

# *City of Sanford, Florida*



*Comprehensive Annual Financial Report*

*For the Year Ended September 30, 2006*

**CITY OF SANFORD, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**September 30, 2006**

Prepared by:  
Department of Finance



**CITY OF SANFORD, FLORIDA  
Comprehensive Annual Financial Report  
Year Ended September 30, 2006**

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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

March 30, 2007

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, 2006. 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, 2006 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and

*The Friendly City*

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.

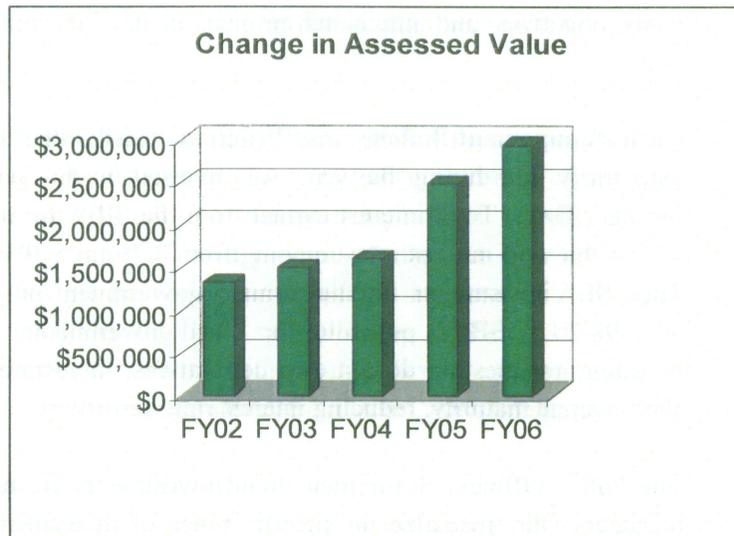
Additionally, the Commission has adopted a comprehensive plan, along with land development regulations, and various master plans. The City has established departmental work plans geared toward realizing the vision set forth in the strategic plan. The City is working cooperatively with Seminole County, 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 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 \$1.3 billion in FY 2002 to over \$2.9 billion in FY 2006. This represents a change of almost 121% 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 51,000, making it the largest city in Seminole County as well as the 52<sup>nd</sup> largest in the State of Florida. 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:

- Phase II of the RiverWalk Improvement Project.
- Marina North Shore Restoration.
- Construction of the final phase of St. John's Parkway.
- Restoration of Ft. Mellon Park.
- Continuation of sidewalk rehabilitation and pavement rehabilitation programs.
- Railroad crossing upgrades.
- Continuation of the Historic District street light program.
- City-wide stormwater drainage improvement project. (\$10M)
- Construction on the new \$12M water reclamation facility near the Airport.
- Continue construction of the Reclaimed Water Augmentation Project.
- Continuation of the First Street Streetscape.
- Construction of a new Public Safety Facility, subject to voter's approval.
- 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 \$2,014,966 with interest rates ranging from 3.7% to 5.39% and an average rate of 4.73%. Total SBA investments for the primary government only at September 30, 2006 were \$41,398,751. 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 \$22,310,497, at September 30, 2006. The Firefighters' investment portfolio includes the same type instruments, with the exception of international stocks,

with a combined market value of \$13,956,066, at September 30, 2006. The rate of return net of investment related expenses for fiscal year 2006 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 with a \$100,000 deductible per year per member, but 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 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 defined benefit 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, 2005. This was the 17<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. A special thanks is in order for Ms. Gladys "Puggy" Johnston, 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.

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

Respectfully submitted,

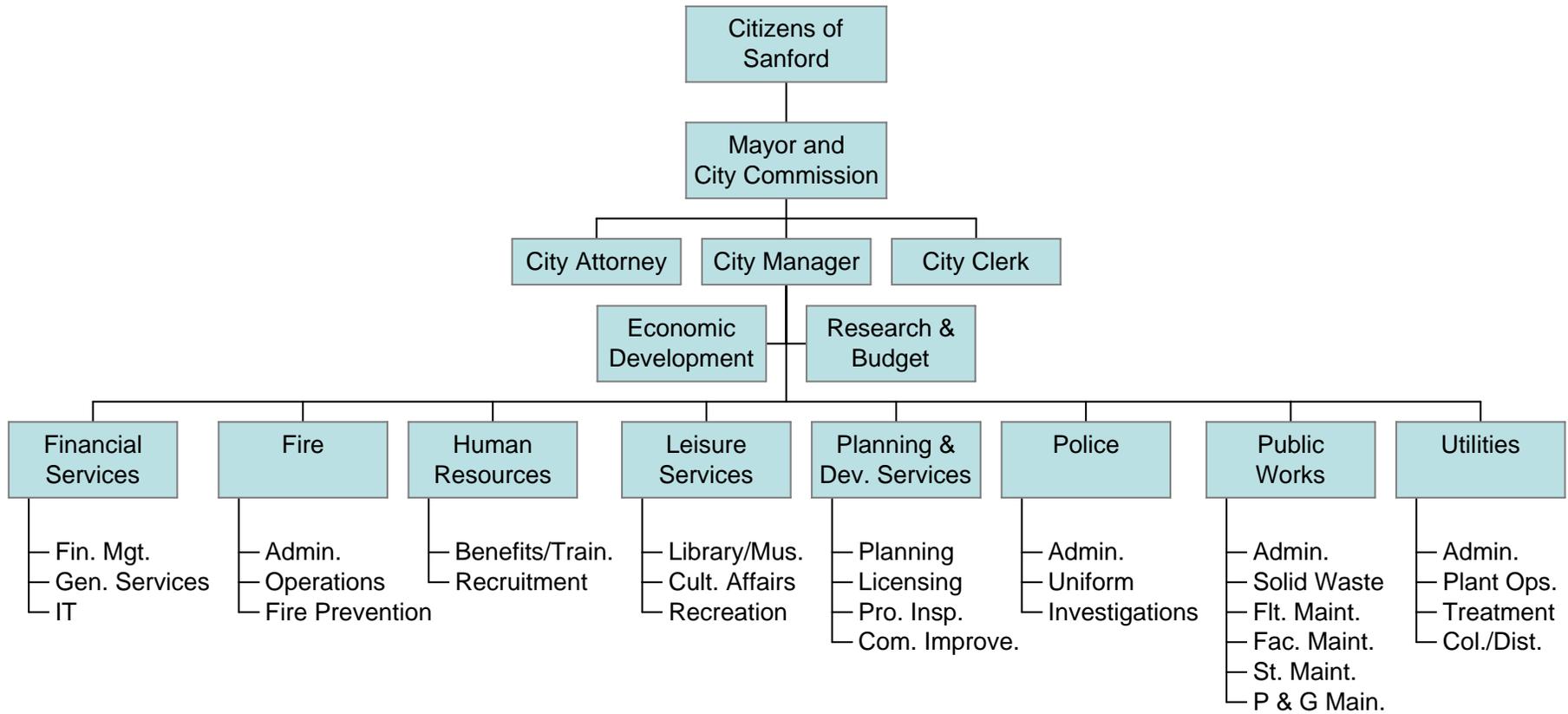


Robert (Sherman) Yehl  
City Manager



James A. Poulalion  
Director of Financial Services

# City of Sanford Organization Chart



**CITY OF SANFORD, FLORIDA**

**PRINCIPAL OFFICIALS**

**Year Ended September 30, 2006**

**MAYOR**

**Linda Kuhn**

**COMMISSIONERS**

**Art Woodruff**

**Velma H. Williams, Ph.D**

**Randy Jones**

**Jack Bridges**

**STAFF**

**Robert (Sherman) Yehl, City Manager**

**Kristi Aday, Deputy City Manager**

**Amy McLean, Research and Budget Director**

**Jim Poulalion, Finance Director**

**Janet R. Dougherty, City Clerk**

**Robert Tunis, Director of Economic Development**

**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, 2005

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



President

Executive Director





## 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, 2006, 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, 2006, 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 26, 2007 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 read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis section on pages 3 through 14 and the budgetary comparison information and pension disclosures on pages 70 through 72 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 inquires 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. The accompanying Schedule of Expenditures of Federal Awards is also 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 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, 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.

*Cheng, Behart & Holland, L.L.P.*

Orlando, Florida  
March 26, 2007

## 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, 2006. 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 \$160,142,628 (net assets). Of this amount, \$21,916,983 (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 \$15,359,717.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$23,655,998, an increase of \$3,672,120 in comparison with the prior year. The increase does not include a restatement of the October 1, 2005 fund balance in the amount of \$554,176 (see page 69 for further explanation). Approximately 99 percent of the total ending fund balance, \$23,480,621, is available for spending at the government's discretion (unreserved fund balance).
- Net assets of the Police Officers' and Firefighters' Pension Trust Funds increased by \$1,807,525 and \$931,801, respectively. These increases were attributable to, not only a more aggressive investment policy approved by the Boards, 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 and 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 twelve 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, which is considered a major fund. Data from the other eleven 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 to demonstrate compliance with the budget and is presented as required supplemental information. Additionally, a combined budget comparison statement is presented as required supplemental information on all nonmajor governmental funds which have annual appropriated budgets. This includes all nonmajor funds with the exception of the new fund for recording transactions on the second generation tax money.

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 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 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 27-69 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparisons and the City's progress in funding its obligation to provide pension benefits to its employees. Required supplemental information can be found on pages 70 - 72 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 73 – 84 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 \$160,142,628 at the close of the most recent fiscal year.

A significant portion of the City's net assets (77%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment); 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.

An additional portion of the City's net assets (8.5%) 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 (\$21,916,983) 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.

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

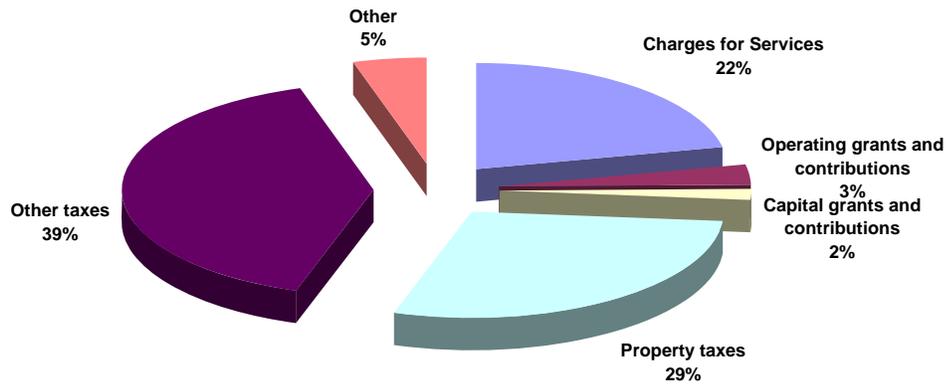
City of Sanford's Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other Assets	\$ 30,595,116	\$ 25,536,137	19,420,028	\$ 20,264,612	\$ 50,015,144	\$ 45,800,749
Capital assets, net	39,698,897	37,618,287	134,693,549	115,592,593	174,392,446	153,210,880
Total Assets	70,294,013	63,154,424	154,113,577	135,857,205	224,407,590	199,011,629
Long-term liabilities outstanding	6,340,074	5,718,439	49,297,626	40,254,220	55,637,700	45,972,659
Other liabilities	4,497,596	2,687,255	4,129,663	4,544,772	8,627,259	7,232,027
Total Liabilities	10,837,670	8,405,694	53,427,289	44,798,992	64,264,959	53,204,686
Net Assets:						
Invested in capital assets, net of related debt	38,473,897	36,293,287	85,888,293	75,632,685	124,362,190	111,925,972
Restricted	3,110,023	2,507,199	10,753,432	10,287,301	13,863,455	12,794,500
Unrestricted	17,872,420	14,924,212	4,044,563	5,138,227	21,916,983	20,062,439
Total Net Assets	\$ 59,456,340	\$ 53,724,698	\$ 100,686,288	\$ 91,058,213	\$ 160,142,628	\$ 144,782,911

