



City of Sanford, Florida

Comprehensive Annual Financial Report

For the fiscal year ended September 30, 2010

CITY OF SANFORD, FLORIDA

Comprehensive Annual Financial Report

For the fiscal year ended

September 30, 2010

(With Independent Auditors' Report Thereon)

Prepared by:
Department of Finance

SANFORD
FLORIDA
—1877—

CITY OF SANFORD, FLORIDA
Comprehensive Annual Financial Report
Year Ended September 30, 2010

Contents

	<u>Page</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	i
Organization Chartvi
Principal Officials	vii
Certificate of Achievement for Excellence in Financial Reporting	viii
FINANCIAL SECTION:	
Report of Independent Certified Public Accountants	1
Management’s Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	14
Statement of Activities.16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Reconciliation of the Balance Sheet to the Statement of Net Assets	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds20
Reconciliation of the Statement of Revenues, Expenditures and Changes in the Fund Balances of Governmental Funds to the Statement of Activities.	21
Statement of Net Assets – Proprietary Funds	22
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds23

FINANCIAL SECTION: (Continued)

Basic Financial Statements: (Continued)

Statement of Cash Flows – Proprietary Funds 24

Statement of Fiduciary Net Assets – Fiduciary Funds 26

Statement of Changes in Fiduciary Net Assets – Fiduciary Funds 27

Notes to the Financial Statements 28

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in
Fund Balances – Budget to Actual – General Fund 77

Schedule of Funding Progress – Defined Benefit Pension Trust Funds. . . 78

Schedule of Contributions from the City and other Contributing
Entities – Defined Benefit Pension Trust Funds 78

Schedule of Funding Progress – Retiree Insurance Continuation Plan. . . . 79

Schedule of Contributions from the City and other Contributing
Entities – Retiree Insurance Continuation Plan. 79

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet – Nonmajor Governmental Funds 84

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances – Nonmajor Governmental Funds. 86

Budgetary Comparison Schedule – Recreation Impact Fees
Special Revenue Fund. 88

Budgetary Comparison Schedule – Fire Impact Fees
Special Revenue Fund. 89

Budgetary Comparison Schedule – Local Option Gas Tax
Special Revenue Fund. 90

Budgetary Comparison Schedule – State Law Enforcement
Special Revenue Fund. 91

Budgetary Comparison Schedule – Police Impact Fees
Special Revenue Fund. 92

FINANCIAL SECTION: (Continued)

Combining and Individual Fund Statements and Schedules: (Continued)

Budgetary Comparison Schedule – Second Generation Sales Tax Special Revenue Fund.	93
Budgetary Comparison Schedule – Building Inspection Special Revenue Fund.	94
Budgetary Comparison Schedule – Cemetery Special Revenue Fund.	95
Budgetary Comparison Schedule – LIHEAP Special Revenue Fund.	96
Budgetary Comparison Schedule – Police Education Special Revenue Fund.	97
Budgetary Comparison Schedule – ARRA Grant Special Revenue Fund.	98
Budgetary Comparison Schedule – Youthbuild Special Revenue Fund.	99
Budgetary Comparison Schedule – Debt Service Fund	100

STATISTICAL SECTION:

Schedule 1	Net Assets by Component – Last Four Fiscal Years	102
Schedule 2	Changes in Net Assets – Last Four Fiscal Years	103
Schedule 3	Fund Balances, Governmental Funds – Last Ten Fiscal Years	105
Schedule 4	Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	106
Schedule 5	Assessed and Actual Value of Taxable Property – Last Ten Fiscal Years	108
Schedule 6	Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	109
Schedule 7	Principal Property Taxpayers – Current Year and Nine Years Ago	110
Schedule 8	Property Tax Levies and Collections – Last Ten Fiscal Years	111

STATISTICAL SECTION: (Continued)

Schedule 9	Ratio of Outstanding Debt by Type – Last Ten Fiscal Years.	112
Schedule 10	Computation of Direct and Overlapping Debt – General Obligation Debt	113
Schedule 11	Pledged Revenue Coverage – Last Ten Fiscal Years.	114
Schedule 12	Demographic and Economic Statistics – Last Ten Fiscal Years	116
Schedule 13	Principal Employers – Current Year and Nine Years Ago	117
Schedule 14	Full-time Equivalent City Government Employees by Function/Program – Last Ten Fiscal Years	119
Schedule 15	Operating Indicators by Function/Program – Last Ten Fiscal Years	120
Schedule 16	Capital Asset Statistics by Function/Program – Last Ten Fiscal Years	122

COMPLIANCE SECTION:

Report of 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 <i>Government Auditing Standards</i>	125
Report of Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and Major State Project and on Internal Control over Compliance in Accordance with OMB Circular A-133 and the Department of Financial Services State Projects Compliance Supplement.	127
Schedule of Findings and Questioned Costs.	129
Schedule of Expenditures of Federal Awards and State Financial Assistance.	131
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	133
Independent Auditors’ Management Letter	135

INTRODUCTORY SECTION:

This section contains the following subsections:

- LETTER OF TRANSMITTAL
- ORGANIZATION CHART
- PRINCIPAL OFFICIALS
- CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING



FINANCE DEPARTMENT

March 24, 2011

To the Honorable Mayor, City Commission
and the Citizens of the City of Sanford, Florida:

It is with great pleasure that we present the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2010. State law requires that all general-purpose local governments publish within 12 months of the close of each fiscal year 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.

The report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, City management 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 our financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Moore Stephens Lovelace, P.A., a firm of licensed Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2010 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

•

MAILING ADDRESS

CITY OF SANFORD
POST OFFICE BOX 1788
SANFORD, FLORIDA 32772-1788

•

PHYSICAL ADDRESS

CITY HALL
300 NORTH PARK AVENUE
SANFORD, FLORIDA 32771-1244

•

TELEPHONE
407.688.5020

FACSIMILE
407.688.5022

WEBSITE
WWW.CI.SANFORD.FL.US

•

CITY COMMISSION

JEFF TRIPLETT
MAYOR

MARK McCARTY
DISTRICT 1

DR. VELMA H. WILLIAMS
DISTRICT 2

RANDY JONES
DISTRICT 3

PATTY MAHANY
DISTRICT 4, VICE MAYOR

•

CITY MANAGER
TOM GEORGE

Analysis (“MD&A”). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditors.

Profile of the City

Sanford is located in Central Florida in Seminole County, one of the fastest growing counties in the Nation. Nicknamed “Celery City” for its agricultural interest in the early 1900’s, Sanford was incorporated in 1877 under the direction of General Henry Shelton Sanford. When Seminole County split from neighboring Orange County in 1913, the City of Sanford was named as the County Seat. Sanford is bounded in the East by Orlando-Sanford International Airport, in the North by Lake Monroe, in the West by Interstate 4, and in the South by Seminole State College and the City of Lake Mary. The Sanford Commercial District was proclaimed a historic district and placed on the National Register in 1976. The Sanford Residential Historic District, an area of approximately 76 blocks south of the commercial district, was placed on the National Register in 1989. The St. James African Methodist Episcopal Church, erected in 1913, was designated a historic landmark in May, 1990.

A charter city, the legislative branch is composed of four single-district elected Commissioners and a citywide elected Mayor. 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. To effectively execute these policies, the City Commission has previously adopted a strategic plan, presented by the City Manager. The vision encompassed the following six major goals:

1. Every neighborhood in the City is a safe and friendly place to live and City residents have pride in their homes and neighborhoods.
2. The City’s schools and businesses provide our residents with the opportunity to succeed in life.
3. The City’s unique assets are unparalleled and enjoyed by residents and visitors alike.
4. City government, at all levels, has the vision and leadership to be successful.
5. Redevelop U.S. 17-92 to enhance the visual appearance and maintain vibrant businesses.
6. Initiate marketing, image building and public relations campaign to boost the City’s image as a destination and vibrant place of commerce.

Additionally, the Commission has adopted a comprehensive plan, along with land development regulations, and various master plans. The City has established departmental work plans geared toward realizing the vision set forth in the strategic plan. The City is working cooperatively with Seminole County, Seminole County School Board and other area agencies in a cooperative effort to maximize the opportunities and minimize negative impacts of regional growth.

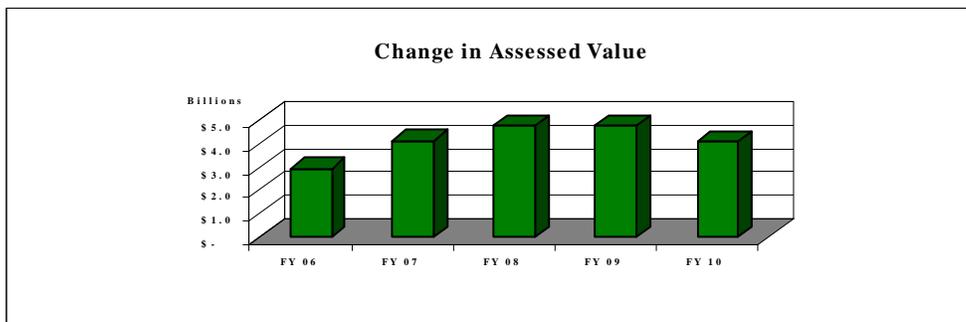
The City provides a full range of services. The City is also financially accountable for two legally separate component units: the Sanford Airport Authority and Community Redevelopment Agency, which are presented as discrete component units of the City. Additional information on these legally separate entities can be found in the notes to the financial statements. The annual budget serves as the foundation for the City of Sanford’s financial planning and control. The budget is developed by the City Manager who is required by the Charter to present the proposed budget to the City Commission for review on or before July 1. The

City Commission is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the City’s fiscal year. Interim financial reports include budget-to-actual comparisons, current to prior year comparisons, and are generally issued quarterly. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

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

Local Economy. Over the past five years, the City has averaged double-digit increases in assessed values, jumping from \$2.5 billion in FY 2005 to over \$4.1 billion in FY 2009. However, there was a decline from FY 2008 to FY 2010 of \$670 million resulting in 14.97% loss of property tax revenue from 2008.



Major ad valorem taxpayers in the City include the Seminole Towne Center Regional Mall and Central Florida Regional Hospital. The City’s population has also continued to increase to its current estimate of just over 53,000, making it the largest city in Seminole County as well as the 50th largest city in the State of Florida and 24th in order of population change from 2000 to 2010. Population is a factor used in determining the City’s distribution from the State Municipal Revenue Sharing Program.

The Sanford Waterfront/Downtown Community Redevelopment Area was created in 1995 with the purpose of using tax revenues in the downtown district to revitalize the area. Since that time considerable funds have been expended to upgrade public infrastructure, including the \$12 million for the RiverWalk, the First Street Streetscape and a number of grant programs to encourage local property owners and businesses to rehabilitate downtown buildings. The success of these ventures has been evident in the number of new businesses, especially restaurants opening in the downtown area and the rediscovery of downtown Sanford by the Central Florida public.

Directly related to the economy has been a significant decline in annual state revenue sharing monies which are distributed to each city and county based on population. In fiscal year 2009/2010, the final numbers which include among other things our share of gas and sales tax proceeds went down by 1.04% from FY 2009 and by 4.1% compared to original projections.

Long-term Financial Planning. Through the budget process, the City Commission has continued its commitment to maintaining or improving levels of service while enhancing the quality of life and promoting the health, safety and welfare of its citizens. Through the budget process, several projects are anticipated, many via non-operating funding sources; additionally, several additional projects are in the planning phase:

- Completion of a new \$18M Public Safety Facility.
- Goldsboro Recreational Trail.
- Continued improvements to roads, sidewalks and drainage.
- Construction of new three lane road along St. Johns Parkway.
- Extend Oleander Avenue south from 18th St.
- City-wide stormwater drainage improvement project.
- Traffic Calming projects.

An analysis of future projects and services may be best obtained via review of the City's comprehensive plan, currently being updated. Upon completion, this plan will outline the goals, objectives and anticipated projects of the City and mechanisms for realization of such.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2009. This was the 21st consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report would not have been possible without the efficient and dedicated services of the Financial Services Team. We would also like to express our appreciation to our auditing firm, Moore Stephens Lovelace, P.A.

Finally, we would like to acknowledge the Mayor and City Commission for their unfailing support and steadfast commitment to maintaining the financial integrity of the City. With their continued leadership, the City can look forward to a secure financial future.

Respectfully submitted,



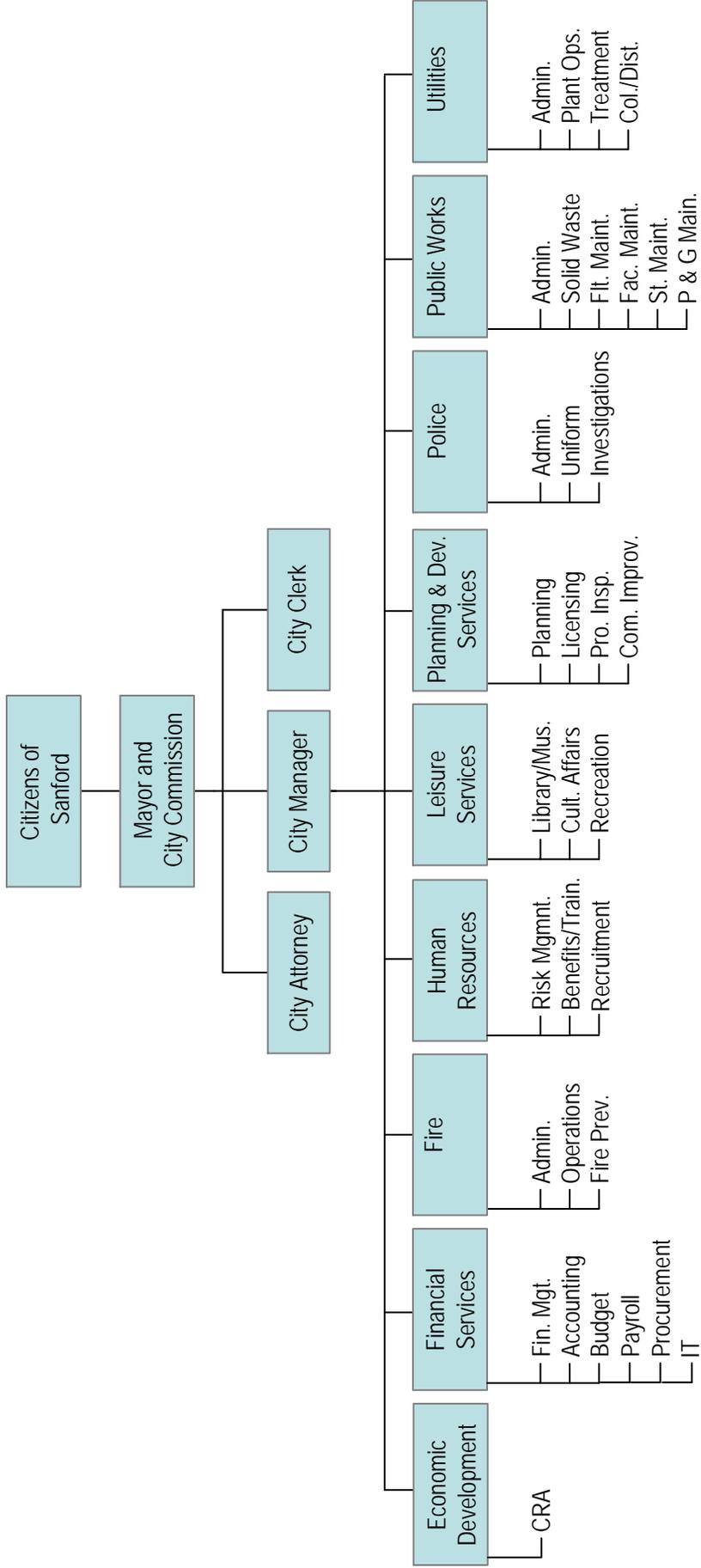
Tom George
Interim City Manager



Cynthia Lindsay
Director of Finance

SANFORD
FLORIDA
—1877—

City of Sanford Organization Chart



SANFORD
FLORIDA
—1877—

CITY OF SANFORD, FLORIDA

PRINCIPAL OFFICIALS

Year Ended September 30, 2010

MAYOR

Linda Kuhn

COMMISSIONERS

Art Woodruff

Velma H. Williams, Ph.D

Randy Jones

Patty Mahany

STAFF

Thomas J. George, Interim City Manager

Cynthia Lindsay, Director of Finance

Janet R. Dougherty, City Clerk

Robert Tunis, Director of Economic Development

Russell L. Gibson, Director of Planning & Development Services

Fred Fosson, Director of Human Resources

William M. Kirby, Director of Leisure Services

Bilal Iftaikhari, Interim Director of Public Works

Paul Moore, Director of Utilities

Brian F. Tooley, Police Chief

Gerard T. Ransom, Fire Chief

SANFORD
FLORIDA
—1877—

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sanford
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009

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



President

Executive Director

SANFORD
FLORIDA
—1877—

FINANCIAL SECTION:

This section contains the following subsections:

- INDEPENDENT AUDITORS' REPORT
- MANAGEMENT'S DISCUSSION AND ANALYSIS
- BASIC FINANCIAL STATEMENTS
- REQUIRED SUPPLEMENTARY INFORMATION
- COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES



**MOORE STEPHENS
LOVELACE, P.A.**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Commission
City of Sanford, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the City of Sanford Community Redevelopment Agency discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sanford, Florida (the "City"), as of and for the year ended September 30, 2010, 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 did not audit the financial statements of the Sanford Airport Authority (the "Airport"), a discretely presented component unit of the City. Those financial statements were audited by other auditors, whose report thereon has been furnished to us and our opinions, insofar as they relate to the amounts included for the Airport, are based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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, business-type activities, the City of Sanford Community Redevelopment Agency discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2010, 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 24, 2011 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 conjunction with this report in considering the results of our audit.

The Honorable Mayor and
Members of the City Commission
City of Sanford, 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 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 supplementary 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 supplementary 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 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.

Certified Public Accountants

Orlando, Florida
March 24, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Sanford's ("the City") discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, we encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Transmittal Letter, which can be found on pages i through v and the City's financial statements beginning on page 14.

Financial Highlights

- At the close of fiscal year 2010, the City's assets exceeded its liabilities by \$252,661,403 (net assets). Of this amount, \$25,901,454 (unrestricted net assets) may be utilized to meet the City's ongoing obligations to citizens and creditors.
- During fiscal year 2010, the City's total net assets increased by \$7,571,851 (or 3.09%).
- At the close of fiscal year 2010, the City's governmental funds reported combined ending fund balances of \$27,845,876, a decrease of \$13,825,418 in comparison with the prior year. This decrease is attributable to Public Safety Complex. Approximately 42.55% or \$11,847,472 of the total amount is unassigned fund balance and is available for spending at the City's discretion. See page 18 for further details.
- The City's total debt increased by \$1,475,704 during the current fiscal year. The key factors in this increase were a new lease totaling \$582,482, a utility refunding bond of \$14,720,000 and an increase in the principal of the state revolving loans of \$4,852,137. These increases were offset with bond principal payments of (\$16,596,470), principal payment on the state revolving loan of (\$1,989,094), and capital lease payments of (\$93,351).

USING THIS ANNUAL REPORT

The financial statements' focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government) and enhance the City's accountability.

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

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The focus is on major funds, rather than fund types.

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. The focus of the Statement of Net Assets (the "unrestricted net assets") is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental fund current resources (short-term spendable resources) with capital assets and long-term obligations. Over time, the increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, community and economic development, planning and zoning, building permits, highways and streets, and parks and recreation. The business-type activities of the City consist of the water and sewer, solidwaste, and stormwater systems.

The government-wide financial statements include the City of Sanford (known as the primary government) but also a legally separate community redevelopment agency and a legally separate airport authority, for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The Sanford Finance Corporation, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 14-17 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over the 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, proprietary, and fiduciary. Traditional users of governmental financial statements will find the fund financial statement's presentation more familiar.

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 the City'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 City'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 20 individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the Public Safety Complex Fund, both of which are considered to be major funds. Data from the other 18 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in this report, immediately following the notes to the financial statements and required supplementary information.

The City adopts an annual appropriated budget for its General, Special Revenue, Debt Service and Enterprise Funds, except for the State Pension Contributions Special Revenue Fund and the CDBG Special Revenue Fund. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budget and are presented as required supplementary information.

The basic governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary funds. The City maintains two proprietary fund types. 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 its water and sewer, solid waste, and stormwater systems. 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 activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 22-25 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 26-27 of this report.

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. They can be found on pages 28-74 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparisons and the City's progress in its obligation to provide pension benefits to its employees. Required Supplementary Information can be found on pages 77-79 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the current year, the City's assets exceeded liabilities by \$252,661,403.

The following table reflects the condensed Statement of Net Assets for the current year, as compared to the prior year. For more detailed information, see the Statement of Net Assets on page 14.

Statement of Net Assets
As of September 30,

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Current assets	\$ 40,139,723	\$ 41,859,845	\$ 8,936,825	\$ 10,909,508	\$ 49,076,548	\$ 52,769,353
Restricted assets	15,528,550	2,121,599	8,546,827	8,493,117	24,075,377	10,614,716
Deferred charges	86,229	78,355	-	-	86,229	78,355
Net pension asset	-	30,704	-	-	-	30,704
Capital assets	107,740,329	119,045,337	152,940,007	157,441,751	260,680,336	276,487,088
Total assets	<u>163,494,831</u>	<u>163,135,840</u>	<u>170,423,659</u>	<u>176,844,376</u>	<u>333,918,490</u>	<u>339,980,216</u>
Current liabilities	10,178,792	9,948,960	8,441,262	7,869,899	18,620,054	17,818,859
Long-term liabilities outstanding	21,994,628	19,855,147	48,184,976	49,644,807	70,179,604	69,499,954
Total liabilities	<u>32,173,420</u>	<u>29,804,107</u>	<u>56,626,238</u>	<u>57,514,706</u>	<u>88,799,658</u>	<u>87,318,813</u>
Net assets:						
Invested in capital assets, net of related debt	105,645,908	104,250,077	101,598,575	105,427,868	207,244,483	209,677,945
Restricted for capital improvement	23,058,458	8,609,305	-	-	23,058,458	8,609,305
Restricted for debt service	-	-	6,278,839	5,521,727	6,278,839	5,521,727
Restricted for other purposes	1,061,687	1,071,056	1,401,170	1,879,916	2,462,857	2,950,972
Unrestricted	1,555,358	19,401,295	4,489,557	6,500,159	6,044,915	25,901,454
Total net assets	<u>\$ 131,321,411</u>	<u>\$ 133,331,733</u>	<u>\$ 113,768,141</u>	<u>\$ 119,329,670</u>	<u>\$ 245,089,552</u>	<u>\$ 252,661,403</u>

The largest portion of the City's net assets (89%) are reflected in its investment in capital assets (e.g., land, buildings, improvements, infrastructure, vehicles and equipment) less any outstanding related 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.

\$17,082,004 of the City's net assets represents resources that are subject to external restrictions on how they may be used, primarily for capital projects. Unrestricted net assets (\$25,901,454) may be used to meet the City's ongoing obligations to citizens and creditors.

At September 30, 2010, the City is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Statement of Activities

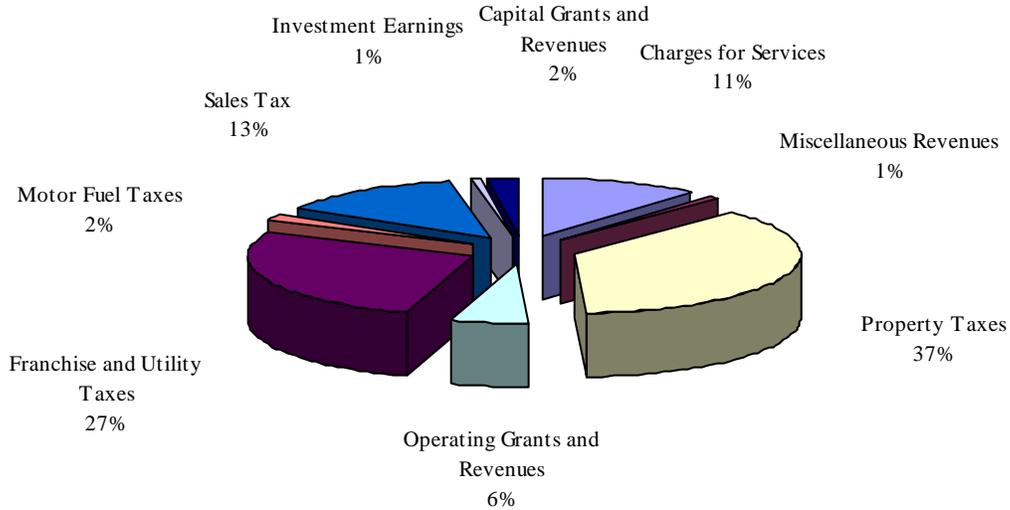
The following table reflects the condensed Statement of Activities for the current year, as compared to the prior year. For more detailed information, see the Statement of Activities on page 16.

	Changes in Net Assets					
	As of September 30,					
	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Revenues:						
Program revenues:						
Charges for services	\$ 5,229,448	\$ 5,054,534	\$ 25,946,885	\$ 28,112,383	\$ 31,176,333	\$ 33,166,917
Operating grants and contributions	2,097,352	2,478,044	1,579,598	1,873,216	3,676,950	4,351,260
Capital grants and contributions	1,590,985	971,881	1,171,442	721,961	2,762,427	1,693,842
General revenues:						
Property taxes	18,643,452	16,387,168	-	-	18,643,452	16,387,168
Other taxes	18,434,801	18,705,505	-	-	18,434,801	18,705,505
Other	1,431,663	706,618	304,544	309,255	1,736,207	1,015,873
Total revenues	<u>47,427,701</u>	<u>44,303,750</u>	<u>29,002,469</u>	<u>31,016,815</u>	<u>76,430,170</u>	<u>75,320,565</u>
Expenses:						
General government	7,550,955	5,839,345	-	-	7,550,955	5,839,345
Public safety	23,599,721	22,506,245	-	-	23,599,721	22,506,245
Transportation	5,384,088	4,967,950	-	-	5,384,088	4,967,950
Physical environment	2,983,339	2,325,091	-	-	2,983,339	2,325,091
Economic environment	2,345,516	1,115,620	-	-	2,345,516	1,115,620
Human services	213,627	121,401	-	-	213,627	121,401
Culture/recreation	5,835,469	5,311,175	-	-	5,835,469	5,311,175
Interest & other on long-term debt	833,869	749,351	-	-	833,869	749,351
Water and sewer	-	-	18,074,522	17,600,590	18,074,522	17,600,590
Stormwater	-	-	1,903,945	2,022,172	-	2,022,172
Solid Waste	-	-	5,163,299	5,189,774	5,163,299	5,189,774
Total expenses	<u>48,746,584</u>	<u>42,936,178</u>	<u>25,141,766</u>	<u>24,812,536</u>	<u>71,984,405</u>	<u>67,748,714</u>
Increase (decrease) in net assets before transfers	(1,318,883)	1,367,572	3,860,703	6,204,279	2,541,820	7,571,851
Transfers	-	642,750	-	(642,750)	-	-
Increase (decrease) in net assets	(1,318,883)	2,010,322	3,860,703	5,561,529	2,541,820	7,571,851
Net assets - Beginning of year	132,640,294	131,321,411	109,907,438	113,768,141	242,547,732	245,089,552
Net assets - End of year	<u>\$ 131,321,411</u>	<u>\$ 133,331,733</u>	<u>\$ 113,768,141</u>	<u>\$ 119,329,670</u>	<u>\$ 245,089,552</u>	<u>\$ 252,661,403</u>

Governmental activities

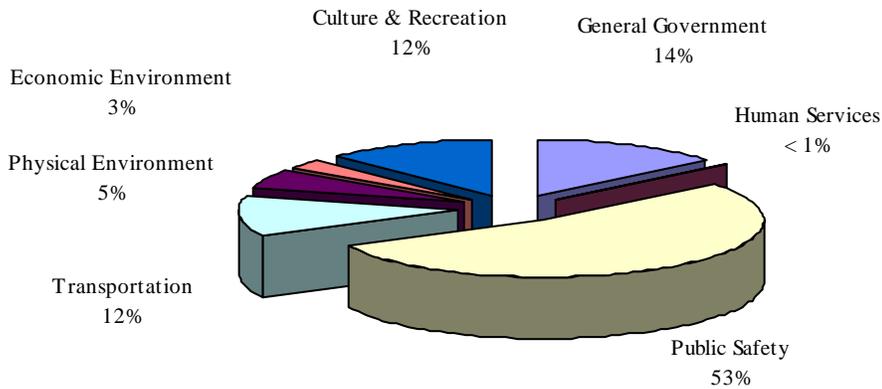
For the year ended September 30, 2010, governmental activities increased the City's net assets by \$2,010,322.

Governmental Revenues by Source



Property taxes, which comprised 37% of the City’s revenues, decreased by (\$2,256,284); this decrease was due primarily to the negative economic conditions facing most of the country.

