

City of Sanford, Florida
Comprehensive Annual Financial Report



For the fiscal year ended September 30, 2008



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SANFORD
FLORIDA
—1877—

CITY OF SANFORD, FLORIDA

Comprehensive Annual Financial Report

For the fiscal year ended

September 30, 2008

(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, 2008

Contents

	<u>Page</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	i
Organizational Chart.....	vii
Principal Officials	viii
Certificate of Achievement for Excellence in Financial Reporting.....	ix
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 Funds	20
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 Funds.....	23
Statement of Cash Flows – Proprietary Funds.....	24

FINANCIAL SECTION: (Continued)

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.....	73
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – Second Generation Sales Tax Special Revenue Fund	74
Schedule of Funding Progress – Defined-Benefit Pension Trust Funds.....	75
Schedule of Contributions from the Employer and other Contributing Entities – Defined-Benefit Pension Trust Funds	75
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	80
Budgetary Comparison Schedule – Recreation Impact Fees Special Revenue Fund	82
Budgetary Comparison Schedule – Fire Impact Fees Fees Special Revenue Fund	83
Budgetary Comparison Schedule – Local Option Gas Tax Special Revenue Fund.....	84
Budgetary Comparison Schedule – State Law Enforcement Special Revenue Fund.....	85
Budgetary Comparison Schedule – Police Impact Fees Special Revenue Fund.....	86
Budgetary Comparison Schedule – Building Inspection Special Revenue Fund.....	87
Budgetary Comparison Schedule – Cemetery Special Revenue Fund	88

FINANCIAL SECTION: (Continued)

Budgetary Comparison Schedule – LIHEAP Special Revenue Fund	89
Budgetary Comparison Schedule –Police Education Special Revenue Fund.....	90
Budgetary Comparison Schedule – Debt Service Fund.....	91

STATISTICAL SECTION:

Schedule 1	Net Assets by Component – Last Five Fiscal Years.....	94
Schedule 2	Changes in Net Assets – Last Five Fiscal Years.....	95
Schedule 3	Fund Balances, Governmental Funds – Last Ten Fiscal Years.....	97
Schedule 4	Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years.....	98
Schedule 5	Assessed and Actual Value of Taxable Property – Last Ten Fiscal Years.....	100
Schedule 6	Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years.....	101
Schedule 7	Principal Property Taxpayers – Current Year and Nine Years Ago.....	102
Schedule 8	Property Tax Levies and Collections – Last Ten Fiscal Years.....	103
Schedule 9	Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	104
Schedule 10	Computation of Direct and Overlapping Debt – General Obligation Bonds.....	105
Schedule 11	Pledged Revenue Coverage – Last Ten Fiscal Years	106
Schedule 12	Demographic and Economic Statistics – Last Ten Fiscal Years.....	108
Schedule 13	Principal Employers – Current Year and Nine Years Ago.....	109

STATISTICAL SECTION: (Continued)

Schedule 14 Full-time Equivalent City Government Employees by
Function/Program – Last Ten Fiscal Years 111

Schedule 15 Operating Indicators by Function/Program –
Last Ten Fiscal Years..... 112

Schedule 16 Capital Asset Statistics by Function/Program –
Last Ten Fiscal Years..... 114

COMPLIANCE SECTION:

Report of Independent Certified Public Accountants 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* 117

Report of Independent Certified Public Accountants 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 119

Schedule of Expenditures of Federal Awards..... 121

Schedule of Expenditures of State Financial Assistance 122

Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance..... 123

Schedule of Findings and Questioned Costs..... 124

Independent Auditor’s Management Letter 127



INTRODUCTORY SECTION:

This section contains the following subsections:

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

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FINANCE DEPARTMENT

March 27, 2009

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, 2008. 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 designated 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, 2008 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

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CITY COMMISSION

LINDA KUHN
MAYOR

ART WOODRUFF
DISTRICT 1

DR. VELMA H. WILLIAMS
DISTRICT 2, VICE MAYOR

RANDY JONES
DISTRICT 3

JACK T. BRIDGES
DISTRICT 4

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CITY MANAGER
ROBERT (SHERMAN) YEHL

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 Community 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.

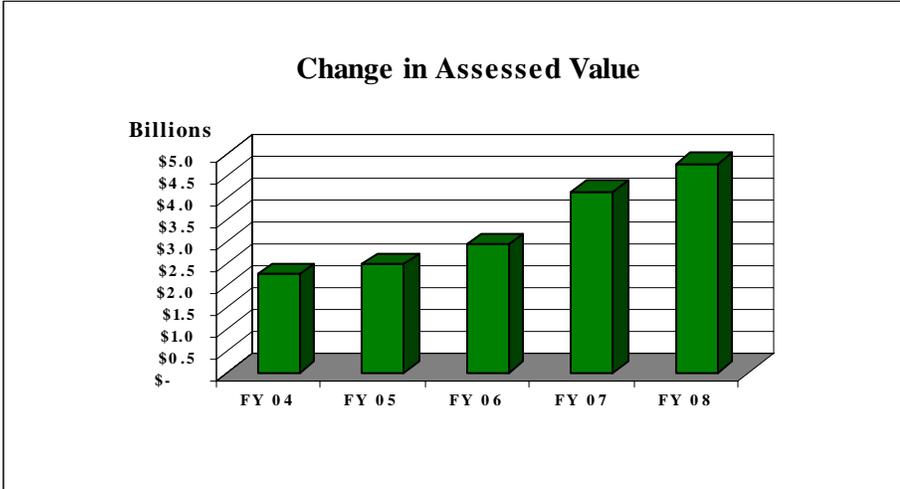
The City provides a full range of services. The City is also financially accountable for two legally separate component units: the Sanford Airport Authority and Community Redevelopment Agency, which are presented as discrete component units of the City. Additional information on these legally separate entities can be found in 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 \$2.3 billion in FY 2004 to over \$4.7 billion in FY 2008. This represents a change of almost 112% in value and indicates a strong commitment on the part of private development to Sanford’s future.



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 54,000, making it the largest city in Seminole County, as well as the 50th largest in the State of Florida and 24th in order of population change from 2000 to 2008. 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.

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:

- Construction of a new \$18M Public Safety Facility.
- Restoration of Ft. Mellon Park.
- Goldsboro Recreational Trail.
- Continued improvements to roads, sidewalks and drainage.
- Railroad crossing upgrades.
- City-wide stormwater drainage improvement project.
- Continued construction of the Reclaimed Water Augmentation Project.
- Continuation of the First Street Streetscape and intersection improvements.
- Traffic Calming projects.
- Renovation and expansion of the Westside Community Recreation Center.

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.

Cash Management Policies and Practices. Cash, other than that of pension trust funds, temporarily idle during the year, was primarily invested in The Reserve U.S. Government Fund. Total interest earned from the Reserve for all funds for the fiscal year was \$1,278,306 with interest rates ranging from 1.3% to 4.41% with an average rate of 2.57%. Total Reserve investments at September 30, 2008 were \$69,560,224 which included \$18,003,994 for the Public Safety Complex.

The Police Officers' Retirement Fund investments are managed by various investment managers who specialize in specific types of investments (e.g., fixed income, growth equities, income equities, and international equities). Salem Trust Company serves as custodian for the Police Officers' Retirement Fund. The Firefighters' Retirement Fund investments are managed by Trusco Capital Management with SunTrust serving as custodian. The Police Officers' investment portfolio includes mutual funds, domestic stocks, corporate bonds, U.S. Treasury Bonds, and international stocks with a combined market value of \$22,039,262, at September 30, 2008. The Firefighters' investment portfolio includes the same type instruments, with the exception of international stocks, with a combined market value of \$13,839,730, at September 30, 2008. The rate of return net of investment-related expenses for fiscal year 2008 was -15.6% for the Police Officers' Fund and -12.7% for the Firefighters' Fund.

Risk Management. The City added a Risk Management division in January, 2001. During this time frame, the City has enjoyed a steady decline in the number of workers' compensation claims.

In the current fiscal year, the City is self-insured for workers' compensation with a self-insured retention of \$200,000 per claim, but carries excess workers' compensation insurance coverage to cover any costs in excess of \$200,000 for any one claim. The self-insured program is administered by Johns Eastern Company, Inc.

The City's Health Insurance program is a self-insured program for the first \$100,000 per year per member, and carries an excess health insurance policy to cover claims costs in excess of \$100,000 per year. The plan is administered by Blue Cross Blue Shield of Florida.

All general liability, automobile liability, automobile physical damage and property insurance is fully insured through a division of the Florida League of Cities and each line of coverage has a \$25,000 deductible as opposed to a self-insured retention.

Pension and Other Post-employment Benefits. The City sponsors a single-employer, defined-benefit pension plan for its police officers and a single-employer, defined-benefit pension plan for its firefighters. Each year, an independent actuary engaged by the pension plans calculates the amount of the annual contribution that the City must make to each plan to ensure that the plans will be able to fully meet their obligations to retired employees on a timely basis. In accordance with state statutes and local ordinances, the City fully funds each year's annual required contribution to each pension plan, as determined by the actuary. In addition to the City's contribution, police officers and firefighters make a 5.1% and 7% contribution of salary, respectively. Further, the State of Florida contributes funds collected from insurance premium excise taxes.

The City also contributes to the Florida Retirement System (FRS), a multiple-employer, cost-sharing pension plan administered by the State of Florida, for the City's authorized permanent, full-time and part-time employees other than police officers and firefighters. The Airport Authority also participates in the FRS. The City has no obligation in connection with employee benefits offered through this plan beyond its annual required payment to the FRS.

The City also provides postretirement health and life insurance benefits for certain retirees. As of the end of the current fiscal year, there were 67 retired employees receiving health benefits and 125 receiving life insurance benefits, both of which are financed on a pay-as-you-go basis. Additional information on the City's pension arrangements and postemployment benefits can be found in the notes to the financial statements.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended September 30, 2007. This was the 19th 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. Special thanks are in order for Ms. Cynthia Lindsay, Finance Manager, for her tireless efforts in this regard. 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,

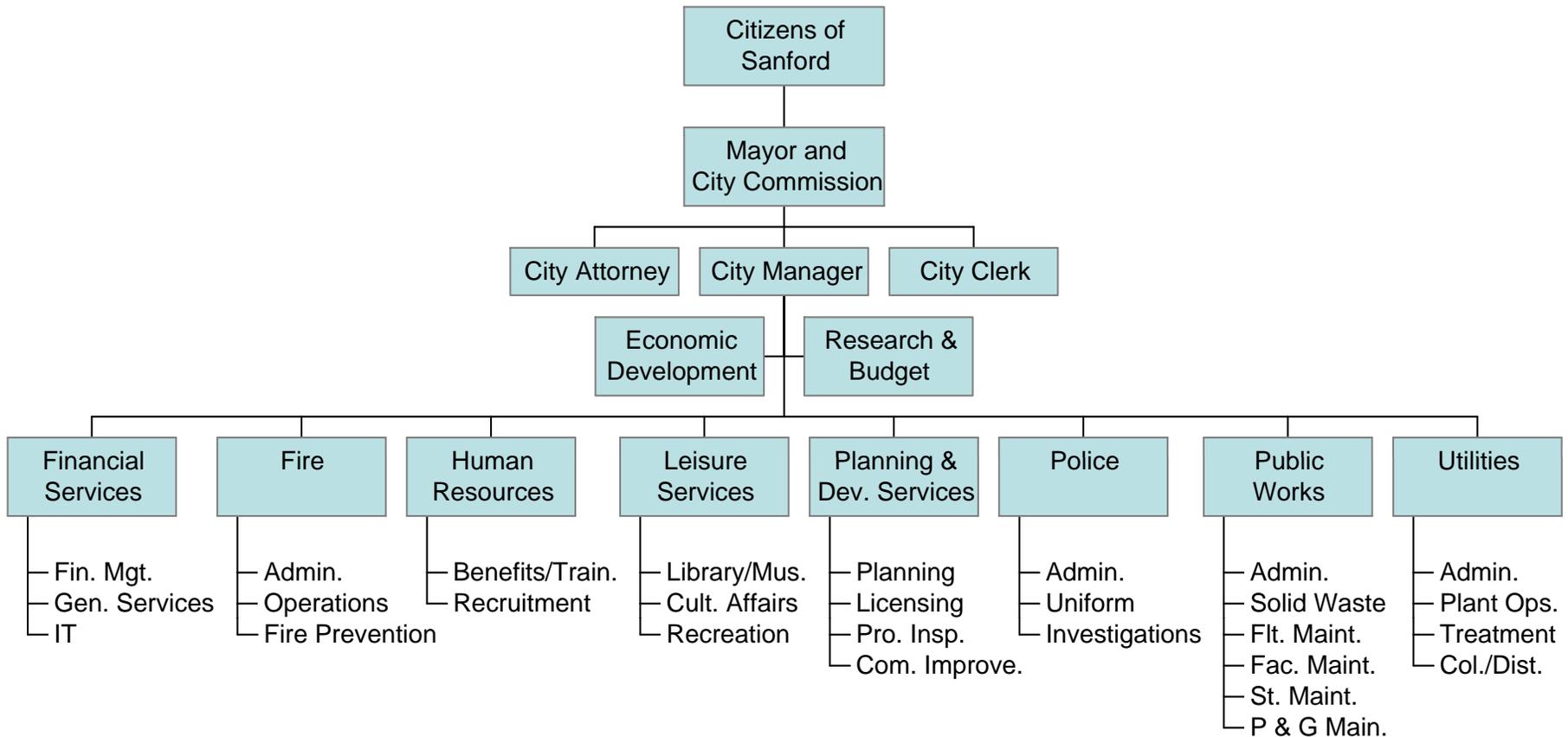


Robert (Sherman) Yehl
City Manager



James A. Poulalion, CGFO
Director of Finance

City of Sanford Organization Chart



SANFORD
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CITY OF SANFORD, FLORIDA

PRINCIPAL OFFICIALS

Year Ended September 30, 2008

MAYOR

Linda Kuhn

COMMISSIONERS

Art Woodruff

Velma H. Williams, Ph.D

Randy Jones

Jack Bridges

STAFF

Robert (Sherman) Yelh, City Manager

Kristi Aday, Deputy City Manager

Jim Poulalion, Director of Finance

Janet R. Dougherty, City Clerk

Robert Tunis, Director of Economic Development

Amy McLean, Director of Budget

Russell L. Gibson, Director of Planning & Development Services

Fred Fosson, Director of Human Resources

William M. Kirby, Director of Leisure Services

Thomas J. George, Director of Public Works

Paul Moore, Director of Utilities

Brian F. Tooley, Police Chief

Gerard T. Ransom, Fire Chief

SANFORD
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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, 2007

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
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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

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sanford, Florida (the "City"), as of and for the year ended September 30, 2008, 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 opinion, insofar as it relates to the amounts included for the Airport, is 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2008, 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 27, 2009, 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 is important for assessing the results of our audit.

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

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
(Concluded)

The management's discussion and analysis and the required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 basic financial statements. We subjected the other supplementary information section to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken 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 express no opinion on them.

Moore Stephens Lovelace, P.A.

Certified Public Accountants

Orlando, Florida
March 27, 2009

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 vi and the City's financial statements beginning on page 14.

Financial Highlights

- At the close of fiscal year 2008, the City's assets exceeded its liabilities by \$242,547,732 (net assets). Of this amount, \$20,211,364 (unrestricted net assets) may be utilized to meet the City's ongoing obligations to citizens and creditors.
- During fiscal year 2008, the City's total net assets increased by \$5,642,119 (or 2.38%).
- At the close of fiscal year 2008, the City's governmental funds reported combined ending fund balances of \$49,696,223, an increase of \$19,426,206 in comparison with the prior year. This increase is attributable to the issuance of debt of \$18,000,000 for the construction of the public safety complex and an increase of \$1,365,395 from second generation sales tax revenue. Approximately 13% or \$6,503,811 of the total amount is unreserved fund balance and is available for spending at the City's discretion. See page 18 for further details.
- The City of Sanford's total debt increased by \$17,958,447 during the current fiscal year. The key factors in this increase were \$18,000,000 in notes issued for capital improvements, a new lease totaling \$300,000, and an increase in the principal of the state revolving loans of \$3,151,768. These increases were offset with bond principal payments of (\$1,489,271), principal payment on the state revolving loan of (\$1,944,115), and capital lease payment of (\$59,935).

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 of Sanford'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 16 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, Second Generation Sales Tax Special Revenue Fund, Capital Projects Fund, and the Public Safety Complex Fund, all of which are considered to be major funds. Data from the other 12 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. Budgetary comparison statements 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 28-69 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. Combining and individual fund statements and schedules can be found on pages 73-91 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 \$242,547,732.

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	
	2007	2008	2007	2008	2007	2008
Current assets	\$ 38,038,808	\$ 44,357,276	\$ 9,923,941	\$ 12,910,248	\$ 47,962,749	\$ 57,267,524
Restricted assets	-	17,024,433	13,829,168	9,073,096	13,829,168	26,097,529
Deferred charges	-	94,370	-	-	-	94,370
Net pension obligation	32,439	-	-	-	32,439	-
Capital assets	101,796,175	101,382,864	141,373,893	147,049,401	243,170,068	248,432,265
Total assets	<u>139,867,422</u>	<u>162,858,943</u>	<u>165,127,002</u>	<u>169,032,745</u>	<u>304,994,424</u>	<u>331,891,688</u>
Current liabilities	2,627,385	4,585,782	3,105,589	4,139,871	5,732,974	8,725,653
Long-term liabilities outstanding	7,377,711	25,632,867	54,978,126	54,985,436	62,355,837	80,618,303
Total liabilities	<u>10,005,096</u>	<u>30,218,649</u>	<u>58,083,715</u>	<u>59,125,307</u>	<u>68,088,811</u>	<u>89,343,956</u>
Net assets:						
Invested in capital assets, net of related debt	100,681,175	98,814,290	86,901,903	92,584,371	187,583,078	191,398,661
Restricted for capital improvement	-	26,429,771	200,965	-	200,965	26,429,771
Restricted for debt service	-	-	11,610,523	2,473,650	11,610,523	2,473,650
Restricted for other purposes	10,549,515	2,034,286	-	-	10,549,515	2,034,286
Unrestricted	<u>18,631,636</u>	<u>5,361,947</u>	<u>8,329,896</u>	<u>14,849,417</u>	<u>26,961,532</u>	<u>20,211,364</u>
Total net assets	<u>\$ 129,862,326</u>	<u>\$ 132,640,294</u>	<u>\$ 107,043,287</u>	<u>\$ 109,907,438</u>	<u>\$ 236,905,613</u>	<u>\$ 242,547,732</u>

The largest portion of the City's net assets (75%) 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.

\$30,937,707 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 (\$20,211,364) may be used to meet the City's ongoing obligations to citizens and creditors.

At September 30, 2008, 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.

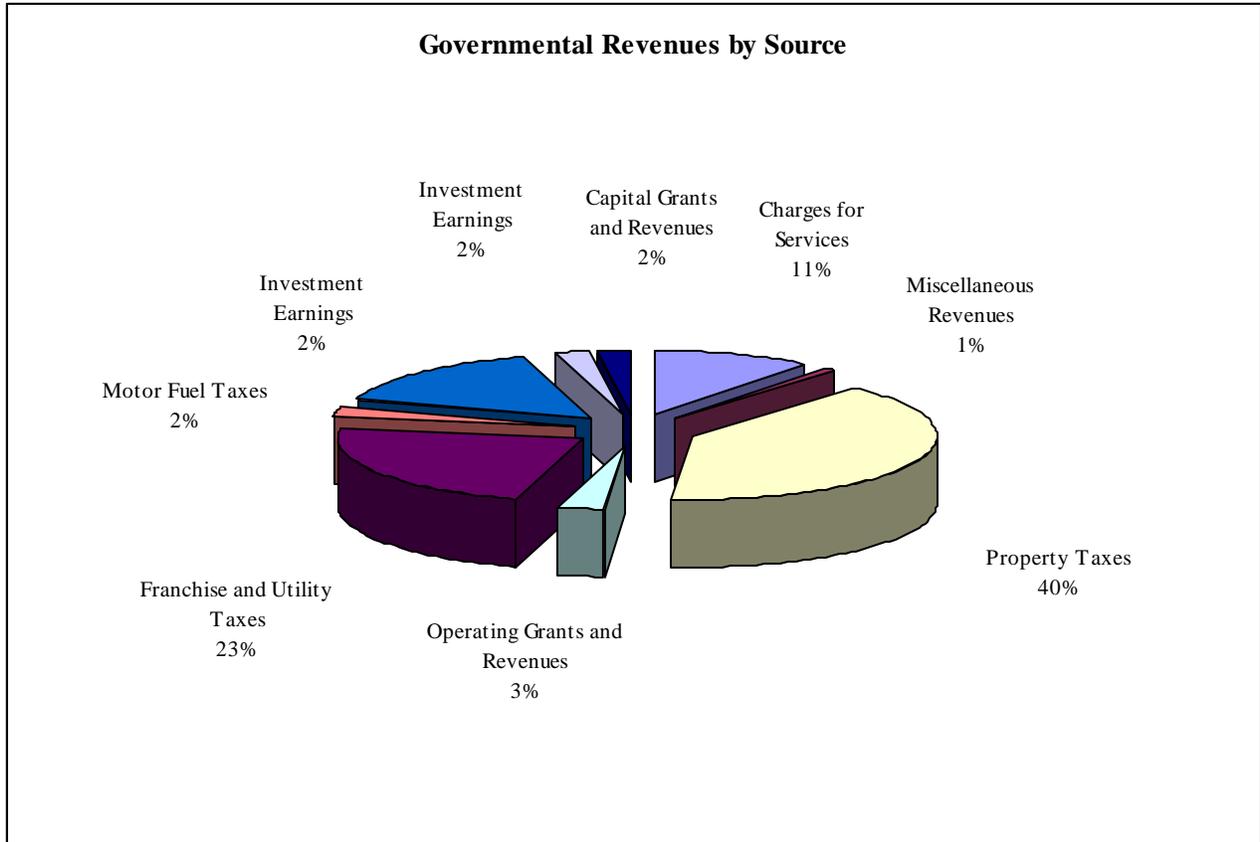
Statement of Activities

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.