**Governmental activities.** Governmental activities increased the City's net assets by \$3,672,120, thereby accounting for 35 percent of the total growth in the net assets of the City. Key elements of this change are as follows:

(See data continued on next sheet)

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program Revenues:						
Charges for Services	\$ 9,124,740	\$ 8,607,070	\$ 17,467,061	\$ 15,146,246	\$ 26,591,801	\$ 23,753,316
Operating grants and contributions	1,312,210	902,393	50,073		1,362,283	902,393
Capital grants and contributions	703,965	2,433,016	8,121,845	4,859,980	8,825,810	7,292,996
General Revenues:					-	-
Property taxes	12,101,078	10,265,319			12,101,078	10,265,319
Other taxes	16,923,373	14,835,278			16,923,373	14,835,278
Other	1,995,807	1,289,885	865,237	624,853	2,861,044	1,914,738
Total Revenues	42,161,173	38,332,961	26,504,216	20,631,079	68,665,389	58,964,040
Expenses:						
General government	5,897,755	5,570,700			5,897,755	5,570,700
Public safety	17,960,913	16,278,723			17,960,913	16,278,723
Transportation	3,738,853	3,596,788			3,738,853	3,596,788
Physical environment	3,553,714	3,976,269			3,553,714	3,976,269
Economic environment	601,140	622,378			601,140	622,378
Human services	431,104	127,688			431,104	127,688
Culture/recreation	4,625,290	3,913,527			4,625,290	3,913,527
Water & Sewer			15,630,692	12,960,434	15,630,692	12,960,434
Stormwater			1,420,387	1,670,062	1,420,387	1,670,062
Total Expenses	36,808,769	34,086,073	17,051,079	14,630,496	53,859,848	48,716,569
Increase in net assets before transfers	5,352,404	4,246,888	9,453,137	6,000,583	14,805,541	10,247,471
Transfers	(174,938)	(337,705)	174,938	337,705	-	-
Increase in net assets	5,177,466	3,909,183	9,628,075	6,338,288	14,805,541	10,247,471
Net assets - Beginning, as previously stated	53,724,698	49,815,515	91,058,213	84,719,922	144,782,911	134,535,437
Restatement	554,176				554,176	-
Net assets - Beginning, as restated	54,278,874	49,815,515	91,058,213	84,719,922	145,337,087	134,535,437
Net assets - Ending	\$ 59,456,340	\$ 53,724,698	\$ 100,686,288	\$ 91,058,210	\$ 160,142,628	\$ 144,782,908

### Governmental Activities - Revenue Sources

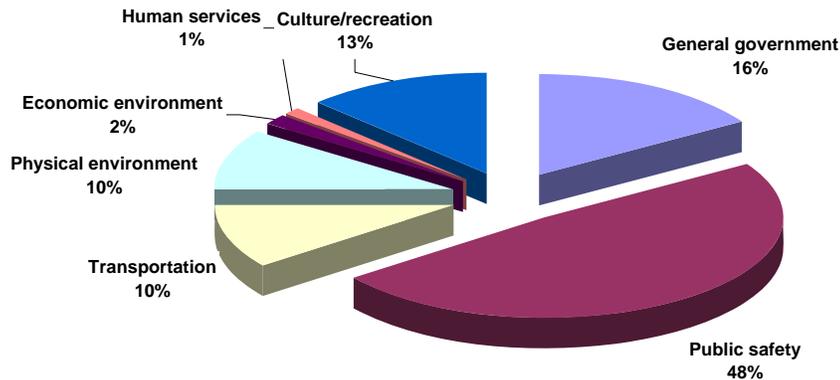


Operating grants and contributions, which comprised 3 percent of the City's revenues, increased from FY2005 by almost \$500,000 due primarily to increased construction activity on the Riverwalk Phase for shore revetment and rebuilding or replanting many of the trees destroyed in the FY2004 hurricane season.

Property taxes, which comprised 29 percent of the City's revenues, increased by \$1,835,759. 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 other taxes and other fees, comprising of 39 percent of the City's revenues increased over the prior year by, \$2,088,095. This was, again, due to increase in customer base, as well as, positive economic growth in central Florida.

Charges for services, which comprised 22 percent of the City's revenues, increased by \$721,841. This was mainly attributable to building and other permit fee revenue.

### Governmental Activities - Expenditures



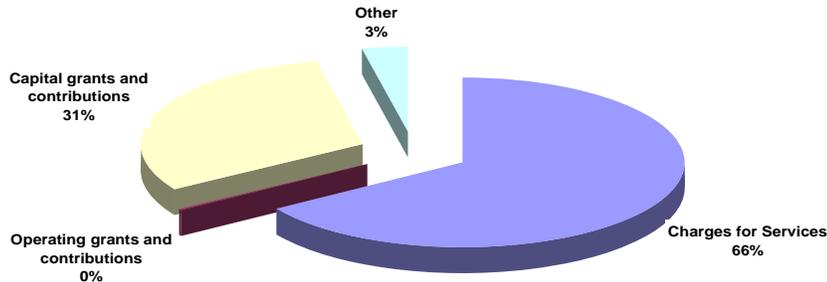
Overall, expenses increased during the year. Total expenses for fiscal year 2006 were \$36,808,769 compared to \$34,086,073 in the prior fiscal year. This is an increase of \$2,722,696 or 8 percent.

Public safety expenses of \$17,960,913 comprised 48 percent of the total governmental activities expenses of \$36,808,769. Police and Fire, which encompassed the majority of public safety expenses, were \$11,132,289 and \$6,828,623, respectively.

Transportation expenses of \$3,735,853 comprised 10 percent of the total governmental activities expenses of \$36,808,769. The increase in transportation expenses is a result an effort to improve the roads, streets and sidewalks within the City.

**Business-type activities.** Business-type activities increased the City's net assets by \$9,628,075 thereby accounting for 66 percent of the total growth in the City's net assets.

### Business Type Activities - Revenue



Charges for services of \$17,467,061 increased over the prior year total of \$15,146,246 by \$2,320,815, or approximately 15 percent. This was due to the increase in customer base, overall increase in consumption, and more efficient running of available facilities. Impact fees for water and sewer development totaled \$4,278,479, an increase of \$2,095,432 from the prior years. There was little change in grants related to reclaimed water, amounting to less than \$10,000 increase over prior year.

### 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 spend able 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 \$19,622,096, while the total fund balance was \$19,797,473. Of the unreserved fund balance of the general fund, 1) \$9,689,054 was designated for emergencies, 2) \$1,424,383 was available for project rollover commitments, and 3) \$8,684,036 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 54 percent of the same amount.

The fund balance of the City's General Fund increased by \$3,569,639 during the most recent fiscal year. This increase was due primarily to the increase in other fees and taxes directly related to the growth of the City and also due to a positive economic growth.

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 \$2,331,264 and those for the stormwater fund at the end of the year amounted to \$1,713,299. There was a decrease of \$1,118,974 in unrestricted assets in the Water and Sewer Fund due to projects such as the new wastewater facility going in near the Airport and utility relocation projects. There was a decrease of \$173,694 in the Stormwater Fund of the unrestricted net assets. The decrease was due to the start up of the Cloud Branch Drainage Project in FY2006

### **General Fund Budgetary Highlights**

The general fund budget was increased by \$2,523,495 from the original budget (an increase of 7.35%) and included the following significant changes:

- \$252,168 in increases to general government
- \$295,768 in increases to public safety
- \$170,884 in decreases to transportation
- \$1,186,563 in increases to physical environment
- \$25,000 in increases to economic environment
- \$7,726 in increases to human services
- \$927,154 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, 2006, amounted to \$142,530,192 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was 6 percent (a 5 percent increase for governmental activities and a 7 percent increase for business-type activities).

Pursuant to GASB 34, an extended period of deferral (FY 2007) is available before the requirement to record and depreciate infrastructure assets (e.g., roads, bridges, sidewalks and similar items) acquired before the implementation date becomes effective. The City currently intends to defer implementation until FY 2007. GASB 34 requires the reporting and depreciation of new infrastructure effective with the beginning of the implementation year (October 1, 2002).

Major capital asset events during the current fiscal year include the following significant capital projects underway and included in construction in progress at September 30, 2006:

**Activities**

Airport Waste Water Plant	\$ 17,295,605
Headworks	\$ 2,121,011
Airport Lift Station	\$ 1,698,270
East Lake Mary Blvd	\$ 1,693,157
Reclaimed Water	\$ 1,035,660
Pretreatment Project -- Actiflow	\$ 1,028,486

The City's capital assets include the following:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land	\$ 3,103,427	\$ 1,990,013	\$ 6,576,615	\$ 6,564,810	\$ 9,680,042	\$ 8,554,823
Buildings & Improvements	30,955,336	30,537,793	4,032,660	4,021,116	34,987,996	34,558,909
Water & Sewer System		-	81,747,989	76,528,598	81,747,989	76,528,598
Stormwater Mgmt System		-	7,299,663	6,845,176	7,299,663	6,845,176
Equipment	5,255,296	5,090,481	3,559,206	2,603,523	8,814,502	7,694,004
Construction in progress	384,838	-	31,477,416	19,029,370	31,862,254	19,029,370
<b>Total</b>	<b>\$ 39,698,897</b>	<b>\$ 37,618,287</b>	<b>\$ 134,693,549</b>	<b>\$ 115,592,593</b>	<b>\$ 174,392,446</b>	<b>\$ 153,210,880</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 \$25,371,447, secured solely by specified revenue sources (i.e., revenue bonds). Governmental and business type activities totaled \$1,325,000 and \$25,291,728 respectively. Governmental activities represent a 2000 issue for renovation to Historic Sanford Memorial Stadium. Business type activities represent refunding issues on prior water and sewer system construction debt.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenue Bonds	\$ 1,225,000	\$ 1,325,000	\$ 24,146,447	\$ 25,291,728	\$ 25,371,447	\$ 26,616,728

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 \$25,395,957 to \$224,407,586. Major components of this increase are current assets, including cash of \$5,279,456 and accounts receivable of \$1,000,077, and capital assets of \$27,461,099, with a decrease due from other governments of \$2,040,550. Total liabilities have increased by \$11,060,272 to \$64,264,958. Increase in accounts payable of \$763,017 an increase in short-term and long-term liabilities totaling \$9,393,337 (funding for Water and Sewer project by State Revolving Fund). Current ratio, which reflects the ability of the City to meet short-term obligations, remains strong at 5.8:1, a slight decrease from last year's ratio of 6.37:1.

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

The City's elected and appointed officials considered many factors when adopting the fiscal year 2006 budget and approving the fiscal year 2007 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, 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 includes annual indexing through fiscal year 2006. A current study has been commissioned to determine additional rate increases in the water/sewer fund. Also, a study of current impact fees has been commissioned. Additionally, a stormwater fee increase was implemented in October 2003 with annual indexing through fiscal year 2007.

