(2)	(211)	(1,276)	(646)
Transfers from Other Funds	-	-	-	-	646
Net Cash (Used) by Noncapital Financing Activities	<u>(1,063)</u>	<u>(2)</u>	<u>(211)</u>	<u>(1,276)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition/Construction of Capital Assets	(902)	(2,880)	(1,651)	(5,433)	(76)
Capital Contributions	14	3,138	-	3,152	3
Proceeds from Capital Lease	-	-	(143)	(143)	-
Proceeds from Insurance Recoveries	-	-	-	-	165
Proceeds from Sale of Capital Assets	58	-	91	149	(41)
Interest Payments on Debt	-	-	(13)	(13)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(830)</u>	<u>258</u>	<u>(1,716)</u>	<u>(2,288)</u>	<u>51</u>
Cash Flows from Investing Activities					
Gain on Investments	3	4	2	9	11
Net Cash Provided by Investing Activities	<u>3</u>	<u>4</u>	<u>2</u>	<u>9</u>	<u>11</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(786)	449	(694)	(1,031)	(248)
Cash and Cash Equivalents at Beginning of Year	<u>1,965</u>	<u>2,648</u>	<u>1,342</u>	<u>5,955</u>	<u>6,328</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,179</u>	<u>\$ 3,097</u>	<u>\$ 648</u>	<u>\$ 4,924</u>	<u>\$ 6,080</u>

Continued

CITY OF KISSIMMEE, FLORIDA
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
For The Year Ended September 30, 2012
(In Thousands)

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>	
	<u>Stormwater</u>	<u>Airport</u>	<u>Solid Waste</u>		<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ 516	\$ (303)	\$ 391	\$ 604	\$ 309
Depreciation	491	356	469	1,316	89
Bad Debt	-	-	-	-	-
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(20)	(62)	72	(10)	(114)
(Increase) Decrease in Due from KUA	13	-	-	13	-
(Increase) Decrease in Due from TWA	-	-	3	3	(130)
(Increase) Decrease in Inventories	-	-	-	-	23
Increase (Decrease) in Accounts Payable	67	69	251	387	(243)
Increase (Decrease) in Retainage Payable	-	123	-	123	-
Increase (Decrease) in Due to KUA	-	-	7	7	-
Increase (Decrease) in Accrued Liabilities	-	3	5	8	11
Increase (Decrease) in OPEB	32	5	25	62	35
Increase (Decrease) in Compensated Absences	5	(2)	8	11	2
Increase (Decrease) in Claims Payable	-	-	-	-	(292)
Total Adjustments	<u>588</u>	<u>492</u>	<u>840</u>	<u>1,920</u>	<u>(619)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,104</u>	<u>\$ 189</u>	<u>\$ 1,231</u>	<u>\$ 2,524</u>	<u>\$ (310)</u>

There are no noncash investing, capital, and financing activities.

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

CITY OF KISSIMMEE, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
September 30, 2012
(In Thousands)

ASSETS

Pension Cash and Short Term Investments	\$	3,042
Interest Receivable		269
Investments, at Fair Value:		
U.S. Government Obligations		5,639
U.S. Instrumentalities		11,804
Corporate Bonds		11,084
Corporate Stocks		61,284
Mutual Funds		47,390
Total Investments		<u>137,201</u>
Total Assets		<u><u>140,512</u></u>

LIABILITIES

-

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

\$ 140,512

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

CITY OF KISSIMMEE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
For The Year Ended September 30, 2012
(In Thousands)

ADDITIONS	
Employer Contributions	\$ 7,770
Employee Contributions	<u>1,117</u>
Total Contributions	<u>8,887</u>
Investment Income	<u>23,155</u>
Total Contributions and Investment Income	<u>32,042</u>
 DEDUCTIONS	
Benefits	7,134
Administrative Expense	<u>865</u>
Total Deductions	<u>7,999</u>
Change in Net Assets	24,043
Net Assets - Beginning of Year	<u>116,469</u>
Net Assets - End of Year	<u>\$ 140,512</u>

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

CITY OF KISSIMMEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2012

INDEX TO NOTES

	PAGE
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	
Reporting Entity	37
Government-wide and Fund Financial Statements	37
Measurement Focus, Basis of Accounting, and Financial Statement Presentation	38
Budgetary Requirements	40
Cash and Cash Equivalents.....	40
Investments.....	40
Receivables	41
Inventories	41
Prepays.....	41
Restricted Assets.....	41
Capital Assets.....	41
Bond / Note Issuance Costs.....	42
Compensated Absences.....	42
Other Postemployment Benefits	42
Deferred Revenues.....	42
Contributions.....	42
Fund Balances.....	42
Net Assets Restricted by Enabling Legislation.....	43
NOTE 2 – DEPOSITS AND INVESTMENTS	
Deposits.....	43
Investments.....	43
NOTE 3 – RECEIVABLES.....	45
NOTE 4 – INTERFUND ACCOUNTS	45
NOTE 5 - CAPITAL ASSETS	
Changes in Capital Assets.....	46
Net Capital Assets	49
Construction Commitments.....	49
NOTE 6 – INCOME FROM LEASED PROPERTY	50
NOTE 7 – LONG-TERM LIABILITIES	
Schedule of Changes in Long-term Liabilities.....	50
Debt Service Requirements	51
Debt Defeasance and Refundings	51
Bonds and Notes Payable.....	52
Capital Leases	53
KUA-County Liability.....	53
NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS	
Description of Plans	53
Summary of Significant Accounting Policies	54
Contribution Information.....	54
Combining Statements of the Pension Trust Funds.....	57
NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)	
Plan Description.....	58
Funding Policy	58
Annual OPEB Cost and Net OPEB Obligation.....	58
Funded Status and Funding Progress	59
Actuarial Methods and Assumptions.....	59
NOTE 10 – RISK MANAGEMENT.....	60

CITY OF KISSIMMEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2012

INDEX TO NOTES
(Continued)

	PAGE
NOTE 11 – NET ASSETS, INVESTED IN CAPITAL ASSETS NET OF RELATED DEBT CALCULATION	60
NOTE 12 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS	60
NOTE 13 – FUND BALANCE DEFICITS AND DEFICIT NET ASSETS	61
NOTE 14 – COMMITMENTS, RELATED PARTIES, AND CONTINGENCIES	61

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Reporting Entity

The City was established pursuant to 65-1775 laws of Florida. The legislative branch of the City is composed of a five (5) member elected Commission, including a city-wide elected mayor. The City Commission is governed by the City Charter, and by state and local laws and regulations. The City Commission is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Commission-appointed City Manager.

The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. A blended component unit, although legally separate, is in substance, part of the City’s operations. The City has only one blended component unit, the Community Redevelopment Agency (the “CRA”). For financial reporting purposes, the CRA is reported as if it were a part of the City’s operations. The CRA is an incremental taxing district created by City Ordinance #1893, in April of 1993, pursuant to Florida Statute 163.356. The City Commission serves as the governing board, approves the budget, provides funding and performs all accounting functions for the CRA. The CRA’s services are provided exclusively to the City. The CRA has been presented as a blended component unit classified as a special revenue fund. The City has no discretely presented component units.

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 nonfiduciary activities of the primary government and its component unit. 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 and indirect costs 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. *Indirect expenses* are those costs that are allocated to functions and activities in accordance with the City’s adopted indirect cost allocation plan. The “Expenses” column includes both direct and indirect expenses. *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 properly not included among program revenues are reported instead as *general revenues*.

Separate fund financial statements are provided for governmental funds, enterprise funds, internal service funds and the pension trust funds. The pension trust funds are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. The internal service funds are grouped together and shown alongside the enterprise funds. The internal service funds are combined with the governmental funds to aggregate governmental activities in the government-wide financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

1. Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

2. Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally 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, licenses, grants, 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. 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 *Transportation Impact Fee Fund* is a special revenue fund used to account for transportation impact fees collected on new construction restricted in use for improvements to the City's transportation system to accommodate its continued growth.
- The *Community Redevelopment Agency Fund* is a special revenue fund used to account for operations of the Community Redevelopment Agency (CRA). Costs will ultimately be funded with restricted incremental tax increases of property located within the CRA.
- The *Local Option Sales Tax Fund* is a special revenue fund used to account for sales tax revenues restricted for improvements to infrastructure.

The City reports the following major enterprise funds:

- The *Stormwater Fund* accounts for the fiscal activities of the City's stormwater operations and maintenance.
- The *Airport Fund* accounts for the fiscal activities of the City's airport operations and maintenance.
- The *Solid Waste Fund* accounts for the fiscal activities of the City's solid waste removal service operations.

Additionally, the City reports the following fund types:

- *Special Revenue Funds* account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.
- *Debt Service Funds* account for financial resources that are restricted, committed, or assigned to expenditure for principal and interest.
- *Capital Projects Funds* account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays (excluding proprietary fund capital outlays).
- *Internal Service Funds* account for certain activities of the City's centralized services and risk management program. Centralized services include information technology, purchasing, warehouse, garage, building maintenance, and printing. Risk management activities include legal expenses incurred related to activities not specifically covered by City insurance policies and collections of settlements or refunds from related cases.
- *Pension Trust Funds* account for the activities of the City's General Employees', Police Officers', and Firefighters' Pension Plans, which accumulate resources for pension benefit payments to qualified employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, claims expense, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use unrestricted resources first, and then restricted resources, as they are needed for their intended purposes. For unrestricted resources, the City considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

D. Budgetary Requirements

The following procedures are used to establish the budgetary data reflected in the financial statements pursuant to Florida Statutes and the City Charter:

- 1) The City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. Work sessions are held to review the proposed budget.
- 2) Public hearings are held to obtain taxpayer comments.
- 3) Prior to October 1, the City Commission conducts the final budget hearing to consider additional public comments and to adopt the final ad valorem millage and final budget.
- 4) Budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for the general fund, certain special revenue funds, all debt service funds, and all capital projects funds. Budgets are not adopted for the Section 8 HAPP Fund, FDLE for Public Education, USDA Grant, Renee Terrace, Hurricane Housing Recovery Program Trust, Police and Firefighters Premium Tax Fund, Dyer Blvd. Pavement Rehabilitation, and Supplementary Care special revenue funds.
- 5) Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 6) The City Manager is authorized to approve transfers between line items other than salary accounts within any department, with all such adjustments reported on a monthly basis to the City Commission. However, the City Manager can approve transfers of unused amounts in salary account line items to advertising, recruiting and/or professional service account line items. Transfers between departments, other transfers between salary account line items and changes in total budget appropriations for a fund must have prior approval of the City Commission. During the current fiscal year, various appropriations were approved in accordance with this policy. Budgeted amounts shown in the financial statements are as originally adopted and as further amended.
- 7) Budget appropriations lapse at year-end. Encumbrances outstanding at year-end are charged against the ensuing year's budget, and thus are not shown in budget to actual presentations and are carried forward.

E. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit, money market accounts, savings accounts, investments in the State Board of Administration (SBA) Florida PRIME, and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased.

F. Investments

Investments are stated at fair value, with the exception of investments in the SBA Fund B Surplus Funds Trust Fund (Fund B), an external investment pool which is accounted for as a fluctuating net asset value (NAV) pool. The Fund B fair value factor at September 30, 2012 was .94896811 which was used to calculate the fair value of the City's investment. The Office of the Auditor General of the State of Florida performs the operational audit of the activities and investments of the SBA.

G. Receivables

Property Taxes Receivable

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The City's millage for the fiscal year 2011-2012 is 4.6253 mills. All real and tangible personal property taxes are due and payable on the levy date of November 1 of each year or as soon thereafter as the assessment roll is certified by the Osceola County Property Appraiser (levy date). Osceola County mails to each property owner on the assessment roll a notice of the taxes due and the County also collects the taxes for the City. Taxes may be paid upon receipt of such notice from the County, with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January, and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount and all unpaid taxes on real and tangible property become delinquent on April 1 (the lien date) of the year following the year in which taxes were assessed. Procedures for collecting delinquent taxes, including applicable tax certificate sales, are provided for by the Laws of Florida.

Special Assessments Receivable

Special assessments receivable are recorded at the time the related project is completed and are secured by liens on the property benefited. Revenue in governmental funds is deferred until such time it becomes an available, spendable or appropriable resource. Special assessment revenues are recorded in the government-wide and enterprise fund financial statements when earned.

H. Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

I. Prepaids

Prepaids represent payments made to vendors for services that will benefit the City beyond September 30, 2012. These payments are recorded as expenditures or expenses when consumed rather than when purchased.

J. Restricted Assets

Restricted cash and cash equivalents of governmental funds arise from provisions within revenue bonds issued by the City and are so designated on the Statement of Net Assets and balance sheets of governmental funds.

K. Capital Assets

Capital assets include property, plant, equipment, intangibles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Property, plant, equipment, and intangibles with initial, individual costs that equal or exceed seven-hundred and fifty dollars and estimated useful lives of over one year are recorded as capital assets. Infrastructure is capitalized when the initial costs equal or exceed \$25 and has an estimated useful life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

CITY OF KISSIMMEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS – Continued
 September 30, 2012
 (In Thousands)

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 assets constructed. Infrastructure capital assets are included in improvements other than buildings for financial statement classification.

Intangibles assets are amortized over their useful lives, when the length of their lives is limited by contractual or legal limitations. Buildings, improvements, infrastructure, and equipment are depreciated using the straight-line method over the following estimated useful lives:

	<u>Assets</u>	<u>Years</u>
Buildings		25
Improvements Other than Buildings		4-12
Infrastructure		20-50
Equipment		5-20

L. Bond/Note Issuance Costs

In the governmental funds, these costs are charged to current expenditures when bonds are issued.

M. Compensated Absences

City policy allows each employee to accumulate up to three times the accrual rate, ranging from 30 to 60 days of vacation leave. Time accrued beyond that is forfeited unless an exception is granted by the City Manager. The majority of employees utilize their annual accrual of vacation leave during the year accrued. Employees are allowed to accumulate up to 60 days of medical leave. Time accrued beyond that is paid to the employees every year at the rate of one-half their pay rate. The City records compensated absences in governmental funds, only if they have matured, as expenditures for the amount accrued during the year that would normally be liquidated with expendable, available financial resources. The City accrues compensated absences in the period they are earned in the government-wide and enterprise fund financial statements.

N. Other Postemployment Benefits

It is the City's policy to allow retirees to participate in its employee health and life insurance programs. The City accrues other postemployment benefit liabilities for the cost of providing those benefits in the government-wide and enterprise fund financial statements based on actuarial measurement annually.

O. Deferred Revenues

Deferred revenues in the governmental funds represent paving assessment receivables and grant receivables that are measurable but the revenue is not available. For government-wide reporting, these amounts are recognized as revenue when earned on the full accrual basis of accounting.

P. Contributions

Contributions consist primarily of donations from federal and state aid programs. Contributions are recognized when earned or when legal title is transferred to the City for contributed capital assets.

Q. Fund Balances

In accordance with GASB Statement No. 54, the City classified governmental fund balances as follows:

- Nonspendable Fund Balance - represents fund balance that is (a) not in a spendable form such as prepaid items or (b) legally or contractually required to be maintained intact such as an endowment.

- Restricted Fund Balance - consists of amounts that can be spent only on the specific purposes stipulated by law or by the external providers of those resources.
- Committed Fund Balance - self-imposed limitations set in place prior to the end of the fiscal period. These amounts can be used only for the specific purposes determined by a formal action of the City Commission, which is the highest level of decision-making authority, and that require the same level of formal action to remove the constraint. The City Commission can establish, modify or rescind committed fund balance through the formal approval of an ordinance or resolution.
- Assigned Fund Balance - amounts that are subject to a purpose constraint that represents an intended use established by the City Commission or by their designated body or official. The City Manager was appointed with the authority to assign fund balance. Formal action is *not* necessary to impose, remove, or modify a constraint in Assigned Fund Balance. Additionally, this category is used to reflect the appropriation of a portion of existing fund balance to eliminate a projected deficit in the subsequent year's budget.
- Unassigned Fund Balance - represents the residual classification or fund balance and includes all spendable amounts not contained within the other classifications of the General Fund.

R. Net Assets Restricted by Enabling Legislation

In the government-wide financial statements, governmental activities report restricted net assets of \$17,963, of which management has determined \$350 for building code enforcement is restricted by enabling legislation.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits

Deposits consist of demand accounts (interest and non-interest bearing). All deposits with financial institutions were 100% insured by Federal depository insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida. The bank balance held in accounts covered by Federal depository insurance was \$9. The carrying amount of the demand deposits and cash on hand at September 30, 2012 was \$(176) attributable to timing of reconciling items.

Investments

The City's investment policy is governed by local resolution and bond covenants. Allowable investments include: the SBA Florida PRIME; SBA Fund B; negotiable direct obligations, or obligations the principal and interest of which are unconditionally guaranteed by the United States government; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by United States agencies, provided such obligations are backed by the full faith and credit of the United States Government; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by United States Government agencies which are not full faith and credit agencies; repurchase agreements; bankers' acceptances; commercial paper; state and/or local government taxable and tax-exempt debt; and fixed income mutual funds. In addition, the City's retirement plans may invest in corporate bonds and stocks as well as limited partnerships.

CITY OF KISSIMMEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS – Continued
September 30, 2012
(In Thousands)

The following is a summary of the City's pooled investments (including the Pension Trust Funds) at September 30, 2012.

	Weighted Average		
	Fair Value	Maturity (Years)	Credit Rating
U.S. Government Instrumentalities	\$ 4,199	0.05	S&P AAA/Aaa
SunTrust MUNI Investment	32,894	n/a	n/a
BB&T Bank Agency Project Fund	4,345	n/a	n/a
Florida PRIME	2,114	See below (1)	S&P AAAm
Local Government Surplus Funds Trust Fund Pool B	96	See below (2)	not rated
Certificate of Deposit	1,537	0.20	n/a
Mutual Funds	4,998	n/a	n/a
Total Investments	\$ 50,183		

(1) The weighted average maturity at September 30, 2012 was 39.3 days.

(2) The weighted average life at September 30, 2012 was 4.08 years.

	General Employees Pension Fair Value	Weighted Average Maturity (Years)	Police Officers' Pension Fair Value	Weighted Average Maturity (Years)	Firefighters' Pension Fair Value	Weighted Average Maturity (Years)	Total All Pensions
U.S. Government Obligations	\$ 3,441	16.20	\$ 594	8.32	\$ 1,604	21.90	\$ 5,639
U.S. Government Instrumentalities	2,398	26.24	4,699	28.05	4,707	28.74	11,804
Corporate Bonds	3,834	20.06	2,732	8.13	4,518	34.21	11,084
Corporate Stocks	37,039	n/a	9,839	n/a	14,406	n/a	61,284
Total Investments	46,712		17,864		25,235		89,811
Mutual Funds	25,341	n/a	21,835	n/a	3,256	n/a	50,432
Total Cash and Investments	\$ 72,053		\$ 39,699		\$ 28,491		\$ 140,243

Interest Rate Risk - To mitigate interest rate risk, the City's investment policy requires that the investment portfolio structure maturities to meet the City's cash needs for ongoing operations and that operating funds be invested primarily in short-term securities. Of the City's investments outstanding at year-end, 96% of them have maturities of less than one year. The City's policy requires that investments have maturities that match known cash needs and anticipated cash-flow requirements.

Credit Risk – To mitigate credit risk, the City's investment policy limits the minimum credit quality rating of investments, as rated by nationally recognized statistical rating organizations (NRSROs). The City primarily invests in U.S. government securities, mutual funds, corporate stocks, corporate bonds, and overnight repurchase agreements. Money market accounts are held with qualified public depositories who meet the State of Florida requirements.

Custodial Risk – To mitigate custodial risk, broker/dealers must meet established capital requirements as set forth by the Securities Exchange Commission, be registered in the State of Florida, provide proof of registration, complete a broker/dealer questionnaire, certify understanding of the City's investment policy, and provide a copy of the most recent audit report. The City's investment policy does not place any limits on the amount allowed to be held by counterparties.

CITY OF KISSIMMEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS – Continued
September 30, 2012
(In Thousands)

Concentration of Credit Risk – The City’s investment policy requires that investments be diversified by security type and institution. No more than 50% of the City’s funds will be invested with the same issuer, dealer or banking institution and no more than 20% of the City’s funds will be invested beyond five years in any security with the same maturity date. At September 30, 2012, the City did have a concentration of investments with SunTrust. Due to the current unstable economic condition of the financial market, the City determined that a conservative approach to banking primarily with local institution, SunTrust, was a prudent measure.

NOTE 3 – RECEIVABLES

The following is a detail listing of receivables for the City’s individual major funds and the aggregate of nonmajor funds at September 30, 2012. Special assessment receivables are secured by liens placed on benefited properties at the time of the original assessment.

