



**Comprehensive  
Annual Financial Report  
For the Year Ended September 30, 2007**

**CITY OF SANFORD, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**September 30, 2007**

Prepared by:  
Department of Finance

**SANFORD**  
FLORIDA  
—1877—

**CITY OF SANFORD, FLORIDA**  
**Comprehensive Annual Financial Report**  
**Year Ended September 30, 2007**

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## FINANCE DEPARTMENT

March 28, 2008

To the Honorable Mayor, City Commission and 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, 2007. 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 Cherry, Bekaert, & Holland, L.L.P., 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, 2007 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

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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

CITY MANAGER  
ROBERT (SHERMAN) YEHL

Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City'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.

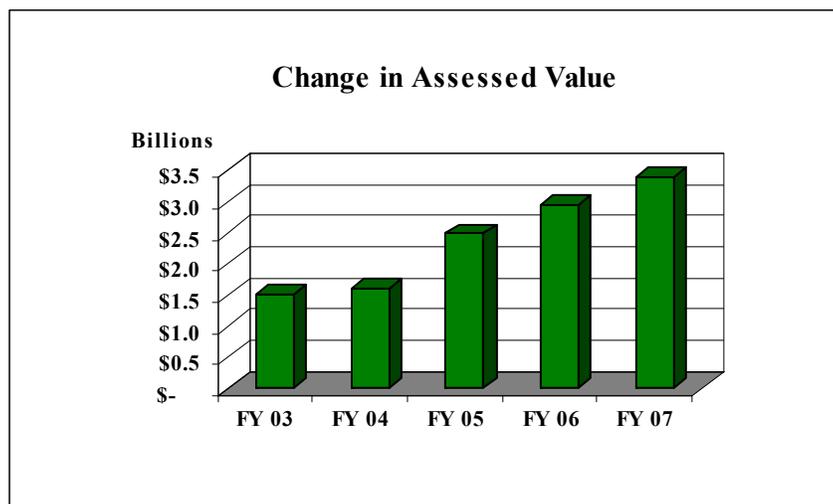
Additionally, the Commission has adopted a comprehensive plan, along with land development regulations, and various master plans. The City has established departmental work plans geared toward realizing the vision set forth in the strategic plan. The City is working cooperatively with Seminole County, 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 \$1.5 billion in FY 2003 to over \$3.4 billion in FY 2007. This represents a change of almost 128% in value. This 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 53,000, making it the largest city in Seminole County as well as the 50th largest in the State of Florida, and 24<sup>th</sup> in order of population

change from 2000 to 2007. Population is a factor used in determining the City's distribution from the State Municipal Revenue Sharing Program.

**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
- Construction of the final phase of St. John's Parkway.
- Restoration of Ft. Mellon Park.
- Continued improvements to roads, sidewalks and drainage.
- Railroad crossing upgrades.
- City-wide stormwater drainage improvement project.
- Continue 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 invested in the State Board of Administration of Florida (SBA). Total interest earned from the SBA for all funds for the fiscal year was \$2,702,237 with interest rates ranging from 5.37% to 5.77% with an average rate of 5.42%. Total SBA investments at September 30, 2007 were \$46,925,585. SBA's portfolio for local governments does not use leverage in its investing practices nor does it own derivatives. Investment instruments typically have a short average maturity, reducing interest rate sensitivity.

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 \$26,110,658, at September 30, 2007. The Firefighters' investment portfolio includes the same type instruments, with the exception of international stocks, with a combined market value of \$15,925,671, at September 30, 2007. The rate of return net of investment related expenses for fiscal year 2007 was 8.7% for the Police Officers' Fund and 8.9% 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 worker's compensation claims.

In the current fiscal year, the City is self-insured for worker's compensation with a self-insured retention of \$200,000 per claim, but carries excess worker's 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.

Risk Management is also active in other insurance coverage, such as surety bonds, flood insurance, special events coverage, fiduciary liability, etc., as well as being very active in claims investigations and administration.

**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 84 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 comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2006. This was the 18<sup>th</sup> 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 is in order for Ms. Gladys "Puggy" Johnson, Finance Manager, for her tireless efforts in this regard. We would also like to express our appreciation to our auditing firm, Cherry, Bekaert and Holland, L.L.P.

In late 2007, the City Manager was granted, by the City Commission, a 6 month leave of absence. Mr. Yehl is on a diplomatic mission with the International City/County Managers Association to provide technical and professional assistance in developing local provincial governments. In his absence, Deputy City Manager Kristi Aday is Acting City Manager. We are all proud of the fact that Sherman was selected for this duty, and look forward to his safe return in July of 2008.

Finally, we would like to acknowledge the Mayor and City Commission for their unflinching 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,

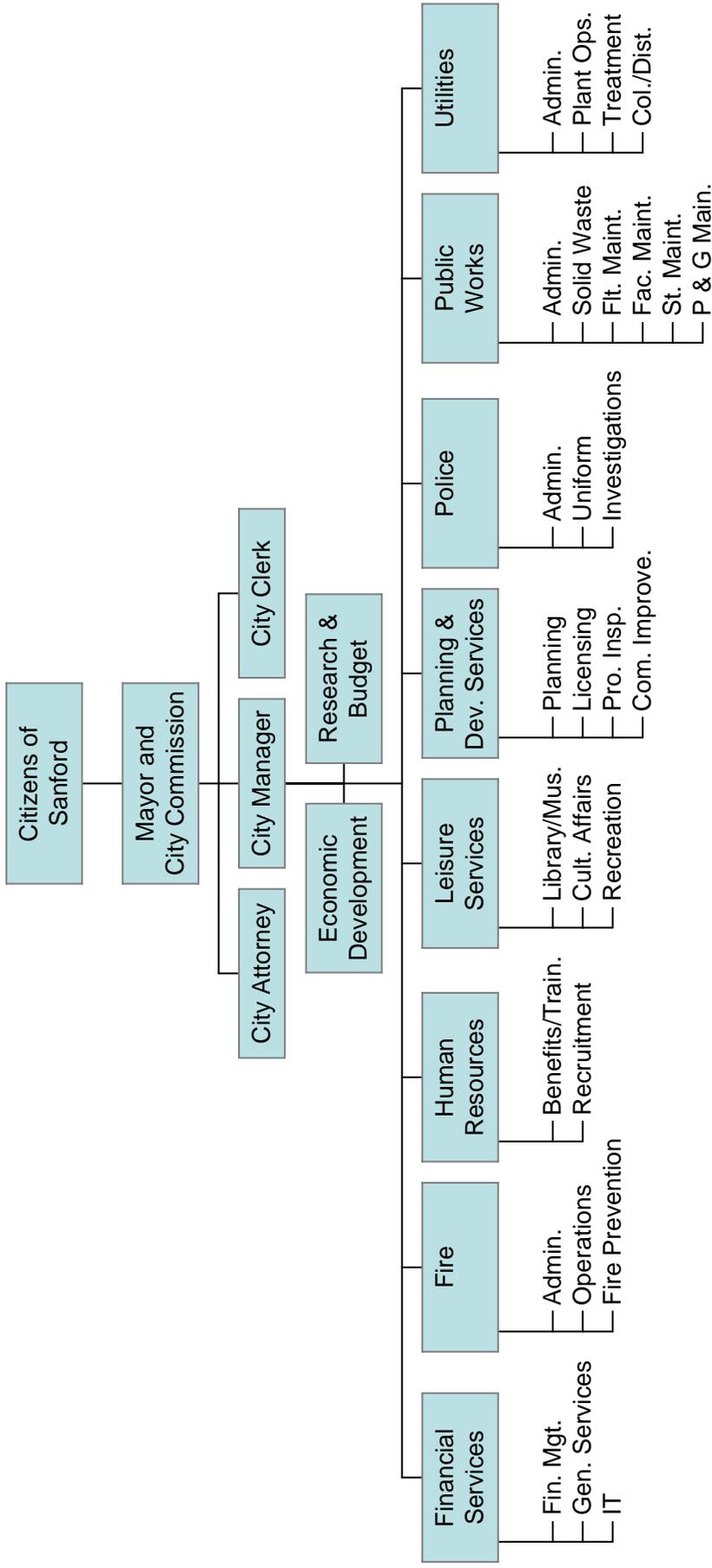


Kristi Aday  
Acting City Manager



James A. Poulalion  
Director of Finance

# City of Sanford Organization Chart



**CITY OF SANFORD, FLORIDA**

**PRINCIPAL OFFICIALS**

**Year Ended September 30, 2007**

**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**

**Sheryl Chapman, 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**

# 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, 2006

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.



*Charles S. Cox*

President

*Jeffrey R. Emer*

Executive Director

**SANFORD**  
FLORIDA  
—1877—



## Independent Auditors' Report

Honorable Mayor, City Commissioners  
and City Management  
City of Sanford, Florida:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2007, 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 an opinion on these financial statements based on our audit. We did not audit the financial statements of the Sanford Airport Authority, which represents 100% of the assets and revenues of the Component Unit - Airport Authority column. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the Sanford Airport Authority, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, 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 28, 2008 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As discussed in Note 19 to the financial statements, the City adopted the retroactive provisions for infrastructure accounting prescribed by Statement 34 of the Governmental Accounting Standards Board, *Basis Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of October 1, 2006.

The management's discussion and analysis section on pages 3 through 14 and the budgetary comparison information and pension disclosures on pages 71 through 74 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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, combining and individual fund statements and schedules and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. In addition, the accompanying schedule of expenditures of federal awards and state financial assistance projects is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General, and is not a required part of the basic financial statements. The combining and individual fund statements and schedules, including the schedule of expenditures of federal awards and state financial assistance projects, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are 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.

*Cheryl B. Bissett & Holland, L.L.P.*

Orlando, Florida  
March 28, 2008

## Management's Discussion and Analysis

As management of the City of Sanford (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$236,905,613 (net assets). Of this amount, \$29,961,532 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$5,369,500.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$23,086,908, a decrease of \$569,090 in comparison with the prior year. Approximately 99.5 percent of the total ending fund balance, \$22,977,351, is available for spending at the government's discretion (unreserved fund balance). See page 17 for further detail.
- Net assets of the Police Officers' and Firefighter's Pension Trust Funds increased by \$3,810,172 and \$2,005,115, respectively. These increases were attributable to not only a more aggressive investment policy approved by the Board, but also an increase in the fair value of investments, and employer and plan member contributions.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report contains other supplementary information.

**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 Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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, community and economic development, planning and zoning, construction services, building permits,

police, fire, public works, federal housing programs, engineering services, health and sanitation, museum, and parks and recreation. The business-type activities of the City include the water and sewer utility and the stormwater utility.

The government-wide financial statements include not only the City itself (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 15-16 of this report.

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

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

Because the focus on 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 fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the Second Generation Sales Tax Fund, which are considered major funds. Data from the other thirteen 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 elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and certain Special Revenue Funds. A budgetary comparison schedule has been provided for the General Fund and the Second Generation Sales Tax Fund to demonstrate compliance with the budget and is presented as required supplementary information. Additionally, a combined budget comparison statement is presented as required supplementary information on all nonmajor governmental funds which have annual appropriated budgets.

The governmental fund financial statements can be found on pages 17-20 of this report.

**Proprietary funds.** The City maintains two different types of proprietary funds. 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 operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its risk management activities. Because services accounted for in an internal service fund predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, the Solid Waste Fund, and the Stormwater Fund. The internal service fund is presented with the proprietary fund financial statements.

The proprietary fund financial statements can be found on pages 21-24 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 these 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 fiduciary fund financial statements can be found on pages 25-26 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, and is required by accounting principles generally accepted in the United States of America. The notes to the financial statements can be found on pages 27-68 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 funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 69-83 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 72-77 of this report.

## **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$236,905,613 at the close of the most recent fiscal year.

A significant portion of the City's net assets (79%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure), less any related debt used to acquire those assets that is still outstanding. 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 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. It should be noted that in accordance with GASB 34, the City has now included all infrastructure assets within the government wide statement of net assets.

An additional portion of the City's net assets (9.4%) represents resources that are subject to external restrictions on how they may be used. This would include unspent bond proceeds referred to above. The remaining balance of unrestricted net assets (\$29,961,532) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, 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 following is a summary of the City's Net Assets, with prior year comparative amounts, as found on page 15 of this report:

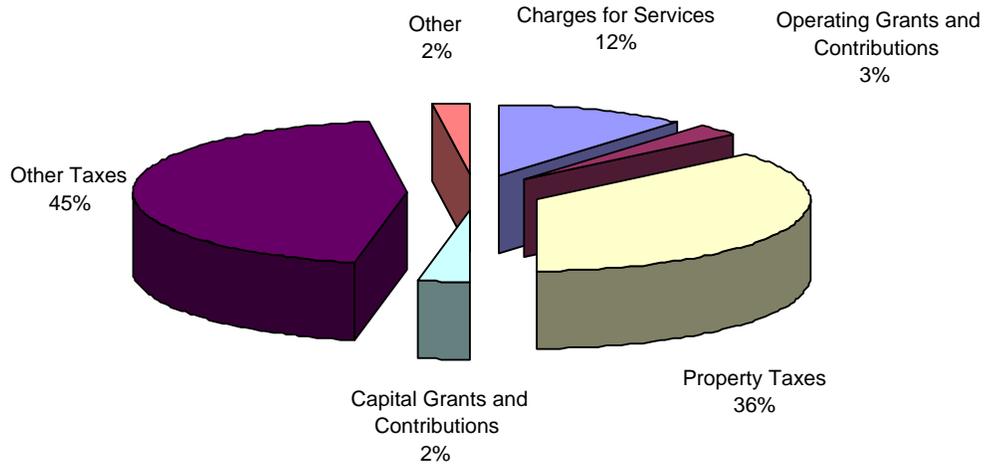
	City of Sanford's Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other Assets	\$ 38,071,247	\$ 30,595,116	\$ 23,753,109	\$ 19,420,028	\$ 61,824,356	\$ 50,015,144
Capital assets, net	101,796,175	39,698,897	141,373,893	134,693,549	243,170,068	174,392,446
Total Assets	139,867,422	70,294,013	165,127,002	154,113,577	304,994,424	224,407,590
Long-term liabilities outstanding	6,664,666	6,340,074	51,531,542	49,297,626	58,196,208	55,637,700
Other liabilities	3,340,430	4,497,596	6,552,173	4,129,663	9,892,603	8,627,259
Total Liabilities	10,005,096	10,837,670	58,083,715	53,427,289	68,088,811	64,264,959
Net Assets:						
Invested in capital assets, net of related debt	100,681,175	38,473,897	86,901,903	85,888,293	187,583,078	124,362,190
Restricted	10,549,515	3,110,023	11,811,488	10,753,432	22,361,003	13,863,455
Unrestricted	18,631,636	17,872,420	8,329,896	4,044,563	26,961,532	21,916,983
Total Net Assets	\$ 129,862,326	\$ 59,456,340	\$ 107,043,287	\$ 100,686,288	\$ 236,905,613	\$ 160,142,628

**Governmental activities.** Not including the infrastructure added due to the implementation of GASB 34, governmental activities decreased the City's net assets by \$987,499. Key elements of this change are as follows:

(See data continued on next sheet)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program Revenues:						
Charges for Services	\$ 5,295,527	\$ 9,124,740	\$ 23,087,895	\$ 17,467,061	\$ 28,383,422	\$ 26,591,801
Operating grants and contributions	1,458,443	1,312,210	274,131	50,073	1,732,574	1,362,283
Capital grants and contributions	1,216,520	703,965	4,150,753	8,121,845	5,367,273	8,825,810
General Revenues:						
Property taxes	16,557,390	12,101,078	-	-	16,557,390	12,101,078
Franchise taxes	3,535,564	4,037,547	-	-	3,535,564	4,037,547
Municipal taxes	3,151,127	3,760,600	-	-	3,151,127	3,760,600
Comm svc tax	3,521,171	2,217,325	-	-	3,521,171	2,217,325
State rev sharing	1,609,364	1,612,431	-	-	1,609,364	1,612,431
Half cent sales tax	3,591,161	3,773,835	-	-	3,591,161	3,773,835
LOGT	1,071,101	1,064,514	-	-	1,071,101	1,064,514
Infrastructure surtax	2,010,016	457,121	-	-	2,010,016	457,121
Other taxes	2,080,727	-	-	-	2,080,727	-
Other	975,244	1,995,807	1,123,267	865,237	2,098,511	2,861,044
Total Revenues	46,073,355	42,161,173	28,636,046	26,504,216	74,709,401	68,665,389
Expenses:						
General government	5,720,248	5,897,755	-	-	5,720,248	5,897,755
Public safety	22,908,667	17,960,913	-	-	22,908,667	17,960,913
Transportation	7,997,701	3,738,853	-	-	7,997,701	3,738,853
Physical environment	861,595	3,553,714	-	-	861,595	3,553,714
Economic environment	788,772	601,140	-	-	788,772	601,140
Human services	259,576	431,104	-	-	259,576	431,104
Culture/recreation	7,756,633	4,625,290	-	-	7,756,633	4,625,290
Water & Sewer	-	-	16,562,838	15,630,692	16,562,838	15,630,692
Stormwater	-	-	1,899,674	1,420,387	1,899,674	1,420,387
Solid Waste	-	-	4,518,884	-	4,518,884	-
Interest	65,313	-	-	-	65,313	-
Total Expenses	46,358,505	36,808,769	22,981,396	17,051,079	69,339,901	53,859,848
Increase in net assets before transfers	(285,150)	5,352,404	5,654,650	9,453,137	5,369,500	14,805,541
Transfers	(702,349)	(174,938)	702,349	174,938	-	-
Increase in net assets	(987,499)	5,177,466	6,356,999	9,628,075	5,369,500	14,805,541
Net assets - Beginning, as previously stated	59,456,340	53,724,698	100,686,288	91,058,213	160,142,628	144,782,911
Restatement	71,393,485	554,176	-	-	71,393,485	554,176
Net assets - Beginning, as restated	130,849,825	54,278,874	100,686,288	91,058,213	231,536,113	145,337,087
Net assets - Ending	\$129,862,326	\$59,456,340	\$107,043,287	\$100,686,288	\$236,905,613	\$160,142,628

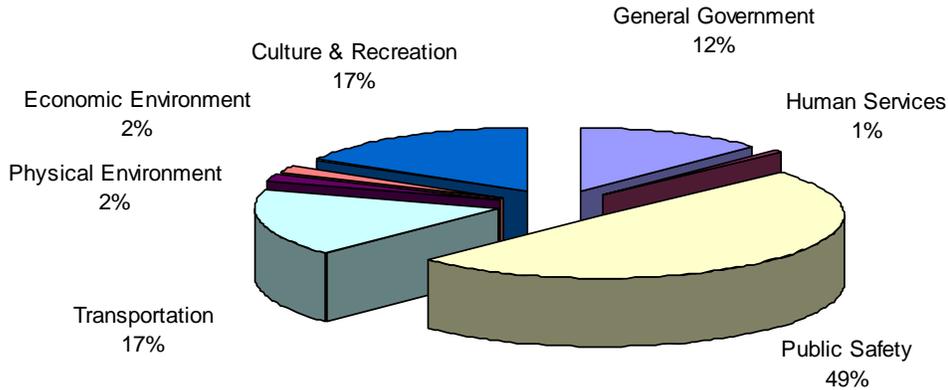
### Governmental Activities - Revenue Sources



Property taxes, which comprised 36 percent of the City's revenues, increased by \$4,456,312. This was attributable to growth and appreciation in the gross taxable values of real, personal and centrally assessed property for operating purposes. The City of Sanford's population is steadily increasing and thus our tax base increases. The large increase of \$1,923,946 in other taxes, and other fees, was largely a result of a temporary increase in the Communication Service Tax, and an increase in Infrastructure surtax.

Charges for services, which comprised 12 percent of the City's revenues, decreased by \$3,829,213 due to the establishment of the Solid Waste Enterprise Fund. In prior years this activity was accounted for in the General Fund. Adjusting for that, there is an increase in charges of \$689,671. This was mainly attributable to building and other permit fee revenue.