## **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, 2006**

	Primary Government			Component Units	
	Governmental Activities	Business Type Activities	Total Primary Government	Sanford CRA	Airport Authority
<b>Assets</b>					
Cash and cash equivalents	\$ 27,960,074	\$ 2,741,744	\$ 30,701,818	\$ 819,409	\$ 5,692,660
Accounts receivable - net	1,784,346	1,843,846	3,628,192	-	671,690
Internal balances	(1,100,000)	1,100,000	-	-	-
Due from other governments	1,453,238	123,512	1,576,750	4,245	1,091,608
Inventories	162,448	-	162,448	-	-
Prepaid items and other assets	241,900	-	241,900	-	30,579
Restricted cash and cash equivalents	93,106	12,745,126	12,838,232	-	48,023
Irrigation rights, net	-	865,800	865,800	-	-
Capital assets:					
Nondepreciable	3,488,265	38,054,031	41,542,296	321,245	26,348,973
Depreciable	36,210,632	96,639,518	132,850,150	2,538,311	84,802,935
<b>Total assets</b>	<b>70,294,009</b>	<b>154,113,577</b>	<b>224,407,586</b>	<b>3,683,210</b>	<b>118,686,468</b>
<b>Liabilities</b>					
Accounts payable	2,511,245	2,541,435	5,052,680	79,752	1,940,472
Accrued liabilities	741,022	97,973	838,995	609	131,414
Accrued interest payable	-	183,434	183,434	75,548	-
Due to other governments	570	5,179	5,749	-	-
Unearned revenues	399,324	221,115	620,439	-	405,105
Liabilities payable from restricted assets	93,106	1,080,527	1,173,633	-	-
Long-term liabilities:					
Due in less than one year	752,328	3,025,877	3,778,205	680,000	341,730
Due in more than one year	6,340,074	46,271,749	52,611,823	5,685,421	19,416,411
<b>Total liabilities</b>	<b>10,837,669</b>	<b>53,427,289</b>	<b>64,264,958</b>	<b>6,521,330</b>	<b>22,235,132</b>
<b>Net assets</b>					
Invested in capital assets, net of related debt	38,473,897	85,888,293	124,362,190	(3,505,865)	91,563,768
Restricted for:					
Debt service	-	10,553,432	10,553,432	-	-
Renewal and replacement	-	200,000	200,000	-	-
Public safety	1,195,047	-	1,195,047	-	-
Culture and recreation	1,029,954	-	1,029,954	-	-
Transportation	885,022	-	885,022	-	-
Airport Memorial Fund	-	-	-	-	48,023
Unrestricted	17,872,420	4,044,563	21,916,983	667,745	4,839,545
<b>Total net assets</b>	<b>\$ 59,456,340</b>	<b>\$ 100,686,288</b>	<b>\$ 160,142,628</b>	<b>\$ (2,838,120)</b>	<b>\$ 96,451,336</b>

**CITY OF SANFORD, FLORIDA**  
**Statement of Activities**  
**Year Ended September 30, 2006**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Sanford CRA	Airport Authority
<b>Primary government:</b>									
Governmental activities:									
General government	\$ 5,825,661	\$ 2,209,544	\$ -	\$ 201,733	\$ (3,414,384)	\$ -	\$ (3,414,384)	\$ -	\$ -
Public safety	17,960,913	2,346,764	205,161	220,267	(15,188,721)	-	(15,188,721)	-	-
Transportation	3,738,853	56,851	-	-	(3,682,002)	-	(3,682,002)	-	-
Physical environment	3,553,714	4,232,115	272,721	-	951,122	-	951,122	-	-
Economic environment	601,140	-	440,099	-	(161,041)	-	(161,041)	-	-
Human services	431,104	-	-	-	(431,104)	-	(431,104)	-	-
Culture/recreation	4,625,290	279,466	394,229	281,965	(3,669,630)	-	(3,669,630)	-	-
Interest on long-term debt	72,094	-	-	-	(72,094)	-	(72,094)	-	-
Total governmental activities	<u>36,808,769</u>	<u>9,124,740</u>	<u>1,312,210</u>	<u>703,965</u>	<u>(25,667,854)</u>	<u>-</u>	<u>(25,667,854)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Water and sewer	15,630,692	14,791,191	50,073	7,688,606	-	6,899,178	6,899,178	-	-
Stormwater	1,420,387	2,675,870	-	433,239	-	1,688,722	1,688,722	-	-
Total business-type activities	<u>17,051,079</u>	<u>17,467,061</u>	<u>50,073</u>	<u>8,121,845</u>	<u>-</u>	<u>8,587,900</u>	<u>8,587,900</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 53,859,848</u>	<u>\$ 26,591,801</u>	<u>\$ 1,362,283</u>	<u>\$ 8,825,810</u>	<u>(25,667,854)</u>	<u>8,587,900</u>	<u>(17,079,954)</u>	<u>-</u>	<u>-</u>
<b>Component unit:</b>									
Sanford CRA	\$ 764,779	\$ -	\$ -	\$ -	-	-	-	(764,779)	-
Airport Authority	12,868,608	8,828,384	-	14,261,704	-	-	-	-	10,221,480
Total component unit	<u>\$ 13,633,387</u>	<u>\$ 8,828,384</u>	<u>\$ -</u>	<u>\$ 14,261,704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(764,779)</u>	<u>10,221,480</u>
General revenues:									
Property taxes					12,101,078	-	12,101,078	1,150,655	-
Other taxes					16,923,373	-	16,923,373	-	-
Unrestricted investment earnings					1,200,889	785,399	1,986,288	46,881	116,634
Gain on sale of capital assets					-	5,457	5,457	-	-
Miscellaneous					794,918	74,381	869,299	310,476	-
Transfers					(174,938)	174,938	-	-	-
Total general revenues and transfers					<u>30,845,320</u>	<u>1,040,175</u>	<u>31,885,495</u>	<u>1,508,012</u>	<u>116,634</u>
Change in net assets					<u>5,177,466</u>	<u>9,628,075</u>	<u>14,805,541</u>	<u>743,233</u>	<u>10,338,114</u>
Net assets - beginning, as previously reported					53,724,698	91,058,213	144,782,911	(3,581,353)	86,113,222
Restatement					554,176	-	554,176	-	-
Net assets - beginning, as restated					<u>54,278,874</u>	<u>91,058,213</u>	<u>145,337,087</u>	<u>(3,581,353)</u>	<u>86,113,222</u>
Net assets - ending					<u>\$ 59,456,340</u>	<u>\$ 100,686,288</u>	<u>\$ 160,142,628</u>	<u>\$ (2,838,120)</u>	<u>\$ 96,451,336</u>

**CITY OF SANFORD, FLORIDA**

**Balance Sheet  
Governmental Funds  
September 30, 2006**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 21,666,392	\$ 4,013,358	\$ 25,679,750
Accounts receivable - net	1,770,607	1,291	1,771,898
Due from other governments	1,270,082	183,156	1,453,238
Inventories	162,448	-	162,448
Prepaid items	4,929	-	4,929
Restricted cash and cash equivalents	93,106	-	93,106
<b>Total assets</b>	<b>\$ 24,967,564</b>	<b>\$ 4,197,805</b>	<b>\$ 29,165,369</b>
<b>Liabilities and fund balances</b>			
Liabilities:			
Accounts payable	\$ 2,173,459	\$ 337,786	\$ 2,511,245
Accrued liabilities	739,528	1,494	741,022
Advance from other fund	1,100,000	-	1,100,000
Due to other governments	570	-	570
Deferred revenue	1,063,428	-	1,063,428
Liabilities payable from restricted assets	93,106	-	93,106
<b>Total liabilities</b>	<b>5,170,091</b>	<b>339,280</b>	<b>5,509,371</b>
Fund balances:			
Reserved for inventories	162,448	-	162,448
Reserved for prepaid items	4,929	-	4,929
Reserved for long-term due from other governments	8,000	-	8,000
Unreserved, reported in:			
General fund	19,622,096	-	19,622,096
Special revenue funds	-	3,669,812	3,669,812
Capital project funds	-	188,713	188,713
<b>Total fund balances</b>	<b>19,797,473</b>	<b>3,858,525</b>	<b>23,655,998</b>
<b>Total liabilities and fund balances</b>	<b>\$ 24,967,564</b>	<b>\$ 4,197,805</b>	<b>\$ 29,165,369</b>

**CITY OF SANFORD, FLORIDA**  
**Reconciliation of the Balance Sheet of Governmental Funds to the**  
**Statement of Net Assets**  
**September 30, 2006**

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

Ending fund balance - governmental funds		\$ 23,655,998
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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		\$ 3,103,427
Construction in progress		384,838
Buildings and improvements, net of \$9,429,855 accumulated depreciation		30,955,336
Equipment, net of \$13,883,333 accumulated depreciation		<u>5,255,296</u>
 Total capital assets, net		 39,698,897

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.		780,334
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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		(1,225,000)
Compensated absences		(1,882,046)
Accrued clean-up and long-term care costs		<u>(2,235,947)</u>
 Total long-term liabilities		 (5,342,993)

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>664,104</u>
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Net assets of governmental activities		<u><u>\$ 59,456,340</u></u>
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**CITY OF SANFORD, FLORIDA**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended September 30, 2006**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Taxes	\$ 22,116,550	\$ 1,521,635	\$ 23,638,185
Licenses and permits	1,720,524	-	1,720,524
Intergovernmental revenues	6,296,828	440,099	6,736,927
Charges for services	5,834,881	-	5,834,881
Fines and forfeitures	318,475	109,749	428,224
Impact fees	-	502,232	502,232
Contributions	301,217	-	301,217
Interest earnings	1,074,736	126,153	1,200,889
Administrative services	1,095,474	-	1,095,474
Miscellaneous revenue	759,514	95,124	854,638
Total revenues	<u>39,518,199</u>	<u>2,794,992</u>	<u>42,313,191</u>
<b>Expenditures</b>			
Current:			
General government	5,351,775	-	5,351,775
Public safety	16,298,430	28,598	16,327,028
Transportation	2,557,575	445,077	3,002,652
Physical environment	3,567,290	-	3,567,290
Economic environment	121,736	438,328	560,064
Human services	447,124	2,500	449,624
Culture/Recreation	3,787,625	7,014	3,794,639
Capital outlay	4,024,446	1,216,818	5,241,264
Debt service:			
Principal	-	100,000	100,000
Interest and fiscal charges	-	71,797	71,797
Total expenditures	<u>36,156,001</u>	<u>2,310,132</u>	<u>38,466,133</u>
<b>Excess of revenues over expenditures</b>	<u>3,362,198</u>	<u>484,860</u>	<u>3,847,058</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	171,797	171,797
Transfers out	(346,735)	-	(346,735)
Total other financing sources (uses)	<u>(346,735)</u>	<u>171,797</u>	<u>(174,938)</u>
<b>Net change in fund balances</b>	<u>3,015,463</u>	<u>656,657</u>	<u>3,672,120</u>
<b>Fund balance - beginning, as previously reported</b>	16,227,834	3,201,868	19,429,702
<b>Restatement</b>	<u>554,176</u>	<u>-</u>	<u>554,176</u>
<b>Fund balance - beginning, as restated</b>	<u>16,782,010</u>	<u>3,201,868</u>	<u>19,983,878</u>
<b>Fund balance - ending</b>	<u>\$ 19,797,473</u>	<u>\$ 3,858,525</u>	<u>\$ 23,655,998</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, 2006**

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

Net change in fund balances - total governmental funds \$ 3,672,120

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	\$ 5,241,264	
Depreciation	(3,080,086)	
		2,161,178

Loss on disposal of capital assets reported with governmental activities (80,568)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related accounts.

Bonds	100,000	
Compensated absences	(413,156)	
Long-term care costs	19,439	
		(293,717)

The net revenue of the internal service fund is reported with governmental activities. (210,096)

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.