Governmental Activities - Expenses

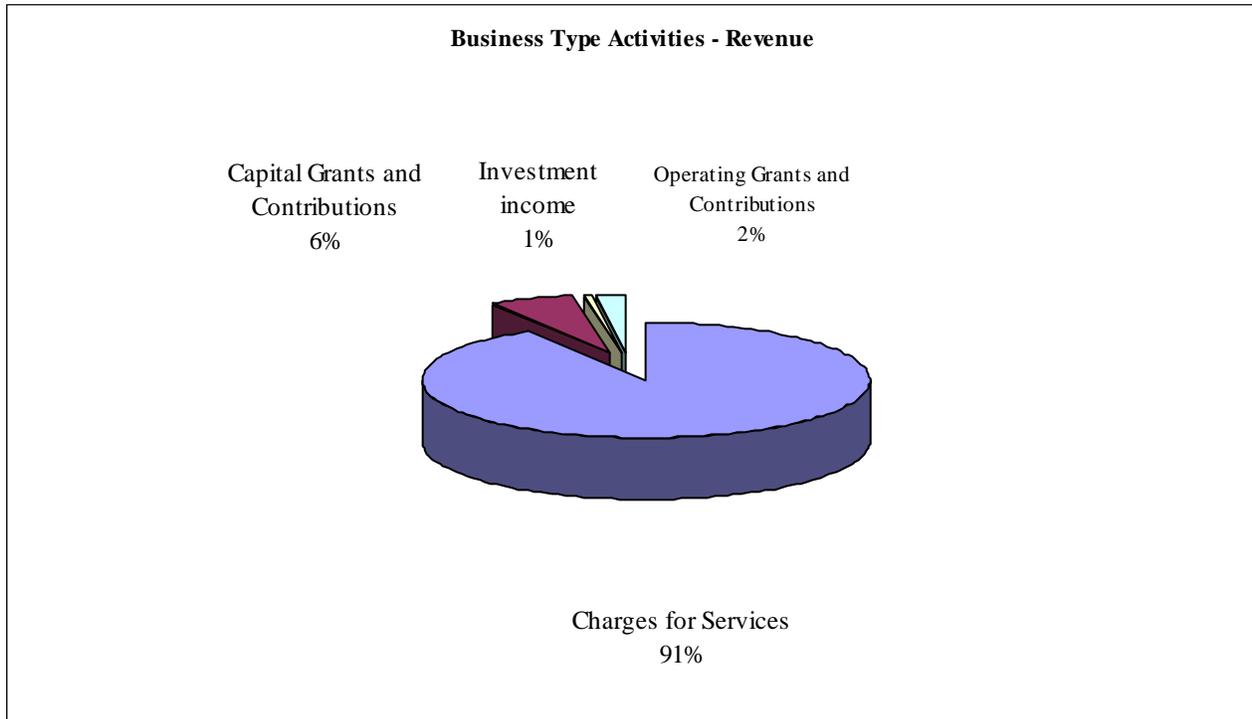


Overall, general government expenses decreased this year. Total expenses were \$42,936,178, compared to \$48,746,584 the prior fiscal year; a decrease of (\$5,810,406) or 11.92%. Public safety expenses of \$22,506,245 comprised 53% of the total governmental activities expenses.

Business-type activities

Business-type activities increased the City’s net assets by \$5,561,529, thereby accounting for 73% of the total growth in the City’s net assets.

Charges for services of \$28,112,383 increased over the prior-year total of \$25,946,885 by \$2,165,498, or approximately 8.4%. This was due to rate increases and offset by decreases in consumption.



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, unreserved 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 September 30, 2010, the City’s governmental funds reported combined ending fund balances of \$27,845,876, a decrease of (\$13,825,418) in comparison with the prior year. Approximately 43% of this total amount, \$11,847,472, constitutes unassigned fund balance, which is available for spending at the City’s discretion. \$6,155,208 is assigned for encumbrances, gasification, special revenue funds, capital project funds, debt service, and appropriations. The remainder of fund balance, \$9,843,196, is nonspendable or restricted which indicates that it is not available for new spending because it has already been committed or restricted for a certain purpose.

The General Fund is the chief operating fund of the City. At September 30, 2010, the unassigned fund balance of the General Fund was \$11,847,472, while the total fund balance was \$13,301,435. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 34.7% of total General Fund expenditures, while total fund balance represents 39% of that same amount.

The fund balance of the City's General Fund increased by \$1,115,940 during the current fiscal year, primarily due to a concerted effort to cut operating expenditures.

The new Public Safety Complex Fund has a total fund balance of \$4,771,414, all of which is restricted or assigned for capital projects. This fund was created in 2008 to record and track the issuance of the \$18,000,000 in sales tax revenue bonds issued in 2008 for the public safety complex. The net decrease in fund balance during the current year of (\$14,392,395) was due to costs related to the construction of the public safety complex.

The total fund balance of all the nonmajor governmental funds is \$9,773,027. The net decrease of (\$548,963) is primarily due to road related construction projects in the Second Generation Sales Tax Fund.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Utility Fund at September 30, 2010 amounted to \$1,922,735, the Stormwater Utility Fund amounted to \$3,734,029, and the Solid Waste Fund amounted to \$649,555. The total change in net assets for all three funds was \$3,597,585, \$1,725,993 and (\$461,298), respectively. Key elements of these changes were due to developer contributions to the Water and Sewer Utility Fund of \$396,404, and capital contribution grants totaling \$721,961, operating grants totaling \$1,873,216, rate increases in both the Water and Sewer Fund and the Stormwater Fund and a transfer to the General Fund from the Solid Waste Fund in the amount of (\$642,750).

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget (\$274,897 increase in revenues and transfers and \$2,533,481 increase in appropriations and transfers) can be briefly summarized as follows:

Revenues:

- Increase in grant revenues \$128,764 and a decrease in grant revenues of \$290,200 due to setting up a Special Revenue Fund.
- Increase in reimbursement fees \$400,000.
- Increase in contributions \$5,691.
- Increase in interfund transfers \$5,642.
- Increase in tree mitigation revenues \$25,000.

Expenditures:

- Transfers of \$51,896 to the Debt Service Fund and an increase in departmental operating budgets of \$1,951,843 (mainly due to the finalization of the closure of the gasification plant) and an increase in capital outlay of \$529,742.

Of the increases in expenditures, \$274,897 was offset by increased revenues and transfers. The remaining increased the use of reserves by \$2,258,584.

Differences between the final amended budget and actual (\$656,524 increase in revenues and transfers and \$4,340,152 decrease in expenditures and transfers) can be briefly summarized as follows:

Revenues:

- Actual year-end revenues were over budget by 1.8%. The positive variance was attributed primarily to ad valorem taxes \$230,668, utility taxes \$355,464, business taxes \$18,577, permits and fees \$289,251 and charges for services \$337,606.

- The positive variances were offset by decreases in sales tax revenue (\$70,667) interest income (\$9,059), fines and forfeitures (\$60,567), proceeds from sale of property (\$15,977), and a decrease in miscellaneous income of (\$413,130) for reimbursed expenditures.

Expenditures:

- The most significant portion of the under-spending, \$1,378,277 was attributed to the positive variance in departmental salary accounts and not transferring additional funding into the City’s two self insurance funds of \$600,000. The remainder of the variance, \$2,361,875, was spread throughout all the departments’ operational budgets based on a desire to cut spending due to the downturn in the economy and for the anticipated drop in General Fund property tax revenues due to adverse state legislative action.

Capital Asset and Debt Administration

Capital assets. The City’s total capital assets for its governmental and business-type activities as of September 30, 2010, amounted to \$276,487,088 (net of accumulated depreciation). This investment in capital assets included land, buildings, improvements, water and sewer transmission lines and facilities, infrastructure, and vehicles and equipment. The total increase in the City’s total capital assets for the current fiscal year was \$15,806,752 (a 10.49% increase for governmental activities and a 2.94% increase for business-type activities).

The increase in capital assets was mainly attributable to the following major capital projects beginning or continuing during the current fiscal year: Public Safety Complex, St. Johns Parkway, stormwater rehabilitation, reclaimed water line expansion, Cloud Branch, State Road 46 line relocation, disinfection by product monitoring system, inflow/infiltration rehabilitation system, and water line replacements.

Capital Assets
(net of depreciation)
As of September 30,

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Land	\$ 4,151,425	\$ 4,177,912	\$ 6,925,684	\$ 6,925,684	\$ 11,077,109	\$ 11,103,596
Buildings and improvements	32,723,647	30,151,228	31,553,906	30,397,067	64,277,553	60,548,295
Water/sewer transmission lines and facilities	-	-	93,259,567	94,707,015	93,259,567	94,707,015
Stormwater Mgt System	-	-	9,892,391	11,844,071	9,892,391	11,844,071
Machinery and equipment	6,020,568	5,317,518	4,467,226	3,948,875	10,487,794	9,266,393
Infrastructure	60,285,672	59,590,919	-	-	60,285,672	59,590,919
Irrigation rights	-	-	599,400	510,600	599,400	510,600
Construction in progress	4,559,017	19,807,760	6,241,833	9,108,439	10,800,850	28,916,199
Total	\$ 107,740,329	\$ 119,045,337	\$ 152,940,007	\$ 157,441,751	\$ 260,680,336	\$ 276,487,088

Additional information on the City’s capital assets can be found in Note 6 in the notes to the financial statements.

Long-term debt. At September 30, 2010, the City had \$37,076,564 in bonded debt outstanding. Of this amount, \$16,795,000 related to Sales Tax Revenue Bonds, \$191,564 related to Stormwater Revenue Bonds, and \$20,090,000 related to Utility Revenue Bonds. In addition, the City had \$33,717,701 related to the State Revolving Fund Loan, \$877,584 related to the City’s landfill and gas plant, \$1,995,675 related to claims associated with risk management, and \$700,502 related to capital leases on equipment. Total debt issued increased by \$20,154,619 due to an addition to the capital lease of a fire pumper \$582,482, issuance of \$14,720,000 in refunding bonds, and state revolving loan proceeds of \$4,852,137.

These increases were offset by a reduction in principal outstanding of \$16,596,470 in annual principal payments for the five outstanding bond issues and refunding of the 1993 bonds, \$93,351 in principal payments for the capital lease, and principal payments totaling \$1,989,094 on the state revolving loan.

Long-Term Debt
As of September 30,

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Sales Tax Revenue Bonds 2008	\$ 17,410,000	\$ 16,795,000	\$ -	\$ -	\$ 17,410,000	\$ 16,795,000
Utility Revenue Bonds 1993	-	-	14,510,000	-	14,510,000	-
Utility Revenue Refunding Bonds 2003	-	-	6,465,000	5,370,000	6,465,000	5,370,000
Utility Revenue Refunding Bonds 2010	-	-	-	14,720,000	-	14,720,000
Stormwater Revenue Bonds 1998	-	-	568,034	191,564	568,034	191,564
Claims payable	2,606,225	1,995,675	-	-	2,606,225	1,995,675
Accrued clean-up and long-term care costs	2,627,539	877,584	-	-	2,627,539	877,584
State Revolving Loans	-	-	30,854,659	33,717,701	30,854,659	33,717,701
Capital Leases	211,371	700,502	-	-	211,371	700,502
Total	\$ 22,855,135	\$ 20,368,761	\$ 52,397,693	\$ 53,999,265	\$ 75,252,828	\$ 74,368,026

Additional information on the City's long-term liabilities can be found in Notes 7, 8 and 14 in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when adopting the fiscal year 2011 budget. Included was an estimated 6% decrease in projected revenues from property taxes even though the City Commission increased the City's millage rate by .5 mills. This shortfall was offset by a City-wide decrease in departmental expenditures and a reduction in force. There was also a budgeted increase for franchise fees of \$657,700, utility service tax of \$135,800, and a projected decrease of licenses and permits of (\$26,600), intergovernmental revenue of (\$163,850), service charges of (\$319,123), judgments and fines of (\$73,250), interest of (\$88,134), and miscellaneous revenue of (\$303,334). The City's budget included a reduction of 26 positions.

As for the enterprise funds, the City implemented a CPI rate increase for its Water and Sewer Fund as of October 1, 2010 in the amount of 1.23%.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all of those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Director of Finance, City of Sanford, P.O. Box 1788, Sanford, Florida 32772-1788.

BASIC FINANCIAL STATEMENTS

CITY OF SANFORD, FLORIDA

Statement of Net Assets

September 30, 2010

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Sanford CRA	Airport Authority
Assets					
Current assets:					
Cash and cash equivalents	\$ 4,961,161	\$ 278,112	\$ 5,239,273	\$ 339,454	\$ 1,937,307
Investments	27,081,356	4,398,159	31,479,515	1,000,000	-
Accounts receivable, net	1,926,015	3,959,490	5,885,505	6,621	202,356
Due from other governments	8,849,130	1,109,772	9,958,902	-	2,545,314
Internal balances	(1,161,840)	1,161,840	-	-	-
Inventories	143,729	-	143,729	-	-
Prepaid expenses	60,294	2,135	62,429	1,405	246,669
Total current assets	<u>41,859,845</u>	<u>10,909,508</u>	<u>52,769,353</u>	<u>1,347,480</u>	<u>4,931,646</u>
Noncurrent assets:					
Restricted assets					
Cash and cash equivalents	-	-	-	-	47,028
Investments	2,121,599	8,493,117	10,614,716	-	-
Deferred charges	78,355	-	78,355	-	-
Net pension asset	30,704	-	30,704	-	-
Capital assets:					
Nondepreciable	23,985,672	16,034,123	40,019,795	232,585	32,388,136
Depreciable, net	<u>95,059,665</u>	<u>141,407,628</u>	<u>236,467,293</u>	<u>6,832,467</u>	<u>114,699,134</u>
Total noncurrent assets	<u>121,275,995</u>	<u>165,934,868</u>	<u>287,210,863</u>	<u>7,065,052</u>	<u>147,134,298</u>
Total assets	<u>163,135,840</u>	<u>176,844,376</u>	<u>339,980,216</u>	<u>8,412,532</u>	<u>152,065,944</u>
Deferred swap outflow	-	-	-	-	448,468
Total assets and other debits	<u>163,135,840</u>	<u>176,844,376</u>	<u>339,980,216</u>	<u>8,412,532</u>	<u>152,514,412</u>

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

(Continued)

CITY OF SANFORD, FLORIDA
Statement of Net Assets (Continued)
September 30, 2010

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Sanford CRA	Airport Authority
Liabilities					
Current liabilities:					
Accounts payable	\$ 3,182,103	\$ 2,077,456	\$ 5,259,559	\$ 30,516	\$ 2,418,702
Accrued liabilities	947,568	410,929	1,358,497	25,559	251,028
Retainage payable	1,026,370	354,834	1,381,204	-	-
Unearned revenue	1,402,680	34,537	1,437,217	-	554,158
Due to other governments	363,699	-	363,699	-	-
Liabilities payable from restricted assets	4,350	1,091,474	1,095,824	-	-
Landfill closure liability	18,942	-	18,942	-	-
Gasification liability	337,996	-	337,996	-	-
Capital leases payable	180,818	-	180,818	-	-
Bonds payable	640,000	1,311,564	1,951,564	920,000	-
Claims payable	976,242	-	976,242	-	-
Loans payable	-	2,440,094	2,440,094	195,000	2,124,312
Compensated absences	868,192	149,011	1,017,203	-	-
Other	-	-	-	-	453,961
Total current liabilities	<u>9,948,960</u>	<u>7,869,899</u>	<u>17,818,859</u>	<u>1,171,075</u>	<u>5,802,161</u>
Noncurrent liabilities:					
Landfill closure liability	520,646	-	520,646	-	-
Capital leases payable	519,684	-	519,684	-	-
Bonds payable	16,155,000	17,984,618	34,139,618	1,100,000	-
Claims payable	1,019,433	-	1,019,433	-	-
Loans payable	-	31,277,607	31,277,607	841,345	4,397,675
Other post employment benefits	199,556	61,730	261,286	-	-
Compensated absences	1,440,828	320,852	1,761,680	-	-
Total noncurrent liabilities	<u>19,855,147</u>	<u>49,644,807</u>	<u>69,499,954</u>	<u>1,941,345</u>	<u>4,397,675</u>
Total liabilities	<u>29,804,107</u>	<u>57,514,706</u>	<u>87,318,813</u>	<u>3,112,420</u>	<u>10,199,836</u>
Net Assets					
Invested in capital assets, net of related debt	104,250,077	105,427,868	209,677,945	4,008,707	140,565,283
Restricted for:					
Capital projects	8,609,305	-	8,609,305	-	-
Debt service	-	5,521,727	5,521,727	-	-
Other purposes	1,071,056	1,879,916	2,950,972	-	47,028
Unrestricted	19,401,295	6,500,159	25,901,454	1,291,405	1,702,265
Total net assets	<u>\$ 133,331,733</u>	<u>\$ 119,329,670</u>	<u>\$ 252,661,403</u>	<u>\$ 5,300,112</u>	<u>\$ 142,314,576</u>

CITY OF SANFORD, FLORIDA
Statement of Activities
For The Year Ended September 30, 2010

	Program Revenues			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs				
Governmental activities:				
General government	\$ 5,839,345	\$ 892,408	\$ 327,815	\$ 150,344
Public safety	22,506,245	3,175,263	1,002,458	728,972
Transportation	4,967,950	66,103	-	26,487
Physical environment	2,325,091	246,648	-	-
Economic environment	1,115,620	-	1,036,750	1,150
Human services	121,401	-	47,711	-
Culture and recreation	5,311,175	674,112	63,310	64,928
Interest on long-term debt	749,351	-	-	-
Total governmental activities	<u>42,936,178</u>	<u>5,054,534</u>	<u>2,478,044</u>	<u>971,881</u>
Business-type activities:				
Water and sewer	17,600,590	19,000,210	1,873,216	721,961
Stormwater	2,022,172	3,746,409	-	-
Solid waste	5,189,774	5,365,764	-	-
Total business-type activities	<u>24,812,536</u>	<u>28,112,383</u>	<u>1,873,216</u>	<u>721,961</u>
Total primary government	<u>\$ 67,748,714</u>	<u>\$ 33,166,917</u>	<u>\$ 4,351,260</u>	<u>\$ 1,693,842</u>
Component units:				
Sanford CRA	\$ 1,349,300	\$ -	\$ -	\$ -
Airport Authority	14,717,597	9,334,534	-	8,605,585
Total component units	<u>\$ 16,066,897</u>	<u>\$ 9,334,534</u>	<u>\$ -</u>	<u>\$ 8,605,585</u>

General Revenues:
Property taxes
Franchise and utility taxes
Motor fuel taxes
Sales tax/state shared revenues
Investment earnings
Miscellaneous revenue
Gain on sale of capital assets
Transfers
Total general revenues
Change in net assets
Net Assets - Beginning
Net Assets - Ending

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Sanford CRA	Airport Authority
\$ (4,468,778)	\$ -	\$ (4,468,778)	\$ -	\$ -
(17,599,552)	-	(17,599,552)	-	-
(4,875,360)	-	(4,875,360)	-	-
(2,078,443)	-	(2,078,443)	-	-
(77,720)	-	(77,720)	-	-
(73,690)	-	(73,690)	-	-
(4,508,825)	-	(4,508,825)	-	-
(749,351)	-	(749,351)	-	-
<u>(34,431,719)</u>	<u>-</u>	<u>(34,431,719)</u>	<u>-</u>	<u>-</u>
-	3,994,797	3,994,797	-	-
-	1,724,237	1,724,237	-	-
-	175,990	175,990	-	-
-	5,895,024	5,895,024	-	-
<u>(34,431,719)</u>	<u>5,895,024</u>	<u>(28,536,695)</u>	<u>-</u>	<u>-</u>
			(1,349,300)	-
			<u>-</u>	<u>3,222,522</u>
			(1,349,300)	<u>3,222,522</u>
16,387,168	-	16,387,168	1,795,022	-
11,939,815	-	11,939,815	-	-
912,225	11,081	923,306	-	-
5,853,465	-	5,853,465	-	-
401,115	156,983	558,098	18,862	14,066
294,153	141,191	435,344	361,150	217,173
11,350	-	11,350	-	-
642,750	(642,750)	-	-	-
<u>36,442,041</u>	<u>(333,495)</u>	<u>36,108,546</u>	<u>2,175,034</u>	<u>231,239</u>
2,010,322	5,561,529	7,571,851	825,734	3,453,761
131,321,411	113,768,141	245,089,552	4,474,378	138,860,815
<u>\$ 133,331,733</u>	<u>\$ 119,329,670</u>	<u>\$ 252,661,403</u>	<u>\$ 5,300,112</u>	<u>\$ 142,314,576</u>

CITY OF SANFORD, FLORIDA

Balance Sheet

Governmental Funds

September 30, 2010

	General Fund	Public Safety Complex Fund	Nonmajor Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets				
Cash and cash equivalents	\$ 1,536,357	\$ 987,683	\$ 2,437,121	\$ 4,961,161
Investments	13,995,650	3,977,956	1,168,645	19,142,251
Accounts receivable, net	1,262,959	525,290	130,131	1,918,380
Due from other governments	1,278,013	-	7,571,117	8,849,130
Due from other funds	471,041	-	-	471,041
Inventories	143,729	-	-	143,729
Prepaid items	28,728	-	147	28,875
Restricted assets				
Investments	4,350	2,117,249	-	2,121,599
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 18,720,827</u>	<u>\$ 7,608,178</u>	<u>\$ 11,307,161</u>	<u>\$ 37,636,166</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 1,196,098	\$ 1,328,593	\$ 657,412	\$ 3,182,103
Accrued liabilities	908,519	3,912	35,137	947,568
Retainage payable	-	978,969	47,401	1,026,370
Due to other funds	968,000	-	471,041	1,439,041
Due to other governments	363,699	-	-	363,699
Unearned revenues	1,402,608	-	72	1,402,680
Deferred revenues	576,118	525,290	323,071	1,424,479
Liabilities payable from restricted assets	4,350	-	-	4,350
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>5,419,392</u>	<u>2,836,764</u>	<u>1,534,134</u>	<u>9,790,290</u>
Fund balances:				
Nonspendable:				
Inventory	143,729	-	-	143,729
Prepaid items	28,728	-	147	28,875
Restricted for:				
Deposits	4,350	-	-	4,350
Debt covenants	-	2,117,249	-	2,117,249
Special revenue funds	-	-	7,548,993	7,548,993
Assigned for:				
Gasification	337,996	-	-	337,996
Special revenue funds	-	-	762,132	762,132
Capital project funds	-	2,654,165	1,461,235	4,115,400
Debt service	-	-	520	520
Appropriations	763,472	-	-	763,472
Other	175,688	-	-	175,688
Unassigned	11,847,472	-	-	11,847,472
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>13,301,435</u>	<u>4,771,414</u>	<u>9,773,027</u>	<u>27,845,876</u>
Total liabilities and fund balances	<u>\$ 18,720,827</u>	<u>\$ 7,608,178</u>	<u>\$ 11,307,161</u>	<u>\$ 37,636,166</u>

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

CITY OF SANFORD, FLORIDA
Reconciliation of the Balance Sheet to
the Statement of Net Assets
September 30, 2010

Fund Balances - Total Governmental Funds (page 18)

\$ 27,845,876

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.

Governmental capital assets	\$ 197,784,905	
Less: Accumulated depreciation	<u>(78,739,568)</u>	119,045,337

Internal service funds are used by management to account for the cost of health insurance, long-term disability, and life insurance. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets

5,788,644

Net pension assets (obligations) are not recorded in the current period and therefore are not reported in the funds.

30,704

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Governmental bonds payable	(16,795,000)	
Bond issuance costs	78,355	
Accrued clean-up costs	(337,996)	
Lease payable	(700,502)	
Landfill closure	(539,588)	
Compensated absences	<u>(2,309,020)</u>	(20,603,751)

Some deferred revenue in governmental funds is susceptible to full accrual on the entity-wide statements

1,424,479

The net other post employment benefits obligation is not recorded as a liability in the governmental funds balance sheet.

(199,556)

Net Assets of Governmental Activities (page 15)

\$ 133,331,733

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

CITY OF SANFORD, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

For The Year Ended September 30, 2010

	General Fund	Public Safety Complex Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes:				
Property taxes	\$ 16,387,168	\$ -	\$ -	\$ 16,387,168
Utility taxes	7,287,264	-	-	7,287,264
Business taxes	664,877	-	-	664,877
Permits and fees	4,652,551	-	596,004	5,248,555
Intergovernmental	4,632,047	112,018	4,635,875	9,379,940
Charges for services	2,356,606	-	-	2,356,606
Investment income	207,341	24,585	81,378	313,304
Fines and forfeitures	99,883	-	145,710	245,593
Service assessments	-	-	262,157	262,157
Miscellaneous	477,961	-	84,160	562,121
Total revenues	<u>36,765,698</u>	<u>136,603</u>	<u>5,805,284</u>	<u>42,707,585</u>
Expenditures				
Current:				
General government	3,545,319	-	1,293,581	4,838,900
Public safety	20,125,530	119,839	1,560,670	21,806,039
Transportation	967,902	-	1,193,876	2,161,778
Physical environment	3,841,453	-	-	3,841,453
Economic environment	1,119,329	-	-	1,119,329
Human services	108,569	-	-	108,569
Culture and recreation	4,248,149	-	109,246	4,357,395
Debt service:				
Principal	-	-	708,351	708,351
Interest and other fiscal charges	-	-	749,351	749,351
Capital outlay	<u>177,929</u>	<u>14,409,159</u>	<u>3,491,518</u>	<u>18,078,606</u>
Total expenditures	<u>34,134,180</u>	<u>14,528,998</u>	<u>9,106,593</u>	<u>57,769,771</u>
Excess (deficiency) of revenues over expenditures	<u>2,631,518</u>	<u>(14,392,395)</u>	<u>(3,301,309)</u>	<u>(15,062,186)</u>
Other financing sources (uses)				
Transfers in	642,750	-	2,203,201	2,845,951
Transfers out	(2,165,701)	-	(37,500)	(2,203,201)
Issuance of debt	-	-	582,482	582,482
Proceeds from sale of property	7,373	-	4,163	11,536
Total other financing sources (uses)	<u>(1,515,578)</u>	<u>-</u>	<u>2,752,346</u>	<u>1,236,768</u>
Net change in fund balances	<u>1,115,940</u>	<u>(14,392,395)</u>	<u>(548,963)</u>	<u>(13,825,418)</u>
Fund balances				
Beginning of year	12,185,495	19,163,809	10,321,990	41,671,294
End of year	<u>\$ 13,301,435</u>	<u>\$ 4,771,414</u>	<u>\$ 9,773,027</u>	<u>\$ 27,845,876</u>

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

CITY OF SANFORD, 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, 2010

Net Change in Fund Balances - Total Governmental Funds (page 20) \$ (13,825,418)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of
Activities, the cost of these assets is depreciated over their estimated useful lives.

Expenditures for capital assets	\$ 18,078,606	
Less: Current year depreciation	<u>(6,673,860)</u>	11,404,746

In the Statement of Activities, only the "gain" on the sale of the capital assets is reported,
whereas in the governmental funds, the proceeds from the sale increase financial resources.
Thus, the change in net assets differs from the change in fund balance by the cost of the
capital assets sold. (132,375)

Revenues in the Statement of Activities that do not provide current
financial resources are not reported as revenues in the governmental
funds. 787,490

Proceeds from issuance of long-term debt are reported in the governmental funds as revenues.
Such proceeds are not reported as revenues in the Statement of Activities, but rather are
reported as liabilities in the Statement of Net Assets.

Capital lease		(582,482)
---------------	--	-----------

Repayment of bond principal is an expenditure in the governmental funds, but the repayment
reduces long-term liabilities in the Statement of Net Assets.

Principal payments		708,351
--------------------	--	---------

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. This amount is the net effect of these differences in the treatment of these items. (7,874)

Some expenses in the Statement of Activities do not require the use of current financial
resources and therefore are not reported as expenditures in governmental funds.

Change in long-term compensated absences	141,502	
Change in long-term gasification/landfill	1,749,955	
Change in net pension obligation	62,435	
Change in post employment benefits obligation	<u>(39,883)</u>	1,914,009

Contributions of capital assets are not reported as revenues in the governmental funds.		32,637
---	--	--------

Internal service funds are used by management to account for the cost of health insurance,
long-term disability, and life insurance. The net revenue of certain activities of internal
service funds is reported with governmental activities. 1,711,238

Change in Net Assets of Governmental Activities (page 17) \$ 2,010,322

CITY OF SANFORD, FLORIDA

Statement of Net Assets

Proprietary Funds

September 30, 2010

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service
	<u>Water/Sewer</u>	<u>Stormwater</u>	<u>Solid Waste</u>	<u>Total</u>	
Assets					
Current assets:					
Cash and cash equivalents	\$ 30,295	\$ -	\$ 247,817	\$ 278,112	\$ -
Investments	-	4,398,159	-	4,398,159	7,939,105
Accounts receivable, net	2,823,875	286,030	849,585	3,959,490	-
Insurance receivable	-	-	-	-	7,635
Due from other governments	979,501	130,271	-	1,109,772	-
Due from other funds	968,000	-	-	968,000	-
Prepays	2,135	-	-	2,135	31,419
Total current assets	<u>4,803,806</u>	<u>4,814,460</u>	<u>1,097,402</u>	<u>10,715,668</u>	<u>7,978,159</u>
Noncurrent assets:					
Restricted assets:					
Investments	8,215,908	174,081	103,128	8,493,117	-
Total restricted assets	<u>8,215,908</u>	<u>174,081</u>	<u>103,128</u>	<u>8,493,117</u>	<u>-</u>
Capital assets:					
Nondepreciable	13,900,171	2,133,952	-	16,034,123	-
Depreciable, net	127,394,703	13,999,988	12,937	141,407,628	10,844
Total noncurrent assets	<u>149,510,782</u>	<u>16,308,021</u>	<u>116,065</u>	<u>165,934,868</u>	<u>10,844</u>
Total assets	<u>154,314,588</u>	<u>21,122,481</u>	<u>1,213,467</u>	<u>176,650,536</u>	<u>7,989,003</u>
Liabilities and net assets					
Current liabilities:					
Accounts payable	\$ 785,110	\$ 850,285	\$ 442,061	\$ 2,077,456	\$ -
Accrued liabilities	362,379	46,176	2,374	410,929	-
Compensated absences	143,458	4,465	1,088	149,011	-
Retainage payable	226,558	128,276	-	354,834	-
Unearned revenues	114	34,250	173	34,537	-
Claims payable	-	-	-	-	976,242
Bonds payable	1,120,000	191,564	-	1,311,564	-
Loans payable	2,246,708	193,386	-	2,440,094	-
Payable from restricted assets	988,346	-	103,128	1,091,474	-
Total current liabilities	<u>5,872,673</u>	<u>1,448,402</u>	<u>548,824</u>	<u>7,869,899</u>	<u>976,242</u>
Noncurrent liabilities:					
Bonds payable	18,970,000	-	-	18,970,000	-
Less: unamortized bond discount	(982,944)	(2,438)	-	(985,382)	-
Other post employment benefits	51,723	8,985	1,022	61,730	-
Compensated absences	311,729	7,994	1,129	320,852	-
Claims payable	-	-	-	-	1,019,433
Loans payable	27,327,134	3,950,473	-	31,277,607	-
Total noncurrent liabilities	<u>45,677,642</u>	<u>3,965,014</u>	<u>2,151</u>	<u>49,644,807</u>	<u>1,019,433</u>
Total liabilities	<u>51,550,315</u>	<u>5,413,416</u>	<u>550,975</u>	<u>57,514,706</u>	<u>1,995,675</u>
Net assets:					
Invested in capital assets, net of related debt	93,613,976	11,800,955	12,937	105,427,868	10,844
Restricted for debt service	5,347,646	174,081	-	5,521,727	-
Restricted for renewal and replacement	1,879,916	-	-	1,879,916	-
Unrestricted	1,922,735	3,734,029	649,555	6,306,319	5,982,484
Total net assets	<u>\$ 102,764,273</u>	<u>\$ 15,709,065</u>	<u>\$ 662,492</u>	<u>119,135,830</u>	<u>\$ 5,993,328</u>

Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities.