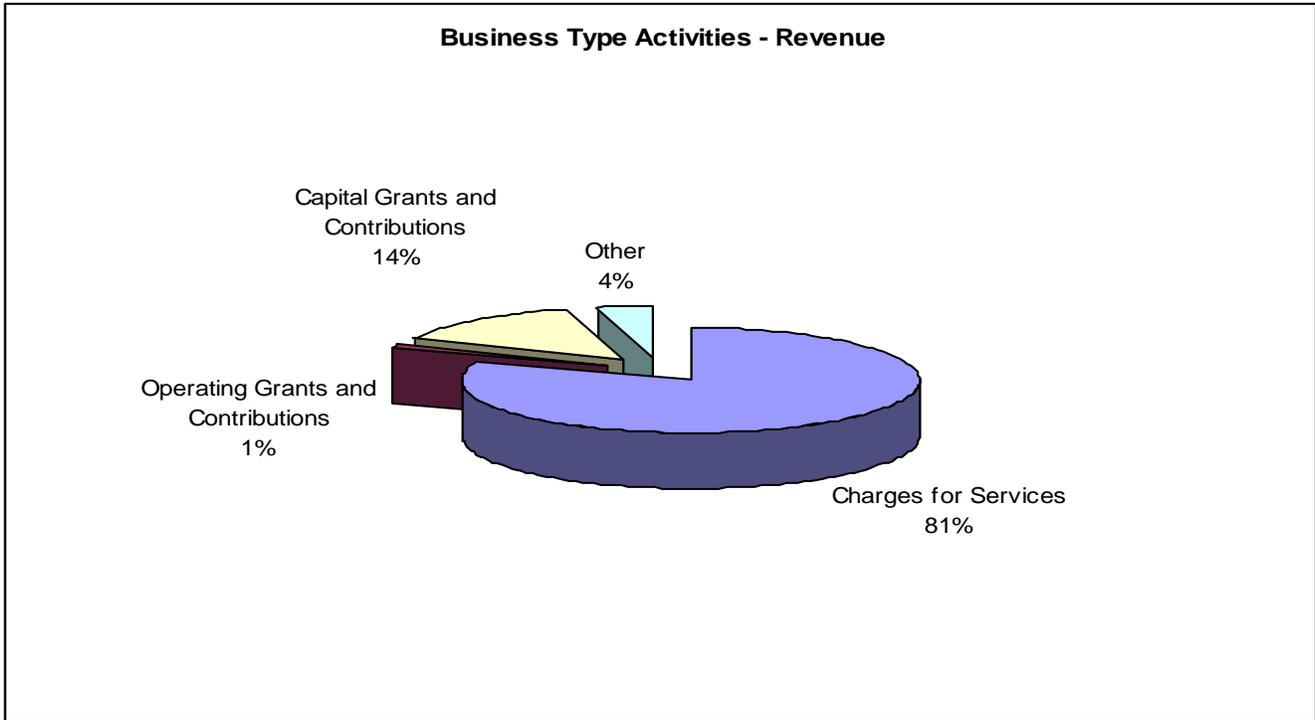
### Governmental Activities - Expenditures



Overall, expenses increased during the year. Total expenses were \$46,358,505 compared to \$36,808,769 the prior fiscal year. This is an increase of \$9,549,736 or 26 percent.

Public safety expenses of \$22,908,667 comprised 49 percent of the total governmental activities expenses of \$46,358,505, which is an increase of \$4,947,754. This increase of almost 28% is the largest portion of the increase over prior year. Increases in Police and Fire, which encompassed the majority of public safety expenses, were approximately \$3,290,734 (67%) and \$1,657,020 (33%) respectively. This illustrates a commitment by the City to increase the service level of our public safety departments.

Transportation expenses of \$7,997,701 comprised 17 percent of the total governmental activities expenses, and represent an increase of \$4,258,848 over FY2006. The increase in transportation expenses is a result of the extensive Cloud Branch stormwater drainage project, and the continuing effort to improve the roads, streets, and sidewalks within the City.



**Business-type activities.** Business-type activities increased the City's net assets by \$6,356,999, thereby accounting for 118 percent of the total growth in the City's net assets.

Charges for services of \$23,087,895 increased over the prior year total of \$17,467,061 by \$5,620,834, or more than 32% percent. This was due in large part to the inclusion of the new Solid Waste Fund, which contributed \$4,397,047. Additionally the continued growth of our population and a small rate increase resulted in an increase in the Water Sewer fund.

**Financial Analysis of the Fund Financial Statements (pages 17- 26)**

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.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$18,524,843, while the total fund balance was \$18,634,400. Of the unreserved fund balance of the general fund, \$10,767,168 was designated for emergencies, and \$7,757,675 was available for new spending. 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 fund balance represented 53 percent of total general fund expenditures, while total fund balance represented 53.4 percent of the same amount.

The fund balance of the City's General Fund decreased by \$1,163,073 during the most recent fiscal year, after considering \$1,618,000 of lease termination costs and separation of solid waste fund net assets.

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

Unrestricted net assets of the Water & Sewer Fund at the end of the year amounted to \$3,871,387. There was an increase of \$1,540,123 in unrestricted assets in the Water and Sewer Fund due to a decrease in bonds and notes payable. In the Stormwater fund, unrestricted net assets increased by \$2,324,144 to \$4,037,443. FY2007 includes the new Solid Waste Fund, which has unrestricted net assets of \$421,066.

**General Fund Budgetary Highlights**

The general fund budget for expenditures was increased by \$3,840,795 from the original budget (an increase of 11%) and included the following significant changes:

- \$229,123 in increases to general government
- \$696,781 in increases to public safety
- \$1,014,640 in increases to transportation
- \$1,612,841 in increases to physical environment
- \$75,250 in increases to economic environment
- \$212,160 in increases to culture & recreation

**Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2007, amounted to \$243,170,068 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was 39 percent (a 156 percent increase for governmental activities and a 5 percent increase for business-type activities). The significant increase overall is due to the addition of infrastructure assets, net of accumulated depreciation, from the retroactive implementation of GASB34.

Major capital asset events during the current fiscal year include the following significant capital projects underway and are included in construction in progress at September 30, 2007:

<b>Activities</b>	
Airport Waste Water Plant	\$ 18,895,741
Pretreatment Project - Actiflow	\$ 1,876,066
Sludge Treatment	\$ 1,693,360
Public Safety Complex	\$ 1,156,143
Four Mellon Park	\$ 321,067

The City's capital assets include the following:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	2007	2006	2007	2006	2007	2006
Land	\$3,306,261	\$3,103,427	\$6,576,615	\$6,576,615	\$9,882,876	\$9,680,042
Infrastructure	63,128,778	-	-	-	63,128,778	-
Buildings & Improvements	27,124,339	30,955,336	5,579,387	4,032,660	32,703,726	34,987,996
Water & Sewer System	-	-	88,543,511	81,747,989	88,543,511	81,747,989
Stormwater Mgt System	-	5,255,296	11,247,378	7,299,663	11,247,378	12,554,959
Equipment	6,516,195	-	3,844,131	3,559,206	10,360,326	3,559,206
Irrigation rights	-	-	777,000	-	777,000	-
Construction in progress	1,720,602	384,838	24,805,871	31,477,416	26,526,473	31,862,254
<b>Total</b>	<b>\$101,796,175</b>	<b>\$39,698,897</b>	<b>\$141,373,893</b>	<b>\$134,693,549</b>	<b>\$243,170,068</b>	<b>\$174,392,446</b>

Additional information on the City's capital assets can be found in Note 5 in the notes to the financial statements.

**Long-term debt.** At the end of the current fiscal year, the City had a total bonded debt outstanding of \$24,081,773, secured solely by specified revenue sources (i.e., revenue bonds). Governmental and business type activities totaled \$1,115,000 and \$22,966,773 respectively. Governmental activities consist of a year 2000 revenue bond issue for renovation to Historic Sanford Memorial Stadium. Business type activities consist of revenue bond refunding issues on prior water and sewer system construction debt.

#### City of Sanford's Outstanding Debt Revenue Bonds

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>
Revenue Bonds	\$1,115,000	\$1,225,000	\$22,966,773	\$24,146,447	\$24,081,773	\$25,371,447

Additional information on the City's long-term debt can be found in the notes to the financial statements.

## **Overall Financial Position**

The City's primary government's overall financial position is sound. Total assets have increased by \$80,586,838 to \$304,994,424. The predominant reason for the large increase is the implementation of GASB 34. Capital assets increased by \$68,777,622. Other major components of this increase are current assets, including cash of \$3,186,351 and due from other governments of \$7,689,914. Total liabilities have increased by \$3,823,853 to \$68,088,811. Long term liabilities increased by \$5,965,809 due to increased borrowing in the business activities. This was offset by a decrease in accounts payable of \$2,288,231 and accrued liabilities of \$180,622. Current ratio, which reflects the ability of the City to meet short-term obligations, remains strong at 4.2:1.

## **Economic Factors and Next Year's Budget and Rates**

The City's elected and appointed officials considered many factors when adopting the fiscal year 2007 budget and approving the fiscal year 2008 budget. While the financial position of the City remains sound, maintaining a balance between recurring revenues and costs continues to be an area of concern. Ad valorem revenues have increased. However, with the need for an upgrade to current technology and competitive personnel compensation, as well as the legislative issues it will be a challenge for General Fund Revenues to keep pace with growing costs of government services.

The City implemented a rate increase for its Water and Sewer Fund in January 2002. This increase included annual indexing through fiscal year 2007. Another study was been commissioned to determine additional rate increases in the Water and Sewer Fund for years beginning in fiscal year 2008.

## **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 financial information should be addressed to the Office of the Director of Finance, P.O. Box 1788, Sanford, Florida 32772-1788.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF SANFORD, FLORIDA**

**Statement of Net Assets  
September 30, 2007**

	Primary Government			Component Units	
	Governmental Activities	Business Type Activities	Total Primary Government	Sanford CRA	Airport Authority
<b>Assets</b>					
Cash and cash equivalents	\$ 28,597,113	\$ 5,291,056	\$ 33,888,169	\$ 1,477,044	\$ 3,847,316
Accounts receivable - net	1,275,984	3,063,063	4,339,047	-	721,366
Internal balances	(968,000)	968,000	-	-	-
Due from other governments	8,665,082	601,582	9,266,664	6,290	5,731,021
Inventories	166,059	-	166,059	-	-
Prepaid items and other assets	302,570	240	302,810	3,000	19,055
Net pension asset	32,439	-	32,439	-	-
Restricted cash and cash equivalents	-	13,829,168	13,829,168	-	58,788
Capital assets:					
Nondepreciable	5,026,863	31,382,485	36,409,348	45,907	23,840,577
Depreciable	96,769,312	109,991,408	206,760,720	5,834,095	104,653,626
<b>Total assets</b>	<u>139,867,422</u>	<u>165,127,002</u>	<u>304,994,424</u>	<u>7,366,336</u>	<u>138,871,749</u>
<b>Liabilities</b>					
Accounts payable	1,146,892	1,617,557	2,764,449	8,955	2,822,573
Accrued liabilities	553,678	104,695	658,373	-	167,499
Accrued interest payable	-	169,290	169,290	64,853	-
Due to other governments	3,182	5,551	8,733	-	-
Unearned revenues	923,633	149,545	1,073,178	-	379,799
Liabilities payable from restricted assets	-	1,058,951	1,058,951	-	-
Noncurrent liabilities:					
Due within one year	713,045	3,446,584	4,159,629	830,000	4,611,861
Due in more than one year	6,664,666	51,531,542	58,196,208	4,858,152	11,972,010
<b>Total liabilities</b>	<u>10,005,096</u>	<u>58,083,715</u>	<u>68,088,811</u>	<u>5,761,960</u>	<u>19,953,742</u>
<b>Net assets</b>					
Invested in capital assets, net of related debt	100,681,175	86,901,903	187,583,078	191,850	112,080,332
Restricted for:					
Debt service	-	11,610,523	11,610,523	-	-
Second generation sales tax	7,336,705	-	7,336,705	-	-
Renewal and replacement	-	200,965	200,965	-	-
Public safety	1,431,608	-	1,431,608	-	-
Culture and recreation	1,298,511	-	1,298,511	-	-
Transportation	482,691	-	482,691	-	-
Airport Memorial Fund	-	-	-	-	58,788
Unrestricted	<u>18,631,636</u>	<u>8,329,896</u>	<u>26,961,532</u>	<u>1,412,526</u>	<u>6,778,887</u>
<b>Total net assets</b>	<u>\$ 129,862,326</u>	<u>\$ 107,043,287</u>	<u>\$ 236,905,613</u>	<u>\$ 1,604,376</u>	<u>\$ 118,918,007</u>

**CITY OF SANFORD, FLORIDA**  
**Statement of Activities**  
**Year Ended September 30, 2007**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	Sanford CRA	Airport Authority
<b>Primary government:</b>									
Governmental activities:									
General government	\$ 5,720,248	\$ 2,708,495	\$ -	\$ 464,802	\$ (2,546,951)	\$ -	\$ (2,546,951)	\$ -	\$ -
Public safety	22,908,667	2,048,668	288,107	427,709	(20,144,183)	-	(20,144,183)	-	-
Transportation	7,997,701	58,558	28,000	103,817	(7,807,326)	-	(7,807,326)	-	-
Physical environment	861,595	198,464	258,222	-	(404,909)	-	(404,909)	-	-
Economic environment	788,772	-	426,243	-	(362,529)	-	(362,529)	-	-
Human services	259,576	-	-	-	(259,576)	-	(259,576)	-	-
Culture/recreation	7,756,633	281,342	457,871	220,192	(6,797,228)	-	(6,797,228)	-	-
Interest on long-term debt	65,313	-	-	-	(65,313)	-	(65,313)	-	-
Total governmental activities	46,358,505	5,295,527	1,458,443	1,216,520	(38,388,015)	-	(38,388,015)	-	-
Business-type activities:									
Water and sewer	16,562,838	15,877,537	274,131	4,025,085	-	3,613,915	3,613,915	-	-
Stormwater	1,899,674	2,813,311	-	125,668	-	1,039,305	1,039,305	-	-
Solid Waste	4,518,884	4,397,047	-	-	-	(121,837)	(121,837)	-	-
Total business-type activities	22,981,396	23,087,895	274,131	4,150,753	-	4,531,383	4,531,383	-	-
<b>Total primary government</b>	<b>\$ 69,339,901</b>	<b>\$ 28,383,422</b>	<b>\$ 1,732,574</b>	<b>\$ 5,367,273</b>	<b>(38,388,015)</b>	<b>4,531,383</b>	<b>(33,856,632)</b>	<b>-</b>	<b>-</b>
<b>Component units:</b>									
Sanford CRA	\$ 912,201	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(912,201)	\$ -
Airport Authority	13,832,793	9,001,770	-	27,162,177	-	-	-	-	22,331,154
<b>Total component units</b>	<b>\$ 14,744,994</b>	<b>\$ 9,001,770</b>	<b>\$ -</b>	<b>\$ 27,162,177</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(912,201)</b>	<b>22,331,154</b>
General revenues:									
Property taxes					16,557,390		16,557,390	1,788,080	
Franchise taxes					3,536,564		3,536,564		
Municipal taxes					3,151,127		3,151,127		
Communication service taxes					3,521,171		3,521,171		
State revenue sharing taxes					1,609,364		1,609,364		
Half cent sales taxes					3,591,161		3,591,161		
Local option gas taxes					1,071,101		1,071,101		
Local government infrastructure surtaxes					2,010,016		2,010,016		
Other taxes					2,080,727		2,080,727		
Unrestricted investment earnings					1,656,077	979,816	2,635,893	86,003	135,518
Gain on sale of capital assets					69,404	13,866	83,270		
Miscellaneous					867,763	129,585	997,348	242,059	
Special item- lease termination (Note 18)					(1,618,000)		(1,618,000)		
Transfers					(702,349)	702,349	-		
Total general revenues and transfers					37,400,516	1,825,616	39,226,132	2,116,142	135,518
Change in net assets					(987,499)	6,356,999	5,369,500	1,203,941	22,466,672
Net assets, October 1, 2006					59,456,340	100,686,288	160,142,628	(2,838,120)	96,451,335
Restatements (Note 19)					71,393,485	-	71,393,485	3,238,555	-
Net assets, October 1, 2006, as restated					130,849,825	100,686,288	231,536,113	400,435	96,451,335
Net assets - ending					\$ 129,862,326	\$ 107,043,287	\$ 236,905,613	\$ 1,604,376	\$ 118,918,007

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

**CITY OF SANFORD, FLORIDA**

**Balance Sheet  
Governmental Funds  
September 30, 2007**

	<b>General Fund</b>	<b>Second Generation Sales Tax</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 20,275,372	\$ 271,192	\$ 3,861,498	\$ 24,408,062
Accounts receivable - net	1,261,013	-	140	1,261,153
Due from other governments	907,598	7,183,109	574,375	8,665,082
Inventories	166,059	-	-	166,059
Prepaid items	29,150	-	-	29,150
<b>Total assets</b>	<b>\$ 22,639,192</b>	<b>\$ 7,454,301</b>	<b>\$ 4,436,013</b>	<b>\$ 34,529,506</b>
<b>Liabilities and fund balances</b>				
Liabilities:				
Accounts payable	\$ 903,563	\$ 117,596	\$ 125,733	\$ 1,146,892
Accrued liabilities	542,310	-	11,368	553,678
Advance from other fund	968,000	-	-	968,000
Due to other governments	3,182	-	-	3,182
Deferred revenue	1,587,737	7,183,109	-	8,770,846
Total liabilities	4,004,792	7,300,705	137,101	11,442,598
Fund balances:				
Reserved for inventories	89,934	-	-	89,934
Reserved for prepaid items	19,623	-	-	19,623
Unreserved, reported in:				
General fund	18,524,843	-	-	18,524,843
Special revenue funds	-	153,596	3,714,234	3,867,830
Capital project funds	-	-	584,678	584,678
Total fund balances	18,634,400	153,596	4,298,912	23,086,908
<b>Total liabilities and fund balances</b>	<b>\$ 22,639,192</b>	<b>\$ 7,454,301</b>	<b>\$ 4,436,013</b>	<b>\$ 34,529,506</b>

**CITY OF SANFORD, FLORIDA**  
**Reconciliation of the Balance Sheet of Governmental Funds to the**  
**Statement of Net Assets**  
**September 30, 2007**

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

Ending fund balance - governmental funds	\$ 23,086,908
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$	3,306,261	
Construction in progress		1,720,602	
Buildings and improvements, net of \$14,248,767 accumulated depreciation		27,124,339	
Equipment, net of \$15,614,633 accumulated depreciation		6,516,195	
Infrastructure, net of \$32,999,696 accumulated depreciation		<u>63,128,778</u>	
 Total capital assets, net			 101,796,175

The net pension asset related to governmental activities does not represent financial resources and is not reported in the funds.	32,439
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The Internal service fund is used to account for the City's risk management costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	2,421,656
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

Bonds payable	\$	(1,115,000)	
Compensated absences		(1,951,637)	
Accrued clean-up and long-term care costs		<u>(2,255,432)</u>	
 Total long-term liabilities			 (5,322,069)

Amounts to be collected under long-term receivables are not available to pay for the current period's expenditures, and therefore are reported as deferred in the funds.	<u>7,847,217</u>
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Net assets of governmental activities	<u>\$ 129,862,326</u>
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**CITY OF SANFORD, FLORIDA**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended September 30, 2007**

	<b>General Fund</b>	<b>Second Generation Sales Tax</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Taxes	\$ 26,953,988	\$ 672,586	\$ 2,290,502	\$ 29,917,076
Licenses and permits	645,329	-	619,757	1,265,086
Intergovernmental revenues	6,170,572	-	1,089,303	7,259,875
Charges for services	1,960,121	-	-	1,960,121
Fines and forfeitures	329,514	-	92,419	421,933
Impact fees	-	-	647,901	647,901
Contributions	111,267	-	-	111,267
Interest earnings	1,499,939	18,579	137,559	1,656,077
Administrative services	1,556,690	-	-	1,556,690
Miscellaneous revenue	660,214	-	192,651	852,865
Total revenues	<u>39,887,634</u>	<u>691,165</u>	<u>5,070,092</u>	<u>45,648,891</u>
<b>Expenditures</b>				
Current:				
General government	6,909,617	-	-	6,909,617
Public safety	18,104,966	-	676,706	18,781,672
Transportation	3,296,321	492,173	1,625,883	5,414,377
Physical environment	818,321	-	-	818,321
Economic environment	304,782	-	426,243	731,025
Human services	248,124	-	2,500	250,624
Culture/Recreation	4,469,861	-	485,350	4,955,211
Capital outlay	712,034	150,178	4,999,260	5,861,472
Debt service:				
Principal	-	-	110,000	110,000
Interest and fiscal charges	-	-	65,313	65,313
Total expenditures	<u>34,864,026</u>	<u>642,351</u>	<u>8,391,255</u>	<u>43,897,632</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>5,023,608</u>	<u>48,814</u>	<u>(3,321,163)</u>	<u>1,751,259</u>
<b>Other financing sources (uses)</b>				
Transfers in	391,827	-	4,162,713	4,554,540
Transfers out	(4,960,508)	-	(296,381)	(5,256,889)
Total other financing sources (uses)	<u>(4,568,681)</u>	<u>-</u>	<u>3,866,332</u>	<u>(702,349)</u>
<b>Special item</b>				
Lease termination	(1,618,000)	-	-	(1,618,000)
	<u>(1,618,000)</u>	<u>-</u>	<u>-</u>	<u>(1,618,000)</u>
<b>Net change in fund balances</b>	<u>(1,163,073)</u>	<u>48,814</u>	<u>545,169</u>	<u>(569,090)</u>
<b>Fund balance - beginning</b>	<u>19,797,473</u>	<u>104,782</u>	<u>3,753,743</u>	<u>23,655,998</u>
<b>Fund balance - ending</b>	<u>\$ 18,634,400</u>	<u>\$ 153,596</u>	<u>\$ 4,298,912</u>	<u>\$ 23,086,908</u>

**CITY OF SANFORD, FLORIDA**

**Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
Year Ended September 30, 2007**

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

Net change in fund balances - total governmental funds \$ (569,090)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation in the current period.