Description	Transportation				Solid Waste	Internal Service Funds	Pension Funds	Total
	General	Impact	Stormwater	Airport				
Accounts	\$ 5,734	\$ 315	\$ 323	\$ 78	\$ 366	\$ 363	\$ -	\$ 7,179
Interest	-	-	-	-	-	-	269	269
Special assessments	40	-	-	-	-	-	-	40
	5,774	315	323	78	366	363	269	7,488
Less: Allowance for uncollectibles	(1,307)	-	-	-	-	-	-	(1,307)
	<u>\$ 4,467</u>	<u>\$ 315</u>	<u>\$ 323</u>	<u>\$ 78</u>	<u>\$ 366</u>	<u>\$ 363</u>	<u>\$ 269</u>	<u>\$ 6,181</u>

NOTE 4 – INTERFUND ACCOUNTS

Individual interfund receivables, payables and transfers with a description of their purpose at September 30, 2012 are:

	<u>Advance To</u>	<u>Advance From</u>	<u>Purpose</u>
Local Option Sales Tax	\$ 1,941	\$ -	Loan to CRA for improvement projects to be repaid with tax increment revenue
Community Redevelopment Agency Fund	-	1,941	
	<u>\$ 1,941</u>	<u>\$ 1,941</u>	
	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
General Fund	\$ 814	\$ -	To cover negative cash position of Funds
Nonmajor Funds:			
Special Revenue Funds	-	814	Negative cash balances.
Internal Service Funds	735	735	Negative cash balances.
	<u>\$ 1,549</u>	<u>\$ 1,549</u>	
	<u>Transfer In</u>	<u>Transfers Out</u>	<u>Purpose</u>
General Fund	\$ 4,217	\$ 1,196	Transfer to cover debt service payments
Transportation Impact Fee Fund	-	33	Transfer to cover construction costs
Community Redevelopment Agency	700	399	Transfer adjustment for advance payable
Local Option Sales Tax	231	2,475	Transfer sales tax revenue to General Fund and debt
Stormwater	-	1,063	Transfer to General Fund for PILOT
Airport	-	2	
Solid Waste	-	211	Transfer to General Fund for PILOT
Nonmajor Funds:			
Special Revenue Funds	1,065	4,457	Transfer to cover cash balances and cover debt service
Debt Service Funds	3,649	-	Transfer to cover debt service payment
Capital Projects Funds	-	26	
Internal Service Funds	646	646	Transfer to cover cash balances
	<u>\$ 10,508</u>	<u>\$ 10,508</u>	

CITY OF KISSIMMEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS – Continued
September 30, 2012
(In Thousands)

NOTE 5 – CAPITAL ASSETS

A. Changes in Capital Assets

The following shows the changes in capital assets by governmental activities and business-type activities. Also shown is a summary of depreciation and amortization expense by function:

Governmental Activities	Beginning Balance 10/01/2011	Increases	Decreases	Transfers	Ending Balance 9/30/2012
Capital Assets, Not Being Depreciated:					
Land	\$ 17,211	\$ 384	\$ (140)	\$ -	\$ 17,455
Construction In Progress	<u>33,747</u>	<u>8,715</u>	<u>-</u>	<u>-</u>	<u>42,462</u>
Total Capital Assets, Not Being Depreciated	<u>50,958</u>	<u>9,099</u>	<u>(140)</u>	<u>-</u>	<u>59,917</u>
Capital Assets, Being Amortized, Net:					
Software - Charter School	44	26	-	-	70
Software - Other City	577	103	-	-	680
Parking Capacity	<u>2,448</u>	<u>(204)</u>	<u>-</u>	<u>-</u>	<u>2,244</u>
Total Capital Assets Being Amortized, Net	<u>3,069</u>	<u>(75)</u>	<u>-</u>	<u>-</u>	<u>2,994</u>
Capital Assets, Being Depreciated:					
Buildings					
Charter School	493	4	-	-	497
Other City	53,587	131	-	-	53,718
Improvements other than buildings					
Charter School	97	-	-	-	97
Other City	101,336	2,575	3,822	(53)	107,680
Equipment					
Charter School	440	259	-	-	699
Other City	<u>33,857</u>	<u>1,586</u>	<u>(7,587)</u>	<u>(601)</u>	<u>27,255</u>
Total Capital Assets Being Depreciated	<u>189,810</u>	<u>4,555</u>	<u>(3,765)</u>	<u>(654)</u>	<u>189,946</u>
Less Accumulated Depreciation For:					
Buildings					
Charter School	(60)	(21)	-	-	(81)
Other City	(20,218)	(2,045)	-	-	(22,263)
Improvements other than buildings					
Charter School	(69)	(10)	-	-	(79)
Other City	(25,574)	(2,447)	(2,994)	-	(31,015)
Equipment					
Charter School	(370)	(88)	-	-	(458)
Other City	<u>(32,043)</u>	<u>(2,036)</u>	<u>6,527</u>	<u>654</u>	<u>(26,898)</u>
Total Accumulated Depreciation	<u>(78,334)</u>	<u>(6,647)</u>	<u>3,533</u>	<u>654</u>	<u>(80,794)</u>
Total Capital Assets, Being Depreciated, Net	<u>111,476</u>	<u>(2,092)</u>	<u>(232)</u>	<u>-</u>	<u>109,152</u>
Governmental Activities Capital Assets, Net	<u>\$ 165,503</u>	<u>\$ 6,932</u>	<u>\$ (372)</u>	<u>\$ -</u>	<u>\$ 172,063</u>

CITY OF KISSIMMEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS – Continued
September 30, 2012
(In Thousands)

Business-type Activities	Beginning Balance 10/01/2011	Increases	Decreases	Ending Balance 9/30/2012
<u>Stormwater Fund</u>				
Capital Assets, Being Amortized, Net:				
Software	\$ 1	\$ -	\$ -	\$ 1
Total Capital Assets, Being Amortized, Net	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
Capital Assets, Being Depreciated:				
Buildings	-	89	-	89
Improvements other than Buildings	8,812	231	(19)	9,024
Equipment	1,893	577	-	2,470
Total Capital Assets Being Depreciated	<u>10,705</u>	<u>897</u>	<u>(19)</u>	<u>11,583</u>
Less Accumulated Depreciation For:				
Improvements other than Buildings	(821)	(197)	-	(1,018)
Equipment	(890)	(294)	24	(1,160)
Total Accumulated Depreciation	<u>(1,711)</u>	<u>(491)</u>	<u>24</u>	<u>(2,178)</u>
Total Capital Assets, Being Depreciated, Net	<u>8,994</u>	<u>406</u>	<u>5</u>	<u>9,405</u>
Solid Waste Fund Capital Assets, Net	<u>\$ 8,995</u>	<u>\$ 406</u>	<u>\$ 5</u>	<u>\$ 9,406</u>
<u>Airport Fund</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 401	\$ -	\$ -	\$ 401
Construction In Progress	232	2,024	(135)	2,121
Total Capital Assets, Not Being Depreciated	<u>633</u>	<u>2,024</u>	<u>(135)</u>	<u>2,522</u>
Capital Assets, Being Depreciated:				
Buildings	3,640	244	-	3,884
Improvements other than Buildings	22,131	518	(2)	22,647
Equipment	379	96	(41)	434
Total Capital Assets Being Depreciated	<u>26,150</u>	<u>858</u>	<u>(43)</u>	<u>26,965</u>
Less Accumulated Depreciation For:				
Buildings	(527)	(78)	-	(605)
Improvements other than Buildings	(4,310)	(215)	2	(4,523)
Equipment	(399)	(63)	41	(421)
Total Accumulated Depreciation	<u>(5,236)</u>	<u>(356)</u>	<u>43</u>	<u>(5,549)</u>
Total Capital Assets, Being Depreciated, Net	<u>20,914</u>	<u>502</u>	<u>-</u>	<u>21,416</u>
Airport Fund Capital Assets, Net	<u>\$ 21,547</u>	<u>\$ 2,526</u>	<u>\$ (135)</u>	<u>\$ 23,938</u>

CITY OF KISSIMMEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS – Continued
September 30, 2012
(In Thousands)

Solid Waste Fund	Beginning Balance 10/01/2011	Increases	Decreases	Ending Balance 9/30/2012
Capital Assets, Being Depreciated:				
Buildings	\$ 5	\$ -	\$ -	\$ 5
Improvements other than Buildings	7	16	10	33
Equipment	3,085	1,636	(655)	4,066
Total Capital Assets Being Depreciated	<u>3,097</u>	<u>1,652</u>	<u>(645)</u>	<u>4,104</u>
Less Accumulated Depreciation For:				
Buildings	(1)	-	-	(1)
Improvements other than Buildings	(6)	(1)	(8)	(15)
Equipment	(2,541)	(468)	652	(2,357)
Total Accumulated Depreciation	<u>(2,548)</u>	<u>(469)</u>	<u>644</u>	<u>(2,373)</u>
Total Capital Assets, Being Depreciated, Net	<u>549</u>	<u>1,183</u>	<u>(1)</u>	<u>1,731</u>
Solid Waste Fund Capital Assets, Net	<u>\$ 549</u>	<u>\$ 1,183</u>	<u>\$ (1)</u>	<u>\$ 1,731</u>
Total Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 401	\$ -	\$ -	\$ 401
Construction In Progress	232	2,024	(135)	2,121
Total Capital Assets, Not Being Depreciated	<u>633</u>	<u>2,024</u>	<u>(135)</u>	<u>2,522</u>
Capital Assets, Being Amortized, Net:				
Software	1	-	-	1
Total Capital Assets, Being Amortized, Net	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
Capital Assets, Being Depreciated:				
Buildings	3,645	333	-	3,978
Improvements other than Buildings	30,950	765	(11)	31,704
Equipment	5,357	2,309	(696)	6,970
Total Capital Assets Being Depreciated	<u>39,952</u>	<u>3,407</u>	<u>(707)</u>	<u>42,652</u>
Less Accumulated Depreciation For:				
Buildings	(528)	(78)	-	(606)
Improvements other than Buildings	(5,137)	(413)	(6)	(5,556)
Equipment	(3,830)	(825)	717	(3,938)
Total Accumulated Depreciation	<u>(9,495)</u>	<u>(1,316)</u>	<u>711</u>	<u>(10,100)</u>
Total Capital Assets, Being Depreciated, Net	<u>30,457</u>	<u>2,091</u>	<u>4</u>	<u>32,552</u>
Total Business-type Activities, Net	<u>\$ 31,091</u>	<u>\$ 4,115</u>	<u>\$ (131)</u>	<u>\$ 35,075</u>

CITY OF KISSIMMEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS – Continued
September 30, 2012
(In Thousands)

Governmental Activities:

Depreciation and Amortization Expense By Function

General Government	\$ 2,385
Public Safety	1,812
Transportation	1,741
Economic Environment	204
Culture/Recreation	651
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>89</u>
Total Governmental Activities Depreciation and Amortization	<u>\$ 6,882</u>

Business-type Activities:

Depreciation Expense By Function

Stormwater	\$ 491
Airport	356
Solid Waste	<u>469</u>
	<u>\$ 1,316</u>

B. Net Capital Assets

The following is a summary of net capital assets as shown on the government-wide statement of net assets:

	Governmental Activities	Business-type Activities	Total
Land	\$ 17,455	\$ 401	\$ 17,856
Software, net	750	1	751
Parking Capacity, net	2,244	-	2,244
Buildings	54,215	3,978	58,193
Improvements other than Buildings	107,777	31,704	139,481
Equipment	27,954	6,970	34,924
Construction in Progress	<u>42,462</u>	<u>2,121</u>	<u>44,583</u>
	252,857	45,175	298,032
Less: Accumulated Depreciation	<u>(80,794)</u>	<u>(10,100)</u>	<u>(90,894)</u>
Capital Assets, net	<u>\$ 172,063</u>	<u>\$ 35,075</u>	<u>\$ 207,138</u>

C. Construction Commitments

The following is a schedule of significant capital construction projects with remaining commitment amounts of greater than \$1 million as of September 30, 2012:

Projects	Spent-to-Date	Remaining Commitment
Oak Street Improvements	\$ 1,443	\$ 4,624
Martin Luther King Roadway Improvements	317	3,228
Business Airpark	1	1,909
Wide Area Network	980	2,480
Lakefront Improvements	<u>17,362</u>	<u>4,753</u>
Total	<u>\$ 20,103</u>	<u>\$ 16,994</u>

CITY OF KISSIMMEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS – Continued
September 30, 2012
(In Thousands)

NOTE 6 – INCOME FROM LEASED PROPERTY

The City is the lessor on various leases at the Airport. Assets available for lease consist primarily of land, land improvements and buildings. As of September 30, 2012, the total book value of assets in these categories is \$4,285 with accumulated depreciation of \$605. The following is a schedule of minimum future lease income on non-cancellable operating leases:

<u>Year</u>	<u>Amount</u>
2013	\$ 615
2014	581
2015	560
2016	562
2017	575
After 2017	<u>1,055</u>
Total minimum lease income	<u>\$ 3,948</u>

Total income on non-cancellable operating leases for the year ended September 30, 2012 was \$678.

NOTE 7 – LONG-TERM LIABILITIES

A. Schedule of Changes in Long-term Liabilities

The City's outstanding long-term liabilities includes revenue bonds payable, notes payable, capital leases payable, claims payable, other postemployment benefits, a Kissimmee Utility Authority (KUA) - County long-term liability, and compensated absences. The following is a schedule of changes in the City's long-term liabilities for the fiscal year ended September 30, 2012:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>	<u>Long-term</u>
	<u>10/01/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>9/30/12</u>	<u>One Year</u>	<u>Portion</u>
Governmental Activities:						
Revenue Notes Payable	\$ 48,609	\$ -	\$ (2,266)	\$ 46,343	\$ 3,030	\$ 43,313
Revenue Bonds Payable	343	-	(27)	316	29	287
Capital Lease Payable	135	-	(73)	62	62	-
KUA County Liability	1,305	-	(356)	949	357	592
Claims Payable	3,693	-	(292)	3,401	1,700	1,701
Other Postemployment Benefits	2,064	530	-	2,594	-	2,594
Compensated Absences	<u>1,849</u>	<u>2,396</u>	<u>(2,351)</u>	<u>1,894</u>	<u>568</u>	<u>1,326</u>
Governmental Activity						
Long-term Liabilities	<u>\$ 57,998</u>	<u>\$ 2,926</u>	<u>\$ (5,365)</u>	<u>\$ 55,559</u>	<u>\$ 5,746</u>	<u>\$ 49,813</u>
Business-type Activities:						
Capital Lease Payable	\$ 730	\$ -	\$ (143)	\$ 587	\$ 146	\$ 441
Other Postemployment Benefits	239	62	-	301	-	301
Compensated Absences	<u>142</u>	<u>244</u>	<u>(233)</u>	<u>153</u>	<u>46</u>	<u>107</u>
Business-type Activity						
Long-term Liabilities	<u>\$ 1,111</u>	<u>\$ 306</u>	<u>\$ (376)</u>	<u>\$ 1,041</u>	<u>\$ 192</u>	<u>\$ 849</u>

Governmental activities' compensated absences, other postemployment benefits, and the KUA-County liability will be liquidated in future periods primarily by the General Fund.

CITY OF KISSIMMEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS – Continued
September 30, 2012
(In Thousands)

B. Debt Service Requirements

The following are the debt service requirements to maturity on the City's outstanding revenue bonds and notes payable:

Governmental Activities:	Revenue Notes		Revenue Bonds		Total
	Fiscal Year	Principal	Interest	Principal	
2013	\$ 3,030	\$ 1,280	\$ 29	\$ 16	\$ 4,355
2014	3,150	1,232	31	14	4,427
2015	3,280	1,144	32	13	4,469
2016	3,386	1,070	34	11	4,501
2017	3,518	973	36	10	4,537
2018-2022	19,559	3,311	154	22	23,046
2023-2027	9,550	749	-	-	10,299
2028-2031	870	47	-	-	917
Total	\$ 46,343	\$ 9,806	\$ 316	\$ 86	\$ 56,551

C. Debt Defeasance and Refundings

The City advance refunds and/or defeases long-term debt primarily to reduce debt service requirements. Since U.S government securities are held in escrow for the payment of principal and interest on these bonds, they are not liabilities to the City and are not included in the City's financial statements. As of September 30, 2012, the City has the following outstanding bonds, notes, or other obligations issued by the City, which were funded in previous years by the placement of assets in an irrevocable trust to be used for satisfying debt service requirements:

Bond Issue	Outstanding at 10/01/11	Additions/ Reductions	Outstanding at 09/30/12
1984	\$ 4,345	\$ (705)	\$ 3,640
1986	4,710	(815)	3,895
1990	5,105	(880)	4,225
1993	660	(660)	-
1999	12,695	(12,695)	-
	\$ 27,515	\$ (15,755)	\$ 11,760

CITY OF KISSIMMEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS – Continued
September 30, 2012
(In Thousands)

D. Bonds and Notes Payable

The City has revenue bonds and notes outstanding at September 30, 2012. The revenue bonds and notes under governmental activities are secured by several pledged revenue sources. The following is a summary schedule of these long-term obligations of the City and their impact on those present and future pledged revenue sources:

<u>Governmental Activities:</u>	<u>Revenue Pledged</u>	<u>Amount Issued</u>	<u>Principal Outstanding</u>	<u>Total Pledged Revenue (1)</u>	<u>Future Pledged Revenue Over Debt Service Required (2)</u>	<u>Current Year Debt Srvc Paid</u>	<u>Current Year Total Revenue</u>
Revenue Notes:							
2006 Revenue Note Maturity: 2026, Interest Rate: 3.85% Purpose: Road improvements	Local option gas tax	\$ 9,000	\$ 7,070	\$ 9,288	17.3%	\$ 370	\$ 2,136
2009 CRA Redevelopment Trust Note Maturity: 2022, Interest Rate: 0.619% Purpose: CRA redevelopment plan	CRA incremental	6,000	4,543	4,993	24.0%	366	1,527
2010A Capital Improvement Refunding Note Maturity: 2023, Interest Rate: 2.61% Purpose: Refunding 2005 Series Note	Local option sales tax	9,500	8,340	9,729	13.5%	590	4,385
2010B Capital Improvement Revenue Note Maturity: 2025, Interest Rate: 2.79% Purpose: Road Improvements	Local option sales tax	8,000	8,000	9,653	0.0%	-	4,385
2010C Capital Improvement Revenue Note Maturity: 2030, Interest Rate: 2.69% Purpose: Road Improvements	Local option gas tax	4,000	4,000	5,131	0.0%	-	2,136
2011A Capital Improvement Revenue Note Maturity: 2023, Interest Rate: 3.11% Purpose: Refunding Charter School Note	School Board State grant	7,075	6,165	7,375	9.5%	460	4,824
2011B Capital Improvement Refunding Note Maturity: 2025, Interest Rate: 2.86% Purpose: Road Improvements	Local option sales tax	9,140	<u>8,225</u>	9,979	11.0%	480	4,385
	Total Revenue Notes		<u>46,343</u>				
Revenue Bonds:							
Excise Tax Revenue Bonds, Series 1980 Maturity: 2018, Interest Rate: 3.50 - 5.45% Purpose: Refunding	Infrastructure surtax	265	92	110	14.3% (3)	10	70
Excise Tax Revenue Bonds, Series 1982 Maturity: 2019, Interest Rate: 5.00% Purpose: Refunding	Infrastructure surtax	500	<u>224</u>	290	13.1% (3)	17	130
	Total Revenue Bonds		<u>316</u>				
Total Revenue Notes and Bonds - Governmental Activities			<u>\$ 46,659</u>				

(1) Total pledged revenue is the total outstanding principal and interest.

(2) Future pledged revenue over debt service required is calculated using the current year total revenues for the remaining years of debt service.

(3) Total pledged infrastructure surtax for each outstanding debt issue is calculated based on its proportionate share of total annual debt service paid.

CITY OF KISSIMMEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS – Continued
September 30, 2012
(In Thousands)

E. Capital Leases

The City has capital leases outstanding at year-end. The gross value of the equipment acquired with capital lease proceeds is \$1,113 for governmental activities and \$741 for business-type activities. The following is a summary schedule of these capital lease obligations and their net present value.

Year Ending September 30	Governmental Activities	Business-type Activities
2013	\$ 64	\$ 155
2014	-	156
2015	-	155
2016	-	143
2017	-	-
Total minimum lease payments	64	609
Less: amount representing interest	(2)	(22)
Present value of minimum lease payments	\$ 62	\$ 587

F. KUA - County Liability

The City agreed to a structured repayment of its liability to KUA for their reimbursement to the County of collected utility taxes remitted to the City in error from June 2007 through November 2010. The payments commenced October 1, 2011 in monthly installments for 44 months to end no later than May 1, 2015. The total liability amounts to \$1,305 plus interest calculated using the SBA average monthly interest rate. The City remitted \$356 during the year and the remaining liability is \$949 at September 30, 2012.

NOTE 8 – EMPLOYEE RETIREMENT SYSTEMS

The City administers three public employee retirement systems for all full-time employees. The employees of the Tohopekaliga Water Authority also participate in the general employees' retirement plan. Actuarial studies were conducted on all three plans as of October 1, 2012. The City does not produce separately available financial reports for these pension plans. All required disclosures and financial data are contained in the City's Comprehensive Annual Financial Report.

A. Description of Plans

The City administers the general employees', municipal police officers', and municipal firefighters' retirement plans. All three plans are single-employer defined benefit plans established by ordinance pursuant to Florida Statutes. These plans provide retirement, disability, and death benefits to plan members and their beneficiaries. All three plans may be amended by ordinances adopted by the City Commission for benefits, funding policies, contribution requirements, and other plan administration changes. However, the City must adhere to the restrictions and limitations set forth in Florida Statutes for the police officers' and firefighters' pension plans.

B. Summary of Significant Accounting Policies

Basis of Accounting – The pension trust fund financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contribution (i.e., the annual budget process). Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Costs of administering the plans are charged to the pension trust fund and factored into the City’s contribution rate. Total net assets in all three pension trust funds are held in trust for plan benefits. The three pension plans do not issue separate financial statements; however, more information on each individual plan can be found in this section.

Method Used to Value Investments – Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. There were no investments in any one organization that represent 5 percent or more of plan net assets in any of the pension trust funds.

C. Contribution Information

Membership of each plan consisted of the following at October 1, 2012, the date of the latest actuarial valuations:

	Pension Plans		
	General Employees'	Police Officers'	Firefighters'
Active members	297	119	80
Terminated vested members	84	10	10
DROP participants	11	4	15
Service retirees and beneficiaries	137	86	41
Total	529	219	146

CITY OF KISSIMMEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS – Continued
September 30, 2012
(In Thousands)

For the fiscal year ended September 30, 2012, the following plan member and employer (including amount to be received from the State) contribution rates were actuarially determined:

	Pension Plans		
	General Employees'	Police Officers'	Firefighters'
Required Employer Contribution (<i>includes estimate for state excise tax proceeds</i>)	15.32%	42.58% ¹	45.39% ¹
Required Plan Member Contribution	3.69% Tier 1 6.91% Tier 2	3.70%	1.00%
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar, closed	Level % of pay, closed	Level % of pay, closed
Remaining Amortization Period	20 Years	30 Years	30 Years
Asset Valuation Method	20% of the difference between FMV and expected actuarial value	4 yr smooth mkt	5 yr smooth mkt
Actuarial Assumptions:			
Investment rate of return	8.00%	8.00%	8.00%
Projected salary increases	Service-Based Rule	7.00%	Service-Based Rule
Post retirement benefit increases	3.00%	3.50%	3.50%
Includes inflation and payroll growth	3.00%	3.00%	3.50%
Cost-of-living adjustments	None	1% per year age 55 to 65	None

¹ Required Employer Contribution includes City and State rate

Benefits are projected based upon the types of benefits and benefit levels and cost-sharing arrangements as of the date of the valuation and do not explicitly reflect the potential effects of legal or contractual funding limitations.