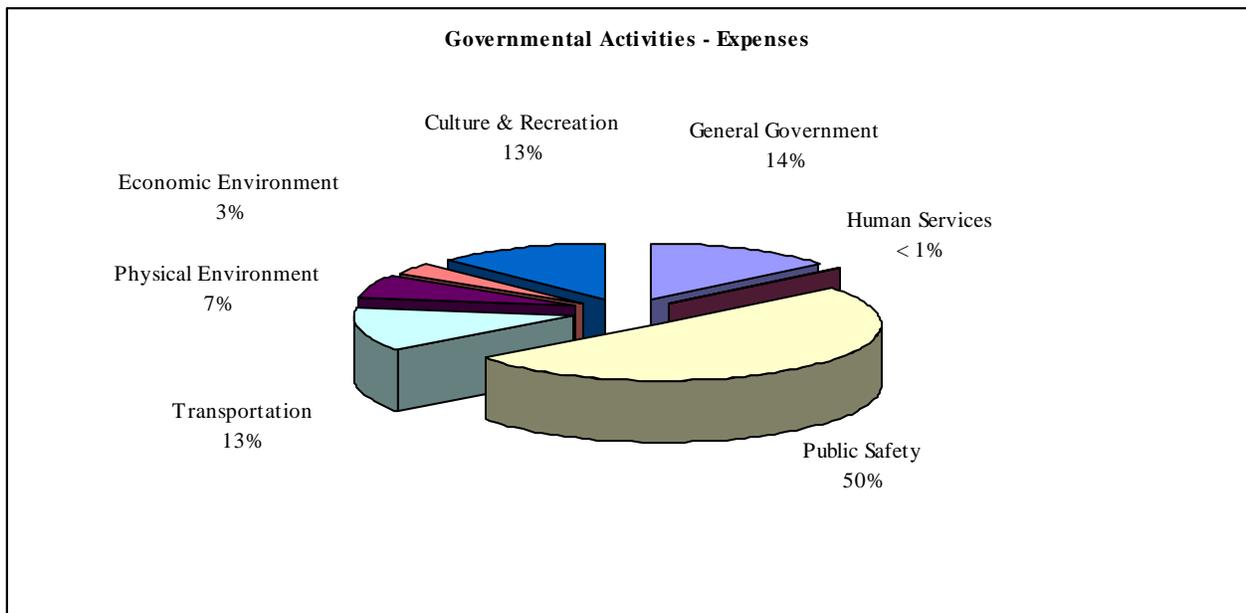
Changes in Net Assets						
As of September 30,						
	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
Revenues:						
Program revenues:						
Charges for services	\$ 5,295,527	\$ 5,081,431	\$ 23,087,895	\$ 25,156,444	\$ 28,383,422	\$ 30,237,875
Operating grants and contributions	1,458,443	1,459,759	274,131	-	1,732,574	1,459,759
Capital grants and contributions	1,216,520	1,099,907	4,150,753	3,393,087	5,367,273	4,492,994
General revenues:						
Property taxes	16,557,390	19,324,531	-	-	16,557,390	19,324,531
Other taxes	20,570,231	19,907,541	-	-	20,570,231	19,907,541
Other	975,244	1,520,908	1,123,267	667,161	2,098,511	2,188,069
Total revenues	<u>46,073,355</u>	<u>48,394,077</u>	<u>28,636,046</u>	<u>29,216,692</u>	<u>74,709,401</u>	<u>77,610,769</u>
Expenses:						
General government	5,720,248	6,268,244	-	-	5,720,248	6,268,244
Public safety	22,908,667	22,874,951	-	-	22,908,667	22,874,951
Transportation	7,997,701	5,747,832	-	-	7,997,701	5,747,832
Physical environment	861,595	3,087,782	-	-	861,595	3,087,782
Economic environment	788,772	1,354,312	-	-	788,772	1,354,312
Human services	259,576	145,369	-	-	259,576	145,369
Culture/recreation	7,756,633	5,779,359	-	-	7,756,633	5,779,359
Interest & other on long-term debt	65,313	358,260	-	-	65,313	358,260
Water and sewer	-	-	16,562,838	18,645,792	16,562,838	18,645,792
Stormwater	-	-	1,899,674	2,377,525	-	2,377,525
Solid Waste	-	-	4,518,884	5,329,224	4,518,884	5,329,224
Total expenses	<u>46,358,505</u>	<u>45,616,109</u>	<u>22,981,396</u>	<u>26,352,541</u>	<u>67,440,227</u>	<u>71,968,650</u>
Increase in net assets before transfers	(285,150)	2,777,968	5,654,650	2,864,151	5,369,500	5,642,119
Transfers	(702,349)	-	702,349	-	-	-
Increase in net assets	(987,499)	2,777,968	6,356,999	2,864,151	5,369,500	5,642,119
Net assets - Beginning of year	59,456,340	129,862,326	100,686,288	107,043,287	160,142,628	236,905,613
Restatement	71,393,485	-	-	-	71,393,485	-
Net assets - End of year	<u>\$ 129,862,326</u>	<u>\$ 132,640,294</u>	<u>\$ 107,043,287</u>	<u>\$ 109,907,438</u>	<u>\$ 236,905,613</u>	<u>\$ 242,547,732</u>

Governmental activities

Governmental activities increased the City's net assets by \$2,777,968, thereby accounting for 49% of the total increase in the net assets of the City.



Property taxes, which comprised 40% of the City’s revenues, increased by \$2,767,141. This was attributable to growth in the City’s population and thus a tax base increase. The decrease in other taxes and charges for services was due primarily to the negative economic conditions facing most of the country.

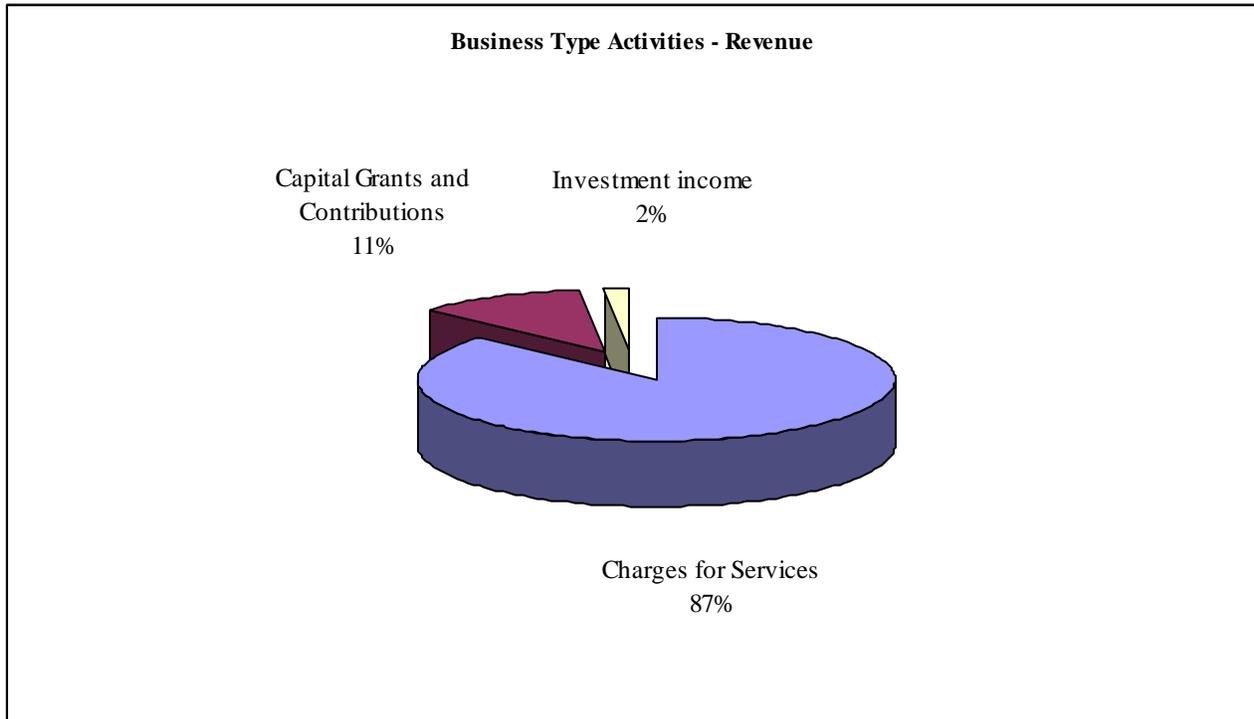


Overall, general government expenses decreased slightly this year. Total expenses were \$45,616,109 compared to \$46,358,505 the prior fiscal year. Public safety expenses of \$22,874,951 comprised 50% of the total governmental activities expenses.

Business-type activities

Business-type activities increased the City’s net assets by \$2,864,151, thereby accounting for 51% of the total growth in the City’s net assets.

Charges for services of \$25,156,444 increased over the prior-year total of \$23,087,895, or more than 8.9% percent. This was due to the continued growth of our population and rate increases.



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, 2008, the City’s governmental funds reported combined ending fund balances of \$49,696,223, an increase of \$19,426,206 in comparison with the prior year. Approximately 13% of this total amount, \$6,503,811, constitutes unreserved and undesignated fund balance, which is available for spending at the City’s discretion. \$7,320,779 is designated for economic uncertainties and \$367,620 for equipment replacement. The remainder of fund balance, \$35,504,013, is reserved to indicate that it is not available for new spending because it has already been committed for capital projects, debt service payments, encumbrances and other commitments.

The General Fund is the chief operating fund of the City. At September 30, 2008, the unreserved and undesignated fund balance of the General Fund was \$2,901,020, while the total fund balance was \$11,754,647. As a measure of the General Fund’s liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 7.8% of total General Fund expenditures, while total fund balance represents 31.7% of that same amount.

The fund balance of the City's General Fund decreased by \$6,879,753 during the current fiscal year, primarily due to a decrease in revenue and an increase in transfers to other funds of \$4,129,436 from the prior year.

The Second Generation Sales Tax Fund has a total fund balance of \$8,702,100 and a net increase in fund balance of \$1,365,395, all of which is attributable to the recognition of revenue over expenditures.

The Capital Projects Fund has a total fund balance of \$5,827,280, all of which is reserved for encumbrances and capital projects. The net increase in fund balance during the current year of \$5,398,514 includes interfund transfers-in of \$7,040,618.

The new Public Safety Complex Fund has a total fund balance of \$20,325,104, all of which is reserved 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 total fund balance of all the nonmajor governmental funds is \$3,087,092. The net decrease of \$783,054 is primarily due to the use of recreation impact fees to pay for recreational capital projects.

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, 2008 amounted to \$9,784,385, the Stormwater Utility Fund amounted to \$4,311,980, and the Solidwaste Fund amounted to \$753,052. The total growth in net assets for all three funds was \$1,836,362, \$673,842 and \$353,677, respectively. Key elements of these increases were due to developer contributions to the Water and Sewer Utility Fund of \$605,371 and capital contribution grants totaling \$2,298,105.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget (\$245,261 increase in revenues and \$3,760,800 increase in appropriations) can be briefly summarized as follows:

Revenues:

- Increase in grant revenues (\$55,500).
- Increase in contribution revenues (\$15,496).
- Increase in sale of assets (\$38,640).
- Increase in tree mitigation revenues (\$135,625).

Expenditures:

- Transfers of \$993,981 to the Capital Projects Fund, \$2,825,765 to the Public Safety Complex Fund, \$65,489 to the Replacement Fund, \$20,000 to the LIHEAP Fund, and an increase in departmental operating budgets of \$259,210, an increase in capital outlay of \$329,409, an increase for costs associated with retiree medical insurance benefits of \$498,392, an increase associated with costs of the City's gasification plant of \$801,262, an increase in aid to private organizations of \$14,513, and these increases were offset with decreases of \$350,000 in transfers to the Internal Service Fund and \$1,697,221 in transfers to the Debt Service Fund.

Of the increases in expenditures, \$245,261 was offset by increased revenues. The remaining increased the use of reserve for contingencies by \$3,515,539.

Differences between the final amended budget and the actual (\$1,890,512 decrease in revenues and \$3,016,121 decrease in expenditures) can be briefly summarized as follows:

Revenues:

- Actual year-end revenues were under budget by 4.6%. The negative variance was attributed primarily to franchise and utility taxes (\$562,440), fines and forfeitures (\$190,546), licenses and permits (\$90,187), ½ cent sales tax (\$528,310), revenue sharing (\$250,401) and interest (\$923,877).
- The negative variances were offset by an increase in charges for services of \$633,284 from ambulance transport fees (\$108,850), an increase in recreation fees (\$127,242), and an increase in public safety fees of (\$197,798).

Expenditures:

- The most significant portion of the under-spending, \$1,223,157, was attributed to the positive variance in departmental salary accounts because of turnover, the lag time for filling new and vacant positions and the hiring freeze placed in effect during the year. The most prevalent areas for this savings were in the fire and police departments. The remainder of the variance, \$1,792,964, 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, 2008, amounts to \$248,432,265 (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 \$5,262,197 (a 0.41% decrease for governmental activities and a 3.86% increase for business-type activities).

The increase in capital assets is mainly attributable to the following major capital projects beginning or continuing during the current fiscal year: “Actiflow” Pretreatment project, inflow/infiltration rehabilitation system, sludge treatment, and water line replacements.

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

	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
Land	\$ 3,306,261	\$ 3,734,254	\$ 6,576,615	\$ 6,576,615	\$ 9,882,876	\$ 10,310,869
Buildings and improvements	27,124,339	24,497,804	5,579,387	26,899,981	32,703,726	51,397,785
Water/sewer transmission lines and facilities	-	-	88,543,511	85,602,000	88,543,511	85,602,000
Stormwater Mgt System	-	-	11,247,378	10,213,323	11,247,378	10,213,323
Machinery and equipment	6,516,195	7,344,673	3,844,131	5,018,545	10,360,326	12,363,218
Infrastructure	63,128,778	61,976,045	-	-	63,128,778	61,976,045
Irrigation rights	-	-	777,000	688,200	777,000	688,200
Construction in progress	1,720,602	3,830,088	24,805,871	12,050,737	26,526,473	15,880,825
Total	\$ 101,796,175	\$ 101,382,864	\$ 141,373,893	\$ 147,049,401	\$ 243,170,068	\$ 248,432,265

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, 2008, the City had \$41,968,077 in bonded debt outstanding. Of this amount, \$19,000,000 related to Revenue Bonds, \$928,077 related to Stormwater Revenue Bonds, and \$22,040,000 related to Utility Revenue Bonds. In addition, the City had \$32,712,870 related to the State Revolving Fund Loan, \$1,724,848 related to the City’s landfill and gas plant, \$2,201,364 related to claims associated with risk management, and \$240,065 related to capital leases on equipment. Total debt issued increased by \$21,451,768 due to the capital lease of a telephone system \$300,000, issuance of \$18,000,000 in revenue bonds, and state revolving loan proceeds of \$3,151,768.

These increases were offset by a reduction in principal outstanding of \$1,489,271 in annual principal payments for the five outstanding bond issues, \$59,935 in principal payments for the capital lease, and principal payments totaling \$1,944,115 on the state revolving loan.

Long Term Debt
As of September 30,

	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
Special Facilities Revenue Bonds 2000	\$ 1,115,000	\$ 1,000,000	\$ -	\$ -	\$ 1,115,000	\$ 1,000,000
Sales Tax Revenue Bond 2008	-	18,000,000	-	-	-	18,000,000
Utility Revenue Bonds 1993	-	-	14,510,000	14,510,000	14,510,000	14,510,000
Utility Revenue Refunding Bond 2003	-	-	8,560,000	7,530,000	8,560,000	7,530,000
Stormwater Revenue Bonds 1998	-	-	1,272,348	928,077	1,272,348	928,077
Claims payable	2,055,642	2,201,364	-	-	2,055,642	2,201,364
Accrued clean-up and long-term care costs	2,255,432	1,724,848	-	-	2,255,432	1,724,848
State Revolving Loans	-	-	31,505,217	32,712,870	31,505,217	32,712,870
Capital Leases	-	240,065	-	-	-	240,065
Total	\$ 5,426,074	\$ 23,166,277	\$ 55,847,565	\$ 55,680,947	\$ 61,273,639	\$ 78,847,224

Additional information on the City’s long-term liabilities can be found in Notes 7 and 8 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 2009 budget. Included was an estimated 4.7% decrease in projected revenues from property taxes due to the City Commission’s desire to maintain the millage rate at 6.325 mils. This shortfall is offset by the use of \$1.3 million in reserves. There was also a budgeted increase for utility taxes of \$532,911, charges for services of \$137,830, and a projected decrease of licenses and permits of (\$14,200), intergovernmental revenue of (\$1,445,675), fines and forfeitures of (\$117,000), and miscellaneous revenue of (\$21,210). The City’s budget included a reduction of 16 vacant positions, 5 of which were newly funded police officer positions.

As for the enterprise funds, the City implemented a rate increase for its Water and Sewer Fund in April 2008. The adopted rate structure includes an annual indexing each October 1st based on that year’s CPI index from July.