(71,451)

Change in net assets of governmental activities \$ 5,177,466

**CITY OF SANFORD, FLORIDA**

**Statement of Net Assets  
Proprietary Funds  
September 30, 2006**

Assets	Business-type Activities - Enterprise Funds			Governmental Activities -
	Water and Sewer	Stormwater	Total Enterprise	Internal Service
<b>Current assets</b>				
Cash and cash equivalents	\$ 340,107	\$ 2,401,637	\$ 2,741,744	\$ 2,280,324
Accounts receivable	2,218,798	153,634	2,372,432	12,448
Allowance for estimated uncollectibles	(479,284)	(49,302)	(528,586)	-
Advance to other fund	1,100,000	-	1,100,000	-
Due from other governments	123,512	-	123,512	-
Prepaid items	-	-	-	236,971
<b>Total current assets</b>	<b>3,303,133</b>	<b>2,505,969</b>	<b>5,809,102</b>	<b>2,529,743</b>
<b>Noncurrent assets</b>				
Restricted cash and cash equivalents	12,745,126	-	12,745,126	-
Property, plant and equipment				
Land	5,050,202	1,526,413	6,576,615	-
Buildings and improvements	4,617,529	1,161	4,618,690	-
Water and sewer system	102,615,926	-	102,615,926	-
Stormwater management system	-	10,470,139	10,470,139	-
Equipment	6,835,284	2,083,251	8,918,535	-
	119,118,941	14,080,964	133,199,905	-
Less accumulated depreciation	(25,565,648)	(4,418,124)	(29,983,772)	-
	93,553,293	9,662,840	103,216,133	-
Construction in progress	30,083,430	1,393,986	31,477,416	-
<b>Total property, plant and equipment</b>	<b>123,636,723</b>	<b>11,056,826</b>	<b>134,693,549</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>136,381,849</b>	<b>11,056,826</b>	<b>147,438,675</b>	<b>-</b>
<b>Other assets</b>				
Irrigation rights, net	865,800	-	865,800	-
<b>Total other assets</b>	<b>865,800</b>	<b>-</b>	<b>865,800</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 140,550,782</b>	<b>\$ 13,562,795</b>	<b>\$ 154,113,577</b>	<b>\$ 2,529,743</b>

**CITY OF SANFORD, FLORIDA**

**Statement of Net Assets  
Proprietary Funds  
September 30, 2006**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service
	Water and Sewer	Stormwater	Total Enterprise	
<b>Liabilities and net assets</b>				
Current liabilities payable from current assets				
Accounts payable	\$ 1,798,722	\$ 742,713	\$ 2,541,435	\$ -
Accrued liabilities	85,240	12,733	97,973	-
Accrued compensated absences	91,687	6,651	98,338	-
Unearned revenue	221,115	-	221,115	-
Due to other governments	5,179	-	5,179	-
Bonds payable, current	1,010,000	330,627	1,340,627	-
Notes payable, current	813,392	-	813,392	-
Claims payable, current	-	-	-	300,000
Current liabilities payable from restricted assets				
Accrued interest payable	183,434	-	183,434	-
Notes payable, current	773,520	-	773,520	-
Customer deposits	1,080,527	-	1,080,527	-
Total current liabilities	<u>6,062,816</u>	<u>1,092,724</u>	<u>7,155,540</u>	<u>300,000</u>
Noncurrent liabilities				
Accrued compensated absences	363,459	30,573	394,032	-
Bonds payable	21,540,368	1,265,452	22,805,820	-
Notes payable	22,406,608	665,289	23,071,897	-
Claims payable	-	-	-	1,449,409
Total noncurrent liabilities	<u>44,310,435</u>	<u>1,961,314</u>	<u>46,271,749</u>	<u>1,449,409</u>
Total liabilities	<u>50,373,251</u>	<u>3,054,038</u>	<u>53,427,289</u>	<u>1,749,409</u>
Net assets				
Invested in capital assets, net of related debt	77,092,835	8,795,458	85,888,293	-
Restricted for:				
Debt service	10,553,432	-	10,553,432	-
Renewal and replacement	200,000	-	200,000	-
Unrestricted	2,331,264	1,713,299	4,044,563	780,334
Total net assets	<u>90,177,531</u>	<u>10,508,757</u>	<u>100,686,288</u>	<u>780,334</u>
<b>Total liabilities and net assets</b>	<u>\$ 140,550,782</u>	<u>\$ 13,562,795</u>	<u>\$ 154,113,577</u>	<u>\$ 2,529,743</u>

**CITY OF SANFORD, FLORIDA**

**Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
Year Ended September 30, 2006**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service
	Water and Sewer	Stormwater	Total Enterprise	
<b>Operating revenues</b>				
Charges for services	\$ 14,791,191	\$ 2,675,870	\$ 17,467,061	\$ 4,525,213
Other revenue	390,880	432,248	823,128	166,857
Total operating revenues	<u>15,182,071</u>	<u>3,108,118</u>	<u>18,290,189</u>	<u>4,692,070</u>
<b>Operating expenses</b>				
Personal services	4,200,077	564,776	4,764,853	-
Materials	5,307,886	204,470	5,512,356	-
Other services	1,877,647	291,346	2,168,993	5,002,251
Depreciation	2,501,733	273,125	2,774,858	-
Amortization	88,800	-	88,800	-
Total operating expenses	<u>13,976,143</u>	<u>1,333,717</u>	<u>15,309,860</u>	<u>5,002,251</u>
<b>Operating income (loss)</b>	<u>1,205,928</u>	<u>1,774,401</u>	<u>2,980,329</u>	<u>(310,181)</u>
<b>Nonoperating revenue (expense)</b>				
Interest income	694,739	90,660	785,399	100,085
Intergovernmental grant revenue	205,323	-	205,323	-
Interest expense	(1,470,207)	(82,949)	(1,553,156)	-
Amortization of debt costs	(184,342)	(3,721)	(188,063)	-
Total nonoperating revenue (expense)	<u>(754,487)</u>	<u>3,990</u>	<u>(750,497)</u>	<u>100,085</u>
<b>Income (loss) before transfers and contributions</b>	<u>451,441</u>	<u>1,778,391</u>	<u>2,229,832</u>	<u>(210,096)</u>
Capital contributions	7,223,305	-	7,223,305	-
Transfers in	-	174,938	174,938	-
<b>Change in net assets</b>	<u>7,674,746</u>	<u>1,953,329</u>	<u>9,628,075</u>	<u>(210,096)</u>
<b>Total net assets - beginning</b>	<u>82,502,785</u>	<u>8,555,428</u>	<u>91,058,213</u>	<u>990,430</u>
<b>Total net assets - ending</b>	<u>\$ 90,177,531</u>	<u>\$ 10,508,757</u>	<u>\$ 100,686,288</u>	<u>\$ 780,334</u>

**CITY OF SANFORD, FLORIDA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended September 30, 2006**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service
	Water and Sewer	Stormwater	Total Enterprise	
<b>Operating activities</b>				
Cash received from customers	\$ 14,669,056	\$ 2,657,704	\$ 17,326,760	\$ 4,608,735
Cash payments to suppliers for goods and services	(8,338,065)	163,729	(8,174,336)	(5,003,599)
Cash payments to employees for services	(4,007,294)	(550,235)	(4,557,529)	-
Cash received for other revenues	390,880	432,248	823,128	166,857
<b>Net cash provided by (used in) operating activities</b>	<u>2,714,577</u>	<u>2,703,446</u>	<u>5,418,023</u>	<u>(228,007)</u>
<b>Noncapital financing activities</b>				
Operating grant receipts	207,486	-	207,486	-
Transfers in from other funds	-	174,938	174,938	-
Advance to other fund	(1,100,000)	-	(1,100,000)	-
<b>Net cash provided by noncapital financing activities</b>	<u>(892,514)</u>	<u>174,938</u>	<u>(717,576)</u>	<u>-</u>
<b>Capital and related financing activities</b>				
Capital contributed by other governments and developers	7,223,305	-	7,223,305	-
Acquisition and construction of capital assets	(19,766,774)	(2,109,040)	(21,875,814)	-
Proceeds from construction loans	12,497,662	20,171	12,517,833	-
Principal paid on revenue bonds	(990,000)	(314,940)	(1,304,940)	-
Principal paid on notes payable	(1,533,746)	-	(1,533,746)	-
Interest paid on revenue bonds and notes payable	(1,472,253)	(82,949)	(1,555,202)	-
<b>Net cash used by capital and related financing activities</b>	<u>(4,041,806)</u>	<u>(2,486,758)</u>	<u>(6,528,564)</u>	<u>-</u>
<b>Investing activities</b>				
Interest income	694,739	90,660	785,399	100,085
<b>Net cash provided by investing activities</b>	<u>694,739</u>	<u>90,660</u>	<u>785,399</u>	<u>100,085</u>
<b>Net increase (decrease) in cash and cash equivalents/investments</b>	<u>(1,525,004)</u>	<u>482,286</u>	<u>(1,042,718)</u>	<u>(127,922)</u>
<b>Cash and cash equivalents/investments</b>				
<b>Beginning of year</b>	<u>14,610,237</u>	<u>1,919,351</u>	<u>16,529,588</u>	<u>2,408,246</u>
<b>End of year</b>	<u>\$ 13,085,233</u>	<u>\$ 2,401,637</u>	<u>\$ 15,486,870</u>	<u>\$ 2,280,324</u>
<b>Cash and cash equivalents classified as:</b>				
Current assets	\$ 340,107	\$ 2,401,637	\$ 2,741,744	\$ 2,280,324
Restricted assets	12,745,126	-	12,745,126	-
	<u>\$ 13,085,233</u>	<u>\$ 2,401,637</u>	<u>\$ 15,486,870</u>	<u>\$ 2,280,324</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ 1,205,928	\$ 1,774,401	\$ 2,980,329	\$ (310,181)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	2,501,733	273,125	2,774,858	-
Amortization of irrigation rights	88,800	-	88,800	-
Provision for uncollectible accounts	43,875	8,966	52,841	-
Change in assets and liabilities				
Accounts receivable	(234,505)	(27,132)	(261,637)	83,522
Prepaid items	-	-	-	(57,562)
Accounts payable	(1,152,532)	659,545	(492,987)	56,214
Accrued liabilities	8,116	1,150	9,266	-
Unearned revenue	83,981	-	83,981	-
Customer deposits	(15,486)	-	(15,486)	-
Compensated absences	184,667	13,391	198,058	-
Total adjustments	<u>1,508,649</u>	<u>929,045</u>	<u>2,437,694</u>	<u>82,174</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 2,714,577</u>	<u>\$ 2,703,446</u>	<u>\$ 5,418,023</u>	<u>\$ (228,007)</u>

**CITY OF SANFORD, FLORIDA**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**September 30, 2006**

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<b>Assets</b>		
Investments, at fair value:		
Money market funds		\$ 835,603
Equity securities, individual stocks and mutual funds		28,190,563
Mutual funds investing in corporate and U.S. Treasury bonds		<u>7,240,379</u>
Total assets		<u>36,266,545</u>
<b>Liabilities</b>		
Accounts payable		<u>66,331</u>
Total liabilities		<u>66,331</u>
<b>Net Assets</b>		
Held in trust for pension benefits		<u>\$ 36,200,214</u>

**CITY OF SANFORD, FLORIDA**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**Year Ended September 30, 2006**

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**Additions**

Contributions:	
Employer	\$ 1,286,685
State	496,507
Plan members and others	477,356
Total contributions	2,260,548
Investment earnings:	
Net increase in fair value of investments	2,230,327
Dividends	304,815
Interest	389,490
Total investment earnings	2,924,632
Less investment expenses	180,648
Net investment earnings	2,743,984
Miscellaneous income	19,895
Total additions	5,024,427
 <b>Deductions</b>	
Benefits	2,075,380
Refunds of contributions	145,213
Other services and charges	64,508
Total deductions	2,285,101
Change in net assets	2,739,326
Total net assets - beginning	33,460,888
Total net assets - ending	\$ 36,200,214

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

**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, 2006**

**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, 2006**

**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, 2006**

**Note 1 - Summary of Significant Accounting Policies (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 fund:

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.

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.

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.

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.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

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

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 and Cash Equivalents**

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.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

**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, 2006 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 and Stormwater 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 and Stormwater Fund billings are rendered monthly for the month's services.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

**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. Infrastructure assets associated with governmental activities (drainage systems, and road and highway systems) acquired or constructed prior to October 1, 2002 are not yet reported. 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

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, 2006**

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

**I. Irrigation Rights**

The City entered into an interlocal agreement with another city to facilitate disposal of reclaimed water by spraying irrigation. The City paid a proprietary fee of \$2,220,000 for irrigation rights to utilize the other city's irrigation facility. The irrigation rights are for a period of twenty-five (25) years, beginning July 1, 1991. The irrigation rights are being amortized on a straight-line basis over the life of the rights. Accumulated amortization at September 30, 2006 and amortization expense for the fiscal year ended September 30, 2006 are \$1,354,200 and \$88,800, respectively.