The following is a schedule of funding progress for the most recent actuarial valuation of all three plans.

	Date of Actuarial Valuation	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
General Employees'	10/01/12	\$ 78,448	\$ 91,568	\$ 13,120	85.7%	\$ 19,962	65.7%
Police Officers'	10/01/12	41,103	55,870	14,767	73.6%	6,686	220.9%
Firefighters'	10/01/12	29,765	42,279	12,514	70.4%	4,397	284.6%

The Schedules of Funding Progress for the three defined benefit pension plans immediately following the notes to the financial statements present multi-year trend information about whether the actuarial value of plan net assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

CITY OF KISSIMMEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS – Continued
September 30, 2012
(In Thousands)

The following schedules show the annual pension cost (APC) and actual contributions made.

<u>Plan/Fiscal Year Ended</u>	<u>APC</u>	<u>Actual</u>	<u>% of APC</u>
General Employees'			
09/30/10	\$ 3,287	\$ 3,287	100%
09/30/11	3,272	3,272	100%
09/30/12	3,169	3,169	100%
Police Officers'			
09/30/10	\$ 2,400	\$ 2,400	100%
09/30/11	2,478	2,536	102%
09/30/12	2,734	2,735	100%
Firefighters'			
09/30/10	\$ 1,670	\$ 1,670	100%
09/30/11	1,774	1,816	102%
09/30/12	1,929	1,930	100%

The City paid in 100% of their required amount in the current year and prior two years for all three plans. Employer contributions for firefighters and police officers include on-behalf payments from the state of Florida related to state excise taxes collected on homeowner's insurance policies. The on-behalf payment amounts are recorded as revenue in the City's Police and Firefighters Premium Tax Trust Fund, and as an operating expenditure for the amounts contributed to the pension funds. The following table presents the calculation of the annual pension cost and the net negative pension obligation presented as an asset on the Statement of Net Assets.

	<u>Police</u>	<u>Firefighters</u>
Actuarially Determined		
Contribution (A)	\$ 2,735	\$ 1,930
Interest on NPO	(5)	(3)
Adjustment to (A)	<u>4</u>	<u>2</u>
Annual Pension Cost (APC)	2,734	1,929
Contributions Made	<u>2,735</u>	<u>1,930</u>
Increase in NPO	(1)	(1)
NPO at Beginning of Year	<u>(58)</u>	<u>(42)</u>
NPO at End of Year	<u>\$ (59)</u>	<u>\$ (43)</u>

CITY OF KISSIMMEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS – Continued
September 30, 2012
(In Thousands)

D. Combining Statements of the Pension Trust Funds

CITY OF KISSIMMEE, FLORIDA				
<u>COMBINING STATEMENT OF FIDUCIARY NET ASSETS</u>				
<u>PENSION TRUST FUNDS</u>				
September 30, 2012				
(In Thousands)				
	General			
	Employees'	Police Officers'	Firefighters'	
	Pension	Pension	Pension	Totals
ASSETS				
Pension Cash and Short Term Investments	\$ 802	\$ 1,614	\$ 626	\$ 3,042
Interest Receivable	136	58	75	269
Investments, at Fair Value				
U.S. Government Obligations	3,441	594	1,604	5,639
U.S. Instrumentalities	2,398	4,699	4,707	11,804
Corporate Bonds	3,834	2,732	4,518	11,084
Corporate Stocks	37,039	9,839	14,406	61,284
Mutual Funds	24,539	20,221	2,630	47,390
Total Investments	<u>71,251</u>	<u>38,085</u>	<u>27,865</u>	<u>137,201</u>
Total Assets	<u>72,189</u>	<u>39,757</u>	<u>28,566</u>	<u>140,512</u>
Net Assets Held in Trust				
for Pension Benefits	<u>\$ 72,189</u>	<u>\$ 39,757</u>	<u>\$ 28,566</u>	<u>\$ 140,512</u>

CITY OF KISSIMMEE, FLORIDA				
<u>COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS</u>				
<u>PENSION TRUST FUNDS</u>				
For The Year Ended September 30, 2012				
(In Thousands)				
	General			
	Employees'	Police Officers'	Firefighters'	
	Pension	Pension	Pension	Totals
ADDITIONS				
Employer Contributions	\$ 3,272	\$ 2,529	\$ 1,969	\$ 7,770
Employee Contributions	836	238	43	1,117
Total Contributions	<u>4,108</u>	<u>2,767</u>	<u>2,012</u>	<u>8,887</u>
Investment Income	12,447	5,838	4,870	23,155
Total Additions	<u>16,555</u>	<u>8,605</u>	<u>6,882</u>	<u>32,042</u>
DEDUCTIONS				
Benefits	3,161	2,209	1,764	7,134
Administrative Expense	414	272	179	865
Total Deductions	<u>3,575</u>	<u>2,481</u>	<u>1,943</u>	<u>7,999</u>
Change in Net Assets	12,980	6,124	4,939	24,043
Net Assets - Beginning of Year	<u>59,209</u>	<u>33,633</u>	<u>23,627</u>	<u>116,469</u>
Net Assets - End of Year	<u>\$ 72,189</u>	<u>\$ 39,757</u>	<u>\$ 28,566</u>	<u>\$ 140,512</u>

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Plan Description

The City has implemented GASB Statement No. 45, *Accounting and Reporting for Postemployment Benefits Other than Pensions*, for certain post employment healthcare and life insurance benefits provided by the City. The requirements of this statement were implemented prospectively, with the actuarially determined liability of \$4,218 at October 1, 2010, the date of the most recent actuarial valuation.

The Other Postemployment Benefit Plan (“OPEB Plan”) is a single-employer benefit plan administered by the City. Retirees are charged whatever the insurance company charges for the type of coverage elected. However, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. Since the older retirees actually have higher costs, it means that the City is subsidizing the cost of the retiree coverage because it pays all or a significant portion of that premium on behalf of the active employees. GASB No.45 calls this the “implicit rate subsidy”.

Retirees and their dependents are permitted to remain covered under the City’s respective medical and insurance plans as long as they pay a full premium applicable to coverage elected. This conforms to the minimum required of Florida governmental employers per Ch. 112.08, F.S. The City Commission has the authority to amend the benefits of the OPEB Plan. The OPEB Plan does not issue a stand-alone report.

B. Funding Policy

For the OPEB Plan, contribution requirements of the City are established and may be amended through action of the City Commission. Currently, there are 538 active participants and 21 retirees and their spouses. The City’s OPEB benefits are unfunded. The required contributions are based on pay-as-you-go financing requirements. There is no OPEB trust fund or equivalent arrangement into which the City would make contributions to advance-fund the obligation, as it does for its pension plans. Therefore, ultimate subsidies which are provided over time are financed directly by general assets of the City, which are invested in short-term investments in accordance with the investment policy and described previously. The interest rate used to calculate the present values and costs of OPEB must be the long-range expected return on those investments. The City selected an interest rate of 3.5% for this purpose.

C. Annual OPEB Cost and Net OPEB Obligation

The City’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

CITY OF KISSIMMEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS – Continued
September 30, 2012
(In Thousands)

The following table shows the components of the City's net obligation to the OPEB Plan:

	FY12 Valuation as of 10/01/10
Normal Cost (service cost for one year)	\$ 593
Amortization of Unfunded Actuarial Accrued Liability	149
Interest on Normal Cost and Amortization	-
Annual Required Contribution (ARC)	742
Interest on Net OPEB Obligation	81
Adjustment to ARC	(80)
Annual OPEB Cost (expense)	743
Employer Contributions Made	(151)
Increase/(Decrease) in Net OPEB Obligation	592
Net OPEB Obligation at Beginning of Year	2,303
Net OPEB Obligation at End of Year	<u>\$ 2,895</u>

Calculations are based upon the types of benefits provided under the terms of the OPEB plan at the time of the valuation and on the pattern of sharing of costs between the employer and plan members to that point. The City's annual OPEB cost, the percentage of annual expected employer contribution toward OPEB cost, and the net OPEB obligation for 2012, 2011 and 2010 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions toward OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2012	\$ 743	\$ 151	20.32%	\$ 2,895
9/30/2011	707	131	18.53%	2,303
9/30/2010	1,053	180	17.09%	1,727

D. Funded Status and Funding Progress

As of October 1, 2010, the OPEB Plan was unfunded. The actuarial accrued liability (AAL) for benefits was \$4,218. Assets of the OPEB Plan are valued at market; however, the current value is \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,218 or 0%. The covered payroll (annual payroll of active employees covered by the OPEB Plan) was \$23,585. The ratio of the UAAL to the covered payroll was 17.88%. The Schedule of Funding Progress for the OPEB plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan net assets is increasing or decreasing relative to the AAL for benefits over time.

E. Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve 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, termination, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the OPEB Plan and the ARC are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

CITY OF KISSIMMEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS – Continued
September 30, 2012
(In Thousands)

Actuarial calculations reflect a long-term perspective and actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial assumptions included a payroll growth rate of 4%, projected salary increases of 4.5 – 10%, inflation rate of 3%, and healthcare inflation of 8%, adjusted annually to an ultimate rate of 5% after nine years. The remaining amortization period at September 30, 2012, was 27 years. The Normal Entry Age actuarial cost method was used, with amortization of the UAAL as a level percent of expected payroll (closed over 30 years).

NOTE 10 – RISK MANAGEMENT

The City has a risk management program accounted for in two internal service funds. The funds are used to account for the costs of employee health, workers’ compensation, automobile, and general property and casualty programs. Other City funds are charged by this fund for policy premiums and claims for which the City is self-insured. The City maintains cash reserves in excess of \$1 million and carries excess coverage for claims between \$100 thousand and \$5 million on all coverage except criminal liability. Criminal liability excess coverage is carried for claims between \$50 thousand and \$250 thousand. During 2012, there were no reductions in insurance coverage, and over the past three years there were no settlements that exceeded insurance coverage. As of the fiscal year ended September 30, 2012, the total outstanding unpaid claims were \$3,401 which includes an estimate for incurred but not reported claims. Insurance premiums paid out of this fund totaled \$1,421 for the fiscal year ended September 30, 2012. The change in the claims liability for the past two years is as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Current Year Claims Payments or Other Adjustments	Balance at End of Fiscal Year
2010-2012	\$ 3,693	\$ 1,538	\$ (1,830)	\$ 3,401
2010-2011	3,081	2,332	(1,720)	3,693

NOTE 11 – NET ASSETS, INVESTED IN CAPITAL ASSETS NET OF RELATED DEBT CALCULATION

The elements of this calculation are as follows:

	Governmental Activities	Business-type Activities	Total
Capital Assets (Net)	\$ 172,063	\$ 35,075	\$ 207,138
Debt Related to Capital Assets	(46,721)	(587)	(47,308)
Unspent Proceeds of Capital-Related Debt	5,195	-	5,195
	<u>\$ 130,537</u>	<u>\$ 34,488</u>	<u>\$ 165,025</u>

NOTE 12 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2012, expenditures in the Paving Assessments fund exceeded appropriations by \$33. This excess of expenditures was offset by current year additional assessment revenues.

NOTE 13 – FUND BALANCE DEFICITS AND DEFICIT NET ASSETS

The following funds have a deficit fund balance or net assets at September 30, 2012:

<u>Fund Name</u>	<u>Deficit Amounts</u>
<u>Deficit Fund Balance</u>	
Community Redevelopment Agency	\$ 982
Nonmajor Funds:	
Special Revenue Funds:	
Community Development Block Grant	273
West Cypress Sidewalk Grant	16
Kissimmee Multi-Use Trail	163
Post Disaster Redevelopment Plan	1
<u>Deficit Net Assets</u>	
Health Insurance	522

The deficit in the Community Redevelopment Agency (CRA) will be reversed in future years with tax incremental revenue deposits. Deficits in the grant funds represent amounts spent on grant programs that will ultimately be reimbursed from federal and state grantor agencies, or transfers from City funds for City match requirements in the subsequent period. The deficit in the Health Insurance Self Insurance Fund will be reversed with future required funding from the General Fund.

NOTE 14 – COMMITMENTS, RELATED PARTIES, AND CONTINGENCIES

Charter School - The City entered into an interlocal agreement with the Osceola County School Board to operate a charter elementary school within the City. Originally the City issued a tax-exempt note and built the school facilities. In 2011, the debt was refinanced at a fixed rate. The City entered into a contract with a management company to run the day-to-day operation of the school. The management company is required to report to the City Commission all activities and results of operations on a monthly and an annual basis. The City pays the management company based upon an approved operating budget. The City records revenue received from the Osceola County School Board, makes debt service payments on the notes, and pays the management company. The charter school is not a separate legal entity and is reflected in the City's financial statements as part of the City's governmental funds.

Kissimmee Utility Authority – The Kissimmee Utility Authority (KUA) provides a payment to the City's General Fund annually. The minimum payment is a charter requirement of KUA. For the fiscal year ended September 30, 2012, the payment made by KUA to the City was \$9.2 million. KUA's total operating revenues for the fiscal year ended September 30, 2012 were \$171 million. KUA also provides customer billing services to the City's Solid Waste and Stormwater Utility Funds.

Tohopekaliga Water Authority – The Tohopekaliga Water Authority (TWA) was created effective October 1, 2003. The TWA was created pursuant to a state legislative act. The City and Osceola County agreed to transfer all assets, liabilities and operations of their water and sewer systems to the TWA. The TWA issued in excess of \$100 million in reserve bonds to pay off the City's utility revenue bonds, other outstanding obligations, and to provide for new construction and system expansion. TWA provides a payment to the City's General Fund annually. The annual amount for 2012 was \$5.1 million and all future annual amounts will be calculated based on the gross annual revenues of the system for an additional 16 years.

CITY OF KISSIMMEE, FLORIDA
NOTES TO FINANCIAL STATEMENTS – Continued
September 30, 2012
(In Thousands)

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

Litigation - Various suits and claims arising in the ordinary course of operations are pending against the City. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of legal counsel, the City has sufficient insurance coverage to cover any claims and/or the liabilities that may arise from such action. The effect of such losses would not materially affect the financial position of the City or the results of its operations.

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedules (GAAP BASIS):

- General Fund
- Major Special Revenue Funds:
 - Transportation Impact Fee Fund
 - Community Redevelopment Agency
 - Local Option Sales Tax Fund

City Other Postemployment Benefits Plan Schedules:

- Schedule of Funding Progress
- Schedule of Employer Contributions

City Retirement Plans Schedules:

- Schedules of Funding Progress
- Schedules of Employer Contributions

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES AND OTHER SOURCES				
Taxes:				
Ad valorem	\$ 9,730	\$ 9,730	\$ 9,714	\$ (16)
Utility taxes	6,227	6,227	6,480	253
Local business taxes	170	170	194	24
	<u>16,127</u>	<u>16,127</u>	<u>16,388</u>	<u>261</u>
Permits, Fees and Special Assessments:				
Franchise fees	144	144	133	(11)
Other permits and fees	2	2	3	1
	<u>146</u>	<u>146</u>	<u>136</u>	<u>(10)</u>
Intergovernmental Revenues:				
Federal grants	-	20	3	(17)
State grants	-	311	125	(186)
Local grants	120	135	150	15
State revenue sharing	1,581	1,581	1,673	92
Half cent sales tax	3,700	3,700	3,726	26
Shared taxes and licenses	172	172	127	(45)
County shared revenue	874	874	1,100	226
Kissimmee Utility Authority	9,501	9,501	9,166	(335)
Tohopekcaliga Water Authority	4,721	4,721	5,128	407
	<u>20,669</u>	<u>21,015</u>	<u>21,198</u>	<u>183</u>
Charges for Services:				
General government charges	515	515	529	14
Public safety charges	3,018	3,018	4,009	991
Physical environment charges	65	65	69	4
Transportation charges	560	560	693	133
Culture/recreation charges	1,102	1,102	966	(136)
	<u>5,260</u>	<u>5,260</u>	<u>6,266</u>	<u>1,006</u>
Fines and Forfeitures:				
Court fines and costs	788	788	865	77
Miscellaneous Revenue:				
Investment income	40	40	845	805
Rents	25	25	25	-
Other revenue	204	206	382	176
Sales of cemetery lots	115	115	113	(2)
	<u>384</u>	<u>386</u>	<u>1,365</u>	<u>979</u>

Continued

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE - CONTINUED
GENERAL FUND
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES AND OTHER SOURCES - Continued				
Transfers In:				
Stormwater Utility Fund	\$ 190	\$ 190	\$ 190	\$ -
Charter School	666	666	666	-
Airport	2	2	2	-
Other Nonmajor Funds	-	26	226	200
Solid Waste Fund	205	205	211	6
Transportation Impact Fee	23	23	33	10
Fire Assessment Fees	3,005	3,005	2,889	(116)
	<u>4,091</u>	<u>4,117</u>	<u>4,217</u>	<u>100</u>
Other Sources:				
Proceeds from Sale of Capital Assets	40	40	99	59
	<u>40</u>	<u>40</u>	<u>99</u>	<u>59</u>
Total Revenues and Other Sources	<u>47,505</u>	<u>47,879</u>	<u>50,534</u>	<u>2,655</u>
EXPENDITURES AND OTHER USES				
General Government:				
City Commission:				
Personal Services	196	208	198	(10)
Operating	439	467	421	(46)
	<u>635</u>	<u>675</u>	<u>619</u>	<u>(56)</u>
City Manager:				
Personal Services	1,107	1,107	1,107	-
Operating	94	604	354	(250)
Capital Outlay	64	89	54	(35)
	<u>1,265</u>	<u>1,800</u>	<u>1,515</u>	<u>(285)</u>
Development Services:				
Personal Services	985	985	908	(77)
Operating	338	443	277	(166)
Capital Outlay	9	309	156	(153)
	<u>1,332</u>	<u>1,737</u>	<u>1,341</u>	<u>(396)</u>
Legal:				
Personal Services	355	355	342	(13)
Operating	205	228	142	(86)
Capital Outlay	4	4	3	(1)
	<u>564</u>	<u>587</u>	<u>487</u>	<u>(100)</u>

Continued

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE - CONTINUED
GENERAL FUND
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES AND OTHER USES - Continued				
General Government:				
Finance:				
Personal Services	\$ 873	\$ 873	\$ 864	\$ (9)
Operating	121	125	122	(3)
Capital Outlay	8	29	-	(29)
	<u>1,002</u>	<u>1,027</u>	<u>986</u>	<u>(41)</u>
Personnel:				
Personal Services	588	588	523	(65)
Operating	49	63	35	(28)
Capital Outlay	8	8	1	(7)
	<u>645</u>	<u>659</u>	<u>559</u>	<u>(100)</u>
Central Service Charges:				
Operating	3,780	3,780	3,767	(13)
	<u>3,780</u>	<u>3,780</u>	<u>3,767</u>	<u>(13)</u>
Total General Government	<u>9,223</u>	<u>10,265</u>	<u>9,274</u>	<u>(991)</u>
Public Safety:				
Police:				
Personal Services	14,936	14,883	14,295	(588)
Operating	2,226	2,376	2,210	(166)
Capital Outlay	427	736	522	(214)
	<u>17,589</u>	<u>17,995</u>	<u>17,027</u>	<u>(968)</u>
Fire:				
Personal Services	9,137	9,133	8,978	(155)
Operating	1,458	1,558	1,438	(120)
Capital Outlay	182	211	167	(44)
	<u>10,777</u>	<u>10,902</u>	<u>10,583</u>	<u>(319)</u>
Total Public Safety	<u>28,366</u>	<u>28,897</u>	<u>27,610</u>	<u>(1,287)</u>
Transportation:				
Public Works:				
Personal Services	2,290	2,290	2,178	(112)
Operating	1,348	1,348	1,110	(238)
Capital Outlay	150	214	101	(113)
Total Transportation	<u>3,788</u>	<u>3,852</u>	<u>3,389</u>	<u>(463)</u>

Continued

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE - CONTINUED
GENERAL FUND
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES AND OTHER USES - Continued				
Culture/Recreation				
Recreation:				
Personal Services	\$ 3,432	\$ 3,432	\$ 3,168	\$ (264)
Operating	1,764	1,825	1,733	(92)
Capital Outlay	345	376	298	(78)
Total Culture / Recreation	<u>5,541</u>	<u>5,633</u>	<u>5,199</u>	<u>(434)</u>
Non-Departmental				
Bad Debt	830	830	939	109
Debt Service Principal	392	392	356	(36)
Debt Service Interest and Costs	40	40	160	120
Total Non-Departmental	<u>1,262</u>	<u>1,262</u>	<u>1,455</u>	<u>193</u>
Other (Uses)				
Transfers	667	667	667	-
Transfers	256	313	529	(216)
	<u>923</u>	<u>980</u>	<u>1,196</u>	<u>(216)</u>
Total Other (Uses)	<u>923</u>	<u>980</u>	<u>1,196</u>	<u>(216)</u>
Total Expenditures and Other Uses	<u>49,103</u>	<u>50,889</u>	<u>48,123</u>	<u>(2,766)</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses				
	(1,598)	(3,010)	2,411	5,421
Fund Balance - Beginning of Year	<u>1,598</u>	<u>3,010</u>	<u>18,329</u>	<u>15,319</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,740</u>	<u>\$ 20,740</u>

Notes to Schedule

Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). There is no difference between GAAP and the budgetary basis of accounting.

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION IMPACT FEE FUND
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Permits, Fees and Special Assessments	\$ 1,133	\$ 1,133	\$ 1,094	\$ (39)
Investment Income	<u>2</u>	<u>2</u>	<u>18</u>	<u>16</u>
Total Revenues	<u>1,135</u>	<u>1,135</u>	<u>1,112</u>	<u>(23)</u>
EXPENDITURES				
Transportation				
Operating	-	-	2	2
Capital Outlay	<u>2,400</u>	<u>2,432</u>	<u>-</u>	<u>(2,432)</u>
Total Expenditures	<u>2,400</u>	<u>2,432</u>	<u>2</u>	<u>(2,430)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,265)</u>	<u>(1,297)</u>	<u>1,110</u>	<u>2,407</u>
OTHER FINANCING (USES)				
Transfers (Out)	<u>(384)</u>	<u>(384)</u>	<u>(33)</u>	<u>351</u>
Total Other Financing (Uses)	<u>(384)</u>	<u>(384)</u>	<u>(33)</u>	<u>351</u>
Net Change in Fund Balance	(1,649)	(1,681)	1,077	2,758
Fund Balance - Beginning	<u>1,649</u>	<u>1,681</u>	<u>1,931</u>	<u>250</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,008</u>	<u>\$ 3,008</u>

Notes to Schedule

The budget for the Transportation Impact Fee Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). There is no difference between GAAP and the budgetary basis of accounting.