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, 2008

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Sanford CRA	Airport Authority
Assets					
Current assets:					
Cash and cash equivalents	\$ 33,767,648	\$ 8,185,550	\$ 41,953,198	\$ 2,171,091	\$ 1,587,564
Accounts receivable, net	1,180,574	2,912,465	4,093,039	-	300,698
Due from other governments	9,887,561	842,207	10,729,768	-	5,013,406
Internal balances	(968,000)	968,000	-	-	-
Inventories	171,299	2,026	173,325	-	-
Prepaid expenses	318,194	-	318,194	-	19,442
Total current assets	<u>44,357,276</u>	<u>12,910,248</u>	<u>57,267,524</u>	<u>2,171,091</u>	<u>6,921,110</u>
Noncurrent assets:					
Restricted assets					
Cash and cash equivalents	17,024,433	9,073,096	26,097,529	-	54,422
Deferred charges	94,370	-	94,370	-	-
Capital assets:					
Nondepreciable	7,564,342	18,627,352	26,191,694	306,564	22,544,287
Depreciable, net	<u>93,818,522</u>	<u>128,422,049</u>	<u>222,240,571</u>	<u>5,458,985</u>	<u>113,076,790</u>
Total noncurrent assets	<u>118,501,667</u>	<u>156,122,497</u>	<u>274,624,164</u>	<u>5,765,549</u>	<u>135,675,499</u>
Total assets and other debits	<u>\$ 162,858,943</u>	<u>\$ 169,032,745</u>	<u>\$ 331,891,688</u>	<u>\$ 7,936,640</u>	<u>\$ 142,596,609</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, 2008

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Sanford CRA	Airport Authority
Liabilities					
Current liabilities:					
Accounts payable	\$ 1,643,492	\$ 2,445,013	\$ 4,088,505	\$ 39,861	\$ 678,640
Accrued liabilities	938,933	437,633	1,376,566	50,793	238,336
Retainage payable	-	221,435	221,435	-	-
Net pension obligation	208,923	-	208,923	-	-
Unearned revenue	1,517,451	151	1,517,602	-	414,773
Due to other governments	276,983	1,434	278,417	6,314	-
Liabilities payable from restricted assets	-	1,034,205	1,034,205	-	-
Total current liabilities	<u>4,585,782</u>	<u>4,139,871</u>	<u>8,725,653</u>	<u>96,968</u>	<u>1,331,749</u>
Noncurrent liabilities:					
Due within one year:					
Landfill closure liability	10,118	-	10,118	-	-
Capital lease payable	55,997	-	55,997	-	-
Bonds payable	1,590,000	1,425,043	3,015,043	695,000	-
Claims payable	330,700	-	330,700	-	-
Loans payable	-	1,979,656	1,979,656	185,000	6,303,079
Compensated absences	929,129	175,330	1,104,459	-	-
Due in more than one year:					
Landfill closure liability	561,267	-	561,267	-	-
Gasification liability	1,153,463	-	1,153,463	-	-
Capital lease payable	184,068	-	184,068	-	-
Bonds payable	17,410,000	20,327,117	37,737,117	2,760,000	-
Claims payable	1,870,664	-	1,870,664	-	-
Loans payable	-	30,733,214	30,733,214	1,220,883	5,498,443
Compensated absences	1,537,461	345,076	1,882,537	-	-
Total noncurrent liabilities	<u>25,632,867</u>	<u>54,985,436</u>	<u>80,618,303</u>	<u>4,860,883</u>	<u>11,801,522</u>
Total liabilities	<u>30,218,649</u>	<u>59,125,307</u>	<u>89,343,956</u>	<u>4,957,851</u>	<u>13,133,271</u>
Net Assets					
Invested in capital assets, net of related debt	98,814,290	92,584,371	191,398,661	904,666	123,819,555
Restricted for:					
Capital projects	26,429,771	-	26,429,771	-	-
Debt service	-	2,473,650	2,473,650	-	-
Other purposes	2,034,286	-	2,034,286	-	54,422
Unrestricted	5,361,947	14,849,417	20,211,364	2,074,123	5,589,361
Total net assets	<u>132,640,294</u>	<u>109,907,438</u>	<u>242,547,732</u>	<u>2,978,789</u>	<u>129,463,338</u>
Total liabilities and net assets	<u>\$ 162,858,943</u>	<u>\$ 169,032,745</u>	<u>\$ 331,891,688</u>	<u>\$ 7,936,640</u>	<u>\$ 142,596,609</u>

CITY OF SANFORD, FLORIDA
Statement of Activities
For The Year Ended September 30, 2008

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Governmental Activities:				
General government	\$ 6,268,244	\$ 1,110,250	\$ 162,477	\$ 804,547
Public safety	22,874,951	3,311,697	707,355	22,500
Transportation	5,747,832	60,699	-	40,700
Physical environment	3,087,782	119,186	-	-
Economic environment	1,354,312	-	381,394	-
Human services	145,369	-	-	-
Culture/Recreation	5,779,359	479,599	208,533	232,160
Interest on long-term debt	358,260	-	-	-
Total governmental activities	<u>45,616,109</u>	<u>5,081,431</u>	<u>1,459,759</u>	<u>1,099,907</u>
Business-type Activities:				
Water and Sewer	18,645,792	16,586,036	-	3,377,276
Stormwater	2,377,525	2,902,358	-	15,811
Solid Waste	5,329,224	5,668,050	-	-
Total business-type activities	<u>26,352,541</u>	<u>25,156,444</u>	<u>-</u>	<u>3,393,087</u>
Total primary government	<u>\$ 71,968,650</u>	<u>\$ 30,237,875</u>	<u>\$ 1,459,759</u>	<u>\$ 4,492,994</u>
Component unit:				
Sanford CRA	\$ 900,272	\$ -	\$ -	\$ -
Airport Authority	14,986,363	10,985,126	1,740,000	11,155,633
Total component units	<u>\$ 15,886,635</u>	<u>\$ 10,985,126</u>	<u>\$ 1,740,000</u>	<u>\$ 11,155,633</u>

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

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Sanford CRA	Airport Authority
\$ (4,190,970)	\$ -	\$ (4,190,970)	\$ -	\$ -
(18,833,399)	-	(18,833,399)	-	-
(5,646,433)	-	(5,646,433)	-	-
(2,968,596)	-	(2,968,596)	-	-
(972,918)	-	(972,918)	-	-
(145,369)	-	(145,369)	-	-
(4,859,067)	-	(4,859,067)	-	-
(358,260)	-	(358,260)	-	-
<u>(37,975,012)</u>	<u>-</u>	<u>(37,975,012)</u>	<u>-</u>	<u>-</u>
-	1,317,520	1,317,520	-	-
-	540,644	540,644	-	-
-	338,826	338,826	-	-
-	2,196,990	2,196,990	-	-
(37,975,012)	2,196,990	(35,778,022)	-	-
			(900,272)	-
			-	8,894,396
			(900,272)	8,894,396
19,324,531	-	19,324,531	1,880,291	-
11,183,318	-	11,183,318	-	-
1,062,394	12,584	1,074,978	-	-
7,661,829	-	7,661,829	-	-
1,105,532	480,988	1,586,520	71,281	128,091
328,900	173,589	502,489	323,113	1,522,844
86,476	-	86,476	-	-
-	-	-	-	-
<u>40,752,980</u>	<u>667,161</u>	<u>41,420,141</u>	<u>2,274,685</u>	<u>1,650,935</u>
2,777,968	2,864,151	5,642,119	1,374,413	10,545,331
129,862,326	107,043,287	236,905,613	1,604,376	118,918,007
\$ 132,640,294	\$ 109,907,438	\$ 242,547,732	\$ 2,978,789	\$ 129,463,338

CITY OF SANFORD, FLORIDA

Balance Sheet

Governmental Funds

September 30, 2008

	General Fund	Second Generation Sales Tax Fund	Capital Projects Fund	Public Safety Complex Fund	Nonmajor Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets						
Cash and cash equivalents	\$ 14,399,105	\$ 593,751	\$ 5,523,710	\$ 3,312,821	\$ 3,356,636	\$ 27,186,023
Investments	-	-	-	-	-	-
Accounts receivable (net of allowances for uncollectibles)	1,033,924	5,755	23,257	-	39,883	1,102,819
Due from other governments	998,768	8,221,096	495,193	-	172,504	9,887,561
Due from other funds	35,597	-	-	-	-	35,597
Inventories	171,299	-	-	-	-	171,299
Prepaid items	45,211	-	-	-	-	45,211
Restricted assets						
Cash	-	-	-	17,024,433	-	17,024,433
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 16,683,904</u>	<u>\$ 8,820,602</u>	<u>\$ 6,042,160</u>	<u>\$ 20,337,254</u>	<u>\$ 3,569,023</u>	<u>\$ 55,452,943</u>
Liabilities and fund balances						
Liabilities:						
Accounts payable	\$ 936,304	\$ 118,502	\$ 154,235	\$ 9,323	\$ 425,128	\$ 1,643,492
Accrued liabilities	914,900	-	-	2,827	21,206	938,933
Due to other funds	968,000	-	-	-	35,597	1,003,597
Due to other governments	276,983	-	-	-	-	276,983
Unearned revenues	1,833,070	-	-	-	-	1,833,070
Deferred revenues	-	-	60,645	-	-	60,645
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>4,929,257</u>	<u>118,502</u>	<u>214,880</u>	<u>12,150</u>	<u>481,931</u>	<u>5,756,720</u>
Fund balances:						
Reserved for:						
Encumbrances	162,875	1,346,885	4,810,825	1,250,548	133,136	7,704,269
Gasification	1,153,463	-	-	-	-	1,153,463
Prepaid items	45,211	-	-	-	-	45,211
Inventory	171,299	-	-	-	-	171,299
Capital projects	-	7,355,215	-	19,074,556	-	26,429,771
Unreserved, designated for, reported in:						
Economic uncertainties	7,320,779	-	-	-	-	7,320,779
Capital project funds	-	-	-	-	367,620	367,620
Unreserved, undesignated reported in:						
General fund	2,901,020	-	-	-	-	2,901,020
Special revenue funds	-	-	-	-	2,586,336	2,586,336
Capital project funds	-	-	1,016,455	-	-	1,016,455
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>11,754,647</u>	<u>8,702,100</u>	<u>5,827,280</u>	<u>20,325,104</u>	<u>3,087,092</u>	<u>49,696,223</u>
Total liabilities and fund balances	<u>\$ 16,683,904</u>	<u>\$ 8,820,602</u>	<u>\$ 6,042,160</u>	<u>\$ 20,337,254</u>	<u>\$ 3,569,023</u>	<u>\$ 55,452,943</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, 2008

Fund Balances - Total Governmental Funds (page 18)		\$ 49,696,223
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Governmental capital assets	\$ 169,397,032	
Less: Accumulated depreciation	<u>(68,032,487)</u>	101,364,545
<p>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</p>		
		4,749,318
<p>Net pension obligations are not recorded in the current period and therefore are not reported in the funds.</p>		
		(208,923)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.</p>		
Governmental bonds payable	(19,000,000)	
Bond issuance costs	94,370	
Accrued clean-up costs	(1,153,463)	
Lease payable	(240,065)	
Landfill closure	(571,385)	
Compensated absences	<u>(2,466,590)</u>	(23,337,133)
<p>Some deferred revenue in governmental funds is susceptible to full accrual on the entity-wide statements</p>		
		376,264
Net Assets of Governmental Activities (page 15)		<u><u>\$ 132,640,294</u></u>

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, 2008

	General Fund	Second Generation Sales Tax Fund	Capital Projects Fund	Public Safety Complex Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes:						
Property taxes	\$ 19,324,531	\$ -	\$ -	\$ -	\$ -	\$ 19,324,531
Utility taxes	6,599,163	-	736,069	-	-	7,335,232
Business taxes	560,013	-	-	-	-	560,013
Permits and fees	3,848,086	-	-	-	613,305	4,461,391
Intergovernmental	5,363,661	2,755,393	934,513	-	2,036,269	11,089,836
Charges for services	2,228,654	-	-	-	-	2,228,654
Investment income	599,573	-	84,903	137,848	150,755	973,079
Fines and forfeitures	229,904	-	-	-	170,206	400,110
Service assessments	-	-	-	-	678,266	678,266
Miscellaneous	504,021	-	100,000	-	26,052	630,073
Total revenues	<u>39,257,606</u>	<u>2,755,393</u>	<u>1,855,485</u>	<u>137,848</u>	<u>3,674,853</u>	<u>47,681,185</u>
Expenditures						
Current:						
General government	5,646,106	-	11,056	-	474,529	6,131,691
Public safety	19,691,945	-	-	17,953	1,513,806	21,223,704
Transportation	1,122,266	424,283	84,654	-	823,713	2,454,916
Physical environment	2,932,531	-	39,708	-	-	2,972,239
Economic environment	1,884,871	-	-	-	-	1,884,871
Human services	166,680	-	-	-	-	166,680
Culture/Recreation	4,893,280	-	215,044	-	-	5,108,324
Debt service:						
Principal	-	-	-	-	168,513	168,513
Interest and other fiscal charges	-	-	-	97,446	358,260	455,706
Capital outlay	757,983	965,715	2,457,127	391,143	1,541,855	6,113,823
Total expenditures	<u>37,095,662</u>	<u>1,389,998</u>	<u>2,807,589</u>	<u>506,542</u>	<u>4,880,676</u>	<u>46,680,467</u>
Excess (deficiency) of revenues over expenditures	<u>2,161,944</u>	<u>1,365,395</u>	<u>(952,104)</u>	<u>(368,694)</u>	<u>(1,205,823)</u>	<u>1,000,718</u>
Other financing sources (uses)						
Transfers in	-	-	7,040,618	3,815,765	1,746,528	12,602,911
Transfers out	(9,089,944)	-	(990,000)	(1,121,967)	(1,401,000)	(12,602,911)
Issuance of debt	-	-	300,000	18,000,000	-	18,300,000
Proceeds from sale of property	48,247	-	-	-	77,241	125,488
Total other financing sources (uses)	<u>(9,041,697)</u>	<u>-</u>	<u>6,350,618</u>	<u>20,693,798</u>	<u>422,769</u>	<u>18,425,488</u>
Net change in fund balances	<u>(6,879,753)</u>	<u>1,365,395</u>	<u>5,398,514</u>	<u>20,325,104</u>	<u>(783,054)</u>	<u>19,426,206</u>
Fund balance						
Beginning of year (restated)	18,634,400	7,336,705	428,766	-	3,870,146	30,270,017
End of year	<u>\$ 11,754,647</u>	<u>\$ 8,702,100</u>	<u>\$ 5,827,280</u>	<u>\$ 20,325,104</u>	<u>\$ 3,087,092</u>	<u>\$ 49,696,223</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, 2008

Net Change in Fund Balances - Total Governmental Funds (page 20) \$ 19,426,206

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	\$ 6,113,823	
Less: Current year depreciation	<u>(5,880,395)</u>	233,428

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.

(665,060)

Revenue reported in the governmental funds in the current year must be eliminated from the Statement of Activities, since revenue was recognized in the prior year.

(287,838)

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	(300,000)	
Bond and loan proceeds	<u>(18,000,000)</u>	(18,300,000)

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		168,513
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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.

94,370

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	(514,952)	
Change in long-term gasification/landfill	530,584	
Change in net pension obligation	<u>(241,362)</u>	(225,730)

Contributions of capital assets are not reported as revenues in the governmental funds.

6,417

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.

2,327,662

Change in Net Assets of Governmental Activities (page 17)

\$ 2,777,968

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

CITY OF SANFORD, FLORIDA
Statement of Net Assets
Proprietary Funds
September 30, 2008

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service
	Water/Sewer	Stormwater	Solid Waste	Total	
Assets					
Current assets:					
Cash and cash equivalents	\$ 3,619,230	\$ 4,119,710	\$ 446,610	\$ 8,185,550	\$ 6,581,625
Accounts receivable, net	2,057,818	139,244	715,403	2,912,465	-
Insurance receivable	-	-	-	-	77,755
Due from other governments	830,690	11,517	-	842,207	-
Due from other funds	968,000	-	-	968,000	-
Prepays	2,026	-	-	2,026	272,983
Total current assets	<u>7,477,764</u>	<u>4,270,471</u>	<u>1,162,013</u>	<u>12,910,248</u>	<u>6,932,363</u>
Noncurrent assets:					
Restricted assets:					
Cash	8,773,796	198,944	100,356	9,073,096	-
Total restricted assets	<u>8,773,796</u>	<u>198,944</u>	<u>100,356</u>	<u>9,073,096</u>	<u>-</u>
Capital assets:					
Nondepreciable	17,008,580	1,618,772	-	18,627,352	-
Depreciable, net	116,457,963	11,941,347	22,739	128,422,049	18,318
Total noncurrent assets	<u>142,240,339</u>	<u>13,759,063</u>	<u>123,095</u>	<u>156,122,497</u>	<u>18,318</u>
Total assets	<u>\$ 149,718,103</u>	<u>\$ 18,029,534</u>	<u>\$ 1,285,108</u>	<u>\$ 169,032,745</u>	<u>\$ 6,950,681</u>
Liabilities and net assets					
Current liabilities:					
Accounts payable	\$ 1,972,543	\$ 67,464	\$ 405,006	\$ 2,445,013	\$ -
Accrued liabilities	384,033	51,074	2,526	437,633	-
Compensated absences	163,067	11,766	497	175,330	-
Retainage payable	221,435	-	-	221,435	-
Unearned revenues	151	-	-	151	-
Claims payable	-	-	-	-	330,700
Due to other governments	1,434	-	-	1,434	-
Bonds payable	1,065,000	360,043	-	1,425,043	-
Loans payable	1,796,472	183,184	-	1,979,656	-
Payable from restricted assets	933,849	-	100,356	1,034,205	-
Total current liabilities	<u>6,537,984</u>	<u>673,531</u>	<u>508,385</u>	<u>7,719,900</u>	<u>330,700</u>
Noncurrent liabilities:					
Bonds payable	20,975,000	568,034	-	21,543,034	-
Less: unamortized bond discount	(1,211,898)	(4,019)	-	(1,215,917)	-
Compensated absences	317,013	27,131	932	345,076	-
Claims payable	-	-	-	-	1,870,663
Loans payable	26,509,029	4,224,185	-	30,733,214	-
Total noncurrent liabilities	<u>46,589,144</u>	<u>4,815,331</u>	<u>932</u>	<u>51,405,407</u>	<u>1,870,663</u>
Total liabilities	<u>53,127,128</u>	<u>5,488,862</u>	<u>509,317</u>	<u>59,125,307</u>	<u>2,201,363</u>
Net assets:					
Invested in capital assets, net of related debt	84,332,940	8,228,692	22,739	92,584,371	18,318
Restricted for debt service	2,473,650	-	-	2,473,650	-
Unrestricted	9,784,385	4,311,980	753,052	14,849,417	4,731,000
Total net assets	<u>96,590,975</u>	<u>12,540,672</u>	<u>775,791</u>	<u>109,907,438</u>	<u>4,749,318</u>
Total liabilities and net assets	<u>\$ 149,718,103</u>	<u>\$ 18,029,534</u>	<u>\$ 1,285,108</u>	<u>\$ 169,032,745</u>	<u>\$ 6,950,681</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, 2008

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service
	Water/Sewer	Stormwater	Solid Waste	Total	
Operating revenues					
Charges for sales/services	\$ 16,586,036	\$ 2,902,358	\$ 5,668,050	\$ 25,156,444	\$ -
Other revenue	182,597	3,576	-	186,173	6,331,480
Total operating revenues	<u>16,768,633</u>	<u>2,905,934</u>	<u>5,668,050</u>	<u>25,342,617</u>	<u>6,331,480</u>
Operating expenses					
Cost of sales/services	6,807,670	1,047,834	5,220,055	13,075,559	4,212,254
Administration	6,363,307	815,287	107,188	7,285,782	-
Depreciation and amortization	3,661,427	311,978	1,819	3,975,224	2,895
Total operating expenses	<u>16,832,404</u>	<u>2,175,099</u>	<u>5,329,062</u>	<u>24,336,565</u>	<u>4,215,149</u>
Operating income	<u>(63,771)</u>	<u>730,835</u>	<u>338,988</u>	<u>1,006,052</u>	<u>2,116,331</u>
Nonoperating revenues (expenses)					
Investment income	336,515	129,622	14,851	480,988	211,331
Interest expense	(1,813,388)	(202,426)	(162)	(2,015,976)	-
Operating grant	1,079,171	15,811	-	1,094,982	-
Total nonoperating revenues (expenses)	<u>(397,702)</u>	<u>(56,993)</u>	<u>14,689</u>	<u>(440,006)</u>	<u>211,331</u>
Income before contributions	(461,473)	673,842	353,677	566,046	2,327,662
Capital contributions	<u>2,298,105</u>	<u>-</u>	<u>-</u>	<u>2,298,105</u>	<u>-</u>
Change in net assets	1,836,632	673,842	353,677	2,864,151	2,327,662
Total net assets - beginning	<u>94,754,343</u>	<u>11,866,830</u>	<u>422,114</u>	<u>107,043,287</u>	<u>2,421,656</u>
Total net assets - ending	<u>\$ 96,590,975</u>	<u>\$ 12,540,672</u>	<u>\$ 775,791</u>	<u>\$ 109,907,438</u>	<u>\$ 4,749,318</u>

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, 2008

	<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>	
Cash flows from operating activities:					
Receipts from customers and users	\$ 16,462,547	\$ 2,940,155	\$ 5,675,749	\$ 25,078,451	\$ 6,268,555
Payments to suppliers	(5,337,615)	(993,102)	(4,937,693)	(11,268,410)	(4,066,096)
Payments to employees	(5,501,157)	(740,476)	(99,156)	(6,340,789)	-
Payments for interfund services used	(1,029,235)	(213,000)	(289,000)	(1,531,235)	-
Net cash provided by operating activities	<u>4,594,540</u>	<u>993,577</u>	<u>349,900</u>	<u>5,938,017</u>	<u>2,202,459</u>
Cash flows from noncapital financing activities:					
Operating grant receipts	1,079,171	15,811	-	1,094,982	-
Net cash provided by noncapital financing activities	<u>1,079,171</u>	<u>15,811</u>	<u>-</u>	<u>1,094,982</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Repayment of notes payable	(1,832,594)	(132,120)	-	(1,964,714)	-
Issuance of capital debt	3,151,768	-	-	3,151,768	-
Principal paid on capital debt	(1,030,000)	(344,270)	-	(1,374,270)	-
Interest paid	(1,813,388)	(202,426)	(162)	(2,015,976)	-
Purchase of capital assets	(8,633,235)	(234,895)	(23,510)	(8,891,640)	(21,213)
Capital contributions	1,692,734	-	-	1,692,734	-
Proceeds from sales of capital assets	26,533	-	-	26,533	-
Net cash used in capital and related financing activities	<u>(8,438,182)</u>	<u>(913,711)</u>	<u>(23,672)</u>	<u>(9,375,565)</u>	<u>(21,213)</u>
Cash flows from investing activities:					
Investment income earned on operating funds	336,515	129,622	14,851	480,988	211,331
Net cash provided by investing activities	<u>336,515</u>	<u>129,622</u>	<u>14,851</u>	<u>480,988</u>	<u>211,331</u>
Net increase (decrease) in cash and cash equivalents	(2,427,956)	225,299	341,079	(1,861,578)	2,392,577
Cash and cash equivalents at beginning of year	<u>14,820,982</u>	<u>4,093,355</u>	<u>205,887</u>	<u>19,120,224</u>	<u>4,189,048</u>
Cash and cash equivalents at end of year	<u>\$ 12,393,026</u>	<u>\$ 4,318,654</u>	<u>\$ 546,966</u>	<u>\$ 17,258,646</u>	<u>\$ 6,581,625</u>
Reconciliation to cash and pooled investments per Statement of Net Assets:					
Cash	\$ 3,619,230	\$ 4,119,710	\$ 446,610	\$ 8,185,550	\$ 6,581,625
Restricted cash	8,773,796	198,944	100,356	9,073,096	-
	<u>\$ 12,393,026</u>	<u>\$ 4,318,654</u>	<u>\$ 546,966</u>	<u>\$ 17,258,646</u>	<u>\$ 6,581,625</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, 2008

	<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)	\$ (63,771)	\$ 730,835	\$ 338,988	\$ 1,006,052	\$ 2,116,331
Adjustments to reconcile operating loss to net cash provided by operating activities:					
Depreciation	3,368,070	306,983	1,819	3,676,872	2,895
Amortization	293,357	4,995	-	298,352	-
Changes in assets and liabilities:					
Accounts receivable	118,495	28,347	3,757	150,599	(62,925)
Due from other governments	(246,499)	5,874	-	(240,625)	-
Prepays	(1,786)	-	-	(1,786)	437
Customer deposits	(28,688)	-	3,942	(24,746)	-
Accounts payable	955,695	(128,010)	(228)	827,457	145,721
Retainage payable	52,145	-	-	52,145	-
Accrued liabilities	301,033	44,553	1,622	347,208	-
Due to other governments	(4,117)	-	-	(4,117)	-
Deferred revenue	(149,394)	-	-	(149,394)	-
Net cash provided by operating activities	<u>\$ 4,594,540</u>	<u>\$ 993,577</u>	<u>\$ 349,900</u>	<u>\$ 5,938,017</u>	<u>\$ 2,202,459</u>
Noncash investing, capital, and financing activities:					
Contributions of capital assets from developers	\$ 605,371	\$ -	\$ -	\$ 605,371	\$ -
Capitalized issuance costs of capital debt	\$ (14,244)	\$ 5,438	\$ -	\$ (8,806)	\$ -

CITY OF SANFORD, FLORIDA
Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2008

	<u>Total Employee Retirement Funds</u>
Assets	
Cash and short-term investments	\$ 2,110,775
Investments, at fair value:	
Short-term investments	25,299,129
Common stocks	<u>8,469,088</u>
Total investments	<u>33,768,217</u>
 Total assets	 <u><u>\$ 35,878,992</u></u>
Liabilities and net assets	
Liabilities	<u>\$ 49,448</u>
Net assets	
Held in trust for pension benefits	<u>35,829,544</u>
 Total liabilities and net assets	 <u><u>\$ 35,878,992</u></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, 2008

	<u>Total Employee Retirement Funds</u>
Additions	
Contributions:	
City	\$ 1,281,805
State	623,024
Employee	<u>587,769</u>
Total contributions	<u>2,492,598</u>
Investment earnings (losses):	
Interest	751,188
Net decrease in fair value of investments	(6,743,987)
Investment expenses	<u>(244,536)</u>
Net investment losses	<u>(6,237,335)</u>
Total additions	<u>(3,744,737)</u>
Deductions	
Benefit payments	2,186,526
Refund of contributions	194,847
Administrative expenses	<u>59,847</u>
Total deductions	<u>2,441,220</u>
Change in net assets	(6,185,957)
Net assets - beginning of year	<u>42,015,501</u>
Net assets - end of year	<u>\$ 35,829,544</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, 2008

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 Citywide 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, 2008

Note 1 - Summary of Significant Accounting Policies (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.