Capitalized capital outlay	\$ 5,861,472	
Depreciation	<u>(9,984,583)</u>	(4,123,111)

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but does not have any effect on net assets. This amount is the net effect of these differences. 110,000

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

Compensated absences	\$ (69,591)	
Long-term care costs	<u>(19,485)</u>	(89,076)

The net revenue of the internal service fund is reported with governmental activities. 1,641,322

Under the modified accrual basis of accounting used in the governmental funds, revenues are not recognized until funds are measurable and available to finance current expenditures. In the statement of activities, however, which is presented on the accrual basis, revenues are reported regardless of when financial resources are available. This is the additional revenue recognized under the full accrual basis. Also, the net pension asset is not a current financial resource and consequently is not reported in the funds. 2,042,456

Change in net assets of governmental activities \$ (987,499)

**CITY OF SANFORD, FLORIDA**

**Statement of Net Assets  
Proprietary Funds  
September 30, 2007**

	Business-type Activities - Enterprise Funds			Total Enterprise	Governmental Activities - Internal Service
	Water and Sewer	Stormwater	Solid Waste		
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 1,088,290	\$ 4,093,355	\$ 109,411	\$ 5,291,056	\$ 4,189,048
Accounts receivable	2,703,072	226,210	856,838	3,786,120	14,830
Allowance for estimated uncollectibles	(526,759)	(58,620)	(137,678)	(723,057)	-
Advance to other fund	968,000	-	-	968,000	-
Due from other governments	584,191	17,391	-	601,582	-
Prepaid items	240	-	-	240	273,420
Restricted cash and cash equivalents	962,537	-	96,414	1,058,951	-
Total current assets	<u>5,779,571</u>	<u>4,278,336</u>	<u>924,985</u>	<u>10,982,892</u>	<u>4,477,298</u>
Noncurrent assets					
Restricted cash and cash equivalents	12,770,155	-	62	12,770,217	-
Property, plant and equipment					
Land	5,050,202	1,526,413	-	6,576,615	-
Buildings and improvements	6,354,651	1,161	-	6,355,812	-
Water and sewer system	111,721,221	-	-	111,721,221	-
Stormwater management system	-	14,652,419	-	14,652,419	-
Equipment	7,681,204	2,143,690	1,048	9,825,942	-
Irrigation rights	2,220,000	-	-	2,220,000	-
	<u>133,027,278</u>	<u>18,323,683</u>	<u>1,048</u>	<u>151,352,009</u>	<u>-</u>
Less accumulated depreciation	<u>(30,121,808)</u>	<u>(4,662,179)</u>	<u>-</u>	<u>(34,783,987)</u>	<u>-</u>
	<u>102,905,470</u>	<u>13,661,504</u>	<u>1,048</u>	<u>116,568,022</u>	<u>-</u>
Construction in progress	24,805,871	-	-	24,805,871	-
Total property, plant and equipment	<u>127,711,341</u>	<u>13,661,504</u>	<u>1,048</u>	<u>141,373,893</u>	<u>-</u>
Total noncurrent assets	<u>140,481,496</u>	<u>13,661,504</u>	<u>1,110</u>	<u>154,144,110</u>	<u>-</u>
<b>Total assets</b>	<b>\$ 146,261,067</b>	<b>\$ 17,939,840</b>	<b>\$ 926,095</b>	<b>\$ 165,127,002</b>	<b>\$ 4,477,298</b>

CITY OF SANFORD, FLORIDA

Statement of Net Assets  
Proprietary Funds  
September 30, 2007

	Business-type Activities - Enterprise Funds			Total Enterprise	Governmental Activities - Internal Service
	Water and Sewer	Stormwater	Solid Waste		
<b>Liabilities and net assets</b>					
Current liabilities payable from current assets					
Accounts payable	\$ 1,016,848	\$ 195,475	\$ 405,234	\$ 1,617,557	\$ -
Accrued liabilities	91,787	12,104	804	104,695	-
Accrued compensated absences	124,088	9,700	533	134,321	-
Unearned revenue	149,545	-	-	149,545	-
Due to other governments	5,551	-	-	5,551	-
Bonds payable, current	1,030,000	345,504	-	1,375,504	-
Notes payable, current	1,303,451	316,654	-	1,620,105	-
Claims payable, current	-	-	-	-	28,480
Current liabilities payable from restricted assets					
Accrued interest payable	169,290	-	-	169,290	-
Notes payable, current	316,654	-	-	316,654	-
Customer deposits	962,537	-	96,414	1,058,951	-
Total current liabilities	5,169,751	879,437	502,985	6,552,173	28,480
Noncurrent liabilities					
Accrued compensated absences	347,205	23,614	996	371,815	-
Bonds payable	20,669,235	922,034	-	21,591,269	-
Notes payable	25,320,533	4,247,925	-	29,568,458	-
Claims payable	-	-	-	-	2,027,162
Total noncurrent liabilities	46,336,973	5,193,573	996	51,531,542	2,027,162
Total liabilities	51,506,724	6,073,010	503,981	58,083,715	2,055,642
Net assets					
Invested in capital assets, net of related debt	79,071,468	7,829,387	1,048	86,901,903	-
Restricted for:					
Debt service	11,610,523	-	-	11,610,523	-
Renewal and replacement	200,965	-	-	200,965	-
Unrestricted	3,871,387	4,037,443	421,066	8,329,896	2,421,656
Total net assets	94,754,343	11,866,830	422,114	107,043,287	2,421,656
<b>Total liabilities and net assets</b>	<b>\$ 146,261,067</b>	<b>\$ 17,939,840</b>	<b>\$ 926,095</b>	<b>\$ 165,127,002</b>	<b>\$ 4,477,298</b>

**CITY OF SANFORD, FLORIDA**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year Ended September 30, 2007**

	Business-type Activities - Enterprise Funds			Total Enterprise	Governmental Activities - Internal Service
	Water and Sewer	Stormwater	Solid Waste		
<b>Operating revenues</b>					
Charges for services	\$ 15,877,537	\$ 2,813,311	\$ 4,397,047	\$ 23,087,895	\$ 5,962,104
Other revenue	168,806	11,504	-	180,310	158,994
Total operating revenues	<u>16,046,343</u>	<u>2,824,815</u>	<u>4,397,047</u>	<u>23,268,205</u>	<u>6,121,098</u>
<b>Operating expenses</b>					
Personal services	5,233,846	688,992	71,736	5,994,574	-
Materials	4,398,901	526,042	11,545	4,936,488	-
Other services	1,940,440	229,860	4,435,284	6,605,584	4,623,406
Depreciation	3,149,007	382,502	-	3,531,509	-
Amortization	88,800	-	-	88,800	-
Total operating expenses	<u>14,810,994</u>	<u>1,827,396</u>	<u>4,518,565</u>	<u>21,156,955</u>	<u>4,623,406</u>
<b>Operating income (loss)</b>	<u>1,235,349</u>	<u>997,419</u>	<u>(121,518)</u>	<u>2,111,250</u>	<u>1,497,692</u>
<b>Nonoperating revenue (expense)</b>					
Interest income	828,047	135,167	16,602	979,816	143,630
Intergovernmental grant revenue	1,250,799	122,765	-	1,373,564	-
Interest expense	(1,565,064)	(68,557)	(319)	(1,633,940)	-
Amortization of debt costs	(186,780)	(3,721)	-	(190,501)	-
Total nonoperating revenue (expense)	<u>327,002</u>	<u>185,654</u>	<u>16,283</u>	<u>528,939</u>	<u>143,630</u>
<b>Income (loss) before transfers and contributions</b>	<u>1,562,351</u>	<u>1,183,073</u>	<u>(105,235)</u>	<u>2,640,189</u>	<u>1,641,322</u>
Capital contributions	3,014,461	-	-	3,014,461	-
Transfers in	-	175,000	642,795	817,795	-
Transfers out	-	-	(115,446)	(115,446)	-
<b>Change in net assets</b>	<u>4,576,812</u>	<u>1,358,073</u>	<u>422,114</u>	<u>6,356,999</u>	<u>1,641,322</u>
<b>Total net assets - beginning</b>	<u>90,177,531</u>	<u>10,508,757</u>	<u>-</u>	<u>100,686,288</u>	<u>780,334</u>
<b>Total net assets - ending</b>	<u>\$ 94,754,343</u>	<u>\$ 11,866,830</u>	<u>\$ 422,114</u>	<u>\$ 107,043,287</u>	<u>\$ 2,421,656</u>

**CITY OF SANFORD, FLORIDA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended September 30, 2007**

	Business-type Activities - Enterprise Funds			Total Enterprise	Governmental Activities - Internal Service
	Water and Sewer	Stormwater	Solid Waste		
<b>Operating activities</b>					
Cash received from customers	\$ 15,251,178	\$ 2,750,053	\$ 3,774,301	\$ 21,775,532	\$ 5,959,722
Cash payments to suppliers for goods and services	(7,121,455)	(1,320,531)	(4,041,595)	(12,483,581)	(4,353,622)
Cash payments to employees for services	(5,211,152)	(693,531)	(69,403)	(5,974,086)	-
Cash received for other revenues	168,806	11,504	-	180,310	158,994
<b>Net cash provided by (used in) operating activities</b>	<b>3,087,377</b>	<b>747,495</b>	<b>(336,697)</b>	<b>3,498,175</b>	<b>1,765,094</b>
<b>Noncapital financing activities</b>					
Operating grant receipts	1,251,171	122,765	-	1,373,936	-
Transfers in from other funds	-	175,000	642,795	817,795	-
Transfers out to other funds	-	-	(115,446)	(115,446)	-
Advance to other fund	132,000	-	-	132,000	-
<b>Net cash provided by noncapital financing activities</b>	<b>1,383,171</b>	<b>297,765</b>	<b>527,349</b>	<b>2,208,285</b>	<b>-</b>
<b>Capital and related financing activities</b>					
Acquisition and construction of capital assets	(3,432,164)	(2,987,180)	(1,048)	(6,420,392)	-
Proceeds from construction loans	3,903,070	3,896,360	-	7,799,430	-
Principal paid on revenue bonds	(1,010,000)	(329,332)	-	(1,339,332)	-
Principal paid on notes payable	(1,444,544)	-	-	(1,444,544)	-
Interest paid on revenue bonds and notes payable	(1,579,208)	(68,557)	(319)	(1,648,084)	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(3,562,846)</b>	<b>511,291</b>	<b>(1,367)</b>	<b>(3,052,922)</b>	<b>-</b>
<b>Investing activities</b>					
Interest income	828,047	135,167	16,602	979,816	143,630
<b>Net cash provided by investing activities</b>	<b>828,047</b>	<b>135,167</b>	<b>16,602</b>	<b>979,816</b>	<b>143,630</b>
<b>Net increase in cash and cash equivalents/investments</b>	<b>1,735,749</b>	<b>1,691,718</b>	<b>205,887</b>	<b>3,633,354</b>	<b>1,908,724</b>
<b>Cash and cash equivalents/investments</b>					
Beginning of year	13,085,233	2,401,637	-	15,486,870	2,280,324
End of year	<b>\$ 14,820,982</b>	<b>\$ 4,093,355</b>	<b>\$ 205,887</b>	<b>\$ 19,120,224</b>	<b>\$ 4,189,048</b>
<b>Cash and cash equivalents classified as:</b>					
Current assets	\$ 1,088,290	\$ 4,093,355	\$ 109,411	\$ 5,291,056	\$ 4,189,048
Restricted assets	13,732,692	-	96,476	13,829,168	-
	<b>\$ 14,820,982</b>	<b>\$ 4,093,355</b>	<b>\$ 205,887</b>	<b>\$ 19,120,224</b>	<b>\$ 4,189,048</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>					
Operating income (loss)	\$ 1,235,349	\$ 997,419	\$ (121,518)	\$ 2,111,250	\$ 1,497,692
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	3,149,007	382,502	-	3,531,509	-
Amortization of irrigation rights	88,800	-	-	88,800	-
Provision for uncollectible accounts	47,475	9,318	137,678	194,471	-
Change in assets and liabilities					
Accounts receivable	(484,274)	(72,576)	(856,838)	(1,413,688)	(2,382)
Due from other governments	-	(17,391)	-	(17,391)	-
Prepaid items	(240)	-	-	(240)	(36,449)
Accounts payable	(781,874)	(547,238)	405,234	(923,878)	306,233
Accrued liabilities	6,547	(629)	804	6,722	-
Unearned revenue	(71,570)	-	-	(71,570)	-
Customer deposits	(117,990)	-	96,414	(21,576)	-
Compensated absences	16,147	(3,910)	1,529	13,766	-
Total adjustments	1,852,028	(249,924)	(215,179)	1,386,925	267,402
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 3,087,377</b>	<b>\$ 747,495</b>	<b>\$ (336,697)</b>	<b>\$ 3,498,175</b>	<b>\$ 1,765,094</b>

**CITY OF SANFORD, FLORIDA**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**September 30, 2007**

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<b>Assets</b>	
Investments, at fair value:	
Money market funds	\$ 2,136,180
Equity securities, individual stocks and mutual funds	33,310,721
Mutual funds investing in corporate and U.S. Treasury bonds	<u>6,589,426</u>
Total investments	42,036,327
Due from fiscal agent	404
Due from other governments	<u>32,603</u>
Total assets	<u>42,069,334</u>
<b>Liabilities</b>	
Accounts payable	<u>53,833</u>
Total liabilities	<u>53,833</u>
<b>Net Assets</b>	
Held in trust for pension benefits	<u><u>\$ 42,015,501</u></u>

**CITY OF SANFORD, FLORIDA**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**Year Ended September 30, 2007**

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**Additions**

Contributions:	
Employer	\$ 1,648,574
State	599,553
Plan members and others	531,833
Total contributions	<u>2,779,960</u>
Investment earnings:	
Net increase in fair value of investments	4,775,312
Dividends	361,613
Interest	399,809
Total investment earnings	<u>5,536,734</u>
Less investment expenses	<u>197,725</u>
Net investment earnings	5,339,009
Miscellaneous income	<u>17,328</u>
Total additions	<u>8,136,297</u>

**Deductions**

Benefits	2,097,050
Refunds of contributions	147,335
Other services and charges	76,625
Total deductions	<u>2,321,010</u>
Change in net assets	5,815,287
Total net assets - beginning	<u>36,200,214</u>
Total net assets - ending	<u>\$ 42,015,501</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**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.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 1 - Summary of Significant Accounting Policies (continued)**

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.

(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 and 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.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**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.

**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 government considers revenues to be available if they are collected within 60 days of 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.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 1 C. - Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(continued)**

Property taxes, franchise fees, licenses, and interest allocated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government 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.

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 government'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.

The government 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 government 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.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 1 C. - Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

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 government's water and sewer and stormwater functions and various other functions of the government. 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 government'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.

**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.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**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 County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate up to ten (10) mills. The millage rate assessed by the City for the fiscal year ended September 30, 2007 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 Seminole County Property Appraiser (levy date). Seminole County mails to each property owner on the assessment roll a notice of the taxes due. The County also collects the taxes for the City. Taxes may be paid upon receipt of such notice from the County, with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January, and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount, and all unpaid taxes on real and tangible 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 county 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, 2007**

**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. 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>Assets</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

The City reassessed estimated useful lives of certain capital assets in fiscal year 2007, resulting in an increase in depreciation expense of approximately \$3.2 million in governmental activities on the government-wide financial statements.

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

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**I. Compensated Absences**

It is the City's policy to grant all permanent full-time and part-time employees annual leave based upon the number of years of employment with the City. Employees are encouraged to use annual leave in the year it is earned. Employees accrue annual leave at a rate of ten (10) days per year for the first ten (10) years of service and at a rate of fifteen (15) days per year after ten (10) years of service. Upon termination in good standing or retirement, employees are paid for accrued annual leave up to a maximum of 22.5 days. Public Safety employees accrue sick and annual leave on a pro-rata basis, using 2080 annual hours as the base. Sick leave is accumulated at a rate of 1.25 workdays per month. Employees may accrue sick time benefits with no restriction as to maximum amount. Compensatory time is accumulated and accrued subject to several limitations and qualifications. Upon termination in good standing, an employee is entitled to a cash benefit of one-eighth of accrued sick leave. Upon retirement, an employee is entitled to a cash benefit of 100% of accrued sick leave. Both cash benefits are subject to the limits of the maximum accumulated sick leave of thirty (30) days for up to five (5) years service, sixty (60) days for five to ten (5 - 10) years service, or ninety (90) days over ten (10) years service.

Unpaid compensated absences are recorded as a liability when the benefits are earned in the government-wide and proprietary fund financial statements. The General Fund typically has been the governmental fund used to liquidate the liability for compensated absences. Fringe benefits associated with unpaid compensated absences are included in the compensated absences accrual. For governmental funds, there is no legal requirement to accumulate expendable available financial resources to liquidate the obligation; thus expenditures are recognized in the governmental funds when payments are made to employees.

**J. 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 straight-line amortization. For financial reporting, unamortized bond issuance costs are netted against applicable long-term debt.

**K. 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.

**L. 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 Local Government Infrastructure Surtax for which the City has not received funds and 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 financial statements represents advance collection of funds for services to be provided in future reporting periods, consisting primarily of the lease deposit.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**M. 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, Cemetary 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.
- (6) The City Manager is authorized by the 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 commission. There were a number of such supplemental appropriations made during the fiscal year.

**N. Capitalization of Interest**

In accordance with the Statements of Financial Accounting Standards (SFAS) 34 and 62, the City has adopted the policy of capitalizing interest costs during the period of project construction. During 2007, interest capitalized by the City's Water and Sewer Enterprise Fund and Stormwater Enterprise Fund were \$104,114 and \$52,634, respectively, and total interest costs were \$1,565,064 and \$68,557, respectively.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**O. Postemployment Benefits Other Than Pensions**

The City pays health and life insurance 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.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 2 - Deposits and Investments**

The carrying amount (which approximates fair value) of the City's deposits and investments as of September 30, 2007 is as follows:

	<b>Carrying Amount</b>
<b>Primary Government</b>	
Pension Funds:	
Cash	\$ 501,264
Money Market Funds	1,634,916
Mutual funds investing in common stocks and mutual funds	33,310,721
Mutual fund investing in corporate and U.S. treasury bonds	6,589,426
Total pension funds	42,036,327
Governmental and Business Type Activities:	
Local Government Surplus Funds Trust Fund	45,448,543
Demand Deposits	2,268,794
Total governmental and business type activities	47,717,337
<b>Total Primary Government</b>	89,753,664
<b>Component Unit - Airport Authority</b>	
Local Government Surplus Funds Trust Fund	58,788
Demand Deposits	3,847,316
<b>Total Component Unit - Airport Authority</b>	3,906,104
<b>Component Unit - Sanford CRA</b>	
Local Government Surplus Funds Trust Fund	1,477,044
<b>Total Component Unit - Sanford CRA</b>	1,477,044
	\$ 95,136,812
<b>Classified as:</b>	
Cash and cash equivalents	\$ 39,212,529
Investments	42,036,327
Restricted cash and cash equivalents	13,887,956
	\$ 95,136,812

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.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 2 - Deposits and Investments (continued)**

**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. The SBA is not a registrant, nor regulated by, the Securities and Exchange Commission (SEC) or any other regulatory agency; however, the SBA has adopted operating procedures consistent with the requirements for a 2a-7 like pool and the fair value of the pool is equal to the value of the pool shares. 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, 2007**

**Note 2 – Deposits and Investments (continued)**

Defined Contribution Pension Plan investments were as follows at September 30, 2007:

Investment Type	Type	Credit Quality Rating	Fair Value	Weighted Average Investment Maturities (in Years)			
				Less Than 1	1-5	6-10	More than 10
<b>Police Pension:</b>							
Cash	Cash	NR*	\$ 478,301	\$ 478,301	\$ -	\$ -	\$ -
Money Market Funds	Money Market	NR*	1,208,683	1,208,683	-	-	-
U.S. Treasury Bonds/Notes	Fixed Income	**	926,275	-	117,320	776,517	32,438
U.S. Treasury Bills	Fixed Income	**	99,000	99,000	-	-	-
FHLB	Fixed Income	AAA	712,785	-	461,375	101,969	149,441
FHLMC	Fixed Income	AAA	39,588	-	-	39,588	-
FNMA	Fixed Income	AAA	222,828	-	126,484	96,344	-
GNMA	Fixed Income	**	378,319	-	-	-	378,319
FHLMC Pool	Fixed Income	NR*	750,375	-	22,241	179,987	548,147
FNMA Pool	Fixed Income	NR*	1,858,516	-	73,280	89,469	1,695,767
Corporate Debt	Fixed Income	AAA	1,237,647	-	737,135	-	500,512
Corporate Debt	Fixed Income	A - A+	265,671	-	265,671	-	-
Corporate Debt	Fixed Income	AA-	98,423	-	98,423	-	-
Mutual Funds	Fixed Income	AAA	2,871,470	2,871,470	-	-	-
Common Stocks	Equity	NR*	14,962,777	14,962,777	-	-	-
Total Police Pension			<u>26,110,658</u>	<u>19,620,231</u>	<u>1,901,929</u>	<u>1,283,873</u>	<u>3,304,624</u>
<b>Firefighters' Pension:</b>							
Cash	Cash	NR*	22,963	22,963	-	-	-
Money Market Funds	Money Market	NR*	426,233	426,233	-	-	-
Mutual Funds	Fixed Income	AAA	4,486,503	-	-	4,486,503	-
Mutual Funds	Equity	NR*	7,003,185	7,003,185	-	-	-
Common Stocks	Equity	NR*	3,986,786	3,986,786	-	-	-
Total Firefighters' Pension			<u>15,925,670</u>	<u>11,439,167</u>	<u>-</u>	<u>4,486,503</u>	<u>-</u>
Total Pension Investments			<u>\$ 42,036,327</u>	<u>\$ 31,059,398</u>	<u>\$ 1,901,929</u>	<u>\$ 5,770,376</u>	<u>\$ 3,304,624</u>