**J. 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.

**K. Unamortized Bond Issuance Costs**

Bond issuance costs for the Water and Sewer Revenue Bonds and Stormwater Revenue Bonds are being amortized over the life of the bonds, using straight-line amortization. For financial reporting, unamortized bond issuance costs are netted against applicable long-term debt.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

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

**L. Unamortized Bond Discounts**

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

**M. Deferred and Unearned Revenues**

Deferred revenues presented on applicable Governmental Fund Types represent unearned revenues or revenues which are measurable but not available, primarily related to Federal Emergency Management Agency assistance. 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.

**N. 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.
- (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.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

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

- (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.

**O. 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 2006, interest capitalized by the City's Water and Sewer Enterprise Fund and Stormwater Enterprise Fund were \$96,737 and \$20,170, respectively, and total interest costs were \$1,470,207 and 82,949, respectively.

**P. Postemployment Benefits**

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, 2006**

**Note 2 - Cash and Investments**

The carrying amount (which approximates fair value) of the City's cash and investments as of September 30, 2006 is as follows:

	<u><b>Carrying Amount</b></u>
<b>Primary Government</b>	
Pension Funds:	
Money Market Funds	\$ 835,603
Mutual funds investing in common stocks and mutual funds	28,190,563
Mutual fund investing in corporate and U.S. treasury bonds	<u>7,240,379</u>
Total pension funds	<u>36,266,545</u>
Local Government Surplus Funds Trust Fund	42,594,304
Demand Deposits	<u>945,746</u>
<b>Total Primary Government</b>	<u><u>79,806,595</u></u>
<b>Component Unit - Airport Authority</b>	
Local Government Surplus Funds Trust Fund	48,023
Demand Deposits	<u>5,692,660</u>
<b>Total Component Unit - Airport Authority</b>	<u><u>5,740,683</u></u>
<b>Component Unit - Sanford CRA</b>	
Local Government Surplus Funds Trust Fund	<u>819,409</u>
<b>Total Component Unit - Sanford CRA</b>	<u><u>819,409</u></u>
	<u><u>\$ 86,366,687</u></u>
<b>Classified as:</b>	
Cash and cash equivalents	\$ 37,213,887
Investments	36,266,545
Restricted cash and cash equivalents	<u>12,886,255</u>
	<u><u>\$ 86,366,687</u></u>

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

**Deposits** – Demand deposits are issued 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.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

**Note 2 - Cash and Investments (Continued)**

**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.

Cash and cash equivalents 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, 2006**

**Note 2 – Cash and Investments (Continued)**

Defined Contribution Pension Plan investments were as follows at September 30, 2006:

Investment Type	Type	Credit Quality Rating	Fair Value	Weighted Average Investment Maturities (in Years)		
				Less Than 1	1-5	6-10
<b>Police Pension:</b>						
Money Market Funds	Money Market	NR*	\$ 70,150	\$ 70,150	\$ -	\$ -
U.S. Treasury Bonds/Notes	Fixed Income	NR	1,186,334	213,537	972,797	-
U.S. Treasury Bills	Fixed Income	NR	173,609	173,609	-	-
FHLB	Fixed Income	AAA	152,431	-	152,431	-
FHLMC	Fixed Income	AAA	607,005	-	607,005	-
FNMA	Fixed Income	AAA	250,469	250,469	-	-
GNMA	Fixed Income	NR	79,261	79,261	-	-
FHLMC Pool	Fixed Income	NR	1,216,212	702,632	513,580	-
FNMA Pool	Fixed Income	NR	1,641,823	699,681	942,142	-
Corporate Debt	Fixed Income	AAA	1,115,116	375,151	328,336	411,629
Corporate Debt	Fixed Income	A - A+	818,119	621,183	196,936	-
Mutual Funds	Fixed Income	AAA	1,368,528	1,368,528	-	-
Common Stocks	Equity	NR	13,631,422	13,631,422	-	-
Total Police Pension			<u>22,310,479</u>	<u>18,185,623</u>	<u>3,713,227</u>	<u>411,629</u>
<b>Firefighters' Pension:</b>						
Money Market Funds	Money Market	NR	765,453	765,453	-	-
Mutual Funds	Fixed Income	AAA	4,180,638	-	-	4,180,638
Mutual Funds	Equity	NR	5,813,405	5,813,405	-	-
Common Stocks	Equity	NR	3,196,570	3,196,570	-	-
Total Firefighters' Pension			<u>13,956,066</u>	<u>9,775,428</u>	<u>-</u>	<u>4,180,638</u>
Total Pension Investments			<u>\$ 36,266,545</u>	<u>\$ 27,961,051</u>	<u>\$ 3,713,227</u>	<u>\$ 4,592,267</u>

\* No rating

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

**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, 2006:

	<b>Primary Government</b>		<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Airport Authority</b>
<b>Restricted cash:</b>			
Sinking Fund	\$ -	\$ 956,954	\$ -
Renewal and Replacement Fund	-	200,000	-
Customer Deposits	93,106	1,034,740	-
Utility Trust Impact Fees	-	10,553,432	-
Airport Memorial Fund	-	-	48,023
	<u>\$ 93,106</u>	<u>\$ 12,745,126</u>	<u>\$ 48,023</u>

**Note 4 - Receivables**

The following is a detailed listing of receivables by type and fund at September 30, 2006:

	<b>Primary Government</b>		<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Airport Authority</b>
<b>Receivables:</b>			
Accounts Billed	\$ 273,357	\$ 1,097,135	\$ 678,295
Unbilled Receivables	319,469	1,122,034	-
Other Miscellaneous	4,460,331	153,263	-
Gross Receivables	<u>5,053,157</u>	<u>2,372,432</u>	<u>678,295</u>
Less: Allowance for Uncollectibles	<u>3,268,811</u>	<u>528,586</u>	<u>6,605</u>
	<u>\$ 1,784,346</u>	<u>\$ 1,843,846</u>	<u>\$ 671,690</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

**Note 5 - Capital Assets**

**A. Changes in Capital Assets**

During the year ended September 30, 2006, the following changes in capital assets occurred:

	<u>Balance October 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2006</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,990,013	\$ 1,113,414	\$ -	\$ 3,103,427
Construction in progress	-	384,838	-	384,838
Total capital assets, not being depreciated	<u>1,990,013</u>	<u>1,498,252</u>	<u>-</u>	<u>3,488,265</u>
Capital assets, being depreciated:				
Buildings and improvements	38,620,580	1,764,611	-	40,385,191
Equipment	18,004,518	1,978,401	(844,290)	19,138,629
Total capital assets, being depreciated	<u>56,625,098</u>	<u>3,743,012</u>	<u>(844,290)</u>	<u>59,523,820</u>
Less accumulated depreciation for:				
Buildings and improvements	8,082,787	1,347,068	-	9,429,855
Equipment	12,914,037	1,733,018	(763,722)	13,883,333
Total accumulated depreciation	<u>20,996,824</u>	<u>3,080,086</u>	<u>(763,722)</u>	<u>23,313,188</u>
Total capital assets, being depreciated, net	<u>35,628,274</u>	<u>662,926</u>	<u>(80,568)</u>	<u>36,210,632</u>
Governmental activities capital assets, net	<u>\$ 37,618,287</u>	<u>\$ 2,161,178</u>	<u>\$ (80,568)</u>	<u>\$ 39,698,897</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,564,810	\$ 11,805	\$ -	\$ 6,576,615
Construction in progress	19,029,370	16,701,866	(4,253,820)	31,477,416
Total capital assets, not being depreciated	<u>25,594,180</u>	<u>16,713,671</u>	<u>(4,253,820)</u>	<u>38,054,031</u>
Capital assets, being depreciated:				
Buildings and improvements	4,450,070	168,620	-	4,618,690
Water and sewer system	95,583,635	7,032,291	-	102,615,926
Stormwater management	9,845,244	624,895	-	10,470,139
Equipment	7,407,089	1,594,330	(82,884)	8,918,535
Total capital assets, being depreciated	<u>117,286,038</u>	<u>9,420,136</u>	<u>(82,884)</u>	<u>126,623,290</u>
Less accumulated depreciation for:				
Buildings	428,954	157,076	-	586,030
Water & Sewer	19,055,037	1,812,900	-	20,867,937
Stormwater	3,000,068	170,408	-	3,170,476
Equipment	4,803,566	634,474	(78,711)	5,359,329
Total accumulated depreciation	<u>27,287,625</u>	<u>2,774,858</u>	<u>(78,711)</u>	<u>29,983,772</u>
Total capital assets, being depreciated, net	<u>89,998,413</u>	<u>6,645,278</u>	<u>(4,173)</u>	<u>96,639,518</u>
Business-type activities capital assets, net	<u>\$ 115,592,593</u>	<u>\$ 23,358,949</u>	<u>\$ (4,257,993)</u>	<u>\$ 134,693,549</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

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

**B. Depreciation Expense Allocation**

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 101,644
Public safety	1,349,078
Physical environment	6,160
Transportation	705,340
Economic environment	18,481
Human services	3,080
Culture and recreation	896,303
	<hr/>
Total depreciation expense - governmental activities	<u>\$ 3,080,086</u>
Business-type activities:	
Water and Sewer	\$ 2,501,733
Stormwater	273,125
	<hr/>
Total depreciation expense - business-type activities	<u>\$ 2,774,858</u>

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

From fiscal year 2004 through 2006, the Sanford CRA, a discretely presented component unit, purchased \$2,821,685 and \$15,648 of buildings and improvements and equipment, respectively, related to the First Street Streetscape. As of September 30, 2006, the accumulated depreciation related to these assets was \$299,022. At September 30, 2006 the Sanford CRA had \$321,245 of construction in progress.

**Note 6 - 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 2006, the total lease rental income received in the General Fund and the Enterprise Funds was \$63,574 and \$52,025, respectively.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

**Note 6 - Operating Lease (Continued)**

**B. Long-Term Airport Lease**

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

**C. Airport Authority Operating Leases**

The Component Unit - 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 on non-cancelable operating leases:

<b>Fiscal Year Ending September 30,</b>	<b>Amount</b>
2007	\$ 3,825,735
2008	3,368,864
2009	3,036,067
2010	1,903,163
2011	1,662,461
Later years	23,561,789
	\$ 37,358,079

The following is a schedule of property under operating leases at September 30, 2006:

Buildings and Improvements	\$ 53,845,211
Less Accumulated Depreciation	(21,752,358)
	\$ 32,092,853

Total income on non-cancelable leases for the year ended September 30, 2006 was \$4,759,141.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

**Note 7 - Long-Term Debt**

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

Changes in long-term debt for the year ended September 30, 2006 are summarized as follows:

	Balance October 1, 2005	Increase	Decrease	Balance October 30, 2006	Due Within One Year
<b>Governmental Activities:</b>					
Bonds payable	\$ 1,325,000	\$ -	\$ (100,000)	\$ 1,225,000	\$ 110,000
Accrued compensated absences	1,468,890	2,166,512	(1,753,356)	1,882,046	322,889
Claims payable	1,693,195	369,479	(313,265)	1,749,409	300,000
Accrued clean-up and long-term care costs	2,255,386	-	(19,439)	2,235,947	19,439
Governmental activity Long-term liabilities	<u>\$ 6,742,471</u>	<u>\$ 2,535,991</u>	<u>\$ (2,186,060)</u>	<u>\$ 7,092,402</u>	<u>\$ 752,328</u>
<b>Business-type activities:</b>					
Water and Sewer Fund revenue bonds payable	\$ 23,381,500	\$ -	\$ (831,132)	\$ 22,550,368	\$ 1,010,000
Stormwater System Fund revenue bonds payable	1,910,228	-	(314,149)	1,596,079	330,627
Notes payable	14,668,180	11,495,971	(1,505,342)	24,658,809	1,586,912
Accrued compensated absences	294,312	549,651	(351,593)	492,370	98,338
Business-type activity Long-term liabilities	<u>\$ 40,254,220</u>	<u>\$ 12,045,622</u>	<u>\$ (3,002,216)</u>	<u>\$ 49,297,626</u>	<u>\$ 3,025,877</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

**Note 7 - Long-Term Debt (Continued)**

**B. Governmental Activities - Special Facilities Revenue Bonds**

On July 11, 2000, the City issued \$1,750,000 of Special Facilities Revenue Bonds for the purpose of renovating the Historic Sanford Memorial Stadium.