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
COMMUNITY REDEVELOPMENT AGENCY
For the Year Ended September 30, 2012
(In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 1,352	\$ 1,352	\$ 1,432	\$ 80
Investment Income	2	2	3	1
Miscellaneous Revenues	-	-	1	1
Total Revenues	1,354	1,354	1,436	82
EXPENDITURES				
General Government				
Operating	640	631	484	(147)
Capital Outlay	201	277	20	(257)
Total Expenditures	841	908	504	(404)
Excess (Deficiency) of Revenues Over (Under) Expenditures	513	446	932	486
OTHER FINANCING (USES)				
Transfers In	-	-	700	700
Transfers (Out)	(526)	(526)	(399)	127
Total Other Financing (Uses)	(526)	(526)	301	827
Net Change in Fund Balance	(13)	(80)	1,233	1,313
Fund Balance (Deficit) - Beginning	13	80	(2,215)	(2,295)
Fund Balance (Deficit) - Ending	\$ -	\$ -	\$ (982)	\$ (982)

Notes to Schedule

The budget for the Community Redevelopment Agency is adopted on a basis consistent with generally accepted accounting principles (GAAP). There is no difference between GAAP and the budgetary basis of accounting.

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
LOCAL OPTION SALES TAX FUND
For the Year Ended September 30, 2012
(In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 5,752	\$ 5,752	\$ 5,408	\$ (344)
Investment Income	20	20	13	(7)
Miscellaneous Revenues	-	-	303	303
Total Revenues	5,772	5,772	5,724	(48)
EXPENDITURES				
General Government				
Capital Outlay	869	1,409	805	(604)
Public Safety				
Capital Outlay	141	158	141	(17)
Transportation				
Capital Outlay	267	3,943	1,325	(2,618)
Culture/Recreation				
Capital Outlay	2,565	3,908	1,530	(2,378)
Total Expenditures	3,842	9,418	3,801	(5,617)
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,930	(3,646)	1,923	5,569
OTHER FINANCING SOURCES and (USES)				
Transfers In	100	331	231	(100)
Transfers (Out)	(1,775)	(1,775)	(2,475)	(700)
Proceeds from Sale of Capital Assets	-	-	58	58
Total Other Financing Sources and (Uses)	(1,675)	(1,444)	(2,186)	(742)
Net Change in Fund Balance	255	(5,090)	(263)	4,827
Fund Balance - Beginning	(255)	5,090	9,058	3,968
Fund Balance - Ending	\$ -	\$ -	\$ 8,795	\$ 8,795

Notes to Schedule

The budget for the Local Option Sales Tax Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). There is no difference between GAAP and the budgetary basis of accounting.

CITY OF KISSIMMEE, FLORIDA
POST EMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
(in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/(c)
10/01/08	\$ -	\$ 6,966	\$ 6,966	0.0%	\$ 25,134	27.7%
10/01/09 *	-	6,966	6,966	0.0%	25,134	27.7%
10/01/10	-	4,218	4,218	0.0%	23,585	17.9%
10/01/11 *	-	4,218	4,218	0.0%	23,585	17.9%

* Roll-forward performed for various calculations pertaining to fiscal year end; however, actuarial valuation of OPEB Plan (including accrued actuarial liability) calculated biennially.

CITY OF KISSIMMEE, FLORIDA
POST EMPLOYMENT BENEFITS PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(in thousands)

Year Ended September 30	Annual Required Contribution	Amount Contributed	Percentage Contributed	Net OPEB Obligation
2009	\$ 1,013	\$ 158	15.60%	\$ 855
2010	1,049	180	17.16%	1,727
2011	705	131	18.58%	2,303
2012	742	151	20.35%	2,895

CITY OF KISSIMMEE, FLORIDA
EMPLOYEE RETIREMENT PLANS
SCHEDULES OF FUNDING PROGRESS
(in thousands)

General Employees' Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -		Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/(c)
		Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)			
10/01/07	\$ 57,125	\$ 64,742	\$ 7,617	88.2%	\$ 20,777	36.7%
10/01/08	60,916	71,960	11,044	84.7%	22,301	49.5%
10/01/09	64,887	78,120	13,233	83.1%	22,338	59.2%
10/01/10	69,344	82,850	13,506	83.7%	21,742	62.1%
10/01/11	73,099	87,362	14,263	83.7%	20,561	69.4%
10/01/12	78,448	91,568	13,120	85.7%	19,962	65.7%

Police Officers' Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -		Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/(c)
		Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)			
10/01/07	\$ 33,725	\$ 39,272	\$ 5,547	85.9%	\$ 6,740	82.3%
10/01/08	35,519	41,424	5,905	85.7%	6,704	88.1%
10/01/09	36,605	45,071	8,466	81.2%	6,307	134.2%
10/01/10	37,840	48,330	10,490	78.3%	6,452	162.6%
10/01/11	37,419	51,649	14,230	72.4%	6,864	207.3%
10/01/12	41,103	55,870	14,767	73.6%	6,686	220.9%

Firefighters' Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -		Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/(c)
		Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)			
10/01/07	\$ 21,139	\$ 29,078	\$ 7,939	72.7%	\$ 5,168	153.6%
10/01/08	22,216	31,681	9,465	70.1%	5,260	179.9%
10/01/09	23,662	33,710	10,048	70.2%	4,930	203.8%
10/01/10	24,364	35,881	11,517	67.9%	4,548	253.2%
10/01/11	24,691	37,884	13,193	65.2%	4,175	316.0%
10/01/12	29,765	42,279	12,514	70.4%	4,397	284.6%

CITY OF KISSIMMEE, FLORIDA
EMPLOYEE RETIREMENT PLANS
SCHEDULES OF EMPLOYER CONTRIBUTIONS
(in thousands)

General Employees' Retirement Plan

Year Ended September 30	Annual Required Contribution	Percentage Contributed
2007	\$ 2,714	100.00%
2008	2,549	100.00%
2009	3,047	100.00%
2010	3,287	100.00%
2011	3,272	100.00%
2012	3,169	100.00%

Police Officers' Retirement Plan

Year Ended September 30	Annual Required Contribution	Percentage Contributed
2007	\$ 1,875	100.00%
2008	2,058	100.00%
2009	2,295	100.00%
2010	2,398	100.00%
2011	2,536	100.00%
2012	2,735	100.00%

Firefighters' Retirement Plan

Year Ended September 30	Annual Required Contribution	Percentage Contributed
2007	\$ 1,495	100.00%
2008	1,509	100.00%
2009	1,669	100.00%
2010	1,666	100.00%
2011	1,816	100.00%
2012	1,930	100.00%

OTHER SUPPLEMENTAL INFORMATION

Non-Major Governmental Funds:

Combining Financial Statements for All Non-major
Governmental Funds and Individual Budgetary
Comparison Schedules (GAAP BASIS) for All
Budgeted Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The City has the following nonmajor special revenue funds:

Budgeted Special Revenue Funds (GAAP Basis)

Energy Efficiency and Conservation Block Grant

To account for revenues and expenditures related to the U.S. Department of Energy Recovery Act-funded Energy Efficiency and Conservation Block Grant.

Justice Assistance Grant

To account for the revenues and expenditures associated with the U. S. Department of Justice (DOJ), Bureau of Justice Assistance, Edward Byrne Memorial Justice Assistance Grant (JAG) program which allows states and local governments to support a broad range of activities to prevent and control crime and to improve the criminal justice system.

Kissimmee Multi-Use Trail

To account for the revenues and expenditures related to the LAP Agreement with the FDOT to provide the construction of the Kissimmee Multi-Use Trail project.

Post Disaster Redevelopment Plan

To account for the revenues and expenditures related to the monies received from the Federal Emergency Management Agency to fund the development of a post disaster redevelopment plan.

Recreation Impact Fee Fund

To account for impact fees collected and spent based on charges to new living units constructed. Revenue is restricted for park acquisition and improvements. Impact fees are assessed based upon City ordinance and adopted pursuant to Florida Law.

Shingle Creek Trail Grant

To account for the revenues and expenditures related to the FDOT grant to provide the construction of the Shingle Creek Trail project.

Fire Assessment Fee

To account for fire assessment fees collected. Revenue is restricted for fire control activities.

Neighborhood Stabilization Program Grant

To account for revenues and expenditures related to the U.S. Department of Housing and Urban Development (HUD) program to purchase and rehabilitate foreclosed homes and resell them to qualifying low-income families.

Building Division

To account for the collection of building permit revenues and payment of expenditures associated with providing inspection related services.

Community Development Block Grant

To account for revenues and expenditures related to the U.S. Department of HUD Community Development Block Grant.

Columbia Avenue Culvert Project

To account for revenues and expenditures related to the Columbia Avenue Culvert project.

NONMAJOR GOVERNMENTAL FUNDS - CONTINUED

Victims of Crime Act Grant

To account for revenues and expenditures related to the U.S. DOJ grant established under the 1984 Victims of Crime Act awarded for the various prevention programs.

Local Option Gas Tax

To account for the City's share of the six-cent local option gas tax revenues designated for road improvements and maintenance projects.

Paving Assessments

To account for the costs associated with paving projects. One-third of the project costs are paid by the Gas Tax Fund while the remaining two-thirds are assessed to property owners.

Charter School

To account for the funds received from the Osceola County School District and related expenditures to the management firm that operates the City's charter school.

Hazard Mitigation Grant Program

To account for the revenues and expenditures related to the monies received from the Federal Emergency Management Agency to fund various mitigation projects that will prevent damage to facilities in the event of a disaster.

West Cypress Sidewalk Grant

To account for the revenues and expenditures related to the LAP Agreement with the FDOT to provide for the construction of sidewalk improvements along West Cypress Street.

Non-Budgeted Special Revenue Funds

Section 8 HAPP

To account for expenditures associated with various housing related projects.

FDLE Grant for Public Education

To account for revenues and expenditures related to the funding of a Public Education Coordinator to facilitate the City's intervention program for all arson and juvenile fire setters.

USDA Grant Fund

To account for the revenues and expenditures associated with the U. S. Department of Agriculture Grant.

Renee Terrace

To account for revenues and expenditures related to the Renee Terrace ditch project, an Interlocal project with Osceola County.

Police and Firefighters Premium Tax Trust

To account for excise tax imposed on homeowners' insurance premiums collected by the State of Florida Department of Revenue and remitted to the City. These tax revenues are to be used as retirement contributions to Police and Firefighters' Pension plans.

Dyer Boulevard Pavement Rehabilitation

To account for the revenues and expenditures related to the Dyer Boulevard Pavement Rehabilitation project.

NONMAJOR GOVERNMENTAL FUNDS – CONTINUED

Non-Budgeted Special Revenue Funds - continued

Hurricane Housing Recovery Program Trust

To account for revenues and expenditures related to the Hurricane Housing Recovery Program Trust.

Supplementary Care

To account for revenue received from individuals buying supplementary care in the City cemetery. Interest can be transferred to the General Fund to defray the cost of cemetery operations and maintenance.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The City has the following nonmajor debt service funds:

Budgeted Debt Service Funds (GAAP Basis)

FmHA Bond

Accounts for the payment of principal and interest on the 1980 and 1981 Excise Tax Revenue Bonds. Occupational license revenue is pledged for payment of these bonds. Transfers are made from the General Fund.

2004 CRA Revenue Note

Accounts for the payment of principal and interest on the 2004 Revenue Note. Tax increment financing revenues are used for annual debt service payments.

2006 Revenue Note

Accounts for the payment of principal and interest on the 2006 Revenue Note. Monies from the one-cent sales tax are used for annual debt service payments.

2011B Capital Refunding Note

Accounts for the payment of principal and interest on the 2011B Capital Refunding Note. Revenue received from Local Option sales tax is used for annual debt service payments.

2010C Refunding Revenue Note

Accounts for the payment of principal and interest on the 2010C Refunding Revenue Note. Monies from the Local Option gas tax are used for annual debt service payments.

2010B Refunding Revenue Note

Accounts for the payment of principal and interest on the 2010B Refunding Revenue Note. Monies from the Local Option sales tax are used for annual debt service payments.

2010A Refunding Revenue Note

Accounts for the payment of principal and interest on the 2010A Refunding Revenue Note to advance refund the 2005 Revenue Note. Monies from the one-cent sales tax are used for annual debt service payments.

2011A Capital Refunding Note

Accounts for the payment of principal and interest on the 2011A Capital Refunding Note. Revenue received from the Charter School is used for annual debt service payments.

NONMAJOR GOVERNMENTAL FUNDS - CONTINUED

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital outlay. The City has the following capital projects funds:

Budgeted Capital Projects Fund (GAAP Basis)

2010B Note Construction Project

To account for the proceeds of the 2010B Revenue Note to be used for road improvement projects.

2010C Note Construction Project

To account for the proceeds of the 2010C Revenue Note to be used for road improvement projects.

2005 Capital Construction Note Project

To account for the proceeds of the 2005 Revenue Note to be used for construction of a fire station and various road and design improvements.

Lakefront Sales Tax 2009A Capital Project Fund

To account for the proceeds of the 2009A Revenue Note to be used for the construction of projects in the Lakefront Restoration Project.

CITY OF KISSIMMEE, FLORIDA
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
September 30, 2012
(In Thousands)

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 5,678	\$ 2,595	\$ -	\$ 8,273
Restricted Cash and Investments	-	-	5,374	5,374
Due from TWA	1	-	-	1
Due from Other Governments	583	-	-	583
Total Assets	\$ 6,262	\$ 2,595	\$ 5,374	\$ 14,231
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 143	\$ -	\$ 2	\$ 145
Contracts Payable	-	-	472	472
Accrued Liabilities	54	2,553	-	2,607
Due to Other Funds	814	-	-	814
Deferred Revenue	8	-	-	8
Total Liabilities	1,019	2,553	474	4,046
Fund Balances:				
Nonspendable Supplementary Care	703	-	-	703
Restricted for Transportation Projects	3,158	-	-	3,158
Restricted for Public Safety Projects	15	-	-	15
Restricted for Development Services	350	-	-	350
Restricted for Economic Development	128	-	-	128
Restricted for Recreation Projects	39	-	-	39
Restricted for Construction Projects	-	-	4,900	4,900
Restricted for Charter School	1,303	-	-	1,303
Assigned for Debt Service	-	42	-	42
Unassigned (Deficit)				
Special Revenue Funds	(453)	-	-	(453)
Total Fund Balances	5,243	42	4,900	10,185
Total Liabilities and Fund Balances	\$ 6,262	\$ 2,595	\$ 5,374	\$ 14,231

CITY OF KISSIMMEE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2012
(In Thousands)

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 2,358	\$ -	\$ -	\$ 2,358
Permits, Fees and Special Assessments	3,817	-	-	3,817
Intergovernmental Revenues	7,016	-	-	7,016
Charges for Services	216	-	-	216
Investment Income	11	-	19	30
Miscellaneous Revenues	24	-	319	343
Total Revenues	<u>13,442</u>	<u>-</u>	<u>338</u>	<u>13,780</u>
EXPENDITURES				
Current:				
General Government	3,824	-	-	3,824
Public Safety	1,801	-	-	1,801
Transportation	2,340	-	-	2,340
Economic Environment	641	-	-	641
Capital Outlay	-	-	6,461	6,461
Debt Service:				
Principal Retirement	73	2,293	-	2,366
Interest and Fiscal Charges	4	1,356	-	1,360
Total Expenditures	<u>8,683</u>	<u>3,649</u>	<u>6,461</u>	<u>18,793</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,759</u>	<u>(3,649)</u>	<u>(6,123)</u>	<u>(5,013)</u>
OTHER FINANCING SOURCES and (USES)				
Transfers In	1,065	3,649	-	4,714
Transfers (Out)	(4,457)	-	(26)	(4,483)
Total Other Financing Sources and (Uses)	<u>(3,392)</u>	<u>3,649</u>	<u>(26)</u>	<u>231</u>
Net Change in Fund Balances	1,367	-	(6,149)	(4,782)
Fund Balances - Beginning	<u>3,876</u>	<u>42</u>	<u>11,049</u>	<u>14,967</u>
Fund Balances - Ending	<u>\$ 5,243</u>	<u>\$ 42</u>	<u>\$ 4,900</u>	<u>\$ 10,185</u>

CITY OF KISSIMMEE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2012
(In Thousands)

	Energy			
	Efficiency and	Justice		Post-Disaster
	Conservation	Assistance	Kissimmee	Redevelopment
	Block Grant	Grant	Multi-Use Trail	Plan
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 11	\$ -	\$ -
Due from TWA	-	-	-	-
Due from Other Governments	-	8	-	59
Total Assets	\$ -	\$ 19	\$ -	\$ 59
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 41	\$ -
Accrued Liabilities	-	7	-	-
Due to Other Funds	-	-	122	60
Deferred Revenue	-	8	-	-
Total Liabilities	-	15	163	60
FUND BALANCES (DEFICITS)				
Nonspendable Supplementary Care	-	-	-	-
Restricted for Transportation Projects	-	-	-	-
Restricted for Public Safety Projects	-	4	-	-
Restricted for Development Services	-	-	-	-
Restricted for Economic Development	-	-	-	-
Restricted for Recreation Projects	-	-	-	-
Restricted for Charter School	-	-	-	-
Unassigned (Deficit)	-	-	(163)	(1)
Total Fund Balances (Deficits)	-	4	(163)	(1)
Total Liabilities and Fund Balances	\$ -	\$ 19	\$ -	\$ 59

Continued

<u>Recreation Impact Fee Fund</u>	<u>Shingle Creek Trail</u>	<u>Fire Assessment Fee</u>	<u>Neighborhood Stabilization Program</u>	<u>Building Division</u>
\$ 39	\$ -	\$ 3	\$ 18	\$ 367
-	-	-	-	-
-	191	-	13	-
<u>\$ 39</u>	<u>\$ 191</u>	<u>\$ 3</u>	<u>\$ 31</u>	<u>\$ 367</u>
\$ -	\$ 80	\$ -	\$ 4	\$ -
-	-	-	-	17
-	111	-	9	-
-	-	-	-	-
-	191	-	13	17
-	-	-	-	-
-	-	-	-	-
-	-	3	-	-
-	-	-	-	350
-	-	-	18	-
39	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>39</u>	<u>-</u>	<u>3</u>	<u>18</u>	<u>350</u>
<u>\$ 39</u>	<u>\$ 191</u>	<u>\$ 3</u>	<u>\$ 31</u>	<u>\$ 367</u>

CITY OF KISSIMMEE, FLORIDA
COMBINING BALANCE SHEET - Continued
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2012
(In Thousands)

	Community Development Block Grant	Columbia Avenue Culvert Project	Victim of Crime Act	Local Option Gas Tax
ASSETS				
Cash and Cash Equivalents	\$ 96	\$ 4	\$ -	\$ 3,024
Due from TWA	-	-	-	1
Due from Other Governments	137	-	9	166
Total Assets	\$ 233	\$ 4	\$ 9	\$ 3,191
LIABILITIES				
Accounts Payable	\$ 5	\$ -	\$ -	\$ 13
Accrued Liabilities	5	-	1	24
Due to Other Funds	496	-	-	-
Deferred Revenue	-	-	-	-
Total Liabilities	506	-	1	37
FUND BALANCES (DEFICITS)				
Nonspendable Supplementary Care	-	-	-	-
Restricted for Transportation Projects	-	4	-	3,154
Restricted for Public Safety Projects	-	-	8	-
Restricted for Development Services	-	-	-	-
Restricted for Economic Development	-	-	-	-
Restricted for Recreation Projects	-	-	-	-
Restricted for Charter School	-	-	-	-
Unassigned (Deficit)	(273)	-	-	-
Total Fund Balances (Deficits)	(273)	4	8	3,154
Total Liabilities and Fund Balances	\$ 233	\$ 4	\$ 9	\$ 3,191

Continued

<u>Paving Assessments</u>	<u>Charter School</u>	<u>Hazard Mitigation Grant Program</u>	<u>West Cypress Sidewalk Grant</u>	<u>Section 8 HAPP Fund</u>
\$ -	\$ 1,303	\$ 97	\$ -	\$ 12
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,303</u>	<u>\$ 97</u>	<u>\$ -</u>	<u>\$ 12</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	16	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>16</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	97	-	12
-	-	-	-	-
-	1,303	-	-	-
-	-	-	(16)	-
<u>-</u>	<u>1,303</u>	<u>97</u>	<u>(16)</u>	<u>12</u>
<u>\$ -</u>	<u>\$ 1,303</u>	<u>\$ 97</u>	<u>\$ -</u>	<u>\$ 12</u>

CITY OF KISSIMMEE, FLORIDA
COMBINING BALANCE SHEET - Continued
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2012
(In Thousands)

	FDLE Grant for Public Education	USDA Grant	Renee Terrace	Police and Firefighters Premium Tax Trust
ASSETS				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
Due from TWA	-	-	-	-
Due from Other Governments	-	-	-	-
Total Assets	\$ -	\$ -	\$ -	\$ -
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-
Due to Other Funds	-	-	-	-
Deferred Revenue	-	-	-	-
Total Liabilities	-	-	-	-
FUND BALANCES (DEFICITS)				
Nonspendable Supplementary Care	-	-	-	-
Restricted for Transportation Projects	-	-	-	-
Restricted for Public Safety Projects	-	-	-	-
Restricted for Development Services	-	-	-	-
Restricted for Economic Development	-	-	-	-
Restricted for Recreation Projects	-	-	-	-
Restricted for Charter School	-	-	-	-
Unassigned (Deficit)	-	-	-	-
Total Fund Balances (Deficits)	-	-	-	-
Total Liabilities and Fund Balances	\$ -	\$ -	\$ -	\$ -