\* Not rated

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

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 3 - 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, 2007:

	<u>Primary Government Business-type Activities</u>	<u>Component Unit Airport Authority</u>
	<b>Restricted cash:</b>	
Sinking Fund	\$ 1,001,296	\$ -
Renewal and Replacement Fund	200,965	-
Customer Deposits	1,016,384	-
Utility Trust Impact Fees	11,610,523	-
Airport Memorial Fund	-	58,788
	<u>\$ 13,829,168</u>	<u>\$ 58,788</u>

**Note 4 - Receivables**

The following is a detailed listing of receivables by type and fund at September 30, 2007:

	<u>Primary Government</u>		<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Airport Authority</u>
<b>Receivables:</b>			
Accounts Billed	\$ -	\$ 2,178,785	\$ 734,576
Unbilled Receivables	-	1,445,751	-
Other Miscellaneous	4,125,549	161,584	-
Gross Receivables	<u>4,125,549</u>	<u>3,786,120</u>	<u>734,576</u>
Less: Allowance for Uncollectibles	<u>2,849,565</u>	<u>723,057</u>	<u>13,210</u>
	<u>\$ 1,275,984</u>	<u>\$ 3,063,063</u>	<u>\$ 721,366</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 5 - Capital Assets**

**A. Changes in Capital Assets**

During the year ended September 30, 2007, the following changes in capital assets occurred:

	<b>Balance October 1, 2006 (restated)</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance September 30, 2007</b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,103,427	\$ 202,834	\$ -	\$ 3,306,261
Construction in progress	384,838	1,625,572	(289,808)	1,720,602
Total capital assets, not being depreciated	<u>3,488,265</u>	<u>1,828,406</u>	<u>(289,808)</u>	<u>5,026,863</u>
Capital assets, being depreciated:				
Infrastructure	96,046,186	82,288	-	96,128,474
Buildings and improvements	40,385,191	987,915	-	41,373,106
Equipment	19,138,629	3,252,668	(260,469)	22,130,828
Total capital assets, being depreciated	<u>155,570,006</u>	<u>4,322,871</u>	<u>(260,469)</u>	<u>159,632,408</u>
Less accumulated depreciation for:				
Infrastructure	29,825,794	3,173,902	-	32,999,696
Buildings and improvements	9,429,855	4,818,912	-	14,248,767
Equipment	13,883,333	1,991,769	(260,469)	15,614,633
Total accumulated depreciation	<u>53,138,982</u>	<u>9,984,583</u>	<u>(260,469)</u>	<u>62,863,096</u>
Total capital assets, being depreciated, net	<u>102,431,024</u>	<u>(5,661,712)</u>	<u>-</u>	<u>96,769,312</u>
Governmental activities capital assets, net	<u>\$ 105,919,289</u>	<u>\$ (3,833,306)</u>	<u>\$ (289,808)</u>	<u>\$ 101,796,175</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,576,615	\$ -	\$ -	\$ 6,576,615
Construction in progress	31,477,416	4,410,345	(11,081,890)	24,805,871
Total capital assets, not being depreciated	<u>38,054,031</u>	<u>4,410,345</u>	<u>(11,081,890)</u>	<u>31,382,486</u>
Capital assets, being depreciated:				
Buildings and improvements	4,618,690	1,737,122	-	6,355,812
Water and sewer system	102,615,926	9,105,295	-	111,721,221
Stormwater management	10,470,139	4,182,280	-	14,652,419
Equipment	8,918,535	1,081,701	(174,294)	9,825,942
Irrigation rights	2,220,000	-	-	2,220,000
Total capital assets, being depreciated	<u>128,843,290</u>	<u>16,106,398</u>	<u>(174,294)</u>	<u>144,775,394</u>
Less accumulated depreciation for:				
Buildings	586,030	190,395	-	776,425
Water & Sewer	20,867,937	2,309,773	-	23,177,710
Stormwater	3,170,476	234,565	-	3,405,041
Equipment	5,359,329	796,776	(174,294)	5,981,811
Irrigation rights	1,354,200	88,800	-	1,443,000
Total accumulated depreciation	<u>31,337,972</u>	<u>3,620,309</u>	<u>(174,294)</u>	<u>34,783,987</u>
Total capital assets, being depreciated, net	<u>97,505,318</u>	<u>12,486,089</u>	<u>-</u>	<u>109,991,407</u>
Business-type activities capital assets, net	<u>\$ 135,559,349</u>	<u>\$ 16,896,434</u>	<u>\$ (11,081,890)</u>	<u>\$ 141,373,893</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 5 - Capital Assets (continued)**

**B. Depreciation Expense Allocation**

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 329,491
Public safety	4,373,247
Physical environment	19,969
Transportation	2,286,470
Economic environment	59,907
Human services	9,985
Culture and recreation	<u>2,905,514</u>
Total depreciation expense - governmental activities	<u><u>\$ 9,984,583</u></u>
Business-type activities:	
Water and Sewer	\$ 3,237,807
Stormwater	<u>382,502</u>
Total depreciation expense - business-type activities	<u><u>\$ 3,620,309</u></u>

**C. Sanford Community Redevelopment Agency - Capital Assets**

From fiscal year 2004 through 2006, the 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, 2007, the accumulated depreciation related to these assets was \$503,289. As of September 30, 2007, the CRA had \$5,397,591 of infrastructure and related accumulated depreciation of \$2,338,956. At September 30, 2007 the Sanford CRA had \$45,907 of construction in progress.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 6 - Long-Term Debt**

**A. Changes in Long-Term Debt**

Changes in long-term debt for the year ended September 30, 2007 are summarized as follows:

	<b>Balance October 1, 2006</b>	<b>Increase</b>	<b>Decrease</b>	<b>Balance September 30, 2007</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
Bonds payable	\$ 1,225,000	\$ -	\$ (110,000)	\$ 1,115,000	\$ 115,000
Accrued compensated absences	1,882,046	1,612,064	(1,542,473)	1,951,637	550,126
Claims payable	1,749,409	811,232	(504,999)	2,055,642	28,480
Accrued clean-up and long-term care costs	2,235,947	38,924	(19,439)	2,255,432	19,439
Governmental activity Long-term liabilities	<u>\$ 7,092,402</u>	<u>\$ 2,462,220</u>	<u>\$ (2,176,911)</u>	<u>\$ 7,377,711</u>	<u>\$ 713,045</u>
<b>Business-type activities:</b>					
Water and Sewer Fund revenue bonds payable	\$ 22,550,368	\$ -	\$ (851,133)	\$ 21,699,235	\$ 1,030,000
Stormwater System Fund revenue bonds payable	1,596,079	-	(328,541)	1,267,538	345,504
Notes payable	24,658,809	8,260,109	(1,413,701)	31,505,217	1,936,759
Accrued compensated absences	492,370	457,541	(443,775)	506,136	134,321
Business-type activity Long-term liabilities	<u>\$ 49,297,626</u>	<u>\$ 8,717,650</u>	<u>\$ (3,037,150)</u>	<u>\$ 54,978,126</u>	<u>\$ 3,446,584</u>

**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:

<b>Fiscal Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2008	\$ 115,000	\$ 59,220	\$ 174,220
2009	1,000,000	52,640	1,052,640
	<u>\$ 1,115,000</u>	<u>\$ 111,860</u>	<u>\$ 1,226,860</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 6 - Long-Term Debt (continued)**

**C. Defeasance of Debt**

The City has refunded certain revenue bonds through irrevocable deposits with an escrow agent (a third party banking institution) of sufficient funds to pay the principal and interest, when due, on the refunded bonds to the earliest call date. As a result, this debt is considered defeased and the debt and related escrow deposits are not presented on the City's financial statements. The City has the following bond issues outstanding that have been refunded:

<u>Type</u>	<u>Series</u>	<u>Date Refunded</u>	<u>Outstanding as of Refunding</u>	<u>Outstanding as of September 30, 2007</u>
Water and Sewer Revenue Bonds	1986	November, 1993	\$ 12,635,000	\$ 9,840,000
Revenue Bonds	1989	November, 1993	\$ 4,180,000	\$ 2,735,000
Revenue Bonds	1991	November, 1993	\$ 11,905,000	\$ 11,235,000
Revenue Bonds	1992	September, 2003	\$ 6,845,000	\$ 4,260,000
Revenue Bonds	1993	September, 2003	\$ 8,575,000	\$ 7,115,000

**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 Revenue Account one-sixth (1/6) of all interest coming due on the next interest payment date.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 6 D. - Water and Sewer Fund Revenue Bonds (continued)**

- Principal Account - to deposit monthly from Revenue Account one-twelfth (1/12) of the principal amount which will become due on such annual maturity date.
- c. Renewal, Replacement and Improvement Account - to deposit monthly from the Revenue Account an amount equal to one-twelfth (1/12) of five percent (5%) of the gross revenues received during the immediately preceding fiscal year until the amounts 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, 2007:

Bond Year Ending	Water and Sewer Revenue Bonds, Series 1993		Water and Sewer Revenue Bonds, Series 2003		Total Debt Service
	Principal	Interest	Principal	Interest	
2008	\$ -	\$ -	\$ 1,030,000	\$ 296,895	\$ 1,326,895
2009	-	-	1,065,000	265,995	1,330,995
2010	-	-	1,095,000	234,045	1,329,045
2011	-	-	1,120,000	200,100	1,320,100
2012	-	-	1,365,000	159,500	1,524,500
2013-2017	3,680,000	1,259,026	2,885,000	166,850	7,990,876
2018-2021	10,830,000	1,520,538	-	-	12,350,538
	<u>\$14,510,000</u>	<u>\$ 2,779,564</u>	<u>\$ 8,560,000</u>	<u>\$ 1,323,385</u>	<u>\$27,172,949</u>
	Series 1993 bonds payable				\$ 14,510,000
	Series 2003 bond payable				<u>8,560,000</u>
	Bonds payable				23,070,000
	Less: Unamortized bond costs				<u>(1,370,764)</u>
	Net bonds payable				<u>\$ 21,699,236</u>
	Current portion				1,030,000
	Long-term portion				<u>20,669,236</u>
	Net bonds payable				<u>\$ 21,699,236</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 6 - Long-Term Debt (continued)**

**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, 2007, the City has received \$3,653,500 and has an outstanding balance of \$1,267,539.

Bonds payable	\$	1,272,348
Less: Unamortized issue costs		(4,809)
		1,267,539
Net bonds payable	\$	1,267,539
Current portion	\$	345,504
Long-term portion		922,035
		1,267,539
Net bonds payable	\$	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 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.
  - c. 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.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 6 E. - Stormwater System Fund Revenue Bonds (continued)**

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

<u>Bond Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 345,504	\$ 52,384	\$ 397,888
2009	361,050	36,838	397,888
2010	377,295	20,593	397,888
2011	188,499	3,977	192,476
	<u>\$ 1,272,348</u>	<u>\$ 113,792</u>	<u>\$ 1,386,140</u>

**F. 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 \$466,476, 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 costs 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 \$1,788,956 is presented as accrued clean-up costs for governmental activities.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 7 - Notes Payable - Enterprise Funds**

Enterprise Funds notes payable at September 30, 2007 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 forty 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.

	\$ 4,647,413
Less: Unamortized loan costs	<u>(82,834)</u>
Total Stormwater notes payable	<u><u>\$ 4,564,579</u></u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 7 - Enterprise Funds Notes Payable (continued)**

Primary Government: Water & Sewer:

<p>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 semi-annual 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.)</p>	\$ 15,732,111
<p>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.</p>	340,273
<p>State Revolving Fund loan CS120586170 payable, \$5,673,944 authorized, \$5,644,086 drawn for construction of wastewater system facilities, payable in twenty equal annual installments, including interest at 3.73% on \$4,791,000 and 2.89% on \$955,000, on December 31 of each year.</p>	2,126,018
<p>State Revolving Fund loan CS120586190 payable, \$500,000 authorized, \$483,413 drawn for construction of wastewater pollution control facilities, payable in forty equal semi-annual installments, including interest at 2.43%, on February 1 and August 1 of each year.</p>	189,686
<p>State Revolving Fund loan CS120586210 payable, \$1,543,439 authorized, \$1,491,245 drawn for construction of the Westerly Interceptor Project, payable in forty equal semi-annual installments, including interest at 2.89%, on February 1 and August 1 of each year.</p>	558,848
<p>State Revolving Fund loan CS120586220 payable, \$18,170,000 authorized, \$6,230,111 drawn for collection, transmission and treatment facilities, payable in forty equal semi-annual installments, including interest at 1.67% on October 15 and April 15 of each year.</p>	3,587,371
<p>State Revolving Fund loan DW5906010 payable, \$8,069,030 authorized, \$5,985,716 drawn for drinking water extension, payable in forty equal semi-annual installments, including interest at 3.55% on December 15 and June 15 of each year.</p>	5,135,732
	27,670,039
<p>Less unamortized loan costs</p>	(729,401)
<p>Total Water and Sewer notes payable</p>	26,940,638
<p>Total notes payable</p>	\$ 31,505,217

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 7 - Enterprise Funds Notes Payable (continued)**

Required principal and interest deposits for State Revolving Fund 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, 2007):

<u>Fiscal Year Ending September 30,</u>	<u>State Revolving Fund Loan CS120586150</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 108,984	\$ 13,679	\$ 122,663
2009	113,365	9,298	122,663
2010	117,924	4,739	122,663
	<u>\$ 340,273</u>	<u>\$ 27,716</u>	<u>\$ 367,989</u>

<u>Fiscal Year Ending September 30,</u>	<u>State Revolving Fund Loan CS120586170</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 323,751	\$ 76,586	\$ 400,337
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>\$ 2,126,018</u>	<u>\$ 276,003</u>	<u>\$ 2,402,021</u>

<u>Fiscal Year Ending September 30,</u>	<u>State Revolving Fund Loan CS120586190</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 27,279	\$ 4,445	\$ 31,724
2009	27,946	3,778	31,724
2010	28,630	3,094	31,724
2011	29,330	2,395	31,725
2012	30,047	1,678	31,725
2013-2014	46,454	1,133	47,587
	<u>\$ 189,686</u>	<u>\$ 16,523</u>	<u>\$ 206,209</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 7 - Enterprise Funds Notes Payable (continued)**

<b>Fiscal Year Ending September 30,</b>	<b>State Revolving Fund Loan CS120586210</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2008	\$ 86,590	\$ 15,530	\$ 102,120
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	2,171	102,118
	<u>\$ 558,848</u>	<u>\$ 53,870</u>	<u>\$ 612,718</u>

<b>Fiscal Year Ending September 30,</b>	<b>State Revolving Fund Loan CS120586220</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2008	\$ 180,057	\$ 118,327	\$ 298,384
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
2013-2017	1,136,461	355,457	1,491,918
2018-2022	1,341,167	150,751	1,491,918
2023	146,741	2,451	149,192
	<u>\$ 3,587,371</u>	<u>\$ 1,037,577</u>	<u>\$ 4,624,948</u>

<b>Fiscal Year Ending September 30,</b>	<b>State Revolving Fund Loan DW5906010</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2008	\$ 253,587	\$ 180,088	\$ 433,675
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
2013-2017	1,624,090	544,284	2,168,374
2018-2022	1,936,517	231,858	2,168,375
2023	213,056	3,782	216,838
	<u>\$ 5,135,732</u>	<u>\$ 1,586,230</u>	<u>\$ 6,721,962</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 8 - Discretely Presented Component Unit - Airport Authority Long-Term Liabilities**

Airport Authority notes payable at September 30, 2007 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.	\$ 3,035,461
Note payable to bank, due in quarterly principal and interest payments at 6.41%, collateralized by pledged revenues, due June 15, 2006.	2,694,920
Note payable to State of Florida, Department of Transportation for international arrivals building, no interest, due September 2, 2008, unsecured.	1,500,000
Note payable to State of Florida, Department of Transportation for domestic terminal expansion, no interest, due March 4, 2008, unsecured.	1,500,000
Note payable to State of Florida, Department of Transportation for domestic terminal expansion, no interest, due September 18, 2008, unsecured.	1,250,000
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	<u>2,917,000</u>
	16,413,871
Less current portion	<u>(4,611,861)</u>
Long-term portion	<u><u>\$ 11,802,010</u></u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 8 - Discretely Presented Component Unit - Airport Authority Long-Term Liabilities**

Changes in Airport Authority long-term liabilities for the year ended September 30, 2007 is as follows:

	<u>Balance October 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2007</u>	<u>Due Within One Year</u>
<b>Notes Payable:</b>					
Line of Credit	\$ -	\$ 2,917,000	\$ -	\$ 2,917,000	\$ -
Revenue Note, Series 2001A	2,911,445	-	(216,525)	2,694,920	230,746
Revenue Note, Series 2003	3,160,206	-	(124,745)	3,035,461	131,115
Florida Department of Transportation	13,516,490	-	(5,750,000)	7,766,490	4,250,000
	<u>19,588,141</u>	<u>2,917,000</u>	<u>(6,091,270)</u>	<u>16,413,871</u>	<u>4,611,861</u>
<b>Other Liabilities:</b>					
Advanced privilege fees	170,000	-	-	170,000	-
	<u>170,000</u>	<u>-</u>	<u>-</u>	<u>170,000</u>	<u>-</u>
<b>Total Long-Term Liabilities</b>	<u>\$ 19,758,141</u>	<u>\$ 2,917,000</u>	<u>\$ (6,091,270)</u>	<u>\$ 16,583,871</u>	<u>\$ 4,611,861</u>

The Airport Authority's grant anticipation note payable has a variable interest rate; therefore, it is not practical to compute the future annual interest requirements on this note. The following is a summary of the future principal debt service requirements on Airport Authority notes payable:

<u>Fiscal Year Ending September 30,</u>	<u>Airport Authority Fund</u>
2008	\$ 4,611,861
2009	3,651,218
2010	3,576,087
2011	2,097,207
2012	156,652
2013-2017	903,758
2018-2022	1,132,035
2023-2027	285,053
	<u>\$ 16,413,871</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 9 - 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, 2007 are summarized as follows:

	<u>Balance October 1, 2006</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance September 30, 2007</u>	<u>Due Within One Year</u>
Revenue bonds payable	\$ 4,620,000	\$ -	\$ (510,000)	\$ 4,110,000	\$ 655,000
CRA bank loan	1,745,421	-	(167,269)	1,578,152	175,000
Long-term liabilities	<u>\$ 6,365,421</u>	<u>\$ -</u>	<u>\$ (677,269)</u>	<u>\$ 5,688,152</u>	<u>\$ 830,000</u>

**B. Revenue Bonds Payable**

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.

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 semi-annually 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.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
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**Note 9 B. - Revenue Bonds Payable (continued)**

<u>Fiscal Year Ending September 30,</u>	<u>Series 1994A</u>		<u>Series 1994B</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2008	\$ 655,000	\$ 180,600	\$ -	\$ 99,000	\$ 934,600
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>\$ 3,010,000</u>	<u>\$ 476,700</u>	<u>\$ 1,100,000</u>	<u>\$ 404,250</u>	<u>\$ 4,990,950</u>

**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.

Loan principal payable	\$ 1,600,000
Less: Unamortized loan issue costs	<u>(21,848)</u>
Net loan payable	<u>\$ 1,578,152</u>

The CRA Loan will mature as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 175,000	\$ 55,840	\$ 230,840
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
2013-2015	<u>650,000</u>	<u>45,894</u>	<u>695,894</u>
	<u>\$ 1,600,000</u>	<u>\$ 261,227</u>	<u>\$ 1,861,227</u>

**Note 10 - 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, 2007.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 10 - Line of Credit (continued)**

**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, 2007, the outstanding balance was \$2,917,000. Therefore, the Airport Authority had available \$2,083,000 at September 30, 2007.

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 16 E. The Airport Authority has not borrowed anything on this line of credit.

**Note 11 - Operating Lease**

**A. Long-Term Ground Lease**

The City is the lessor on numerous building and land leases. The land leases are generally non-cancelable 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 non-profit agencies offering public services. In fiscal year 2007, the total lease rental income received in the General Fund and the Enterprise Funds was \$65,773 and \$67,755, 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.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 11 - Operating Lease (continued)**

**C. Airport Authority Operating Leases**

The Component Unit - 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 non-cancelable leases with terms ranging from one to thirty (1 - 30) years. The following is a schedule of minimum future rentals to be received on non-cancelable operating leases:

<b>Fiscal Year Ending September 30,</b>	<b>Amount</b>
2008	\$ 3,700,608
2009	2,902,149
2010	1,814,992
2011	1,658,264
2012	1,658,449
Later years	31,557,257
	\$ 43,291,719

The following is a schedule of property under operating leases at September 30, 2007:

Buildings and Improvements	\$ 53,974,723
Less Accumulated Depreciation	(23,267,307)
	\$ 30,707,416

**Note 12 - Interfund Accounts and Transfers**

Individual fund interfund receivables and payables at September 30, 2007 consist of the following:

<b>Fund</b>	<b>Advance to Other Funds</b>	<b>Advance from Other Funds</b>
General Fund	\$ -	\$ 968,000
Water and Sewer	968,000	-
	\$ 968,000	\$ 968,000

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

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 12 - Interfund Accounts and Transfers (continued)**

Interfund Transfers:

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 391,827	\$ (4,960,508)
Other Government	4,162,713	(296,381)
Stormwater	175,000	-
Solid Waste	642,795	(115,446)
Total	\$ 5,372,335	\$ (5,372,335)

Transfers between the funds are used to fund various different activities of the City, such as the Riverwalk and the Stormwater system, through the use of cash collected in the General Fund.