	193,840
Net assets of business-type activities	<u>\$ 119,329,670</u>

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

CITY OF SANFORD, FLORIDA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For The Year Ended September 30, 2010

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service
	Water/Sewer	Stormwater	Solid Waste	Total	
Operating revenues					
Charges for sales/services	\$ 19,000,210	\$ 3,746,409	\$ 5,365,764	\$ 28,112,383	\$ -
Other revenue	149,046	3,226	-	152,272	6,468,325
Total operating revenues	<u>19,149,256</u>	<u>3,749,635</u>	<u>5,365,764</u>	<u>28,264,655</u>	<u>6,468,325</u>
Operating expenses					
Cost of sales/services	4,610,047	676,747	5,082,097	10,368,891	4,157,301
Administration	7,474,139	896,078	108,140	8,478,357	-
Depreciation and amortization	4,904,408	374,438	4,901	5,283,747	3,737
OPEB obligation	9,747	1,989	199	11,935	-
Total operating expenses	<u>16,998,341</u>	<u>1,949,252</u>	<u>5,195,337</u>	<u>24,142,930</u>	<u>4,161,038</u>
Operating income	<u>2,150,915</u>	<u>1,800,383</u>	<u>170,427</u>	<u>4,121,725</u>	<u>2,307,287</u>
	6,554,471				
Nonoperating revenues (expenses)					
Investment income	95,405	50,439	11,139	156,983	99,463
Interest expense	(1,640,316)	(124,829)	(114)	(1,765,259)	-
Operating grant	1,873,216	-	-	1,873,216	-
Capital recovery fees	396,404	-	-	396,404	-
Total nonoperating revenues (expenses)	<u>724,709</u>	<u>(74,390)</u>	<u>11,025</u>	<u>661,344</u>	<u>99,463</u>
Income before contributions	2,875,624	1,725,993	181,452	4,783,069	2,406,750
Capital contributions	721,961	-	-	721,961	-
Transfers out	-	-	(642,750)	(642,750)	-
Change in net assets	3,597,585	1,725,993	(461,298)	4,862,280	2,406,750
Total net assets - beginning	<u>99,166,688</u>	<u>13,983,072</u>	<u>1,123,790</u>		<u>3,586,578</u>
Total net assets - ending	<u>\$ 102,764,273</u>	<u>\$ 15,709,065</u>	<u>\$ 662,492</u>		<u>\$ 5,993,328</u>

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds are reported with business-type activities.

	699,249
Change in net assets of business-type activities	\$ 5,561,529

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

CITY OF SANFORD, FLORIDA
Statement of Cash Flows
Proprietary Funds
For The Year Ended September 30, 2010

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water/Sewer	Stormwater	Solid Waste	Total	
Cash flows from operating activities:					
Receipts from customers and users	\$ 17,563,092	\$ 3,518,065	\$ 5,253,549	\$ 26,334,706	\$ 6,466,378
Payments to suppliers	(6,662,822)	243,047	(4,714,367)	(11,134,142)	(4,771,212)
Payments to employees	(5,800,879)	(865,323)	(104,825)	(6,771,027)	-
Payments for interfund services used	(1,284,450)	(234,300)	(317,900)	(1,836,650)	-
Net cash provided (used) by operating activities	<u>3,814,941</u>	<u>2,661,489</u>	<u>116,457</u>	<u>6,592,887</u>	<u>1,695,166</u>
Cash flows from noncapital financing activities:					
Operating grant receipts	1,873,216	-	-	1,873,216	-
Net cash provided by noncapital financing activities	<u>1,873,216</u>	<u>-</u>	<u>(642,750)</u>	<u>1,230,466</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Repayment of notes payable	(1,851,178)	(188,215)	-	(2,039,393)	-
Issuance of capital debt	14,720,000	-	-	14,720,000	-
Principal paid on capital debt	(15,605,000)	(376,470)	-	(15,981,470)	-
Capital debt issuance costs	(91,861)	-	-	(91,861)	-
Interest paid	(1,640,316)	(124,829)	(115)	(1,765,260)	-
Proceeds of note payable	4,756,476	95,661	-	4,852,137	-
Purchase of capital assets	(7,901,231)	(1,276,096)	-	(9,177,327)	-
Capital contributions	721,961	-	-	721,961	-
Proceeds from sales of capital assets	1,280	-	-	1,280	-
Net cash used in capital and related financing activities	<u>(6,889,869)</u>	<u>(1,869,949)</u>	<u>(115)</u>	<u>(8,759,933)</u>	<u>-</u>
Cash flows from investing activities:					
Investment income earned on operating funds	95,405	50,439	11,139	156,983	99,463
Net cash provided by investing activities	<u>95,405</u>	<u>50,439</u>	<u>11,139</u>	<u>156,983</u>	<u>99,463</u>
Net increase (decrease) in cash and cash equivalents	(1,106,307)	841,979	(515,269)	(779,597)	1,794,629
Cash and cash equivalents at beginning of year	9,352,510	3,730,261	866,214	13,948,985	6,144,476
Cash and cash equivalents at end of year	<u>\$ 8,246,203</u>	<u>\$ 4,572,240</u>	<u>\$ 350,945</u>	<u>\$ 13,169,388</u>	<u>\$ 7,939,105</u>
Reconciliation to cash and pooled investments per Statement of Net Assets:					
Cash	\$ 30,295	\$ -	\$ 247,817	\$ 278,112	\$ -
Investments	-	4,398,159	-	4,398,159	7,939,105
Restricted investments, noncurrent	8,215,908	174,081	103,128	8,493,117	-
	<u>\$ 8,246,203</u>	<u>\$ 4,572,240</u>	<u>\$ 350,945</u>	<u>\$ 13,169,388</u>	<u>\$ 7,939,105</u>

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

CITY OF SANFORD, FLORIDA
Statement of Cash Flows
Proprietary Funds (Continued)
For The Year Ended September 30, 2010

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities - Internal Service Fund
	<u>Water/Sewer</u>	<u>Stormwater</u>	<u>Solid Waste</u>	<u>Total</u>	
Reconciliation of operating loss to net cash provided by operating activities:					
Operating income (loss)	\$ 2,150,915	\$ 1,800,383	\$ 170,427	\$ 4,121,725	\$ 2,307,287
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	4,610,753	367,533	4,901	4,983,187	3,737
Amortization	293,655	6,905	-	300,560	-
Changes in assets and liabilities:					
Accounts receivable	(543,529)	(135,919)	(111,836)	(791,284)	(1,947)
Due from other governments	(505,714)	(129,901)	-	(635,615)	-
Prepays	(1,552)	-	-	(1,552)	(3,361)
Customer deposits	59,031	-	(552)	58,479	-
Accounts payable	(1,638,529)	590,590	53,457	(994,482)	(610,550)
Retainage payable	(4,850)	128,276	-	123,426	-
Accrued liabilities	(19,390)	(2,617)	(312)	(22,319)	-
OPEB obligation	9,747	1,989	199	11,935	-
Due to other funds	(570,870)	-	-	(570,870)	-
Due to other governments	356	-	-	356	-
Deferred revenue	(25,082)	34,250	173	9,341	-
Net cash provided (used) by operating activities	<u>\$ 3,814,941</u>	<u>\$ 2,661,489</u>	<u>\$ 116,457</u>	<u>\$ 6,592,887</u>	<u>\$ 1,695,166</u>
Noncash investing, capital, and financing activities:					
Contributions of capital assets from developers	\$ 396,404	\$ -	\$ -	\$ 396,404	\$ -
Increase (decrease) in fair value of investments	(23,166)	(11,255)	(2,370)	(36,792)	(14,413)
Capitalized interest on capital debt	35,510	-	-	35,510	-

CITY OF SANFORD, FLORIDA
Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2010

	<u>Total Employee Retirement Funds</u>
Assets	
Cash and short-term investments	\$ 4,555,302
Interest receivable	374
Investments, at fair value:	
US Government Securities	21,321,410
Bonds	2,502,014
Common stocks	<u>12,418,006</u>
Total investments	<u>36,241,430</u>
Total assets	<u>40,797,106</u>
Liabilities and net assets	
Liabilities	<u>48,968</u>
Net assets	
Held in trust for pension benefits	<u>\$ 40,748,138</u>

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

CITY OF SANFORD, FLORIDA
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For The Year Ended September 30, 2010

	<u>Total Employee Retirement Funds</u>
Additions	
Contributions:	
City	\$ 2,837,946
Employee	599,421
Total contributions	<u>3,437,367</u>
Investment earnings (losses):	
Interest	632,419
Net increase in fair value of investments	3,080,566
Investment expenses	<u>(240,747)</u>
Net investment earnings	<u>3,472,238</u>
Total additions	<u>6,909,605</u>
Deductions	
Benefit payments	2,272,449
Refund of contributions	231,903
Administrative expenses	<u>79,600</u>
Total deductions	<u>2,583,952</u>
Change in net assets	4,325,653
Net assets - beginning of year	<u>36,422,485</u>
Net assets - end of year	<u>\$ 40,748,138</u>

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

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 1 - Summary of Significant Accounting Policies

The City of Sanford, Florida (the “City”), is a political subdivision of the State of Florida located in Seminole County. The legislative branch of the City is composed of a five-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 accounting policies of the City conform to accounting principles generally accepted in the United States of America, as applicable to governments, as established by the Governmental Accounting Standards Board. The following is a summary of the more significant policies.

A. Reporting Entity

The concept underlying the definition of the reporting entity is that elected officials are accountable to their constituents for their actions. The reporting entity’s financial statements should allow users to distinguish between the primary government (the “City”) and its component units. However, some component units, because of the closeness of their relationships with the City, should be blended as if they were part of the City. Otherwise, most component units should be discretely presented. To accomplish this goal, the City’s financial statements present the fund types of the City, including a component unit that has been blended, and provides an overview of the discretely presented component units in separate columns.

As required by accounting principles generally accepted in the United States of America, the financial reporting entity consists of (1) the primary government, (2) organizations for which the City is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The City is financially accountable if it appoints a voting majority of the organization’s governing body and (a) it is able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may be financially accountable if an organization has (a) a separately elected governing board, (b) a governing board appointed by a higher level of government, or (c) a jointly appointed board. Based on these criteria, City management examined all organizations that were legally separate in order to determine which organizations, if any, should be included in the City's financial statements. Management determined that the City of Sanford Finance Corporation, the Sanford Airport Authority, and the City of Sanford Community Redevelopment Agency are the only organizations that should be included in the City's financial statements as component units. If a separate note reference is not made, the user should assume that information presented is equally applicable to both the primary government and the discretely presented component units.

Based upon a review of these criteria, the following is a brief review of units addressed in defining the City’s reporting entity:

(1) Blended Component Unit

City of Sanford Finance Corporation - The City of Sanford Finance Corporation (the “Corporation”) was established under Resolution No. 1568 of the City Commission as a not-for-profit corporation incorporated in 1989 under the provisions of the not-for-profit corporation law of the State of Florida. The City Commission and Mayor comprise the Board of Directors. The transactions of the Corporation are accounted for within the City’s applicable fund types.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

(2) Discretely Presented Component Units

The Sanford Airport Authority - The Sanford Airport Authority (the "Airport Authority") was established under Florida Statutes, Chapter 71-924, and Resolution No. 1315 of the City Commission. The City Commission appoints all members of the Board of Directors of the Airport Authority and approves the Airport Authority's annual operating budget, as well as any budget adjustments or amendments. Separate financial statements of the Airport Authority can be obtained from the Airport Authority, 1200 Red Cleveland Boulevard, Sanford, FL 32773.

The City of Sanford Community Redevelopment Agency - The City of Sanford Community Redevelopment Agency (the "Sanford CRA") pursuant to Section 163.356, Florida Statutes, was established by City Ordinance No. 3282 and County Ordinance No. 95-R-246. The Sanford CRA was established to enhance selected areas of the City. The Seminole Towne Center, Lake Monroe Waterfront, and Downtown Sanford Community Redevelopment areas are the currently active projects undertaken by the City. The Sanford CRA District known as Seminole Towne Center was established in 1993 with the City Commission as the agency. In 1996, the Lake Monroe Waterfront and Downtown District was expanded by an interlocal agreement with Seminole County. Currently, the City and Seminole County provide tax increment revenue to the Sanford CRA. Taxes are to be used for payment of infrastructure improvement projects and debt service on loans.

The Sanford CRA is comprised of a five-member board. Three members are nominated and appointed by the City Commission, and two members are nominated by the Board of County Commissioners of Seminole County and appointed by the City Commission. The Sanford CRA's financial records are presented as a discrete component unit of the City. Financial records are maintained by the City. Separate financial statements are not prepared for the Sanford CRA.

B. Fund Accounting

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. Primarily, 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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of when the 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, and interest allocated within 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 general operating fund of the City. It is used to account for and report all financial resources not accounted for and reported in another fund.

The *Public Safety Complex Fund* is a capital project fund used to account for and report financial resources that are related to the Public Safety Complex.

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 water and sewer enterprise fund, of the stormwater enterprise fund, and of the City's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

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

The City reports the following major proprietary funds:

The *Water and Sewer Fund* accounts for the fiscal activities of the City's water and sewer treatment and distribution operations, as well as funding and payment of related debt.

The *Stormwater Fund* accounts for the operation of the City's stormwater management utility.

The *Solid Waste Fund* accounts for the operation of the City's solid waste management.

Additionally, the City reports the following funds:

The *Internal Service Fund* is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City has one (1) Internal Service Fund used to account for the City's risk management activities. This fund is accounted for on the accrual basis of accounting.

The *Pension Trust Funds* are used to account for assets held by the City in a trustee capacity. The City has two (2) pension trust funds: the *Police Officers' Retirement System Fund* and the *Firefighters' Retirement System Fund*. These funds are accounted for on the accrual basis of accounting.

Component Units - *Sanford CRA* is used to account for financial resources of the Seminole Towne Center Bond Trust Fund and the Lake Monroe Waterfront and Downtown Sanford Community Redevelopment Trust Fund. Capital assets are constructed with the proceeds, and are donated to the primary government. *Airport Authority* is used to account for the related activities of the Sanford Airport Authority. These component units are presented as discrete component units in the accompanying financial statements and are accounted for on the accrual basis of accounting.

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

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

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

D. GASB Statement No. 20 Election

Pursuant to the election option made available by the Governmental Auditing Standards Board (GASB) Statement No. 20, pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989 are not applied in the preparation of the financial statements of the City's business-type activities and enterprise funds.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Cash, Cash Equivalents, and Investments

For purposes of the statement of cash flows, all highly liquid investments (including restricted assets) with a maturity of three (3) months or less when purchased are considered to be cash equivalents. The City presents all investments at fair value.

F. Receivables

(1) 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 Seminole County Property Appraiser (the "Property Appraiser") and Seminole County Tax Collector (the "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 up to ten (10) mills. The millage rate assessed by the City for the fiscal year ended September 30, 2010 was 6.325 mills.

All real and tangible personal property taxes are due and payable on November 1 of each year, or as soon thereafter as the assessment roll is certified by the Property Appraiser (levy date). The Tax Collector mails to each property owner on the assessment roll a notice of the taxes due. The Tax Collector also collects the taxes for the City. Taxes may be paid upon receipt of such notice from the Tax Collector, 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 personal property become delinquent on April 1 of the year following the year in which taxes were assessed.

Prior to May 1 of each year, immediately following the year of assessment, the Tax Collector advertises a list of delinquent personal property taxpayers. Warrants are issued directing seizure and sale of the personal property of the taxpayer if the delinquent personal property taxes are not paid. On or before June 1 (lien date) of the year following the year in which taxes were assessed, tax certificates are sold on all real estate parcels with outstanding real property taxes. These parcels are advertised once a week for four (4) weeks prior to the tax certificate sale.

City property tax revenues are recognized when levied to the extent that they result in current receivables. If material, delinquent taxes receivable that are measurable, but not available as of the end of the fiscal year, are reflected as deferred revenues. The deferred revenues are recognized as revenue in the fiscal year they become measurable and available as net current assets.

(2) Accounts Receivable - The Water and Sewer Fund, Stormwater Fund, and Solid Waste Fund operating revenues are generally recognized on the basis of cycle billings rendered monthly. Revenues for services delivered during the last month of the applicable reporting period for meters that have not been read are accrued based on meter readings for the applicable consumption taken at the beginning of the succeeding month. Water and Sewer Fund, Stormwater Fund, and Solid Waste Fund billings are rendered monthly for the month's services.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

G. Inventories

All inventories are stated at cost on the basis of the “first-in, first-out” method of accounting. The effect of this method is to flow costs through operations in the order in which they are purchased and to assign a balance sheet cost that reflects current replacement values. Inventories for the General Fund consist of expendable supplies held for consumption. This cost is recorded as an expenditure at the time inventory items are used (consumption method). Reported inventories are equally offset by a fund balance nonspendable designation that indicates that they do not constitute “available spendable resources,” even though they are a component of net current assets.

H. Prepaids

Prepaids represent payments made to vendors for services that will benefit beyond September 30, 2010.

I. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Constructed or purchased assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at the estimated fair market value on the date of donation. In accordance with GASB Statement No. 34, effective October 1, 2006, the City implemented the retroactive reporting of infrastructure assets associated with governmental activities (roadways, sidewalks, alleys, and curbing) acquired or constructed prior to October 1, 2002. The threshold for capitalization of assets is \$1,000. Costs of maintenance and repairs that do not add to the value of assets or extend their useful lives are not capitalized.

All capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Classification</u>	<u>Years</u>
Buildings	30 - 60
Improvements other than buildings	30 - 60
Water and Sewer System	60
Stormwater Management System	40
Equipment	5 - 20
Airport Authority streets	20 - 40
Infrastructure	30 - 40
Irrigation rights	25

Gains or losses on disposal of capital assets are included as income in the period of disposal.

J. Compensated Absences

It is the City’s policy to permit employees to accumulate earned but unused paid time off (PTO), with the exception of police union employees who accumulate earned but unused vacation and sick pay benefits. The City records the vested portion of accumulated, unused compensated absences at year-end based on each employee’s accumulated unused hours and rate of pay, including the City’s share of Social Security and Medicare taxes and retirement benefits. All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences have been liquidated using the City’s General Fund, LIHEAP Special Revenue Fund, and Building Inspection Special Revenue Fund.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

K. Unamortized Bond Issuance Costs

Bond issuance costs for the Water and Sewer Revenue Bonds and Stormwater Revenue Bonds are being amortized over the term of the bonds, using a systematic amortization method. For financial reporting, unamortized bond issuance costs are reported as deferred charges in the Statement of Net Assets.

L. Unamortized Bond Discounts

Bond discounts associated with the issuance of Water and Sewer Revenue Bonds are amortized over the term of the bonds, using the straight-line method of amortization. For financial reporting, unamortized bond discount is netted against applicable long-term debt.

M. Deferred and Unearned Revenues

Deferred revenues presented on applicable governmental fund financial statements represent unearned revenues, or revenues which are measurable but not available, primarily related to a lease deposit for which revenue is recognized over the term of the lease. The deferred revenues will be recognized as revenue in the fiscal year they are earned or become available. Unearned revenue presented on the government-wide and proprietary fund financial statements represents advance collection of funds for services to be provided in future reporting periods, consisting primarily of the lease deposit.

N. Post Employment Benefits Other than Pensions

The City pays health and life insurance premiums of retirees if they meet certain eligibility requirements. The City records the cost of this plan on a “pay-as-you-go” basis. This results in current insurance payments being recorded as expenditures or expenses in the financial statements in the period the insurance is paid. It is the City’s policy to pay these premiums on a monthly basis in the period the insurance services were provided.

O. Encumbrances

Encumbrance accounting is employed in the general, capital project, and special revenue funds. Under this method, purchase orders, contracts, memoranda of understanding, and other commitments outstanding at year-end do not constitute expenditures or liabilities. GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides additional guidance on the classification within the Net Assets section of amounts that have been encumbered. Encumbrances of balances within the General fund are classified as assigned and within the Special Revenue funds funds are classified as restricted and are included in the “special revenue funds” categories. The Public Safety Complex fund includes both restricted and assigned amounts for encumbrances. These encumbrances are not separately classified in the financial statements and are summarized as follows:

General Fund	\$ 41,930
Second Generation Sales Tax Fund	245,220
ARRA Fund	36,703
Capital Projects Fund	798
Public Safety Complex Fund	3,353,078
	<u>\$ 3,677,729</u>

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

P. Net Assets

The government-wide and business-type activities fund financial statements utilize a net asset presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Invested in capital assets, net of related debt* – This category groups all capital assets including infrastructure into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributed to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted net assets* – This category presents external restrictions imposed by creditors, grantors, or laws and regulations of other governments.
- *Unrestricted net assets* – This category presents the net assets of the City, not restricted for any purpose.

In the fund financial statements, governmental funds report limitations of fund balance for amounts that are nonspendable and are not available for appropriation or are legally restricted by outside parties or creditors for use for a specific purpose. Restricted fund balance are items restricted by external parties such as creditors or imposed by grants, law or legislation. Commitments of fund balance represent limitations placed on spending that are imposed by and may be removed by formal action of the City Commission. Assignments of fund balance reflect tentative plans by management that may be subject to change and may be removed by informal action of the City Commission. Residual net resources are reported as unassigned fund balance and are the excess of nonspendable, restricted, committed, and assigned fund balance.

Q. Minimum Fund Balance Policy

The City Commission has informally set policy to provide for a 16% minimum fund balance policy for the General Fund based on budgeted expenditures; this amount is currently reported as unassigned and totals \$5,980,990.

Note 2 - Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

The following procedures are used to establish the budgetary data reflected in the financial statements:

- (1) On or before July 1 of each year, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) Prior to October 1, the budget is legally enacted through passage of a resolution.
- (4) Formal budgetary integration is employed as a management control device during the year for all funds which have a legally adopted budget, including the General Fund, Police Education Fund, Law Enforcement Trust Fund, Local Option Gas Tax Fund, Second Generation Sales Tax Fund, Building Inspection Fund, ARRA Grant Fund, LIHEAP Grant Fund, Youthbuild Grant Fund, Cemetery Fund, Recreation Facilities Impact Fees Fund, Fire Public Safety Facilities Impact Fees, Police Public Safety Facilities Impact Fees, Debt Service Fund, Water and Sewer Fund, and Stormwater Fund. The City does not prepare a budget for the CDBG Grant Fund or the Premium Tax Trust Fund.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 2 - Stewardship, Compliance, and Accountability *(Continued)*

A. Budgets and Budgetary Accounting *(Continued)*

(5) Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

(6) The City Manager is authorized by the City Commission to transfer budgeted funds within and/or between departments. At any time during the fiscal year, the City Manager may transfer part or all of any unencumbered appropriation among programs within and/or between departments. The classification detail at which expenditures may not legally exceed appropriations is at the fund level.

(7) Every appropriation and encumbrance, except an appropriation and/or encumbrance for a specified major capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended.

(8) Supplemental appropriations beyond those for which the City Manager is authorized must be approved by the City Commission. There were a number of such supplemental appropriations made during the fiscal year.

B. Deficit Fund Equity

The Building Inspection Fund and the CDBG, ARRA, and Youthbuild Grant Funds had deficit fund balances of \$13,972, \$138,466, \$71,754, and \$56,484 respectively, as of September 30, 2010. The Building Inspection Fund raised its fees at year end to enable it from needing to transfer funds from the General Fund in the following year due to economic circumstances and the three grant fund deficits are due to timing issues, and the City will be reimbursed by the appropriate parties in 2011.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 3 - Deposits and Investments

The carrying amount (which approximates fair value) of the City's deposits and investments as of September 30, 2010 is as follows:

	<u>Carrying Amount</u>
Primary Government	
Pension Funds:	
Cash	\$ 162,129
Money Market Funds	2,646,601
Mutual funds investing in common stocks and mutual funds	22,823,828
Mutual funds investing in corporate and U.S. Treasury bonds	<u>15,164,174</u>
Total pension funds	<u>\$ 40,796,732</u>
Governmental and Business-type Activities:	
Local Government Surplus Funds Trust Fund	289,443
Investments	42,094,232
Demand Deposits	<u>4,949,830</u>
Total governmental and business-type activities	<u>\$ 47,333,505</u>
Total Primary Government	<u><u>\$ 88,130,237</u></u>
Component Unit - Airport Authority	
Local Government Surplus Funds Trust Fund	244,762
Demand Deposits	<u>1,739,573</u>
Total Component Unit - Airport Authority	<u><u>\$ 1,984,335</u></u>
Component Unit - Sanford CRA	
Investments	1,000,000
Demand Deposits	<u>339,454</u>
Total Component Unit - Sanford CRA	<u><u>\$ 1,339,454</u></u>
Classified as:	
Cash and cash equivalents	\$ 10,324,764
Investments	70,467,517
Restricted cash and cash equivalents	47,028
Restricted investments	<u>10,614,717</u>
	<u><u>\$ 91,454,026</u></u>

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 3 - Deposits and Investments (Continued)

The City maintains cash and investment pools that are available for use by all funds, except those whose cash and investments must be segregated due to bond covenants or other legal restrictions, and the Pension Trust Funds.

Deposits - Demand deposits are insured by the FDIC up to \$250,000. Amounts in excess of \$250,000 are secured by the Public Deposits Trust Fund maintained by the Treasurer of the State of Florida. The Trust Fund is a multiple financial institution pool with the ability to assess its members' financial institutions for collateral shortfalls if a member fails. For this reason, deposits are considered substantially insured.

Investments - The City Charter, Florida Statutes, and bond resolutions authorize the City to invest in direct obligations of the United States of America, obligations of federal agencies and instrumentalities of the United States of America, certificates of deposit, money market mutual funds, and the Florida State Board of Administration's (SBA) Local Government Surplus Funds Trust Fund. Such investments are stated at amortized cost, which approximates fair value, and are not rated as to credit quality. Investments other than the Local Government Surplus Funds Trust Fund are stated at fair value.

Deposits and investments of the Pension Trust Funds are held separately from those of other City funds and are stated at fair value.

Governmental and Business-type Activities Investments

Method Used to Value Investments and Investment Policies - Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. An independent investment manager and custodial bank handles all investments.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 3 - Deposits and Investments (Continued)

Governmental and Business-type Activities Investments (Continued)

As of September 30, 2010, the City's Governmental, Business-type and CRA investment portfolio is composed of the following investments:

Investment Type	Type	Credit Quality Rating	Fair Value	Weighted Average Investment Maturities (in Years)	
				Less Than 1	1 - 5
Pooled Interest Bearing Checking Account	Cash	NR*	\$ 5,289,284	\$ 5,289,284	\$ -
State Board of Administration	LGIP	AAAm	289,443	289,443	-
Money Market Funds	Money Market	AAA	6,808,080	6,808,080	-
U.S. Treasury Bonds/Notes	Fixed Income	AAA	9,257,560	8,933,833	323,727
Government Agency Bonds	Fixed Income	AAA	18,810,767	10,136,821	8,673,946
Corporate Debt	Fixed Income	A-1+	599,769	599,769	-
Corporate Debt	Fixed Income	AAA	6,631,767	2,554,070	4,077,697
Corporate Debt	Fixed Income	A-1	849,822	849,822	-
Total Portfolio			\$ 48,536,492	\$ 35,461,122	\$ 13,075,370

* Not Rated

As of September 30, 2010 the carrying amount of investments includes accrued interest of \$136,773.

The following schedule reconciles the cash, cash equivalents, and investment balances as shown in the financial statements with the portfolio totals show above:

Cash and Investments - Statement of Net Assets:	
Cash and Cash Equivalents	\$ 5,578,727
Investments	32,479,515
Restricted Assets:	
Investments	10,614,717
Total Cash and Investments	<u>\$ 48,672,959</u>
Portfolio Total show above	\$ 48,672,959
Accrued Interest	(136,467)
Total Cash and Investments	<u>\$ 48,536,492</u>

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 3 - Deposits and Investments (Continued)

Governmental and Business-type Activities Investments (Continued)

Investment income for the year ended September 30, 2010 consisted of the following:

	General Fund	Public Safety Complex Fund	Other Governmental Funds	Proprietary Funds
Interest income	\$ 263,519	\$ 49,253	\$ 94,838	\$ 307,650
Net increase (decrease) in fair value of investments	(56,178)	(24,668)	(13,460)	(51,204)
	\$ 207,341	\$ 24,585	\$ 81,378	\$ 256,446

Defined-Benefit Pension Plan Investments

Method Used to Value Investments and Investment Policies - Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. An independent investment manager and custodial bank handles all pension investments and check-writing duties. Other administrative duties are handled by the City's Finance Director, under direction of the Board of Trustees and City Commission.

The City manages its interest rate risk exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than ten years. Investment guidelines limit cash and cash equivalents to U.S. Government obligations, certificates of deposit, and repurchase agreements with major money center banks, commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's. Equity securities are limited to issues of U.S. corporations with a rating by a major rating service in one of the three highest classifications, limited to fifty percent (50%) of the fund's assets overall for the police officers and firefighters, and limited to five percent (5%) of the equity portfolio value invested in any single corporation.

In addition, the police officers' and firefighters' plans require fixed income securities to comprise a minimum fifty percent (50%) of the total assets at cost with a limit to any single corporation of ten percent (10%) of the total bond portfolio. The fixed income portfolio is limited to U.S. Government and U.S. Government Agency bonds, and/or bonds issued by U.S. corporations. No investment in any one organization exceeds five percent (5%) or more of plan net assets.