<u>Dyer Boulevard Pavement Rehabilitation</u>	<u>Hurricane Housing Recovery Program Trust</u>	<u>Supplementary Care</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ 1	\$ 703	\$ 5,678
-	-	-	1
-	-	-	583
<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 703</u>	<u>\$ 6,262</u>
\$ -	\$ -	\$ -	\$ 143
-	-	-	54
-	-	-	814
-	-	-	8
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,019</u>
-	-	703	703
-	-	-	3,158
-	-	-	15
-	-	-	350
-	1	-	128
-	-	-	39
-	-	-	1,303
-	-	-	(453)
<u>-</u>	<u>1</u>	<u>703</u>	<u>5,243</u>
<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 703</u>	<u>\$ 6,262</u>

CITY OF KISSIMMEE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2012
(In Thousands)

	Energy			
	Efficiency and	Justice	Kissimmee	Post-Disaster
	Conservation	Assistance	Multi-Use	Redevelopment
	Block Grant	Grant	Trail	Plan
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Permits, Fees and Special Assessments	-	-	-	-
Intergovernmental Revenues	333	56	174	59
Charges for Services	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous Revenues	-	-	-	-
Total Revenues	<u>333</u>	<u>56</u>	<u>174</u>	<u>59</u>
EXPENDITURES				
Current:				
General Government	333	-	-	-
Public Safety	-	239	-	-
Transportation	-	-	151	-
Economic Environment	-	-	-	35
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	<u>333</u>	<u>239</u>	<u>151</u>	<u>35</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>-</u>	<u>(183)</u>	<u>23</u>	<u>24</u>
OTHER FINANCING				
SOURCES and (USES)				
Transfers In	-	188	-	-
Transfers (Out)	-	-	-	-
Total Other Financing	<u>-</u>	<u>188</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	5	23	24
Fund Balances (Deficits) - Beginning	<u>-</u>	<u>(1)</u>	<u>(186)</u>	<u>(25)</u>
Fund Balances (Deficits) - Ending	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ (163)</u>	<u>\$ (1)</u>

Continued

Recreation Impact Fee Fund	Shingle Creek Trail	Fire Assessment Fee	Neighborhood Stabilization Program	Building Division
\$ -	\$ -	\$ -	\$ -	\$ -
166	-	2,899	-	566
-	517	-	13	-
-	-	-	-	206
-	-	-	-	1
-	-	-	-	-
<u>166</u>	<u>517</u>	<u>2,899</u>	<u>13</u>	<u>773</u>
-	-	10	-	-
-	-	-	-	591
-	517	-	-	-
-	-	-	23	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>517</u>	<u>10</u>	<u>23</u>	<u>591</u>
<u>166</u>	<u>-</u>	<u>2,889</u>	<u>(10)</u>	<u>182</u>
-	-	-	-	30
<u>-</u>	<u>-</u>	<u>(2,889)</u>	<u>-</u>	<u>(28)</u>
-	-	(2,889)	-	2
166	-	-	(10)	184
<u>(127)</u>	<u>-</u>	<u>3</u>	<u>28</u>	<u>166</u>
<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 18</u>	<u>\$ 350</u>

CITY OF KISSIMMEE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - Continued
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2012
(In Thousands)

	Community Development Block Grant	Columbia Avenue Culvert Project	Victim of Crime Act	Local Option Gas Tax
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 2,358
Permits, Fees and Special Assessments	-	-	-	-
Intergovernmental Revenues	583	17	56	-
Charges for Services	-	-	-	10
Investment Income	-	-	-	6
Miscellaneous Revenues	-	-	-	-
Total Revenues	<u>583</u>	<u>17</u>	<u>56</u>	<u>2,374</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	54	-
Transportation	-	29	-	1,469
Economic Environment	583	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	<u>583</u>	<u>29</u>	<u>54</u>	<u>1,469</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(12)</u>	<u>2</u>	<u>905</u>
OTHER FINANCING SOURCES and (USES)				
Transfers In	-	-	25	12
Transfers (Out)	-	-	-	(790)
Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>25</u>	<u>(778)</u>
Net Change in Fund Balances	-	(12)	27	127
Fund Balances (Deficits) - Beginning	<u>(273)</u>	<u>16</u>	<u>(19)</u>	<u>3,027</u>
Fund Balances (Deficits) - Ending	<u>\$ (273)</u>	<u>\$ 4</u>	<u>\$ 8</u>	<u>\$ 3,154</u>

Continued

<u>Paving Assessments</u>	<u>Charter School</u>	<u>Hazard Mitigation Grant Program</u>	<u>West Cypress Sidewalk Grant</u>	<u>Section 8 HAPP Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -
186	-	-	-	-
-	4,212	38	41	-
-	-	-	-	-
-	3	-	-	-
-	-	-	-	-
<u>186</u>	<u>4,215</u>	<u>38</u>	<u>41</u>	<u>-</u>
-	3,481	-	-	-
-	-	-	-	-
174	-	-	-	-
-	-	-	-	-
-	73	-	-	-
-	4	-	-	-
<u>174</u>	<u>3,558</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>12</u>	<u>657</u>	<u>38</u>	<u>41</u>	<u>-</u>
-	-	-	-	-
<u>(12)</u>	<u>(666)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(12)</u>	<u>(666)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(9)	38	41	-
-	1,312	59	(57)	12
<u>\$ -</u>	<u>\$ 1,303</u>	<u>\$ 97</u>	<u>\$ (16)</u>	<u>\$ 12</u>

CITY OF KISSIMMEE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - Continued
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2012
(In Thousands)

	FDLE Grant for Public Education	USDA Grant	Renee Terrace	Police and Firefighters Premium Tax Trust
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Permits, Fees and Special Assessments	-	-	-	-
Intergovernmental Revenues	-	-	-	917
Charges for Services	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous Revenues	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>917</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	917
Transportation	-	-	-	-
Economic Environment	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>917</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES and (USES)				
Transfers In	10	772	-	-
Transfers (Out)	-	-	(72)	-
Total Other Financing Sources and (Uses)	<u>10</u>	<u>772</u>	<u>(72)</u>	<u>-</u>
Net Change in Fund Balances	10	772	(72)	-
Fund Balances (Deficits) - Beginning	<u>(10)</u>	<u>(772)</u>	<u>72</u>	<u>-</u>
Fund Balances (Deficits) - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Dyer Boulevard Pavement Rehabilitation	Hurricane Housing Recovery Program Trust	Supplementary Care	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 2,358
-	-	-	3,817
-	-	-	7,016
-	-	-	216
-	-	1	11
-	-	24	24
<u>-</u>	<u>-</u>	<u>25</u>	<u>13,442</u>
-	-	-	3,824
-	-	-	1,801
-	-	-	2,340
-	-	-	641
-	-	-	73
-	-	-	4
<u>-</u>	<u>-</u>	<u>-</u>	<u>8,683</u>
-	-	25	4,759
25	3	-	1,065
<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,457)</u>
<u>25</u>	<u>3</u>	<u>-</u>	<u>(3,392)</u>
25	3	25	1,367
<u>(25)</u>	<u>(2)</u>	<u>678</u>	<u>3,876</u>
<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 703</u>	<u>\$ 5,243</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Intergovernmental Revenues	\$ -	\$ 333	\$ 333
Total Revenues	<u>-</u>	<u>333</u>	<u>333</u>
EXPENDITURES			
General Government			
Capital Outlay	<u>336</u>	<u>333</u>	<u>(3)</u>
Total Expenditures	<u>336</u>	<u>333</u>	<u>(3)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(336)</u>	<u>-</u>	<u>336</u>
 Net Change in Fund Balance	 (336)	 -	 336
Fund Balance - Beginning	<u>336</u>	<u>-</u>	<u>(336)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
JUSTICE ASSISTANCE GRANT
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Intergovernmental Revenues	\$ 46	\$ 56	\$ 10
Total Revenues	<u>46</u>	<u>56</u>	<u>10</u>
EXPENDITURES			
Public Safety			
Personal Services	236	236	-
Operating	2	2	-
Capital Outlay	10	1	(9)
Total Expenditures	<u>248</u>	<u>239</u>	<u>(9)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(202)</u>	<u>(183)</u>	<u>19</u>
OTHER FINANCING SOURCES			
Transfers In	182	188	6
Total Other Financing Sources	<u>182</u>	<u>188</u>	<u>6</u>
Net Change in Fund Balance	(20)	5	25
Fund Balance (Deficit) - Beginning	<u>20</u>	<u>(1)</u>	<u>(21)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 4</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
KISSIMMEE MULTI-USE TRAIL
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Intergovernmental Revenues	\$ -	\$ 174	\$ 174
Total Revenues	<u>-</u>	<u>174</u>	<u>174</u>
EXPENDITURES			
Transportation			
Capital Outlay	<u>282</u>	<u>151</u>	<u>(131)</u>
Total Expenditures	<u>282</u>	<u>151</u>	<u>(131)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(282)</u>	<u>23</u>	<u>305</u>
 Net Change in Fund Balance	 (282)	 (49)	 233
Fund Balance (Deficit) - Beginning	<u>282</u>	<u>(186)</u>	<u>(468)</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ (235)</u>	<u>\$ (235)</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
POST DISASTER REDEVELOPMENT PLAN
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Intergovernmental Revenues	\$ -	\$ 59	\$ 59
Total Revenues	<u>-</u>	<u>59</u>	<u>59</u>
EXPENDITURES			
Transportation			
Operating	<u>35</u>	<u>35</u>	<u>-</u>
Total Expenditures	<u>35</u>	<u>35</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(35)</u>	<u>24</u>	<u>59</u>
 Net Change in Fund Balance	 (35)	 24	 59
Fund Balance (Deficit) - Beginning	<u>35</u>	<u>(25)</u>	<u>(60)</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ (1)</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
RECREATION IMPACT FEE FUND
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Permits, Fees and Special Assessments	\$ 50	\$ 166	\$ 116
Total Revenues	<u>50</u>	<u>166</u>	<u>116</u>
EXPENDITURES			
Culture and Recreation			
Capital Outlay	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>50</u>	<u>166</u>	<u>116</u>
 Net Change in Fund Balance	 50	 166	 116
Fund Balance (Deficit) - Beginning	<u>(50)</u>	<u>(127)</u>	<u>(77)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ 39</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
SHINGLE CREEK TRAIL GRANT
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Intergovernmental Revenues	\$ -	\$ 517	\$ 517
Total Revenues	<u>-</u>	<u>517</u>	<u>517</u>
EXPENDITURES			
Transportation			
Capital Outlay	1,000	517	(483)
Total Expenditures	<u>1,000</u>	<u>517</u>	<u>(483)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,000)</u>	<u>-</u>	<u>1,000</u>
 Net Change in Fund Balance	 (1,000)	 -	 1,000
Fund Balance - Beginning	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
FIRE ASSESSMENT FEE FUND
For the Year Ended September 30, 2012
(In Thousands)

	Budget	Actual Amounts	Variance with Budget - Over (Under)
REVENUES			
Permits, Fees and Special Assessments	\$ 3,025	\$ 2,899	\$ (126)
Total Revenues	3,025	2,899	(126)
EXPENDITURES			
General Government			
Operating	27	10	(17)
Total Expenditures	27	10	(17)
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,998	2,889	(109)
OTHER FINANCING (USES)			
Transfers (Out)	(3,005)	(2,889)	116
Total Other Financing (Uses)	(3,005)	(2,889)	116
Net Change in Fund Balance	(7)	-	7
Fund Balance - Beginning	7	3	(4)
Fund Balance - Ending	\$ -	\$ 3	\$ 3

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
NEIGHBORHOOD STABILIZATION PROGRAM
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Amount</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES				
Intergovernmental Revenues	\$ 1,042	\$	13	\$ (1,029)
Total Revenues	<u>1,042</u>		<u>13</u>	<u>(1,029)</u>
EXPENDITURES				
Economic Environment				
Operating	95		23	(72)
Capital Outlay	<u>962</u>		<u>-</u>	<u>(962)</u>
Total Expenditures	<u>1,057</u>		<u>23</u>	<u>(1,034)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15)</u>		<u>(10)</u>	<u>5</u>
Net Change in Fund Balance	(15)		(10)	5
Fund Balance - Beginning	<u>15</u>		<u>28</u>	<u>13</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$</u>	<u>18</u>	<u>\$ 18</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
BUILDING DIVISION
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Permits, Fees and Special Assessments	\$ 414	\$ 566	\$ 152
Charges for Services	119	206	87
Investment Income	-	1	1
Total Revenues	<u>533</u>	<u>773</u>	<u>240</u>
EXPENDITURES			
Public Safety			
Personal Services	544	540	(4)
Operating	49	41	(8)
Capital Outlay	11	10	(1)
Total Expenditures	<u>604</u>	<u>591</u>	<u>(13)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(71)</u>	<u>182</u>	<u>253</u>
OTHER FINANCING SOURCES AND (USES)			
Transfers In	30	30	-
Transfers (Out)	(28)	(28)	-
Total Other Financing Sources and Uses	<u>2</u>	<u>2</u>	<u>-</u>
Net Change in Fund Balance	(69)	184	253
Fund Balance - Beginning	<u>69</u>	<u>166</u>	<u>97</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 350</u>	<u>\$ 350</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Intergovernmental Revenues	\$ 556	\$ 583	\$ 27
Total Revenues	<u>556</u>	<u>583</u>	<u>27</u>
EXPENDITURES			
Economic Environment			
Personal Services	138	126	(12)
Operating	179	83	(96)
Capital Outlay	<u>728</u>	<u>374</u>	<u>(354)</u>
Total Expenditures	<u>1,045</u>	<u>583</u>	<u>(462)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(489)</u>	<u>-</u>	<u>489</u>
 Net Change in Fund Balance	 (489)	 -	 489
Fund Balance (Deficit) - Beginning	<u>489</u>	<u>(273)</u>	<u>(762)</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ (273)</u>	<u>\$ (273)</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
COLUMBIA AVENUE CULVERT PROJECT
For the Year Ended September 30, 2012
(In Thousands)

	Budget	Actual Amounts	Variance with Budget - Over (Under)
REVENUES			
Intergovernmental Revenues	\$ -	\$ 17	\$ 17
Total Revenues	-	17	17
EXPENDITURES			
Transportation			
Capital Outlay	38	29	(9)
Total Expenditures	38	29	(9)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(38)	(12)	26
Net Change in Fund Balance	(38)	(12)	26
Fund Balance - Beginning	38	16	(22)
Fund Balance - Ending	\$ -	\$ 4	\$ 4

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
VICTIM OF CRIME ACT
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Intergovernmental Revenues	\$ -	\$ 56	\$ 56
Total Revenues	<u>-</u>	<u>56</u>	<u>56</u>
EXPENDITURES			
Public Safety			
Personal Services	<u>54</u>	<u>54</u>	<u>-</u>
Total Expenditures	<u>54</u>	<u>54</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(54)</u>	<u>2</u>	<u>56</u>
OTHER FINANCING SOURCES			
Transfers In	<u>-</u>	<u>25</u>	<u>25</u>
Total Other Financing Sources	<u>-</u>	<u>25</u>	<u>25</u>
Net Change in Fund Balance	<u>(54)</u>	<u>27</u>	<u>81</u>
Fund Balance (Deficit) - Beginning	<u>54</u>	<u>(19)</u>	<u>(73)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 8</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
LOCAL OPTION GAS TAX
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Taxes	\$ 2,458	\$ 2,358	\$ (100)
Charges for Services	7	10	3
Investment Income	6	6	-
Miscellaneous Revenues	8	-	(8)
Total Revenues	<u>2,479</u>	<u>2,374</u>	<u>(105)</u>
EXPENDITURES			
Transportation			
Personal Services	727	725	(2)
Operating	611	352	(259)
Capital Outlay	1,661	392	(1,269)
Total Expenditures	<u>2,999</u>	<u>1,469</u>	<u>(1,530)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(520)</u>	<u>905</u>	<u>1,425</u>
OTHER FINANCING SOURCES AND (USES)			
Transfers In	10	12	2
Transfers (Out)	(764)	(790)	26
Total Other Financing Sources and (Uses)	<u>(754)</u>	<u>(778)</u>	<u>28</u>
Net Change in Fund Balance	(1,274)	127	1,401
Fund Balance - Beginning	<u>1,274</u>	<u>3,027</u>	<u>1,753</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 3,154</u>	<u>\$ 3,154</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
PAVING ASSESSMENTS
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Permits, Fees and Special Assessments	\$ 150	\$ 186	\$ 36
Total Revenues	<u>150</u>	<u>186</u>	<u>36</u>
EXPENDITURES			
Transportation			
Operating	141	174	33
Total Expenditures	<u>141</u>	<u>174</u>	<u>33</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9</u>	<u>12</u>	<u>3</u>
OTHER FINANCING (USES)			
Transfers (Out)	(10)	(12)	(2)
Total Other Financing (Uses)	<u>(10)</u>	<u>(12)</u>	<u>(2)</u>
Net Change in Fund Balance	(1)	-	1
Fund Balance - Beginning	<u>1</u>	<u>-</u>	<u>(1)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
CHARTER SCHOOL
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Intergovernmental Revenues	\$ 4,986	\$ 4,212	\$ (774)
Investment Income	3	3	-
Total Revenues	<u>4,989</u>	<u>4,215</u>	<u>(774)</u>
EXPENDITURES			
General Government			
Operating	4,248	3,481	(767)
Debt Service			
Principal Retirement	77	73	(4)
Interest and Fiscal Charges	-	4	4
Total Expenditures	<u>4,325</u>	<u>3,558</u>	<u>(767)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>664</u>	<u>657</u>	<u>(7)</u>
OTHER FINANCING (USES)			
Transfers (Out)	(666)	(666)	-
Total Other Financing (Uses)	<u>(666)</u>	<u>(666)</u>	<u>-</u>
Net Change in Fund Balance	(2)	(9)	(7)
Fund Balance - Beginning	<u>2</u>	<u>1,312</u>	<u>1,310</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 1,303</u>	<u>\$ 1,303</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
HAZARD MITIGATION GRANT PROGRAM
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Intergovernmental Revenues	\$ -	\$ 38	\$ 38
Total Revenues	<u>-</u>	<u>38</u>	<u>38</u>
EXPENDITURES			
General Government			
Capital Outlay	17	-	(17)
Public Safety			
Capital Outlay	<u>108</u>	<u>-</u>	<u>(108)</u>
Total Expenditures	<u>125</u>	<u>-</u>	<u>(125)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(125)</u>	<u>38</u>	<u>163</u>
Net Change in Fund Balance	(125)	38	163
Fund Balance - Beginning	<u>125</u>	<u>59</u>	<u>(66)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 97</u>	<u>\$ 97</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
WEST CYPRESS SIDEWALK GRANT
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Intergovernmental Revenues	\$ -	\$ 41	\$ 41
Total Revenues	<u>-</u>	<u>41</u>	<u>41</u>
EXPENDITURES			
Transportation			
Capital Outlay	156	-	(156)
Total Expenditures	<u>156</u>	<u>-</u>	<u>(156)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(156)</u>	<u>41</u>	<u>197</u>
Net Change in Fund Balance	(156)	41	197
Fund Balance (Deficit) - Beginning	<u>156</u>	<u>(57)</u>	<u>(213)</u>
Fund Balance (Deficit) - Ending	<u>\$ -</u>	<u>\$ (16)</u>	<u>\$ (16)</u>

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CITY OF KISSIMMEE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
September 30, 2012
(In Thousands)

	<u>FmHA Bond</u>	<u>2004 CRA Note</u>	<u>2006 Revenue Note</u>	<u>2011B Capital Refunding Note</u>	<u>2010C Refunding Revenue Note</u>
ASSETS					
Cash and Cash Equivalents	\$ 42	\$ -	\$ 513	\$ 604	\$ 54
Total Assets	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ 513</u>	<u>\$ 604</u>	<u>\$ 54</u>
LIABILITIES					
Accrued Interest Payable	\$ -	\$ -	\$ 143	\$ 124	\$ 54
Bonds/Notes Payable - Current	-	-	370	480	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>513</u>	<u>604</u>	<u>54</u>
FUND BALANCES					
Assigned for Debt Service	<u>42</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>42</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ 513</u>	<u>\$ 604</u>	<u>\$ 54</u>

2010B Refunding Revenue Note	2010A Refunding Revenue Note	2011A Capital Refunding Note	Total Nonmajor Debt Service Funds
\$ 112	\$ 707	\$ 563	\$ 2,595
<u>\$ 112</u>	<u>\$ 707</u>	<u>\$ 563</u>	<u>\$ 2,595</u>
\$ 112	\$ 117	\$ 103	\$ 653
-	590	460	1,900
<u>112</u>	<u>707</u>	<u>563</u>	<u>2,553</u>
-	-	-	42
-	-	-	42
<u>\$ 112</u>	<u>\$ 707</u>	<u>\$ 563</u>	<u>\$ 2,595</u>

CITY OF KISSIMMEE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
For the Year Ended September 30, 2012
(In Thousands)

	<u>FmHA Bond</u>	<u>2004 CRA Note</u>	<u>2006 Revenue Note</u>	<u>2011B Capital Refunding Note</u>	<u>2010C Refunding Revenue Note</u>
REVENUES					
Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Debt Service					
Principal Retirement	27	366	370	480	-
Interest and Fiscal Charges	17	33	287	249	108
Total Expenditures	<u>44</u>	<u>399</u>	<u>657</u>	<u>729</u>	<u>108</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(44)</u>	<u>(399)</u>	<u>(657)</u>	<u>(729)</u>	<u>(108)</u>
OTHER FINANCING SOURCES AND (USES)					
Transfers In	44	399	657	729	108
Total Other Financing Sources And (Uses)	<u>44</u>	<u>399</u>	<u>657</u>	<u>729</u>	<u>108</u>
Net Change in Fund Balances	-	-	-	-	-
Fund Balances - Beginning	42	-	-	-	-
Fund Balances - Ending	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2010B Refunding Revenue Note	2010A Refunding Revenue Note	2011A Capital Refunding Note	Total Nonmajor Debt Service Funds
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	590	460	2,293
223	233	206	1,356
223	823	666	3,649
(223)	(823)	(666)	(3,649)
223	823	666	3,649
223	823	666	3,649
-	-	-	-
-	-	-	42
\$ -	\$ -	\$ -	\$ 42