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 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, 2008

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 all financial resources, except those required to be accounted for in another fund.

The *Second Generation Sales Tax Fund* is a special revenue fund of the City. The fund is used to account for the City's share of distributions related to the local government infrastructure surtax. Monies are used to fund transportation projects.

The *Capital Projects Fund* is a special revenue fund used to account for funds set aside for large capital projects to be completed beyond one year.

The *Public Safety Complex Fund* is a special revenue fund used to account for expenditures 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, 2008

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, 2008

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, 2008 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, 2008

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 reserve 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, 2008.

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 in 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.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

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 life of the bonds, using a systematic amortization method. For financial reporting, unamortized bond issuance costs are netted against applicable long-term debt.

L. Unamortized Bond Discounts

Bond discounts associated with the issuance of Water and Sewer Revenue Bonds are amortized over the life 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. Postemployment 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.

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

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

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

A. Budgets and Budgetary Accounting *(Continued)*

(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 Debt Service Fund had a deficit fund balance of \$19,404 as of September 30, 2008. The deficit is due to timing issues, and the City plans to cover the deficit with a transfer from the General Fund in 2009.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

Note 3 - Deposits and Investments

The carrying amount (which approximates fair value) of the City's deposits and investments as of September 30, 2008 is as follows:

	<u>Carrying Amount</u>
Primary Government	
Pension Funds:	
Cash	\$ 503,631
Money Market Funds	1,607,144
Mutual funds investing in common stocks and mutual funds	27,242,790
Mutual funds investing in corporate and U.S. Treasury bonds	<u>6,525,427</u>
Total pension funds	<u>35,878,992</u>
Governmental and Business-type Activities:	
Local Government Surplus Funds Trust Fund	83,551
Money Market Funds	67,392,126
Demand Deposits	575,050
Total governmental and business-type activities	<u>68,050,727</u>
Total Primary Government	<u>103,929,719</u>
Component Unit - Airport Authority	
Local Government Surplus Funds Trust Fund	55,125
Demand Deposits	1,586,861
Total Component Unit - Airport Authority	<u>1,641,986</u>
Component Unit - Sanford CRA	
Money Market Funds	2,168,098
Demand Deposits	2,993
Total Component Unit - Sanford CRA	<u>2,171,091</u>
	<u>\$ 107,742,796</u>
Classified as:	
Cash and cash equivalents	\$ 47,822,628
Investments	33,768,217
Restricted cash and cash equivalents	26,151,951
	<u>\$ 107,742,796</u>

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

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 \$100,000. Amounts in excess of \$100,000 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.

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 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 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, 2008

Note 3 - Deposits and Investments (Continued)

Defined-Benefit Pension Plan Investments (Continued)

Defined Contribution Pension Plan investments were as follows at September 30, 2008:

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*	\$ 281,954	\$ 281,954	\$ -	\$ -	\$ -
Money Market Funds	Money Market	NR*	1,211,143	1,211,143	-	-	-
U.S. Treasury Bonds/Notes	Fixed Income	**	809,160	68,763	53,976	686,421	-
Government Agency Bonds	Fixed Income	AAA	1,730,565	254,298	779,269	544,567	152,431
Discount Govt. Agency Bonds/Notes	Fixed Income	NR*	49,995	49,995	-	-	-
GNMA, FNMA, FHLMC Pools	Fixed Income	NR*	2,432,620	-	-	295,694	2,136,926
Corporate CMOs and REMICS	Fixed Income	AAA	756,098	-	384,209	-	371,889
Corporate Debt	Fixed Income	A	106,364	106,364	-	-	-
Corporate Debt	Fixed Income	A+	228,644	159,964	68,680	-	-
Corporate Debt	Fixed Income	AAA	93,485	-	-	-	93,485
CMOs and REMICS	Fixed Income	NR*	318,496	-	90,346	228,150	-
Mutual Funds	Fixed Income	AAA	1,943,661	1,943,661	-	-	-
Common Stocks	Equity	NR*	12,077,077	12,077,077	-	-	-
Total Police Pension			22,039,262	16,153,219	1,376,480	1,754,832	2,754,731
Firefighters' Pension:							
Cash and Receivables	Cash	NR*	221,677	221,677	-	-	-
Money Market Funds	Money Market	NR*	396,001	396,001	-	-	-
Mutual Funds	Fixed Income	AAA	5,052,172	-	-	5,052,172	-
Mutual Funds	Equity	NR*	5,096,482	5,096,482	-	-	-
Common Stocks	Equity	NR*	3,073,398	3,073,398	-	-	-
Total Firefighters' Pension			13,839,730	8,787,558	-	5,052,172	-
Total Pension Investments			\$ 35,878,992	\$ 24,940,777	\$ 1,376,480	\$ 6,807,004	\$ 2,754,731

* Not Rated

**Obligation of or explicitly guaranteed by the U.S. government

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

Note 3 - Deposits and Investments (Continued)

Defined-Benefit Pension Plan 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 are 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, 2008

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, 2008:

	Primary Government		Component Unit
	Governmental Activities	Business-type Activities	Airport Authority
	<u> </u>	<u> </u>	<u> </u>
Restricted cash:			
Sinking Fund	\$ -	\$ 5,289,425	\$ -
Customer Deposits	-	1,034,205	-
Utility Trust Impact Fees	-	2,749,466	-
Airport Memorial Fund	-	-	54,422
Capital Projects	17,024,433	-	-
	<u>\$ 17,024,433</u>	<u>\$ 9,073,096</u>	<u>\$ 54,422</u>

Note 5 - Receivables

The following is a detailed listing of receivables by type and fund at September 30, 2008:

	Primary Government		Component Unit
	Governmental Activities	Business-type Activities	Airport Authority
	<u> </u>	<u> </u>	<u> </u>
Receivables:			
Accounts Billed	\$ -	\$ 1,942,830	\$ 543,695
Unbilled Receivables	-	1,681,007	-
Other Miscellaneous	3,814,768	176,844	-
Gross Receivables	<u>3,814,768</u>	<u>3,800,681</u>	<u>543,695</u>
Less: Allowance for			
Uncollectibles	<u>2,634,194</u>	<u>888,216</u>	<u>242,997</u>
	<u>\$ 1,180,574</u>	<u>\$ 2,912,465</u>	<u>\$ 300,698</u>

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

Note 6 - Capital Assets

A. Changes in Capital Assets

During the year ended September 30, 2008, the following changes in capital assets occurred:

	Balance October 1, 2007	Additions/ Transfers	Reductions/ Transfers	Balance September 30, 2008
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,306,261	\$ 427,993	\$ -	\$ 3,734,254
Construction in progress	1,720,602	2,124,965	(15,480)	3,830,087
Total capital assets, not being depreciated	<u>5,026,863</u>	<u>2,552,958</u>	<u>(15,480)</u>	<u>7,564,341</u>
Capital assets, being depreciated:				
Buildings	41,373,106	724,313	(1,645,639)	40,451,780
Machinery and equipment	22,130,828	2,978,269	(559,950)	24,549,147
Infrastructure	96,128,474	1,597,244	(872,741)	96,852,977
Total capital assets, being depreciated	<u>159,632,408</u>	<u>5,299,826</u>	<u>(3,078,330)</u>	<u>161,853,904</u>
Less accumulated depreciation for:				
Buildings	14,254,336	1,699,641	-	15,953,977
Machinery and equipment	15,609,064	2,330,917	(735,507)	17,204,474
Infrastructure	32,999,696	2,149,266	(272,031)	34,876,931
Total accumulated depreciation	<u>62,863,096</u>	<u>6,179,824</u>	<u>(1,007,538)</u>	<u>68,035,382</u>
Total capital assets, being depreciated, net	<u>96,769,312</u>	<u>(879,998)</u>	<u>(2,070,792)</u>	<u>93,818,522</u>
Governmental activities capital assets, net	<u>\$ 101,796,175</u>	<u>\$ 1,672,960</u>	<u>\$ (2,086,272)</u>	<u>\$ 101,382,863</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 6,576,615	\$ -	\$ -	\$ 6,576,615
Construction in progress	24,805,871	6,339,518	(19,094,652)	12,050,737
Total capital assets, not being depreciated	<u>31,382,486</u>	<u>6,339,518</u>	<u>(19,094,652)</u>	<u>18,627,352</u>
Capital assets, being depreciated:				
Buildings	6,355,812	23,179,251	-	29,535,063
Water and sewer system	111,721,221	1,261,671	(3,307,080)	109,675,812
Stormwater management	14,652,419		(865,029)	13,787,390
Machinery and equipment	9,825,942	1,948,923	(388,862)	11,386,003
Irrigation rights	2,220,000	-	-	2,220,000
Total capital assets, being depreciated	<u>144,775,394</u>	<u>26,389,845</u>	<u>(4,560,971)</u>	<u>166,604,268</u>
Less accumulated depreciation for:				
Buildings	776,425	1,858,659	-	2,635,084
Water and sewer system	23,177,710	2,010,081	(1,113,979)	24,073,812
Stormwater management	3,405,041	284,676	(115,650)	3,574,067
Machinery and equipment	5,981,811	945,328	(559,683)	6,367,456
Irrigation rights	1,443,000	88,800	-	1,531,800
Total accumulated depreciation	<u>34,783,987</u>	<u>5,187,544</u>	<u>(1,789,312)</u>	<u>38,182,219</u>
Total capital assets, being depreciated, net	<u>109,991,407</u>	<u>21,202,301</u>	<u>(2,771,659)</u>	<u>128,422,049</u>
Business-type activities capital assets, net	<u>\$ 141,373,893</u>	<u>\$ 27,541,819</u>	<u>\$ (21,866,311)</u>	<u>\$ 147,049,401</u>

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

Note 6 - Capital Assets (Continued)

A. Changes in Capital Assets (Continued)

	Balance October 1, 2007	Additions/ Transfers	Reductions/ Transfers	Balance September 30, 2008
CRA				
Capital assets, not being depreciated:				
Construction in progress	\$ 45,907	\$ 262,725	\$ (2,068)	\$ 306,564
Total capital assets, not being depreciated	45,907	262,725	(2,068)	306,564
Capital assets, being depreciated:				
Buildings	3,263,101	2,068	(4,124)	3,261,045
Infrastructure	5,397,591	-	-	5,397,591
Machinery and equipment	15,648	4,123	-	19,771
Total capital assets, being depreciated	8,676,340	6,191	(4,124)	8,678,407
Less accumulated depreciation for:				
Buildings	497,720	238,826	(1,153)	735,393
Infrastructure	2,338,956	134,940	-	2,473,896
Machinery and equipment	5,569	4,564	-	10,133
Total accumulated depreciation	2,842,245	378,330	(1,153)	3,219,422
Total capital assets, being depreciated, net	5,834,095	(372,139)	(2,971)	5,458,985
Governmental activities capital assets, net	\$ 5,880,002	\$ (109,414)	\$ (5,039)	\$ 5,765,549

B. Depreciation Expense Allocation

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 666,951
Public safety	1,378,723
Physical environment	2,758,007
Transportation	7,224
Economic environment	921,007
Human services	151,377
Total depreciation expense - governmental activities	\$ 5,883,289
Business-type activities:	
Water and sewer	\$ 3,388,671
Stormwater	306,983
Solid waste	1,766
Total depreciation expense - business-type activities	\$ 3,697,420

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

Note 6 - Capital Assets (Continued)

C. Sanford Community Redevelopment Agency - Capital Assets

From fiscal year 2004 through 2006, Sanford CRA, a discretely presented component unit, purchased \$3,263,101 and \$15,648 of buildings and improvements, and equipment, respectively, related to the First Street Streetscape. As of September 30, 2008, the accumulated depreciation related to these assets was \$745,526. As of September 30, 2008, Sanford CRA had \$5,397,591 of infrastructure and related accumulated depreciation of \$2,473,896. At September 30, 2008, Sanford CRA had \$306,564 of construction in progress.

Note 7 - Long-Term Debt

A. Changes in Long-Term Debt

Changes in long-term debt for the year ended September 30, 2008 are summarized as follows:

	Balance October 1, 2007	Additions	Reductions	Balance September 30, 2008	Long-term Portion	Due Within One Year
Governmental activities:						
Bonds payable	\$ 1,115,000	\$ 18,000,000	\$ (115,000)	\$ 19,000,000	\$ 17,410,000	\$ 1,590,000
Less: Unamortized discount	-	(97,446)	3,076	(94,370)	(94,370)	-
Accrued compensated absences	1,951,637	1,455,288	(940,335)	2,466,590	1,537,461	929,129
Claims payable	2,055,642	801,455	(655,733)	2,201,364	1,870,664	330,700
Capital lease	-	300,000	(59,935)	240,065	184,068	55,997
Accrued clean-up and long-term care costs	2,255,432	114,200	(644,784)	1,724,848	1,714,730	10,118
Governmental activity long-term liabilities	<u>\$ 7,377,711</u>	<u>\$ 20,573,497</u>	<u>\$ (2,412,711)</u>	<u>\$ 25,538,497</u>	<u>\$ 22,622,553</u>	<u>\$ 2,915,944</u>
Business-type activities:						
Utility Revenue Bonds	\$ 23,070,000	\$ -	\$ (1,030,000)	\$ 22,040,000	\$ 20,975,000	\$ 1,065,000
Less: Unamortized discount	(1,370,765)	-	158,867	(1,211,898)	(1,211,898)	-
Stormwater System Revenue Bonds	1,272,348	-	(344,271)	928,077	568,034	360,043
Less: Unamortized discount	(4,809)	-	790	(4,019)	(4,019)	-
SRF loans	32,317,452	3,151,768	(2,002,814)	33,466,406	31,486,750	1,979,656
Less: Unamortized discount	(812,235)	-	58,699	(753,536)	(753,536)	-
Compensated absences	506,136	307,040	(292,770)	520,406	345,076	175,330
Business-type activity long-term liabilities	<u>\$ 54,978,127</u>	<u>\$ 3,458,808</u>	<u>\$ (3,451,499)</u>	<u>\$ 54,985,436</u>	<u>\$ 51,405,407</u>	<u>\$ 3,580,029</u>

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

Note 7 - Long-Term Debt (Continued)

B. Governmental Activities - Special Facilities Revenue Bonds

On July 11, 2000, the City issued \$1,750,000 of Special Facilities Revenue Bonds for the purpose of renovating the Historic Sanford Memorial Stadium. The bonds bear interest at 5.60%, payable semi annually on March 31 and September 30. Principal payments are due and payable on September 30 of each fiscal year through March 31, 2009, with a balloon payment of \$880,000 due on September 30, 2009. The Special Facilities Revenue Bonds will mature as follows:

Fiscal Year Ending	Principal	Interest	Total
<u>September 30,</u>			
2009	<u>\$ 1,000,000</u>	<u>\$ 52,640</u>	<u>\$ 1,052,640</u>

On May 15, 2008, 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</u>		Total
	<u>Bonds, Series 2008</u>		Debt
	<u>Principal</u>	<u>Interest</u>	<u>Service</u>
2009	\$ 590,000	\$ 759,600	\$ 1,349,600
2010	615,000	734,702	1,349,702
2011	640,000	708,749	1,348,749
2012	670,000	681,741	1,351,741
2013	695,000	653,467	1,348,467
2014-2018	3,950,000	2,801,236	6,751,236
2019-2023	4,860,000	1,893,936	6,753,936
2024-2028	<u>5,980,000</u>	<u>777,746</u>	<u>6,757,746</u>
	<u>\$ 18,000,000</u>	<u>\$ 9,011,177</u>	<u>\$ 27,011,177</u>

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

Note 7 - Long-Term Debt (Continued)

C. Defeasance of Debt

The City has a number of 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, 2008:

Type	Series	Date Refunded	Outstanding as of Refunding	Outstanding as of September 30, 2008
Water and Sewer	1986	November, 1993	\$ 12,635,000	\$ 9,140,000
Revenue Bonds	1989	November, 1993	\$ 4,180,000	\$ 2,560,000
Revenue Bonds	1991	November, 1993	\$ 11,905,000	\$ 11,160,000
Revenue Bonds	1992	September, 2003	\$ 6,845,000	\$ 3,505,000
Revenue Bonds	1993	September, 2003	\$ 8,575,000	\$ 6,710,000

D. Water and Sewer Fund Revenue Bonds

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 1993 and 2003 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.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

Note 7 - Long-Term Debt (Continued)

D. Water and Sewer Fund Revenue Bonds (Continued)

- 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, 2008:

<u>Bond Year Ending</u>	<u>Bonds, Series 1993</u>		<u>Bonds, Series 2003</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2009	\$ -	\$ 672,243	\$ 1,065,000	\$ 265,995	\$ 2,003,238
2010	-	672,243	1,095,000	234,045	2,001,288
2011	-	672,243	1,120,000	200,100	1,992,343
2012	-	672,243	1,365,000	159,500	2,196,743
2013	-	672,243	1,415,000	111,725	2,198,968
2014-2018	7,725,000	2,832,360	1,470,000	55,125	12,082,485
2019-2021	6,785,000	619,425	-	-	7,404,425
	<u>\$ 14,510,000</u>	<u>\$ 6,813,000</u>	<u>\$ 7,530,000</u>	<u>\$ 1,026,490</u>	<u>\$29,879,490</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, 2008, the City has received \$3,653,500 and has an outstanding balance of \$1,267,539.