**Note 13 - 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 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, 2007, 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 10/01/06 to 9/30/07). Seven (7) employees qualified for DROP – Deferred Retirement Option Program (10.91% from 10/01/06 to 9/30/07).

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 13 A. - Florida Retirement System (continued)**

Special Risk Class - Members employed as law enforcement officers, firefighters, or correctional officers (20.92% from 10/01/06 to 9/30/07). There is one (1) City employee in this special risk category along with the Airport Authority firefighters.

Senior Management Class - Members eligible for this class include the City Manager and Department heads. Only the City Manager is currently designated to this class. The rate is 13.12%.

The contribution requirements of the City are established and may be amended by FRS. The plan is non-contributory for employees with all contributions being the obligation of the employer. The City's contributions to FRS for the years ended September 30, 2007, 2006 and 2005 were \$1,137,423, \$790,253 and \$687,205, respectively, and equal the required contributions for each year. The Airport Authority's contributions to FRS for the years ended September 30, 2007, 2006 and 2005 were \$400,621, \$351,268 and \$242,542, respectively, and equal the required contributions for each year.

**B. Police Officers' and Firefighters' Retirement System**

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

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

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

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 13 B. - Police Officers' and Firefighters' Retirement System (continued)**

(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 frozen entry age actuarial cost method. The City contributed \$1,081,424 and \$567,150 to the Police Officers' Retirement System and Firefighters' Retirement System, respectively, during the year ended September 30, 2007.

The police officers are required to contribute 5.1% of their gross compensation (an additional five percent (5%) is paid by the City), and the firefighters are required to contribute seven (7%) of their base pay compensation (an additional five percent (5%) is paid by the City). 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, 2007, membership of each plan consisted of the following:

	<b>Police Officers</b>	<b>Firefighters</b>
Retirees and beneficiaries receiving benefits	44	39
Terminated employees entitled to benefits but not yet receiving them	6	4
Active plan members	125	76
Total	175	119

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
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**Note 13 B. - Police Officers' and Firefighters' Retirement System (continued)**

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

**Police Officers' Plan**

<u>Fiscal Year Ending September 30,</u>	<u>Annual Pension Cost</u>	<u>Employer Contributions</u>	<u>Percent Contributed</u>
2005	\$ 822,950	\$ 823,011	100.01%
2006	1,000,384	842,611	84.23%
2007	921,662	1,081,424	117.33%

**Firefighters' Plan**

<u>Fiscal Year Ending September 30,</u>	<u>Annual Pension Cost</u>	<u>Employer Contributions</u>	<u>Percent Contributed</u>
2005	\$ 408,449	\$ 440,254	107.79%
2006	483,147	444,074	91.91%
2007	528,079	567,150	107.40%

The percentage contribution for the police officers' retirement plans for 2007 was at least one hundred percent (100%) of the Annual Pension Costs. Therefore, the police officers' retirement plan does not have a net pension obligation as of September 30, 2007.

The Firefighters' net pension asset at September 30, 2007, totaled \$32,439. It was comprised of the following components:

Annual required contributions	\$ 528,079
Interest on the net pension asset	(2,516)
Adjustment to annual contribution	1,532
Annual pension cost	<u>527,095</u>
Fiscal 2007 employer contributions	<u>528,079</u>
Increase in net pension asset	984
Net pension asset beginning of year	31,455
Net pension asset end of year	<u><u>\$ 32,439</u></u>

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

- (5) The plans do not issue separate financial statements.
- (6) Costs of administering the Police Officers' and Firefighters' pension plans are financed through investment earnings.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 13 B. - Police Officers' and Firefighters' Retirement System (continued)**

(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	10/01/2007	10/01/2007
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, 2007**

**Note 13 B. - Police Officers' and Firefighters' Retirement System (continued)**

**Pension trust fund financial statements**

Financial statements for the Police Officers' Retirement System and Firefighters' Retirement System at September 30, 2007 and for the year then ended are as follows:

	<u>Police Officers'</u> <u>Retirement System</u>	<u>Firefighters'</u> <u>Retirement System</u>	<u>Total</u>
<b>Assets</b>			
Investments, at fair value:			
Money market funds	\$ 1,686,983	\$ 449,197	\$ 2,136,180
Equity securities, individual stocks and mutual funds	17,834,247	15,476,474	33,310,721
Mutual funds investing in corporate and U.S. Treasury bonds	6,589,426	-	6,589,426
Total investments	<u>26,110,656</u>	<u>15,925,671</u>	<u>42,036,327</u>
Due from fiscal agent	288	116	404
Due from other governments	<u>-</u>	<u>32,603</u>	<u>32,603</u>
Total assets	26,110,944	15,958,390	42,069,334
<b>Liabilities</b>			
Accounts payable	<u>33,222</u>	<u>20,611</u>	<u>53,833</u>
Total liabilities	<u>33,222</u>	<u>20,611</u>	<u>53,833</u>
<b>Net assets</b>			
Held in trust for pension benefits	<u>\$ 26,077,722</u>	<u>\$ 15,937,779</u>	<u>\$ 42,015,501</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 13 B. - Police Officers' and Firefighters' Retirement System (continued)**

	<u>Police Officers'</u> <u>Retirement System</u>	<u>Firefighters'</u> <u>Retirement System</u>	<u>Total</u>
<b>Additions</b>			
Contributions:			
Employer	\$ 1,081,424	\$ 567,150	\$ 1,648,574
State	313,708	285,845	599,553
Plan members and others	298,168	233,665	531,833
Total contributions	<u>1,693,300</u>	<u>1,086,660</u>	<u>2,779,960</u>
Investment earnings:			
Net increase in fair value of investments	2,847,060	1,928,252	4,775,312
Dividends	279,324	82,289	361,613
Interest	399,570	239	399,809
Total investment earnings	<u>3,525,954</u>	<u>2,010,780</u>	<u>5,536,734</u>
Less investment expenses	<u>127,606</u>	<u>70,119</u>	<u>197,725</u>
Net investment earnings	3,398,348	1,940,661	5,339,009
Miscellaneous income	<u>8,657</u>	<u>8,671</u>	<u>17,328</u>
Total additions	<u>5,100,305</u>	<u>3,035,992</u>	<u>8,136,297</u>
<b>Deductions</b>			
Benefits	1,153,340	943,710	2,097,050
Refunds of contributions	91,820	55,515	147,335
Other services and charges	44,973	31,652	76,625
Total deductions	<u>1,290,133</u>	<u>1,030,877</u>	<u>2,321,010</u>
Change in net assets	3,810,172	2,005,115	5,815,287
Total net assets - beginning	<u>22,267,549</u>	<u>13,932,665</u>	<u>36,200,214</u>
Total net assets - ending	<u>\$ 26,077,721</u>	<u>\$ 15,937,780</u>	<u>\$ 42,015,501</u>

**C. Post Employment Benefits other than Pensions**

The City's resolutions and ordinances allow employees who have retired to continue their life and health insurance benefits, and a portion of the cost, in an amount determined by City management, is borne by the City. The City pays, up to age sixty-five (65), health insurance benefits for employees retiring after October 1, 1991, with twenty-five (25) or more years of service. 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. 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 \$440,649 and \$36,524, respectively, for the year ended September 30, 2007 for 75 retirees receiving health insurance and 124 receiving life insurance.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 13 C. - Post-employment Benefits other than Pensions (continued)**

The nature of the plan is such that no formal trust fund exists. The 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 14 - 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 15 - 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 2007. 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.

**CITY OF SANFORD, FLORIDA  
Notes to Financial Statements  
Year Ended September 30, 2007**

**Note 15 - Risk Management (continued)**

The changes in the City's claims liability during the years ended September 30, 2006 and 2007 were as follows:

	<u>Balance at Fiscal Year Beginning</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Current Year Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2005 - 2006	\$ 1,693,195	\$ 369,479	\$ (313,265)	\$ 1,749,409
2006 - 2007	\$ 1,749,409	\$ 811,232	\$ (504,999)	\$ 2,055,642

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 16 - Commitments and Contingencies**

Primary Government

- A. Various suits 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 on which amount to \$6,452,164 at September 30, 2007.

Airport Authority

- D. The Airport Authority is a defendant in two lawsuits. Although the outcome of one of these lawsuits is not presently determinable, 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. Subsequent to September 30, 2007, a settlement of \$1,500,000 in favor of the Authority was reached in one of the lawsuits.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 16 - Commitments and Contingencies (continued)**

- E. During the year ended September 30, 2001, the Domestic Terminal project was completed. In connection with the design and construction of the domestic terminal expansion, the Airport Authority entered into a Memorandum of Understanding with TBI, plc to negotiate a thirty (30) year management contract for the domestic terminal in exchange for their private sector investment into 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, 2007, the Airport Authority had entered into construction contracts in the amount of \$12,599,768.
- 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, is not determinable at this time.
- H. The Airport Authority has identified several sites that have environmental issues on airport property. The State of Florida and the United States Navy is responsible for cleaning up the majority of these sites. At this time the Airport Authority is unable to determine the cost and their 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, 2007 the Authority has no known sites requiring mitigation. The Authority does have an ongoing obligation to monitor and test each site.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 17 - Component unit - Sanford CRA**

Condensed financial statement information related to the Sanford CRA as of and for the year ended September 30, 2007 is as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>Condensed Balance Sheet:</b>					
Cash and cash equivalents	\$ 1,477,044	\$ -	\$ 1,477,044	\$ -	\$ 1,477,044
Due from other governments	6,290	-	6,290	-	6,290
Prepaid items and other assets	3,000	-	3,000	-	3,000
Capital assets - nondepreciable	-	-	-	45,907	45,907
Capital assets - depreciable	-	-	-	5,834,095	5,834,095
Total Assets and Other Debits	<u>\$ 1,486,334</u>	<u>\$ -</u>	<u>\$ 1,486,334</u>	<u>\$ 5,880,002</u>	<u>\$ 7,366,336</u>
Accounts payable	\$ 8,955	\$ -	\$ 8,955	\$ -	\$ 8,955
Accrued interest payable	-	-	-	64,853	64,853
Bonds payable	-	-	-	4,110,000	4,110,000
Loan payable	-	-	-	1,578,152	1,578,152
Fund Balance/					
Invested in capital assets, net of related debt	-	-	-	191,850	191,850
Net Assets - Unrestricted	1,477,379	-	1,477,379	(64,853)	1,412,526
Total Liabilities and Fund Balances	<u>\$ 1,486,334</u>	<u>\$ -</u>	<u>\$ 1,486,334</u>	<u>\$ 5,880,002</u>	<u>\$ 7,366,336</u>
<b>Condensed Revenues, Expenditures and Changes in Fund Balances:</b>					
<b>Revenues:</b>					
Taxes	\$ 1,788,080	\$ -	\$ 1,788,080	\$ -	\$ 1,788,080
Interest	86,003	-	86,003	-	86,003
Contributions	242,059	-	242,059	-	242,059
Total revenues	<u>2,116,142</u>	<u>-</u>	<u>2,116,142</u>	<u>-</u>	<u>2,116,142</u>
<b>Expenditures/Expenses:</b>					
General government	73,334	-	73,334	-	73,334
Transportation	316,944	-	316,944	225,483	542,427
Economic environment	4,650	-	4,650	2,731	7,381
Culture/Recreation	32,000	-	32,000	(7,374)	24,626
Principal retirement	-	680,000	680,000	(680,000)	-
Interest and fiscal charges	-	275,128	275,128	(10,695)	264,433
Total expenditures	<u>426,928</u>	<u>955,128</u>	<u>1,382,056</u>	<u>(469,855)</u>	<u>912,201</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,689,214	(955,128)	734,086	469,855	1,203,941
<b>Other Financing Sources (Uses):</b>					
Operating transfers (out) in	(955,128)	955,128	-	-	-
Total Other Financing Sources (Uses)	<u>(955,128)</u>	<u>955,128</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances / Net Asset Deficit October 1, 2006	743,293	-	743,293	(3,581,413)	(2,838,120)
Restatement (Note 19)	-	-	-	3,238,555	3,238,555
Net assets, October 1, 2006 as restated	743,293	-	743,293	(342,858)	400,435
Fund Balances, September 30, 2007	<u>\$ 1,477,379</u>	<u>\$ -</u>	<u>\$ 1,477,379</u>	<u>\$ 126,997</u>	<u>\$ 1,604,376</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 18 - Special Item**

Lease Termination

On September 28, 2007, the City reached an agreement to terminate a lease for which the City was the lessor. Terms of the agreement provided that the City pay \$1,750,000 to the lessee and the lessee waive \$132,000 owed by the City for irrigation related costs. The \$1,618,000 net amount of the above two items is presented as a special item in both the fund and government-wide financial statements.

**Note 19 - Restatements**

Retroactive Reporting of Infrastructure Assets

Effective October 1, 2006, the City implemented the retroactive reporting of its governmental activities and Sanford CRA infrastructure assets, pursuant to the requirements of GASB Statement No. 34. In making this change, the City begins reporting the value of transportation infrastructure assets that were acquired prior to October 1, 2002, along with accumulated depreciation on those assets. The value of transportation infrastructure assets acquired prior to October 1, 2002 amounted to \$96,046,186 and related accumulated depreciation was \$29,825,794. Therefore, the beginning net assets for governmental activities amount is restated in this report for \$66,220,392.

The value of transportation infrastructure assets acquired by the Sanford CRA prior to October 1, 2002 amounted to \$5,397,591 and related accumulated depreciation was \$2,159,036. Therefore, the beginning net assets for the Sanford CRA amount is restated in this report for \$3,238,555.

Government Infrastructure Surtax

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 percent to 1.0 percent 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, 2006, Seminole County owed the City \$5,173,093 related to the surtax. Therefore, a restatement is presented in the government-wide financial statements, since revenue was not recorded in prior years, but was considered to be earned prior to September 30, 2006.

The restatements described above serve to increase beginning net assets of governmental activities on government-wide financial statements \$71,393,485 and beginning net assets of the Sanford CRA \$3,238,555. The restatements do not apply to the fund financial statements.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2007**

**Note 20 - Subsequent Event**

As shown in Note 2, at September 30, 2007, the City had \$45,448,543 invested in the State Board of Administration's Local Government Surplus Funds Trust Investment Pool (Pool). On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities in the Pool. The significant amount of withdrawals followed reports that the Pool had asset-backed commercial paper that was subject to sub prime mortgage risk. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately \$12 billion or 86% of Pool assets. Pool B consisted of assets that either defaulted on payment, paid more slowly than expected, and/or had any significant credit and liquidity risk which was approximately \$2 billion or 14% of Pool Assets. At the timing of the restructuring, all current pool participants had their existing balances proportionately allocated in Pool A and Pool B. The City had withdrawn the vast majority of its investments with the Pool prior to the temporary freeze described above.

Pool A participants are allowed to withdraw 37% of their balance or \$4 million, whichever is greater, without penalty. Withdrawals from Pool A in excess of the above limit are subject to a 2% redemption fee. New investments in Pool A are not subject to the redemption fee or withdrawal restrictions. Future withdrawal provisions from Pool A are subject to further evaluation based on the maturities of existing investments and the liquidity requirements of the Pool. Standard and Poor's Ratings Service has assigned its "AAAm" principal stability fund rating to Pool A.

Currently, Pool B participants are prohibited from withdrawing any amount from the Pool and a formal withdrawal policy has not yet been developed. Market valuations of the assets held in Pool B are not readily available. In addition, full realization of the principle value of the Pool B assets is not readily determinable. As of February 29, 2008, the City has \$77,740 and \$184,998 invested in Pool A and B, respectively. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

**CITY OF SANFORD, FLORIDA**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
General Fund  
Year Ended September 30, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 25,912,962	\$ 27,066,259	\$ 26,953,988	\$ (112,271)
Licenses and permits	610,988	643,818	645,329	1,511
Intergovernmental revenues	6,138,488	6,254,117	6,170,572	(83,545)
Charges for services	1,607,889	1,622,795	1,960,121	337,326
Fines and forfeitures	211,346	211,346	329,514	118,168
Contributions	12,508	36,656	111,267	74,611
Interest	530,694	530,694	1,499,939	969,245
Administrative services	1,535,020	1,535,020	1,556,690	21,670
Miscellaneous revenue	240,697	320,001	660,214	340,213
<b>Total revenues</b>	<u>36,800,592</u>	<u>38,220,706</u>	<u>39,887,634</u>	<u>1,666,928</u>
<b>Expenditures</b>				
Current:				
General government	7,015,630	7,244,753	7,070,768	173,985
Public safety	17,938,071	18,634,852	18,516,238	118,614
Transportation	3,878,077	4,892,717	3,305,698	1,587,019
Physical environment	984,774	2,597,615	818,321	1,779,294
Economic environment	470,000	545,250	308,282	236,968
Human services	384,075	384,075	285,970	98,105
Culture/Recreation	4,791,700	5,003,860	4,558,749	445,111
<b>Total expenditures</b>	<u>35,462,327</u>	<u>39,303,122</u>	<u>34,864,026</u>	<u>4,439,096</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>1,338,265</u>	<u>(1,082,416)</u>	<u>5,023,608</u>	<u>6,106,024</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	34,767	391,827	357,060
Transfers out	(2,916,548)	(5,142,193)	(4,960,508)	181,685
<b>Total other financing sources (uses)</b>	<u>(2,916,548)</u>	<u>(5,107,426)</u>	<u>(4,568,681)</u>	<u>538,745</u>
<b>Special item</b>				
Lease termination	-	-	(1,618,000)	(1,618,000)
	-	-	(1,618,000)	(1,618,000)
<b>Net change in fund balances</b>	<u>(1,578,283)</u>	<u>(6,189,842)</u>	<u>(1,163,073)</u>	<u>5,026,769</u>
<b>Fund balance - beginning</b>	<u>19,797,473</u>	<u>19,797,473</u>	<u>19,797,473</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 18,219,190</u>	<u>\$ 13,607,631</u>	<u>\$ 18,634,400</u>	<u>\$ 5,026,769</u>

The City's budget basis is in accordance with accounting standards generally accepted in the United States of America.

**CITY OF SANFORD, FLORIDA**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Second Generation Sales Tax Fund  
Year Ended September 30, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 2,840,178	\$ 2,940,943	\$ 672,586	\$ (2,268,357)
Interest	-	-	18,579	18,579
Total revenues	<u>2,840,178</u>	<u>2,940,943</u>	<u>691,165</u>	<u>(2,249,778)</u>
<b>Expenditures</b>				
Current:				
Transportation	<u>2,840,178</u>	<u>2,977,525</u>	<u>642,351</u>	<u>2,335,174</u>
Total expenditures	<u>2,840,178</u>	<u>2,977,525</u>	<u>642,351</u>	<u>2,335,174</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>(36,582)</u>	<u>48,814</u>	<u>85,396</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>(36,582)</u>	<u>48,814</u>	<u>85,396</u>
<b>Fund balance - beginning</b>	<u>104,782</u>	<u>104,782</u>	<u>104,782</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 104,782</u>	<u>\$ 68,200</u>	<u>\$ 153,596</u>	<u>\$ 85,396</u>

The City's budget basis is in accordance with accounting standards generally accepted in the United States of America.