No investments in loan to, or leases with, any parties related to the pension plans have been made.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 3 - Deposits and Investments (Continued)

Defined-Benefit Pension Plan Investments (Continued)

Defined-Benefit Pension Plan investments were as follows at September 30, 2010:

Investment Type	Type	Credit Quality Rating	Fair Value	Weighted Average Investment Maturities (in Years)			
				Less Than 1	1 - 5	6 - 10	More than 10
Police Pension:							
Cash and Receivables	Cash	NR*	\$ 47,076	\$ 47,070	\$ -	\$ -	\$ -
Money Market Funds	Money Market	NR*	1,971,110	1,971,110	-	-	-
US Treasury Bills	Fixed Income	AAA	399,972	399,972	-	-	-
U.S. Treasury Bonds/Notes	Fixed Income	AAA	1,409,186	-	825,129	52,426	531,631
Government Agency Bonds	Fixed Income	AAA	517,452	100,094	109,688	130,271	177,399
GNMA, FNMA, FHLMC Pools	Fixed Income	NR*	2,822,983	-	-	197,052	2,625,931
Corporate CMOs and REMICS	Fixed Income	AAA	1,805,705	-	1,514,051	281,651	10,003
CMOs and REMICS	Fixed Income	NR*	137,804	-	26,682	73,869	37,253
Corporate Debt	Fixed Income	A	187,411	-	107,693	79,718	-
Corporate Debt	Fixed Income	A+	49,791	-	49,791	-	-
Corporate Debt	Fixed Income	AA	81,379	-	-	81,379	-
Corporate Debt	Fixed Income	AA-	119,594	-	-	119,594	-
Corporate Debt	Fixed Income	AA+	120,330	-	-	120,330	-
Mutual Funds	Fixed Income	AAA	2,146,544	2,146,544	-	-	-
Total Police Pension			11,816,337	4,664,790	2,633,034	1,136,290	3,382,217
Firefighters' Pension:							
Cash and Receivables	Cash	NR*	(284,919)	(284,919)	-	-	-
Money Market Funds	Money Market	NR*	675,491	675,491	-	-	-
Mutual Funds	Fixed Income	AAA	5,765,995	5,765,995	-	-	-
Mutual Funds	Equity	NR*	10,405,822	10,405,822	-	-	-
Total Firefighters' Pension			16,562,389	16,562,389	-	-	-
Total Pension Investments			\$ 28,378,726	\$ 21,227,179	\$ 2,633,034	\$ 1,136,290	\$ 3,382,217

*Not Rated

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 3 - Deposits and Investments (Continued)

Investment Risk

Interest Rate Risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to no longer than 2.5 years, and at all times 25% of the portfolio shall mature within one year. For purposes of meeting this limitation, variable rate securities shall be measured on the basis of the period elapsed between interest reset dates. No investment shall be made in an instrument with a stated final maturity longer than 5 years.

Concentration of Credit Risk. The investment portfolio policy of the City has the objective of structuring investments so as to not allow the following caps to be exceeded:

Allowed Securities With Credit Exposure as a Percentage of Total Investments	
Type of Investment	Percentage of Total
U.S. Treasury Obligations	100%
Federal Agency Securities	100%
Federal Instrumentality Securities	100%
Repurchase Agreements	100%
Commercial Paper (limited to 5% in one issuer)	20%
Corporate Securities (limited to 5% in one issuer)	20%
Intergovernmental Investment Pools	30%
State of Florida Local Government Surplus Funds Trust Fund	30%
Money Market Mutual Funds	100%
Time Certificates of Deposit (limited to 5% in one issuer)	20%
Guaranteed Investment Contract	100%

Custodial Credit Risk. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments. To mitigate this risk, the City's investment policy requires that the Finance Director utilize one or more banks in providing third-party safekeeping and custodial services for the City, and that a City-approved Safekeeping Agreement be executed with each custodian. The purchase and sale of securities and repurchase agreement transactions must be settled on a delivery versus payment basis. Ownership of all securities is required to be perfected in the name of the City, and sufficient evidence to title must be consistent with modern investment, banking, and commercial practices.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 4 - Restricted Cash and Cash Equivalents, and Investments

Certain funds have cash and cash equivalents that are restricted either by bond resolutions, ordinances, or governmental regulations. The following is a summary of restricted cash and cash equivalent accounts at September 30, 2010:

	Primary Government		Component Unit
	Governmental	Business-type	Airport
	Activities	Activities	Authority
Restricted investments:			
Sinking Fund	\$ -	\$ 5,521,727	\$ -
Customer Deposits	4,350	1,091,474	-
Utility Trust Impact Fees	-	1,879,916	-
Airport Memorial Fund	-	-	47,028
Capital Projects	2,117,249	-	-
	<u>\$ 2,121,599</u>	<u>\$ 8,493,117</u>	<u>\$ 47,028</u>

Note 5 - Receivables

The following is a detailed listing of receivables by type and fund at September 30, 2010:

	Primary Government		Component Unit	
	Governmental	Business-type	Sanford	Airport
	Activities	Activities	CRA	Authority
Receivables:				
Accounts Billed	\$ -	\$ 3,287,593	\$ -	\$ 427,987
Unbilled Receivables	-	1,649,964	-	-
Other Miscellaneous	4,601,989	192,889	6,621	-
Gross Receivables	4,601,989	5,130,446	6,621	427,987
Less: Allowance for				
Uncollectibles	2,675,974	1,170,957	-	225,631
	<u>\$ 1,926,015</u>	<u>\$ 3,959,489</u>	<u>\$ 6,621</u>	<u>\$ 202,356</u>

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 6 - Capital Assets

A. Changes in Capital Assets

During the year ended September 30, 2010, the following changes in capital assets occurred:

	Balance October 1, 2009	Additions	Reductions/ Transfers	Balance September 30, 2010
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,151,425	\$ 26,487	\$ -	\$ 4,177,912
Construction in progress	4,559,017	16,741,224	(1,492,481)	19,807,760
Total capital assets, not being depreciated	<u>8,710,442</u>	<u>16,767,711</u>	<u>(1,492,481)</u>	<u>23,985,672</u>
Capital assets, being depreciated:				
Buildings	50,419,864	22,667	(784,572)	49,657,959
Machinery and equipment	25,231,621	1,320,864	(83,759)	26,468,726
Infrastructure	96,835,262	-	837,286	97,672,548
Total capital assets, being depreciated	<u>172,486,747</u>	<u>1,343,531</u>	<u>(31,045)</u>	<u>173,799,233</u>
Less accumulated depreciation for:				
Buildings	17,696,217	2,242,715	(432,201)	19,506,731
Machinery and equipment	19,211,053	2,303,902	(363,747)	21,151,208
Infrastructure	36,549,590	2,127,243	(595,204)	38,081,629
Total accumulated depreciation	<u>73,456,860</u>	<u>6,673,860</u>	<u>(1,391,152)</u>	<u>78,739,568</u>
Total capital assets, being depreciated, net	<u>99,029,887</u>	<u>(5,330,329)</u>	<u>1,360,107</u>	<u>95,059,665</u>
Governmental activities capital assets, net	<u>\$ 107,740,329</u>	<u>\$ 11,437,382</u>	<u>\$ (132,374)</u>	<u>\$ 119,045,337</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 6,925,684	\$ -	\$ -	\$ 6,925,684
Construction in progress	6,241,833	8,287,398	(5,420,792)	9,108,439
Total capital assets, not being depreciated	<u>13,167,517</u>	<u>8,287,398</u>	<u>(5,420,792)</u>	<u>16,034,123</u>
Capital assets, being depreciated:				
Buildings	34,975,941	-	119,389	35,095,330
Water and sewer system	119,485,912	823,041	2,932,925	123,241,878
Stormwater management	13,787,390	-	2,276,338	16,063,728
Machinery and equipment	11,870,694	463,292	77,839	12,411,825
Irrigation rights	2,220,000	-	-	2,220,000
Total capital assets, being depreciated	<u>182,339,937</u>	<u>1,286,333</u>	<u>5,406,491</u>	<u>189,032,761</u>
Less accumulated depreciation for:				
Buildings	3,422,035	1,276,228	-	4,698,263
Water and sewer system	26,226,345	2,308,518	-	28,534,863
Stormwater management	3,894,999	324,658	-	4,219,657
Machinery and equipment	7,403,468	1,073,783	(14,301)	8,462,950
Irrigation rights	1,620,600	88,800	-	1,709,400
Total accumulated depreciation	<u>42,567,447</u>	<u>5,071,987</u>	<u>(14,301)</u>	<u>47,625,133</u>
Total capital assets, being depreciated, net	<u>139,772,490</u>	<u>(3,785,654)</u>	<u>5,420,792</u>	<u>141,407,628</u>
Business-type activities capital assets, net	<u>\$ 152,940,007</u>	<u>\$ 4,501,744</u>	<u>\$ -</u>	<u>\$ 157,441,751</u>

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 6 - Capital Assets (Continued)

A. Changes in Capital Assets (Continued)

	Balance October 1, 2009	Additions	Reductions/ Transfers	Balance September 30, 2010
CRA				
Capital assets, not being depreciated:				
Construction in progress	\$ 124,022	\$ 108,563	\$ -	\$ 232,585
Total capital assets, not being depreciated	<u>124,022</u>	<u>108,563</u>	<u>-</u>	<u>232,585</u>
Capital assets, being depreciated:				
Buildings	3,263,352	-	-	3,263,352
Infrastructure	7,552,462	-	-	7,552,462
Machinery and equipment	31,096	-	-	31,096
Total capital assets, being depreciated	<u>10,846,910</u>	<u>-</u>	<u>-</u>	<u>10,846,910</u>
Less accumulated depreciation for:				
Buildings	973,656	238,827	-	1,212,483
Infrastructure	2,611,829	170,854	-	2,782,683
Machinery and equipment	14,652	4,625	-	19,277
Total accumulated depreciation	<u>3,600,137</u>	<u>414,306</u>	<u>-</u>	<u>4,014,443</u>
Total capital assets, being depreciated, net	<u>7,246,773</u>	<u>(414,306)</u>	<u>-</u>	<u>6,832,467</u>
Governmental activities capital assets, net	<u>\$ 7,370,795</u>	<u>\$ (305,743)</u>	<u>\$ -</u>	<u>\$ 7,065,052</u>

B. Depreciation Expense Allocation

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 1,052,099
Public safety	1,423,131
Physical environment	219,392
Transportation	2,810,742
Economic environment	2,008
Human services	12,840
Culture/Recreation	1,153,648
Total depreciation expense - governmental activities	<u>\$ 6,673,860</u>
Business-type activities:	
Water and sewer	\$ 4,699,553
Stormwater	367,533
Solid waste	4,901
Total depreciation expense - business-type activities	<u>\$ 5,071,987</u>
CRA:	
Economic environment	\$ 414,306
Total depreciation expense - CRA component unit	<u>\$ 414,306</u>

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 7 - Long-Term Debt

A. Changes in Long-Term Debt

Changes in long-term debt for the year ended September 30, 2010 are summarized as follows:

	Balance October 1, 2009	Additions	Reductions	Balance September 30, 2010	Long-term Portion	Due Within One Year
Governmental activities:						
Bonds payable	\$ 17,410,000	\$ -	\$ (615,000)	\$ 16,795,000	\$ 16,155,000	\$ 640,000
Other post employment benefits	159,673	39,883	-	199,556	199,556	-
Accrued compensated absences	2,450,522	1,243,910	(1,385,412)	2,309,020	1,440,828	868,192
Claims payable	2,606,225	365,692	(976,242)	1,995,675	1,019,433	976,242
Capital lease	211,371	582,482	(93,351)	700,502	519,684	180,818
Accrued clean-up and long-term care costs	2,627,539	-	(1,749,955)	877,584	520,646	356,938
Governmental activity long-term liabilities	<u>\$ 25,465,330</u>	<u>\$ 2,231,967</u>	<u>\$ (4,819,960)</u>	<u>\$ 22,877,337</u>	<u>\$ 19,855,147</u>	<u>\$ 3,022,190</u>
Business-type activities:						
Utility Revenue Bonds	\$ 20,975,000	\$ 14,720,000	\$ (15,605,000)	\$ 20,090,000	\$ 18,970,000	\$ 1,120,000
Less: Unamortized discount	(1,053,032)	(91,861)	161,949	(982,944)	(982,944)	-
Stormwater System Revenue Bonds	568,034	-	(376,470)	191,564	-	191,564
Less: Unamortized discount	(3,229)	-	791	(2,438)	(2,438)	-
SRF loans	31,557,895	4,852,137	(2,039,393)	34,370,639	31,930,545	2,440,094
Less: Unamortized discount	(703,237)	-	50,299	(652,938)	(652,938)	-
Other post employment benefits	49,795	11,935	-	61,730	61,730	-
Compensated absences	459,610	292,171	(281,918)	469,863	320,852	149,011
Business-type activity long-term liabilities	<u>\$ 51,850,836</u>	<u>\$ 19,784,382</u>	<u>\$ (18,089,742)</u>	<u>\$ 53,545,476</u>	<u>\$ 49,644,807</u>	<u>\$ 3,900,669</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Also, for the governmental activities, claims and judgments are generally liquidated by the general fund.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 7 - Long-Term Debt (Continued)

B. Governmental Activities - Special Facilities Revenue Bonds

On May 15, 2009, the City issued \$18,000,000 of Sales Tax Revenue Bonds for the construction of a public safety complex to include a fire, police, and Emergency Operations Center (EOC). The bonds bear interest at 4.22%, payable semi annually on April 1 and October 1. Principal payments are due and payable on October 1 of each fiscal year beginning October 1, 2010 through October 1, 2028. The Sales Tax Revenue Bonds will mature as follows:

<u>Bond Year Ending</u>	<u>Sales Tax Revenue Bonds, Series 2008</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2011	\$ 640,000	\$ 708,749	\$ 1,348,749
2012	670,000	681,741	1,351,741
2013	695,000	653,467	1,348,467
2014	725,000	624,138	1,349,138
2015	755,000	593,543	1,348,543
2016-2020	4,295,000	2,460,682	6,755,682
2021-2025	5,280,000	1,475,101	6,755,101
2026-2027	3,735,000	319,454	4,054,454
	<u>\$ 16,795,000</u>	<u>\$ 7,516,875</u>	<u>\$ 24,311,875</u>

C. Defeasance of Debt

The City has bond issues that have been defeased and remain outstanding. The debt is considered extinguished in an in-substance defeasance and, accordingly, is not reflected in the accompanying financial statements. The following schedule is a summary of the remaining balances outstanding for the defeased bonds as of September 30, 2010:

<u>Type</u>	<u>Series</u>	<u>Date Refunded</u>	<u>Outstanding as of Refunding</u>	<u>Outstanding as of September 30, 2010</u>
Revenue Bonds	1992	September, 2003	\$ 6,845,000	\$ 955,000
Revenue Bonds	1993	September, 2003	\$ 8,575,000	\$ 5,375,000

D. Water and Sewer Fund Revenue Bonds

On April 28, 2010, the City issued a Water and Sewer Revenue Note, Series 2010, in the amount of \$14,720,000 for the purpose of refunding all of the City's outstanding Water and Sewer Revenue Bonds, Series 1993, to finance \$1,000,000 in capital improvements to the system, and to pay for financing costs of the issuance of the Series 2010 Note. The refunding transaction resulted in a cash flow savings over the next 11 years of \$1,998,054, and a net present value debt service savings of \$614,318, discounted at 3.96%.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 7 - Long-Term Debt (Continued)

D. Water and Sewer Fund Revenue Bonds (Continued)

On September 25, 2003, the City issued Water and Sewer Refunding Revenue Bonds, Series 2003, in the amount of \$12,450,000 for the purpose of refunding all of the City's outstanding Water and Sewer Revenue Bonds, Series 1992, and a portion of the City's outstanding Water and Sewer Revenue Bonds, Series 1993, and financing costs of issuance of the Series 2003 Bonds.

(1) Pledge of Revenues - The Series 2003 and 2010 Bonds are payable solely from, and collateralized by, the net revenues derived from the:

- a. Operations of the System.
- b. Water and Sewer System Development Charges - The growth fees and charges levied upon, and collected from, property owners when they first connect to the Water and Sewer System and until released, as provided for in the bond resolution.

(2) Establishment of Various Accounts - The Water and Sewer Bond Resolution provides for the creation and establishment of the following funds and accounts:

- a. Revenue Account - To deposit all gross revenues and provide for payment of costs of operation and maintenance of the System.
- b. Bond Sinking Fund:
 - Interest Account - To deposit monthly from the Revenue Account one-sixth (1/6) of all interest coming due on the next interest payment date.
 - Principal Account - To deposit monthly from the Revenue Account one-twelfth (1/12) of the principal amount, which will become due on such annual maturity date.
- c. Renewal, Replacement and Improvement Account - To deposit monthly from the Revenue Account an amount equal to one-twelfth (1/12) of five percent (5%) of the gross revenues received during the immediately preceding fiscal year until the amount on deposit equals or exceeds \$200,000.

(3) Rate Covenants - The City has covenanted that it will collect rates and charges sufficient to cover either of two debt service coverage options. One debt service coverage option is for revenues, including all earnings and connection fees, to cover the costs of operation and maintenance, exclusive of depreciation, plus 110% of the bond service requirement. The second option is to achieve 105% of the bond debt service requirement, under the prior calculation, plus have sufficient revenues and water and sewer development charges to achieve 120% of the bond debt service requirement.

(4) Water and Sewer Fund Bonds Issued and Annual Debt Service Requirements - The following is a schedule of annual debt service requirements to maturity for the Water and Sewer Fund Bonds at September 30, 2010:

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 7 - Long-Term Debt (Continued)

D. Water and Sewer Fund Revenue Bonds (Continued)

<u>Bond Year Ending</u>	<u>Bonds, Series 2003</u>		<u>Bonds, Series 2010</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2011	\$ 1,120,000	\$ 200,100	\$ -	\$ 569,664	\$ 1,889,764
2012	1,365,000	159,500	-	569,664	2,094,164
2013	1,415,000	111,725	-	569,664	2,096,389
2014	1,470,000	55,125	-	569,664	2,094,789
2015	-	-	1,745,000	569,664	2,314,664
2016-2020	-	-	9,785,000	1,781,748	11,566,748
2021-2022	-	-	3,190,000	162,347	3,352,347
	<u>\$ 5,370,000</u>	<u>\$ 526,450</u>	<u>\$14,720,000</u>	<u>\$ 4,792,415</u>	<u>\$25,408,865</u>

E. Stormwater System Fund Revenue Bonds

(1) Bonds Issued - During the year ended September 30, 1999, the City authorized the issuance of Stormwater System Revenue Bonds, Series 1998, not to exceed \$4,200,000. The bonds bear interest at 4.45% and mature on March 31, 2011, if the City draws the remaining balance. As of September 30, 2010, the City has received \$3,653,500 and has an outstanding balance of \$191,564.

(2) Pledge of Revenues - The Series 1998 Bonds are payable solely from, and collateralized by, the net revenues of the Stormwater System.

(3) Establishment of Various Accounts - The Stormwater System Revenue Bond Resolution provides for the creation and establishment of the following funds and accounts upon completion of construction of the System:

- a. Revenue Account - To deposit all gross revenues of the System.
- b. Operations and Maintenance Account - To receive deposits from the Revenue Account sufficient to pay the operating expenses of the System for the current month.

Sinking Fund Account - To receive deposits from the Revenue Account equal to one-sixth (1/6) of the interest due on the next interest payment date and one-twelfth (1/12) of the principal due on the next principal payment date.

(4) Annual Debt Service Requirements - The following is a schedule of the annual debt service requirements to maturity for the Stormwater System Fund Bonds:

<u>Bond Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 191,564	\$ 4,310	\$ 195,874

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 7 - Long-Term Debt (Continued)

F. Bonds and Notes Payable

The City has revenue bonds and notes outstanding at September 30, 2010. The revenue notes and bonds 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>Purpose of Issue</u>	<u>Revenue Pledged</u>	<u>Amount Issued</u>
Governmental Activities			
Sales Tax, Series 2008	Public safety complex	Sales Tax Revenues	\$ 18,000,000
Key Government Finance	City-wide telephone system	N/A	300,000
TD Equipment Finance, Inc.	Fire Truck	N/A	582,482
Total Governmental Activities:			<u>\$ 18,882,482</u>
Business-type Activities			
Water/Sewer Utility Debt:			
Revenue Bonds:			
Series 1993	Refunding	Net revenue of water and sewer system/water and sewer development charges and electric utility taxes	\$ 14,510,000
Series 2003	Refunding	Net revenue of water and sewer system/water and sewer development charges	12,450,000
Series 2010	Refunding	Net revenue of water and sewer system/water and sewer development charges	14,720,000
State Revolving Funds:			
CS120586150	Master wastewater pumping station	Net revenues of water and sewer system	1,731,397
CS120586170	Sewage treatment plant/reuse expansion	Net revenues of water and sewer system	5,644,086
CS120586190	Reclaimed water reuse facilities at Site 10	Net revenues of water and sewer system	483,413
CS120586210	Westerly interceptor - influent transmission facilities	Net revenues of water and sewer system	1,491,425
CS120586220	Wastewater pollution control facilities	Net revenues of water and sewer system	6,819,043
DW5906010	Drinking water system improvements	Net revenues of water and sewer system	6,422,096
WW586250	Sanford south water resource center, Phase I	Net revenues of water and sewer system	18,790,465
WW590100	Sewer Restoration of underground pipe and Manhole Rehabilitation	Net revenues of water and sewer system	1,891,402
DW590110	Drinking water system improvements	Net revenues of water and sewer system	326,546
Total Water/Sewer Utility Debt			<u>85,279,873</u>
Stormwater Utility Debt:			
Revenue Bonds:			
Series 1998	Improvements to stormwater system	Net revenue of the stormwater system	3,653,500
State Revolving Funds:			
SWG12058624P	Stormwater management	Net revenue of the stormwater system	4,437,135
SW586260	Stormwater management	Net revenue of the stormwater system	2,705,334
Total Stormwater Utility Debt			<u>10,795,969</u>
Total Business-type Activities:			<u>\$ 96,075,842</u>

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 7 - Longerm Debt (Continued)

Amount O/S and/or Pledged	Interest Rate	Debt Service as Portion of Revenue Pledged	Total Debt Service Paid	Annual Pledged Revenues
16,155,000	4.22%	46.29%	1,349,702	\$ 2,915,832
144,090	4.41%	N/A	75,510	N/A
556,412	2.68%	N/A	31,291	N/A
<u>\$ 16,855,502</u>			<u>\$ 1,456,503</u>	
\$ -	2.78%-5.5%	7.70%	\$ 672,263	N/A
5,370,000	2.00%-4.00%	16.52%	1,329,045	\$ 8,045,277
14,720,000	3.87%	3.01%	242,107	\$ 8,045,277
-	4.20%	1.72%	122,664	\$ 7,150,728
1,119,376	2.89%-3.73%	5.60%	400,337	\$ 7,150,728
105,830	2.43%	0.44%	31,724	\$ 7,150,728
291,442	2.89%	1.43%	102,120	\$ 7,150,728
3,028,806	1.67%	4.17%	298,384	\$ 7,150,728
4,347,400	3.55%	6.06%	433,675	\$ 7,150,728
16,434,465	2.42%-2.48%	16.99%	1,214,999	\$ 7,150,728
1,891,402	2.65%	0.00%	-	\$ 7,150,728
326,546	2.71%	0.00%	-	\$ 7,150,728
<u>47,635,267</u>			<u>4,847,318</u>	
191,564	4.45%	17.88%	397,887	\$ 2,225,260
4,120,038	1.26%-1.45%	13.69%	304,577	\$ 2,225,260
2,705,334	2.80%	0.00%	-	\$ 2,225,260
<u>7,016,936</u>			<u>702,464</u>	
<u>\$ 54,652,203</u>			<u>\$ 5,549,782</u>	\$ 41,423,639

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 7 - Long-Term Debt (Continued)

G. Accrued Clean-up and Long-Term Care Costs

State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the Art Lane Landfill site for thirty (30) years after closure. The City placed a final cover on the landfill during fiscal 2001, and has since initiated post-closure maintenance and monitoring functions. The estimated future cost for post-closure maintenance, amounting to \$539,588, is reported as long-term debt on the entity-wide statement of net assets. These costs are recognized in the General Fund as expenditures as they became obligations to be liquidated with available financial resources. Amounts reported as long-term debt are based on estimates provided by consulting engineers. All amounts are based on what it would cost to perform post-closure functions in current dollars. Actual costs may differ due to inflation, changes in technology, or changes in laws and regulations.

The City is obligated to provide a share of clean-up costs in connection with the alleged release of hazardous substances and/or pollutants, as a result of the former operation of a manufactured gas plant during the 1880's until the year 1952. This obligation was formalized during 1992, when the City and five utility companies entered into a Cost Sharing Agreement providing for all parties to equally share in the funding of contamination assessment activities in an effort to evaluate potential soil and groundwater impacts, all in accordance with, and approved by, the U.S. Environmental Protection Agency. Terms of the agreement call for the City to be responsible for 13.7612% of the cost of cleaning up soil and groundwater at the site. There will also be an evaluation of surface water sediments at the site that could potentially result in additional costs, and actual costs may differ due to inflation, changes in technology, changes in laws and regulations, or determinations made by the Florida Department of Environmental Protection. Each of the parties must approve specific actions taken under the agreement. All amounts are based on what it would cost in current dollars.

The cost of clean-up activities has been estimated by an engineer to be \$20 million, of which \$337,996 is currently outstanding and is presented as accrued clean-up costs for governmental activities.

Note 8 - Notes Payable - Enterprise Funds

Enterprise Funds notes payable at September 30, 2010 are as follows:

Primary Government: Stormwater:

State Revolving Fund Loan SW586260 payable, \$5,022,000 authorized, \$2,705,334 drawn for planning and design for downtown drainage, payable in 40 equal semiannual installments, including interest at 2.8%, on October 15 and April 15 of each year. \$ 2,705,334

State Revolving Fund Loan SWG12058624P payable, \$4,629,198 authorized, \$4,437,135 drawn for planning and design for downtown drainage study, payable in 40 equal semiannual installments, including interest at 1.45% on \$790,268, 1.405% on \$2,140,000, and 1.26% on \$1,698,930, on July 15 and January 15 of each year. 4,120,038

Primary Government: Water and Sewer:

State Revolving Fund Loan DW590110 payable, \$450,000 authorized, \$326,546 drawn for pre-chlorinated water pipe bursting, payable in 40 semiannual installments, including interest at 2.71% on December 15 and June 15 of each year. 326,546

State Revolving Fund Loan WW590100 payable, \$2,600,000 authorized, \$1,891,402 drawn for sewer restoration of underground pipe and manhole rehabilitation payable in 40 semiannual installments, including interest at 2.65% on December 15 and June 15 of each year. 1,891,402

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 8 - Notes Payable - Enterprise Funds (Continued)

State Revolving Fund Loan WW586250 payable, \$19,502,660 authorized, \$18,790,465 drawn for construction of wastewater pollution control facilities of South Water Resource Center, payable in 40 semiannual installments, including interest at 2.42% on \$18,520,336 and 2.48% on \$982,324, on February 15 and August 15 of each year.	16,434,465
State Revolving Fund Loan CS120586170 payable, \$5,746,000 authorized, \$5,644,086 drawn for construction of wastewater system facilities, payable in 20 equal annual installments, including interest at 3.73% on \$4,791,000 and 2.89% on \$955,000, on December 31 of each year.	1,119,376
State Revolving Fund Loan CS120586190 payable, \$500,000 authorized, \$483,413 drawn for construction of wastewater pollution control facilities, payable in 40 equal semiannual installments, including interest at 2.43%, on February 1 and August 1 of each year.	105,830
State Revolving Fund Loan CS120586210 payable, \$1,562,914 authorized, \$1,491,245 drawn for construction of the Westerly Interceptor Project, payable in 40 equal semiannual installments, including interest at 2.89%, on February 1 and August 1 of each year.	291,442
State Revolving Fund Loan CS120586220 payable, \$18,170,000 authorized, \$6,819,043 drawn for collection, transmission and treatment facilities, payable in 40 equal semiannual installments, including interest at 1.67%, on October 15 and April 15 of each year.	3,028,806
State Revolving Fund Loan DW5906010 payable, \$8,069,030 authorized, \$6,422,096 drawn for drinking water extension, payable in 40 equal semiannual installments, including interest at 3.55%, on December 15 and June 15 of each year.	4,347,400
Total notes payable	<u>\$ 34,370,639</u>

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 8 - Notes Payable - Enterprise Funds (Continued)

Required principal and interest deposits for State Revolving Fund (SRF) loans are presented as part of sinking funds on the statement of net assets. SRF Loan payments for the first years are based upon the full loan amount available, not the monies actually drawn to date. After completion of the project, a final loan dollar amount is established and a final loan payment/amortization schedule is established. Maturity schedules for those loans which have final loan payment/amortization schedules are as follows (loans WW590100, SW586260, and DW590110 are not closed out and do not have a final loan payment/amortization schedule at September 30, 2010):

Fiscal Year Ending September 30,	SRF Loan CS120586170		
	Principal	Interest	Total
2011	\$ 359,999	\$ 40,338	\$ 400,337
2012	372,969	27,368	400,337
2013	386,408	13,927	400,335
	<u>\$ 1,119,376</u>	<u>\$ 81,633</u>	<u>\$ 1,201,009</u>

Fiscal Year Ending September 30,	SRF Loan CS120586190		
	Principal	Interest	Total
2011	\$ 29,330	\$ 2,394	\$ 31,724
2012	30,047	1,677	31,724
2013	30,781	943	31,724
2014	15,672	190	15,862
	<u>\$ 105,830</u>	<u>\$ 5,204</u>	<u>\$ 111,034</u>

Fiscal Year Ending September 30,	SRF Loan CS120586210		
	Principal	Interest	Total
2011	\$ 94,374	\$ 7,746	\$ 102,120
2012	97,121	4,999	102,120
2013	99,947	2,173	102,120
	<u>\$ 291,442</u>	<u>\$ 14,918</u>	<u>\$ 306,360</u>

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 8 - Notes Payable - Enterprise Funds (Continued)

Fiscal Year Ending September 30,	SRF Loan CS120586220		
	Principal	Interest	Total
2011	\$ 198,869	\$ 99,515	\$ 298,384
2012	205,566	92,818	298,384
2013	212,489	85,894	298,383
2014	219,646	78,738	298,384
2015	227,043	71,341	298,384
2016-2020	1,255,197	236,722	1,491,919
2021-2023	709,996	35,963	745,959
	<u>\$ 3,028,806</u>	<u>\$ 700,991</u>	<u>\$ 3,729,797</u>

Fiscal Year Ending September 30,	SRF Loan DW5906010		
	Principal	Interest	Total
2011	\$ 281,821	\$ 151,854	\$ 433,675
2012	291,915	141,760	433,675
2013	302,370	131,305	433,675
2014	313,199	120,476	433,675
2015	324,416	206,898	531,314
2016-2020	1,804,916	265,819	2,070,735
2021-2023	1,028,763	55,424	1,084,187
	<u>\$ 4,347,400</u>	<u>\$ 1,073,536</u>	<u>\$ 5,420,936</u>

Fiscal Year Ending September 30,	SRF Loan WW586250		
	Principal	Interest	Total
2011	\$ 820,554	\$ 394,446	\$ 1,215,001
2012	840,617	374,383	1,214,999
2013	861,170	353,830	1,215,000
2014	882,225	332,775	1,215,000
2015	903,796	311,205	1,215,001
2016-2020	4,861,455	1,213,546	6,075,001
2020-2024	5,485,559	589,443	6,075,002
2025-2027	1,779,089	43,415	1,822,504
	<u>\$ 16,434,465</u>	<u>\$ 3,613,043</u>	<u>\$ 20,047,508</u>

Fiscal Year Ending September 30,	SRF SWG12058624P		
	Principal	Interest	Total
2011	\$ 193,385	\$ 111,190	\$ 304,575
2012	198,698	105,879	304,577
2013	204,158	100,419	304,577
2014	209,768	94,809	304,577
2015	215,532	89,045	304,577
2016-2020	1,169,843	353,041	1,522,884
2020-2024	1,339,750	183,134	1,522,884
2025-2027	588,904	20,249	609,153
	<u>\$ 4,120,038</u>	<u>\$ 1,057,766</u>	<u>\$ 5,177,804</u>

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 9 - Discretely Presented Component Unit - Airport Authority Long-Term Liabilities

Airport Authority notes payable at September 30, 2010 are as follows:

Note payable to bank, due in monthly principal and interest payments at 1.31%, collateralized by pledged revenues, due September 1, 2023.	\$ 2,623,841
Note payable to bank, due in quarterly principal and interest payments at 6.98%, collateralized by pledged revenues, due June 15, 2011.	1,947,741
Construction note payable – bank, collateralized by pledged revenues; interest only at Wall Street Journal PRIE with a floor of 4.75% (5.67% at September 30, 2010) during construction; converts to a five year fixed rate; principal and interest payable monthly through 2041.	1,433,915
Note payable to State of Florida Department of Transportation for land acquisition for 9L-27R runway extension, no interest, due December 15, 2011, unsecured.	266,490
Note payable to State of Florida Department of Transportation for land acquisition for 9L-27R runway extension, no interest, due January 15, 2012, unsecured.	250,000
Less current portion	(2,124,312)
Long-term portion	<u>\$ 4,397,675</u>

Changes in Airport Authority long-term liabilities for the year ended September 30, 2010 are as follows:

	Balance October 1, 2009	Additions	Reductions	Balance September 30, 2010	Amounts Due Within One Year
Notes Payable:					
Revenue Note, Series 2001A	\$ 2,214,220	\$ -	\$ 266,479	\$ 1,947,741	\$ 1,947,741
Revenue Note, Series 2003	2,767,305	-	143,464	2,623,841	150,315
Construction Note	-	1,433,915	-	1,433,915	26,256
Florida Department of Transportation	516,490	-	-	516,490	-
Total Long-Term Liabilities	\$ 5,498,015	\$ 1,433,915	\$ 409,943	\$ 6,521,987	\$ 2,124,312

A schedule of debt maturities for notes payable is as follows:

Year Ending September 30,	Principal	Interest
2011	\$ 2,124,312	\$ 270,135
2012	714,955	189,960
2013	208,687	179,738
2014	219,108	169,317
2015	230,051	158,374
2016-2020	1,334,310	607,825
2021-2025	1,139,405	265,838
2026-2030	511,632	88,288
2031-2035	39,527	468
	\$ 6,521,987	\$ 1,929,943

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 10 - Long-Term Liabilities of the Discretely Presented Component Unit - Sanford CRA

A. Changes in Long-Term Liabilities - Sanford CRA

Changes in long-term debt for the Sanford CRA for the year ended September 30, 2010 are summarized as follows:

	Balance September 30, 2009	Additions	Reductions	Balance September 30, 2010	Due Within One Year
Revenue bonds payable	\$ 2,760,000	\$ -	\$ (740,000)	\$ 2,020,000	\$ 920,000
CRA bank loan	1,223,614	-	(187,269)	1,036,345	195,000
Long-term liabilities	<u>\$ 3,983,614</u>	<u>\$ -</u>	<u>\$ (927,269)</u>	<u>\$ 3,056,345</u>	<u>\$ 1,115,000</u>

The Sanford CRA and the City Commission approved resolutions authorizing the issuance of Community Redevelopment Revenue Bonds, Series 1994A and Series 1994B, not exceeding \$10,000,000, by the Community Redevelopment Agency.