(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.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

Note 7 - Long-Term Debt (Continued)

F. Stormwater System Fund Revenue Bonds (Continued)

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:

Bond Year Ending	Principal	Interest	Total
2009	\$ 360,043	\$ 37,845	\$ 397,888
2010	376,470	21,417	397,887
2011	191,564	4,310	195,874
	\$ 928,077	\$ 63,572	\$ 991,649

G. Bonds and Notes Payable

The City has revenue bonds and notes outstanding at September 30, 2008. 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:

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

Note 7 - Long-Term Debt (Continued)

G. Bonds and Notes Payable (Continued)

	<u>Purpose of Issue</u>	<u>Revenue Pledged</u>	<u>Amount Issued</u>
Governmental Activities			
Special Facilities - Stadium	Renovating of stadium	Facilities Revenues	\$ 1,750,000
Sales Tax, Series 2008	Public safety complex	Sales Tax Revenues	18,000,000
Key Government Finance	Citywide telephone system	N/A	300,000
Total Governmental Activities:			<u>\$ 20,050,000</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
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
Total Water/Sewer Utility Debt			<u>68,341,925</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	4,525,534
Total Stormwater Utility Debt			<u>8,179,034</u>
Total Business-type Activities:			<u>\$ 76,520,959</u>

*No coverage requirement

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

Amount O/S and/or Pledged	Interest Rate	Debt Service as Portion of Revenue Pledged	Total Debt Service Paid	Annual Pledged Revenues
\$ 1,000,000	5.60%	258.81%	* \$ 174,064	\$ 67,256
18,000,000	4.22%	8.51%	286,960	\$ 3,371,680
240,065	4.41%	N/A	59,935	N/A
<u>\$ 19,240,065</u>			<u>\$ 520,959</u>	
\$ 14,510,000	2.78%-5.5%	7.70%	\$ 672,263	\$ 8,261,267
7,530,000	2.00%-4.00%	27.41%	1,326,895	\$ 4,840,189
231,289	4.20%	3.12%	122,663	\$ 3,934,171
1,802,267	3.73%	10.26%	403,452	\$ 3,934,171
162,406	2.43%	0.80%	31,615	\$ 3,934,171
472,258	2.89%	2.59%	101,708	\$ 3,934,171
3,407,315	1.67%	7.59%	298,623	\$ 3,934,171
4,882,145	3.55%	11.19%	440,118	\$ 3,934,171
18,017,290	2.42%	33.10%	1,302,389	\$ 3,934,171
<u>51,014,970</u>			<u>4,699,726</u>	
928,077	4.45%	13.15%	399,122	\$ 3,035,556
4,491,436	1.45%	9.25%	280,928	\$ 3,035,556
<u>5,419,513</u>			<u>680,050</u>	
<u>\$ 56,434,483</u>			<u>\$ 5,379,776</u>	

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

Note 7 - Long-Term Debt (Continued)

H. 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 approximately \$571,385, 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 \$13 million, of which \$1,153,463 is presented as accrued clean-up costs for governmental activities.

Note 8 - Notes Payable - Enterprise Funds

Enterprise Funds notes payable at September 30, 2008 are as follows:

Primary Government: Stormwater:

State Revolving Fund Loan SWG12058624P payable, \$4,629,198 authorized, \$4,647,413 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. \$ 4,491,436

Primary Government: Water and Sewer:

State Revolving Fund Loan WW586250 payable, \$19,502,660 authorized, \$15,732,111 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. (Payment began August 15, 2007.) 18,017,290

State Revolving Fund Loan CS120586150 payable, \$1,731,397 authorized, \$1,731,397 drawn for construction of a master pumping station at the wastewater treatment plant, payable in 18 equal annual installments, including interest at 4.02%, on October 1 of each year. 231,289

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

Note 8 - Notes Payable - Enterprise Funds (Continued)

Primary Government: Water and Sewer (Continued)

State Revolving Fund Loan CS120586170 payable, \$5,673,944 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.	\$ 1,802,267
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.	162,406
State Revolving Fund Loan CS120586210 payable, \$1,543,439 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.	472,258
State Revolving Fund Loan CS120586220 payable, \$18,170,000 authorized, \$6,230,111 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.	3,407,315
State Revolving Fund Loan DW5906010 payable, \$8,069,030 authorized, \$5,985,716 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.	4,882,145
Total notes payable	<u>\$ 33,466,406</u>

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

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. State Revolving Fund 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 WW586250 and SWG12058624P are not closed out and do not have a final loan payment/amortization schedule at September 30, 2008):

Fiscal Year Ending September 30,	SRF Loan CS120586150		
	Principal	Interest	Total
2009	\$ 113,365	\$ 9,298	\$ 122,663
2010	117,924	4,740	122,664
	<u>\$ 231,289</u>	<u>\$ 14,038</u>	<u>\$ 245,327</u>

Fiscal Year Ending September 30,	SRF Loan CS120586170		
	Principal	Interest	Total
2009	\$ 335,406	\$ 64,931	\$ 400,337
2010	347,484	52,853	400,337
2011	359,999	40,338	400,337
2012	372,969	27,368	400,337
2013	386,409	13,927	400,336
	<u>\$ 1,802,267</u>	<u>\$ 199,417</u>	<u>\$ 2,001,684</u>

Fiscal Year Ending September 30,	SRF Loan CS120586190		
	Principal	Interest	Total
2009	\$ 27,946	\$ 3,778	\$ 31,724
2010	28,630	3,094	31,724
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>\$ 162,406</u>	<u>\$ 12,076</u>	<u>\$ 174,482</u>

Fiscal Year Ending September 30,	SRF Loan CS120586210		
	Principal	Interest	Total
2009	\$ 89,111	\$ 13,009	\$ 102,120
2010	91,705	10,415	102,120
2011	94,374	7,746	102,120
2012	97,121	4,999	102,120
2013	99,947	2,173	102,120
	<u>\$ 472,258</u>	<u>\$ 38,342</u>	<u>\$ 510,600</u>

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

Note 8 - Notes Payable - Enterprise Funds (Continued)

Fiscal Year Ending September 30,	SRF Loan CS120586220		
	Principal	Interest	Total
2009	\$ 186,121	\$ 112,263	\$ 298,384
2010	192,389	105,995	298,384
2011	198,869	99,515	298,384
2012	205,566	92,818	298,384
2013	212,489	85,894	298,383
2014-2018	1,174,736	317,182	1,491,918
2019-2023	1,237,145	105,582	1,342,727
	<u>\$ 3,407,315</u>	<u>\$ 919,249</u>	<u>\$ 4,326,564</u>
	SRF Loan DW5906010		
Fiscal Year Ending September 30,	Principal	Interest	Total
2009	\$ 262,669	\$ 171,006	\$ 433,675
2010	272,077	161,598	433,675
2011	281,821	151,854	433,675
2012	291,915	141,760	433,675
2013	302,370	131,305	433,675
2014-2018	1,682,257	486,116	2,168,373
2019-2023	1,789,036	162,500	1,951,536
	<u>\$ 4,882,145</u>	<u>\$ 1,406,139</u>	<u>\$ 6,288,284</u>
	SRF Loan WW586250		
Fiscal Year Ending September 30,	Principal	Interest	Total
2009	\$ 781,854	\$ 433,146	\$ 1,215,000
2010	800,971	414,029	1,215,000
2011	820,554	394,446	1,215,000
2012	840,617	374,383	1,215,000
2013	861,170	353,830	1,215,000
2014-2018	4,632,171	1,442,831	6,075,002
2019-2023	5,226,837	848,165	6,075,002
2024-2027	4,053,116	199,389	4,252,505
	<u>\$ 18,017,290</u>	<u>\$ 4,460,219</u>	<u>\$ 22,477,509</u>
	SWG12058624P		
Fiscal Year Ending September 30,	Principal	Interest	Total
2009	\$ 183,184	\$ 121,393	\$ 304,577
2010	188,215	116,362	304,577
2011	193,386	111,191	304,577
2012	198,698	105,879	304,577
2013	204,158	100,419	304,577
2014 - 2018	1,108,092	414,791	1,522,883
2019 - 2023	1,269,002	253,881	1,522,883
2024 - 2027	1,146,701	71,606	1,218,307
	<u>\$ 4,491,436</u>	<u>\$ 1,295,522</u>	<u>\$ 5,786,958</u>

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

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

Airport Authority notes payable at September 30, 2008 are as follows:

Note payable to bank, due in monthly principal and interest payments at 4.54%, collateralized by pledged revenues, due September 1, 2023.	\$ 2,905,150
Note payable to bank, due in quarterly principal and interest payments at 6.41%, collateralized by pledged revenues, due June 15, 2011.	2,462,882
Note payable to State of Florida Department of Transportation for domestic terminal expansion, no interest, due September 2, 2009, unsecured.	3,000,000
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
Line of credit	2,917,000
Less current portion	(6,306,079)
Long-term portion	<u>\$ 5,495,443</u>

Changes in Airport Authority long-term liabilities for the year ended September 30, 2008 are as follows:

	Balance October 1, 2007	Additions	Deletions	Balance September 30, 2008	Amounts Due Within One Year	Amounts Due After One Year
Notes Payable:						
Line of Credit	\$ 2,917,000	\$ -	\$ -	\$ 2,917,000	\$ 2,917,000	\$ -
Revenue Note, Series 2001A	2,694,920	-	232,038	2,462,882	248,777	2,214,105
Revenue Note, Series 2003	3,035,461	-	130,311	2,905,150	137,302	2,767,848
Florida Department of Transportation	7,766,490	-	4,250,000	3,516,490	3,000,000	516,490
	<u>16,413,871</u>	<u>-</u>	<u>4,612,349</u>	<u>11,801,522</u>	<u>6,303,079</u>	<u>5,498,443</u>
Other Liabilities:						
Advances privilege fees	170,000	-	170,000	-	-	-
Total Long-Term Liabilities	<u>\$16,583,871</u>	<u>\$ -</u>	<u>\$ 4,782,349</u>	<u>\$ 11,801,522</u>	<u>\$ 6,303,079</u>	<u>\$ 5,498,443</u>

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

Year Ending September 30,	Principal	Interest
2009	\$ 6,303,079	\$ 429,334
2010	408,529	272,310
2011	435,623	216,151
2012	979,789	113,128
2013	492,787	105,566
2014-2018	1,979,104	401,046
2019-2023	1,202,611	142,592
	<u>\$ 11,801,522</u>	<u>\$ 1,680,127</u>

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

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, 2008 are summarized as follows:

	Balance September 30, 2007	Increase	Decrease	Balance September 30, 2008	Due Within One Year
Revenue bonds payable	\$ 4,110,000	\$ -	\$ (655,000)	\$ 3,455,000	\$ 695,000
CRA bank loan	1,578,152	-	(172,269)	1,405,883	185,000
Long-term liabilities	<u>\$ 5,688,152</u>	<u>\$ -</u>	<u>\$ (827,269)</u>	<u>\$ 4,860,883</u>	<u>\$ 880,000</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 have 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	
2009	\$ 695,000	\$ 141,300	\$ -	\$ 99,000	\$ 935,300
2010	740,000	99,600	-	99,000	938,600
2011	920,000	55,200	-	99,000	1,074,200
2012	-	-	1,100,000	8,250	1,108,250
	<u>\$ 2,355,000</u>	<u>\$ 296,100</u>	<u>\$ 1,100,000</u>	<u>\$ 305,250</u>	<u>\$ 4,056,350</u>

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

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	\$ 1,425,000
Less: Loan issue costs	<u>(19,117)</u>
Net loan payable	<u><u>\$ 1,405,883</u></u>

The CRA Loan will mature as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2009	\$ 185,000	\$ 49,733	\$ 234,733
2010	190,000	43,276	233,276
2011	195,000	36,645	231,645
2012	205,000	29,839	234,839
2013	210,000	22,685	232,685
2014-2015	<u>440,000</u>	<u>23,209</u>	<u>463,209</u>
	<u><u>\$ 1,425,000</u></u>	<u><u>\$ 205,387</u></u>	<u><u>\$ 1,630,387</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, 2008.

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%. The agreement expires on October 30, 2009. At September 30, 2008, the outstanding balance was \$2,917,000. Therefore, the Airport Authority had available \$2,083,000 at September 30, 2008.

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, 2008

Note 12 - Operating Lease

A. Long-Term Ground Lease

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 2008, the total lease rental income received in the General Fund and the Enterprise Funds was \$115,278 and \$74,008, 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
2009	\$ 4,005,956
2010	2,965,801
2011	2,607,973
2012	2,502,895
2013	2,417,044
Thereafter	35,437,940
Total	\$ 49,937,609

The following is a schedule of property under operating leases at September 30, 2008:

Building and improvements	\$ 55,366,552
Accumulated depreciation	(24,779,650)
Net property	\$ 30,586,902

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

Note 13 - Capital Lease

On October 8, 2007, 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 \$5,479.08. 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 \$300,000 and \$3,571, respectively, as of September 30, 2008.

<u>Year Ending September 30,</u>	<u>Amount</u>
2009	\$ 65,749
2010	65,749
2011	65,749
2012	<u>65,749</u>
Total minimum lease payments	262,996
Less: Amount representing interest costs	<u>(22,931)</u>
Present value of minimum lease payments	<u><u>\$ 240,065</u></u>

Note 14 - Interfund Accounts and Transfers

Individual fund interfund receivables and payables at September 30, 2008 consist of the following:

<u>Fund</u>	<u>Due to Other Funds</u>	<u>Due From Other Funds</u>
General	\$ 35,597	\$ 968,000
LIHEAP	-	9,845
Debt Service	-	25,752
Water and Sewer	<u>968,000</u>	<u>-</u>
	<u><u>\$ 1,003,597</u></u>	<u><u>\$ 1,003,597</u></u>

The interfund receivable and payable 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.

Interfund Transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 9,089,944
Other Governmental	<u>12,602,911</u>	<u>3,512,967</u>
	<u><u>\$ 12,602,911</u></u>	<u><u>\$ 12,602,911</u></u>

Transfers between the funds are used to fund various activities of the City, such as the Public Safety Complex and the Westside Community Center, through the use of cash collected in the General Fund.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

Note 15 - Pension Plans and Postemployment 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 three (3) classes are applicable to the City's eligible employees. These three (3) classes, with descriptions and contribution rates in effect during the period ended September 30, 2008, 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 (9.85% from 10/01/07 to 9/30/08). Seven (7) employees qualified for DROP - Deferred Retirement Option Program (10.91% from 10/01/06 to 9/30/07).

Senior Management Class - Members eligible for this class include the City Manager and Department Heads. The rate is 13.12%.

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, 2008, 2007 and 2006 were \$1,332,414, \$1,137,423, and \$790,253, respectively, and equal the required contributions for each year. The Airport Authority's contributions to FRS for the years ended September 30, 2008, 2007 and 2006 were \$545,201, \$400,621, and \$351,268, 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.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

Note 15 - Pension Plans and Postemployment Benefits Other than Pensions (Continued)

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

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 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 \$756,363 and \$525,442 to the Police Officers' and Firefighters' Retirement Systems, respectively, during the year ended September 30, 2008. 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-five (25) years for police officers and thirty (30) years for firefighters.

(3) Plan Membership - At September 30, 2008, membership of each plan consisted of the following:

	Police Officers	Firefighters
Retirees and beneficiaries receiving benefits	45	38
Terminated employees entitled to benefits but not yet receiving them	5	4
Active plan members	130	77
Total	180	119

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

Note 15 - Pension Plans and Postemployment Benefits Other than Pensions (Continued)

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

(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
Firefighters' Plan				
Fiscal Year Ended September 30,	Annual Pension Cost	Employer Contributions	Percent Contributed	Net Pension Obligation
2006	\$ 483,147	\$ 444,074	91.91%	\$ (31,455)
2007	\$ 528,079	\$ 567,150	107.40%	\$ (32,439)
2008	\$ 611,991	\$ 525,442	85.86%	\$ 54,466

The Police Officers' net pension obligation at September 30, 2008, totaled \$154,457. It was comprised of the following components:

Annual required contributions	\$ 1,087,169
Annual pension cost	1,087,169
Fiscal 2008 employer contributions	932,712
Increase in net pension obligation	(154,457)
Net pension obligation beginning of year	-
Net pension obligation end of year	<u>\$ (154,457)</u>

The Firefighters' net pension obligation at September 30, 2080, totaled \$54,466. It was comprised of the following components:

Annual required contributions	\$ 781,192
Interest on the net pension obligation	(2,595)
Adjustment to annual contribution	2,951
Annual pension cost	781,548
Fiscal 2008 employer contributions	694,643
Increase in net pension obligation	(86,905)
Net pension obligation beginning of year	32,439
Net pension obligation end of year	<u>\$ (54,466)</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.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

Note 15 - Pension Plans and Postemployment Benefits Other than Pensions (Continued)

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

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

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

	<u>Police Officers</u>	<u>Firefighters</u>
Valuation date	10/01/2008	10/01/2008
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%

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

Note 15 - Pension Plans and Postemployment Benefits Other than Pensions (Continued)

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

Pension Trust Fund Financial Statements

Financial statements for the Police Officers' Retirement System and Firefighters' Retirement System at September 30, 2008 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	\$ 281,954	\$ 221,677	\$ 503,631
Money market funds	1,211,143	396,001	1,607,144
Equity securities, individual stocks, and mutual funds	12,077,077	13,222,052	25,299,129
Mutual funds investing in corporate and U.S. Treasury bonds	8,469,088	-	8,469,088
Total investments	22,039,262	13,839,730	35,878,992
Total assets	22,039,262	13,839,730	35,878,992
Liabilities			
Accounts payable	31,629	17,819	49,448
Total liabilities	31,629	17,819	49,448
Net assets			
Held in trust for pension benefits	\$ 22,007,633	\$ 13,821,911	\$ 35,829,544

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

Note 15 - Pension Plans and Postemployment 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	\$ 756,363	\$ 525,442	\$ 1,281,805
State	314,318	308,706	623,024
Plan members and others	317,553	270,216	587,769
Total contributions	<u>1,388,234</u>	<u>1,104,364</u>	<u>2,492,598</u>
Investment earnings:			
Net (decrease) in fair value of investments	(4,668,583)	(2,075,404)	(6,743,987)
Dividends	283,074	95,268	378,342
Interest	358,150	-	358,150
Total investment earnings	<u>(4,027,359)</u>	<u>(1,980,136)</u>	<u>(6,007,495)</u>
Less investment expenses	157,463	87,073	244,536
Net investment earnings	<u>(4,184,822)</u>	<u>(2,067,209)</u>	<u>(6,252,031)</u>
Miscellaneous income	3,392	11,304	14,696
Total additions	<u>(2,793,196)</u>	<u>(951,541)</u>	<u>(3,744,737)</u>
Deductions:			
Benefits	1,163,555	1,022,971	2,186,526
Refund of contributions	74,798	120,049	194,847
Other service and charges	38,539	21,308	59,847
Total deductions	<u>1,276,892</u>	<u>1,164,328</u>	<u>2,441,220</u>
Change in assets	(4,070,088)	(2,115,869)	(6,185,957)
Total net assets - beginning	<u>26,077,722</u>	<u>15,937,779</u>	<u>42,015,501</u>
Total net assets - ending	<u>\$ 22,007,634</u>	<u>\$ 13,821,910</u>	<u>\$ 35,829,544</u>

C. Postemployment 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, 2008

Note 15 - Pension Plans and Postemployment Benefits Other than Pensions (Continued)

C. Postemployment Benefits Other Than Pensions (Continued)

The City has not early implemented Governmental Accounting Standards Board Statement No. 45 “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.” Expenditures for these insurance premiums, which are recognized when paid, were recorded in the General Fund and Water and Sewer Fund in the amounts of \$498,392, and \$39,322, respectively, for the year ended September 30, 2008 for 67 retirees receiving health insurance and 125 receiving life insurance.

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.

Note 16 - 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 17 - 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 of claims for fiscal year 2008. 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 changes in the City’s claims liability during the years ended September 30, 2007 and 2008 were as follows:

	Balance at Fiscal Year Beginning	Current Year Claims and Changes in Estimates	Current Year Claim Payments	Balance at Fiscal Year End
2006 - 2007	\$ 1,749,409	\$ 811,232	\$ (504,999)	\$ 2,055,642
2007 - 2008	\$ 2,055,642	\$ 801,455	\$ (655,733)	\$ 2,201,364

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

Note 17 - Risk Management (Continued)

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 18 - 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 \$18,077,289 at September 30, 2008.

Airport Authority

- D. The Airport Authority is a defendant in two lawsuits. Although the outcome of one of these lawsuits cannot presently be determined, in the opinion of the Airport Authority's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Airport Authority.
- 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, 2008, the Airport Authority had entered into construction contracts in the amount of \$8,160,023.
- 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.

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

Note 18 - Commitments and Contingencies (Continued)

Airport Authority (Continued)

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, 2008, the Authority has no known sites requiring mitigation. The Authority does have an ongoing obligation to monitor and test each site.