**CITY OF SANFORD, FLORIDA**  
**Schedule of Funding Progress**  
**Defined Benefit Pension Trust Funds**  
**Year Ended September 30, 2007**

<u>Actual Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Accrued Liability (AAL) Frozen Entry Age</u>	<u>Actuarial Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as Percentage of Covered Payroll</u>
<b>Police Officers' Retirement System</b>						
10/01/2002	\$ 18,269,767	\$ 20,296,277	\$ 2,026,510	90.02%	\$ 3,853,643	52.59%
10/01/2003	\$ 19,272,243	\$ 22,146,557	\$ 2,874,314	87.02%	\$ 4,167,079	68.98%
10/01/2004	\$ 19,095,103	\$ 24,090,829	\$ 4,995,726	79.26%	\$ 4,470,513	111.75%
10/01/2005	\$ 19,833,502	\$ 26,454,219	\$ 6,620,717	74.97%	\$ 4,468,502	148.16%
10/01/2006	\$ 21,950,941	\$ 28,237,042	\$ 6,286,101	77.74%	\$ 4,587,810	137.02%
10/01/2007	\$ 24,374,453	\$ 30,770,016	\$ 6,395,563	79.21%	\$ 5,437,435	117.62%
<b>Firefighters' Retirement System</b>						
10/01/2002	\$ 12,610,665	\$ 14,710,733	\$ 2,100,068	85.72%	\$ 2,460,554	85.35%
10/01/2003	\$ 12,727,078	\$ 15,672,231	\$ 2,945,153	81.21%	\$ 2,466,177	119.42%
10/01/2004	\$ 12,805,517	\$ 16,372,831	\$ 3,567,314	78.21%	\$ 2,540,193	140.43%
10/01/2005	\$ 13,209,266	\$ 17,624,713	\$ 4,415,447	74.95%	\$ 2,781,577	158.74%
10/01/2006	\$ 14,007,003	\$ 18,838,018	\$ 4,831,015	74.35%	\$ 3,075,816	157.06%
10/01/2007	\$ 15,034,611	\$ 21,484,547	\$ 6,449,936	69.98%	\$ 3,571,946	180.57%

**CITY OF SANFORD, FLORIDA**

**Schedule of Contributions from the City and Other Contributing Entities**

**Defined Benefit Pension Trust Funds**

**Year Ended September 30, 2007**

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<u>Year Ended September 30,</u>	<u>Annual Required City Contribution</u>	<u>Actual City Contribution</u>	<u>Percentage of Requirement Contributed</u>	<u>Additional State Contribution</u>
<b>Police Officers' Retirement System</b>				
2002	\$ 359,349	\$ 387,734	107.90%	\$ 163,847 *
2003	\$ 627,348	\$ 627,453	100.02%	\$ 163,847 *
2004	\$ 717,309	\$ 717,309	100.00%	\$ 163,847 *
2005	\$ 822,950	\$ 823,011	100.01%	\$ 174,728 *
2006	\$ 1,000,384	\$ 842,611	84.23%	\$ 176,349 *
2007	\$ 921,662	\$ 1,081,424	117.33%	\$ 176,349 *
<b>Firefighters' Retirement System</b>				
2002	\$ 289,051	\$ 289,051	100.00%	\$ 125,840 *
2003	\$ 419,804	\$ 419,805	100.00%	\$ 125,840 *
2004	\$ 388,876	\$ 388,876	100.00%	\$ 125,840 *
2005	\$ 408,449	\$ 440,254	107.79%	\$ 153,653 *
2006	\$ 483,147	\$ 444,074	91.91%	\$ 156,568 *
2007	\$ 528,079	\$ 567,150	107.40%	\$ 156,568 *

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

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**CITY OF SANFORD, FLORIDA**  
**Combining Financial Statements and Schedules**

Combining Financial Statements provide a more detailed view of summarized information in the "Basic Financial Statements."

**CITY OF SANFORD, FLORIDA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2007**

	<b>Special Revenue Funds</b>	<b>Debt Service Fund</b>	<b>Capital Project Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 3,695,999	\$ -	\$ 165,499	\$ 3,861,498
Accounts receivable - net	140	-	-	140
Due from other governments	103,338	-	471,037	574,375
<b>Total assets</b>	<b>\$ 3,799,477</b>	<b>\$ -</b>	<b>\$ 636,536</b>	<b>\$ 4,436,013</b>
<b>Liabilities and fund balances</b>				
Liabilities:				
Accounts payable	\$ 73,875	\$ -	\$ 51,858	\$ 125,733
Accrued liabilities	11,368	-	-	11,368
Total liabilities	85,243	-	51,858	137,101
Fund balances:				
Unreserved:				
Undesignated	3,714,234	-	584,678	4,298,912
Total fund balances	3,714,234	-	584,678	4,298,912
<b>Total liabilities and fund balances</b>	<b>\$ 3,799,477</b>	<b>\$ -</b>	<b>\$ 636,536</b>	<b>\$ 4,436,013</b>

**CITY OF SANFORD, FLORIDA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended September 30, 2007**

	<b>Special Revenue Funds</b>	<b>Debt Service Fund</b>	<b>Capital Project Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>				
Taxes	\$ 1,071,101	\$ -	\$ 1,219,401	\$ 2,290,502
Licenses and permits	619,757	-	-	619,757
Intergovernmental revenue:	426,238	-	663,065	1,089,303
Fines and forfeitures:	92,419	-	-	92,419
Impact fees	647,901	-	-	647,901
Interest earnings	134,491	-	3,068	137,559
Miscellaneous revenue:	41,808	-	150,843	192,651
Total revenues	<u>3,033,715</u>	<u>-</u>	<u>2,036,377</u>	<u>5,070,092</u>
<b>Expenditures</b>				
Current:				
Public safety	676,706	-	-	676,706
Transportation	1,385,641	-	240,242	1,625,883
Economic environment	426,243	-	-	426,243
Human services	2,500	-	-	2,500
Culture/Recreation	16,860	-	468,490	485,350
Capital outlay	326,830	-	4,672,430	4,999,260
Debt service:				
Principal	-	110,000	-	110,000
Interest and fiscal charges	-	65,313	-	65,313
Total expenditure:	<u>2,834,780</u>	<u>175,313</u>	<u>5,381,162</u>	<u>8,391,255</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>198,935</u>	<u>(175,313)</u>	<u>(3,344,785)</u>	<u>(3,321,163)</u>
<b>Other financing sources:</b>				
Transfers in	57,937	175,313	3,929,463	4,162,713
Transfers out	<u>(107,668)</u>	<u>-</u>	<u>(188,713)</u>	<u>(296,381)</u>
Total other financing sources:	<u>(49,731)</u>	<u>175,313</u>	<u>3,740,750</u>	<u>3,866,332</u>
<b>Net change in fund balances:</b>	149,204	-	395,965	545,169
<b>Fund balance - beginning</b>	<u>3,565,030</u>	<u>-</u>	<u>188,713</u>	<u>3,753,743</u>
<b>Fund balance - ending</b>	<u>\$ 3,714,234</u>	<u>\$ -</u>	<u>\$ 584,678</u>	<u>\$ 4,298,912</u>

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**CITY OF SANFORD, FLORIDA**  
**Nonmajor Special Revenue Funds**

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

Police Education Fund:

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

Law Enforcement Trust Fund:

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

Local Option Gas Tax Fund:

To account for the City's allocation of the 6-cent local option gas tax collected in Seminole County and the expenditures used for the additions to or maintenance of the City's transportation system.

Building Inspection Fund:

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

Other Grants Fund:

To account for grants received by the City as a subgrantee, Grant proceeds are utilized to provide rehabilitation improvements to blighted areas of the City.

Cemetery Fund:

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

Recreation Facilities Impact Fees Fund, Fire Public Safety Facilities Impact Fees Fund and Police Public Safety Facilities Impact Fees Fund:

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.

CITY OF SANFORD, FLORIDA  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 September 30, 2007

	Police Education	Law Enforcement Trust	Local Option Gas Tax	Other Grants	Building Inspection	Cemetery	Recreation Facilities Impact Fees	Fire Public Safety Facilities Impact Fees	Police Public Safety Facilities Impact Fees	Total Nonmajor Special Revenue Funds
<b>Assets</b>										
Cash and cash equivalents	\$ 13,063	\$ 297,129	\$ 398,672	\$ (24,969)	\$ 21,595	\$ 542,221	\$ 1,298,488	\$ 449,474	\$ 700,326	\$ 3,695,999
Accounts receivable - net	-	-	96	-	-	-	22	11	11	140
Due from other governments	-	-	77,680	25,658	-	-	-	-	-	103,338
<b>Total assets</b>	<b>\$ 13,063</b>	<b>\$ 297,129</b>	<b>\$ 476,448</b>	<b>\$ 689</b>	<b>\$ 21,595</b>	<b>\$ 542,221</b>	<b>\$ 1,298,510</b>	<b>\$ 449,485</b>	<b>\$ 700,337</b>	<b>\$ 3,799,477</b>
<b>Liabilities and fund balances</b>										
Liabilities:										
Accounts payable	\$ 117	\$ -	\$ 42,573	\$ -	\$ 2,894	\$ -	\$ -	\$ -	\$ 28,291	\$ 73,875
Accrued liabilities	-	-	-	1,252	10,116	-	-	-	-	11,368
Total liabilities	117	-	42,573	1,252	13,010	-	-	-	28,291	85,243
Fund balances:										
Unreserved:										
Undesignated	12,946	297,129	433,875	(563)	8,585	542,221	1,298,510	449,485	672,046	3,714,234
Total fund balances	12,946	297,129	433,875	(563)	8,585	542,221	1,298,510	449,485	672,046	3,714,234
<b>Total liabilities and fund balances</b>	<b>\$ 13,063</b>	<b>\$ 297,129</b>	<b>\$ 476,448</b>	<b>\$ 689</b>	<b>\$ 21,595</b>	<b>\$ 542,221</b>	<b>\$ 1,298,510</b>	<b>\$ 449,485</b>	<b>\$ 700,337</b>	<b>\$ 3,799,477</b>

**CITY OF SANFORD, FLORIDA**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**Year Ended September 30, 2007**

	Police Education	Law Enforcement Trust	Local Option Gas Tax	Other Grants	Building Inspection	Cemetery	Recreation Facilities Impact Fees	Fire Public Safety Facilities Impact Fees	Police Public Safety Facilities Impact Fees	Total Nonmajor Special Revenue Funds
<b>Revenues</b>										
Taxes	\$ -	\$ -	\$ 1,071,101	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,071,101
Licenses and permits	-	-	-	-	619,757	-	-	-	-	619,757
Inferromental revenues	-	-	-	426,238	-	-	-	-	-	426,238
Fines and forfeitures	14,585	77,834	-	-	-	-	-	-	-	92,419
Impact fees	-	-	-	-	-	-	220,192	172,700	255,009	647,901
Interest earnings	258	13,000	19,885	-	479	-	48,364	16,848	35,657	134,491
Miscellaneous revenue	-	-	-	-	21,883	19,925	-	-	-	41,808
Total revenues	14,843	90,834	1,090,986	426,238	642,119	19,925	268,556	189,548	290,666	3,033,715
<b>Expenditures</b>										
Current										
Public safety	6,315	-	-	-	660,165	-	-	-	10,226	676,706
Transportation	-	-	1,385,641	-	-	-	-	-	-	1,385,641
Economic environment	-	-	-	426,243	-	-	-	-	-	426,243
Human services	-	2,500	-	-	-	-	-	-	-	2,500
Culture/Recreation	-	-	-	-	-	16,860	-	-	-	16,860
Capital outlay	-	-	-	-	31,306	-	-	-	295,524	326,830
Total expenditures	6,315	2,500	1,385,641	426,243	691,471	16,860	-	-	305,750	2,834,780
<b>Excess (deficiency) of revenues over (under) expenditures</b>	8,528	88,334	(294,655)	(5)	(49,352)	3,065	268,556	189,548	(15,084)	198,935
<b>Other financing sources (uses)</b>										
Transfers in	-	-	-	-	57,937	-	-	-	-	57,937
Transfers out	-	(34,767)	-	(52,901)	-	(20,000)	-	-	-	(107,668)
Total other financing sources (uses)	-	(34,767)	-	(52,901)	57,937	(20,000)	-	-	-	(49,731)
<b>Net change in fund balances</b>	8,528	53,567	(294,655)	(52,906)	8,585	(16,935)	268,556	189,548	(15,084)	149,204
<b>Fund balance - beginning</b>	4,418	243,562	728,530	52,343	-	559,156	1,029,954	259,937	687,130	3,565,030
<b>Fund balance - ending</b>	\$ 12,946	\$ 297,129	\$ 433,875	\$ (563)	\$ 8,585	\$ 542,221	\$ 1,298,510	\$ 449,485	\$ 672,046	\$ 3,714,234

**CITY OF SANFORD, FLORIDA**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Funds  
Year Ended September 30, 2007**

	<b>Police Education</b>		
	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Fines and forfeitures	15,275	14,585	(690)
Interest	150	258	108
Miscellaneous revenue	70	-	(70)
<b>Total revenues</b>	<u>15,495</u>	<u>14,843</u>	<u>(652)</u>
<b>Expenditures</b>			
Current:			
Public safety	15,000	6,315	8,685
Transportation	-	-	-
Human services	-	-	-
<b>Total expenditures</b>	<u>15,000</u>	<u>6,315</u>	<u>8,685</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>495</u>	<u>8,528</u>	<u>8,033</u>
<b>Other financing sources (uses)</b>			
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	495	8,528	8,033
<b>Fund balance - beginning</b>	<u>4,418</u>	<u>4,418</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 4,913</u>	<u>\$ 12,946</u>	<u>\$ 8,033</u>

Law Enforcement Trust			Local Option Gas Tax		
Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
\$ -	\$ -	\$ -	\$ 1,072,254	\$ 1,071,101	\$ (1,153)
177,637	77,834	(99,803)	-	-	-
5,935	13,000	7,065	10,000	19,885	9,885
-	-	-	-	-	-
<u>183,572</u>	<u>90,834</u>	<u>(92,738)</u>	<u>1,082,254</u>	<u>1,090,986</u>	<u>8,732</u>
9,957	-	9,957	-	-	-
-	-	-	1,508,706	1,385,641	123,065
-	2,500	(2,500)	-	-	-
<u>9,957</u>	<u>2,500</u>	<u>9,957</u>	<u>1,508,706</u>	<u>1,385,641</u>	<u>123,065</u>
<u>173,615</u>	<u>88,334</u>	<u>(82,781)</u>	<u>(426,452)</u>	<u>(294,655)</u>	<u>131,797</u>
(111,263)	(34,767)	76,496	-	-	-
<u>(111,263)</u>	<u>(34,767)</u>	<u>76,496</u>	<u>-</u>	<u>-</u>	<u>-</u>
62,352	53,567	(6,285)	(426,452)	(294,655)	131,797
<u>243,562</u>	<u>243,562</u>	<u>-</u>	<u>728,530</u>	<u>728,530</u>	<u>-</u>
<u>\$ 305,914</u>	<u>\$ 297,129</u>	<u>\$ (6,285)</u>	<u>\$ 302,078</u>	<u>\$ 433,875</u>	<u>\$ 131,797</u>

**CITY OF SANFORD, FLORIDA**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (continued)  
Nonmajor Special Revenue Funds  
Year Ended September 30, 2007**

	<b>Cemetery</b>		
	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Revenues</b>			
Impact Fees	\$ -	\$ -	\$ -
Interest	-	-	-
Miscellaneous revenue	35,000	19,925	(15,075)
<b>Total revenues</b>	<u>35,000</u>	<u>19,925</u>	<u>(15,075)</u>
<b>Expenditures</b>			
Current:			
Culture/Recreation	18,240	16,860	1,380
<b>Total expenditures</b>	<u>18,240</u>	<u>16,860</u>	<u>1,380</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>16,760</u>	<u>3,065</u>	<u>(13,695)</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	(20,000)	(20,000)	-
<b>Total other financing sources (uses)</b>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	(3,240)	(16,935)	(13,695)
<b>Fund balance - beginning</b>	<u>559,156</u>	<u>559,156</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 555,916</u>	<u>\$ 542,221</u>	<u>\$ (13,695)</u>

Recreation Facilities Impact Fees			Fire Public Safety Facilities Impact Fees		
Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
\$ 360,000	\$ 220,192	\$ (139,808)	\$ 85,000	\$ 172,700	\$ 87,700
35,200	48,364	13,164	7,560	16,848	9,288
-	-	-	-	-	-
<u>395,200</u>	<u>268,556</u>	<u>(126,644)</u>	<u>92,560</u>	<u>189,548</u>	<u>96,988</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>395,200</u>	<u>268,556</u>	<u>(126,644)</u>	<u>92,560</u>	<u>189,548</u>	<u>96,988</u>
35	-	(35)	-	-	-
(1,038,038)	-	1,038,038	-	-	-
<u>(1,038,003)</u>	<u>-</u>	<u>1,038,003</u>	<u>-</u>	<u>-</u>	<u>-</u>
(642,803)	268,556	911,359	92,560	189,548	96,988
<u>1,029,954</u>	<u>1,029,954</u>	<u>-</u>	<u>259,937</u>	<u>259,937</u>	<u>-</u>
<u>\$ 387,151</u>	<u>\$ 1,298,510</u>	<u>\$ 911,359</u>	<u>\$ 352,497</u>	<u>\$ 449,485</u>	<u>\$ 96,988</u>

**CITY OF SANFORD, FLORIDA**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (continued)  
Nonmajor Special Revenue Funds  
Year Ended September 30, 2007**

	<b>Police Public Safety Facilities Impact Fees</b>		
	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Revenues</b>			
Licenses and permits	\$ -	\$ -	\$ -
Impact fees	170,000	255,009	85,009
Interest	20,060	35,657	15,597
Miscellaneous revenue	-	-	-
<b>Total revenues</b>	<u>190,060</u>	<u>290,666</u>	<u>100,606</u>
<b>Expenditures</b>			
Current:			
Public safety	528,160	305,750	222,410
<b>Total expenditures</b>	<u>528,160</u>	<u>305,750</u>	<u>222,410</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(338,100)</u>	<u>(15,084)</u>	<u>323,016</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	(338,100)	(15,084)	323,016
<b>Fund balance - beginning</b>	<u>687,130</u>	<u>687,130</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 349,030</u>	<u>\$ 672,046</u>	<u>\$ 323,016</u>

**Building Inspection**

<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
\$ 1,200,000	\$ 619,757	\$ (580,243)
-	-	-
-	479	479
27,000	21,883	(5,117)
<u>1,227,000</u>	<u>642,119</u>	<u>(584,881)</u>
1,065,523	691,471	374,052
<u>1,065,523</u>	<u>691,471</u>	<u>374,052</u>
161,477	(49,352)	(210,829)
57,937	57,937	-
<u>57,937</u>	<u>57,937</u>	<u>-</u>
219,414	8,585	(210,829)
-	-	-
<u>\$ 219,414</u>	<u>\$ 8,585</u>	<u>\$ (210,829)</u>

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**CITY OF SANFORD, FLORIDA**  
**Nonmajor Debt Service Fund**

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

**CITY OF SANFORD, FLORIDA**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Debt Service Fund  
Year Ended September 30, 2007**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Expenditures</b>			
Debt service:			
Principal	\$ 110,000	\$ 110,000	\$ -
Interest and fiscal charges	72,000	65,313	6,687
Total expenditures	<u>182,000</u>	<u>175,313</u>	<u>6,687</u>
<b>Deficiency of revenues under expenditures</b>	<u>(182,000)</u>	<u>(175,313)</u>	<u>6,687</u>
<b>Other financing sources (uses)</b>			
Transfers in	<u>182,000</u>	<u>175,313</u>	<u>(6,687)</u>
Total other financing sources (uses)	<u>182,000</u>	<u>175,313</u>	<u>(6,687)</u>
<b>Net change in fund balances</b>	-	-	-
<b>Fund balance - beginning</b>	-	-	-
<b>Fund balance - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF SANFORD, FLORIDA**  
**Nonmajor Capital Projects Fund**

The Capital Projects Funds are used 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):

Riverwalk:

To account for financial resources earmarked for the construction of the Lake Monroe Riverwalk.

East-West Connector Construction:

To account for certain funds set aside for construction of the East-West Connector.

Replacement:

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

Capital Projects:

To account for funds set aside for large capital projects to be completed beyond one year.

**CITY OF SANFORD, FLORIDA**  
**Balance Sheet**  
**Nonmajor Capital Project Funds**  
**September 30, 2007**

	<b>Riverwalk Fund</b>	<b>East-West Connector Construction</b>	<b>Replacement Fund</b>	<b>General Capital Projects</b>	<b>Total Capital Projects Funds</b>
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 155,912	\$ 9,587	\$ 165,499
Due from other governments	-	-	-	471,037	471,037
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155,912</u>	<u>\$ 480,624</u>	<u>\$ 636,536</u>
<b>Fund balances</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 51,858	\$ 51,858
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,858</u>	<u>51,858</u>
Fund balances:					
Unreserved and undesignated	\$ -	\$ -	\$ 155,912	\$ 428,766	\$ 584,678
Total fund balances	<u>-</u>	<u>-</u>	<u>155,912</u>	<u>428,766</u>	<u>584,678</u>
<b>Total liabilities and fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155,912</u>	<u>\$ 480,624</u>	<u>\$ 636,536</u>

**CITY OF SANFORD, FLORIDA**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Capital Project Funds**  
**Year Ended September 30, 2007**

	Riverwalk Fund	East-West Connector Construction	Replacement Fund	General Capital Projects	Total Capital Projects Funds
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ 1,219,401	\$ 1,219,401
Intergovernmental revenues	-	-	-	663,065	663,065
Interest earnings	-	-	-	3,068	3,068
Miscellaneous revenue	-	-	-	150,843	150,843
Total revenues	-	-	-	2,036,377	2,036,377
<b>Expenditures</b>					
Current:					
Transportation	-	-	-	240,242	240,242
Culture/Recreation	-	-	-	468,490	468,490
Capital outlay	-	-	925,609	3,746,821	4,672,430
Total expenditures	-	-	925,609	4,455,553	5,381,162
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	-	(925,609)	(2,419,176)	(3,344,785)
<b>Other financing sources (uses)</b>					
Transfers in	-	-	1,081,521	2,847,942	3,929,463
Transfers out	(137,003)	(51,710)	-	-	(188,713)
Total other financing sources (uses)	(137,003)	(51,710)	1,081,521	2,847,942	3,740,750
<b>Net change in fund balances</b>	(137,003)	(51,710)	155,912	428,766	395,965
<b>Fund balance - beginning</b>	137,003	51,710	-	-	188,713
<b>Fund balance - ending</b>	\$ -	\$ -	\$ 155,912	\$ 428,766	\$ 584,678

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**CITY OF SANFORD, FLORIDA  
STATISTICAL SECTION CONTENTS  
for the year ended September 30, 2007**

The Statistical Section of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicates about the City's overall financial health. Below is a summary of the components and purpose for the tables provided herein.