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
FmHA BOND
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Investment Income	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Debt Service			
Principal Retirement	27	27	-
Interest and Fiscal Charges	17	17	-
Total Expenditures	<u>44</u>	<u>44</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(44)</u>	<u>(44)</u>	<u>-</u>
OTHER FINANCING SOURCES			
Transfers In	44	44	-
Total Other Financing Sources	<u>44</u>	<u>44</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>42</u>	<u>42</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 42</u>	<u>\$ 42</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
2004 CRA NOTE
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Budget -</u> <u>Over (Under)</u>
REVENUES			
Investment Income	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Debt Service			
Principal Retirement	366	366	-
Interest and Fiscal Charges	<u>60</u>	<u>33</u>	<u>(27)</u>
Total Expenditures	<u>426</u>	<u>399</u>	<u>(27)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(426)</u>	<u>(399)</u>	<u>27</u>
OTHER FINANCING SOURCES			
Transfers In	<u>426</u>	<u>399</u>	<u>(27)</u>
Total Other Financing Sources	<u>426</u>	<u>399</u>	<u>(27)</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
2006 REVENUE NOTE
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Budget -</u> <u>Over (Under)</u>
REVENUES			
Investment Income	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Debt Service			
Principal Retirement	370	370	-
Interest and Fiscal Charges	<u>287</u>	<u>287</u>	<u>-</u>
Total Expenditures	<u>657</u>	<u>657</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(657)</u>	<u>(657)</u>	<u>-</u>
OTHER FINANCING SOURCES			
Transfers In	<u>657</u>	<u>657</u>	<u>-</u>
Total Other Financing Sources	<u>657</u>	<u>657</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
2011B CAPITAL REFUNDING NOTE
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Investment Income	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Debt Service			
Principal Retirement	480	480	-
Interest and Fiscal Charges	<u>249</u>	<u>249</u>	<u>-</u>
Total Expenditures	<u>729</u>	<u>729</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(729)</u>	<u>(729)</u>	<u>-</u>
OTHER FINANCING SOURCES			
Transfers In	<u>729</u>	<u>729</u>	<u>-</u>
Total Other Financing Sources	<u>729</u>	<u>729</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
2010C REFUNDING REVENUE NOTE
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Budget -</u> <u>Over (Under)</u>
REVENUES			
Investment Income	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Debt Service			
Interest and Fiscal Charges	108	108	-
Total Expenditures	<u>108</u>	<u>108</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(108)</u>	<u>(108)</u>	<u>-</u>
OTHER FINANCING SOURCES			
Transfers In	108	108	-
Total Other Financing Sources	<u>108</u>	<u>108</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
2010B REFUNDING REVENUE NOTE
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Investment Income	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Debt Service			
Interest and Fiscal Charges	223	223	-
Total Expenditures	<u>223</u>	<u>223</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(223)</u>	<u>(223)</u>	<u>-</u>
OTHER FINANCING SOURCES			
Transfers In	223	223	-
Total Other Financing Sources	<u>223</u>	<u>223</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
2010A REFUNDING REVENUE NOTE
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Investment Income	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Debt Service			
Principal Retirement	590	590	-
Interest and Fiscal Charges	<u>233</u>	<u>233</u>	<u>-</u>
Total Expenditures	<u>823</u>	<u>823</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(823)</u>	<u>(823)</u>	<u>-</u>
OTHER FINANCING SOURCES			
Transfers In	<u>823</u>	<u>823</u>	<u>-</u>
Total Other Financing Sources	<u>823</u>	<u>823</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
2011A CAPITAL REFUNDING NOTE
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Budget -</u> <u>Over (Under)</u>
REVENUES			
Investment Income	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Debt Service			
Principal Retirement	460	460	-
Interest and Fiscal Charges	<u>206</u>	<u>206</u>	<u>-</u>
Total Expenditures	<u>666</u>	<u>666</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(666)</u>	<u>(666)</u>	<u>-</u>
OTHER FINANCING SOURCES			
Transfers In	<u>666</u>	<u>666</u>	<u>-</u>
Total Other Financing Sources	<u>666</u>	<u>666</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF KISSIMMEE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
September 30, 2012
(In Thousands)

	<u>2010B Note Construction Project</u>	<u>2010C Note Construction Project</u>	<u>2005 Capital Construction Note Project</u>	<u>Lakefront Sales Tax 2009A Capital Project Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
ASSETS					
Restricted Assets					
Cash and Cash Equivalents	\$ 1,214	\$ 3,423	\$ 139	\$ 598	\$ 5,374
Total Restricted Assets	<u>\$ 1,214</u>	<u>\$ 3,423</u>	<u>\$ 139</u>	<u>\$ 598</u>	<u>\$ 5,374</u>
LIABILITIES					
Accounts Payable	\$ -	\$ 2	\$ -	\$ -	\$ 2
Contracts Payable	<u>472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>472</u>
Total Liabilities	<u>472</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>474</u>
FUND BALANCES					
Restricted for Construction Projects	<u>742</u>	<u>3,421</u>	<u>139</u>	<u>598</u>	<u>4,900</u>
Total Fund Balances	<u>742</u>	<u>3,421</u>	<u>139</u>	<u>598</u>	<u>4,900</u>
Total Liabilities and Fund Balances	<u>\$ 1,214</u>	<u>\$ 3,423</u>	<u>\$ 139</u>	<u>\$ 598</u>	<u>\$ 5,374</u>

CITY OF KISSIMMEE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
For the Year Ended September 30, 2012
(In Thousands)

	2010B Note Construction Project	2010C Note Construction Project	2005 Capital Construction Note Project	Lakefront Sales Tax 2009A Capital Project Fund	Total Nonmajor Capital Projects Funds
REVENUES					
Investment Income	\$ 8	\$ 10	\$ -	\$ 1	\$ 19
Miscellaneous Revenues	-	319	-	-	319
Total Revenues	<u>8</u>	<u>329</u>	<u>-</u>	<u>1</u>	<u>338</u>
EXPENDITURES					
Capital Outlay	6,086	268	7	100	6,461
Total Expenditures	<u>6,086</u>	<u>268</u>	<u>7</u>	<u>100</u>	<u>6,461</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,078)</u>	<u>61</u>	<u>(7)</u>	<u>(99)</u>	<u>(6,123)</u>
OTHER FINANCING (USES)					
Transfers (Out)	-	-	(26)	-	(26)
Total Other Financing (Uses)	<u>-</u>	<u>-</u>	<u>(26)</u>	<u>-</u>	<u>(26)</u>
Net Change in Fund Balances	(6,078)	61	(33)	(99)	(6,149)
Fund Balances - Beginning	<u>6,820</u>	<u>3,360</u>	<u>172</u>	<u>697</u>	<u>11,049</u>
Fund Balances - Ending	<u>\$ 742</u>	<u>\$ 3,421</u>	<u>\$ 139</u>	<u>\$ 598</u>	<u>\$ 4,900</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
2010B NOTE CONSTRUCTION PROJECT
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Investment Income	\$ -	\$ 8	\$ 8
Total Revenues	<u>-</u>	<u>8</u>	<u>8</u>
EXPENDITURES			
Culture and Recreation			
Capital Outlay	<u>6,809</u>	<u>6,086</u>	<u>(723)</u>
Total Expenditures	<u>6,809</u>	<u>6,086</u>	<u>(723)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,809)</u>	<u>(6,078)</u>	<u>731</u>
 Net Change in Fund Balance	 (6,809)	 (6,078)	 731
Fund Balance - Beginning	<u>6,809</u>	<u>6,820</u>	<u>11</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 742</u>	<u>\$ 742</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
2010C NOTE CONSTRUCTION PROJECT
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Investment Income	\$ -	\$ 10	\$ 10
Miscellaneous Revenues	-	319	319
Total Revenues	<u>-</u>	<u>329</u>	<u>329</u>
EXPENDITURES			
Transportation			
Capital Outlay	<u>3,358</u>	<u>268</u>	<u>(3,090)</u>
Total Expenditures	<u>3,358</u>	<u>268</u>	<u>(3,090)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,358)</u>	<u>61</u>	<u>3,419</u>
 Net Change in Fund Balance	 (3,358)	 61	 3,419
 Fund Balance - Beginning	 <u>3,358</u>	 <u>3,360</u>	 <u>2</u>
 Fund Balance - Ending	 <u>\$ -</u>	 <u>\$ 3,421</u>	 <u>\$ 3,421</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
2005 CAPITAL CONSTRUCTION NOTE PROJECT
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Investment Income	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Public Safety			
Capital Outlay	146	7	(139)
Total Expenditures	<u>146</u>	<u>7</u>	<u>(139)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(146)</u>	<u>(7)</u>	<u>139</u>
OTHER FINANCING (USES)			
Transfers (Out)	(26)	(26)	-
Total Other Financing (Uses)	<u>(26)</u>	<u>(26)</u>	<u>-</u>
Net Change in Fund Balance	(172)	(33)	139
Fund Balance - Beginning	<u>172</u>	<u>172</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 139</u>	<u>\$ 139</u>

CITY OF KISSIMMEE, FLORIDA
BUDGETARY COMPARISON SCHEDULE
LAKEFRONT SALES TAX 2009A CAPITAL PROJECT FUND
For the Year Ended September 30, 2012
(In Thousands)

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget - Over (Under)</u>
REVENUES			
Investment Income	\$ -	\$ 1	\$ 1
Total Revenues	<u>-</u>	<u>1</u>	<u>1</u>
EXPENDITURES			
Culture and Recreation			
Capital Outlay	679	100	(579)
Total Expenditures	<u>679</u>	<u>100</u>	<u>(579)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(679)</u>	<u>(99)</u>	<u>580</u>
 Net Change in Fund Balance	 (679)	 (99)	 580
 Fund Balance - Beginning	 <u>679</u>	 <u>697</u>	 <u>18</u>
 Fund Balance - Ending	 <u>\$ -</u>	 <u>\$ 598</u>	 <u>\$ 598</u>

INTERNAL SERVICE FUNDS

The City has three internal service funds. These funds are used to accumulate costs related to various activities and charge them back to user departments. They are as follows:

Central Services

This fund accounts for costs associated with central services which include information technology, purchasing, warehouse, garage, building maintenance, and printing. Charges for services to other departments are based on actual costs incurred.

Health Insurance

This fund accounts for the City's self-funded employee health insurance plan. Costs include insurance costs, self-insurance claims expenses, and administrative costs. Charges for services are made to other departments based on estimated premiums.

Risk Management

This fund accounts for the City's risk management program. Costs include all insurance costs, self-insurance claims expenses, and administrative costs. Charges for services are made to other departments based on estimated premiums.

CITY OF KISSIMMEE, FLORIDA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
September 30, 2012
(In Thousands)

	Central Services	Health Insurance	Risk Management	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,142	\$ 273	\$ 4,665	\$ 6,080
Accounts Receivable (net)	358	1	4	363
Due from Other Funds	-	-	735	735
Due from KUA	1	-	-	1
Due from TWA	242	143	236	621
Inventories	197	-	-	197
Total Current Assets	1,940	417	5,640	7,997
Capital Assets:				
Buildings	71	-	-	71
Improvements Other Than Building	1,121	-	124	1,245
Machinery, Equipment and Vehicles	2,515	-	4	2,519
Less Accumulated Depreciation	(3,501)	-	(52)	(3,553)
Total Capital Assets	206	-	76	282
Total Assets	2,146	417	5,716	8,279
LIABILITIES				
Current Liabilities:				
Accounts Payable	232	1	14	247
Accrued Liabilities	69	-	-	69
Due to Other Funds	-	735	-	735
Compensated Absences Payable	31	-	-	31
Estimated Claims Payable	-	101	1,599	1,700
Total Current Liabilities	332	837	1,613	2,782
Noncurrent Liabilities:				
Compensated Absences Payable	73	-	-	73
Other Postemployment Benefits	170	-	-	170
Estimated Claims Payable	-	102	1,599	1,701
Total Noncurrent Liabilities	243	102	1,599	1,944
Total Liabilities	575	939	3,212	4,726
NET ASSETS				
Invested in Capital Assets	206	-	76	282
Unrestricted (Deficit)	1,365	(522)	2,428	3,271
Total Net Assets (Deficit)	\$ 1,571	\$ (522)	\$ 2,504	\$ 3,553

CITY OF KISSIMMEE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For The Year Ended September 30, 2012
(In Thousands)

	<u>Central Services</u>	<u>Health Insurance</u>	<u>Risk Management</u>	<u>Total</u>
Operating Revenues:				
Charges for Services	\$ 4,065	\$ 7,564	\$ 1,759	\$ 13,388
Miscellaneous Revenues	-	4	-	4
Total Operating Revenues	<u>4,065</u>	<u>7,568</u>	<u>1,759</u>	<u>13,392</u>
Operating Expenses:				
Personal Services	1,965	-	10	1,975
Contracted Services	382	731	24	1,137
Supplies and Materials	82	-	2	84
Repairs and Maintenance	751	-	68	819
Other Services and Charges	436	-	168	604
Depreciation	81	-	8	89
Claims/Premium Expense	55	6,782	1,538	8,375
Total Operating Expenses	<u>3,752</u>	<u>7,513</u>	<u>1,818</u>	<u>13,083</u>
Operating Income (Loss)	<u>313</u>	<u>55</u>	<u>(59)</u>	<u>309</u>
Nonoperating Revenues:				
Investment Income	2	-	9	11
Gain or (Loss) on Sale of Capital Assets	(22)	-	(19)	(41)
Insurance Recoveries	-	-	165	165
Total Nonoperating Revenues	<u>(20)</u>	<u>-</u>	<u>155</u>	<u>135</u>
Income Before Contributions and Transfers	<u>293</u>	<u>55</u>	<u>96</u>	<u>444</u>
Capital Contributions	3	-	-	3
Transfers In	429	-	217	646
Transfers (Out)	(217)	-	(429)	(646)
Change in Net Assets	<u>508</u>	<u>55</u>	<u>(116)</u>	<u>447</u>
Total Net Assets (Deficit) - Beginning	<u>1,063</u>	<u>(577)</u>	<u>2,620</u>	<u>3,106</u>
Total Net Assets (Deficit) - Ending	<u>\$ 1,571</u>	<u>\$ (522)</u>	<u>\$ 2,504</u>	<u>\$ 3,553</u>

CITY OF KISSIMMEE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For The Year Ended September 30, 2012
(In Thousands)

	Central Services	Health Insurance	Risk Management	Total
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 3,956	\$ 7,683	\$ 1,650	\$ 13,289
Payments to Suppliers	(1,823)	(8,145)	(1,688)	(11,656)
Payments to Employees	(1,933)	-	(10)	(1,943)
Net Cash Provided (Used) by Operating Activities	<u>200</u>	<u>(462)</u>	<u>(48)</u>	<u>(310)</u>
Cash Flows from Noncapital Financing Activities				
Transfers in	429	-	217	646
Transfers (out)	(217)	-	(429)	(646)
Advance from / (to) Other Funds	-	735	(735)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>212</u>	<u>735</u>	<u>(947)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition/Construction of Capital Assets	(272)	-	196	(76)
Capital Contributions	3	-	-	3
Proceeds from Sales of Capital Assets	(22)	-	(19)	(41)
Proceeds from Insurance Recoveries	-	-	165	165
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(291)</u>	<u>-</u>	<u>342</u>	<u>51</u>
Cash Flows from Investing Activities				
Gain on Investments	2	-	9	11
Net Cash Provided by Investing Activities	<u>2</u>	<u>-</u>	<u>9</u>	<u>11</u>
Net Increase (Decrease) in Cash and Cash Equivalents	123	273	(644)	(248)
Cash and Cash Equivalents at Beginning of Year	1,019	-	5,309	6,328
Cash and Cash Equivalents at End of Year	<u>\$ 1,142</u>	<u>\$ 273</u>	<u>\$ 4,665</u>	<u>\$ 6,080</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 313	\$ 55	\$ (59)	\$ 309
Depreciation	81	-	8	89
Changes in Assets and Liabilities:				
(Increase) Decrease in Due from TWA	(141)	116	(105)	(130)
(Increase) Decrease in Accounts Receivable	(109)	(1)	(4)	(114)
(Increase) Decrease in Inventories	23	-	-	23
Increase (Decrease) in Accounts Payable	(15)	(223)	(5)	(243)
Increase (Decrease) in Accrued Liabilities	11	-	-	11
Increase (Decrease) in Claims Payable	-	(409)	117	(292)
Increase (Decrease) in OPEB	35	-	-	35
Increase (Decrease) in Compensated Absences	2	-	-	2
Total Adjustments	<u>(113)</u>	<u>(517)</u>	<u>11</u>	<u>(619)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 200</u>	<u>\$ (462)</u>	<u>\$ (48)</u>	<u>\$ (310)</u>

There are no noncash investing, capital, and financing activities.

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City of Kissimmee, Florida
Statistical Section
September 30, 2012

This part of the City of Kissimmee, Florida's comprehensive annual financial report presents 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.

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

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax

Debt Capacity

These schedules present 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

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

Operating Information

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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Schedule 1
City of Kissimmee, Florida

NET ASSETS BY COMPONENT
(accrual basis of accounting)
(dollar amounts are expressed in thousands)

Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Governmental activities</u>										
Invested in capital assets, net of related debt	\$ 66,828	\$ 75,368	\$ 81,187	\$ 73,416	\$ 96,296	\$ 110,615	\$ 118,647	\$ 124,615	\$ 127,332	\$ 130,537
Restricted	17,339	13,170	15,706	19,106	10,346	15,367	14,939	14,574	16,573	17,963
Unrestricted	16,173	19,389	19,132	16,778	8,424	16,184	11,698	12,385	12,589	16,872
Total governmental activities net assets	<u>\$ 100,340</u>	<u>\$ 107,927</u>	<u>\$ 116,025</u>	<u>\$ 109,300</u>	<u>\$ 115,066</u>	<u>\$ 142,166</u>	<u>\$ 145,284</u>	<u>\$ 151,574</u>	<u>\$ 156,494</u>	<u>\$ 165,372</u>
<u>Business-type activities</u>										
Invested in capital assets, net of related debt	\$ 216,663	\$ 14,409	\$ 17,558	\$ 18,391	\$ 24,381	\$ 27,711	\$ 30,631	\$ 30,997	\$ 31,091	\$ 34,488
Restricted	3	-	-	-	740	685	705	86	101	1,383
Unrestricted	71,104	1,955	2,203	2,307	1,040	3,130	3,173	4,564	4,896	2,842
Total business-type activities net assets	<u>\$ 287,770</u>	<u>\$ 16,364</u>	<u>\$ 19,761</u>	<u>\$ 20,698</u>	<u>\$ 26,161</u>	<u>\$ 31,526</u>	<u>\$ 34,509</u>	<u>\$ 35,647</u>	<u>\$ 36,088</u>	<u>\$ 38,713</u>
<u>Primary government</u>										
Invested in capital assets, net of related debt	\$ 283,491	\$ 89,777	\$ 98,745	\$ 91,807	\$ 120,677	\$ 138,326	\$ 149,278	\$ 155,612	\$ 158,423	\$ 165,025
Restricted	17,342	13,170	15,706	19,106	11,086	16,052	15,644	14,660	16,674	19,346
Unrestricted	87,277	21,344	21,335	19,085	9,464	19,314	14,871	16,949	17,485	19,714
Total primary government net assets	<u>\$ 388,110</u>	<u>\$ 124,291</u>	<u>\$ 135,786</u>	<u>\$ 129,998</u>	<u>\$ 141,227</u>	<u>\$ 173,692</u>	<u>\$ 179,793</u>	<u>\$ 187,221</u>	<u>\$ 192,582</u>	<u>\$ 204,085</u>

Schedule 2
City of Kissimmee, Florida

CHANGES IN NET ASSETS
(accrual basis of accounting)
(dollar amounts are expressed in thousands)

Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	\$ 13,752	\$ 16,486	\$ 18,949	\$ 19,755	\$ 25,795	\$ 24,294	\$ 24,965	\$ 27,460	\$ 29,095	\$ 29,314
Public safety	18,983	20,699	25,344	33,942	29,623	30,949	31,839	27,219	30,980	30,865
Physical environment	400	2,028	2,531	1,989	1,500	82	-	2,912	-	-
Transportation	7,284	9,783	6,317	5,948	370	2,724	5,841	7,040	6,966	5,883
Economic environment	9	24	11	-	1,663	2,663	1,251	3,178	1,939	845
Culture/Recreation	5,411	5,246	5,830	6,339	6,840	8,162	6,524	6,031	4,778	5,924
Interest on long-term debt	912	1,144	1,352	558	1,572	1,531	1,261	1,259	1,307	1,520
Total governmental activities expenses	\$ 46,751	\$ 55,410	\$ 60,334	\$ 68,531	\$ 67,363	\$ 70,405	\$ 71,681	\$ 75,099	\$ 75,065	\$ 74,351
Business-type activities:										
Water resources	\$ 25,270	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stormwater	-	-	1,721	1,992	3,771	2,805	3,180	3,030	3,085	3,312
Airport	744	558	707	781	887	967	1,031	1,009	1,060	1,181
Solid waste	2,497	3,106	2,938	3,321	2,221	3,827	3,739	3,506	3,856	3,855
Total business-type activities expenses	\$ 28,511	\$ 3,664	\$ 5,366	\$ 6,094	\$ 6,879	\$ 7,599	\$ 7,950	\$ 7,545	\$ 8,001	\$ 8,348
Total primary government net expenses	\$ 75,262	\$ 59,074	\$ 65,700	\$ 74,625	\$ 74,242	\$ 78,004	\$ 79,631	\$ 82,644	\$ 83,066	\$ 82,699
Program revenues										
Governmental activities:										
Charges for services - general government	\$ 2,417	\$ 2,195	\$ 5,913	\$ 6,304	\$ 15,532	\$ 13,384	\$ 12,039	\$ 12,176	\$ 16,193	\$ 18,328
Charges for services - public safety	3,293	3,595	5,018	6,195	4,282	5,653	7,892	8,062	7,587	8,349
Charges for services - all others	9,596	12,690	3,106	1,777	4,606	2,746	2,043	2,392	2,431	2,998
Operating grants and contributions	200	5,905	3,053	971	2,839	2,592	1,069	3,614	1,016	445
Capital grants and contributions	2,247	2,880	1,468	2,493	3,227	2,299	1,744	3,593	4,790	2,210
Total governmental activities program revenues	\$ 17,753	\$ 27,265	\$ 18,558	\$ 17,740	\$ 30,486	\$ 26,674	\$ 24,787	\$ 29,837	\$ 32,017	\$ 32,330
Business-type activities:										
Charges for services - stormwater	\$ -	\$ -	\$ 1,238	\$ 1,852	\$ 2,175	\$ 3,317	\$ 3,535	\$ 3,602	\$ 3,701	\$ 3,886
Charges for services - airport	668	746	743	858	859	890	899	859	856	878
Charges for services - solid waste	2,484	2,501	3,163	3,230	3,669	3,772	3,963	3,724	3,928	4,324
Charges for services - water	28,559	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	25	-	-	-	-	-	-
Capital grants and contributions	30,498	1,849	3,007	1,860	4,811	4,164	2,687	665	289	3,152
Total business-type activities program revenues	\$ 62,209	\$ 5,096	\$ 8,151	\$ 7,825	\$ 11,514	\$ 12,143	\$ 11,084	\$ 8,850	\$ 8,774	\$ 12,240
Total primary government program revenues	\$ 79,962	\$ 32,361	\$ 26,709	\$ 25,565	\$ 42,000	\$ 38,817	\$ 35,871	\$ 38,687	\$ 40,791	\$ 44,570
Net (expense) / revenue										
Governmental activities	\$ (28,998)	\$ (28,145)	\$ (41,776)	\$ (50,791)	\$ (36,877)	\$ (43,731)	\$ (46,894)	\$ (45,262)	\$ (43,048)	\$ (42,021)
Business-type activities	33,698	1,432	2,785	1,731	4,635	4,544	3,134	1,305	773	3,892
Total primary government net expense	\$ 4,700	\$ (26,713)	\$ (38,991)	\$ (49,060)	\$ (32,242)	\$ (39,187)	\$ (43,760)	\$ (43,957)	\$ (42,275)	\$ (38,129)