The Bonds bear interest at 5.60%, payable semi-annually on March 31 and September 30. Principal payments are due and payable on September 30 of each fiscal year through March 31, 2009, with a balloon payment of \$880,000 due on September 30, 2009.

The Special Facilities Revenue Bonds will mature as follows:

<b>Fiscal Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2007	\$ 110,000	\$ 65,520	\$ 175,520
2008	115,000	59,220	174,220
2009	1,000,000	52,640	1,052,640
	<u>\$ 1,225,000</u>	<u>\$ 177,380</u>	<u>\$ 1,402,380</u>

**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:

<b>Type</b>	<b>Series</b>	<b>Date Refunded</b>	<b>Outstanding as of Refunding</b>	<b>Outstanding as of September 30, 2006</b>
Water and Sewer Revenue Bonds	1986	November, 1993	\$ 12,635,000	\$ 10,485,000
Revenue Bonds	1989	November, 1993	\$ 4,180,000	\$ 2,895,000
Revenue Bonds	1991	November, 1993	\$ 11,905,000	\$ 11,310,000
Revenue Bonds	1992	September, 2003	\$ 6,845,000	\$ 4,965,000
Revenue Bonds	1993	September, 2003	\$ 8,575,000	\$ 7,505,000

**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.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

**Note 7 D. Water and Sewer Fund Revenue Bonds (Continued)**

- (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.
    - 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

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

**Note 7 D. Water and Sewer Fund Revenue Bonds (Continued)**

(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, 2006:

<u>Bond Year Ending</u>	<u>Water and Sewer Revenue Bonds, Series 1993</u>		<u>Water and Sewer Revenue Bonds, Series 2003</u>		<u>Total Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2007	\$ -	\$ -	\$ 1,010,000	\$ 319,620	\$ 1,329,620
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
2012-2016	3,680,000	1,259,026	4,250,000	326,350	9,515,376
2017-2021	10,830,000	1,520,538	-	-	12,350,538
	<u>\$14,510,000</u>	<u>\$ 2,779,564</u>	<u>\$ 9,570,000</u>	<u>\$ 1,643,005</u>	<u>\$28,502,569</u>

Series 1993 bonds payable	\$ 14,510,000
Series 2003 bond payable	<u>9,570,000</u>
Net bonds payable	24,080,000
Less: Unamortized bond costs	<u>(1,529,632)</u>
Net bonds payable	<u>\$ 22,550,368</u>
Current portion	1,010,000
Long-term portion	<u>21,540,368</u>
Net bonds payable	<u>\$ 22,550,368</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

**Note 7 - 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, 2006, the City has received \$3,653,500 and has an outstanding balance of \$1,594,596.

Bonds payable	\$	1,601,679
Less: Unamortized issue costs		(5,600)
		1,596,079
Net bonds payable	\$	1,596,079
Current portion	\$	330,627
Long-term portion		1,265,452
		1,596,079
Net bonds payable	\$	1,596,079

- (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, 2006**

**Note 7 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>
2007	\$ 330,627	\$ 67,261	\$ 397,888
2008	345,504	52,384	397,888
2009	361,050	36,838	397,888
2010	377,295	20,593	397,888
2011	187,203	3,977	191,180
	<u>\$ 1,601,679</u>	<u>\$ 181,053</u>	<u>\$ 1,782,732</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 \$485,915, 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 12.9632% 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.

**CITY OF SANFORD, FLORIDA  
Notes to Financial Statements  
Year Ended September 30, 2006**

**Note 7 F. Accrued Clean-up and Long-Term Care Costs (Continued)**

The cost of clean-up activities has been estimated by an engineer to be \$13 million, of which approximately \$1,750,000 is presented as accrued clean-up costs for governmental activities.

**Note 8 - Notes Payable - Enterprise Funds and Component Unit - Airport Authority**

**A. Enterprise Funds Notes Payable**

Enterprise Funds notes payable at September 30, 2006 are as follows:

Primary Government: Stormwater:

State Revolving Fund loan SWG12058624P payable, \$2,930,268 authorized, \$717,074 drawn for planning and design for downtown drainage study, payable in forty equal semiannual installments, including interest at 1.45% on \$790,268 and 1.405% on \$2,140,000, on July 15 and January 15 of each year.

	\$ 717,074
Less: Unamortized loan costs	<u>(51,785)</u>
Total Stormwater notes payable	<u><u>\$ 665,289</u></u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

**Note 8 A. Enterprise Funds Notes Payable (Continued)**

Primary Government: Water & Sewer:

<p>State Revolving Fund loan WW586250 payable, \$19,502,660 authorized, \$11,475,799 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 will begin August 15, 2007.)</p>	\$ 11,865,851
<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. (The payment due October 1, 2006 was made prior to October 1, 2006.)</p>	445,045
<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>	2,438,522
<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>	216,315
<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>	642,989
<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>	3,761,561
<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>	5,380,551
	<u>24,750,834</u>
<p>Less unamortized loan costs</p>	(757,314)
<p>Total Water and Sewer notes payable</p>	<u>23,993,520</u>
<p>Total notes payable</p>	<u>\$ 24,658,809</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

**Note 8 A. 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 (loan WW586250 is not closed out and does not have a final loan payment/amortization schedule at September 30, 2006):

<u>Fiscal Year Ending September 30,</u>	<b>State Revolving Fund Loan CS120586150</b>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 104,772	\$ 17,891	\$ 122,663
2008	108,984	13,679	122,663
2009	113,365	9,298	122,663
2010	117,924	4,739	122,663
	<u>\$ 445,045</u>	<u>\$ 45,607</u>	<u>\$ 490,652</u>

<u>Fiscal Year Ending September 30,</u>	<b>State Revolving Fund Loan CS120586170</b>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 312,504	\$ 87,833	\$ 400,337
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
2012-2013	759,378	41,295	800,673
	<u>\$ 2,438,522</u>	<u>\$ 363,836</u>	<u>\$ 2,802,358</u>

<u>Fiscal Year Ending September 30,</u>	<b>State Revolving Fund Loan CS120586190</b>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 26,630	\$ 5,095	\$ 31,725
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
2012-2014	76,500	2,811	79,311
	<u>\$ 216,315</u>	<u>\$ 21,618</u>	<u>\$ 237,933</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

**Note 8 A. 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>
2007	\$ 84,141	\$ 17,979	\$ 102,120
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
2012-2013	197,068	7,170	204,238
	<u>\$ 642,989</u>	<u>\$ 71,849</u>	<u>\$ 714,838</u>

<b>Fiscal Year Ending September 30,</b>	<b>State Revolving Fund Loan CS120586220</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2007	\$ 174,190	\$ 124,194	\$ 298,384
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
2012-2016	1,099,434	392,485	1,491,919
2017-2021	1,297,471	194,448	1,491,919
2022-2023	433,030	14,543	447,573
	<u>\$ 3,761,561</u>	<u>\$ 1,161,770</u>	<u>\$ 4,923,331</u>

<b>Fiscal Year Ending September 30,</b>	<b>State Revolving Fund Loan DW5906010</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2007	\$ 244,819	\$ 188,856	\$ 433,675
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
2012-2016	1,567,934	600,440	2,168,374
2017-2021	1,869,559	298,815	2,168,374
2022-2023	628,085	22,429	650,514
	<u>\$ 5,380,551</u>	<u>\$ 1,775,086</u>	<u>\$ 7,155,637</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

**Note 8 - Notes Payable - Enterprise Funds and Component Unit – Airport Authority  
(Continued)**

**B. Discretely Presented Component Unit - Airport Authority Notes Payable**

Airport Authority notes payable at September 30, 2006 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.	\$ 3,160,206
Note payable to bank, due in quarterly principal and interest payments at 6.41%, collateralized by pledged revenues, due June 15, 2006.	2,911,445
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.	3,000,000
Note payable to State of Florida, Department of Transportation for domestic terminal expansion, no interest, due September 18, 2008, unsecured.	2,500,000
Note payable to State of Florida, Department of Transportation for domestic terminal expansion, no interest, due September 2, 2009, unsecured.	6,000,000
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
	<u>19,588,141</u>
Less current portion	<u>(341,730)</u>
Long-term portion	<u>\$ 19,246,411</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

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

Changes in Airport Authority long-term liabilities for the year ended September 30, 2006 is as follows:

	<u>Balance October 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2006</u>	<u>Due Within One Year</u>
<b>Notes Payable:</b>					
Revenue Note, Series 2001A	\$ 3,113,491	\$ -	\$ (202,046)	\$ 2,911,445	\$ 216,524
Revenue Note, Series 2003	3,278,795	-	(118,589)	3,160,206	125,206
Florida Department of Transportation	<u>13,516,490</u>	<u>-</u>	<u>-</u>	<u>13,516,490</u>	<u>-</u>
	<u>19,908,776</u>	<u>-</u>	<u>(320,635)</u>	<u>19,588,141</u>	<u>341,730</u>
<b>Other Liabilities:</b>					
Advanced privilege fees	<u>170,000</u>	<u>-</u>	<u>-</u>	<u>170,000</u>	<u>-</u>
	<u>170,000</u>	<u>-</u>	<u>-</u>	<u>170,000</u>	<u>-</u>
<b>Total Long-Term Liabilities</b>	<u><u>\$ 20,078,776</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (320,635)</u></u>	<u><u>\$ 19,758,141</u></u>	<u><u>\$ 341,730</u></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>
2007	\$ 341,730
2008	7,363,152
2009	6,385,964
2010	410,260
2011	2,098,308
2012-2016	1,382,853
2017-2021	1,091,010
2022-2026	<u>514,864</u>
	<u><u>\$ 19,588,141</u></u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

**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, 2006 are summarized as follows:

	<u>Balance October 1, 2005</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance September 30, 2006</u>	<u>Due Within One Year</u>
Revenue bonds payable	\$ 5,100,000	\$ -	\$ (480,000)	\$ 4,620,000	\$ 510,000
CRA bank loan	1,907,690	-	(162,269)	1,745,421	170,000
Long-term liabilities	<u>\$ 7,007,690</u>	<u>\$ -</u>	<u>\$ (642,269)</u>	<u>\$ 6,365,421</u>	<u>\$ 680,000</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**  
**Year Ended September 30, 2006**

**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>	
2007	\$ 510,000	\$ 211,200	\$ -	\$ 99,000	\$ 820,200
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>\$ 3,520,000</u>	<u>\$ 687,900</u>	<u>\$ 1,100,000</u>	<u>\$ 503,250</u>	<u>\$ 5,811,150</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	\$ 1,770,000
Less: Loan issue costs	<u>(24,579)</u>
Net loan payable	<u>\$ 1,745,421</u>

The CRA Loan will mature as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 170,000	\$ 61,773	\$ 231,773
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
2012-2015	<u>855,000</u>	<u>75,733</u>	<u>930,733</u>
	<u>\$ 1,770,000</u>	<u>\$ 323,000</u>	<u>\$ 2,093,000</u>

**Note 10 - Airport Authority – Line of Credit**

**Line of credit** - The Airport Authority entered into a line of credit agreement for \$1,500,000 with a financial institution in May 2001. This line of credit is secured by a pledge of landing fee revenue and bears interest at 0.75% under the bank's prime rate. The agreement expired May 29, 2004 and was renewed with no expiration date. The Airport Authority either pays a non-use fee of 0.25% of \$1,500,000 (\$3,750) or interest, if higher. At September 30, 2006, the outstanding balance was \$0. Therefore, the Airport Authority had available \$1,500,000 at September 30, 2006.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

**Note 10 - Airport Authority – Line of Credit (Continued)**

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

**Note 11 - Interfund Accounts and Transfers**

Individual fund interfund receivables and payables at September 30, 2006 consist of the following:

<b>Fund</b>	<b>Advance to Other Funds</b>	<b>Advance from Other Funds</b>
General Fund	\$ -	\$ 1,100,000
Water and Sewer	1,100,000	-
	\$ 1,100,000	\$ 1,100,000

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.