B. Revenue Bonds Payable

On August 1, 1994, the Sanford CRA issued \$6,000,000 in Revenue Bonds, Series 1994A. Series 1994B Bonds totaling \$1,100,000 were issued October 18, 1994. Of the remaining \$2,900,000 of authorized but unissued bonds, \$1,200,000 has been canceled. A Redevelopment Trust Fund pursuant to Florida Statute 163.38 was established and the City pledged to pay an amount equal to 47.5% of the ad valorem tax increment in the development project area to the fund. The Sanford CRA was to utilize the sum of the incremental ad valorem taxes to pay the principal and interest on the bonds. The bonds were issued to finance the Redevelopment Plan to improve blighted areas within the City.

The Series 1994A Bonds bear interest at rates ranging from 4.80% to 6.00%, payable semiannually on June 1 and December 1. Principal payments are payable on June 1 of each fiscal year as shown below. The Series 1994B Bonds are comprised of a single-term bond and bear interest at 9% with a maturity date of December 1, 2011, of which such payment is due only to the extent that the City has adequate, legally available pledged revenues available to make the bond principal payment.

Fiscal Year Ending September 30,	Series 1994A		Series 1994B		Total
	Principal	Interest	Principal	Interest	
2011	\$ 920,000	\$ 55,200	\$ -	\$ 99,000	\$ 1,074,200
2012	-	-	1,100,000	8,250	1,108,250
	<u>\$ 920,000</u>	<u>\$ 55,200</u>	<u>\$ 1,100,000</u>	<u>\$ 107,250</u>	<u>\$ 2,182,450</u>

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 10 - Long-Term Liabilities of the Discretely Presented Component Unit - Sanford CRA
(Continued)

C. Community Redevelopment Agency Loan

On September 28, 2004, the City and the Sanford CRA entered into a \$2,100,000 loan agreement with SunTrust Bank for the purpose of funding improvements related to the First Street Streetscape.

Community Redevelopment Agency Loan:	
Loan principal payable	\$ 1,050,000
Less: Loan issue costs	<u>(13,655)</u>
Net loan payable	<u><u>\$ 1,036,345</u></u>

The CRA Loan will mature as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2011	\$ 195,000	\$ 36,645	\$ 231,645
2012	205,000	29,839	234,839
2013	210,000	22,685	232,685
2014	215,000	15,356	230,356
2015	<u>225,000</u>	<u>7,853</u>	<u>232,853</u>
	<u><u>\$ 1,050,000</u></u>	<u><u>\$ 112,378</u></u>	<u><u>\$ 1,162,378</u></u>

Note 11 - Line of Credit

City of Sanford - The City has available a line of credit up to \$546,500 with a financial institution in relation to the Stormwater Revenue Bonds, Series 1998. The City has not borrowed anything on this line of credit as of September 30, 2010.

Airport Authority - The Airport Authority entered into a line-of-credit agreement for \$5,000,000 with a financial institution in April 2006. This line of credit is secured by a pledge of the Florida Department of Transportation grants and bears interest at 4.72%. There were no outstanding borrowings under this line of credit at September 30, 2010. Therefore, the Airport Authority had available \$5,000,000 at September 30, 2010.

The Airport Authority also has available a line of credit up to \$425,000, at prime rate, with Orlando Sanford Domestic, Inc. under the management agreement discussed in Note 18 E. The Airport Authority has not borrowed anything on this line of credit.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 12 – Derivatives and Hedging Activities of the Discretely Presented Component Unit – Airport Authority

Swap Payments and Associated Debt

Revenue Note, Series 2003: Using interest rates as of September 30, 2010, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows. As rates vary, variable rate note interest payments and net swap payments will vary.

Calendar Year	Principal	Interest	Interest Rate Swap, Net	Total
2011	\$ 150,315	\$ 118,126	\$ 81,715	\$ 350,156
2012	157,178	111,263	76,522	344,963
2013	164,999	103,442	71,072	339,513
2014	172,879	95,562	65,360	333,801
2015	181,134	87,307	59,376	327,817
2016-2020	1,043,597	298,608	196,675	1,538,880
2021-2023	753,739	51,584	31,540	836,863
	<u>\$ 2,623,841</u>	<u>\$ 865,892</u>	<u>\$ 582,260</u>	<u>\$ 4,071,993</u>

Revenue Note, Series 2001A: Using interest rates as of September 30, 2010, principal and interest requirements of the debt and net swap payments of the pay-variable, receive-fixed interest rate swap for the term of the swap and the debt are as follows. As rates vary, net swap payments will vary.

Calendar Year	Principal	Interest	Interest Rate Swap, Net	Total
2011	\$ 1,947,741	\$ 98,276	\$ 54,406	\$ 2,100,423
	<u>\$ 1,947,741</u>	<u>\$ 98,276</u>	<u>\$ 54,406</u>	<u>\$ 2,100,423</u>

Pay Fixed, Receive-Variable Interest Rate Swap

Objective of the swap: The Authority entered into a pay-fixed, receive-variable interest rate swap agreement in order to reduce the impact of fluctuations in interest rates on variable rate debt.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 12 – Derivatives and Hedging Activities of the Discretely Presented Component Unit – Airport Authority (Continued)

Terms, fair value, and risk: The notional amount of the swap matches the principal amount of the associated debt. The Authority's swap agreement contains scheduled reductions to the outstanding notional amount that approximates scheduled or anticipated reductions in the outstanding principal amount from debt repayment. The terms, fair value and credit rating of the outstanding swap as of September 30, 2010 are as follows:

<u>Associated Note Issue</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Fixed Rate Paid</u>	<u>Variable Rate Received</u>	<u>Sept. 30, 2010 Fair Value</u>	<u>Swap Termination Date</u>	<u>Counterparty Credit Rating</u>
2003	\$2,623,841	9/1/03	4.62%	LIBOR*	\$ (369,788)	Sep. 2023	A+/A-1

*London Interbank Offered Rate

Fair value: Because interest rates have declined, the pay-fixed, receive-variable swap noted above had a negative fair value as of September 30, 2010. The Fair value was obtained from the swap counterparty as of September 30, 2010.

Credit risk: As of September 30, 2010, the Authority was not exposed to credit risk because the pay-fixed, receive-variable swap had a negative fair value. Should interest rates change and the fair value of the swap become positive, the Authority would be exposed to credit risk in the amount of the derivatives' fair value.

Termination risk: An early termination would result in a cash settlement, based upon market conditions at the time of termination.

Pay-Variable, Receive-Fixed Interest Rate Swap

Objective of the swap: The Authority entered into a pay-variable, receive-fixed interest rate swap agreement in order to affect interest cost savings.

Terms, fair value, and risk: The terms, fair value and credit rating of the outstanding swap as of September 30, 2010 were as follows:

<u>Associated Note Issue</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Fixed Rate Paid</u>	<u>Variable Rate Received</u>	<u>Sept. 30, 2010 Fair Value</u>	<u>Swap Termination Date</u>	<u>Counterparty Credit Rating</u>
2001A	\$1,947,741	9/1/03	4.62%	LIBOR*	\$ (78,680)	Sep. 2023	A+/A-1

*London Interbank Offered Rate

Fair value: The fair value of the swap associated with the 2001A Revenue Note is \$(78,680) as of September 30, 2010. This value was derived from the counterparty.

Credit risk: As of September 30, 2010, the Authority was not exposed to credit risk because the pay-variable, receive-fixed swap had a negative fair value. Should interest rates change and the fair value of the swap become positive, the Authority would be exposed to credit risk in the amount of the derivatives' fair value.

Interest rate risk: The swap increases the Authority's exposure to interest rate risk.

Termination risk: An early termination would result in a cash settlement, based upon market conditions at the time of termination.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 13 - Operating Leases

A. Long-Term Ground Leases

The City is the lessor on numerous building and land leases. The land leases are generally noncancelable leases ranging from ten to seventy-five (10 - 75) years. The land lease rental income, which comprises the largest amount of rental income for the City, is based on gross revenue of the leases. The building leases are low-rent agreements, usually with nonprofit agencies offering public services. In fiscal year 2010, the total lease rental income received in the General Fund and the Enterprise Funds was \$198,775 and \$95,955, respectively.

B. Long-Term Airport Lease

In August 1996, the City entered into a lease agreement with the Sanford Airport Authority (lessee) for the control and operations of the Airport. Payments are not required under the terms of the lease. The City grants the lessee the exclusive right and jurisdiction to occupy, operate, control, maintain, and use the airport for a term of thirty-five (35) years.

C. Airport Authority Operating Leases

The Component Unit - The Airport Authority is the lessor on numerous building, office and land leases. The T-hanger and some office facility leases are primarily month-to-month cancelable leases. The building and land leases are generally noncancelable leases with terms ranging from one to thirty (1 - 30) years. The following is a schedule of minimum future rentals to be received on noncancelable operating leases:

Year Ending September 30,	Amount
2011	\$ 3,745,851
2012	3,202,889
2013	2,696,682
2014	2,133,277
2015	1,810,506
Thereafter	32,032,497
Total	\$ 45,621,702

The following is a schedule of property under operating leases at September 30, 2010:

Building and improvements	\$ 68,060,463
Accumulated depreciation	(29,153,588)
Net property	\$ 38,906,875

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 14 - Capital Leases

On October 8, 2007 and further amended on November 8, 2008, the City entered into a lease agreement with a local bank to finance the acquisition of a Voice Over Internet Protocol (VOIP) phone system. The agreement has a 5-year fixed term at 4.4% and calls for monthly payments of \$6,293. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The aggregate cost and accumulated depreciation of the governmental activities asset required through the capital lease are \$335,598 and \$98,185, respectively, as of September 30, 2010.

On June 1, 2010, the City entered into a lease agreement with a local finance company to finance the acquisition of a 100 foot Aerial Fire Pumper. The agreement has a 5-year fixed term at 2.68% and calls for quarterly payments of \$31,291. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The equipment had not yet been delivered as of September 30, 2010.

<u>Year Ending September 30,</u>	<u>Amount</u>
2011	\$ 200,673
2012	200,673
2013	125,163
2014	125,163
2015	<u>93,872</u>
Total minimum lease payments	745,544
Less: Amount representing interest costs	<u>(45,042)</u>
Present value of minimum lease payments	<u><u>\$ 700,502</u></u>

Note 15 - Interfund Accounts and Transfers

Individual fund interfund receivables and payables at September 30, 2010 consist of the following:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General	\$ 471,041	\$ 968,000
NonMajor Funds:		
CDBG	-	68,662
LIHEAP	-	117,458
Youthbuild	-	116,738
ARRA	-	168,183
Water Utility	<u>968,000</u>	<u>-</u>
	<u>\$ 1,439,041</u>	<u>\$ 1,439,041</u>

The interfund receivable and payable of \$968,000 represents a loan from the Water and Sewer Fund to the General Fund to finance the purchase of land. The purchase and the advance were approved by the City Commission on December 12, 2005.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 15 - Interfund Accounts and Transfers (Continued)

Interfund Transfers:

	Transfers In	Transfers Out
General	\$ 642,750	\$ 2,165,701
Other Governmental	2,203,201	37,500
Solid Waste	-	642,750
	\$ 2,845,951	\$ 2,845,951

Transfers between the funds are used to fund various activities of the City, such as capital replacement and capital projects, through the use of cash collected in the General Fund and to pay debt service on the Public Safety Complex and capital leases.

Note 16 - Pension Plans and Post Employment Benefits Other than Pensions

A. Florida Retirement System

The City contributes to the Florida Retirement System (FRS); a multiple-employer, cost-sharing, defined-benefit pension plan administered by the State of Florida, for the City's authorized permanent, full-time and part-time employees, except police and fire. The Airport Authority also participates in the FRS. The State of Florida issues a publicly available report that includes financial statements and required supplementary information for FRS. The report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000.

FRS members are eligible for retirement after vesting, which occurs at six (6) years of creditable service for regular members. Normal retirement age is attained at the earlier of thirty (30) years of creditable service, regardless of age, or retirement at age sixty-two (62) with at least ten (10) years of creditable service. Early retirement may be taken anytime; however, there is a five percent (5%) benefit reduction for each year prior to normal retirement age. Members are also eligible for in-line-of-duty or regular disability benefits if permanently disabled and unable to work. Benefits are computed on the basis of age, average final compensation, and service credit.

Funding Policy

The FRS has nine (9) classes of membership. Only two (2) classes are applicable to the City's eligible employees. These two (2) classes, with descriptions and contribution rates in effect during the period ended September 30, 2010, are as follows (contribution rates are in agreement with the actuarially determined rates, each including an additional 1.11% health insurance subsidy contribution):

Regular Class - Members not qualifying for other classes (10.09% from 10/01/09 to 9/30/10). Nine (9) employees qualified for DROP - Deferred Retirement Option Program (10.91% from 10/01/09 to 9/30/10).

Senior Management Class - Members eligible for this class include the City Manager and Department Heads. The rate is 13.49%.

The contribution requirements of the City are established and may be amended by FRS. The plan is noncontributory for employees, with all contributions being the obligation of the employer. The City's contributions to FRS for the years ended September 30, 2010, 2009 and 2008 were \$1,293,400, \$1,354,887, and \$1,332,414, respectively, and equal the required contributions for each year. The Airport Authority's

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 16 - Pension Plans and Post Employment Benefits Other than Pensions (Continued)

contributions to FRS for the years ended September 30, 2010, 2009 and 2008 were \$539,282, \$488,000, and \$545,203, respectively, and equal the required contributions for each year.

B. Police Officers' and Firefighters' Retirement Systems

The City participates in the Police Officers' and Firefighters' Retirement Systems. Each plan is a single-employer, defined-benefit pension plan for the sole benefit of the Police Officers' and Firefighters' of the City.

(1) Plan Description - All full-time police officers and firefighters are eligible from date of employment to participate in the police officers' and firefighters' plans. A member's normal retirement date shall be the first day of the month coincident with, or the next following attainment of age fifty-five (55) for police officers and firefighters, and the completion of ten (10) years of credited service or the completion of twenty-five (25) years of credited service.

A member may retire on their normal retirement date or on the first day of any month thereafter, and each member shall become 100% vested in their accrued benefit on the member's normal retirement date.

Normal retirement under the system is retirement from employment with the City on or after the normal retirement date. The monthly retirement benefit shall equal 3.50% and 3.08% of average final compensation, defined as the highest five (5) years of salary paid during the last ten (10) years of covered employment, for each year of credited service for police officers and firefighters, respectively.

Airport Authority firefighters, who retire at the earlier of age fifty-five (55) and ten (10) years of credited service or twenty-five (25) years of credited service, regardless of age, are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.0% of their average final compensation, defined as the highest five (5) years of salary paid during covered employment, for each year of credited service.

In addition, all of the City's pension plans provide death and disability benefits. These benefits and other requirements are established and amended by State Statute and City ordinance.

(2) Contributions - The City's funding policy provides for actuarially determined periodic contributions to the plans. The required contributions include normal costs (after deducting expected employee contributions, if applicable) and the amount of the additional unfunded obligations, amortized over thirty (30) years, created due to increases in plan benefits. Employer contribution rates are determined using the entry age normal actuarial cost method. The City contributed \$1,346,095 and \$933,616 to the Police Officers' and Firefighters' Retirement Systems, respectively, during the year ended September 30, 2010. The police officers are required to contribute 5.1% of their gross compensation and the firefighters are required to contribute seven (7%) of their base pay compensation (an additional five percent (5%) is paid by the City) for the fire and police employees, and if the employee terminates prior to vesting, this amount is returned to the employee. Both of the plans also receive contributions from the state for insurance premium refunds. The state contributions are not based on covered payroll. The City is required to contribute the remaining amount necessary to pay the annual normal cost plus an amount sufficient to fund any unfunded accrued liability over twenty-three (23) years for police officers and twenty-seven (27) years for firefighters. Funding policy was established and may be amended by City Ordinances.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 16 - Pension Plans and Post Employment Benefits Other than Pensions (Continued)

B. Police Officers' and Firefighters' Retirement Systems (Continued)

(3) Plan Membership - At September 30, 2010, membership of each plan consisted of the following:

	Police Officers	Firefighters
Retirees and beneficiaries receiving benefits	47	39
Terminated employees entitled to benefits but not yet receiving them	15	-
Active plan members	121	76
Total	183	115

(4) Annual Pension Costs - Annual Pension Costs were as follows:

Police Officers' Plan				
Fiscal Year Ended September 30,	Annual Pension Cost	Employer Contributions	Percent Contributed	Net Pension Obligation
2006	\$ 1,000,384	\$ 842,611	84.23%	\$ -
2007	\$ 921,662	\$ 1,081,424	117.33%	\$ -
2008	\$ 910,820	\$ 756,363	83.04%	\$ 154,457
2009	\$ 1,084,492	\$ 1,238,949	114.24%	\$ -
2010	\$ 1,334,411	\$ 1,334,411	100.00%	\$ -
Firefighters' Plan				
Fiscal Year Ended September 30,	Annual Pension Cost	Employer Contributions	Percent Contributed	Net Pension Asset
2006	\$ 483,147	\$ 444,074	91.91%	\$ (31,455)
2007	\$ 527,095	\$ 528,079	100.19%	\$ (32,439)
2008	\$ 612,347	\$ 611,991	99.94%	\$ (32,083)
2009	\$ 729,051	\$ 728,699	99.95%	\$ (31,731)
2010	\$ 930,610	\$ 929,583	99.89%	\$ (30,704)

The Police Officers' net pension obligation at September 30, 2010, was comprised of the following components:

Annual required contributions	\$ 1,510,760
Annual pension cost	1,510,760
Fiscal 2010 employer contributions	1,510,760
Decrease in net pension obligation	-
Net pension obligation beginning of year	-
Net pension obligation end of year	\$ -

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 16 - Pension Plans and Post Employment Benefits Other than Pensions (Continued)

B. Police Officers' and Firefighters' Retirement Systems (Continued)

The Firefighters' net pension asset at September 30, 2010, totaled \$30,704. It was comprised of the following components:

Annual required contributions	\$ 929,583
Interest on the net pension obligation	(2,538)
Adjustment to annual contribution	3,565
Annual pension cost	<u>930,610</u>
Fiscal 2009 employer contributions	<u>929,583</u>
Increase in net pension obligation	1,027
Net pension obligation beginning of year	<u>(31,731)</u>
Net pension obligation end of year	<u><u>\$ (30,704)</u></u>

The Airport Authority firefighters' plan was excluded from the above analysis, as it was not considered material.

(5) The plans do not issue separate financial statements.

(6) The funded status and funding progress of the plans as of September 30, 2010, were as follows:

Police Officers' Plan:

Actuarial accrued liability (AAL)	\$ 36,637,641
Actuarial value of plan assets	<u>26,746,567</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 9,891,074</u></u>
Funded ratio (actuarial value of plan assets/AAL)	73.00%
Covered payroll (active plan members)	<u>\$ 5,529,328</u>
UAAL as a percentage of covered payroll	178.88%

Firefighters' Plan:

Actuarial accrued liability (AAL)	\$ 25,575,611
Actuarial value of plan assets	<u>17,235,155</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 8,340,456</u></u>
Funded ratio (actuarial value of plan assets/AAL)	67.39%
Covered payroll (active plan members)	<u>\$ 4,039,032</u>
UAAL as a percentage of covered payroll	206.50%

(7) Costs of administering the police officers' and firefighters' pension plans are financed through investment earnings.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 16 - Pension Plans and Post Employment Benefits Other than Pensions (Continued)

B. Police Officers' and Firefighters' Retirement Systems (Continued)

(8) The following is a summary of actuarial methods and significant actuarial assumptions used in the latest actuarial valuations:

	Police Officers	Firefighters
Valuation date	10/01/2010	10/01/2010
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percent, closed	Level percent, closed
Amortization period	30 years	30 years
Asset valuation method	4-year smoothed market	4-year smoothed market
Actuarial Assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increase (including both cost of living and merit)	6.00%	6.00%
Inflation rate	3.00%	3.00%
Postretirement benefit increases	0.00%	0.00%

Pension Trust Fund Financial Statements

Financial statements for the Police Officers' Retirement System and Firefighters' Retirement System at September 30, 2010 and for the year then ended are as follows:

	Police Officers' Retirement System	Firefighters' Retirement System	Total
Assets			
Investments, at fair value:			
Cash and receivables	\$ 447,422	\$ -	\$ 447,422
Money market funds	1,971,110	390,572	2,361,682
Equity securities, individual stocks, and mutual funds	12,418,006	10,405,822	22,823,828
Mutual funds investing in corporate and U.S. Treasury bonds	9,398,179	5,765,995	15,164,174
Total investments	24,234,717	16,562,389	40,797,106
Total assets	24,234,717	16,562,389	40,797,106
Liabilities			
Accounts payable	26,314	22,654	48,968
Total liabilities	26,314	22,654	48,968
Net assets			
Held in trust for pension benefits	\$ 24,208,403	\$ 16,539,735	\$ 40,748,138

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 16 - Pension Plans and Post Employment Benefits Other than Pensions (Continued)

B. Police Officers' and Firefighters' Retirement Systems (Continued)

Pension Trust Fund Financial Statements (Continued)

	Police Officers' Retirement System	Firefighters' Retirement System	Total
Additions:			
Contributions:			
Employer	\$ 1,627,680	\$ 1,210,266	\$ 2,837,946
Plan members and others	318,039	281,382	599,421
Total contributions	<u>1,945,719</u>	<u>1,491,648</u>	<u>3,437,367</u>
Investment earnings:			
Net increase/(decrease) in fair value of investments	1,716,867	1,363,699	3,080,566
Dividends	210,417	92,999	303,416
Interest	298,465	-	298,465
Total investment earnings	<u>2,225,749</u>	<u>1,456,698</u>	<u>3,682,447</u>
Less investment expenses	146,400	94,347	240,747
Net investment earnings	<u>2,079,349</u>	<u>1,362,351</u>	<u>3,441,700</u>
Miscellaneous income	4,357	26,181	30,538
Total additions	<u>4,029,425</u>	<u>2,880,180</u>	<u>6,909,605</u>
Deductions:			
Benefits	1,278,946	993,503	2,272,449
Refund of contributions	216,476	15,427	231,903
Other services and charges	52,183	27,417	79,600
Total deductions	<u>1,547,605</u>	<u>1,036,347</u>	<u>2,583,952</u>
Change in assets	2,481,820	1,843,833	4,325,653
Total net assets - beginning	<u>21,726,583</u>	<u>14,695,902</u>	<u>36,422,485</u>
Total net assets - ending	<u>\$ 24,208,403</u>	<u>\$ 16,539,735</u>	<u>\$ 40,748,138</u>

C. Post Employment Benefits Other than Pensions

The City's resolutions and ordinances allow employees who have retired to continue their life and health insurance benefits, and a portion of the cost, in an amount determined by City management, is borne by the City. The City pays the health insurance benefits for employees hired after October 1, 1991 but before October 1, 2002, retiring, with twenty-five (25) or more years of service up to age sixty-five (65) at the same level of funding as current employees. The City pays the health benefits of employees who retired prior to October 1, 1991, for the remainder of their lives. The City pays the life insurance benefits for retired employees who retired after October 1, 1991, with the level of the benefit being delineated as \$3,000 term life.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 16 - Pension Plans and Post Employment Benefits Other than Pensions (Continued)

C. Post Employment Benefits Other Than Pensions (Continued)

The City has chosen pay-as-you-go funding, but is recording the liability in the government-wide financial statements. For the year ended September 30, 2010, 69 retirees were receiving health insurance and 128 were receiving life insurance benefits. The nature of the plan is such that no formal trust fund exists. The self-insurance plan pays premiums to an insurance company that maintains no assets or liabilities in the name of the City or on the City's behalf. This plan does not issue stand-alone financial statements.

The first actuarial report for the City's Retiree Continuation insurance plan was prepared as of October 1, 2008. At that point in time, the unfunded actuarial accrued liability (UAAL) for benefits was \$14,297,942. The covered payroll was \$21,342,868 and the ratio of UAAL to covered payroll was 67 percent.

The annual required contribution and Net OPEB Obligation for the fiscal year ended September 30, 2010 is as follows:

Annual Required contribution	\$ 751,456
Interest on net OPEB Obligation	8,379
Adjustment to annual required contribution	(30,118)
Annual OPEB Cost	<u>729,717</u>
Employer Contributions	<u>(677,899)</u>
Increase in Net OPEB Obligation	51,818
Net OPEB Obligation (beginning of year)	<u>209,468</u>
Net OPEB Obligation (end of year)	<u><u>\$ 261,286</u></u>

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009/2010 is shown below. The 2008/2009 fiscal year of implementation of GASB Statement 45 and the City elected to implement prospectively, therefore, prior year comparative data is not available. Starting with the fiscal year ending September 30, 2011, three-year trend information will be presented.

Year Ended	Annual Required Contribution	City Contribution	Percentage Contributed	Net Obligation
September 30,	\$	\$	%	\$
2010	\$ 729,717	\$ 677,899	92.90%	\$ 261,286
2009	\$ 721,338	\$ 511,870	70.96%	\$ 209,468

The Required Supplementary Information immediately following the notes to the financial statements presents the Schedule of Funding Progress for the plan. This information is helpful in determining whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time. Since this is the first actuarial report the City has completed, only the year of implementation is shown.

Summary of Actuarial Methods & 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, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 16 - Pension Plans and Post Employment Benefits Other than Pensions (Continued)

C. Post Employment Benefits Other Than Pensions (Continued)

progress, presented as required supplementary information following the notes to the financial statements, normally presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The schedule of funding progress includes only one year so multi-year comparison is not available for this period.

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

Actuarial Cost Method:

The projected unit credit cost method was used to determine all liabilities, with the liability for each active employee assumed to accrue over their working lifetime based on elapsed time from their date of hire until retirement.

Decrement:

Mortality: Sex-distinct mortality rates set forth in the RP-2000 table to annuitants and non-annuitants.

Disability: None assumed.

Permanent Withdrawal from Active Status: Age-distinct withdrawal rates set forth in the 2003 SOA Pension Turnover Study.