Note 18 – Net Assets, Invested in Capital Assets Net of Related Debt Calculation

The elements of this calculation are as follows:

	Governmental Activities
Capital assets (Net)	
Non depreciable	\$ 7,564,342
Depreciable, net	93,818,522
	101,382,864
Debt related to capital assets	
Lease	240,065
Bonds	19,000,000
	19,240,065
Difference	82,142,799
Amount unspent on 2008 bonds	16,671,491
Invested in capital assets	\$ 98,814,290

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

Note 20 - Component Unit - Sanford CRA

Condensed financial statement information related to the Sanford CRA as of and for the year ended September 30, 2008 is as follows:

	General	Debt Service	Total	Adjustments	Statement of Net Assets
Condensed Balance Sheet:					
Cash and cash equivalents	\$ 2,171,091	\$ -	\$ 2,171,091	\$ -	\$ 2,171,091
Capital assets:					
Nondepreciable	-	-	-	306,564	306,564
Depreciable, net	-	-	-	5,458,985	5,458,985
Total Assets and Other Debits	<u>\$ 2,171,091</u>	<u>\$ -</u>	<u>\$ 2,171,091</u>	<u>\$ 5,765,549</u>	<u>\$ 7,936,640</u>
Accounts payable	\$ 39,861	\$ -	\$ 39,861	\$ -	\$ 39,861
Accrued liabilities	-	-	-	50,793	50,793
Due to other governments	6,314	-	6,314	-	6,314
Bonds payable	-	-	-	3,455,000	3,455,000
Loan payable	-	-	-	1,405,883	1,405,883
Fund balance/invested in capital assets, net of related debt	-	-	-	904,666	904,666
Net assets - unrestricted	<u>2,124,916</u>	<u>-</u>	<u>2,124,916</u>	<u>(50,793)</u>	<u>2,074,123</u>
Total Liabilities and Fund Balances	<u>\$ 2,171,091</u>	<u>\$ -</u>	<u>\$ 2,171,091</u>	<u>\$ 5,765,549</u>	<u>\$ 7,936,640</u>
Condensed Revenues, Expenditures and Changes in Fund Balances:					
Revenues:					
Taxes	\$ 1,880,291	\$ -	\$ 1,880,291	\$ -	\$ 1,880,291
Interest	71,281	-	71,281	-	71,281
Contributions	323,113	-	323,113	-	323,113
Total revenues	<u>2,274,685</u>	<u>-</u>	<u>2,274,685</u>	<u>-</u>	<u>2,274,685</u>
Expenditures/Expenses:					
Transportation	-	-	-	377,177	377,177
Economic environment	560,708	-	560,708	(259,993)	300,715
Principal retirement	-	830,000	830,000	(830,000)	-
Interest and other fiscal charges	-	236,440	236,440	(14,060)	222,380
Total expenditures	<u>560,708</u>	<u>1,066,440</u>	<u>1,627,148</u>	<u>(726,876)</u>	<u>900,272</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,713,977</u>	<u>(1,066,440)</u>	<u>647,537</u>	<u>726,876</u>	<u>1,374,413</u>
Other financing sources (uses):					
Transfers in	-	1,066,440	1,066,440	-	1,066,440
Transfers (out)	<u>(1,066,440)</u>	<u>-</u>	<u>(1,066,440)</u>	<u>-</u>	<u>(1,066,440)</u>
Total other financing sources (uses)	<u>(1,066,440)</u>	<u>1,066,440</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	647,537	-	647,537	726,876	1,374,413
Fund balance					
Beginning of year	1,477,379	-	1,477,379	126,997	1,604,376
End of year	<u>\$ 2,124,916</u>	<u>\$ -</u>	<u>\$ 2,124,916</u>	<u>\$ 853,873</u>	<u>\$ 2,978,789</u>

CITY OF SANFORD, FLORIDA
Notes to Financial Statements, Year Ended September 30, 2008

Note 21 - Restatement

The City's management identified an error in the City's previously reported deferred revenue for fiscal year 2007, as well as years prior to 2007. In 2001, the City was among municipalities that entered into an interlocal agreement with Seminole County, Florida. According to the agreement, Seminole County is authorized to impose a 0.5% to 1.0% local government infrastructure surtax upon transactions occurring within Seminole County, which are considered to be taxable. A portion of the taxes collected are distributed to the City. As of September 30, 2007, Seminole County, as trustee, held \$7,336,705 related to the surtax. Therefore, a restatement is presented in the fund level statements, since revenue has not been recorded in prior years, but was considered to be earned prior to September 30, 2007. As a result, net assets of Governmental Activities as of September 30, 2007 were restated, as follows:

Beginning net assets, as previously reported	\$ 153,596
Adjustment for change in accounting policy	<u>7,183,109</u>
Beginning net assets, as restated	<u>\$7,336,705</u>

Note 22 - Subsequent Event

On September 18, 2008, the City attempted to withdraw all funds from The Reserve Government money market fund. A confirmation of redemption was received. However, on September 22nd, prior to settlement, the SEC issued an Order granting the Reserve Fund's application for an Order to suspend all rights of redemption, to ensure an orderly disposition of the securities in the portfolio and to ensure that shareholders were protected from "short selling" and thus devaluing the assets in the fund.

Due to the uncertainty of cash availability, the City executed a line of credit, not to exceed \$10,000,000, with Wachovia Bank. A total of \$2,700,000 was borrowed to meet cash needs from October 8 to November 13, 2008.

On November 13th, the City received a partial distribution of approximately \$29,000,000, at which time the balance borrowed on the line of credit was repaid. On January 15, 2009, the City received final distribution of all funds held with The Reserve Government money market fund. While funds were being held by the Reserve Fund, the City continued to earn normal rates of return.



**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, 2008

	Budgeted amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Revenues				
Taxes:				
Property taxes	\$ 19,147,650	\$ 19,147,650	\$ 19,324,531	\$ 176,881
Utility taxes	6,734,700	6,734,700	6,599,163	(135,537)
Business taxes	650,200	650,200	560,013	(90,187)
Permits and fees	4,274,989	4,274,989	3,848,086	(426,903)
Intergovernmental	6,184,175	6,239,675	5,363,661	(876,014)
Charges for services	1,595,370	1,595,370	2,228,654	633,284
Investment income	1,523,450	1,523,450	599,573	(923,877)
Fines and forfeits	420,450	420,450	229,904	(190,546)
Miscellaneous	360,120	549,881	504,021	(45,860)
Total revenues	<u>40,891,104</u>	<u>41,136,365</u>	<u>39,257,606</u>	<u>(1,878,759)</u>
Expenditures				
Current:				
General government	5,263,454	6,122,873	5,646,106	476,767
Public safety	21,055,722	21,062,253	19,691,945	1,370,308
Transportation	1,149,075	1,138,428	1,122,266	16,162
Physical environment	2,067,071	3,203,673	2,932,531	271,142
Economic environment	1,352,366	2,152,683	1,884,871	267,812
Human services	322,334	333,801	166,680	167,121
Culture & Recreation	5,861,854	5,229,417	4,893,280	336,137
Capital outlay	776,597	868,655	757,983	110,672
Total expenditures	<u>37,848,473</u>	<u>40,111,783</u>	<u>37,095,662</u>	<u>3,016,121</u>
Excess of revenues over expenditures	<u>3,042,631</u>	<u>1,024,582</u>	<u>2,161,944</u>	<u>1,137,362</u>
Other financing sources (uses)				
Transfers out	(7,592,454)	(9,089,944)	(9,089,944)	-
Proceeds from sale of property	60,000	60,000	48,247	(11,753)
Total other financing uses	<u>(7,532,454)</u>	<u>(9,029,944)</u>	<u>(9,041,697)</u>	<u>(11,753)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(4,489,823)	(8,005,362)	(6,879,753)	1,125,609
Fund balance				
Beginning of year	-	-	18,634,400	18,634,400
Prior carryforward	4,974,623	8,491,463	-	(8,491,463)
Future carryforward	(484,800)	(486,101)	-	486,101
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,754,647</u>	<u>\$ 11,754,647</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 40,332	\$ 40,332	\$ -	\$ (40,332)
Intergovernmental	7,919,598	7,919,598	2,755,393	(5,164,205)
Total revenues	<u>7,959,930</u>	<u>7,959,930</u>	<u>2,755,393</u>	<u>(5,204,537)</u>
Expenditures				
Current				
Transportation	-	67,000	424,283	(357,283)
Capital				
Transportation	7,959,930	8,192,462	965,715	7,226,747
Total expenditures	<u>7,959,930</u>	<u>8,259,462</u>	<u>1,389,998</u>	<u>6,869,464</u>
Excess of revenues over expenditures	<u>-</u>	<u>(299,532)</u>	<u>1,365,395</u>	<u>1,664,927</u>
Net change in fund balances	-	(299,532)	1,365,395	1,664,927
Fund balance				
Beginning of year (restated)	-	-	7,336,705	7,336,705
Prior carryforward	68,275	367,807	-	(367,807)
Future carryforward	<u>(68,275)</u>	<u>(68,275)</u>	<u>-</u>	<u>68,275</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,702,100</u>	<u>\$ 8,702,100</u>

CITY OF SANFORD, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended September 30, 2008

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)
10/1/2008	\$ 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)
10/1/2008	\$ 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
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 *
2002	\$ 178,735	\$ 223,887	125.26%	\$ 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
2008	\$ 781,192	\$ 611,991	78.34%	\$ 169,201 **
2007	\$ 528,079	\$ 567,150	107.40%	\$ 156,568 **
2006	\$ 483,147	\$ 444,074	91.91%	\$ 156,568 **
2005	\$ 408,449	\$ 440,254	107.79%	\$ 153,653 **
2004	\$ 388,876	\$ 388,876	100.00%	\$ 125,840 **
2003	\$ 419,804	\$ 419,805	100.00%	\$ 125,840 **
2002	\$ 289,051	\$ 289,051	100.00%	\$ 125,840 **

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

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



CITY OF SANFORD, FLORIDA

Combining Nonmajor Governmental Funds

Special Revenue Funds

Recreation Impact Fees, Fire Impact Fees, and Police Impact Fees– 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 – 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 – 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.

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

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

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

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

Debt Service Fund

Debt Service – To account for the accumulation of resources and for payment of the principal, interest, and related costs on Special Facilities Revenue Bonds

Capital Projects Fund

Replacement – To account for financial resources earmarked for the acquisition or construction of major capital facilities and other project-oriented activities (other than those financed by proprietary funds)

CITY OF SANFORD, FLORIDA
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2008

Special Revenue Funds

	Recreation Impact Fees	Fire Impact Fees	Local Option Gas Tax	Law Enforcement	Police Impact Fees	Premium Tax Trust
Assets						
Cash	\$ 97,310	\$ 514,736	\$ 112,925	\$ 481,536	\$ 944,212	\$ -
Accounts receivable, net	9,809	402	-	2,022	2,421	-
Due from other governments	-	-	94,258	795	-	57,564
Total assets	\$ 107,119	\$ 515,138	\$ 207,183	\$ 484,353	\$ 946,633	\$ 57,564
Liabilities and fund balances						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 100,501	\$ -	\$ 156,560	\$ 57,564
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	-	-	100,501	-	156,560	57,564
Fund balances:						
Reserved for:						
Encumbrances	-	-	3,616	-	-	-
Unreserved, designated	-	-	-	-	-	-
Unreserved, undesignated	107,119	515,138	103,066	484,353	790,073	-
Total fund balances	107,119	515,138	106,682	484,353	790,073	-
Total liabilities and fund balances	\$ 107,119	\$ 515,138	\$ 207,183	\$ 484,353	\$ 946,633	\$ 57,564

Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
Building Inspection	Cemetery	LIHEAP	Police Education	Total	Debt Service	Replacement	
\$ 66,077	\$ 530,173	\$ -	\$ 12,942	\$ 2,759,911	\$ -	\$ 596,725	\$ 3,356,636
584	-	-	9,837	25,075	11,827	2,981	39,883
-	-	19,887	-	172,504	-	-	172,504
<u>\$ 66,661</u>	<u>\$ 530,173</u>	<u>\$ 19,887</u>	<u>\$ 22,779</u>	<u>\$ 2,957,490</u>	<u>\$ 11,827</u>	<u>\$ 599,706</u>	<u>\$ 3,569,023</u>
\$ 2,434	\$ -	\$ 24	\$ -	\$ 317,083	\$ 5,479	\$ 102,566	\$ 425,128
19,330	-	1,876	-	21,206	-	-	21,206
-	-	9,845	-	9,845	25,752	-	35,597
<u>21,764</u>	<u>-</u>	<u>11,745</u>	<u>-</u>	<u>348,134</u>	<u>31,231</u>	<u>102,566</u>	<u>481,931</u>
-	-	-	-	3,616	-	129,520	133,136
-	-	-	-	-	-	367,620	367,620
44,897	530,173	8,142	22,779	2,605,740	(19,404)	-	2,586,336
<u>44,897</u>	<u>530,173</u>	<u>8,142</u>	<u>22,779</u>	<u>2,609,356</u>	<u>(19,404)</u>	<u>497,140</u>	<u>3,087,092</u>
<u>\$ 66,661</u>	<u>\$ 530,173</u>	<u>\$ 19,887</u>	<u>\$ 22,779</u>	<u>\$ 2,957,490</u>	<u>\$ 11,827</u>	<u>\$ 599,706</u>	<u>\$ 3,569,023</u>

CITY OF SANFORD, FLORIDA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For The Year Ended September 30, 2008

Special Revenue Funds

	Recreation Impact Fees	Fire Impact Fees	Local Option Gas Tax	Law Enforcement	Police Impact Fees	Premium Tax Trust
Revenues						
Intergovernmental revenues	\$ -	\$ -	\$ 1,031,852	\$ -	\$ -	\$ 623,023
Permits and fees	-	-	-	-	-	-
Investment income	37,136	15,777	13,338	10,557	25,963	-
Fines and forfeitures	-	-	-	145,149	-	-
Service assessments	172,473	210,112	-	-	295,681	-
Miscellaneous	-	-	-	5,427	-	-
Total revenues	<u>209,609</u>	<u>225,889</u>	<u>1,045,190</u>	<u>161,133</u>	<u>321,644</u>	<u>623,023</u>
Expenditures						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	-	51,150	13,116	623,023
Transportation	-	-	823,713	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest and other	-	-	-	-	-	-
Capital outlay	-	160,236	548,670	-	190,501	-
Total expenditures	<u>-</u>	<u>160,236</u>	<u>1,372,383</u>	<u>51,150</u>	<u>203,617</u>	<u>623,023</u>
Excess (deficiency) of revenues over expenditures	<u>209,609</u>	<u>65,653</u>	<u>(327,193)</u>	<u>109,983</u>	<u>118,027</u>	<u>-</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	(1,401,000)	-	-	-	-	-
Proceeds from sale of property	-	-	-	77,241	-	-
Total other financing sources (uses)	<u>(1,401,000)</u>	<u>-</u>	<u>-</u>	<u>77,241</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financial uses	<u>(1,191,391)</u>	<u>65,653</u>	<u>(327,193)</u>	<u>187,224</u>	<u>118,027</u>	<u>-</u>
Fund balances						
Beginning of year	<u>1,298,510</u>	<u>449,485</u>	<u>433,875</u>	<u>297,129</u>	<u>672,046</u>	<u>-</u>
End of year	<u>\$ 107,119</u>	<u>\$ 515,138</u>	<u>\$ 106,682</u>	<u>\$ 484,353</u>	<u>\$ 790,073</u>	<u>\$ -</u>

Special Revenue Funds					Debt Service Fund	Capital Project Fund	Total Nonmajor Governmental Funds
Building Inspection	Cemetery	LIHEAP	Police Education	Total	Debt Service	Replacement	
\$ -	\$ -	\$ 381,394	\$ -	\$ 2,036,269	\$ -	\$ -	\$ 2,036,269
613,305	-	-	-	613,305	-	-	613,305
1,263	-	-	320	104,354	32,590	13,811	150,755
-	-	-	25,057	170,206	-	-	170,206
-	-	-	-	678,266	-	-	678,266
-	20,625	-	-	26,052	-	-	26,052
<u>614,568</u>	<u>20,625</u>	<u>381,394</u>	<u>25,377</u>	<u>3,628,452</u>	<u>32,590</u>	<u>13,811</u>	<u>3,674,853</u>
-	-	392,689	15,544	408,233	-	66,296	474,529
818,506	-	-	-	1,505,795	-	8,011	1,513,806
-	-	-	-	823,713	-	-	823,713
-	-	-	-	-	168,513	-	168,513
-	-	-	-	-	358,260	-	358,260
21,949	32,673	-	-	954,029	-	587,826	1,541,855
<u>840,455</u>	<u>32,673</u>	<u>392,689</u>	<u>15,544</u>	<u>3,691,770</u>	<u>526,773</u>	<u>662,133</u>	<u>4,880,676</u>
(225,887)	(12,048)	(11,295)	9,833	(63,318)	(494,183)	(648,322)	(1,205,823)
262,199	-	20,000	-	282,199	474,779	989,550	1,746,528
-	-	-	-	(1,401,000)	-	-	(1,401,000)
-	-	-	-	77,241	-	-	77,241
<u>262,199</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>(1,041,560)</u>	<u>474,779</u>	<u>989,550</u>	<u>422,769</u>
36,312	(12,048)	8,705	9,833	(1,104,878)	(19,404)	341,228	(783,054)
8,585	542,221	(563)	12,946	3,714,234	-	155,912	3,870,146
<u>\$ 44,897</u>	<u>\$ 530,173</u>	<u>\$ 8,142</u>	<u>\$ 22,779</u>	<u>\$ 2,609,356</u>	<u>\$ (19,404)</u>	<u>\$ 497,140</u>	<u>\$ 3,087,092</u>

CITY OF SANFORD, FLORIDA
Recreation Impact Fees Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 61,100	\$ 61,100	\$ 37,136	\$ (23,964)
Service assessments	250,000	250,000	172,473	(77,527)
Total revenues	<u>311,100</u>	<u>311,100</u>	<u>209,609</u>	<u>(101,491)</u>
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>311,100</u>	<u>311,100</u>	<u>209,609</u>	<u>(101,491)</u>
Other financing uses				
Transfers out	<u>(301,000)</u>	<u>(1,401,000)</u>	<u>(1,401,000)</u>	<u>-</u>
Total other financing uses	<u>(301,000)</u>	<u>(1,401,000)</u>	<u>(1,401,000)</u>	<u>-</u>
Net change in fund balances	10,100	(1,089,900)	(1,191,391)	(101,491)
Fund balance				
Beginning of year	-	-	1,298,510	1,298,510
Prior carryforward	294,534	1,394,534	-	(1,394,534)
Future carryforward	<u>(304,634)</u>	<u>(304,634)</u>	<u>-</u>	<u>304,634</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,119</u>	<u>\$ 107,119</u>

CITY OF SANFORD, FLORIDA
Fire Impact Fees Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget- Positive (Negative)
Revenues				
Investment income	\$ 12,060	\$ 12,060	\$ 15,777	\$ 3,717
Service assessments	<u>115,000</u>	<u>115,000</u>	<u>210,112</u>	<u>95,112</u>
Total revenues	<u>127,060</u>	<u>127,060</u>	<u>225,889</u>	<u>98,829</u>
Expenditures				
Capital outlay				
Public safety	<u>8,000</u>	<u>160,236</u>	<u>160,236</u>	<u>-</u>
Total expenditures	<u>8,000</u>	<u>160,236</u>	<u>160,236</u>	<u>-</u>
Excess of revenues over expenditures	<u>119,060</u>	<u>(33,176)</u>	<u>65,653</u>	<u>98,829</u>
Net change in fund balances	119,060	(33,176)	65,653	98,829
Fund balance				
Beginning of year	-	-	449,485	449,485
Prior carryforward	383,391	493,391	-	(493,391)
Future carryforward	<u>(502,451)</u>	<u>(460,215)</u>	<u>-</u>	<u>460,215</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 515,138</u>	<u>\$ 515,138</u>

CITY OF SANFORD, FLORIDA
Local Option Gas Tax Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 1,461,818	\$ 1,461,818	\$ 1,031,852	\$ (429,966)
Investment income	26,000	26,000	13,338	(12,662)
Total revenues	<u>1,487,818</u>	<u>1,487,818</u>	<u>1,045,190</u>	<u>(442,628)</u>
Expenditures				
Current				
Transportation	541,524	670,446	823,713	(153,267)
Capital outlay				
Transportation	946,294	834,772	548,670	286,102
Total expenditures	<u>1,487,818</u>	<u>1,505,218</u>	<u>1,372,383</u>	<u>132,835</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>(17,400)</u>	<u>(327,193)</u>	<u>(309,793)</u>
Net change in fund balances	-	(17,400)	(327,193)	(309,793)
Fund balance				
Beginning of year	-	-	433,875	433,875
Prior carryforward	475,016	492,416	-	(492,416)
Future carryforward	<u>(475,016)</u>	<u>(475,016)</u>	<u>-</u>	<u>475,016</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,682</u>	<u>\$ 106,682</u>

CITY OF SANFORD, FLORIDA
State Law Enforcement Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 15,000	\$ 15,000	\$ 10,557	\$ (4,443)
Fines and forfeitures	66,543	66,543	145,149	78,606
Miscellaneous	-	-	82,668	82,668
Total revenues	<u>81,543</u>	<u>81,543</u>	<u>238,374</u>	<u>156,831</u>
Expenditures				
Current				
Law enforcement	2,500	51,150	51,150	-
Capital outlay				
Law enforcement	<u>39,400</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>41,900</u>	<u>51,150</u>	<u>51,150</u>	<u>-</u>
Excess of revenues over expenditures	<u>39,643</u>	<u>30,393</u>	<u>187,224</u>	<u>156,831</u>
Net change in fund balances	39,643	30,393	187,224	156,831
Fund balance				
Beginning of year	-	-	297,129	297,129
Prior carryforward	308,406	313,406	-	(313,406)
Future carryforward	<u>(348,049)</u>	<u>(343,799)</u>	<u>-</u>	<u>343,799</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 484,353</u>	<u>\$ 484,353</u>