	<u>Pages</u>
<b><u>Financial Trends</u></b>	
These schedules contain trend information to help the reader understand how the City's financial performance and financial position have changed over time.	88 -92
<b><u>Revenue Capacity</u></b>	
These schedules contain information to help the reader assess the City's most significant local revenue source – property tax.	93 – 96
<b><u>Debt Capacity</u></b>	
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.	97 – 99
<b><u>Demographic and Economic Information</u></b>	
These schedules contain demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	100-101
<b><u>Operating Information</u></b>	
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.	102-104

**CITY OF SANFORD, FLORIDA**  
**Schedule 1**

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

**Last Four Fiscal Years**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</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
Restricted	1,869,556	2,507,199	3,110,023	10,549,515
Unrestricted	<u>13,796,173</u>	<u>14,924,212</u>	<u>17,872,420</u>	<u>18,631,636</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>Business-type activities</u>				
Invested in capital assets, net of related debt	\$ 60,689,258	\$ 75,632,685	\$ 85,888,293	\$ 86,901,903
Restricted	9,331,175	10,088,357	10,753,432	11,811,488
Unrestricted	<u>14,699,489</u>	<u>5,337,171</u>	<u>4,044,563</u>	<u>8,329,896</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>Primary government</u>				
Invested in capital assets, net of related debt	\$ 94,839,044	\$ 111,925,972	\$ 124,362,190	\$ 187,583,078
Restricted	11,200,731	12,595,556	13,863,455	22,361,003
Unrestricted	<u>28,495,662</u>	<u>20,261,383</u>	<u>21,916,983</u>	<u>26,961,532</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>

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

**CITY OF SANFORD, FLORIDA**  
**Schedule 2**

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

**Last Four Fiscal Years**  
*(dollar amounts are expressed in thousands)*

	2004	2005	2006	2007
<b>Expenses</b>				
Governmental activities:				
General government	\$ 4,068	\$ 5,494	\$ 5,826	\$ 5,720
Public safety	15,489	16,279	17,961	22,909
Physical environment	7,705	3,597	3,739	7,998
Transportation	3,050	3,976	3,554	862
Economic environment	398	622	601	789
Human services	521	128	431	259
Culture/Recreation	3,840	3,914	4,625	7,757
Interest on long-term debt	*	76	72	65
Total governmental activities expenses	<u>\$ 35,071</u>	<u>\$ 34,086</u>	<u>\$ 36,809</u>	<u>\$ 46,359</u>
Business-type activities:				
Water and sewer	\$ 11,961	\$ 12,960	\$ 15,631	\$ 16,563
Stormwater	1,462	1,671	1,420	1,900
Solid waste	-	-	-	4,519
Total business-type activities expenses	<u>\$ 13,423</u>	<u>\$ 14,631</u>	<u>\$ 17,051</u>	<u>\$ 22,982</u>
Total primary government net assets	<u>\$ 48,494</u>	<u>\$ 48,717</u>	<u>\$ 53,860</u>	<u>\$ 69,341</u>
<b>Program revenues</b>				
Governmental activities:				
Charges for services	\$ 7,885	\$ 8,607	\$ 9,125	\$ 5,296
Operating grants and contributions	5,719	902	1,312	1,458
Capital grants and contributions	3,788	2,433	704	1,217
Total governmental activities program revenues	<u>\$ 17,392</u>	<u>\$ 11,942</u>	<u>\$ 11,141</u>	<u>\$ 7,971</u>
Business-type activities:				
Charges for services	\$ 15,143	\$ 15,136	\$ 17,467	\$ 23,088
Operating grants and contributions	-	-	50	274
Capital grants and contributions	5,676	4,871	8,122	4,151
Total business-type activities program revenues	<u>\$ 20,819</u>	<u>\$ 20,007</u>	<u>\$ 25,639</u>	<u>\$ 27,513</u>
Total primary government program revenues	<u>\$ 38,211</u>	<u>\$ 31,949</u>	<u>\$ 36,780</u>	<u>\$ 35,484</u>
<b>Net (expense) / revenue</b>				
Governmental activities	\$ (17,679)	\$ (22,144)	\$ (25,668)	\$ (38,388)
Business-type activities	<u>7,396</u>	<u>5,376</u>	<u>8,588</u>	<u>4,531</u>
Total primary government net expense	<u>\$ (10,283)</u>	<u>\$ (16,768)</u>	<u>\$ (17,080)</u>	<u>\$ (33,857)</u>

Note: Information not available prior to implementation of GASB 34

\* Data not available

Continued next page

**CITY OF SANFORD, FLORIDA**  
**Schedule 2**

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

**Last Four Fiscal Years**  
*(dollar amounts are expressed in thousands)*

	2004	2005	2006	2007
<u>General revenues and other changes in net assets</u>				
Governmental activities:				
Property tax	\$ 9,483	\$ 10,265	\$ 12,101	\$ 16,557
Other taxes	16,047	14,835	16,923	18,953
Grants and contributions not restricted to specific programs	-	-	-	-
Unrestricted Investment earnings	241	574	1,201	1,656
Gain on sale of capital assets	142	3	-	69
Miscellaneous	430	713	795	868
Transfers in (out)	(12)	(338)	(175)	(702)
Total governmental activities	<u>\$ 26,331</u>	<u>\$ 26,052</u>	<u>\$ 30,845</u>	<u>\$ 37,401</u>
Business-type activities:				
Grants and contributions not restricted to specific programs	\$ -	\$ -	\$ -	\$ -
Unrestricted Investment earnings	286	580	785	980
Gain on sale of capital assets	-	8	6	14
Miscellaneous	-	37	74	130
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>
Total primary government	<u>\$ 26,629</u>	<u>\$ 27,015</u>	<u>\$ 31,885</u>	<u>\$ 39,227</u>
<u>Change in net assets</u>				
Governmental activities	\$ 8,652	\$ 3,908	\$ 5,177	\$ (987)
Business-type activities	7,694	6,339	9,628	6,357
	<u>\$ 16,346</u>	<u>\$ 10,247</u>	<u>\$ 14,805</u>	<u>\$ 5,370</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  
*(dollar amounts are expressed in thousands)*

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>General fund</b>										
Reserved	\$ 1,869	\$ 938	\$ 3,091	\$ 3,614	\$ 3,155	\$ 105	\$ 134	\$ 177	\$ 175	\$ 110
Unreserved	5,650	10,813	10,879	10,727	11,159	13,154	9,990	16,051	19,622	18,525
Total general fund	\$ 7,519	\$ 11,751	\$ 13,970	\$ 14,341	\$ 14,314	\$ 13,259	\$ 10,124	\$ 16,228	\$ 19,797	\$ 18,635
<b>All other governmental funds</b>										
Reserved	\$ -	\$ 338	\$ 337	\$ -	\$ -	\$ 208	\$ 52	\$ 52	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	-	2,119	2,785	4,386	1,997	2,118	2,334	3,019	3,670	3,868
Debt service funds	-	-	-	-	(77,331)	-	-	-	-	-
Capital projects funds	-	-	1,732	(82,263)	-	(1,516)	9	131	189	585
Various	2,238	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 2,238	\$ 2,457	\$ 4,854	\$ (77,877)	\$ (75,334)	\$ 810	\$ 2,395	\$ 3,202	\$ 3,859	\$ 4,453

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

**CITY OF SANFORD, FLORIDA**  
**Schedule 4**

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

Last Ten Fiscal Years  
*(dollar amounts are expressed in thousands)*

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Revenues</b>										
Taxes	\$ 12,623	\$ 13,522	\$ 14,401	\$ 15,772	\$ 16,271	\$ 21,034	\$ 21,287	\$ 20,158	\$ 23,638	\$ 29,917
Licenses and permits	713	851	1,080	1,177	827	1,006	1,490	1,564	1,721	1,265
Intergovernmental revenues	4,695	5,228	4,230	4,520	4,908	8,615	7,953	12,358	6,737	7,260
Charges for services	1,006	1,054	4,067	4,380	4,516	4,524	4,979	5,537	5,835	1,960
Fines and forfeitures	270	383	285	1,166	331	323	362	289	428	422
Impact fees	101	315	607	717	171	286	747	386	502	648
Contributions	12	27	7	32	36	1	114	39	301	111
Interest earnings	671	735	1,172	1,204	415	265	241	574	1,201	1,656
Administrative services	748	756	765	833	906	906	906	1,060	1,095	1,557
Miscellaneous revenues	243	143	306	248	321	786	776	687	855	853
Sale of cemetery plots	32	32	20	18	29	-	-	-	-	-
<b>Total revenues</b>	\$ 21,114	\$ 23,046	\$ 26,940	\$ 30,067	\$ 28,731	\$ 37,746	\$ 38,855	\$ 42,652	\$ 42,313	\$ 45,649
<b>Expenditures</b>										
General government	\$ 2,903	\$ 3,101	\$ 3,610	\$ 3,571	\$ 3,906	\$ 4,412	\$ 4,284	\$ 5,481	\$ 5,352	\$ 6,910
Public safety	9,008	8,850	9,348	11,422	12,435	13,415	14,247	15,268	16,327	18,782
Transportation	1,928	1,883	2,398	3,304	2,403	2,520	2,538	3,138	3,002	5,414
Physical environment	-	-	2,627	3,265	3,035	2,930	2,975	2,948	3,567	818
Economic environment	1,349	793	417	423	658	534	383	609	560	731
Human services	8	18	73	98	223	252	260	147	450	251
Culture/Recreation	2,519	2,513	2,678	5,058	3,214	3,217	3,198	3,339	3,795	4,955
Capital outlay	1,065	3,005	2,527	1,909	5,028	12,359	7,056	4,301	5,241	5,861
Principal	482	290	205	1,035	80	85	90	95	100	110
Interest and fiscal charges	126	97	100	128	92	87	82	77	72	65
<b>Total expenditures</b>	\$ 19,388	\$ 20,550	\$ 23,983	\$ 30,213	\$ 31,074	\$ 39,811	\$ 35,113	\$ 35,403	\$ 38,466	\$ 43,897
Excess of revenues over (under) expenditures	\$ 1,726	\$ 2,496	\$ 2,957	\$ (146)	\$ (2,343)	\$ (2,065)	\$ 3,742	\$ 7,249	\$ 3,847	\$ 1,752
<b>Other financing sources (uses)</b>										
Operating transfer to component unit	\$ 599	\$ 978	\$ 671	\$ (136)	\$ (239)	\$ 1,340	\$ 172	\$ 551	\$ 172	\$ 4,555
Transfers in	(620)	(1,116)	(699)	(1,484)	(1,978)	(1,891)	(183)	(888)	(347)	(5,257)
Transfers (out)			1,750							
Bond proceeds										
<b>Total other financing sources (uses)</b>	\$ (21)	\$ (138)	\$ 1,722	\$ (196)	\$ (257)	\$ (551)	\$ (11)	\$ (337)	\$ (175)	\$ (702)
<b>Extraordinary item</b>										
Hurricane expenditures	-	-	-	-	-	-	(5,281)	-	-	-
Lease termination	-	-	-	-	-	-	(5,281)	-	-	-
<b>Net change in fund balances</b>	\$ 1,705	\$ 2,358	\$ 4,679	\$ (342)	\$ (2,600)	\$ (2,616)	\$ (1,550)	\$ 6,912	\$ 3,672	\$ (568)
Debt service as a percentage of non-capital expenditures	3.32%	2.21%	1.42%	4.11%	0.66%	0.63%	0.61%	0.55%	0.52%	0.46%

CITY OF SANFORD, FLORIDA  
Schedule 5

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					
1998*	\$ 1,228,485	\$ 208,536	\$ 1,437,021	\$ (425,128)	\$ 1,011,893	6.876	\$ 1,011,893	100.000%
1999*	1,238,042	217,330	1,455,372	(399,627)	1,055,745	6.870	1,076,193	98.100%
2000*	1,301,370	232,039	1,533,409	(405,212)	1,128,197	6.790	1,137,295	99.200%
2001*	1,371,440	245,683	1,617,123	(426,646)	1,190,477	6.750	1,217,257	97.800%
2002*	1,560,363	267,606	1,827,969	(497,723)	1,330,246	6.625	1,361,562	97.700%
2003*	1,832,640	267,432	2,100,072	(600,923)	1,499,149	6.500	1,511,239	99.200%
2004*	1,966,176	288,833	2,255,009	(652,922)	1,602,087	6.475	1,639,802	97.700%
2005*	2,186,595	296,821	2,483,416	(708,255)	1,775,161	6.350	1,794,905	98.900%
2006	2,622,524	314,837	2,937,361	(821,501)	2,115,860	6.325	2,176,811	97.200%
2007	3,777,524	347,830	4,125,354	(1,220,061)	2,905,293	6.325	2,885,097	100.700%

\* 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.

**CITY OF SANFORD, FLORIDA**  
**Schedule 6**

**DIRECT AND OVERLAPPING PROPERTY TAX RATES**

Last Ten Fiscal Years

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

Fiscal Year	City of Sanford Florida	Seminole County		St. Johns River Water Mgmt. Dist.	Total
		Government	School Board		
1998	6.876	5.363	10.036	0.482	22.756
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

\*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

**CITY OF SANFORD, FLORIDA**  
**Schedule 7**

**PRINCIPAL PROPERTY TAXPAYERS**

**Current Year and Nine Years Ago**

Taxpayer Name	Business Name	Fiscal Year 2006 / 2007			Fiscal Year 1997 / 1998		
		Taxable Value	Percent of Total Taxable Value	Rank	Taxable Value	Percent of Total Taxable Value	Rank
Seminole Towne Center LP	Seminole Towne Center Mall	\$ 112,027,322	4.06%	1			
WRI Seminole Marketplace LLC	Weingarten Realty Inv	53,644,359	1.95%	2			
Central Fla Regional Hospital	Central Fla Regional Hospital	48,202,020	1.75%	3			
Colonial Realty LP	Colonial Village	40,677,728	1.48%	4			
Wal-Mart Stores East	Wal-Mart Supercenter	38,722,320	1.40%	5			
Plantation Lakes II Ltd	Plantation Lakes, Ltd	32,706,177	1.19%	6			
Florida Power & Light Co	FL Power & Light	30,786,571	1.12%	7			
Westlake Arbour LLC	Westlake Arbour LLC	26,638,630	0.97%	8			
MSKP Gateway LLC	MSKP Gateway LLC	25,623,429	0.93%	9			
El-Ad Arbor Lakes LLC	Arbor Lakes, Ltd	24,666,793	0.89%	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
<b>Total</b>		<b>\$ 433,695,349</b>	<b>15.73%</b>		<b>\$ 221,711,172</b>	<b>22.36%</b>	

**Source:** Seminole County Property Appraiser

**CITY OF SANFORD, FLORIDA**  
**Schedule 8**

**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
1998	\$ 6,816,324	\$ 6,274,222	92.0%	\$ 62,933	\$ 6,337,155	93.0%
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%

**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

**CITY OF SANFORD, FLORIDA**  
**Schedule 9**

**RATIOS OF OUTSTANDING DEBT BY TYPE**

Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities				Total Primary Government	Sanford Personal Income	Percentage of Personal Income	Per Capita
	Special Facilities Revenue Bonds		Utility System Revenue Notes	State Revolving Loans	Stormwater System Revenue Bonds					
1998	\$ -	\$ -	\$ 32,091,080	\$ 6,970,634	\$ -	\$ 39,061,714	\$ 1,015,526,904	3.8%	\$ 1,077	
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		21,699,235	27,603,489	1,267,539	51,685,263	2,123,853,802	2.4%	973	

**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 Metrol 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.

**CITY OF SANFORD, FLORIDA**  
**Schedule 10**

**Computation of Direct and Overlapping Debt**  
**General Obligation Bonds**  
**September 30, 2007**

<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	9.78%	\$ 2,290,000
Total Overlapping Debt			\$ 2,290,000

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

**Source:** Seminole County Finance Department

CITY OF SANFORD, FLORIDA  
Schedule 11

PLEGGED REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Water and Sewer Revenue Bonds				Stormwater Revenue Bonds				Special Facilities Revenue Bonds			
	Gross Revenues (1), (5)	Less: Operating Expenses (2)	Net Available For Debt Service	Debt Service Requirements (3) Principal Interest Coverage	Stormwater Revenues	Debt Service Requirements (4) Principal Interest Coverage	Facilities Revenues	Debt Service Requirements (4) Principal Interest Coverage (6)				
1998	\$ 9,874,955	\$ 5,911,245	\$ 3,963,710	\$ 725,000 \$ 1,742,480 1.61	\$ -	\$ -	\$ -	\$ -				
1999	10,278,860	5,929,803	4,349,057	755,000 1,708,180 1.77	1,568,105	116,299 149,032 5.91	-	-				
2000	10,531,532	5,992,626	4,538,906	795,000 1,670,930 1.84	1,506,571	187,482 156,975 4.37	-	-				
2001	10,927,894	6,314,436	4,613,458	840,000 1,630,335 1.87	1,601,407	253,978 143,910 4.02	46,096	75,000 95,900 NA				
2002	11,195,215	6,927,173	4,268,042	560,000 459,015 4.19	1,627,406	265,406 132,482 4.09	68,398	80,000 91,560 NA				
2003	12,330,291	7,197,024	5,133,267	935,000 1,538,940 2.07	1,864,213	277,348 120,540 4.69	58,962	85,000 86,940 NA				
2004	13,242,221	7,928,953	5,313,268	920,000 1,055,770 2.69	2,224,518	289,827 108,061 4.40	62,298	90,000 79,040 NA				
2005	14,283,596	8,346,553	5,937,043	970,000 1,031,082 2.97	2,308,855	302,768 95,120 5.80	67,929	95,000 73,860 NA				
2006	15,876,810	11,385,610	4,491,200	990,000 1,011,683 2.24	3,198,778	316,391 81,947 8.03	54,948	100,000 71,400 NA				
2007	16,874,390	11,563,989	5,310,401	1,010,000 991,883 2.65	2,959,982	329,332 68,557 7.44	48,551	110,000 65,313 NA				

(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 of revenue bonds only.

(5) Does not include system development charges or pledged public service taxes which are allowable revenues to meet extended covenant requirements

(6) There is no provision in bonds for covenant coverage.

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

**Source:** City of Sanford Finance Department

**CITY OF SANFORD, FLORIDIA**  
**Schedule 12**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Per Capita Personal Income (2)</b>	<b>Personal Income (2)</b>	<b>Public School Enrollment (3)</b>	<b>Unemployment Rate (4)</b>
1998	36,274	\$ 27,996	\$ 1,015,526,904	9,533	2.6%
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%

- 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.
- (3) Seminole County School Board
- (4) Florida Research and Economic Database  
Labor Force Data  
Monthly Not Seasonally Adjusted Labor Force, Employment and Unemployment data in Seminole County  
Fiscal Year 2007 average unemployment rate

**CITY OF SANFORD, FLORIDA**  
**Schedule 13**

**PRINCIPAL EMPLOYERS**

**Current Year and Nine Years Ago**

<b>Employer</b>	<b>Business</b>	<b>Fiscal Year 2006 / 2007</b>			<b>Fiscal Year 1997 / 1998</b>		
		<b>Employees</b>	<b>Percent of Total City Employment</b>	<b>Rank</b>	<b>Employees</b>	<b>Percent of Total City Employment</b>	<b>Rank</b>
Seminole County Government		1,446	6.50%	1	*	*	*
Seminole County Public School**		1,377	6.19%	2	*	*	*
Seminole Community College		1,352	6.07%	3	*	*	*
Central Fla Regional Hospital		857	3.85%	4	*	*	*
Wal-Mart Stores		791	3.55%	5	*	*	*
Orlando Sanford International Airport ***		610	2.74%	6	*	*	*
Florida Extruders		561	2.52%	7	*	*	*
City of Sanford		516	2.32%	8	*	*	*
CPH Engineers		326	1.46%	9	*	*	*
Featherlite Motorcoach		266	1.20%	10	*	*	*
<b>Total</b>		<b>8,102</b>			<b>-</b>		

\* Data not available

\*\* SCPS Elementary, Middle, High School including instructional, non-instructional and administrators as of May 2007.

\*\*\* Sanford Airport Authority, Orlando Sanford International Inc., Swissport, TSA, Dollar, Alamo, Alpha Retail, Creative Host

**Sources:** Metro Orlando Economic Development Commission

Businessinseminole.com

Seminole Community College (www.scc-fl.edu)

Seminole County School Board

Wal-Mart Stores, Inc.

Sanford Airport Authority, Orlando Sanford International, Inc.

City of Sanford Financial Services Department

**Note:** The City of Sanford has an estimated daytime employment population of over 22,258 with approximately 1,933 business establishments as of 9/30/07.