Retirement: Retirement was assumed to occur as follows:

Firefighters & Police Officers: Age 45 with at least ten years of service, or
Any age with at least 25 years of service

All others: Age 62 with at least six years of service
Any age with at least 30 years of service

Investment Return (Discount Rate):

4.0% per annum (includes inflation at 2.0% per annum)

Health Care Cost Trend Rates: The cost of covered medical services has been assumed to increase in accordance with the following rates, compounded annually:

<u>Year / Increase</u>	<u>Year / Increase</u>	<u>Year / Increase</u>
2008 9.50%	2012 7.50%	2016 5.50%
2009 9.00%	2013 7.00%	2017 5.00%
2010 8.50%	2014 6.50%	and later
2011 8.00%	2015 6.00%	

Retiree contributions:

Retirees hired after October 1, 2002 and electing post-employment healthcare coverage have been assumed to make monthly contributions equal to the premium charged to active employees plus the amount paid by the City for active employees. Retirees hired prior to October 1, 2002 and retiring after September 30, 1991 with at least 25 years of City service are assumed to pay the same amount that current employees pay. Retirees retiring before October 1, 1991 with at least 25 years of service do not contribute to the cost of their health insurance. Contribution rates are set by the City during the yearly budget process.

Cost of Living Increases:

Retiree contributions have been assumed to increase in accordance with the healthcare cost trend assumption.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 16 - Pension Plans and Post Employment Benefits Other than Pensions (Continued)

C. Post Employment Benefits Other Than Pensions (Continued)

Future Participation Rates:

100% of employees eligible for a City contribution are assumed to elect medical and prescription coverage in the City-sponsored healthcare plan at retirement. 55% of employees currently electing health insurance coverage who are not eligible for a City contribution are assumed to elect medical and prescription drug coverage in the City-sponsored healthcare plan at retirement. 33% of employees assumed to elect coverage in the City-sponsored healthcare plan at retirement are assumed to elect coverage for a spouse and are assumed to have no covered children. Retirees currently receiving the \$200 waiver are assumed to continue to receive the waiver for the duration of their retirement. 0% future eligible retirees are assumed to elect the waiver.

COBRA Assumption:

Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, we assumed that the COBRA premium to be paid by the participant fully covers the cost of providing healthcare coverage during the relevant period.

Summary of Benefits:

Other Post-Employment Benefits (OPEBs)

The City of Sanford provides optional post-employment healthcare and life insurance coverage to eligible individuals.

Eligible Individuals:

Employees of the City who are eligible for retirement or disability retirement under the Florida Retirement System (FRS), the City of Sanford Police Officer's Retirement System (SPRS), or the City of Sanford Firefighter's Retirement System (SFRS) may elect to participate in the City-sponsored health insurance plan (medical and prescription drug). All eligible employees receive \$3,000 of life insurance coverage.

Note 17 - Deferred Compensation Plan

The City and the Airport Authority each have separate deferred compensation plans, created in accordance with Internal Revenue Code, Section 457, in which all employees are eligible to participate. Deferred compensation amounts withheld from participating employees' pay are not taxable as current income until withdrawn from the plan. Annual contributions by a participant may not exceed limits established by the Internal Revenue Service. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The City and Airport Authority have each placed the assets of the plans in trust with a third-party administrator and, as such, are not recorded in the financial records of either organization.

Note 18 - Risk Management

Primary Government

The City accounts for its risk management activities in an internal service fund that includes self-insurance programs for workers' compensation, general liability, property, auto, and employee healthcare. The City has made the decision to retain up to \$200,000 per incident relating to workers' compensation. Coverage in excess of \$200,000 per incident for workers' compensation has been purchased from an outside carrier. All other liability and property damage insurance is obtained through insurance carriers with a \$25,000 deductible for general liability claims per occurrence and an aggregate stop loss that varies by line-of-coverage for all types

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 18 - Risk Management (Continued)

of claims for fiscal year 2010. Employee healthcare exposure is subject to aggregate maximum limitations. There have been no significant reductions in insurance coverage from the prior year. No settlements have exceeded the City's insurance coverage for each of the past three (3) fiscal years.

The City utilizes the expertise of the plan administrator in determining the liability for claims incurred and other related costs on a claim-by-claim basis. The determination includes consideration of nonincremental claims adjustment expenditures.

The changes in the City's claims liability during the years ended September 30, 2009 and 2010 were as follows:

	Balance at Fiscal Year Beginning	Current Year Claims and Changes in Estimates	Current Year Claim Payments	Balance at Fiscal Year End
2008 - 2009	\$ 2,201,364	\$ 1,087,294	\$ (682,433)	\$ 2,606,225
2009 - 2010	\$ 2,606,225	\$ 365,692	\$ (976,242)	\$ 1,995,675

Airport Authority

The Airport Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Airport Authority carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three (3) years.

Note 19 - Commitments and Contingencies

Primary Government

- A. Various lawsuits and claims arising in the ordinary course of the City's operations are pending against the City. While the ultimate effect of such litigation cannot be ascertained at this time, management believes, based on the advice of legal counsel, that there will be no material effect on the City's financial position and/or that the City has sufficient insurance coverage to cover any claims.
- B. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. If any expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the City. In the opinion of management, any such adjustments would not be significant.
- C. The City has various construction contracts outstanding in the Governmental Funds and Enterprise Funds, commitments of which amount to \$5,714,612 at September 30, 2010.

Airport Authority

- D. During the ordinary course of its operations, the Airport Authority is a party of various claims, legal actions, and complaints. Although the outcome of one of these lawsuits cannot presently be determined, in the opinion of the Airport Authority's management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Airport Authority.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 19 - Commitments and Contingencies (Continued)

- E. During the year ended September 30, 2001, the Domestic Terminal project was completed. In connection with the design and construction of the domestic terminal expansion, the Airport Authority entered into a Memorandum of Understanding with TBI, plc to negotiate a thirty-year (30) management contract for the domestic terminal in exchange for their private sector investment in the project of \$7,500,000. TBI, plc's United States Corporation, known as Orlando Sanford Domestic, Inc. (OSD), will manage all operations involving the domestic terminal. The contractual agreement provides for five (5) fixed annual, lump-sum payments to the Airport Authority, as well as additional minimum operation payments to the Airport Authority for years one through thirty (1 - 30) in exchange for the revenues generated by the operation of the domestic terminal. The Airport Authority will also participate in a percentage of gross revenues generated from the operation of the domestic terminal should those amounts exceed the agreed-upon revenue thresholds. Additionally, many expenses and liabilities associated with the operation of the domestic terminal will be removed from the Airport Authority and transferred to OSD.
- F. At the end of fiscal year September 30, 2010, the Airport Authority had entered into construction contracts in the amount of \$1,600,000.
- G. The Airport Authority receives a significant amount of other revenue under several federal and state grant programs. These programs are subject to compliance audits, as required by the federal government and the State of Florida. The amount, if any, of expenditures, which may be disallowed, cannot be determined at this time.
- H. The Airport Authority has identified several sites that have environmental issues on airport property. The State of Florida and the United States Navy are responsible for cleaning up the majority of these sites. At this time, the Airport Authority is unable to determine the cost and its responsibility in the clean-up of these sites. The Airport Authority has pursued all possible remedies to mitigate any contamination and, as of September 30, 2010, the Authority has no known sites requiring mitigation. The Authority does have an ongoing obligation to monitor and test each site.

Note 20 – Net Assets, Invested in Capital Assets, Net of Related Debt Calculation

The elements of this calculation are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Capital assets (Net)		
Non depreciable	\$ 23,985,672	\$ 16,034,123
Depreciable, net	95,059,665	141,407,628
	<u>119,045,337</u>	<u>157,441,751</u>
Debt related to capital assets		
Lease	700,502	-
Bonds and loans	16,795,000	53,013,883
	<u>17,495,502</u>	<u>53,013,883</u>
Subtotal	101,549,835	104,427,868
Amount unspent on 2008 bonds	2,117,249	-
Amount unspent on 2010 capital lease	582,993	-
Amount unspent on 2010 note	-	1,000,000
Invested in capital assets	<u><u>\$ 104,250,077</u></u>	<u><u>\$105,427,868</u></u>

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2010

Note 21 - Component Unit - Sanford CRA

Condensed financial statement information related to the Sanford CRA as of and for the year ended September 30, 2010 is as follows:

	General	Debt Service	Total	Adjustments	Statement of Net Assets
Condensed Balance Sheet:					
Cash and cash equivalents	\$ 339,454	\$ -	\$ 339,454	\$ -	\$ 339,454
Investments	1,000,000	-	1,000,000	-	1,000,000
Accounts receivable (net)	6,621	-	6,621	-	6,621
Prepaid items and other assets	1,405	-	1,405	-	1,405
Capital assets:					
Nondepreciable	-	-	-	232,585	232,585
Depreciable, net	-	-	-	6,832,467	6,832,467
Total Assets and Other Debits	<u>\$ 1,347,480</u>	<u>\$ -</u>	<u>\$ 1,347,480</u>	<u>\$ 7,065,052</u>	<u>\$ 8,412,532</u>
Accounts payable	\$ 30,516	\$ -	\$ 30,516	\$ -	\$ 30,516
Accrued liabilities	4,348	-	4,348	21,211	25,559
Bonds payable	-	-	-	2,020,000	2,020,000
Loans payable	-	-	-	1,036,345	1,036,345
Fund balance/invested in capital assets, net of related debt	-	-	-	4,008,707	4,008,707
Net assets - unrestricted	<u>1,312,616</u>	<u>-</u>	<u>1,312,616</u>	<u>(21,211)</u>	<u>1,291,405</u>
Total Liabilities and Fund Balances	<u>\$ 1,347,480</u>	<u>\$ -</u>	<u>\$ 1,347,480</u>	<u>\$ 7,065,052</u>	<u>\$ 8,412,532</u>
Condensed Revenues, Expenditures and Changes in Fund Balances:					
Revenues:					
Taxes	\$ 1,795,022	\$ -	\$ 1,795,022	\$ -	\$ 1,795,022
Interest	18,862	-	18,862	-	18,862
Contributions	361,150	-	361,150	-	361,150
Total revenues	<u>2,175,034</u>	<u>-</u>	<u>2,175,034</u>	<u>-</u>	<u>2,175,034</u>
Expenditures/Expenses:					
Transportation	-	-	-	414,307	414,307
Economic environment	913,195	-	913,195	(105,833)	807,362
Principal retirement	-	930,000	930,000	(930,000)	-
Interest and other fiscal charges	-	142,876	142,876	(15,245)	127,631
Total expenditures	<u>913,195</u>	<u>1,072,876</u>	<u>1,986,071</u>	<u>(636,771)</u>	<u>1,349,300</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,261,839</u>	<u>(1,072,876)</u>	<u>188,963</u>	<u>636,771</u>	<u>825,734</u>
Other financing sources (uses):					
Transfers in	-	1,072,876	1,072,876	-	1,072,876
Transfers (out)	(1,072,876)	-	(1,072,876)	-	(1,072,876)
Total other financing sources (uses)	<u>(1,072,876)</u>	<u>1,072,876</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	188,963	-	188,963	636,771	825,734
Fund balance					
Beginning of year	1,123,653	-	1,123,653	3,350,725	4,474,378
End of year	<u>\$ 1,312,616</u>	<u>\$ -</u>	<u>\$ 1,312,616</u>	<u>\$ 3,987,496</u>	<u>\$ 5,300,112</u>



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SANFORD, FLORIDA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For The Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property taxes	\$ 16,156,500	\$ 16,156,500	\$ 16,387,168	\$ 230,668
Utility taxes	6,931,800	6,931,800	7,287,264	355,464
Business taxes	646,300	646,300	664,877	18,577
Permits and fees	4,363,300	4,363,300	4,652,551	289,251
Intergovernmental	4,864,150	4,702,714	4,632,047	(70,667)
Charges for services	1,994,000	2,019,000	2,356,606	337,606
Investment income	216,400	216,400	207,341	(9,059)
Fines and forfeits	160,450	160,450	99,883	(60,567)
Miscellaneous	485,400	891,091	477,961	(413,130)
Total revenues	<u>35,818,300</u>	<u>36,087,555</u>	<u>36,765,698</u>	<u>678,143</u>
Expenditures				
Current:				
General government	4,174,060	4,174,460	3,545,319	629,141
Public safety	21,128,375	21,158,687	20,125,530	1,033,157
Transportation	1,111,800	1,218,643	967,902	250,741
Physical environment	2,125,190	4,221,701	3,841,453	380,248
Economic environment	1,544,417	1,254,217	1,119,329	134,888
Human services	109,300	116,800	108,569	8,231
Culture and recreation	4,844,605	4,845,082	4,248,149	596,933
Capital outlay	10,000	539,742	177,929	361,813
Total expenditures	<u>35,047,747</u>	<u>37,529,332</u>	<u>34,134,180</u>	<u>3,395,152</u>
Excess of revenues over expenditures	<u>770,553</u>	<u>(1,441,777)</u>	<u>2,631,518</u>	<u>4,073,295</u>
Other financing sources (uses)				
Transfers in	642,750	648,392	642,750	(5,642)
Transfers out	(3,058,805)	(3,110,701)	(2,165,701)	945,000
Proceeds from sale of property	23,350	23,350	7,373	(15,977)
Total other financing uses	<u>(2,392,705)</u>	<u>(2,438,959)</u>	<u>(1,515,578)</u>	<u>923,381</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,622,152)	(3,880,736)	1,115,940	4,996,676
Fund balance				
Beginning of year	-	-	12,185,495	12,185,495
Prior carryforward	1,852,162	4,076,136	-	(4,076,136)
Future carryforward	(230,010)	(195,400)	-	195,400
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,301,435</u>	<u>\$ 13,301,435</u>

Note: This schedule is prepared on the basis of Generally Accepted Accounting Principles.

CITY OF SANFORD, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended September 30, 2010

Schedule of Funding Progress for

Police Officers' Retirement Trust Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2010	\$ 26,746,567	\$ 36,637,341	\$ 9,890,774	73.00%	\$ 5,529,328	178.88%
10/1/2009	\$ 25,844,720	\$ 35,352,545	\$ 9,507,825	73.11%	\$ 5,911,558	160.83%
10/1/2008	\$ 25,895,602	\$ 34,365,528	\$ 8,469,926	75.35%	\$ 6,164,376	137.40%
10/1/2007	\$ 24,374,453	\$ 30,770,016	\$ 6,395,563	79.21%	\$ 5,437,435	117.62%
10/1/2006	\$ 21,950,941	\$ 28,237,042	\$ 6,286,101	77.74%	\$ 4,587,810	137.02%
10/1/2005	\$ 19,833,502	\$ 26,454,219	\$ 6,620,717	74.97%	\$ 4,468,502	148.16%
10/1/2004	\$ 19,095,103	\$ 24,090,829	\$ 4,995,726	79.26%	\$ 4,470,513	111.75%
10/1/2003	\$ 19,272,243	\$ 22,146,557	\$ 2,874,314	87.02%	\$ 4,167,079	68.98%
10/1/2002	\$ 18,269,767	\$ 20,296,277	\$ 2,026,510	90.02%	\$ 3,853,643	52.59%

Firefighters' Pension Trust Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2010	\$ 17,235,155	\$ 25,575,611	\$ 8,340,456	67.39%	\$ 4,039,032	206.50%
10/1/2009	\$ 16,396,113	\$ 24,972,871	\$ 8,576,758	65.66%	\$ 4,101,210	209.13%
10/1/2008	\$ 15,686,965	\$ 23,037,305	\$ 7,350,340	68.09%	\$ 3,923,317	187.35%
10/1/2007	\$ 15,034,611	\$ 21,484,547	\$ 6,449,936	69.98%	\$ 3,571,946	180.57%
10/1/2006	\$ 14,007,003	\$ 18,838,018	\$ 4,831,015	74.35%	\$ 3,075,816	157.06%
10/1/2005	\$ 13,209,266	\$ 17,624,713	\$ 4,415,447	74.95%	\$ 2,781,577	158.74%
10/1/2004	\$ 12,805,517	\$ 16,372,831	\$ 3,567,314	78.21%	\$ 2,540,193	140.43%
10/1/2003	\$ 12,727,078	\$ 15,672,231	\$ 2,945,153	81.21%	\$ 2,466,177	119.42%
10/1/2002	\$ 12,610,665	\$ 14,710,733	\$ 2,100,068	85.72%	\$ 2,460,554	85.35%

Schedule of Contributions From the Employer and Other Contributing Entities for Police Officers' Retirement Trust Fund

Year Ended September 30,	Annual Required Contribution	City Contribution	Percentage Contributed	State Contribution
2010	\$ 1,334,411	\$ 1,334,411	100.00%	\$ 176,349 *
2009	\$ 1,084,492	\$ 1,331,300	122.76%	\$ 176,349 *
2008	\$ 910,820	\$ 664,012	72.90%	\$ 176,349 *
2007	\$ 1,000,384	\$ 1,081,424	108.10%	\$ 176,349 *
2006	\$ 1,000,384	\$ 842,611	84.23%	\$ 176,349 *
2005	\$ 804,865	\$ 823,011	102.25%	\$ 174,728 *
2004	\$ 717,308	\$ 717,309	100.00%	\$ 163,847 *
2003	\$ 627,348	\$ 627,453	100.02%	\$ 163,847 *

Schedule of Contributions From the Employer and Other Contributing Entities for Firefighters' Pension Trust Fund

Year Ended September 30,	Annual Required Contribution	City Contribution	Percentage Contributed	State Contribution
2010	\$ 929,582	\$ 929,583	100.00%	\$ 169,201 **
2009	\$ 728,699	\$ 728,699	100.00%	\$ 169,201 **
2008	\$ 611,991	\$ 611,991	100.00%	\$ 169,201 **
2006	\$ 528,079	\$ 567,150	107.40%	\$ 156,568 **
2005	\$ 483,147	\$ 444,074	91.91%	\$ 156,568 **
2004	\$ 408,449	\$ 440,254	107.79%	\$ 153,653 **
2003	\$ 388,876	\$ 388,876	100.00%	\$ 125,840 **
2002	\$ 419,804	\$ 419,805	100.00%	\$ 125,840 **

*Frozen per Chapter 185, Florida Statutes, as amended.

**Frozen per Chapter 175, Florida Statutes, as amended.

CITY OF SANFORD, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended September 30, 2010

Schedule of Funding Progress for

Retiree Continuation Insurance Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2008	\$ -	\$ 14,297,942	\$ 14,297,942	0.00%	\$ 21,342,868	66.99%

Schedule of Contributions From the Employer and Other Contributing Entities

Year Ended September 30,	Annual Required Contribution	City Contribution	Percentage Contributed	Net Obligation
2010	\$ 729,717	\$ 677,899	92.90%	\$ 261,286
2009	\$ 721,338	\$ 511,870	70.96%	\$ 209,468



CITY OF SANFORD, FLORIDA Combining Nonmajor Governmental Funds

Special Revenue Funds are used to account for and report revenues from specific taxes or other earmarked revenue sources which, by law, are designated to finance particular functions or activities of government. The City has the following Special Revenue Funds:

Recreation Facilities Impact Fees Fund, Fire Public Safety Facilities Impact Fees Fund, and Police Public Safety Facilities Impact Fees Funds – To account for impact fees collected by the City to be used solely for the expansion or acquisition of capital facilities or equipment made necessary by the new construction from which the fees were collected or for principal payments (including sinking fund payments) on bonds to expand or acquire such facilities or equipment.

Local Option Gas Tax Fund – To account for the City’s allocation of the 6-cent local option gas tax collected in Seminole County and the expenditures used for the additions to or maintenance of the City’s transportation system.

Law Enforcement Trust Fund – To account for proceeds obtained through forfeiture of confiscated and unclaimed property through court judgment. The proceeds are to be used solely for law enforcement purposes, with emphasis given to community policing activities, training & law enforcement operations.

Second Generation Sales Tax Fund – To account for the City’s share of distributions related to the local government infrastructure surtax. Monies are used to fund transportation projects.

Premium Tax Trust Fund – To account for intergovernmental revenue from the State that is transferred to the Police and Fire Pension funds.

Building Inspection Fund – To account for the activities related to administering and enforcing building regulations in the City.

Cemetery Fund – To account for certain funds set aside to be used for capital improvements and perpetual care of a local cemetery.

LIHEAP Fund – To account for grants received by the City as a sub grantee; grant proceeds are utilized to provide rehabilitation improvements to blighted areas of the City.

Police Education Fund – To account for the portion of fines on certain violations, per statute, to fund continuing education for police officers.

ARRA Grants Fund – To account for grants received by the City that are related to the American Recovery and Reinvestment Act of 2009.

CDBG Grant Fund - To account for grants received by the City that are related to the Community Development Block Grant.

Youthbuild Grant Fund – To account for grants received by the City that are related to the U.S. Department of Housing & Urban Development Youthbuild program.

Debt Service Fund

The Debt Service Funds is used to account for the accumulation of resources and for payment of principal, interest and related costs on Special Facilities Revenue Bonds.

Capital Projects Fund

The Capital Projects Fund is used to account for and report financial resources earmarked for the acquisition or construction of major capital facilities and other project-oriented activities (other than those financed by proprietary funds):

Projects – To account for funds set aside for capital projects.

Recovery – To account for funds collected as a surcharge on recreation fees for the maintenance and improvement of recreation facilities.

Replacement – To account for funds set aside for replacement of equipment and vehicles.



CITY OF SANFORD, FLORIDA
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2010

Special Revenue Funds

	Recreation Impact Fees	Fire Impact Fees	Local Option Gas Tax	Law Enforcement	Police Impact Fees	Second Generation Sales Tax Fund	Building Inspection	Cemetery	LIHEAP
Assets									
Cash	\$ -	\$ -	\$ 301,083	\$ 593,821	\$ -	\$ 41,159	\$ 9,039	\$ -	\$ -
Investments	261,383	197,411	-	-	270,162	-	-	439,689	-
Accounts receivable, net	11	9	13	57,941	12	2	116	-	269
Prepays	-	-	-	-	-	-	-	-	147
Due from other governments	-	-	68,503	4,762	-	6,976,489	-	-	174,631
Total assets	\$ 261,394	\$ 197,420	\$ 369,599	\$ 656,524	\$ 270,174	\$ 7,017,650	\$ 9,155	\$ 439,689	\$ 175,047
Liabilities and fund balances									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ 60,512	\$ 504	\$ -	\$ 478,193	\$ 2,023	\$ 4,190	\$ 42,299
Accrued liabilities	-	-	-	-	-	-	21,104	-	7,165
Retainage payable	-	-	-	-	-	47,401	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	117,458
Deferred revenue	-	-	-	56,787	-	-	-	-	1,129
Total liabilities	-	-	60,512	57,291	-	525,594	23,127	4,190	168,051
Fund balances:									
Nonspendable	-	-	-	-	-	-	-	-	147
Restricted	261,394	197,420	309,087	272,600	270,174	6,492,056	(13,972)	-	6,849
Assigned	-	-	-	326,633	-	-	-	435,499	-
Total fund balances	261,394	197,420	309,087	599,233	270,174	6,492,056	(13,972)	435,499	6,996
Total liabilities and fund balances	\$ 261,394	\$ 197,420	\$ 369,599	\$ 656,524	\$ 270,174	\$ 7,017,650	\$ 9,155	\$ 439,689	\$ 175,047

Special Revenue Funds					Debt Service Fund	Capital Projects Funds				Total Nonmajor Governmental Funds
Police Education	ARRA Grants	CDBG	Youthbuild	Total	Debt Service	Projects	Recovery	Replacement	Total	
\$ 19,392	\$ -	\$ -	\$ -	\$ 964,494	\$ 6,815	\$ 425,245	\$ 111	\$ 1,040,456	\$ 1,465,812	\$ 2,437,121
-	-	-	-	1,168,645	-	-	-	-	-	1,168,645
-	-	71,556	-	129,929	-	18	-	184	202	130,131
-	-	-	-	147	-	-	-	-	-	147
697	218,133	-	127,902	7,571,117	-	-	-	-	-	7,571,117
\$ 20,089	\$ 218,133	\$ 71,556	\$ 127,902	\$ 9,834,332	\$ 6,815	\$ 425,263	\$ 111	\$ 1,040,640	\$ 1,466,014	\$ 11,307,161
\$ -	\$ 49,950	\$ -	\$ 8,739	\$ 646,410	\$ 6,295	\$ -	\$ 2	\$ 4,705	\$ 4,707	\$ 657,412
-	-	3,089	3,779	35,137	-	-	-	-	-	35,137
-	-	-	-	47,401	-	-	-	-	-	47,401
-	168,183	68,662	116,738	471,041	-	-	-	-	-	471,041
-	138,466	71,559	55,130	323,071	-	-	72	-	72	323,143
-	356,599	143,310	184,386	1,523,060	6,295	-	74	4,705	4,779	1,534,134
-	-	-	-	147	-	-	-	-	-	147
20,089	(138,466)	(71,754)	(56,484)	7,548,993	-	-	-	-	-	7,548,993
-	-	-	-	762,132	520	425,263	37	1,035,935	1,461,235	2,223,887
20,089	(138,466)	(71,754)	(56,484)	8,311,272	520	425,263	37	1,035,935	1,461,235	9,773,027
\$ 20,089	\$ 218,133	\$ 71,556	\$ 127,902	\$ 9,834,332	\$ 6,815	\$ 425,263	\$ 111	\$ 1,040,640	\$ 1,466,014	\$ 11,307,161

CITY OF SANFORD, FLORIDA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For The Year Ended September 30, 2010

	Special Revenue Funds									
	Recreation Impact Fees	Fire Impact Fees	Local Option Gas Tax	Law Enforcement	Police Impact Fees	Second Generation Sales Tax Fund	Premium Tax Trust	Building Inspection	Cemetery	LIHEAP
Revenues										
Intergovernmental revenues	\$ -	\$ -	\$ 878,496	\$ 1,386	\$ -	\$ 1,578,386	\$ 575,286	\$ -	\$ -	\$ 1,036,750
Permits and fees	-	-	-	-	-	-	-	596,004	-	-
Investment income	2,816	2,494	3,092	6,848	3,250	49,724	-	963	-	-
Fines and forfeitures	-	-	-	137,271	-	-	-	-	-	-
Service assessments	83,803	75,529	-	-	102,788	-	-	-	-	-
Miscellaneous	-	-	-	48,198	-	-	-	12,912	23,050	-
Total revenues	<u>86,619</u>	<u>78,023</u>	<u>881,588</u>	<u>193,703</u>	<u>106,038</u>	<u>1,628,110</u>	<u>575,286</u>	<u>609,879</u>	<u>23,050</u>	<u>1,036,750</u>
Expenditures										
Current										
General government	-	-	-	-	-	-	-	-	-	957,785
Public safety	-	185	-	106,509	253	-	575,286	703,692	-	-
Transportation	-	-	604,066	-	-	500,287	-	-	-	-
Culture and recreation	244	-	-	-	-	-	-	-	83,245	-
Debt service										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and other	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	128,065	9,000	-	2,167,275	-	5,440	19,477	-
Total expenditures	<u>244</u>	<u>185</u>	<u>732,131</u>	<u>115,509</u>	<u>253</u>	<u>2,667,562</u>	<u>575,286</u>	<u>709,132</u>	<u>102,722</u>	<u>957,785</u>
Excess (deficiency) of revenues over expenditures	<u>86,375</u>	<u>77,838</u>	<u>149,457</u>	<u>78,194</u>	<u>105,785</u>	<u>(1,039,452)</u>	<u>-</u>	<u>(99,253)</u>	<u>(79,672)</u>	<u>78,965</u>
Other financing sources (uses)										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	(37,500)	-	-	-	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of property	-	-	-	4,163	-	-	-	-	-	-
Total other financing sources (uses)	<u>(37,500)</u>	<u>-</u>	<u>-</u>	<u>4,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financial uses	<u>48,875</u>	<u>77,838</u>	<u>149,457</u>	<u>82,357</u>	<u>105,785</u>	<u>(1,039,452)</u>	<u>-</u>	<u>(99,253)</u>	<u>(79,672)</u>	<u>78,965</u>
Fund balances										
Beginning of year	212,519	119,582	159,630	516,876	164,389	7,531,508	-	85,281	515,171	(71,969)
End of year	<u>\$ 261,394</u>	<u>\$ 197,420</u>	<u>\$ 309,087</u>	<u>\$ 599,233</u>	<u>\$ 270,174</u>	<u>\$ 6,492,056</u>	<u>\$ -</u>	<u>\$ (13,972)</u>	<u>\$ 435,499</u>	<u>\$ 6,996</u>

Special Revenue Funds					Debt Service Fund	Capital Project Funds				Total Nonmajor Governmental Funds
Police Education	ARRA Grant	CDBG	Youthbuild	Total	Debt Service	Projects	Recovery	Replacement	Total	Total Nonmajor Governmental Funds
\$ -	\$ 399,689	\$ -	\$ 165,882	\$ 4,635,875	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,635,875
-	-	-	-	596,004	-	-	-	-	-	596,004
263	-	-	-	69,450	-	5,262	-	6,666	11,928	81,378
8,439	-	-	-	145,710	-	-	-	-	-	145,710
-	-	-	-	262,120	-	-	37	-	37	262,157
-	-	-	-	84,160	-	-	-	-	-	84,160
8,702	399,689	-	165,882	5,793,319	-	5,262	37	6,666	11,965	5,805,284
-	321	71,754	222,366	1,252,226	-	398	-	40,957	41,355	1,293,581
11,455	163,290	-	-	1,560,670	-	-	-	-	-	1,560,670
-	89,523	-	-	1,193,876	-	-	-	-	-	1,193,876
-	-	-	-	83,489	-	20,892	-	4,865	25,757	109,246
-	-	-	-	-	708,351	-	-	-	-	708,351
-	-	-	-	-	749,351	-	-	-	-	749,351
-	222,839	-	-	2,552,096	-	66,617	-	872,805	939,422	3,491,518
11,455	475,973	71,754	222,366	6,642,357	1,457,702	87,907	-	918,627	1,006,534	9,106,593
(2,753)	(76,284)	(71,754)	(56,484)	(849,038)	(1,457,702)	(82,645)	37	(911,961)	(994,569)	(3,301,309)
-	-	-	-	-	1,457,701	107,500	-	638,000	745,500	2,203,201
-	-	-	-	(37,500)	-	-	-	-	-	(37,500)
-	-	-	-	-	-	-	-	582,482	582,482	582,482
-	-	-	-	4,163	-	-	-	-	-	4,163
-	-	-	-	(33,337)	1,457,701	107,500	-	1,220,482	1,327,982	2,752,346
(2,753)	(76,284)	(71,754)	(56,484)	(882,375)	(1)	24,855	37	308,521	333,413	(548,963)
22,842	(62,182)	-	-	9,193,647	521	400,408	-	727,414	1,127,822	10,321,990
\$ 20,089	\$ (138,466)	\$ (71,754)	\$ (56,484)	\$ 8,311,272	\$ 520	\$ 425,263	\$ 37	\$ 1,035,935	\$ 1,461,235	\$ 9,773,027