Continued next page

Schedule 2
City of Kissimmee, Florida

CHANGES IN NET ASSETS
(accrual basis of accounting)
(dollar amounts are expressed in thousands)

Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General revenues and other										
changes in net assets										
Governmental activities:										
Property tax	\$ 7,673	\$ 8,410	\$ 9,542	\$ 14,480	\$ 19,219	\$ 15,405	\$ 15,174	\$ 15,818	\$ 12,175	\$ 11,146
Sales tax	8,972	9,663	11,139	10,759	10,015	9,992	8,381	8,473	8,832	9,135
Public service tax	5,271	4,939	5,795	6,105	6,297	6,490	6,403	6,439	5,755	6,480
Gas tax	1,909	2,106	2,583	2,697	2,656	2,430	2,428	2,375	2,284	2,397
State revenue sharing	1,315	1,433	1,941	1,890	1,851	1,708	1,518	1,521	1,597	1,672
Other taxes	-	-	-	-	-	1,273	1,192	1,274	2,069	2,262
Franchise fees ⁽¹⁾	105	97	89	77	-	-	144	143	142	133
Unrestricted intergovernmental revenues	4,089	4,151	13,363	14,043	13,670	13,610	13,317	13,670	13,264	14,370
Investment income (loss)	250	4,301	2,416	(1,464)	(11,504)	18,744	292	180	90	920
Miscellaneous revenues	256	632	3,618	1,920	1,519	951	990	1,151	1,420	951
Gain on sale of capital assets	-	-	-	-	-	-	-	328	-	157
Transfers in (out)	3,165	-	(612)	429	(1,080)	228	173	180	340	1,276
Total governmental activities	\$ 33,005	\$ 35,732	\$ 49,874	\$ 50,936	\$ 42,643	\$ 70,831	\$ 50,012	\$ 51,552	\$ 47,968	\$ 50,899
Business-type activities:										
Investment income (loss)	\$ 922	\$ 177	\$ -	\$ 56	\$ (252)	\$ 1,049	\$ 22	\$ 13	\$ 8	\$ 9
Gain on sale of capital assets	7,732	-	-	-	-	-	-	-	-	-
Transfers in (out)	(3,165)	-	612	(429)	1,080	(228)	(173)	(180)	(340)	(1,276)
Total business-type activities	\$ 5,489	\$ 177	\$ 612	\$ (373)	\$ 828	\$ 821	\$ (151)	\$ (167)	\$ (332)	\$ (1,267)
Total primary government	\$ 38,494	\$ 35,909	\$ 50,486	\$ 50,563	\$ 43,471	\$ 71,652	\$ 49,861	\$ 51,385	\$ 47,636	\$ 49,632
Change in net assets										
Governmental activities	\$ 4,007	\$ 7,587	\$ 8,098	\$ 145	\$ 5,766	\$ 27,100	\$ 3,118	\$ 6,290	\$ 4,920	\$ 8,878
Business-type activities	39,187	1,609	3,397	1,358	5,463	5,365	2,983	1,138	441	2,625
Total	\$ 43,194	\$ 9,196	\$ 11,495	\$ 1,503	\$ 11,229	\$ 32,465	\$ 6,101	\$ 7,428	\$ 5,361	\$ 11,503

(1) Franchise fees reported in charges for services in 2007 and 2008; however, clarification determined classification proper as general revenues in 2009.

**Schedule 3
City of Kissimmee, Florida**

**FUND BALANCES, GOVERNMENTAL FUNDS
(modified accrual basis of accounting)
(dollar amounts are expressed in thousands)**

Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008
<u>General fund</u>						
Reserved	\$ 6	\$ 27	\$ 299	\$ 60	\$ 318	\$ 217
Unreserved	13,652	7,818	12,564	10,998	9,867	13,567
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total general fund	<u>\$ 13,658</u>	<u>\$ 7,845</u>	<u>\$ 12,863</u>	<u>\$ 11,058</u>	<u>\$ 10,185</u>	<u>\$ 13,784</u>
<u>All other governmental funds</u>						
Reserved	\$ 1,441	\$ 1,196	\$ 590	\$ 22,552	\$ 17,140	\$ 19,592
Unreserved (deficit), reported in:						
Special revenue funds	7,090	103	19	(1,167)	(1,868)	1,055
Debt service funds	-	-	(24)	(85)	-	(32)
Capital projects funds	1,815	400	351	(126)	(120)	(690)
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 10,346</u>	<u>\$ 1,699</u>	<u>\$ 936</u>	<u>\$ 21,174</u>	<u>\$ 15,152</u>	<u>\$ 19,925</u>
Total fund balances all governmental funds	<u>\$ 24,004</u>	<u>\$ 9,544</u>	<u>\$ 13,799</u>	<u>\$ 32,232</u>	<u>\$ 25,337</u>	<u>\$ 33,709</u>

Note: Fund balance not presented using GASB 54 revised classifications for periods prior to 2010 due to lack of information available to accurately report.

2009	2010	2011	2012
\$ 186	\$ -	\$ -	\$ -
13,240	-	-	-
-	153	167	373
-	1,235	894	685
-	2,373	961	927
-	14,588	16,307	18,755
<u>\$ 13,426</u>	<u>\$ 18,349</u>	<u>\$ 18,329</u>	<u>\$ 20,740</u>
\$ 17,773	\$ -	\$ -	\$ -
(1,831)	-	-	-
-	-	-	-
(1,531)	-	-	-
-	655	678	703
-	18,498	25,421	21,696
-	46	1,354	42
-	(4,762)	(3,712)	(1,435)
<u>\$ 14,411</u>	<u>\$ 14,437</u>	<u>\$ 23,741</u>	<u>\$ 21,006</u>
\$ 27,837	\$ 32,786	\$ 42,070	\$ 41,746

Schedule 4
City of Kissimmee, Florida

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
(modified accrual basis of accounting)
(dollar amounts are expressed in thousands)

Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008
Revenues						
Taxes	\$ 20,342	\$ 21,358	\$ 24,912	\$ 29,602	\$ 34,022	\$ 31,453
Special assessments ¹	256	243	608	164	108	220
Impact fees ¹	1,238	1,262	995	856	2,665	870
Permits and fees	1,249	1,476	1,399	982	1,155	2,299
Intergovernmental revenues	17,499	22,374	31,921	28,135	32,874	29,431
Charges for services	5,014	4,875	6,245	6,919	6,831	5,154
Fines and forfeitures	736	754	604	1,191	616	653
Investment income (loss)	245	3,840	2,015	(1,465)	(10,299)	15,701
Miscellaneous revenues	376	632	726	1,088	1,041	931
Total revenues	<u>\$ 46,955</u>	<u>\$ 56,814</u>	<u>\$ 69,425</u>	<u>\$ 67,472</u>	<u>\$ 69,013</u>	<u>\$ 86,712</u>
Expenditures						
General government	\$ 14,695	\$ 13,477	\$ 13,524	\$ 16,499	\$ 18,373	\$ 17,197
Public safety	19,617	24,106	25,687	30,163	32,893	32,966
Physical environment	400	2,028	2,531	1,893	789	82
Transportation	9,913	13,782	9,763	13,099	12,420	11,329
Economic environment	9	24	11	-	1,663	2,223
Culture/Recreation	5,887	6,995	7,425	6,568	7,917	8,837
Debt service:						
Principal retirement	2,812	2,588	2,279	1,764	2,207	2,316
Interest and fiscal charges	1,011	1,242	1,271	1,133	1,572	1,531
Professional fees	-	-	-	-	4	-
Capital Outlay	67	77	897	-	10,019	2,534
Total expenditures	<u>\$ 54,411</u>	<u>\$ 64,319</u>	<u>\$ 63,388</u>	<u>\$ 71,119</u>	<u>\$ 87,857</u>	<u>\$ 79,015</u>
Excess of revenues over (under) expenditures	<u>\$ (7,456)</u>	<u>\$ (7,505)</u>	<u>\$ 6,037</u>	<u>\$ (3,647)</u>	<u>\$ (18,844)</u>	<u>\$ 7,697</u>
Other financing sources (uses)						
Transfers in	\$ 13,876	\$ -	\$ 10,191	\$ 12,074	\$ 16,337	\$ 14,458
Operating transfers to/from primary govt	-	-	-	-	-	-
Transfers (out)	(10,699)	-	(10,803)	(12,874)	(17,412)	(14,230)
Proceeds from sale of capital assets	-	-	-	-	-	-
Issuance of notes payable	-	-	927	10,570	12,750	316
Issuance of capital lease	-	-	-	708	274	131
Payment to bond escrow agent	-	-	-	-	-	-
Payment for current redemption	-	-	-	-	-	-
Total other financing sources (uses)	<u>\$ 3,177</u>	<u>\$ -</u>	<u>\$ 315</u>	<u>\$ 10,478</u>	<u>\$ 11,949</u>	<u>\$ 675</u>
Net change in fund balances	<u>\$ (4,279)</u>	<u>\$ (7,505)</u>	<u>\$ 6,352</u>	<u>\$ 6,831</u>	<u>\$ (6,895)</u>	<u>\$ 8,372</u>
Debt service as a percentage of non-capital expenditures	<u>8.7%</u>	<u>7.3%</u>	<u>6.7%</u>	<u>5.1%</u>	<u>6.2%</u>	<u>6.7%</u>

1 Special assessments and impact fees consolidated into "Permits and fees" classification starting in 2009.

	2009	2010	2011	2012
\$	29,005	\$ 29,789	\$ 25,621	\$ 25,586
	-	-	-	-
	-	-	-	-
	4,912	4,053	4,523	5,047
	26,779	31,040	31,885	28,214
	4,676	5,966	5,820	6,482
	962	1,860	808	865
	243	158	76	909
	838	765	1,363	1,167
\$	67,415	\$ 73,631	\$ 70,096	\$ 68,270
\$	18,929	\$ 18,095	\$ 16,765	\$ 15,346
	30,181	30,072	29,637	29,552
	-	2,912	-	-
	8,494	7,646	9,353	7,056
	1,047	2,789	1,735	641
	7,839	6,922	5,592	6,729
	2,868	3,144	2,562	2,722
	1,261	1,259	1,307	1,520
	-	97	106	-
	3,436	8,038	6,210	6,461
\$	74,055	\$ 80,974	\$ 73,267	\$ 70,027
\$	(6,640)	\$ (7,343)	\$ (3,171)	\$ (1,757)
\$	17,479	\$ 42,071	\$ 30,961	\$ 9,862
	-	-	-	-
	(17,306)	(40,241)	(30,621)	(8,586)
	-	780	-	157
	595	26,492	28,215	-
	-	-	-	-
	-	(9,455)	(16,100)	-
	-	(7,355)	-	-
\$	768	\$ 12,292	\$ 12,455	\$ 1,433
\$	(5,872)	\$ 4,949	\$ 9,284	\$ (324)
	6.9%	7.1%	6.6%	7.5%

**Schedule 5
City of Kissimmee, Florida**

ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

(dollar amounts are expressed in thousands)

Fiscal Year	Assessed Values			Less: Tax Exempt Property	Total Taxable Assessed Value
	Real Property	Personal Property	Total		
2003	\$ 2,095,599	\$ 275,271	\$ 2,370,870	\$ 609,903	\$ 1,760,967
2004	2,244,433	292,546	2,536,979	622,230	1,914,749
2005	2,540,529	299,735	2,840,264	709,296	2,130,968
2006	2,992,078	422,169	3,414,247	924,602	2,489,645
2007	4,074,328	242,664	4,316,992	1,023,075	3,293,917
2008	5,071,750	255,499	5,327,249	1,533,362	3,793,887
2009	4,033,942	255,761	4,289,703	1,164,792	3,124,911
2010	3,018,690	231,486	3,250,176	848,389	2,401,787
2011	2,929,816	223,338	3,153,154	938,780	2,214,374
2012	2,776,988	469,255	3,246,243	1,071,233	2,175,010

Source: Osceola County Property Appraiser's Office.

Note: Property is reassessed each year by the Osceola County Property Appraiser. Property is assessed at actual value, therefore the assessed values are equal to the actual values. Tax rates are per \$1,000 of assessed valuation.

Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
4.2953	\$ 1,760,967	134.635%
4.2953	1,914,749	132.497%
4.2953	2,130,968	133.285%
5.5453	2,489,645	137.138%
5.5453	3,293,917	131.060%
3.7058	3,793,887	140.417%
3.7058	3,124,911	137.274%
4.6253	2,401,787	135.323%
4.6253	2,214,374	142.395%
4.6253	2,175,010	149.252%

**Schedule 6
City of Kissimmee, Florida**

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

(Per \$1,000 of Assessed Taxable Value)

Fiscal Year	City of Kissimmee Florida	Osceola County			Okeechobee and Everglades Basins	South Florida Water Mgmt. Dist.	Total
		Government	Library	School Board			
2003	4.295	5.995	0.500	8.812	0.413	0.284	20.299
2004	4.295	5.995	0.500	8.798	0.413	0.284	20.285
2005	4.295	5.995	0.500	8.514	0.413	0.284	20.001
2006	5.545	5.995	0.500	8.367	0.413	0.284	21.104
2007	5.545	5.995	0.500	8.251	0.413	0.284	20.988
2008	3.705	4.982	0.415	7.772	0.369	0.255	17.498
2009	3.705	5.358	0.377	7.513	0.369	0.255	17.577
2010	4.625	6.700	0.256	7.663	0.369	0.255	19.868
2011	4.625	6.700	0.257	7.600	0.369	0.255	19.806
2012	4.625	6.700	0.257	7.577	0.369	0.255	19.783

Source: Osceola County Tax Collector's Office.

Schedule 7

City of Kissimmee, Florida

PROPERTY TAX LEVIES AND COLLECTIONS
(dollar amounts are expressed in thousands)

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Collections as a Percent of Current Levy</u>
2003	\$ 7,564	\$ 7,201	95.2%	\$ 6	\$ 7,207	95.3%
2004	8,224	7,874	95.7%	26	7,900	96.1%
2005	9,588	8,845	92.3%	20	8,865	92.5%
2006	13,687	13,234	96.7%	6	13,240	96.7%
2007	18,269	16,692	91.4%	861	17,553	96.1%
2008	14,259	13,891	97.4%	119	14,010	98.3%
2009	17,442	17,224	98.8%	167	17,391	99.7%
2010	17,094	16,601	97.1%	204	16,805	98.3%
2011	14,155	13,580	95.9%	93	13,673	96.6%
2012	13,208	12,529	94.9%	93	12,622	95.6%

Source: Osceola County Tax Collector's Office.

**Schedule 8
City of Kissimmee, Florida**

**PRINCIPAL PROPERTY TAXPAYERS
(dollar amounts are expressed in thousands)**

Current Year and Nine Years Ago

Property Description	Use	Taxpayer	Fiscal Year 2011 / 2012 (a)		
			Taxable Value	Percent of Total Taxable Value	Rank
Local hospital	Medical care	Osceola Regional Hospital, Inc.	\$ 83,398	30.50%	1
Retail store	Merchandising	Loop West LLC	29,837	10.91%	2
Retail store	Merchandising	Wal-Mart Stores, Inc.	28,752	10.51%	3
Apartment complex	Rentals	G&I VI Vinyards LLC	27,413	10.02%	4
Condominiums	Timeshare sales	Oak Plantation Realty Partners	26,075	9.54%	5
Apartment complex	Rentals	Alliance HTFL Ltd Partnership	16,912	6.18%	6
Apartment complex	Rentals	Fountainhead Phase 1, Inc.	16,212	5.93%	7
Apartment complex	Rentals	MPG Osceola Ltd.	15,437	5.65%	8
Apartment complex	Rentals	Reef Club Apartments	15,034	5.50%	9
Retail store	Communications	Embarq (Sprint) Florida, Inc.	14,386	5.26%	10
Apartment complex	Rentals	United Dominion Realty	-	-	
Commercial property	Office rentals	John H. Streicker, Trustee	-	-	
Apartment complex	Rentals	Tropical Isle LTD	-	-	
Apartment complex	Rentals	Hideway Bay Apartments, Inc.	-	-	
Totals			<u>\$ 273,456</u>	<u>100.00%</u>	

- (a) The fiscal year ended September 30, 2012 tax levy is based on the 2011 taxable value.
(b) The fiscal year ended September 30, 2003 tax levy is based on the 2002 taxable value.

Source: Osceola County Property Appraiser's Office.

Fiscal Year 2002 / 2003 (b)			
	Taxable Value	Percent of Total Taxable Value	Rank
\$	41,251	16.20%	2
	-	-	
	27,637	10.85%	4
	-	-	
	45,075	17.70%	1
	-	-	
	21,979	8.63%	6
	-	-	
	18,512	7.27%	7
	35,627	13.99%	3
	22,495	8.83%	5
	14,503	5.69%	8
	14,297	5.61%	9
	13,290	5.22%	10
	-	-	
\$	254,666	100.00%	

Schedule 9
City of Kissimmee, Florida

RATIOS OF OUTSTANDING DEBT BY TYPE
(dollar amounts of debt are expressed in thousands)

Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Total Primary Government
	Excise Tax Revenue Notes	Sales Tax Revenue Notes	Covenant Revenue Notes	Gas Tax Revenue Notes	Other Revenue Notes	Capital Leases	
2003	\$ 520	\$ 8,539	\$ 3,925	\$ -	\$ 8,970	\$ 352	\$ 22,306
2004	501	6,390	3,740	-	8,785	267	19,683
2005	482	4,900	3,220	-	9,462	180	18,244
2006	461	14,008	2,690	-	9,772	646	27,577
2007	441	12,584	1,600	8,795	13,030	820	37,270
2008	417	11,583	1,125	8,475	13,046	623	35,269
2009	394	10,786	680	8,145	12,573	419	32,997
2010	369	18,580	301	7,800	12,280	205	39,535
2011	343	25,635	-	11,440	11,534	865	49,817
2012	315	24,565	-	11,070	10,708	650	47,308

Sources: Population and personal income data from University of Florida, Bureau of Economic and Business Research published August 2012.
For the 2007 year, per capita income was calculated using an estimated 3% annual increase for CPI. For the 2008 year CPI increase was 1.81%.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Debt limitation: There are no legal debt limits for Florida municipalities.

City of Kissimmee	Percentage of	Per
Personal	Personal	Per
Income	Income	Capita
\$ 1,129,936	2.1%	\$ 0.42
1,240,282	1.7%	0.35
1,381,399	1.5%	0.31
1,483,013	2.1%	0.46
1,576,646	2.6%	0.60
1,628,015	2.4%	0.56
1,529,596	2.3%	0.54
1,600,371	3.1%	0.65
1,640,449	4.0%	0.83
1,727,218	2.7%	0.76

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Schedule 10
City of Kissimmee, Florida

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(dollar amounts are expressed in thousands)

September 30, 2012

Taxing District	Net Debt Outstanding	Estimated Overlapping (2)	City's Share of Debt
Osceola County School District			
Series 2003A	\$ 1,350	10.9%	\$ 147
Series 2004A	1,110	10.9%	121
Series 2005A	5,370	10.9%	586
Series 2006A	1,485	10.9%	162
Series 2009ARFD	640	10.9%	70
Series 2010A	1,135	10.9%	124
District Revenue Bonds			
Sales Tax Revenue Bonds, Series 2007	68,595	10.9%	7,482
Certificates of Participation			
Series 2004A	61,795	10.9%	6,740
Series 2005A	10,230	10.9%	1,116
Series 2007A and Series 2007B	61,595	10.9%	6,718
Series 2009A	28,350	10.9%	3,092
Qualified School Construction Bonds			
Series 2010A	40,500	10.9%	4,417
Classrooms First Loans			
Indian River County dated 7/1/2002	3,124	10.9%	341
Collier County dated 7/1/2002	12,243	10.9%	1,335
Education Benefits Districts			
Bellalago Benefit District	9,346	10.9%	1,019
Total Osceola County School District (1)	306,868	10.9%	33,471
Osceola County			
Limited General Obligation Debt, Series 2006	12,310	10.9%	1,343
Environmental Land, Series 2010	23,035	10.9%	2,512
Total Osceola County	35,345	10.9%	3,855
Total Overlapping Debt	\$ 342,213		\$ 37,326

Sources: Osceola County Finance Department.
City of Kissimmee Finance Department.
Osceola County School Board Finance Department.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Kissimmee, Florida. This process recognizes that when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

- (1) Excludes capital leases, installment purchases, compensated absences, and estimated insurance.
- (2) Allocated on the basis of assessed values used for the purpose of ad valorem taxation.