CITY OF SANFORD, FLORIDA
Police Impact Fees Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ 38,125	\$ 38,125	\$ 25,963	\$ (12,162)
Service assessments	280,000	280,000	295,681	15,681
Total revenues	<u>318,125</u>	<u>318,125</u>	<u>321,644</u>	<u>3,519</u>
Expenditures				
Current				
Public safety	-	-	13,116	(13,116)
Capital outlay				
Public safety	369,480	369,480	190,501	178,979
Total expenditures	<u>369,480</u>	<u>369,480</u>	<u>203,617</u>	<u>165,863</u>
Excess of revenues over expenditures	<u>(51,355)</u>	<u>(51,355)</u>	<u>118,027</u>	<u>169,382</u>
Net change in fund balances	(51,355)	(51,355)	118,027	169,382
Fund balance				
Beginning of year	-	-	672,046	672,046
Prior carryforward	475,782	475,782	-	(475,782)
Future carryforward	<u>(424,427)</u>	<u>(424,427)</u>	<u>-</u>	<u>424,427</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 790,073</u>	<u>\$ 790,073</u>

CITY OF SANFORD, FLORIDA
Building Inspection Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Permits and fees	\$ 678,256	\$ 678,256	\$ 613,305	\$ (64,951)
Investment income	-	-	1,263	1,263
Total revenues	<u>678,256</u>	<u>678,256</u>	<u>614,568</u>	<u>(63,688)</u>
Expenditures				
Current				
Public safety	906,435	906,435	818,506	87,929
Capital outlay				
Public safety	33,128	55,078	21,949	33,129
Total expenditures	<u>939,563</u>	<u>961,513</u>	<u>840,455</u>	<u>121,058</u>
Deficiency of revenues under expenditures	<u>(261,307)</u>	<u>(283,257)</u>	<u>(225,887)</u>	<u>57,370</u>
Other financing sources				
Transfers in	-	262,199	262,199	-
Total other financing sources	<u>-</u>	<u>262,199</u>	<u>262,199</u>	<u>-</u>
Net change in fund balances	(261,307)	(21,058)	36,312	57,370
Fund balance				
Beginning of year	-	-	8,585	8,585
Prior carryforward	262,199	21,950	-	(21,950)
Future carryforward	(892)	(892)	-	892
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,897</u>	<u>\$ 44,897</u>

CITY OF SANFORD, FLORIDA
Cemetery Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous revenue	\$ 22,800	\$ 22,800	\$ 20,625	\$ (2,175)
Total revenues	<u>22,800</u>	<u>22,800</u>	<u>20,625</u>	<u>(2,175)</u>
Expenditures				
Capital outlay				
Recreation	40,000	40,000	32,673	7,327
Public safety	-	-	-	-
Total expenditures	<u>40,000</u>	<u>40,000</u>	<u>32,673</u>	<u>7,327</u>
Deficiency of revenues under expenditures	<u>(17,200)</u>	<u>(17,200)</u>	<u>(12,048)</u>	<u>5,152</u>
Net change in fund balances	(17,200)	(17,200)	(12,048)	5,152
Fund balance				
Beginning of year	-	-	542,221	542,221
Prior carryforward	555,916	555,916	-	(555,916)
Future carryforward	<u>(538,716)</u>	<u>(538,716)</u>	<u>-</u>	<u>538,716</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 530,173</u>	<u>\$ 530,173</u>

CITY OF SANFORD, FLORIDA
LIHEAP Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ -	\$ -	\$ 381,394	\$ 381,394
Total revenues	<u>-</u>	<u>-</u>	<u>381,394</u>	<u>381,394</u>
Expenditures				
Current				
General government	-	20,000	392,689	(372,689)
Total expenditures	<u>-</u>	<u>20,000</u>	<u>392,689</u>	<u>(372,689)</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>(20,000)</u>	<u>(11,295)</u>	<u>8,705</u>
Other financing sources				
Transfers out	-	20,000	20,000	-
Total other financing sources	<u>-</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balances	-	-	8,705	8,705
Fund balance				
Beginning of year	<u>-</u>	<u>-</u>	<u>(563)</u>	<u>(563)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,142</u>	<u>\$ 8,142</u>

CITY OF SANFORD, FLORIDA
Police Education Special Revenue Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget- Positive (Negative)
Revenues				
Investment income	\$ 150	\$ 150	\$ 320	\$ 170
Fines and forfeitures	<u>15,070</u>	<u>15,070</u>	<u>25,057</u>	<u>9,987</u>
Total revenues	<u>15,220</u>	<u>15,220</u>	<u>25,377</u>	<u>10,157</u>
Expenditures				
Current				
Governmental	<u>13,945</u>	<u>15,775</u>	<u>15,544</u>	<u>231</u>
Total expenditures	<u>13,945</u>	<u>15,775</u>	<u>15,544</u>	<u>231</u>
Excess of revenues over expenditures	<u>1,275</u>	<u>(555)</u>	<u>9,833</u>	<u>10,388</u>
Net change in fund balances	1,275	(555)	9,833	10,388
Fund balance				
Beginning of year	-	-	12,946	12,946
Prior carryforward	4,418	4,418	-	(4,418)
Future carryforward	<u>(5,693)</u>	<u>(3,863)</u>	<u>-</u>	<u>3,863</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,779</u>	<u>\$ 22,779</u>

CITY OF SANFORD, FLORIDA
Debt Service Fund
Budgetary Comparison Schedule
For The Year Ended September 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ -	\$ 49,930	\$ 32,590	\$ (17,340)
Total revenues	<u>-</u>	<u>49,930</u>	<u>32,590</u>	<u>(17,340)</u>
Expenditures				
Debt service				
Principal	2,172,000	168,513	168,513	-
Interest and other	<u>-</u>	<u>356,196</u>	<u>358,260</u>	<u>(2,064)</u>
Total expenditures	<u>2,172,000</u>	<u>524,709</u>	<u>526,773</u>	<u>(2,064)</u>
Deficiency of revenues under expenditures	<u>(2,172,000)</u>	<u>(474,779)</u>	<u>(494,183)</u>	<u>(19,404)</u>
Other financing sources				
Transfers in	2,172,000	474,779	474,779	-
Total other financing sources	<u>2,172,000</u>	<u>474,779</u>	<u>474,779</u>	<u>-</u>
Net change in fund balances	-	-	(19,404)	(19,404)
Fund balance				
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,404)</u>	<u>\$ (19,404)</u>



STATISTICAL SECTION:

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.

SANFORD
FLORIDA
—1877—

**CITY OF SANFORD, FLORIDA
STATISTICAL SECTION CONTENTS
For the Year Ended September 30, 2008**

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.

Pages

Financial Trends

These schedules contain trend information to help the reader understand how the City’s financial performance and financial position have changed over time.....94 – 99

Revenue Capacity

These schedules contain information to help the reader assess the City’s most significant local revenue source – property taxes.....100 – 103

Debt Capacity

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.104 – 107

Demographic and Economic Information

These schedules contain demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.108 – 109

Operating Information

These schedules contain service levels and capital asset data to help the reader understand how the information in the City’s financial report relates to the services the City provides to its citizens and visitors.....111 – 115

**Schedule 1
CITY OF SANFORD, FLORIDA**

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

Last Five Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>Governmental activities</u>					
Invested in capital assets, net of related debt	\$ 34,149,786	\$ 36,293,287	\$ 38,473,897	\$100,681,175	\$ 98,814,290
Restricted	1,869,556	2,507,199	3,110,023	10,549,515	28,464,057
Unrestricted	<u>13,796,173</u>	<u>14,924,212</u>	<u>17,872,420</u>	<u>18,631,636</u>	<u>5,361,947</u>
Total governmental activities net assets	<u>\$ 49,815,515</u>	<u>\$ 53,724,698</u>	<u>\$ 59,456,340</u>	<u>\$129,862,326</u>	<u>\$132,640,294</u>
<u>Business-type activities</u>					
Invested in capital assets, net of related debt	\$ 60,689,258	\$ 75,632,685	\$ 85,888,293	\$ 86,901,903	\$ 92,584,371
Restricted	9,331,175	10,088,357	10,753,432	11,811,488	2,473,650
Unrestricted	<u>14,699,489</u>	<u>5,337,171</u>	<u>4,044,563</u>	<u>8,329,896</u>	<u>14,849,417</u>
Total business-type activities net assets	<u>\$ 84,719,922</u>	<u>\$ 91,058,213</u>	<u>\$100,686,288</u>	<u>\$107,043,287</u>	<u>\$109,907,438</u>
<u>Primary government</u>					
Invested in capital assets, net of related debt	\$ 94,839,044	\$111,925,972	\$124,362,190	\$187,583,078	\$191,398,661
Restricted	11,200,731	12,595,556	13,863,455	22,361,003	30,937,707
Unrestricted	<u>28,495,662</u>	<u>20,261,383</u>	<u>21,916,983</u>	<u>26,961,532</u>	<u>20,211,364</u>
Total primary government net assets	<u>\$134,535,437</u>	<u>\$144,782,911</u>	<u>\$160,142,628</u>	<u>\$236,905,613</u>	<u>\$242,547,732</u>

Note: Information not available prior to implementation of GASB 34.

Schedule 2
CITY OF SANFORD, FLORIDA

CHANGES IN NET ASSETS
(modified accrual basis of accounting)

Last Five Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>Expenses</u>					
Governmental activities:					
General government	\$ 4,068	\$ 5,494	\$ 5,826	\$ 5,720	\$ 6,268
Public safety	15,489	16,279	17,961	22,909	22,875
Transportation	7,705	3,597	3,739	7,998	5,748
Physical environment	3,050	3,976	3,554	862	3,088
Economic environment	398	622	601	789	1,354
Human services	521	128	431	259	146
Culture/Recreation	3,840	3,914	4,625	7,757	5,779
Interest on long-term debt	*	76	72	65	358
Total governmental activities expenses	<u>35,071</u>	<u>34,086</u>	<u>36,809</u>	<u>46,359</u>	<u>45,616</u>
Business-type activities:					
Water and sewer	11,961	12,960	15,631	16,563	18,646
Stormwater	1,462	1,671	1,420	1,899	5,329
Solid waste	-	-	-	4,519	2,377
Total business-type activities expenses	<u>13,423</u>	<u>14,631</u>	<u>17,051</u>	<u>22,981</u>	<u>26,352</u>
Total primary government net assets	<u>48,494</u>	<u>48,717</u>	<u>53,860</u>	<u>69,340</u>	<u>71,968</u>
<u>Program revenues</u>					
Governmental activities:					
Charges for services:					
General government	1,908	2,105	2,210	2,708	1,110
Public safety	2,017	2,267	2,347	2,049	3,312
Transportation	32	55	57	59	61
Physical environment	3,685	3,927	4,232	199	119
Economic environment	-	-	-	-	-
Human services	-	-	-	-	-
Culture/Recreation	243	253	279	281	480
Operating grants and contributions	5,719	902	1,312	1,458	1,460
Capital grants and contributions	3,788	2,433	704	1,217	1,100
Total governmental activities program revenues	<u>17,392</u>	<u>11,942</u>	<u>11,141</u>	<u>7,971</u>	<u>7,642</u>
Business-type activities:					
Charges for services	15,143	15,136	17,467	23,087	25,156
Operating grants and contributions	-	-	50	274	-
Capital grants and contributions	5,676	4,871	8,122	4,151	3,393
Total business-type activities program revenues	<u>20,819</u>	<u>20,007</u>	<u>25,639</u>	<u>27,512</u>	<u>28,549</u>
Total primary government program revenues	<u>38,211</u>	<u>31,949</u>	<u>36,780</u>	<u>35,483</u>	<u>36,191</u>
<u>Net (expense) / revenue</u>					
Governmental activities	(17,679)	(22,144)	(25,668)	(38,388)	(37,974)
Business-type activities	<u>7,396</u>	<u>5,376</u>	<u>8,588</u>	<u>4,531</u>	<u>2,197</u>
Total primary government net expense	<u>(10,283)</u>	<u>(16,768)</u>	<u>(17,080)</u>	<u>(33,857)</u>	<u>(35,777)</u>

Note: Information not available prior to implementation of GASB 34.

* Data not available

(Continued)

Schedule 2
CITY OF SANFORD, FLORIDA

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

Last Five Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>General revenues and other changes in net assets</u>					
Governmental activities:					
Property tax	\$ 9,483	\$ 10,265	\$ 12,101	\$ 16,557	\$ 19,325
Other taxes	16,047	14,835	16,923	20,570	19,907
Grants and contributions not restricted to specific pr	-	-	-	-	-
Unrestricted investment earnings	241	574	1,201	1,656	1,105
Gain on sale of capital assets	142	3	-	69	86
Miscellaneous	430	713	795	(750)	329
Transfers in (out)	(12)	(338)	(175)	(598)	-
Total governmental activities	<u>26,331</u>	<u>26,052</u>	<u>30,845</u>	<u>37,504</u>	<u>40,752</u>
Business-type activities:					
Grants and contributions not restricted to specific pr	-	-	-	-	-
Unrestricted investment earnings	286	580	785	980	481
Gain on sale of capital assets	-	8	6	14	-
Miscellaneous	-	37	74	130	186
Transfers in (out)	12	338	175	702	-
Total business-type activities	<u>298</u>	<u>963</u>	<u>1,040</u>	<u>1,826</u>	<u>667</u>
Total primary government	<u>26,629</u>	<u>27,015</u>	<u>31,885</u>	<u>39,330</u>	<u>41,419</u>
<u>Change in net assets</u>					
Governmental activities	8,652	3,908	5,177	(884)	2,778
Business-type activities	<u>7,694</u>	<u>6,339</u>	<u>9,628</u>	<u>6,357</u>	<u>2,864</u>
Total government	<u>\$ 16,346</u>	<u>\$ 10,247</u>	<u>\$ 14,805</u>	<u>\$ 5,473</u>	<u>\$ 5,642</u>

Note: Information not available prior to implementation of GASB 34.

**Schedule 3
CITY OF SANFORD, FLORIDA**

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

Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<u>General fund</u>										
Reserved	\$ 938	\$ 3,091	\$ 3,614	\$ 3,155	\$ 105	\$ 134	\$ 177	\$ 175	\$ 109	\$ 1,533
Unreserved	10,813	10,879	10,727	11,159	13,154	9,990	16,051	19,622	18,525	10,222
Total general fund	<u>\$ 11,751</u>	<u>\$ 13,970</u>	<u>\$ 14,341</u>	<u>\$ 14,314</u>	<u>\$ 13,259</u>	<u>\$ 10,124</u>	<u>\$ 16,228</u>	<u>\$ 19,797</u>	<u>\$ 18,634</u>	<u>\$ 11,755</u>
<u>All other governmental funds</u>										
Reserved	\$ 338	\$ 337	\$ -	\$ -	\$ 208	\$ 52	\$ 52	\$ -	\$ -	\$ 33,971
Unreserved, reported in:										
Special revenue funds	2,119	2,785	4,386	1,997	2,118	2,334	3,019	3,670	3,869	2,586
Debt service funds	-	-	-	(77,331)	-	-	-	-	-	-
Capital projects funds	-	1,732	(82,263)	-	(1,516)	9	131	189	585	1,384
Various	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 2,457</u>	<u>\$ 4,854</u>	<u>\$ (77,877)</u>	<u>\$ (75,334)</u>	<u>\$ 810</u>	<u>\$ 2,395</u>	<u>\$ 3,202</u>	<u>\$ 3,859</u>	<u>\$ 4,454</u>	<u>\$ 37,941</u>

Note: Information not available prior to implementation of GASB 34.

**Schedule 4
CITY OF SANFORD, FLORIDA**

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

Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004
<u>Revenues</u>						
Taxes	\$ 13,522	\$ 14,401	\$ 15,772	\$ 16,271	\$ 21,034	\$ 21,287
Licenses and permits	851	1,080	1,177	827	1,006	1,490
Intergovernmental revenues	5,228	4,230	4,520	4,908	8,615	7,953
Charges for services	1,054	4,067	4,380	4,516	4,524	4,979
Fines and forfeitures	383	285	1,166	331	323	362
Impact fees	315	607	717	171	286	747
Interest earnings	735	1,172	1,204	415	265	241
Administrative services	756	765	833	906	906	906
Miscellaneous revenues	170	313	280	357	775	866
Total revenues	<u>23,014</u>	<u>26,920</u>	<u>30,049</u>	<u>28,702</u>	<u>37,734</u>	<u>38,831</u>
<u>Expenditures</u>						
General government	3,101	3,610	3,571	3,906	4,412	4,284
Public safety	8,850	9,348	11,422	12,435	13,415	14,247
Transportation	1,883	2,398	3,304	2,403	2,520	2,538
Physical environment	-	2,627	3,265	3,035	2,930	2,975
Economic environment	793	417	423	658	534	383
Human services	18	73	98	223	252	260
Culture/Recreation	2,513	2,678	5,058	3,214	3,217	3,198
Capital outlay	3,005	2,527	1,909	5,028	12,359	7,056
Principal	290	205	1,035	80	85	90
Interest and fiscal charges	97	100	128	92	87	82
Total expenditures	<u>20,550</u>	<u>23,983</u>	<u>30,213</u>	<u>31,074</u>	<u>39,811</u>	<u>35,113</u>
Excess of revenues over (under) expenditures	<u>2,464</u>	<u>2,937</u>	<u>(164)</u>	<u>(2,372)</u>	<u>(2,077)</u>	<u>3,718</u>
<u>Other financing sources (uses)</u>						
Operating transfer to component unit	-	-	(136)	(239)	-	-
Transfers in	978	671	1,424	1,960	1,340	172
Transfers (out)	(1,116)	(699)	(1,484)	(1,978)	(1,891)	(183)
Bond proceeds	-	1,750	-	-	-	-
Total other financing sources (uses)	<u>(138)</u>	<u>1,722</u>	<u>(196)</u>	<u>(257)</u>	<u>(551)</u>	<u>(11)</u>
<u>Extraordinary item</u>						
Hurricane expenditures	-	-	-	-	-	(5,281)
Proceeds from sale of property	32	20	18	29	12	24
Lease termination	-	-	-	-	-	-
Total extraordinary items	<u>32</u>	<u>20</u>	<u>18</u>	<u>29</u>	<u>12</u>	<u>(5,257)</u>
Net change in fund balances	<u>\$ 2,326</u>	<u>\$ 4,659</u>	<u>\$ (360)</u>	<u>\$ (2,629)</u>	<u>\$ (2,628)</u>	<u>\$ (1,550)</u>
Debt service as a percentage of non-capital expenditures	<u>2.21%</u>	<u>1.42%</u>	<u>4.11%</u>	<u>0.66%</u>	<u>0.63%</u>	<u>0.61%</u>

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 20,158	\$ 23,638	\$ 29,917	\$ 27,272
1,564	1,721	1,265	4,408
12,358	6,737	7,156	11,090
5,537	5,835	1,960	2,229
289	428	422	400
386	502	648	679
574	1,201	1,656	973
1,060	1,095	1,557	-
697	1,112	944	630
<u>42,623</u>	<u>42,269</u>	<u>45,525</u>	<u>47,681</u>
5,481	5,352	6,910	6,131
15,268	16,327	18,782	21,224
3,138	3,002	5,414	2,455
2,948	3,567	818	2,972
609	560	731	1,885
147	450	251	167
3,339	3,795	4,955	5,108
4,301	5,241	5,861	6,114
95	100	110	168
77	72	65	456
<u>35,403</u>	<u>38,466</u>	<u>43,897</u>	<u>46,680</u>
7,220	3,803	1,628	1,001
-	-	-	-
551	172	4,658	12,603
(888)	(347)	(5,257)	(12,603)
-	-	-	18,300
<u>(337)</u>	<u>(175)</u>	<u>(599)</u>	<u>18,300</u>
-	-	-	-
29	44	20	125
-	-	(1,618)	-
<u>29</u>	<u>44</u>	<u>(1,598)</u>	<u>125</u>
<u>\$ 6,883</u>	<u>\$ 3,628</u>	<u>\$ (569)</u>	<u>\$ 19,426</u>
<u>0.55%</u>	<u>0.52%</u>	<u>0.46%</u>	<u>1.54%</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					
1999*	\$ 1,238,042	\$ 217,330	\$ 1,455,372	\$ (399,627)	\$ 1,055,745	6.870	\$ 1,076,193	98.10%
2000*	1,301,370	232,039	1,533,409	(405,212)	1,128,197	6.790	1,137,295	99.20%
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%

* 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)

<u>Fiscal Year</u>	<u>City of Sanford, Florida</u>	<u>Seminole County</u>		<u>St. Johns River Water Mgmt. Dist.</u>	<u>Total</u>
		<u>Government</u>	<u>School Board</u>		
1999	6.870	5.281	9.918	0.482	22.551
2000	6.790	5.116	9.541	0.482	21.929
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