CITY OF SANFORD, FLORIDA
Recreation Impact Fees Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget- Positive (Negative)
Revenues				
Investment income	\$ 3,000	\$ 3,000	\$ 2,816	\$ (184)
Service assessments	<u>100,000</u>	<u>100,000</u>	<u>83,803</u>	<u>(16,197)</u>
Total revenues	<u>103,000</u>	<u>103,000</u>	<u>86,619</u>	<u>(16,381)</u>
Expenditures				
Current				
Culture and recreation	<u>-</u>	<u>-</u>	<u>244</u>	<u>(244)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>244</u>	<u>(244)</u>
Excess of revenues over expenditures	<u>103,000</u>	<u>103,000</u>	<u>86,375</u>	<u>(16,625)</u>
Other financing uses				
Transfers out	<u>-</u>	<u>37,500</u>	<u>37,500</u>	<u>-</u>
Total other financing uses	<u>-</u>	<u>37,500</u>	<u>37,500</u>	<u>-</u>
Net change in fund balance	103,000	65,500	48,875	(16,625)
Fund balance				
Beginning of year	-	-	212,519	212,519
Prior carryforward	-	-	-	-
Future carryforward	<u>(103,000)</u>	<u>(65,500)</u>	<u>-</u>	<u>65,500</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,394</u>	<u>\$ 261,394</u>

CITY OF SANFORD, FLORIDA
Fire Impact Fees Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 2,494	\$ 2,494
Service assessments	<u>70,000</u>	<u>70,000</u>	<u>75,529</u>	<u>5,529</u>
Total revenues	<u>70,000</u>	<u>70,000</u>	<u>78,023</u>	<u>8,023</u>
Expenditures				
Current				
Public safety	<u>-</u>	<u>-</u>	<u>185</u>	<u>(185)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>185</u>	<u>(185)</u>
Excess of revenues over expenditures	<u>70,000</u>	<u>70,000</u>	<u>77,838</u>	<u>7,838</u>
Net change in fund balance	70,000	70,000	77,838	7,838
Fund balance				
Beginning of year	-	-	119,582	119,582
Future carryforward	<u>(70,000)</u>	<u>(70,000)</u>	<u>-</u>	<u>70,000</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,420</u>	<u>\$ 197,420</u>

CITY OF SANFORD, FLORIDA
Local Option Gas Tax Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenue	\$ 950,000	\$ 950,000	\$ 878,496	\$ (71,504)
Investment income	-	-	3,092	3,092
Total revenues	<u>950,000</u>	<u>950,000</u>	<u>881,588</u>	<u>(68,412)</u>
Expenditures				
Current				
Transportation	750,900	754,894	604,066	150,828
Capital outlay				
Transportation	<u>202,750</u>	<u>217,908</u>	<u>128,065</u>	<u>89,843</u>
Total expenditures	<u>953,650</u>	<u>972,802</u>	<u>732,131</u>	<u>240,671</u>
Excess of revenues over expenditures	<u>(3,650)</u>	<u>(22,802)</u>	<u>149,457</u>	<u>172,259</u>
Net change in fund balance	(3,650)	(22,802)	149,457	172,259
Fund balance				
Beginning of year	-	-	159,630	159,630
Prior carryforward	<u>3,650</u>	<u>22,802</u>	<u>-</u>	<u>(22,802)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 309,087</u>	<u>\$ 309,087</u>

CITY OF SANFORD, FLORIDA
Law Enforcement Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ -	\$ 29,554	\$ 1,386	\$ (28,168)
Investment income	5,850	5,850	6,848	998
Fines and forfeitures	53,000	53,000	137,271	84,271
Miscellaneous	-	-	52,361	52,361
Total revenues	<u>58,850</u>	<u>88,404</u>	<u>197,866</u>	<u>109,462</u>
Expenditures				
Current				
Public safety	29,900	100,554	106,509	(5,955)
Capital outlay				
Public safety	<u>126,750</u>	<u>116,150</u>	<u>9,000</u>	<u>107,150</u>
Total expenditures	<u>156,650</u>	<u>216,704</u>	<u>115,509</u>	<u>101,195</u>
Excess of revenues over expenditures	<u>(97,800)</u>	<u>(128,300)</u>	<u>82,357</u>	<u>210,657</u>
Net change in fund balance	(97,800)	(128,300)	82,357	210,657
Fund balance				
Beginning of year	-	-	516,876	516,876
Prior carryforward	98,800	129,300	-	(129,300)
Future carryforward	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>	<u>1,000</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 599,233</u>	<u>\$ 599,233</u>

CITY OF SANFORD, FLORIDA
Police Impact Fees Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 3,250	\$ 3,250
Service assessments	<u>95,000</u>	<u>95,000</u>	<u>102,788</u>	<u>7,788</u>
Total revenues	<u>95,000</u>	<u>95,000</u>	<u>106,038</u>	<u>11,038</u>
Expenditures				
Current				
Public safety	<u>-</u>	<u>-</u>	<u>253</u>	<u>(253)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>253</u>	<u>(253)</u>
Excess of revenues over expenditures	<u>95,000</u>	<u>95,000</u>	<u>105,785</u>	<u>10,785</u>
Net change in fund balance	95,000	95,000	105,785	10,785
Fund balance				
Beginning of year	-	-	164,389	164,389
Future carryforward	<u>(95,000)</u>	<u>(95,000)</u>	<u>-</u>	<u>95,000</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 270,174</u>	<u>\$ 270,174</u>

CITY OF SANFORD, FLORIDA
Second Generation Sales Tax Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For The Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 1,680,000	\$ 1,680,000	\$ 1,578,386	\$ (101,614)
Investment income	117,523	117,523	49,724	(67,799)
Total revenues	<u>1,797,523</u>	<u>1,797,523</u>	<u>1,628,110</u>	<u>(169,413)</u>
Expenditures				
Current				
Transportation	285,350	315,954	500,287	(184,333)
Capital				
Transportation	6,219,550	7,055,802	2,167,275	4,888,527
Total expenditures	<u>6,504,900</u>	<u>7,371,756</u>	<u>2,667,562</u>	<u>4,704,194</u>
Deficiency of revenues under expenditures	<u>(4,707,377)</u>	<u>(5,574,233)</u>	<u>(1,039,452)</u>	<u>4,534,781</u>
Net change in fund balances	(4,707,377)	(5,574,233)	(1,039,452)	4,534,781
Fund balance				
Beginning of year	-	-	7,531,508	7,531,508
Prior carryforward	4,707,377	5,574,233	-	(5,574,233)
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,492,056</u>	<u>\$ 6,492,056</u>

CITY OF SANFORD, FLORIDA
Building Inspection Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Permits and fees	\$ 793,350	\$ 793,350	\$ 596,004	\$ (197,346)
Investment income	-	-	963	963
Miscellaneous	-	-	12,912	12,912
Total revenues	<u>793,350</u>	<u>793,350</u>	<u>609,879</u>	<u>(183,471)</u>
Expenditures				
Current				
Public safety	801,200	801,200	703,692	97,508
Capital outlay				
Public safety	-	6,732	5,440	1,292
Total expenditures	<u>801,200</u>	<u>807,932</u>	<u>709,132</u>	<u>98,800</u>
Deficiency of revenues under expenditures	<u>(7,850)</u>	<u>(14,582)</u>	<u>(99,253)</u>	<u>(84,671)</u>
Net change in fund balance	(7,850)	(14,582)	(99,253)	(84,671)
Fund balance				
Beginning of year	-	-	85,281	85,281
Prior carryforward	11,270	18,002	-	(18,002)
Future carryforward	<u>(3,420)</u>	<u>(3,420)</u>	<u>-</u>	<u>3,420</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,972)</u>	<u>\$ (13,972)</u>

CITY OF SANFORD, FLORIDA
Cemetery Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous revenue	\$ 20,000	\$ 20,000	\$ 23,050	\$ 3,050
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>23,050</u>	<u>3,050</u>
Expenditures				
Current				
Culture and recreation	123,800	104,323	83,245	21,078
Capital outlay				
Culture and recreation	-	19,477	19,477	-
Total expenditures	<u>123,800</u>	<u>123,800</u>	<u>102,722</u>	<u>21,078</u>
Deficiency of revenues under expenditures	<u>(103,800)</u>	<u>(103,800)</u>	<u>(79,672)</u>	<u>24,128</u>
Net change in fund balance	(103,800)	(103,800)	(79,672)	24,128
Fund balance				
Beginning of year	-	-	515,171	515,171
Prior carryforward	<u>103,800</u>	<u>103,800</u>	<u>-</u>	<u>(103,800)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 435,499</u>	<u>\$ 435,499</u>

CITY OF SANFORD, FLORIDA
LIHEAP Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 711,750	\$ 953,970	\$ 1,036,750	\$ 82,780
Total revenues	<u>711,750</u>	<u>953,970</u>	<u>1,036,750</u>	<u>82,780</u>
Expenditures				
Current				
General government	755,080	973,970	957,785	16,185
Total expenditures	<u>755,080</u>	<u>973,970</u>	<u>957,785</u>	<u>16,185</u>
Excess of revenues over expenditures	<u>(43,330)</u>	<u>(20,000)</u>	<u>78,965</u>	<u>98,965</u>
Other financing sources				
Transfers in	20,000	20,000	-	(20,000)
Total other financing sources	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
Net change in fund balance	(23,330)	-	78,965	78,965
Fund balance				
Beginning of year	-	-	(71,969)	(71,969)
Prior carryforward	<u>23,330</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,996</u>	<u>\$ 6,996</u>

CITY OF SANFORD, FLORIDA
Police Education Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 200	\$ 200	\$ 263	\$ 63
Fines and forfeitures	12,000	12,000	8,439	(3,561)
Total revenues	<u>12,200</u>	<u>12,200</u>	<u>8,702</u>	<u>(3,498)</u>
Expenditures				
Current				
Public safety	17,600	17,600	11,455	6,145
Total expenditures	<u>17,600</u>	<u>17,600</u>	<u>11,455</u>	<u>6,145</u>
Deficiency of revenues under expenditures	<u>(5,400)</u>	<u>(5,400)</u>	<u>(2,753)</u>	<u>2,647</u>
Net change in fund balance	(5,400)	(5,400)	(2,753)	2,647
Fund balance				
Beginning of year	-	-	22,842	22,842
Prior carryforward	<u>5,400</u>	<u>5,400</u>	<u>-</u>	<u>(5,400)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,089</u>	<u>\$ 20,089</u>

CITY OF SANFORD, FLORIDA
ARRA Grant Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ -	\$ 1,000,419	\$ 399,689	\$ (600,730)
Total revenues	<u>-</u>	<u>1,000,419</u>	<u>399,689</u>	<u>(600,730)</u>
Expenditures				
Current				
General government		65,231	321	64,910
Public safety	-	482,085	163,290	318,795
Transportation	-	175,500	89,523	85,977
Capital Outlay				
General government	-	170,000	169,728	272
Public safety	-	107,603	53,111	54,492
Total expenditures	<u>-</u>	<u>1,000,419</u>	<u>475,973</u>	<u>524,446</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>-</u>	<u>(76,284)</u>	<u>(76,284)</u>
Net change in fund balance	-	-	(76,284)	(76,284)
Fund balance				
Beginning of year	<u>-</u>	<u>-</u>	<u>(62,182)</u>	<u>(62,182)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (138,466)</u>	<u>\$ (138,466)</u>

CITY OF SANFORD, FLORIDA
Youthbuild Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ -	\$ 400,000	\$ 165,882	\$ (234,118)
Total revenues	<u>-</u>	<u>400,000</u>	<u>165,882</u>	<u>(234,118)</u>
Expenditures				
Current				
General government	-	400,000	222,366	177,634
Total expenditures	<u>-</u>	<u>400,000</u>	<u>222,366</u>	<u>177,634</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>-</u>	<u>(56,484)</u>	<u>(56,484)</u>
Net change in fund balance	-	-	(56,484)	(56,484)
Fund balance				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (56,484)</u>	<u>\$ (56,484)</u>

CITY OF SANFORD, FLORIDA
Debt Service Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Debt service				
Principal	682,281	710,072	708,351	1,721
Interest and other	742,929	748,150	749,351	(1,201)
Total expenditures	<u>1,425,210</u>	<u>1,458,222</u>	<u>1,457,702</u>	<u>520</u>
Deficiency of revenues under expenditures	<u>(1,425,210)</u>	<u>(1,458,222)</u>	<u>(1,457,702)</u>	<u>520</u>
Other financing sources				
Transfers in	1,405,805	1,457,701	1,457,701	-
Total other financing sources	<u>1,405,805</u>	<u>1,457,701</u>	<u>1,457,701</u>	<u>-</u>
Net change in fund balance	(19,405)	(521)	(1)	520
Fund balance				
Beginning of year	-	-	521	521
Prior carryforward	<u>19,405</u>	<u>521</u>	<u>-</u>	<u>(521)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 520</u>	<u>\$ 520</u>

STATISTICAL SECTION (UNAUDITED):

Statistical schedules differ from financial statements because they usually cover more than one fiscal year and may present non-accounting data. These schedules reflect social data, economic data, and financial trends of the City of Sanford, Florida.

**CITY OF SANFORD, FLORIDA
STATISTICAL SECTION CONTENTS
For The Year Ended September 30, 2010**

The Statistical Section of the 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 indicates about the City’s overall financial health. Below is a summary of the components and purpose for the tables provided herein.

	<u>Pages</u>
<u>Financial Trends</u>	
These schedules contain trend information to help the reader understand how the City’s financial performance and financial position have changed over time.	100-105
<u>Revenue Capacity</u>	
These schedules contain information to help the reader assess the City’s most significant local revenue source – property taxes.	106-109
<u>Debt Capacity</u>	
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt, the ability to issue additional debt in the future, and related historical trend data.	110-113
<u>Demographic and Economic Information</u>	
These schedules contain demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	114-116
<u>Operating Information</u>	
These schedules contain service levels and capital asset data to help the reader understand how the information in the City’s financial report relate to the services the City provides to its citizens and visitors.	117-121

**Schedule 1
CITY OF SANFORD, FLORIDA**

**NET ASSETS BY COMPONENT
(accrual basis of accounting)**

Last Five Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Governmental activities</u>					
Invested in capital assets, net of related debt	\$ 38,473,897	\$100,681,175	\$ 98,814,290	\$105,645,908	\$104,250,077
Restricted	3,110,023	10,549,515	28,464,057	24,120,145	9,680,361
Unrestricted	<u>17,872,420</u>	<u>18,631,636</u>	<u>5,361,947</u>	<u>1,555,358</u>	<u>19,401,295</u>
Total governmental activities net assets:	<u>\$ 59,456,340</u>	<u>\$129,862,326</u>	<u>\$132,640,294</u>	<u>\$131,321,411</u>	<u>\$133,331,733</u>
<u>Business-type activities</u>					
Invested in capital assets, net of related debt	\$ 85,888,293	\$ 86,901,903	\$ 92,584,371	\$101,598,575	\$105,427,868
Restricted	10,753,432	11,811,488	2,473,650	7,680,009	7,401,643
Unrestricted	<u>4,044,563</u>	<u>8,329,896</u>	<u>14,849,417</u>	<u>4,489,557</u>	<u>6,500,159</u>
Total business-type activities net assets:	<u>\$100,686,288</u>	<u>\$107,043,287</u>	<u>\$109,907,438</u>	<u>\$113,768,141</u>	<u>\$119,329,670</u>
<u>Primary government</u>					
Invested in capital assets, net of related debt	\$124,362,190	\$187,583,078	\$191,398,661	\$207,244,483	\$209,677,945
Restricted	13,863,455	22,361,003	30,937,707	31,800,154	17,082,004
Unrestricted	<u>21,916,983</u>	<u>26,961,532</u>	<u>20,211,364</u>	<u>6,044,915</u>	<u>25,901,454</u>
Total primary government net assets:	<u>\$160,142,628</u>	<u>\$236,905,613</u>	<u>\$242,547,732</u>	<u>\$245,089,552</u>	<u>\$252,661,403</u>

**Schedule 2
CITY OF SANFORD, FLORIDA**

**CHANGES IN NET ASSETS
(accrual basis of accounting)**

**Last Five Fiscal Years
(dollar amounts expressed in thousands)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Expenses</u>					
Governmental activities:					
General government	\$ 5,826	\$ 5,720	\$ 6,268	\$ 7,551	\$ 5,839
Public safety	17,961	22,909	22,875	23,600	22,506
Transportation	3,739	7,998	5,748	5,384	4,968
Physical environment	3,554	862	3,088	2,983	2,325
Economic environment	601	789	1,354	2,345	1,116
Human services	431	259	146	214	122
Culture and recreation	4,625	7,757	5,779	5,835	5,311
Interest on long-term debt	72	65	358	834	749
Total governmental activities expenses	<u>36,809</u>	<u>46,359</u>	<u>45,616</u>	<u>48,746</u>	<u>42,936</u>
Business-type activities:					
Water and sewer	15,631	16,563	18,646	18,075	17,600
Stormwater	1,420	1,899	5,329	1,904	2,022
Solid waste	-	4,519	2,377	5,163	5,190
Total business-type activities expenses	<u>17,051</u>	<u>22,981</u>	<u>26,352</u>	<u>25,142</u>	<u>24,812</u>
Total primary government expenses	<u>53,860</u>	<u>69,340</u>	<u>71,968</u>	<u>73,888</u>	<u>67,748</u>
<u>Program revenues</u>					
Governmental activities:					
Charges for services:					
General government	2,210	2,708	1,110	992	892
Public safety	2,347	2,049	3,312	3,344	3,175
Transportation	57	59	61	69	66
Physical environment	4,232	199	119	103	247
Culture and recreation	279	281	480	721	674
Operating grants and contributions	1,312	1,458	1,460	2,097	2,478
Capital grants and contributions	704	1,217	1,100	1,591	972
Total governmental activities program revenues	<u>11,141</u>	<u>7,971</u>	<u>7,642</u>	<u>8,917</u>	<u>8,504</u>
Business-type activities:					
Charges for services	17,467	23,087	25,156	25,947	28,113
Operating grants and contributions	50	274	-	1,580	1,873
Capital grants and contributions	8,122	4,151	3,393	1,171	722
Total business-type activities program revenues	<u>25,639</u>	<u>27,512</u>	<u>28,549</u>	<u>28,698</u>	<u>30,708</u>
Total primary government program revenues	<u>36,780</u>	<u>35,483</u>	<u>36,191</u>	<u>37,615</u>	<u>39,212</u>
<u>Net (expense) / revenue</u>					
Governmental activities	(25,668)	(38,388)	(37,974)	(39,829)	(34,432)
Business-type activities	8,588	4,531	2,197	3,556	5,896
Total primary government net expense	<u>(17,080)</u>	<u>(33,857)</u>	<u>(35,777)</u>	<u>(36,273)</u>	<u>(28,536)</u>

(Continued)

Schedule 2
CITY OF SANFORD, FLORIDA

CHANGES IN NET ASSETS (continued)
(modified accrual basis of accounting)

Last Five Fiscal Years

	2006	2007	2008	2009	2010
General revenues and other changes in net assets					
Governmental activities:					
Property tax	\$ 12,101	\$ 16,557	\$ 19,325	\$ 18,644	\$ 16,387
Other taxes	16,923	20,570	19,907	18,435	18,706
Unrestricted investment earnings	1,201	1,656	1,105	996	401
Gain on sale of capital assets	-	69	86	14	11
Miscellaneous	795	(750)	329	421	294
Transfers in (out)	(175)	(598)	-	-	643
Total governmental activities	<u>30,845</u>	<u>37,504</u>	<u>40,752</u>	<u>38,510</u>	<u>36,442</u>
Business-type activities:					
Unrestricted investment earnings	785	980	481	155	157
Gain on sale of capital assets	6	14	-	-	-
Miscellaneous	74	130	186	150	152
Transfers in (out)	175	702	-	-	(643)
Total business-type activities	<u>1,040</u>	<u>1,826</u>	<u>667</u>	<u>305</u>	<u>(334)</u>
Total primary government	<u>31,885</u>	<u>39,330</u>	<u>41,419</u>	<u>38,815</u>	<u>36,108</u>
Change in net assets					
Governmental activities	5,177	(884)	2,778	(1,319)	2,010
Business-type activities	9,628	6,357	2,864	3,861	5,562
Total government	<u>\$ 14,805</u>	<u>\$ 5,473</u>	<u>\$ 5,642</u>	<u>\$ 2,542</u>	<u>\$ 7,572</u>

Schedule 3
CITY OF SANFORD, FLORIDA

FUND BALANCES, GOVERNMENTAL FUNDS
(modified accrual basis of accounting)

Last Ten Fiscal Years

(dollar amounts expressed in thousands)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General fund										
Reserved	\$ 3,614	\$ 3,155	\$ 105	\$ 134	\$ 177	\$ 175	\$ 109	\$ 1,533	\$ -	\$ -
Unreserved	10,727	11,159	13,154	9,990	16,051	19,622	18,525	10,222	-	-
Total general fund	\$ 14,341	\$ 14,314	\$ 13,259	\$ 10,124	\$ 16,228	\$ 19,797	\$ 18,634	\$ 11,755	\$ -	\$ -
All other governmental funds										
Reserved	\$ -	\$ -	\$ 208	\$ 52	\$ 52	\$ -	\$ -	\$ 33,971	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	4,386	1,997	2,118	2,334	3,019	3,670	3,869	2,586	-	-
Debt service funds	-	(77,331)	-	-	-	-	-	-	-	-
Capital projects funds	(82,263)	-	(1,516)	9	131	189	585	1,384	-	-
Various	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ (77,877)	\$ (75,334)	\$ 810	\$ 2,395	\$ 3,202	\$ 3,859	\$ 4,454	\$ 37,941	\$ -	\$ -
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151	\$ 173
Restricted	-	-	-	-	-	-	-	-	2	4
Assigned	-	-	-	-	-	-	-	-	3,701	1,277
Unassigned	-	-	-	-	-	-	-	-	8,331	11,847
Total general fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,185	\$ 13,301
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	23,999	9,666
Assigned	-	-	-	-	-	-	-	-	5,487	4,878
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,486	\$ 14,544

Note: Fiscal years prior to 2009 have not been restated for implementation of GASB 54.

Schedule 4
CITY OF SANFORD, FLORIDA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
(modified accrual basis of accounting)

Last Ten Fiscal Years

(dollar amounts expressed in thousands)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<u>Revenues</u>						
Taxes	\$ 15,772	\$ 16,271	\$ 21,034	\$ 21,287	\$ 20,158	\$ 23,638
Licenses and permits	1,177	827	1,006	1,490	1,564	1,721
Intergovernmental revenues	4,520	4,908	8,615	7,953	12,358	6,737
Charges for services	4,380	4,516	4,524	4,979	5,537	5,835
Fines and forfeitures	1,166	331	323	362	289	428
Impact fees	717	171	286	747	386	502
Interest earnings	1,204	415	265	241	574	1,201
Administrative services	833	906	906	906	1,060	1,095
Miscellaneous revenues	280	357	775	866	697	1,112
Total revenues	<u>30,049</u>	<u>28,702</u>	<u>37,734</u>	<u>38,831</u>	<u>42,623</u>	<u>42,269</u>
<u>Expenditures</u>						
General government	3,571	3,906	4,412	4,284	5,481	5,352
Public safety	11,422	12,435	13,415	14,247	15,268	16,327
Transportation	3,304	2,403	2,520	2,538	3,138	3,002
Physical environment	3,265	3,035	2,930	2,975	2,948	3,567
Economic environment	423	658	534	383	609	560
Human services	98	223	252	260	147	450
Culture and recreation	5,058	3,214	3,217	3,198	3,339	3,795
Capital outlay	1,909	5,028	12,359	7,056	4,301	5,241
Principal	1,035	80	85	90	95	100
Interest and fiscal charges	128	92	87	82	77	72
Total expenditures	<u>30,213</u>	<u>31,074</u>	<u>39,811</u>	<u>35,113</u>	<u>35,403</u>	<u>38,466</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(164)</u>	<u>(2,372)</u>	<u>(2,077)</u>	<u>3,718</u>	<u>7,220</u>	<u>3,803</u>
<u>Other financing sources (uses)</u>						
Operating transfer to component unit	(136)	(239)	-	-	-	-
Transfers in	1,424	1,960	1,340	172	551	172
Transfers (out)	(1,484)	(1,978)	(1,891)	(183)	(888)	(347)
Proceeds from sale of property	18	29	12	24	29	44
Issuance of debt	-	-	-	-	-	-
Total other financing sources (uses)	<u>(178)</u>	<u>(228)</u>	<u>(539)</u>	<u>13</u>	<u>(308)</u>	<u>(131)</u>
<u>Extraordinary item</u>						
Hurricane expenditures	-	-	-	(5,281)	-	-
Lease termination	-	-	-	-	-	-
Total extraordinary items	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,281)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (342)</u>	<u>\$ (2,600)</u>	<u>\$ (2,616)</u>	<u>\$ (1,550)</u>	<u>\$ 6,912</u>	<u>\$ 3,672</u>
Debt service as a percentage of non-capital expenditures	<u>4.11%</u>	<u>0.66%</u>	<u>0.63%</u>	<u>0.61%</u>	<u>0.55%</u>	<u>0.52%</u>

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 29,917	\$ 27,272	\$ 26,639	\$ 24,339
1,265	4,408	5,031	5,249
7,156	11,090	9,976	9,380
1,960	2,229	2,277	2,357
422	400	291	246
648	679	376	262
1,656	973	926	313
1,557	-	-	-
944	630	853	562
<u>45,525</u>	<u>47,681</u>	<u>46,369</u>	<u>42,708</u>
6,910	6,131	6,175	4,839
18,782	21,224	21,335	21,806
5,414	2,455	2,342	2,162
818	2,972	2,692	3,842
731	1,885	1,418	1,119
251	167	213	109
4,955	5,108	4,758	4,357
5,861	6,114	13,029	18,079
110	168	4,354	708
65	456	834	749
<u>43,897</u>	<u>46,680</u>	<u>57,150</u>	<u>57,770</u>
1,628	1,001	(10,781)	(15,062)
-	-	-	-
4,658	12,603	4,519	2,846
(5,257)	(12,603)	(4,519)	(2,203)
20	125	20	12
-	18,300	2,736	582
<u>(579)</u>	<u>18,425</u>	<u>2,756</u>	<u>1,237</u>
-	-	-	-
(1,618)	-	-	-
<u>(1,618)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (569)</u>	<u>\$ 19,426</u>	<u>\$ (8,025)</u>	<u>\$ (13,825)</u>
<u>0.46%</u>	<u>1.54%</u>	<u>11.76%</u>	<u>3.67%</u>

**Schedule 5
CITY OF SANFORD, 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	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Real Property	Personal Property	Total					
2001*	1,371,440	245,683	1,617,123	(426,646)	1,190,477	6.750	1,217,257	97.80%
2002*	1,560,363	267,606	1,827,969	(497,723)	1,330,246	6.625	1,361,562	97.70%
2003*	1,832,640	267,432	2,100,072	(600,923)	1,499,149	6.500	1,511,239	99.20%
2004*	1,966,176	288,833	2,255,009	(652,922)	1,602,087	6.475	1,639,802	97.70%
2005*	2,186,595	296,821	2,483,416	(708,255)	1,775,161	6.350	1,794,905	98.90%
2006	2,622,524	314,837	2,937,361	(821,501)	2,115,860	6.325	2,176,811	97.20%
2007	3,777,524	347,830	4,125,354	(1,220,061)	2,905,293	6.325	2,885,097	100.70%
2008	4,388,732	379,778	4,768,510	(1,363,021)	3,405,489	6.325	3,532,665	96.40%
2009	4,340,613	399,744	4,740,357	(1,483,654)	3,256,703	6.325	3,353,968	97.10%
2010	3,695,403	395,393	4,090,796	(1,213,705)	2,877,091	6.325	2,920,904	98.50%

* Changes made with available information. The estimated actual taxable value is calculated using the level of assessment percentage. Changes were made to previous fiscal years to be consistent with the implementation of GASB 44 in 2006. With this implementation, the City began to reflect the just value as assessed values to more accurately reflect the tax-exempt property.

Source: Seminole County Property Appraiser

Note: Property is reassessed each year by the Seminole County Property Appraiser. Tax rates are per \$1,000 of assessed valuation.

**Schedule 6
CITY OF SANFORD, FLORIDA**

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

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

Fiscal Year	City of Sanford, Florida	Seminole County		St. Johns River Water Mgmt. Dist.	Total
		Government	School Board		
2001	6.750	5.107	9.345	0.472	21.674
2002	6.625	5.220	9.162	0.462	21.469
2003	6.500	5.208	9.000	0.462	21.170
2004	6.475	5.190	8.736	0.462	20.863
2005	* 6.350	5.171	8.512	0.462	20.495
2006	* 6.325	5.203	7.965	0.462	19.955
2007	6.325	5.144	7.753	0.462	19.684
2008	6.325	4.358	7.413	0.416	18.512
2009	6.325	4.660	7.543	0.416	18.944
2010	6.325	5.045	7.723	0.416	19.509

*Changes were made to fiscal years 2005 and 2006 to reflect the correct millage rates for Seminole County Government and School Board according to the tax rolls of Seminole County.