Interfund Transfers:

	<b>Transfers In:</b>		
	<b>Other Government</b>	<b>Stormwater</b>	<b>Total</b>
Transfers Out:			
General Fund	\$ 171,797	\$ 174,938	\$ 346,735
Total	\$ 171,797	\$ 174,938	\$ 346,735

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.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

**Note 12 - 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. That report may be obtained by writing to Florida Retirement System, State of Florida, Tallahassee, Florida, 32399-1560.

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

Funding Policy

The FRS has nine (9) classes of membership. Only two (2) classes are applicable to the City's eligible employees. These two (2) classes, with descriptions and contribution rates in effect during the period ended September 30, 2006, are as follows (contribution rates are in agreement with the actuarially determined rates, each including an additional .94% health insurance subsidy contribution):

Regular Class - Members not qualifying for other classes (7.83% from 10/01/05 to 6/30/06 and 9.85% from 7/1/06 to 9/30/06). Seven (7) employees qualified for DROP – Deferred Retirement Option Program (9.33% from 10/01/05 to 6/30/06 and 10.91% from 7/1/06 to 9/30/06).

Special Risk Class - Members employed as law enforcement officers, firefighters, or correctional officers (18.53% from 10/01/05 to 7/1/06 and 20.92% from 7/1/06 to 9/30/06). There are no City employees in this special risk category, only Airport Authority firefighters.

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, 2006, 2005 and 2004 were \$790,253, \$687,205 and \$665,880, respectively, and equal the required contributions for each year. The Airport Authority's contributions to FRS for the years ended September 30, 2006, 2005 and 2004 were \$351,268, \$242,542 and \$236,754, respectively, and equal the required contributions for each year.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

**Note 12 - Pension Plans and Postemployment Benefits Other than Pensions (Continued)**

**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, 2006**

**Note 12 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 \$842,611 and \$444,074 to the Police Officers' Retirement System and Firefighters' Retirement System, respectively, during the year ended September 30, 2006.

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, 2006, membership of each plan consisted of the following:

	<b>Police Officers</b>	<b>Firefighters</b>
Retirees and beneficiaries receiving benefits	44	40
Active plan members	138	80
Total	182	120

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

	<b>2004</b>	<b>2005</b>	<b>2006</b>
Police Officers' plan	\$ 717,309	\$ 823,011	\$ 842,611
Firefighters' plan	\$ 388,876	\$ 440,254	\$ 444,074

The percentage contribution for the police officers' and firefighters' retirement plans for each of the past three (3) years was at least one hundred percent (100%) of the Annual Pension Costs. Therefore, the retirement plans have had no net pension obligation at any of the September 30 year ends.

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

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

**Note 12 B. Police Officers' and Firefighters' Retirement System (Continued)**

- (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.
- (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	10/1/2006	10/1/2006
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, 2006**

**Note 12 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, 2006 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	\$ 70,150	\$ 765,453	\$ 835,603
Equity securities, individual stocks and mutual funds	14,999,950	13,190,613	28,190,563
Mutual funds investing in corporate and U.S. Treasury bonds	7,240,379	-	7,240,379
Total assets	<u>22,310,479</u>	<u>13,956,066</u>	<u>36,266,545</u>
<b>Liabilities</b>			
Accounts payable	<u>42,930</u>	<u>23,401</u>	<u>66,331</u>
Total liabilities	<u>42,930</u>	<u>23,401</u>	<u>66,331</u>
<b>Net assets</b>			
Held in trust for pension benefits	<u>\$ 22,267,549</u>	<u>\$ 13,932,665</u>	<u>\$ 36,200,214</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

**Note 12 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	\$ 842,611	\$ 444,074	\$ 1,286,685
State	305,513	190,994	496,507
Plan members and others	274,098	203,258	477,356
Total contributions	<u>1,422,222</u>	<u>838,326</u>	<u>2,260,548</u>
Investment earnings:			
Net increase in fair value of investments	1,172,432	1,057,895	2,230,327
Dividends	228,289	76,526	304,815
Interest	389,490	-	389,490
Total investment earnings	<u>1,790,211</u>	<u>1,134,421</u>	<u>2,924,632</u>
Less investment expenses	<u>116,968</u>	<u>63,680</u>	<u>180,648</u>
Net investment earnings	1,673,243	1,070,741	2,743,984
Miscellaneous income	<u>11,767</u>	<u>8,128</u>	<u>19,895</u>
Total additions	<u>3,107,232</u>	<u>1,917,195</u>	<u>5,024,427</u>
<b>Deductions</b>			
Benefits	1,153,340	922,040	2,075,380
Refunds of contributions	113,253	31,960	145,213
Other services and charges	33,114	31,394	64,508
Total deductions	<u>1,299,707</u>	<u>985,394</u>	<u>2,285,101</u>
Change in net assets	1,807,525	931,801	2,739,326
Total net assets - beginning	<u>20,460,024</u>	<u>13,000,864</u>	<u>33,460,888</u>
Total net assets - ending	<u>\$ 22,267,549</u>	<u>\$ 13,932,665</u>	<u>\$ 36,200,214</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 and Water and Sewer Funds in the amounts of \$259,756 and \$24,767, respectively, for the year ended September 30, 2006 for 81 retirees receiving health insurance and 125 receiving life insurance.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

**Note 12 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 13 - 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 14 - 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 2006. 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, 2006**

**Note 14 - Risk Management (Continued)**

The changes in the City's claims liability during the years ended September 30, 2005 and 2006 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>
2004 - 2005	\$ 1,100,893	\$ 1,079,592	\$ (487,290)	\$ 1,693,195
2005 - 2006	\$ 1,693,195	\$ 369,479	\$ (313,265)	\$ 1,749,409

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 15 - 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 \$6,770,497 at September 30, 2006.

Airport Authority

- D. The Airport Authority is a defendant in various lawsuits. Although the outcome 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.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

**Note 15 - Commitments and Contingencies (Continued)**

- E. During the year ended September 30, 2001, the Domestic Terminal project was completed. In concert 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, 2006, the Airport Authority had entered into construction contracts in the amount of \$22,657,025.
- 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 is pursuing all possible remedies to mitigate any contamination.

**Note 16 - Conduit Debt Obligations**

From time to time, the Airport Authority has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for construction of aviation related facilities on the airport's premises. The bonds do not constitute a debt or pledge of the faith and credit of the Authority, Seminole County, the City of Sanford or the State of Florida, and accordingly, have not been reported in the accompanying financial statements. As of September 30, 2006, there was one (1) series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$26,710,000.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2006**

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

Condensed financial statement information related to the Sanford CRA as of and for the year ended September 30, 2006 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	\$ 819,409	\$ -	\$ 819,409	\$ -	\$ 819,409
Due from other governments	4,245	-	4,245	-	4,245
Capital assets - nondepreciable	-	-	-	321,245	321,245
Capital assets - depreciable	-	-	-	2,538,311	2,538,311
Total Assets and Other Debits	<u>\$ 823,654</u>	<u>\$ -</u>	<u>\$ 823,654</u>	<u>\$ 2,859,556</u>	<u>\$ 3,683,210</u>
Accounts payable	\$ 79,752	\$ -	\$ 79,752	\$ -	\$ 79,752
Accrued liabilities	609	-	609	-	609
Accrued interest payable	-	-	-	75,548	75,548
Bonds payable	-	-	-	4,620,000	4,620,000
Loan payable	-	-	-	1,745,421	1,745,421
Fund Balance/ Net Assets - Unrestricted	<u>743,293</u>	<u>-</u>	<u>743,293</u>	<u>(3,581,413)</u>	<u>(2,838,120)</u>
Total Liabilities and Fund Balances	<u>\$ 823,654</u>	<u>\$ -</u>	<u>\$ 823,654</u>	<u>\$ 2,859,556</u>	<u>\$ 3,683,210</u>
<b>Condensed Revenues, Expenditures and Changes in Fund Balances:</b>					
<b>Statement of Activities</b>					
<b>Revenues:</b>					
Taxes	\$ 1,150,655	\$ -	\$ 1,150,655	\$ -	\$ 1,150,655
Interest	46,881	-	46,881	-	46,881
Contributions	310,476	-	310,476	-	310,476
Total revenues	<u>1,508,012</u>	<u>-</u>	<u>1,508,012</u>	<u>-</u>	<u>1,508,012</u>
<b>Expenditures/Expenses:</b>					
General government	25,297	-	25,297	-	25,297
Transportation	213,451	-	213,451	(13,501)	199,950
Economic environment	169,450	-	169,450	-	169,450
Culture/Recreation	270,498	-	270,498	(197,719)	72,779
Principal retirement	-	645,000	645,000	(642,269)	2,731
Interest and fiscal charges	-	304,652	304,652	(10,080)	294,572
Total expenditures	<u>678,696</u>	<u>949,652</u>	<u>1,628,348</u>	<u>(863,569)</u>	<u>764,779</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	829,316	(949,652)	(120,336)	863,569	743,233
<b>Other Financing Sources (Uses):</b>					
Operating transfers (out) in	<u>(949,652)</u>	<u>949,652</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(949,652)</u>	<u>949,652</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(120,336)	-	(120,336)	863,569	743,233
<b>Fund Balances / Net Asset Deficit</b>					
October 1, 2005	863,629	-	863,629	(4,444,982)	(3,581,353)
Fund Balances, September 30, 2006	<u>\$ 743,293</u>	<u>\$ -</u>	<u>\$ 743,293</u>	<u>\$ (3,581,413)</u>	<u>\$ (2,838,120)</u>

**CITY OF SANFORD, FLORIDA  
Notes to Financial Statements  
Year Ended September 30, 2006**

**Note 18 - Restatement**

The October 1, 2005 fund balance for the General Fund and net assets of the government-wide financial statements have been restated to reflect an increase of \$554,176 for two months of franchise fees that were receivable.

**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, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 20,247,961	\$ 20,247,961	\$ 22,116,550	\$ 1,868,589
Licenses and permits	1,462,650	1,462,650	1,720,524	257,874
Intergovernmental revenues	5,035,792	5,664,705	6,296,828	632,123
Charges for services	5,096,010	5,179,341	5,834,881	655,540
Fines and forfeitures	222,500	222,500	318,475	95,975
Contributions	5,000	228,071	301,217	73,146
Interest	500,000	500,000	1,074,736	574,736
Administrative services	1,095,474	1,095,474	1,095,474	-
Miscellaneous revenue	218,914	268,409	759,514	491,105
Total revenues	<u>33,884,301</u>	<u>34,869,111</u>	<u>39,518,199</u>	<u>4,649,088</u>
<b>Expenditures</b>				
Current:				
General government	5,356,296	5,608,464	5,484,582	123,882
Public safety	16,144,478	16,440,246	18,061,137	(1,620,891)
Transportation	5,502,810	5,331,926	3,479,173	1,852,753
Physical environment	2,867,127	4,053,690	3,575,339	478,351
Economic environment	136,500	161,500	145,883	15,617
Human services	311,444	319,170	451,148	(131,978)
Culture/Recreation	4,007,842	4,934,996	4,958,739	(23,743)
Total expenditures	<u>34,326,497</u>	<u>36,849,992</u>	<u>36,156,001</u>	<u>693,991</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(442,196)</u>	<u>(1,980,881)</u>	<u>3,362,198</u>	<u>5,343,079</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	1,100,000	-	(1,100,000)
Transfers out	(346,338)	(346,338)	(346,735)	(397)
Total other financing sources (uses)	<u>(346,338)</u>	<u>753,662</u>	<u>(346,735)</u>	<u>(1,100,397)</u>
<b>Net change in fund balances</b>	<u>(788,534)</u>	<u>(1,227,219)</u>	<u>3,015,463</u>	<u>4,242,682</u>
<b>Fund balance - beginning, as previously reported</b>	788,534	1,227,219	16,227,834	15,000,615
<b>Restatement</b>	-	-	554,176	554,176
<b>Fund balance - beginning, as restated</b>	<u>788,534</u>	<u>1,227,219</u>	<u>16,782,010</u>	<u>15,554,791</u>
<b>Fund balance - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,797,473</u>	<u>\$ 19,243,297</u>