**CITY OF SANFORD, FLORIDA**  
Schedule 14

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION / PROGRAM**

Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Full-time Equivalent Employees as of September 30,</b>										
<b>General Government:</b>										
City Manager	3	4	4	*	5	5	3	3	6	8.5
Code Enforcement	13	13	17.5	*			5	5	9	8
City Clerk	3	4	3	*	3	2	2	2	3	3.5
Human Resources	5	5	4	*	4	3	2	2	4	5
Civil Service			1	*	1	1	-	-	-	-
Finance	17	17	17.5	*	17	16	16	16	17	16
Planning/Development	8	9	10	*	21	25	15	15	22	22.5
<b>Public Safety:</b>										
Police	122	128	128	*	135	135	140	140	147	155
Fire	61	62	63	*	70	67.5	67.5	67.5	69	78.2
<b>Public Works</b>	33	33	49	*	56	52	52	52	86	95
<b>Utilities</b>	90	90	91	*	95	94	91	91	97	102
<b>Parks &amp; Recreation</b>	44	44	48	*	45	41	42	42	31.1	34.1
<b>Total</b>	399	409	436	*	452	442	436	436	491.1	527.8

**Source:** City of Sanford Budgets 1998-2007

\* Data not available

CITY OF SANFORD, FLORIDA  
Schedule 15

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b><u>Building Inspections</u></b>										
Building permits issued	3,013	3,679	4,310	3,403	2,723	7,233	5,901	6,879	5,542	4,123
Number of BEMP building inspections completed	*	*	*	*	*	*	*	*	5,168	13,784
Number of BEMP re-inspections	*	*	*	*	*	*	*	*	8,014	2,190
Number of total building construction plans reviewed	*	*	*	*	*	*	*	*	5,211	3,420
Number of BEMP building permits issued (residential and commercial)	*	*	*	*	*	*	*	*	150	2,009
<b><u>Law Enforcement</u></b>										
Physical arrests	*	*	*	*	*	*	*	*	3,285	6,751
DUI arrests	*	*	*	*	*	*	333	193	167	234
Traffic violations	*	*	*	*	*	*	*	8,127	7,808	7,387
Traffic crashes	*	*	*	*	*	*	1,894	1,862	1,686	1,837
Total calls received by agency	*	*	*	*	*	*	*	*	111,089	121,411
Dispatched calls requiring police service (based on calendar year figures)	*	*	72,516	79,569	73,840	70,094	79,322	89,083	96,198	95,598
<b><u>Fire</u></b>										
Emergency responses	*	*	*	*	8,670	8,091	8,681	8,813	8,690	8,952
Number of actual fires suppressed	*	*	*	*	270	262	214	180	268	234
Number of commercial building inspections	*	*	890	1,498	*	*	*	1,420	1,153	1,630
Number of school inspections	*	*	*	*	*	*	*	*	17	17
Number of investigations	*	*	38	47	*	*	*	34	42	37
<b><u>Planning &amp; Engineering</u></b>										
Paved streets (miles)	*	157	148	148	149	154.38	157.33	163.13	156.12	156.12
Unpaved streets (miles)	*	*	*	*	*	*	*	*	2.10	2.10
<b><u>Public Works</u></b>										
Street resurfacing (miles)	*	*	*	*	*	*	*	*	1.85	2.85
Other street repairs (# of potholes, etc.)	*	*	72	78	78	70	87	101	115	133

\* Data not available

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

Source: Various City Departments

**CITY OF SANFORD, FLORIDA**  
Schedule 16

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b><u>Transportation</u></b>										
Miles of streets	175.71	176.02	175.71	165	149	149	157	163	158.22	158.22
<b><u>Public Safety</u></b>										
Number of Firestations	3	3	3	3	3	3	3	3	3	3
Number of Firefighters and Officers	60	60	61	61	67	69.5	69.5	72	73	78
Number of Police Stations	2	2	2	2	4	5	5	5	4	4
Number of Sworn Officers	95	96	97	108	111	108	116	114	126	125
<b><u>Municipal Water System:</u></b>										
Number of Customers	11,510	11,783	12,086	12,276	12,445	13,574	13,867	16,256	16,861	17,684
Average Daily Consumption	5.47 MGD	5.33 MGD	6.2 MGD	6.8 MGD	6.8 MGD	6.1 MGD	6.6 MGD	6.6 MGD	7.31 MGD	7.498 MGD
Plant Capacity - All Plants	16.5 MGD	16.5 MGD	16.5 MGD	16.5 MGD	16.5 MGD	17.5 MGD	17.5 MGD	17.5 MGD	17.5 MGD	14.688 MGD
Deep Wells	16	16	16	16	18	20	20	20	20	19
Number of Fire Hydrants	810	820	911	942	907	1,008	1,008	1,008	1,459	1,466
<b><u>Municipal Sewer System:</u></b>										
Number of Customers	10,414	10,870	11,169	11,370	11,952	12,641	12,461	14,856	12,850	13,882
Treatment Facility Capacity	7.3 MGD	7.3 MGD	7.3 MGD	7.3 MGD	7.3 MGD	7.3 MGD	7.3 MGD	7.3 MGD	7.3 MGD	9.3 MGD
Annual Average Flow	5.275 MGD	4.346 MGD	4.346 MGD	4.346 MGD	5.47 MGD	6.5 MGD	6.5 MGD	7.6 MGD	5.7 MGD	6.12 MGD
<b><u>Municipal Stormwater System:</u></b>										
Number of Customers	10,207	10,783	11,069	11,279	11,412	11,927	12,482	12,482	13,530	13,688
<b><u>Building Permits Issued</u></b>	3,013	3,679	4,310	3,403	2,723	7,233	5,901	6,879	5,542	4,123
<b><u>Recreation &amp; Culture</u></b>										
Number of Regional Parks	1	1	1	1	1	1	1	1	1	1
Number of Neighborhood Parks	35	35	36	36	36	36	36	36	36	36
Park Area - #of acres	340	353	342	342	342	342	342	342	342	342
Number of Museums	1	1	1	1	1	1	1	1	1	1
Number of Books	3,516	4,016	3,556	3,556	3,556	3,556	3,556	3,621	3,621	3,630

**Source:** Various City Departments



**Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards***

Honorable Mayor, City Commissioners  
and City Management  
City of Sanford, Florida:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sanford, Florida (the "City") (other than the Sanford Airport Authority) as of and for the year ended September 30, 2007, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 28, 2008. 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 (other than the Sanford Airport Authority) 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.

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

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs, as findings 07-01, 07-02, 07-03 and 07-04, to be significant deficiencies in internal control over financial reporting.

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 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider finding 07-04 is a material weakness.

### **Compliance and Other Matters**

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

We noted other matters which we have reported to management of the City in a separate management letter dated March 28, 2008.

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

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

*Cheryl B. Bisset & Holland, L.L.P.*

Orlando, Florida  
March 28, 2008



**Independent Auditors' Report on Compliance and Internal  
Control over Compliance Applicable to each Major Federal Awards  
Program and State Financial Assistance Project**

Honorable Mayor, City Commissioners  
and City Management  
City of Sanford, Florida:

**Compliance**

We have audited the compliance of the City of Sanford, Florida (the "City") (other than the Sanford Airport Authority) 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 Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal awards programs and state financial assistance projects for the year ended September 30, 2007. The City's major federal awards programs and state financial assistance projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal awards programs and state financial assistance 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 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*; Section 215.97, Florida Statutes and Chapter 10.550, *Rules of the Auditor General*. Those standards, OMB Circular A-133, Section 215.97, Florida Statutes and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal awards program or state financial assistance 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 awards programs and state financial assistance projects for the year ended September 30, 2007.

## Internal Control over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal awards programs and state financial assistance 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 awards program or state financial assistance project 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 the City's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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 or a state financial assistance project on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program or a state financial assistance project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or a state financial assistance project 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 material noncompliance with a type of compliance requirement of a federal awards program or state financial assistance project will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance would not necessarily disclose all matters in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

*Cheryl B. Sheet & Holland, L.L.P.*

Orlando, Florida  
March 28, 2008

**CITY OF SANFORD, FLORIDA**  
**Schedule of Findings and Questioned Costs -**  
**Federal Awards Programs and State Financial Assistance Projects**  
**Year Ended September 30, 2007**

**Part I. Summary of Auditors' Results**

1. The Independent Auditors' Report on the financial statements expresses unqualified opinions.
2. Significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, as provided in Part II of this Schedule.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal award programs or state financial assistance projects are reported in the Independent Auditors' Report on Compliance and Internal Control over Compliance Applicable to Each Major Federal Awards Program and State Financial Assistance Project.
5. The Independent Auditors' Report on Compliance for Each Major Federal Awards Program and State Financial Assistance Project expresses an unqualified opinion.
6. No audit findings relative to major federal awards programs for City of Sanford, Florida are reported in this Schedule.
7. No audit findings relative to major state financial assistance projects for City of Sanford, Florida are reported in this Schedule.
8. The programs/ projects tested as major programs include the following:

<b>Federal Programs</b>	<b>CFDA Number</b>
U.S. Department of Energy LIHEAP Low Income Home Energy Assistance Program	93.568
U.S. Environmental Protection Agency State Revolving Loans	66.458

**CITY OF SANFORD, FLORIDA**  
**Schedule of Findings and Questioned Costs -**  
**Federal Awards Programs and State Financial Assistance Projects**  
**Year Ended September 30, 2007**

**Part I. Summary of Auditors' Results (Continued)**

<b>State Projects</b>	<b>CSFA Number</b>
St. John's River Water Management District Water Protection and Sustainability	37.066
Florida Fish & Wildlife Commission Marina NorthShore Renovation Project	77.028
Florida Department of Environmental Protection Lake Monroe Water Quality Improvements	37.039

9. The threshold used to distinguish between Type A and Type B programs/projects was \$300,000 for major federal awards programs and major state financial assistance projects.
10. The City of Sanford, Florida qualified as a low-risk auditee as that term is defined in OMB Circular A-133.

**Part II. Findings Related to the Financial Statements**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

**Significant Deficiencies:**

**Finding 2007-01:** The City is not always tracking grant expenditures through project or account numbers. It is important for recipients of grants to have a centralized control mechanism to ensure all grants are identified for reporting purposes and tracked for compliance purposes. If grant expenditures are not properly tracked in the system, the accuracy of financial reporting for grants and compliance monitoring could be compromised. At a minimum, improved accountability would enhance the ability to identify and monitor grant activity, reducing the considerable effort necessary to identify grant expenditures during the year end process.

**Recommendation:** We recommend establishment of a more formal and comprehensive process to identify and track grant activity.

**Management's Response:** We agree with this recommendation. We will organize a committee of grant managers within the City to review procedures and implement better controls. Additionally, we will assign a Grant Administrator to better coordinate all grant reporting.

**CITY OF SANFORD, FLORIDA**  
**Schedule of Findings and Questioned Costs -**  
**Federal Awards Programs and State Financial Assistance Projects**  
**Year Ended September 30, 2007**

**Finding 2007-02:** The City began utilizing new capital asset software in 2007 with the intention of improving the process of recording capital asset activity and related depreciation. However, the calculation of depreciation for capital asset activity and reconciliations of capital asset activity to capital outlay expenditures were time consuming tasks which contributed to delays in the year end close out process. In addition, the information initially provided in the audit process required considerable effort to subsequently correct. It would be beneficial to update the capital asset depreciation schedules and reconcile capital asset activity to capital outlay on a quarterly basis, thereby spreading the process over a period of time, facilitating the process at year end and improving the accuracy of information provided.

**Recommendation:** We recommend that all capital asset activity be reconciled and input to capital asset depreciation schedules on a quarterly basis.

**Management's Response:** We agree with this recommendation and will implement a reconciliation process to ensure a more timely close out and audit process.

**Finding 2007-03:** During our testing of accounts payable, we noted an invoice for water and sewer fund goods received in fiscal 2008 was improperly recorded in fiscal 2007; such payables should be recorded in the year services are rendered or goods are received. We also noted that evidence of receipt was not attached to this invoice and other invoices tested, hampering ability to know that goods were received or the date they were received. In this case, the vendor was contacted in order to identify the date of receipt.

**Recommendation:** We recommend proof of receipt accompany invoices submitted for payment when applicable to goods received. We also recommend the City review invoices and other supporting documents for dates goods or services were received, in order to determine the appropriate period to which the item applies.

**Management's Response:** We agree with this recommendation and will implement additional procedures and training to ensure that proper shipping documents for goods received are attached to payment requests.

**Material Weakness:**

**Finding 2007-04:** Accounts receivable recorded on the general ledger should be reconciled and agreed to the subsidiary detail of accounts receivable. During our testing of accounts receivable we noted a journal entry which resulted in incorrect balances for both accounts receivable and revenue. Although the journal entry was approved, accounts receivable detail did not agree to the general ledger, resulting in a material misstatement prior to correction.

**Recommendation:** We recommend there be more careful review of journal entries, including comparison to general ledger and subsidiary ledger reconciliations.

**Management's Response:** We agree with this recommendation and will implement a more complete reconciliation process to reduce the chances of this type of error in the future.

**CITY OF SANFORD, FLORIDA**  
**Schedule of Findings and Questioned Costs -**  
**Federal Awards Programs and State Financial Assistance Projects**  
**Year Ended September 30, 2007**

**Part III. Findings and Questioned Costs for Major Federal Awards Programs**

There were no findings or questioned costs reported.

**Part IV. Findings and Questioned Costs for Major State Financial Assistance Projects**

There were no findings or questioned costs reported.

**CITY OF SANFORD, FLORIDA**  
**Summary Schedule of Prior Audit Findings and Corrective Action Plan**  
**Federal Awards Programs and State Financial Assistance Projects**  
**Year Ended September 30, 2007**

**Prior Year Audit Findings:**

There were no audit findings in the prior year independent auditors' reports.

**Corrective Action Plan:**

There were no audit findings in the current year independent auditors' reports related to federal awards programs or state financial assistance projects.

CITY OF SANFORD, FLORIDA

Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year Ended September 30, 2007

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Number / Pass Through Grantor's Number	Expenditures
<b>U.S. Department of Agriculture</b>			
Passed through Florida Department of Education:			
Summer Food Service Program	10.559		\$ 4,221
Urban & Community Forestry Grant (Reforestation)	10.664	05H-137	44,906
Urban & Community Forestry Grant (Tree Inventory)	10.664	05H-136	63,410
Urban & Community Forestry Grant (Tree Giveaway)	10.664	05H2-42	28,250
Urban & Community Forestry Grant (Urban Forester)	10.664	05-18	1,091
Total Department of Agriculture			<u>141,878</u>
<b>U.S. Department of Housing &amp; Urban Development</b>			
Passed through Seminole County-Community Development Block Program:			
CDBG Cloud Branch Drainage (2005-2006)	14.218		99,103
Youthbuild Program	14.243		147,201
Total Department of Housing & Urban Development			<u>246,304</u>
<b>U.S. Department of Homeland Security</b>			
05 Assistance to Firefighters Grant	97.044	EMW-2005-FG-16249	84,032
Total Department of Homeland Security			<u>84,032</u>
<b>U.S. Department of Justice</b>			
Bulletproof Vest Grant - FY 2004	16.607		5,547
COPS Universal Hiring Program	16.710	2003-UMWX-0219	52,882
DEA Officer Reimbursement	16.580		15,573
2006 Edward Byrne Memorial Justice Assistance Grant	16.738	2006-JAG-DJ-BX-1099	23,164
Passed through Florida Department of Law Enforcement:			
Edward Byrne Memorial Justice Assistance Grant	16.738	2007-JAGC-SEMI-2-P3-122	15,054
Total Department of Justice			<u>112,220</u>
<b>U.S. Environmental Protection Agency</b>			
State Revolving Fund Loan	66.458	SQ G12058624P	4,434,142
State Revolving Fund Loan	66.458	WW586250	15,152,034
Total Department of Environmental Protection			<u>19,586,176</u>
<b>U.S. Department of Energy</b>			
LIHEAP Low Income Home Energy Assistance Program	93.568	06-EA-3M-06-69-02-028	233,913
LIHEAP Low Income Home Energy Assistance Program	93.568	07-EA-6J-06-69-02-028	192,331
Total Department of Energy			<u>426,244</u>
<b>U.S. Department of Transportation</b>			
FDOT French Ave/US 17-92 Roundabout	20.205	AOL61	28,000
Total Department of Transportation			<u>28,000</u>
<b>Total Expenditure of Federal Awards</b>			<u><u>\$ 20,624,854</u></u>

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

CITY OF SANFORD, FLORIDA

Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year Ended September 30, 2007

State Grantor/Pass-Through Grantor Program Title	State CSFA Number	Grant Number / Pass Through Grantor's Number	Expenditures
<b>St John's River Water Management District</b>			
Water Protection and Sustainability	37.066	SJ8512	\$ 41,130
Total St. John's River Water Management District			<u>41,130</u>
<b>Florida Fish &amp; Wildlife Commission</b>			
FL FWC Site 10	77.016		189,750
Marina NorthShore Renovation Project	77.028	FBIP 05227	145,689
Total Fish & Wildlife Commission			<u>335,439</u>
<b>Florida Department of Environmental Protection</b>			
FDEP/FRDAP Marina North Shore Restoration Project	37.017	F6305	74,816
FDEP/FRDAP Fort Mellon Park	37.017	F4055	6,886
FDEP Lake Monroe Water Quality Improvements	37.039	LP6778	254,833
FDEP Stormceptor Relocate	37.039	S0272	23,662
Total Department of Environmental Protection			<u>360,197</u>
<b>Total Expenditure of State Assistance</b>			<u>\$ 736,766</u>

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

**City of Sanford, Florida**  
**Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For The Year Ended September 30, 2007**

**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, 2007. The loan balance is also included in the Federal expenditures presented in the Schedule of Expenditures of Federal Awards and State Financial Assistance.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Total Outstanding</u>
State Revolving Fund	66.458	SQ G12058624P	\$ 4,434,142
State Revolving Fund	66.458	WW586250	\$ 15,152,034



## Independent Auditors' Management Letter

Honorable Mayor, City Commissioners  
and City Management  
City of Sanford, Florida:

We have audited the financial statements of the City of Sanford, Florida (the "City") (other than the Sanford Airport Authority) as of and for the year ended September 30, 2007, and have issued our report thereon dated March 28, 2008.

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. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance and Internal Control over Compliance Applicable to Each Major Federal Awards Program and State Financial Assistance Projects, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 28, 2008, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*. Those rules (Section 10.554(1)(i)1) require that we address in the management letter, if not already addressed in the auditors' reports on internal controls, compliance and other matters or schedule of findings and questioned costs, 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 to address recommendations made in the prior year, except for the observation provided in Appendix A of this report, which is repeated from the prior year.

The *Rules of the Auditor General* (Section 10.554(1)(i)2) state that a management letter shall have a statement as to whether or not the City complied with Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with our audit of the financial statements of the City, the results of our tests did not indicate that the City was in noncompliance with Section 218.415 regarding the investment of public funds.

The *Rules of the Auditor General* (Section 10.554(1)(i)3) require disclosure in the management letter of any recommendations to improve the City's management, accounting procedures, and internal controls. Our recommendations can be found in Appendix A of this report.

The *Rules of the Auditor General* (Section 10.554(1)(i)4) require disclosure in the management letter of any 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. There were no such matters noted.

The *Rules of the Auditor General* (Section 10.554(1)(i)5) allow for the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors, to be reported based on professional judgment: a. immaterial violations of laws, rules, regulations and contractual provisions or abuse; b. immaterial improper expenditures or illegal acts; and c. control deficiencies that are not significant deficiencies. There are no such matters reported.

The *Rules of the Auditor General* (Section 10.554(1)(i)6) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The City was formed under Chapter 4511, laws of Florida (1893) and is subject to Chapter 165, *Florida Statutes*. The legal authority for the City's component unit is provided in the notes to the financial statements.

As required by the *Rules of the Auditor General* (Section 10.554(1)(i)7.a), the scope of our audit included a review of the provisions of Section 218.503(1), *Florida Statutes*, regarding financial emergencies. In connection with our audit of the financial statements of the City, the results of our tests did not indicate that the City met any of the specified conditions of a financial emergency contained in Section 218.503(1). However, our audit does not provide a legal determination on the City's compliance with this requirement.

The *Rules of the Auditor General* (Section 10.554(1)(i)7.b) state that a management letter shall include a statement as to whether or not the financial report 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 current audit period and, if not, explanations of any significant differences. In connection with our audit of the City, the results of our tests indicate that the annual financial report for the year ended September 30, 2007, filed with the Florida Department of Financial Services, is in agreement with the annual financial audit report for the current audit period.

As required by the *Rules of the Auditor General* (Sections 10.554(1)(i)7.c and 10.556(7)), the scope of our audit included financial condition assessment procedures as of September 30, 2007. 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 management. The financial condition assessment procedures described above disclosed no deteriorating financial conditions.

This report is intended solely for the information and use of City management, the City Commissioners and applicable state agencies, and is not intended to be and should not be used by anyone other than those specified parties.

*Cherry, Bohart & Holland, L.L.P.*

Orlando, Florida  
March 28, 2008

**CITY OF SANFORD, FLORIDA**  
Appendix A - Management Letter Comments  
Year Ended September 30, 2007

**Disaster Recovery Plan**

**Observation 2007-01:** The City does not currently have a formal disaster recovery and contingency plan. A formal disaster recovery plan is necessary for recovering from a disaster affecting data processing services and the loss of financial systems and data. Entities that implement and annually test a formal disaster recovery plan lower their risk of business failure in the event of a disaster that affects their operations or information systems.

**Recommendation:** We recommend that the City implement a formal disaster recovery and contingency plan and test it at least annually.

**Management's Response:** We agree with this recommendation. We currently have an informal agreement with a local city, which uses our same financial software which allows us to take our backup tape to their site in case of a disaster. After working with several consultants, we have designed a "hot site" system which will provide for business continuity in case of disaster. Currently, we are obtaining pricing and will be asking for funding during our upcoming budget process.

**SANFORD**  
FLORIDA  
—1877—