*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

<u>Taxpayer Name</u>	<u>Business Name</u>	<u>Fiscal Year 2007 / 2008</u>			<u>Fiscal Year 1997 / 1998</u>		
		<u>Taxable Value</u>	<u>Percent of Total Taxable Value</u>	<u>Rank</u>	<u>Taxable Value</u>	<u>Percent of Total Taxable Value</u>	<u>Rank</u>
Seminole Towne Center, LP	Seminole Towne Center Mall	\$ 107,799,819	3.32%	1			
WRI Seminole Marketplace, LLC	Weingarten Realty Inv	53,341,658	1.64%	2			
Central Fla Regional Hospital	Central Fla Regional Hospital	45,749,345	1.41%	3			
Colonial Realty, LP	Colonial Village	43,783,556	1.35%	4			
Wal-Mart Stores East	Wal-Mart Supercenter	43,134,344	1.33%	5			
Florida Power & Light Co.	FL Power & Light	36,658,352	1.13%	6			
Plantation Lakes II, LTD	PLANTATION Lakes II LTD	34,447,920	1.06%	7			
Westlake Arbour, LLC	Westlake Arbour LLC	32,263,636	0.99%	8			
Bellsouth Communications, Inc.	Bellsouth Communications	26,479,603	0.82%	9			
MSKP Gateway, LLC	MSKP Gateway LLC	25,226,207	0.78%	10			
Seminole Towne Center, LP	Seminole Towne Center Mall				\$ 97,892,535	9.87%	1
Southern Bell	Southern Bell				26,642,927	2.69%	2
FL Power & Light	FL Power & Light				18,303,525	1.85%	3
ZOM Gateway Plaza	Gateway Plaza				15,366,150	1.55%	4
Kimco of Merritt Island, Inc.	Seminole Center				14,162,782	1.43%	5
Central Fla Regional Hospital	Central Fla Regional Hospital				12,350,726	1.25%	6
Columbia Medical Center	Columbia Medical Center				12,027,072	1.21%	7
Dillard Department Stores, Inc.	Dillards				9,147,470	0.92%	8
Placid Lake Association	Placid Lake Association				8,417,640	0.85%	9
Sanford Landings Apartments	Sanford Landings Apartments				7,400,345	0.75%	10
	Total	<u>\$ 448,884,440</u>	<u>13.83%</u>		<u>\$ 221,711,172</u>	<u>22.37%</u>	

*Subject to change pending Final Value Adjustment Board Hearings (Not final until approved at meeting on 3/31/2009)

**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
1999	\$ 6,781,938	\$ 6,472,094	95.4%	\$ 19,775	\$ 6,491,869	95.7%
2000	7,188,198	6,831,026	95.0%	84,672	6,915,698	96.2%
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	16,554,890	94.9%	7,449	16,562,339	95.0%
2008	20,524,602	19,272,717	93.9%	51,814	19,324,531	94.2%

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

**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				
1999	\$ -	\$ -	\$ 31,407,886	\$ 6,555,763	\$ 3,537,201	\$ 41,500,850	\$1,098,011,032	3.8%	1,112
2000	1,750,000	-	30,683,652	9,066,509	3,296,725	44,796,886	1,205,231,976	3.7%	1,149
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

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, 2008**

<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	\$ 23,415,000	10.20%	<u>\$ 2,388,330</u>
Total Overlapping Debt			<u><u>\$ 2,388,330</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

Schedule 11
CITY OF SANFORD, FLORIDA

PLEGDED 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	
1999	\$ -	\$ -	\$ -	-
2000	-	-	-	-
2001	-	-	-	-
2002	-	-	-	-
2003	-	-	-	-
2004	-	-	-	-
2005	-	-	-	-
2006	-	-	-	-
2007	-	-	-	-
2008	3,371,680	-	286,960	11.75

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	
1999	\$ 10,278,860	\$ 1,116,313	\$ 5,929,803	\$ 5,465,370	\$ 755,000	\$ 1,708,180	2.22
2000	10,531,532	1,117,559	5,992,626	5,656,465	795,000	1,670,930	2.29
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

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	
1999	\$ 10,278,860	\$ 5,929,803	\$ 4,349,057	\$ 409,317	\$ 250,481	6.59
2000	10,531,532	5,992,626	4,538,906	423,641	233,203	6.91
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	1,331,434	1.56
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

- (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 15.02% 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 Revenues	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

Proprietary Funds
Stormwater Revenue Bonds

Stormwater Revenues	Debt Service Requirements (4)		Coverage
	Principal	Interest	
\$ 1,568,105	\$ 116,299	\$ 149,032	5.91
1,506,571	187,482	156,975	4.37
1,601,407	253,978	143,910	4.02
1,627,406	265,406	132,482	4.09
1,864,213	277,348	120,540	4.69
2,224,518	289,827	108,061	4.40
2,308,855	302,768	95,120	5.80
3,198,778	316,391	81,947	8.03
2,959,982	330,627	68,557	7.42
3,035,556	344,270	53,618	7.63

Stormwater State Revolving Loans

Stormwater Revenues	Debt Service Requirements (4)		Coverage
	Principal	Interest	
\$ -	\$ -	\$ -	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
3,035,556	132,120	122,937	11.90

**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)
1999	37,327	\$ 29,416	\$1,098,011,032	9,523	2.8%
2000	38,974	30,924	1,205,231,976	10,771	3.3%
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%

Sources:

- (1) Office of Economic and Demographic Research
"The Florida Legislature"
Florida Population Estimates for Counties and Municipalities - 2006 and 2007
- (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 provided by the Metro Orlando Economic Development Commission.
The 2008 per capita personal income figures use the Florida per capita personal income provided by the Office of Economic and Demographic Research.
- (3) Seminole County School Board
- (4) Florida Research and Economic Database
Labor Force Data
Fiscal Year 2007 average unemployment rate (October 2007-September 2008)

**Schedule 13
CITY OF SANFORD, FLORIDA**

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

<u>Employer</u>	<u>Business</u>	<u>Fiscal Year 2007 / 2008</u>			<u>Fiscal Year 1997 / 1998</u>		
		<u>Employees</u>	<u>Percent of Total City Employment</u>	<u>Rank</u>	<u>Employees</u>	<u>Percent of Total City Employment</u>	<u>Rank</u>
Seminole County Public School**		1,645	18.56%	1	*	*	*
Seminole County Government		1,410	15.91%	2	*	*	*
Seminole Community College		1,311	14.79%	3	*	*	*
Orlando Sanford International Airport ***		918	10.36%	4	*	*	*
Wal-Mart Stores		823	9.29%	5	*	*	*
Central Florida Regional Hospital		786	8.87%	6	*	*	*
City of Sanford		566	6.39%	7	*	*	*
Del-Air Heating and Air Conditioning		550	6.21%	8	*	*	*
Wharton Smith		512	5.78%	9	*	*	*
Florida Extruders		341	3.85%	10	*	*	*
Total		<u>8,862</u>			<u>-</u>		

* Data not available

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

*** Sanford Airport Authority, Orlando Sanford International Inc., Swissport, TSA, Alpha Retail, Creative Host, Preflight, Allegiant Air, Delta Connection Academy, and Rental Cars

Sources:

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



**Schedule 14
CITY OF SANFORD, FLORIDA**

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government:										
City Manager	4	4	*	5	5	3	3	6	8.5	9
Code Enforcement	13	17.5	*	-	-	5	5	9	8	6
City Clerk	4	3	*	3	2	2	2	3	3.5	3
Human Resources	5	4	*	4	3	2	2	4	5	5
Civil Service		1	*	1	1	-	-	-	-	-
Finance	17	17.5	*	17	16	16	16	17	16	14
Planning/Development	9	10	*	21	25	15	15	22	22.5	13
Public Safety:										
Police	128	128	*	135	135	140	140	147	155	153
Fire	62	63	*	70	67.5	67.5	67.5	69	78.2	94
Public Works	33	49	*	56	52	52	52	86	95	90
Utilities	90	91	*	95	94	91	91	97	102	100
Parks & Recreation	44	48	*	45	41	42	42	31.1	34.1	18
Total	409	436	*	452	441.5	435.5	435.5	491.1	527.8	505

Source: City of Sanford Budgets 1999-2008

* Data not available

**Schedule 15
CITY OF SANFORD, FLORIDA**

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

	1999	2000	2001	2002
<u>Building Inspections</u>				
Building permits issued	3,679	4,310	3,403	2,723
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	*	*	*	*
Traffic violations	*	*	*	*
Traffic crashes	*	*	*	*
Total calls received by agency	*	*	*	*
Dispatched calls requiring police service (based on calendar year figures)	*	72,516	79,569	73,840
<u>Fire</u>				
Emergency responses	*	*	*	8,670
Number of actual fires suppressed	*	*	*	270
Number of commercial building inspections	*	890	1,498	*
Number of school inspections	*	*	*	*
Number of investigations	*	38	47	*
<u>Planning & Engineering</u>				
Paved streets (miles)	157	148	148	149
Unpaved streets (miles)	*	*	*	*
<u>Public Works</u>				
Street resurfacing (miles)	*	*	*	*
Other street repairs (# of potholes, etc.)	*	72	78	78

* Data not available

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

Source: Various City Departments

2003	2004	2005	2006	2007	2008
7,233	5,901	6,879	5,542	4,123	3,419
*	*	*	5,168	13,784	10,480
*	*	*	8,014	2,190	1,793
*	*	*	5,211	3,420	1,747
*	*	*	150	2,009	3,419
*	*	*	3,285	6,751	3,258
*	333	193	167	234	127
*	*	8,127	7,808	7,387	6,419
*	1,894	1,862	1,686	1,837	1,595
*	*	*	111,089	121,411	100,235
70,094	79,322	89,083	96,198	95,598	89,339
8,091	8,681	8,813	8,690	8,952	8,929
262	214	180	268	234	241
*	*	1,420	1,153	1,630	1,022
*	*	*	17	17	17
*	*	34	42	37	47
154.38	157.33	163.13	156.12	156.12	156.12
*	*	*	2.10	2.10	2.10
*	*	*	1.85	2.85	3.95
70	87	101	115	133	162

**Schedule 16
CITY OF SANFORD, FLORIDA**

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

	1999	2000	2001	2002	2003
<u>Transportation</u>					
Miles of streets	176.02	175.71	165	149	149
<u>Public Safety</u>					
Number of Fire Stations	3	3	3	3	3
Number of Firefighters and Officers	60	61	61	67	69.5
Number of Police Stations	2	2	2	4	5
Number of Sworn Officers	96	97	108	111	108
<u>Municipal Water System</u>					
Number of Customers	11,783	12,086	12,276	12,445	13,574
Average Daily Consumption	5.33 MGD	6.2 MGD	6.8 MGD	6.8 MGD	6.1 MGD
Plant Capacity - All Plants	16.5 MGD	16.5 MGD	16.5 MGD	16.5 MGD	17.5 MGD
Deep Wells	16	16	16	18	20
Number of Fire Hydrants	820	911	942	907	1,008
<u>Municipal Sewer System</u>					
Number of Customers	10,870	11,169	11,370	11,952	12,641
Treatment Facility Capacity	7.3 MGD				
Annual Average Flow	4.346 MGD	4.346 MGD	4.346 MGD	5.47 MGD	6.5 MGD
<u>Municipal Stormwater System</u>					
Number of Customers	10,783	11,069	11,279	11,412	11,927
<u>Building Permits Issued</u>					
	3,679	4,310	3,403	2,723	7,233
<u>Recreation & Culture</u>					
Number of Regional Parks	1	1	1	1	1
Number of Neighborhood Parks	35	36	36	36	36
Park Area - #of acres	353	342	342	342	342
Number of Museums	1	1	1	1	1
Number of Books	4,016	3,556	3,556	3,556	3,556

Source: Various City Departments

2004	2005	2006	2007	2008
157	163	158.22	158.22	158.22
3	3	3	3	3
69.5	72	73	78	80
5	5	4	4	4
116	114	126	125	137
13,867	16,256	16,861	17,684	16,781
6.6 MGD	6.6 MGD	7.31 MGD	7.498 MGD	7.180 MGD
17.5 MGD	17.5 MGD	17.5 MGD	14.688 MGD	14.688 MGD
20	20	20	19	19
1,008	1,008	1,200	1,207	1,207
12,461	14,856	12,850	13,882	14,093
7.3 MGD	7.3 MGD	7.3 MGD	9.3 MGD	9.3 MGD
6.5 MGD	7.6 MGD	5.7 MGD	6.12 MGD	7.57 MGD
12,482	12,482	13,530	13,688	13,842
5,901	6,879	5,542	4,123	3,419
1	1	1	1	1
36	37	37	37	38
342	348	348	348	350
1	1	1	1	1
3,556	3,621	3,621	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 AWARDS PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECT AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
- 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

SANFORD
FLORIDA
—1877—



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS 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 City of Sanford, Florida (the “City”), as of and for the year ended September 30, 2008, and have issued our report thereon dated March 27, 2009. 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 opinions 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the City’s financial statements that is more than inconsequential will not be prevented or detected by the City’s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City’s internal control.

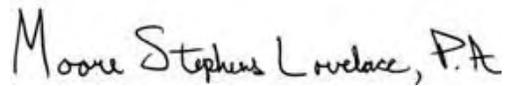
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any 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.

A handwritten signature in black ink that reads "Moore Stephens Lovelace, P.A." The signature is written in a cursive, slightly slanted style.

Certified Public Accountants

Orlando, Florida
March 27, 2009



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

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
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**

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 are applicable to each of its major federal programs and major state projects for the year ended September 30, 2008. 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 of laws, regulations, contracts and grants applicable to its major federal programs and major state projects is the responsibility of the City’s management. Our responsibility is to express an opinion on the City’s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; 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 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 requirements referred to above that are applicable to each of its major federal programs and major state projects for the year ended September 30, 2008.

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 requirements of laws, regulations, contracts and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program, such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 08-01 to be a significant deficiency.

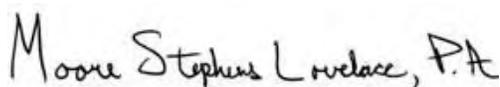
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected by the entity's internal control.

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

Schedule of Expenditures of Federal Awards and State Financial Assistance

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2008, and have issued our report thereon dated March 27, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for 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 has been subjected to auditing procedures, as considered necessary, and, in our opinion, 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.



Certified Public Accountants

Orlando, Florida
March 27, 2009

CITY OF SANFORD, FLORIDA
Schedule of Expenditures of Federal Awards
For The Year Ended September 30, 2008

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Number / Pass-Through Grantor's Number	Expenditures
U.S. Department of Agriculture			
Passed through Florida Department of Education:			
Summer Food Service Program	10.559	04-0720	\$ 5,076
Urban & Community Forestry Grant (Reforestation)	10.664	07-59	8,000
Total Department of Agriculture			13,076
U.S. Department of Housing & Urban Development			
Passed through Seminole County/CDBG Subrecipient Agreement:			
Westside Community Recreation Center	14.218		680,994
Youthbuild Program	14.243	Y05IMFL0016	205,926
Total Department of Housing & Urban Development			886,920
U.S. Department of Homeland Security			
Passed through Federal Emergency Management Agency:			
Tropical Storm Fay	97.036	08-FA-B9-06-69-00-561	190,166
Passed through Florida Department of Community Affairs:			
FEMA Fire Station #38 Wind Retrofit	97.039	08HM-3G-06-69-02-014	8,624
06 Assistance to Firefighters Grant	97.044	EMW-2006-FP-01882	22,500
Total Department of Homeland Security			221,290
U.S. Department of the Interior			
Passed through Florida Department of Environmental Protection:			
Land and Water Conservation Fund - Ft. Mellon Park	15.916	LW551	30,000
Total Department of the Interior			30,000
U.S. Department of Justice			
Bulletproof Vest Grant - FY 2004	16.607		7,359
Bulletproof Vest Grant - FY 2007	16.607		5,130
DEA Officer Reimbursement	16.580		15,854
Passed through Florida Department of Law Enforcement:			
Edward Byrne Memorial Justice Assistance Grant	16.738	2008-JAGC-SEMI-2-Q9-074	25,000
Total Department of Justice			53,343
U.S. Department of Energy			
Passed through Florida Department of Community Affairs:			
LIHEAP Low Income Home Energy Assistance Program	93.568	07EA-6J-06-69-02-028	189,830
LIHEAP Low Income Home Energy Assistance Program	93.568	08EA-7B-06-69-02-028	191,564
Total Department of Energy			381,394
U.S. Department of Environmental Protection Agency			
Passed through Florida Department of Environmental Protection			
State Revolving Fund Loan	66.458	WW586250	18,017,290
Total Department of Environmental Protection			18,017,290
U.S. Department of Transportation			
Passed through Florida Department of Transportation:			
FDOT French Ave/US 17-92 Roundabout	20.205	AOL61	3,200
Passed through Florida Department of Environmental Protection:			
FDEP Goldsboro Trail	20.219	T2731	645
Total Department of Transportation			3,845
			\$ 19,607,158

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 State Financial Assistance
For The Year Ended September 30, 2008

State Grantor/Pass-Through Grantor Program Title	State CSFA Number	Grant Number / Pass Through Grantor's Number	Expenditures
St John's River Water Management District			
Water Protection and Sustainability	37.066	SJ38512	\$ 664,077
Total St. John's River Water Management District			664,077
Florida Fish & Wildlife Commission			
Municipal Marina North Shore Restoration Project	77.006	FBIP 01598	117,135
Total Fish & Wildlife Commission			117,135
Florida Department of Environmental Protection			
FDEP/FRDAP Marina North Shore Restoration Project	37.017	F6305	125,184
FDEP/FRDAP Fort Mellon Park	37.017	F7074	30,000
FDEP Lake Monroe Water Quality Improvements	37.039	LP6778	246,691
FDEP Stormceptor Relocate	37.039	S0272	15,811
FDEP Sanford Reclaimed Water Line Location	37.039	LP6859	129,365
Total Department of Environmental Protection			547,051
	Total Expenditure of State Awards		\$ 1,328,263

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, 2008

Note 1 - Reporting Entity

For reporting entity purposes, the Schedule of Federal Awards and State Financial Assistance Projects includes only the activities of the City of Sanford's primary government and not its discretely presented component units.

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, 2008. The loan balance is also included in the federal expenditures presented in the Schedule of Expenditures of Federal Awards and State Financial Assistance.

Program Title	Federal CFDA Number	Grant Number	Prior-Year Expenditures
State Revolving Fund	66.458	WW586250	\$18,017,290

Note 4 - Prior Fiscal Year Expenditures Reported

The expenditures reported for the following grants include prior fiscal year expenditures. These amounts were included in the total expenditures presented in the Schedule of Expenditures of Federal Awards and State Financial Assistance.

Program Title	Federal CFDA Number	Grant Number	Prior-Year Expenditures
Westside Community Recreation Center	14.218		\$ 5,465**
Youthbuild Program	14.243	Y05IMFL0016	\$ 2,179
Fire Station #38 Wind Retrofit	97.039	08HM-3G-06-69-02-014	\$ 8,624

**Reimbursement of pre-award costs effective date of grant 3/25/08 - 53 FR 34439 §570.200 (h).

Program Title	Federal CFDA Number	Grant Number	Prior Year Expenditures
Municipal Marina North Shore Restoration Project	77.006	FBIP 01598	\$ 80,071
Marina North Shore Restoration Project	37.017	F6305	\$ 73,974
Fort Mellon Park	37.017	F7074	\$ 8,466

CITY OF SANFORD, FLORIDA
Schedule of Findings and Questioned Costs (Continued)
For The Year Ended September 30, 2008

Section II - Financial Statement Findings

None Reported.

Section III - Federal Award Findings and Questioned Costs Section

08-01 Finding on Compliance over Reporting

Finding: We noted that the City included in the schedule of federal awards and state expenditures, amounts related to fiscal year ended September 30, 2007 that were not reported in the prior-year schedule.

Criteria: To ensure proper determination of the major grants for single audit testing, the City should report the expenditures in the proper period.

Recommendation: We recommend that the City implement procedures to ensure proper reporting.

Management Response: The City has implemented procedures to aide in the reporting of expenditures in the proper period.

Section IV - Prior-Year Audit Findings

Financial:

Finding 2007-01: resolved to our satisfaction.

Finding 2007-02: resolved to our satisfaction.

Finding 2007-03: resolved to our satisfaction.

Finding 2007-04: resolved to our satisfaction.





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, 2008, and have issued our report thereon dated March 27, 2009.

We conducted our audit in accordance with United States generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report of Independent Certified Public Accountants on Compliance and Internal Control Over Financial Reporting. Disclosures in that report, which is dated March 27, 2009, 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 and, unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, this letter is required to include the following information.

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 significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken on prior-year Observation 2007-01.

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, accounting procedures, and internal controls. In connection with our audit, we have provided the following recommendation.

Finding - During our audit of the City's financial statements, we are required to do an assessment of the City's Information Technology ("IT") processes and controls. During this assessment, we noted several areas which could improve the City's IT security. These findings did not disclose any significant deficiencies or weaknesses related to financial accounting and reporting. Areas for improvement noted during our assessment are provided here for your consideration: updating the City's wireless security, changing VPN user authentication, enforcement of the City's current password policies for all City employees, and, where applicable, contractors, formalization and distribution of the City's security policy to all users, and encryption of backup data.

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

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 each of the 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 a more stringent VPN authentication, distribute a more stringent password policy, and seek a cost-effective process for the encryption of backup data, where appropriate.

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 are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority is disclosed in the notes to the financial statements.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

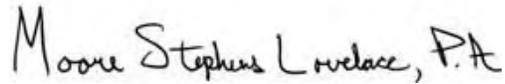
Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2008, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2008. 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.

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

This management letter is intended solely for the information 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.

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.

A handwritten signature in black ink that reads "Moore Stephens Lovelace, P.A." The signature is written in a cursive, slightly slanted style.

Certified Public Accountants

Orlando, Florida
March 27, 2009