**Schedule 11
City of Kissimmee, Florida**

**PLEGGED REVENUE COVERAGE
(dollar amounts are expressed in thousands)**

Last Ten Fiscal Years

Fiscal Year	Excise Tax Revenue Bonds				Sales Tax Revenue Bonds			
	Excise Tax Revenues	Debt Service Requirements		Coverage	Sales Tax Revenues	Debt Service Requirements		Coverage
		Principal	Interest			Principal	Interest	
2003	\$ 227	\$ 18	\$ 27	5.04	\$ 5,384	\$ 2,149	\$ 145	2.35
2004	145	18	27	2.01	5,807	-	233	24.92
2005	263	19	25	5.98	6,903	930	213	6.04
2006	200	21	24	4.44	6,243	934	189	5.56
2007	243	21	23	5.52	5,851	1,528	620	2.72
2008	203	23	22	3.03	5,790	1,493	520	2.88
2009	168	25	20	3.73	4,832	1,460	553	2.40
2010	177	25	20	3.93	4,980	1,336	533	2.66
2011	200	26	18	4.55	4,385	1,305	575	2.33
2012	195	27	17	4.43	5,408	1,070	676	3.10

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: City of Kissimmee Finance Department.

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Gas Tax Revenue Bonds				CRA Redevelopment Trust Fund Revenue Note			
Sales Tax Revenues	Debt Service Requirements		Coverage	Sales Tax Revenues	Debt Service Requirements		Coverage
	Principal	Interest			Principal	Interest	
\$ -	\$ -	\$ -	0.00	\$ -	\$ -	\$ -	0.00
-	-	-	0.00	-	-	-	0.00
-	-	-	0.00	-	-	-	0.00
-	-	-	0.00	1,240	-	40	31.00
2,656	205	269	5.60	1,665	-	176	9.46
2,430	320	342	3.67	1,423	-	154	9.24
2,428	330	326	3.70	1,490	401	71	3.16
2,375	345	314	3.60	1,778	339	37	4.73
2,284	360	394	3.03	1,529	352	35	3.95
2,358	370	395	3.08	1,432	366	33	3.59

Schedule 11
City of Kissimmee, Florida

PLEDGED REVENUE COVERAGE
(dollar amounts are expressed in thousands)

Last Ten Fiscal Years

Charter School Revenue (Refunding) Note					
Fiscal Year	Sales Tax Revenues	Debt Service Requirements		Coverage	
		Principal	Interest		
2003	\$ 3,169	\$ 220	\$ 429		4.88
2004	2,855	235	409		4.43
2005	3,428	250	402		5.26
2006	4,071	260	386		6.30
2007	4,686	275	382		7.13
2008	5,416	301	357		8.23
2009	4,830	416	263		7.11
2010	4,875	340	296		7.67
2011	4,824	450	175		7.72
2012	4,212	460	206		6.32

**Schedule 12
City of Kissimmee, Florida**

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Personal Income (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2003	52,749	\$20,185	\$1,064,739	40,659	6.2%
2004	55,856	20,811	1,162,419	44,412	5.5%
2005	58,223	21,435	1,248,029	47,321	3.7%
2006	60,241	22,078	1,330,024	49,677	3.3%
2007	62,048	22,741	1,411,023	53,335	4.0%
2008	62,669	23,423	1,467,894	51,368	6.5%
2009	61,250	23,891	1,463,350	51,266	11.6%
2010	61,202	20,797	1,272,818	53,140	11.9%
2011	60,375	20,770	1,253,989	54,167	10.3%
2012	62,322	27,714	1,727,192	55,922	8.4%

- Sources:** (1) U.S. Census of Population and Housing. University of Florida, Bureau of Economic and Business Research, "Florida Statistical Abstract".
- (2) U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System. The actual per capita personal income is for Osceola County. The per capita figures are multiplied by the population to determine the total personal income.
- (3) Osceola County School Board. (Enrollment is determined in February of each year at the conclusion of the full-time equivalent survey period)
http://www.osceola.k12.fl.us/Demographics/PDF/District_Level.pdf
- (4) Florida Agency for Workforce Innovation, Labor Market Statistics, Local Area Unemployment Statistics Program, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. Orlando-Kissimmee (Lake, Orange, Osceola & Seminole)
<http://www.labormarketinfo.com/library/laus/MSAs/LFSoc2.xls>

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**Schedule 13
City of Kissimmee, Florida**

PRINCIPAL EMPLOYERS ¹

Current Year and Nine Years Ago

Employer	Business	Fiscal Year 2011 / 2012 (1)			Fiscal Year 2002 / 2003 (2)		
		Employees	Percent of Total City Employment	Rank	Employees	Percent of Total City Employment	Rank
Osceola County School District	Education	6,700	11.10%	1	2,700	4.82%	1
Walt Disney Company	Entertainment	3,700	6.13%	2	-		
Walmart	Retail	2,730	4.52%	3	-		
Gaylord Palms	Resort	1,445	2.39%	4	-		
Osceola County Government	Government	1,435	2.38%	5	1,400	2.50%	2
Osceola Regional Medical Center	Healthcare	1,357	2.25%	6	1,159	2.07%	3
Publix Supermarkets	Retail	1,350	2.24%	7	-		
Florida Hospital - Celebration	Healthcare	1,300	2.15%	8	794	1.42%	4
McLane/Suneast, Inc.	Distribution	900	1.49%	9	-		
City of Kissimmee	Government	<u>654</u>	1.08%	10	<u>-</u>		
Total		<u><u>21,571</u></u>			<u><u>6,053</u></u>		

Sources: (1) Osceola County Office of Economic Development

(2) Earliest Data Available for Fiscal Year 2002/2003. Only the top four employers could be determined with available data.

Note: Data provided for principal employers located within Osceola County; data unavailable for City of Kissimmee only.

**Schedule 14
City of Kissimmee, Florida**

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION / PROGRAM

Last Ten Fiscal Years

	Full-time Equivalent Employees as of September 30					
	2003	2004	2005	2006	2007	2008
<u>General government</u>						
Central Services	38	39	38	38	39	38
City Attorney	3	3	3	3	3	3
City Commission	5	5	5	5	5	5
City Manager	15	18	17	16	16	15
Finance	12	12	12	12	10	10
Personnel	10	7	8	8	8	8
<u>Public safety</u>						
Fire	90	92	96	108	110	106
Police	181	182	191	203	214	214
Law Enforcement Grant	3	3	3	3	3	3
School Crossing Guard	18	18	19	19	19	20
Vehicle Theft Prevention	0	0	0	0	0	0
Victim's Crime Act Grant	0	0	0	0	0	0
<u>Physical environment</u>						
Public Works	71	75	48	50	51	44
Sanitation	20	20	23	24	25	27
Stormwater	0	0	26	27	27	29
Water Resources	107	0	0	0	0	0
<u>Transportation</u>						
Airport	4	4	6	6	6	6
Local Option Gas Tax	8	9	9	9	9	10
<u>Economic Environment</u>						
Development Services	28	30	33	38	40	40
Community Development Blk Grant	0	0	0	2	2	2
<u>Culture / Recreation</u>						
Parks & Recreation	63	73	78	95	80	77
Civic Center	11	11	11	16	16	15
Total	687	601	626	682	683	672

Source: City of Kissimmee Office of Management and Budget.
Budgeted full-time equivalents.

2009	2010	2011	2012
36	36	31	28
3	3	3	3
5	5	5	5
13	12	12	14
10	10	10	12
8	8	8	8
104	102	102	105
210	204	198	198
3	3	3	3
21	21	21	11
0	0	0	0
0	0	0	0
40	40	39	37
27	27	26	24
29	29	29	30
0	0	0	0
7	7	8	7
10	10	10	10
30	26	23	21
3	2	2	2
74	68	66	80
14	14	13	0
647	627	609	598

**Schedule 15
City of Kissimmee, Florida**

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008
<u>Building Inspections</u>						
Building permits issued	3,146	4,241	7,932	4,158	4,256	3,384
<u>Law Enforcement</u>						
Physical arrests	2,111	1,926	2,198	2,139	2,407	2,331
Traffic and parking violations	16,765	22,102	27,285	22,391	17,068	19,616
<u>Fire</u>						
Emergency responses	7,785	9,114	10,311	10,253	9,459	9,038
Fires extinguished	384	501	502	545	268	235
Inspections	323	177	775	563	2,213	1,646
<u>Other Public Works</u>						
Street resurfacing (tons of asphalt) ¹	300	208	39	190	7,368	6,156
Other street repairs (sq. yds.) ²	30	21	3	17	148	125

Note: Indicators are not available for the general government function.

Source: Various City Departments.

1 - Prior to FY 2007 accurate data collection for this operating indicator was not available

2 - Beginning in FY 2012 Micro surfacing utilized sq. yd measurement replacing tons of asphalt measurement.

2009	2010	2011	2012
2,580	2,133	2,855	3,335
1,898	2,098	2,484	2,379
20,686	17,602	13,680	15,092
9,228	9,501	10,068	10,771
236	132	247	252
1,640	725	1,751	1,594
3,011	3,091	1,369	681
181	149	96	50,138

**Schedule 16
City of Kissimmee, Florida**

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008
<u>Transportation</u>						
Miles of streets (lane miles)	268	270	270	207	207	304
<u>Refuse collection trucks</u>						
	11	12	12	12	12	13
<u>Other public works</u>						
Traffic signals	34	36	39	41	43	47
Highways (miles)	30	30	30	30	30	30
<u>Public Safety</u>						
Fire stations	3	3	4	4	4	4
Police stations	1	1	1	1	1	1
Patrol units:						
Marked vehicles	89	104	93	105	101	127
Motorcycles	7	6	6	12	9	9
<u>Parks and Recreation</u>						
Park acreage	486	490	490	562	578	802
Number of regional parks	-	-	-	-	2	2
Number of large urban parks	5	5	5	5	2	2
Number of community parks	3	3	3	3	3	3
Number of neighborhood parks	8	8	8	8	8	8
Number of special use parks	6	6	6	6	6	6

Source: Various City Departments.

2009	2010	2011	2012
317	317	342	342
17	17	17	17
47	48	52	52
56	63	17	17
4	4	4	4
1	1	1	1
100	109	120	126
6	6	4	6
786	833	833	835
2	2	2	2
2	1	1	1
3	3	3	3
9	11	11	12
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**MOORE STEPHENS
LOVELACE, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and
Members of the City Commission
City of Kissimmee, Florida

We have audited the basic financial statements of the City of Kissimmee, Florida (the "City"), as of and for the year ended September 30, 2012, and have issued our report thereon dated March 21, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying *Schedule of Findings and Questioned Costs* that we consider to be significant deficiencies in internal control over financial reporting as Item 2012-01. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Honorable Mayor and
Members of the City Commission
City of Kissimmee, Florida

The City's responses to the findings identified in our audit are described in the accompanying *Schedule of Findings and Questioned Costs*. We did not audit the City's responses and, accordingly, we express no opinion on them.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
March 21, 2013



**MOORE STEPHENS
LOVELACE, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

Honorable Mayor and
Members of the City Commission
City of Kissimmee, Florida

Compliance

We have audited the compliance of the City of Kissimmee, Florida (the "City"), with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 *Compliance Supplement* and the requirements described in the Department of Financial Services State Projects Compliance Supplement that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2012. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements referred to above is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project identified in the accompanying schedule of findings and questioned costs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2012.

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133; and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Honorable Mayor and
Members of the City Commission
City of Kissimmee, Florida

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Item SA 2012-02 to be a significant deficiency.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on the response.

Schedule of Expenditures of Federal Awards and State Financial Assistance

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 as of and for the year ended September 30, 2012, and have issued our report thereon dated March 21, 2013. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for the purposes of additional analysis, as required by OMB Circular A-133, Chapter 69I-5, *Schedule of Expenditures of State Financial Assistance*, Rules of the Department of Financial Services, and Chapter 10.550, Rules of the Auditor General, and is 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 information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Mayor, the City Commission, management, federal and state awarding agencies, and is not intended to be, and should not be, used by anyone other than these specified parties.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
March 21, 2013

CITY OF KISSIMMEE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
For the year ended September 30, 2012

Agency/Program	CFDA #	Grant #	Federal Expenditures	Passed Through to Sub-recipients
<u>U.S. Department of Housing and Urban Development</u>				
CDBG - Entitlement Grants Cluster				
Community Development Block Grant 2011	14.218	B-11-MC-12-0051	\$ 435,282	\$ 63,432
Community Development Block Grant 2010	14.218	B-10-MC-12-0051	81,079	8,821
Community Development Block Grant 2009	14.218	B-09-MC-12-0051	57,689	-
Community Development Block Grant 2005	14.218	B-05-MC-12-0051	1,540	-
			575,590	72,253
ARRA: Community Development Block Grant 2009	14.253	B-09-MY-12-0051	7,591	-
Subtotal			583,181	72,253
CDBG - State Administered Grants Cluster				
(HERA) Neighborhood Stabilization Program	14.228	B-08-MN-12-0012	10,405	-
(HERA) Neighborhood Stabilization Program III	14.228	B-11-MN-12-0012	13,000	13,000
Passed through the Florida Department of Community Affairs				
FFY2008 Disaster Recovery - Columbia Culvert Replacement	14.228	10DB-K4-06-59-02-K 28	17,136	-
Subtotal			40,541	13,000
Total U.S. Department of Housing and Urban Development			623,722	85,253
<u>U.S. Department of Justice</u>				
Passed through the Florida Office of the Attorney General				
Victims of Crime Act	16.575	V11268	49,038	
Edward Byrne Memorial Justice Assistance Grant(JAG)	16.592	2010-DJ-BX-0098	52,433	
Bulletproof Vest Partnership	16.607	None	8,740	
ARRA: Edward Byrne Memorial Justice Assistance Grant (JAG)	16.804	2009-SB-B9-1312	3,406	
Total U.S. Department of Justice			113,617	
<u>U.S. Department of Transportation</u>				
Federal Aviation Administration				
Airport Improvement Program				
Construct Runway 24, Rehabilitate and Align Taxiway B	20.106	3-12-0038-032-2011	855,610 *	
Total Airport Improvement Program			855,610	
Highway Planning and Construction Cluster				
Passed through the Florida Department of Transportation				
Shingle Creek Trail Phases 1 and 2	20.205	430225-1 / AQF 05	517,332	
MLK Boulevard Segment of the Kissimmee Trail Multi-Use	20.205	410828-1 / APT65	295,381	
Construction of the Toho-Valencia Trail	20.205	430227-1 / AQF 84	139,499	
Total Highway Planning and Construction Cluster			952,212	
Total U.S. Department of Transportation			1,807,822	
<u>U.S. Department of Energy</u>				
ARRA:Energy Efficiency And Conservation Block Grant (EECBG)	81.128	DE-SC0002480	333,504	
Total U.S. Department of Energy			333,504	
<u>U.S. Department of Homeland Security/FEMA</u>				
Passed through the Florida Division of Emergency Management:				
Hazard Mitigation -	97.039	11HS-4A-06-59-02-451	40,847	
Total U.S. Department of Homeland Security/FEMA			40,847	
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,919,511	\$ 85,253

* \$128,342 of the \$855,610 expenditures were in FY2011, but were not reported until FY2012.

Continued

CITY OF KISSIMMEE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE - Continued
For the year ended September 30, 2012

Agency/State Project	CSFA#	Grant #	State Expenditures	Passed Through to Sub-recipients
<u>Florida Department of State</u>				
Historic Preservation Grant 2012 Preserve America				
Osceola County Pioneer Village and Museum Expansion Project	45031	12PA14	\$ 32,033	\$ -
Subtotal			<u>32,033</u>	
Total Florida Department of State			<u>32,033</u>	
<u>Florida Department of Transportation</u>				
Runway & Taxiway Rehab & Construction	55.004	418465-1-94-01 / AQP03	36,480	
ATCT Siting Study	55.004	404954-1-94-01 / APV18	21,698	
Design of Replacement of Airfield Signage, Woodsock	55.004	409774-1-94-01 / AQ743	101,774	
Design Airport Administration Building	55.004	409776-1-94-01 / AQA83	171,223	
Design Runway 06/24 Rehabilitation	55.004	414435-1-94-01 / AQI97	93,782	
Design and Construct Clearspan Hanger Sunstate	55.004	247983-1-94-01 / APN00	489,191	
Design Review for the Aviation Business Park Infrastructure	55.004	418489-1-94-01 / AQJ10	91,125	
Subtotal			<u>1,005,273</u>	
Total Florida Department of Transportation			<u>1,005,273</u>	
<u>Florida Department of Health</u>				
Passed through Osceola County Emergency Services				
Emergency Medical Services County Grant	64.003	C9049	12,264	
Total Florida Department of Health			<u>12,264</u>	
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 1,049,570</u>	<u>\$ -</u>

NOTE 1 Basis of Presentation

The Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state grant activity of the City of Kissimmee, Florida, and is presented on the modified accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; Chapter 215.97, Florida Statutes; and

Rule 69I-5.003 (1)(f), F.A.C. Therefore, amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

CITY OF KISSIMMEE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2012

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unqualified Opinion**

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? X Yes None reported
- Noncompliance material to financial statements noted? Yes X No

Federal Awards and State Financial Assistance

Internal control over major Federal programs and State projects:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? X Yes None reported

Type of auditor's report issued on compliance for major federal programs and state projects: **Unqualified Opinion**

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 or Chapter 10.557, Rules of the Auditor General? X Yes No

Identification of Major Federal Programs and State Projects:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.106	Airport Improvement Program
81.128	Energy Efficiency and Conservation Block Grant

<u>CSFA Numbers</u>	<u>Name of State Project</u>
55.004	Aviation Development Grants

Dollar threshold used to distinguish between Type A and Type B programs:

Federal	<u>\$300,000</u>
State	<u>\$300,000</u>

Auditee qualified as low-risk auditee pursuant to OMB Circular A-133? X Yes No

CITY OF KISSIMMEE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended September 30, 2012

SECTION II - FINANCIAL STATEMENT FINDINGS

2012-01 Cash Reconciliation

Finding Type: *Significant Deficiency – Internal Control over Cash Reconciliation*

Criteria

In order to ensure the proper accounting for all transactions, it is important that all items noted during the reconciliation process be identified and properly accounted for.

Condition

During our audit, we noted the September 30, 2012 bank reconciliation include an “Unreconciled” item in the amount of \$82,834.

Context

During our testing of the client’s September 30, 2012 bank reconciliation, we noted the unreconciled item. We then performed additional procedures which determined that unidentified reconciling items had been carried forward for several months.

Effect

Monthly bank account reconciliations are important internal control procedures relating to the City’s cash accounts. Unreconciled amounts should be investigated and not be allowed to carry over from month to month.

Cause

During the fiscal year ended September 30, 2012 the City was in the process of converting to a new general ledger system. This process required the resources of various City accounting staff and they were unable to go back and perform a full evaluation of the unreconciled amount. City management has indicated that they intend to correct this issue as soon as possible.

Recommendation

We recommend that the City investigate all reconciling items each month during the cash reconciliation process to ensure they are properly reported.

Views of Responsible Officials and Planned Corrective Actions

The City’s financial consultant is in the process of conducting a thorough review of the City’s cash reconciliation process in an effort to isolate the unreconciled difference. In addition, effective immediately, all cash related journal entries will be reviewed and counter approved by the City’s Accountant II that is responsible for balancing the City’s monthly bank statements. This will ensure that no entries are overlooked or posted incorrectly.

CITY OF KISSIMMEE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended September 30, 2012

SECTION III - FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS SECTION

SA 2012-01 Grant Reporting

Finding Type: *Significant Deficiency – Internal Control over Compliance*

Identification of Federal Program

U.S. Department of Transportation
Airport Improvement Program
CFDA# 20.106

Criteria

The City should prepare an accurate and complete Schedule of Expenditures of Federal Awards (“SEFA”) for the period covered by the City’s financial statements.

Condition

During our testing of the current-year SEFA, we noted that amounts reported for the Airport Improvement Program grant included both fiscal year 2011 and 2012 expenditures.

Questioned Costs

Not applicable.

Context

The finding appears to represent an isolated instance.

Effect

Inadequate internal controls specific to capturing grant-related expenditures increases the risk of misstatement of the SEFA and inaccurate reporting to the grantor agency.

Cause

Procedures established by the City to identify and accumulate grant expenditures incurred during the prior fiscal year did not function as intended for this specific grant.

Recommendation

We recommend that the City strengthen procedures to ensure that all grant expenditures are identified and properly included in the City’s SEFA and other grant financial report filings.

Views of Responsible Officials and Planned Corrective Actions

The City Finance Department will work to strengthen communication with staff from other departments regarding federal and state grants to ensure that all grant related documents are provided to Finance in a timely manner. In addition, the City will ensure that the Grant Coordinator receives additional training regarding the single audit process.

CITY OF KISSIMMEE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended September 30, 2012

SECTION IV - PRIOR-YEAR AUDIT FINDINGS

SA 2011-01 Special Tests and Provisions

Identification of Federal Program

U.S. Department of Housing and Urban Development
Community Development Block Grants - Neighborhood Stabilization Program ("NSP")
CFDA# 14.228

Condition

During the application process for the NSP program, the City did not perform the required environmental review and did not receive an approved RROF before initiation of the program.

Recommendation

We recommend that the City implement procedures to ensure that all grant compliance requirements, including special tests and provisions, are clearly identified and understood by City personnel administering the grant program.

Current Year Status

Finding was resolved to our satisfaction.



**MOORE STEPHENS
LOVELACE, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and
Members of the City Commission
City of Kissimmee, Florida

We have audited the basic financial statements of the City of Kissimmee, Florida (the "City"), as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated March 21, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Florida Auditor General. We have also issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters, Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and State Project and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Florida Auditor General; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 21, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we have reported our findings in the Schedule of Findings and Questioned Costs.

Honorable Mayor and
Members of the City Commission
City of Kissimmee, Florida

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have occurred, or are likely to have occurred, that have an effect on the basic financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority is disclosed in the notes to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2012, filed with the Florida Department of Financial Services, pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2012. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based, in part, on representations made by management and the review of financial information provided by same.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Mayor, City Commission, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
March 21, 2013