Source: Seminole County Property Appraiser

Schedule 7
CITY OF SANFORD, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer Name	Business Name	Fiscal Year 2010			Fiscal Year 2001		
		Taxable Value	Percent of Total Taxable Value	Rank	Taxable Value	Percent of Total Taxable Value	Rank
Seminole Towne Center LP	Seminole Towne Center Mall	\$ 87,529,278	3.20%	1			
Central Florida Regional Hospital	Central Florida Regional Hospital	38,591,176	1.41%	2			
Florida Power & Light Co	Florida Power & Light Co	38,081,911	1.39%	3			
Wal-Mart Stores East LP	Wal-Mart Stores, Inc.	35,516,675	1.30%	4			
CRLP Twin Lakes LLC	CRLP Twin Lakes LLC	28,374,329	1.04%	5			
BellSouth Communications	BellSouth Communications	25,404,986	0.93%	6			
WRI Seminole II LLC	WRI Seminole II LLC	23,967,346	0.88%	7			
CORAC LLC	CORAC LLC	23,718,667	0.87%	8			
Westlake Arbour LLC	Westlake Arbour LLC	22,084,086	0.81%	9			
Florida Extruders	Florida Extruders	18,377,299	0.67%	10			
Seminole Towne Center LP	Seminole Towne Center Mall				\$ 89,462,161	7.50%	1
BellSouth	BellSouth				30,710,891	2.58%	2
Central Florida Regional Hospital	Central Florida Regional Hospital				22,295,322	1.87%	3
Florida Power & Light Co	Florida Power & Light Co				19,051,850	1.60%	4
Kimco of Merritt Island, Inc.	Seminole Center				16,444,900	1.38%	5
ZOM Gateway Plaza	Gateway Plaza				16,090,760	1.35%	6
TWC Ninety-Five Ltd	Windchase Apartments				10,504,250	0.88%	7
Dillard Department Stores, Inc.	Dillards				9,754,230	0.82%	8
City of Sanford	City of Sanford				9,323,801	0.78%	9
Placid Lake Association	Placid Lake Association				9,244,610	0.78%	10
	Total	<u>\$ 341,645,753</u>	<u>12.47%</u>		<u>\$ 232,882,775</u>	<u>19.54%</u>	

Source: Seminole County Property Appraiser - 2010 Top Ten Taxpayer for Sanford
City of Sanford FY 2001 CAFR

**Schedule 8
CITY OF SANFORD, FLORIDA**

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (2)	Percent of Levy Collected	Delinquent Tax Collections (3)	Total Tax Collections	Total Collections as a Percent of Current Levy
2001	\$ 7,569,251	\$ 7,208,953	95.2%	\$ 46,767	\$ 7,255,720	95.9%
2002	8,321,052	7,863,714	94.5%	60,457	7,924,171	95.2%
2003	9,207,029	8,808,277	95.7%	46,371	8,854,648	96.2%
2004	9,822,331	9,415,246	95.9%	67,644	9,482,890	96.5%
2005	10,728,465	10,094,787	94.1%	170,532	10,265,319	95.7%
2006	12,782,036	12,063,863	94.4%	37,191	12,101,054	94.7%
2007	17,441,759	16,522,411 *	94.7%	34,973 *	16,557,384	94.9%
2008	20,524,602	19,272,717	93.9%	51,814	19,324,531	94.2%
2009	19,577,301	18,570,633	94.9%	72,819	18,643,452	95.2%
2010	17,323,288	16,162,695	93.3%	224,474	16,387,168	94.6%

Source: (1) Total assessed value times millage rate
(2) Includes general fund 001-0000-311.10-00
(3) Includes general fund 001-0000-311.20-00
*correction from previous years' CAFRs

Schedule 9
CITY OF SANFORD, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year	Governmental-type Activities		Business-type Activities			Total Primary Government	Sanford Personal Income	Percentage of Personal Income	Per Capita
	Special Facilities Revenue Bonds	Public Safety Complex Revenue Bonds	Utility System Revenue Notes	State Revolving Loans	Stormwater System Revenue Bonds				
2001	1,675,000	-	29,913,301	11,953,195	3,044,695	46,586,191	1,295,941,750	3.6%	1,152
2002	1,595,000	-	29,930,000	10,725,255	2,781,195	45,031,450	1,416,470,250	3.2%	1,041
2003	1,510,000	-	24,974,690	16,172,724	2,497,680	45,155,094	1,499,964,830	3.0%	1,014
2004	1,420,000	-	24,192,633	15,207,361	2,210,670	43,030,664	1,645,721,848	2.6%	934
2005	1,325,000	-	23,381,500	14,668,181	1,910,228	41,284,909	1,817,300,296	2.3%	838
2006	1,225,000	-	22,550,368	24,658,809	1,596,079	50,030,256	1,897,089,491	2.6%	977
2007	1,115,000	-	21,699,236	31,505,217	1,267,539	55,586,992	2,123,853,802	2.6%	1,047
2008	1,000,000	18,000,000	20,828,102	32,712,870	924,058	73,465,030	2,065,257,180	3.6%	1,353
2009	-	17,410,000	19,921,968	30,854,659	564,805	68,751,432	2,076,807,874	3.3%	1,278
2010	-	16,795,000	19,107,056	33,717,701	189,126	69,808,883	2,087,202,200	3.3%	1,307

Sources: Population data from the Office of Economic and Demographic Research, "The Florida Legislature". Personal income data from the U.S. Department of Commerce, Bureau of Economic Analysis and the Metro Orlando Economic Development Commission.

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.

**Schedule 10
CITY OF SANFORD, FLORIDA**

**Computation of Direct and Overlapping Debt
General Obligation Bonds
September 30, 2010**

<u>Jurisdiction</u>	<u>Total Bonded Debt Outstanding</u>	<u>Percentage Applicable to City of Sanford</u>	<u>Amount Applicable to City of Sanford</u>
Overlapping: Seminole County Government	\$ 12,465,000	10.3%	<u>\$ 1,277,993</u>
Total Overlapping Debt			<u><u>\$ 1,277,993</u></u>

Based on City's total taxable assessed value as a percentage of Seminole County's total assessed value.

Source: Seminole County Finance Department

CITY OF SANFORD, FLORIDA
PLEDGED REVENUE COVERAGE

Last Ten Fiscal Years

General Government
Sales Tax Revenue Bonds

Fiscal Year	Half-Cent Sales Tax	Debt Service Requirements (4)		Coverage
		Principal	Interest	
2001	-	-	-	-
2002	-	-	-	-
2003	-	-	-	-
2004	-	-	-	-
2005	-	-	-	-
2006	-	-	-	-
2007	-	-	-	-
2008	\$ 3,371,680	\$ -	\$ 286,960	11.75
2009	2,975,011	590,000	759,600	2.20
2010	2,915,832	615,000	734,702	2.16

Proprietary Funds

Water and Sewer Revenue Bonds

Fiscal Year	Gross Revenues (1), (5)	Water System Development Charges (7)	Operating Expenses (2)	Net Available For Debt Service	Debt Service Requirements (3)		Coverage
					Principal	Interest	
2001	\$ 10,927,894	\$ 1,119,556	\$ 6,314,436	\$ 5,733,014	\$ 840,000	\$ 1,630,335	2.32
2002	11,195,215	461,818	6,927,173	4,729,860	560,000	459,015	4.64
2003	12,330,291	1,121,190	7,197,024	6,254,457	935,000	1,538,940	2.53
2004	13,242,221	895,419	7,928,953	6,208,687	920,000	1,055,770	3.14
2005	14,283,596	906,890	8,346,553	6,843,933	970,000	1,031,082	3.42
2006	15,876,810	907,163	11,385,610	5,398,363	990,000	1,011,683	2.70
2007	16,874,390	907,253	11,573,187	6,208,456	1,010,000	991,883	3.10
2008	17,105,148	906,018	13,170,977	4,840,189	1,030,000	969,158	2.42
2009	17,490,831	907,877	11,691,337	6,707,371	1,065,000	938,258	3.35
2010	19,244,661	721,961	12,093,933	7,872,689	1,095,000	924,297	3.90

Water and Sewer State Revolving Loans

Fiscal Year	Gross Revenues (1)	Less: Operating Expenses (2)	Net Available For Debt Service	Debt Service Requirements (4)		Coverage
				Principal	Interest	
2001	\$ 10,927,894	\$ 6,314,436	\$ 4,613,458	\$ 438,476	\$ 218,368	7.02
2002	11,195,215	6,927,173	4,268,042	453,840	203,004	6.50
2003	12,330,291	7,197,024	5,133,267	1,189,621	354,057	3.33
2004	13,242,221	7,928,953	5,313,268	2,078,323	527,783	2.04
2005	14,283,596	8,346,553	5,937,043	2,114,409	491,697	2.28
2006	15,876,810	11,385,610	4,491,200	1,544,670	452,834	2.25
2007	16,874,390	11,573,187	5,301,203	1,455,791	572,969	2.61
2008	17,105,148	13,170,977	3,934,171	1,844,249	792,010	1.49
2009	17,490,831	11,691,337	5,799,494	1,796,473	789,846	2.24
2010	19,244,661	12,093,933	7,150,728	1,851,177	716,019	2.79

- (1) Gross revenues from water and sewer charges for services, plus interest income and service charges
- (2) Total operating expenses exclusive of depreciation, amortization of intangibles and non-recurring costs
- (3) Includes principal and interest of revenue bonds only. Does not include debt defeasance transactions
- (4) Includes principal and interest only.
- (5) Does not include pledged public service taxes which are allowable revenues to meet extended covenant requirements.
- (6) There is no provision in bonds for covenant coverage
- (7) No more than 14.00% of debt service can be paid from Water System Development Charges and no more than 30.30% of debt service can be paid from Sewer System Development Charges

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

Source: City of Sanford Finance Department.

General Government
Special Facilities Revenue Bonds

Facilities Revenue	Debt Service Requirements (4)		Coverage (6)
	Principal	Interest	
\$ 46,096	\$ 75,000	\$ 95,900	NA
68,398	80,000	91,560	NA
58,962	85,000	86,940	NA
62,298	90,000	79,040	NA
67,929	95,000	73,860	NA
54,948	100,000	71,400	NA
48,551	110,000	65,710	NA
67,256	115,000	59,064	NA
71,347	1,000,000	51,682	NA
-	-	-	-

Proprietary Funds

Stormwater Revenue Bonds

Stormwater Revenues	Less: Operating Expenses (2)	Net Available For Debt Service	Debt Service Requirements (4)		Coverage
			Principal	Interest	
\$ 1,601,407	\$ 818,105	\$ 783,302	\$ 253,978	\$ 143,910	4.02
1,627,406	886,413	740,993	265,406	132,482	4.09
1,864,213	1,022,655	841,558	277,348	120,540	4.69
2,224,518	1,086,224	1,138,294	289,827	108,061	5.59
2,308,855	1,310,723	998,132	302,768	95,120	5.80
3,198,778	1,060,592	2,138,186	316,391	81,947	8.03
2,959,982	1,444,894	1,515,088	330,627	68,557	7.42
3,035,556	1,863,121	1,172,435	344,270	53,618	7.63
3,249,301	1,259,700	1,989,601	360,043	62,662	7.69
3,800,074	1,574,814	2,225,260	376,471	8,468	9.87

Stormwater State Revolving Loans

Stormwater Revenues	Less: Operating Expenses (2)	Net Available For Debt Service	Debt Service Requirements (4)		Coverage
			Principal	Interest	
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 3,035,556	\$ 1,863,121	\$ 1,172,435	\$ 132,120	\$ 122,937	11.90
3,249,301	1,259,700	1,989,601	183,184	121,393	10.67
3,800,074	1,574,814	2,225,260	188,215	116,361	12.48

**Schedule 12
CITY OF SANFORD, FLORIDA**

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population (1)	Per Capita Personal Income (2)	Personal Income (2)	Public School Enrollment (3)	Unemployment Rate (4)
2001	40,435	32,050	1,295,941,750	10,782	3.6%
2002	43,251	32,750	1,416,470,250	11,957	5.9%
2003	44,549	33,670	1,499,964,830	12,450	5.1%
2004	46,078	35,716	1,645,721,848	13,326	3.8%
2005	49,252	36,898	1,817,300,296	14,060	3.6%
2006	51,227	37,033	1,897,089,491	13,693	3.3%
2007	53,099	39,998	2,123,853,802	12,966	3.1%
2008	54,306	38,030	2,065,257,180	11,080	4.7%
2009	53,816	38,591	2,076,807,874	12,969	9.0%
2010	53,392	39,092	2,087,202,200	13,139	11.8%

Source:

- (1) Office of Economic and Demographic Research
Florida Population Estimates for Counties and Municipalities - April 1, 2010
- (2) U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System
The actual per capita personal income is for Seminole County. The per capita figures are multiplied by the population to determine the total personal income. The 2005 figures were estimated by using an average growth of \$1,182 annually from 1997. The 2006 and 2007 per capita personal income figures use the median household income for the city of Sanford provided by the Metro Orlando Economic Development Commission. The 2008, 2009 and 2010 per capita personal income figures use the Florida per capita personal income, history and forecast provided by the Office of Economic and Demographic Research.
- (3) Seminole County School Board - school year ending June of fiscal year
- (4) Florida Research and Economic Database
Labor Force Data
Fiscal Year 2007-2008 average unemployment rate (October - September) - Seminole County
Fiscal Year 2009/10 - U.S. Bureau of Labor Statistics Local Area Unemployment Statistics Information and Analysis
Fiscal Year 2009 average unemployment rate (October - September) - Seminole County
Fiscal Year 2010 average unemployment rate (October - September) - Orlando-Kissimmee-Sanford, FL MSA

**Schedule 13
CITY OF SANFORD, FLORIDA**

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

<u>Employer</u>	<u>Fiscal Year 2009 / 2010</u>		<u>Fiscal Year 2000 / 2001</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Seminole County Public Schools**	1,582	1	*	*
Seminole State College	1,388	2	*	*
Seminole County Government	1,287	3	*	*
Central Florida Regional Hospital	944	4	*	*
Wal-Mart Stores	781	5	*	*
City of Sanford	525	6	*	*
Orlando Sanford International Airport***	430	7	*	*
Florida Extruders	238	8	*	*
Wharton-Smith	120	9	*	*
CPH Engineers, Inc.	105	10	*	*
Total	<u>7,400</u>		<u>-</u>	

* Data not available

** SCPS Sanford Elementary, Middle, High School and the Education Support Center

*** Sanford Airport Authority (full and part-time), TBI, Alpha Retail, Hudson, SSP, Swissport, Quickflight, Preflight, MSA, Companies, vending companies and various rental car companies

Source: Seminole County School Board
Seminole County Economic Development
Seminole Community College (www.seminolestate.edu)
Wal-Mart Stores, Inc.
City of Sanford Financial Services Department
Sanford Airport Authority, Orlando Sanford International, Inc.
Metro Orlando Economic Development Commission



**Schedule 14
CITY OF SANFORD, FLORIDA**

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government:										
City Manager	*	5	5	3	3	6	8.5	9	7	10
Code Enforcement	*	-	-	5	5	9	8	6	8	10
City Clerk	*	3	2	2	2	3	3.5	3	3	3
Human Resources	*	4	3	2	2	4	5	5	4	4
Civil Service	*	1	1	-	-	-	-	-	-	-
Finance	*	17	16	16	16	17	16	14	20	20
Planning/Development	*	21	25	15	15	22	22.5	13	11	11.5
Public Safety:										
Police	*	135	135	140	140	147	155	153	145	153
Fire	*	70	67.5	67.5	67.5	69	78.2	94	90	90.2
Public Works	*	56	52	52	52	86	95	90	86	92
Utilities	*	95	94	91	91	97	102	100	99	100.5
Recreation	*	45	41	42	42	31.1	34.1	18	18	31.2
Total	*	452	441.5	435.5	435.5	491.1	527.8	505	491	525

* Data not available

Source: City of Sanford Budgets 2001-2008, 2010
City of Sanford Financial Services Department

**Schedule 15
CITY OF SANFORD, FLORIDA**

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

	2001	2002	2003	2004	2005
<u>Building Inspections</u>					
Building permits issued	3,403	2,723	7,233	5,901	6,879
Number of BEMP building inspections completed	*	*	*	*	*
Number of BEMP re-inspections	*	*	*	*	*
Number of total building construction plans reviewed	*	*	*	*	*
Number of BEMP building permits issued (residential and commercial)	*	*	*	*	*
<u>Law Enforcement</u>					
Physical arrests	*	*	*	*	*
DUI arrests	*	*	*	333	193
Traffic violations	*	*	*	*	8,127
Traffic crashes	*	*	*	1,894	1,862
Total calls received by agency	*	*	*	*	*
Dispatched calls requiring police service (based on calendar year figures)	79,569	73,840	70,094	79,322	89,083
<u>Fire</u>					
Emergency responses	*	8,670	8,091	8,681	8,813
Number of actual fires suppressed	*	270	262	214	180
Number of commercial building inspections	1,498	*	*	*	1,420
Number of school inspections	*	*	*	*	*
Number of investigations	47	*	*	*	34
<u>Planning & Engineering</u>					
Paved streets (miles)	148	149	154.38	157.33	163.13
Unpaved streets (miles)	*	*	*	*	*
<u>Public Works</u>					
Street resurfacing (miles)	*	*	*	*	*
Other street repairs (# of potholes, etc.)	78	78	70	87	101

* Data not available

**Data corrected for previous years.

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

Source: Various City Departments

2006	2007	2008	2009	2010
5,542	4,123	3,419	3,530	2,430
5,168	13,784	10,480	3,515**	2,991
8,014	2,190	1,793	514**	352
5,211	3,420	1,747	990	2,021
150	2,009	3,419	3,530	2430
3,285	6,751	3,258	3,516	3,040
167	234	127	102	107
7,808	7,387	6,419	5,306	4,428
1,686	1,837	1,595	1,352	1,261
111,089	121,411	100,235	127,471	72,482
96,198	95,598	89,339	96,712	85,281
8,690	8,952	8,929	8,632	8,480
268	234	241	265	58
1,153	1,630	1,022	2,178	1,363
17	17	17	19	14
42	37	47	31	23
156.12	156.12	156.12	156.35	156.61
2.10	2.10	2.10	2.10	2.10
1.85	2.85	3.95	3.25	4.30
115	133	162	150	119

**Schedule 16
CITY OF SANFORD, FLORIDA**

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

	2001	2002	2003	2004	2005
<u>Transportation</u>					
Miles of streets	165	149	149	157	163
<u>Public Safety</u>					
Number of Fire Stations	3	3	3	3	3
Number of Firefighters and Officers	61	67	69.5	69.5	72
Number of Police Stations	2	4	5	5	5
Number of Sworn Officers	108	111	108	116	114
<u>Municipal Water System</u>					
Number of Customers	12,276	12,445	13,574	13,867	16,256
Average Daily Consumption	6.8 MGD	6.8 MGD	6.1 MGD	6.6 MGD	6.6 MGD
Plant Capacity - All Plants	16.5 MGD	16.5 MGD	17.5 MGD	17.5 MGD	17.5 MGD
Deep Wells	16	18	20	20	20
Number of Fire Hydrants	942	907	1,008	1,008	1,008
<u>Municipal Sewer System</u>					
Number of Customers	11,370	11,952	12,641	12,461	14,856
Treatment Facility Capacity	7.3 MGD				
Annual Average Flow	4.346 MGD	5.47 MGD	6.5 MGD	6.5 MGD	7.6 MGD
<u>Municipal Stormwater System</u>					
Number of Customers	11,279	11,412	11,927	12,482	12,482
<u>Building Permits Issued</u>					
	3,403	2,723	7,233	5,901	6,879
<u>Recreation & Culture</u>					
Number of Regional Parks	1	1	1	1	1
Number of Neighborhood Parks	36	36	36	36	37
Park Area - #of acres	342	342	342	342	348
Number of Museums	1	1	1	1	1
Number of Books	3,556	3,556	3,556	3,556	3,621

* # of police stations include: (1) Public Safety Complex, (2) Remote location offices

Source: Various City Departments

2006	2007	2008	2009	2010
158.22	158.22	158.22	158.45	158.71
3	3	3	3	3
73	78	80	76	75
4	4	4	4	3*
126	125	137	125	125
16,861	17,684	16,781	15,443	15,625
7.31 MGD	7.498 MGD	7.180 MGD	7.31 MGD	6.971 MGD
17.5 MGD	14.688 MGD	14.688 MGD	14.688 MGD	14.688 MGD
20	19	19	19	19
1,200	1,207	1,207	1,271	1,352
12,850	13,882	14,093	12,843	12,574
7.3 MGD	9.3 MGD	9.3 MGD	9.3 MGD	9.3 MGD
5.7 MGD	6.12 MGD	7.57 MGD	6.438 MGD	6.334 MGD
13,530	13,688	13,842	13,260	12,982
5,542	4,123	3,419	3,530	2,430
1	1	1	1	1
37	37	38	36	36
348	348	350	350	350
1	1	1	1	1
3,621	3,630	3,630	3,630	3,630



COMPLIANCE SECTION:

This section contains the following subsections:

- INDEPENDENT AUDITORS' REPORT OF 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*
- INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE DEPARTMENT OF FINANCIAL SERVICES STATE PROJECTS COMPLIANCE SUPPLEMENT
- SCHEDULE OF FINDINGS AND QUESTIONED COSTS
- SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN
- SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
- NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
- INDEPENDENT AUDITORS' MANAGEMENT LETTER



**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***

The Honorable Mayor and
Members of the City Commission
City of Sanford, Florida

We have audited the financial statements of the governmental activities, the business-type activities, the City of Sanford Community Redevelopment Agency discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sanford, Florida (the "City"), as of and for the year ended September 30, 2010, and have issued our report thereon dated March 24, 2011. 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

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 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.

The Honorable Mayor and
Members of the City Commission
City of Sanford, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's 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. In connection with our audit, we noted no other 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.

Certified Public Accountants

Orlando, Florida
March 24, 2011



**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 MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE DEPARTMENT
OF FINANCIAL SERVICES STATE PROJECTS COMPLIANCE SUPPLEMENT**

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

Compliance

We have audited the compliance of the City of Sanford, 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 major state projects for the year ended September 30, 2010. The City's major federal programs and major 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.

The City's basic financial statements include the operations of the Sanford Airport Authority, a component unit of the City, which received \$5,691,497 in federal awards and \$2,793,609 in state financial assistance, which is not included in the schedule for the year ended September 30, 2010. Our audit, described below, did not include the operations of the Sanford Airport Authority, because the financial statement and compliance audit was performed by other auditors who have issued their own report.

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*; 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. Those standards, OMB Circular A-133, Chapter 69I-5, and Chapter 10.550, 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 major 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 on 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 major state projects identified in the accompanying schedule of findings and questioned costs for the year ended September 30, 2010.

The Honorable Mayor and
Members of the City Commission
City of Sanford, Florida

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 the requirements that could have a direct and material effect on a major federal program or state project in order 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, 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, 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.

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 or state project 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 or state project will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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, the City of Sanford Community Redevelopment Agency discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2010, and have issued our report thereon dated March 24, 2011. 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 State 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, City Commission, management, and specific legislative or regulatory bodies and is not intended to be, and should not be, used by anyone other than these specified parties.

Moore Stephens Lovelace, P.A.

Certified Public Accountants

Orlando, Florida
March 24, 2011

CITY OF SANFORD, FLORIDA
Schedule of Findings and Questioned Costs
For The Year Ended September 30, 2010

SECTION I - SUMMARY OF INDEPENDENT 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? ___ Yes X None reported
- Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major programs:

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

Type of report issued on compliance for major federal programs:

Unqualified Opinion

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ___ Yes X No

Identification of Major Federal Programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
16.803	ARRA – Edward Byrne JAG Program
66.458	State Revolving Fund Loan
66.458	ARRA – State Revolving Fund Loan
81.128	ARRA – Energy Efficiency and Conservation Block Grant
93.568	Low Income Home Energy Assistance Program (LIHEAP)

Dollar threshold used to distinguish between Type A and Type B programs: Federal \$300,000

Auditee qualified as low-risk auditee? X Yes ___ No

CITY OF SANFORD, FLORIDA
Schedule of Findings and Questioned Costs *(Continued)*
For The Year Ended September 30, 2010

SECTION II - FINANCIAL STATEMENT FINDINGS

None Reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

None Reported.

SECTION IV - PRIOR-YEAR AUDIT FINDINGS

None Reported.

City of Sanford, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended September 30, 2010

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Grant Number / Pass Through Grantor's Number	Reimbursable Expenditures
U.S. Department of Agriculture			
Farmers' Market Promotion Program	10.168	12-25-G-0925	11,687
Passed through Florida Department of Education: Summer Food Service Program	10.559	04-0720	5,709
Total Department of Agriculture			<u>17,397</u>
U.S. Department of Housing and Urban Development			
Community Development Block Grant	14.218	B-10-MC-12-0057	71,559
Passed through Seminole County: Community Development Block Grant - Georgetown Community	14.218	0	34,250
Total Department of Housing and Urban Development			<u>105,809</u>
U.S. Department of Justice			
DEA Officer Reimbursement	16.580	Officer Locher	15,895
Bulletproof Vest Grant - FY 2008	16.607		9,779
2007 Justice Assistance Grant Program	16.738	2007-DJ-BX-0273	29,636
BJA FY09 Edward Byrne Memorial Justice Assistance Grant Program: Local Solicitation	16.738	2009-DJ-BX-0560	27,152
Passed through the Florida Department of Law Enforcement: ARRA - Recovery Act Edward Byrne Memorial JAG	16.803	2010-ARRC-SEMI-6-W7-016	71,297
ARRA - Recovery Act Edward Byrne Memorial JAG	16.803	2010-ARRC-SEMI-5-W7-299	108,994
ARRA - FY 2009 Recovery Act JAG Program	16.804	2009-SB-B9-0716	36,110
Total Department of Justice			<u>298,863</u>
U.S. Department of Labor			
Youthbuild Program	17.274	YB-19111-09-60-A-12	221,012
Total Department of Department of Labor			<u>221,012</u>
U.S. Department of Environmental Protection Agency			
Passed through Florida Department of Environmental Protection: ARRA - State Revolving Fund Loan	66.458	SW586260	2,523,482
ARRA - State Revolving Fund Loan	66.458	WW590100	1,874,406
ARRA - State Revolving Fund Loan	66.458	DW590110	2,153,886
State Revolving Fund Loan	66.458	SW586261	95,661
Total Department of Environmental Protection Agency			<u>6,647,435</u>
U.S. Department of Energy			
ARRA - Energy Efficiency and Conservation Block Grant	81.128	DE-SC00003175	262,572
Total Department of Energy			<u>262,572</u>
U.S. Department of Health and Human Services			
Passed through Florida Department of Community Affairs: LIHEAP Low Income Home Energy Assistance Program	93.568	09EA-7K-06-69-02-028	316,475
LIHEAP Low Income Home Energy Assistance Program	93.568	10EA-8F-06-69-02-028	641,298
Passed through Florida Department of Children and Families: Haiti Earthquake Repatriation Efforts (HERE)	93.579	MKH02	80,451
Total Department of Health and Human Services			<u>1,038,224</u>
U.S. Department of Homeland Security			
Passed through Florida Division of Emergency Management: Tropical Storm Fay	97.036	08-FA-B9-06-69-00-561	96,553
Sanford Police Riverwalk Substation	97.036	05-PA-C5-06-69-02-684	112,897
Hazard Mitigation Grant Program	97.039	07HM-4@-04-06-69-02-064	1,007
Hazard Mitigation Grant Program	97.039	09HM-06-06-69-02-007	540,394
Total Department of Homeland Security			<u>750,851</u>
Total Expenditure of Federal Awards			<u><u>9,342,163</u></u>

(continued)

The notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

City of Sanford, Florida
 Schedule of Expenditures of Federal Awards and State Financial Assistance
 Year Ended September 30, 2010

State Grantor/Pass-Through Grantor Program Title	CSFA Number	Grant Number / Pass Through Grantor's Number	Reimbursable Expenditures
Florida Department of Environmental Protection			
Passed thru St. Johns River Water Management District: Mill Creek Reclaimed Water Storage Pond Project	37.022	SI370AA	13,218
Total Department of Environmental Protection			<u>13,218</u>
		Total Expenditure of State Awards	<u>13,218</u>

The notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

City of Sanford, Florida
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2010

Note 1 – Reporting Entity

For reporting entity purposes, the Schedule of Federal Awards and State Financial Assistance Projects include only the activities of the City of Sanford’s primary government and not the Airport Authority which is presented as a discretely presented component unit.

Note 2 – Summary of Significant Accounting Policies

The accounting policies and presentation of the Schedule of Expenditures of Federal Awards and State Financial Assistance are in accordance with accounting principles generally accepted in the United States of America as applicable to governmental organizations.

Note 3 – State Revolving Fund Loans

The City had the following loan balances outstanding at September 30, 2010. The loan balance is also included in the Federal expenditures presented in the Schedule of Expenditures of Federal Awards and State Financial Assistance.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Total Outstanding</u>
State Revolving Fund	66.458	SW586260	\$2,590,587
State Revolving Fund	66.458	WW590100	\$1,878,404
State Revolving Fund	66.458	DW590110	\$323,083
State Revolving Fund	66.458	SW586261	\$95,661





INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable Mayor and
Members of the City Commission
City of Sanford, Florida

We have audited the financial statements of the City of Sanford, Florida (the "City"), as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated March 24, 2011.

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*. 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 Applicable to Each Major Federal Award Program and Major State Project and on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 24, 2011, 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. We did not have any such findings and recommendations 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 had the following recommendation:

2010-01 – Information Technology Assessment

Observation

During our audit of the City's financial statements, we performed an assessment of the City's Information Technology ("IT") operations and controls. During this assessment, we noted several areas which could improve the City's IT processes. These findings did not disclose any significant deficiencies or material weaknesses related to financial accounting and reporting. The following areas for improvement noted during our assessment are provided here for your consideration: physical security controls, end-user security controls, network security controls, IT policies and procedures, data backup controls, and business continuity/disaster recovery programs. Specific details of these observations are not disclosed in this report to avoid the possibility of compromising City information. However, appropriate City personnel have been notified of our specific findings.

Criteria

To ensure proper financial accounting and reporting, security of financial information, as well as operational effectiveness, appropriate IT controls should be implemented, maintained, and updated, as necessary, to keep pace with the constantly changing technology environment.

Recommendation

We recommend that the City evaluate the IT issues noted above and implement cost-effective procedures to ensure the continued security of the City's IT environment.

Management Response

While the City is satisfied with our current security, we agree that improvements can always be made. The City will explore alternatives to tighten security in regards to VPN usage. Relocation of the backup server is underway as well as the establishment of redundant networks using VMware for disaster recovery purposes. Some tighter physical controls have already been implemented, and the process of written procedures will be an ongoing task.

- 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 an effect on the 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 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.

The Honorable Mayor and
Members of the City Commission
City of Sanford, Florida

- 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, 2010, 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, 2010. 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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Mayor, City Commission, management, and the State of Florida Auditor General and is not intended to be, and should not be, used by anyone other than these specified parties.

Moore Stephens Lovelace, P.A.

Certified Public Accountants

Orlando, Florida
March 24, 2011