**CITY OF SANFORD, FLORIDA**  
**Schedule of Funding Progress**  
**Defined Benefit Pension Trust Funds**  
**Year Ended September 30, 2006**

<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>						
10/1/2001	\$ 20,032,657	\$ 21,642,332	\$ 1,609,675	92.56%	\$ 3,612,283	44.56%
10/1/2002	\$ 18,269,767	\$ 20,296,277	\$ 2,026,510	90.02%	\$ 3,853,643	52.59%
10/1/2003	\$ 19,272,243	\$ 22,146,557	\$ 2,874,314	87.02%	\$ 4,167,079	68.98%
10/1/2004	\$ 19,095,103	\$ 24,090,829	\$ 4,995,726	79.26%	\$ 4,470,513	111.75%
10/1/2005	\$ 19,833,502	\$ 26,454,219	\$ 6,620,717	74.97%	\$ 4,468,502	148.16%
10/1/2006	\$ 21,950,941	\$ 28,237,042	\$ 6,286,101	77.74%	\$ 4,587,810	137.02%
<b>Firefighters' Retirement System</b>						
10/1/2001	\$ 12,611,092	\$ 14,613,575	\$ 2,002,483	86.30%	\$ 2,107,190	95.03%
10/1/2002	\$ 12,610,665	\$ 14,710,733	\$ 2,100,068	85.72%	\$ 2,460,554	85.35%
10/1/2003	\$ 12,727,078	\$ 15,672,231	\$ 2,945,153	81.21%	\$ 2,466,177	119.42%
10/1/2004	\$ 12,805,517	\$ 16,372,831	\$ 3,567,314	78.21%	\$ 2,540,193	140.43%
10/1/2005	\$ 13,209,266	\$ 17,624,713	\$ 4,415,447	74.95%	\$ 2,781,577	158.74%
10/1/2006	\$ 14,007,003	\$ 18,838,018	\$ 4,831,015	74.35%	\$ 3,075,816	157.06%

**CITY OF SANFORD, FLORIDA**

**Schedule of Contributions from the City and Other Contributing Entities  
Defined Benefit Pension Trust Funds  
Year Ended September 30, 2006**

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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>				
2001	\$ 174,653	\$ 362,475	207.54%	\$ 157,123 *
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	\$ 1,000,384	100.00%	\$ 176,349 *
<b>Firefighters' Retirement System</b>				
2001	\$ 197,915	\$ 213,689	107.97%	\$ 125,840 *
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	\$ 483,147	100.00%	\$ 156,568 *

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

**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, 2006**

	<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	\$ 3,824,645	\$ -	\$ 188,713	\$ 4,013,358
Accounts receivable - net	1,291	-	-	1,291
Due from other governments	183,156	-	-	183,156
<b>Total assets</b>	<b>\$ 4,009,092</b>	<b>\$ -</b>	<b>\$ 188,713</b>	<b>\$ 4,197,805</b>
<b>Liabilities and fund balances</b>				
Liabilities:				
Accounts payable	\$ 337,786	\$ -	\$ -	\$ 337,786
Accrued liabilities	1,494	-	-	1,494
Total liabilities	339,280	-	-	339,280
Fund balances:				
Unreserved:				
Undesignated	3,669,812	-	188,713	3,858,525
Total fund balances	3,669,812	-	188,713	3,858,525
<b>Total liabilities and fund balances</b>	<b>\$ 4,009,092</b>	<b>\$ -</b>	<b>\$ 188,713</b>	<b>\$ 4,197,805</b>

**CITY OF SANFORD, FLORIDA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended September 30, 2006**

	<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	\$ 1,521,635	\$ -	\$ -	\$ 1,521,635
Intergovernmental revenues	440,099	-	-	440,099
Fines and forfeitures	109,749	-	-	109,749
Impact fees	502,232	-	-	502,232
Interest earnings	120,427	-	5,726	126,153
Miscellaneous revenue	95,124	-	-	95,124
<b>Total revenues</b>	<b>2,789,266</b>	<b>-</b>	<b>5,726</b>	<b>2,794,992</b>
<b>Expenditures</b>				
Current:				
Public safety	28,598	-	-	28,598
Transportation	445,077	-	-	445,077
Economic environment	438,328	-	-	438,328
Human services	2,500	-	-	2,500
Culture/Recreation	7,014	-	-	7,014
Capital outlay	1,216,818	-	-	1,216,818
Debt service:				
Principal	-	100,000	-	100,000
Interest and fiscal charges	-	71,797	-	71,797
<b>Total expenditures</b>	<b>2,138,335</b>	<b>171,797</b>	<b>-</b>	<b>2,310,132</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>650,931</b>	<b>(171,797)</b>	<b>5,726</b>	<b>484,860</b>
<b>Other financing sources</b>				
Transfers in	-	171,797	-	171,797
<b>Total other financing sources</b>	<b>-</b>	<b>171,797</b>	<b>-</b>	<b>171,797</b>
<b>Net change in fund balances</b>	<b>650,931</b>	<b>-</b>	<b>5,726</b>	<b>656,657</b>
<b>Fund balance - beginning</b>	<b>3,018,881</b>	<b>-</b>	<b>182,987</b>	<b>3,201,868</b>
<b>Fund balance - ending</b>	<b>\$ 3,669,812</b>	<b>\$ -</b>	<b>\$ 188,713</b>	<b>\$ 3,858,525</b>



**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:

To account for that 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.

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:

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.

Second Generation Sales Tax Fund:

To account for the City's allocation of the additional 1-cent fuel tax collected in Seminole County. The funds are used for maintenance and upkeep of the City's roads and transportation system.

**CITY OF SANFORD, FLORIDA**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**September 30, 2006**

	<b>Police Education</b>	<b>Law Enforcement Trust</b>	<b>Local Option Gas Tax</b>	<b>Other Grants</b>	<b>Cemetery</b>	<b>Recreation Facilities Impact Fees</b>	<b>Fire Public Safety Facilities Impact Fees</b>	<b>Police Public Safety Facilities Impact Fees</b>	<b>Second Generation Sales Tax</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Assets</b>										
Cash and cash equivalents	\$ 3,244	\$ 243,562	\$ 901,464	\$ 3,986	\$ 559,156	\$ 1,040,287	\$ 259,937	\$ 687,130	\$ 125,879	\$ 3,824,645
Accounts receivable - net	1,291	-	-	-	-	-	-	-	-	1,291
Due from other governments	-	-	89,517	93,639	-	-	-	-	-	183,156
<b>Total assets</b>	<b>\$ 4,535</b>	<b>\$ 243,562</b>	<b>\$ 990,981</b>	<b>\$ 97,625</b>	<b>\$ 559,156</b>	<b>\$ 1,040,287</b>	<b>\$ 259,937</b>	<b>\$ 687,130</b>	<b>\$ 125,879</b>	<b>\$ 4,009,092</b>
<b>Liabilities and fund balances</b>										
Liabilities:										
Accounts payable	\$ 117	\$ -	\$ 262,451	\$ 43,788	\$ -	\$ 10,333	\$ -	\$ -	\$ 21,097	\$ 337,786
Accrued liabilities	-	-	-	1,494	-	-	-	-	-	1,494
Total liabilities	117	-	262,451	45,282	-	10,333	-	-	21,097	339,280
Fund balances:										
Unreserved:										
Undesignated	4,418	243,562	728,530	52,343	559,156	1,029,954	259,937	687,130	104,782	3,669,812
Total fund balances	4,418	243,562	728,530	52,343	559,156	1,029,954	259,937	687,130	104,782	3,669,812
<b>Total liabilities and fund balances</b>	<b>\$ 4,535</b>	<b>\$ 243,562</b>	<b>\$ 990,981</b>	<b>\$ 97,625</b>	<b>\$ 559,156</b>	<b>\$ 1,040,287</b>	<b>\$ 259,937</b>	<b>\$ 687,130</b>	<b>\$ 125,879</b>	<b>\$ 4,009,092</b>

**CITY OF SANFORD, FLORIDA**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**Year Ended September 30, 2006**

	Police Education	Law Enforcement Trust	Local Option Gas Tax	Other Grants	Cemetery	Recreation Facilities Impact Fees	Fire Public Safety Facilities Impact Fees	Police Public Safety Facilities Impact Fees	Second Generation Sales Tax	Total Nonmajor Special Revenue Funds
<b>Revenues</b>										
Taxes	\$ -	\$ -	\$ 1,064,514	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 457,121	\$ 1,521,635
Intergovernmental revenues	-	-	-	440,099	-	-	-	-	-	440,099
Fines and forfeitures	14,572	95,177	-	-	-	-	-	-	-	109,749
Impact fees	-	-	-	-	-	281,965	70,465	149,802	-	502,232
Interest earnings	154	9,361	24,758	2,334	-	45,901	9,883	28,036	-	120,427
Miscellaneous revenue	-	-	51,124	-	44,000	-	-	-	-	95,124
Total revenues	<u>14,726</u>	<u>104,538</u>	<u>1,140,396</u>	<u>442,433</u>	<u>44,000</u>	<u>327,866</u>	<u>80,348</u>	<u>177,838</u>	<u>457,121</u>	<u>2,789,266</u>
<b>Expenditures</b>										
Current:										
Public safety	11,574	2,996	-	-	-	-	7,014	7,014	-	28,598
Transportation	-	-	445,077	-	-	-	-	-	-	445,077
Economic environment	-	-	-	438,328	-	-	-	-	-	438,328
Human services	-	2,500	-	-	-	-	-	-	-	2,500
Culture/Recreation	-	-	-	-	-	7,014	-	-	-	7,014
Capital outlay	-	31,994	554,856	-	-	277,629	-	-	352,339	1,216,818
Total expenditures	<u>11,574</u>	<u>37,490</u>	<u>999,933</u>	<u>438,328</u>	<u>-</u>	<u>284,643</u>	<u>7,014</u>	<u>7,014</u>	<u>352,339</u>	<u>2,138,335</u>
<b>Excess of revenues over expenditures</b>	<u>3,152</u>	<u>67,048</u>	<u>140,463</u>	<u>4,105</u>	<u>44,000</u>	<u>43,223</u>	<u>73,334</u>	<u>170,824</u>	<u>104,782</u>	<u>650,931</u>
<b>Net change in fund balances</b>	3,152	67,048	140,463	4,105	44,000	43,223	73,334	170,824	104,782	650,931
<b>Fund balance - beginning</b>	<u>1,266</u>	<u>176,514</u>	<u>588,067</u>	<u>48,238</u>	<u>515,156</u>	<u>986,731</u>	<u>186,603</u>	<u>516,306</u>	<u>-</u>	<u>3,018,881</u>
<b>Fund balance - ending</b>	<u>\$ 4,418</u>	<u>\$ 243,562</u>	<u>\$ 728,530</u>	<u>\$ 52,343</u>	<u>\$ 559,156</u>	<u>\$ 1,029,954</u>	<u>\$ 259,937</u>	<u>\$ 687,130</u>	<u>\$ 104,782</u>	<u>\$ 3,669,812</u>

**CITY OF SANFORD, FLORIDA**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Funds  
Year Ended September 30, 2006**

	<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	12,500	14,572	2,072
Interest	750	154	(596)
Miscellaneous revenue	-	-	-
<b>Total revenues</b>	<u>13,250</u>	<u>14,726</u>	<u>1,476</u>
<b>Expenditures</b>			
Current:			
Public safety	50,750	11,574	39,176
Transportation	-	-	-
Human services	-	-	-
<b>Total expenditures</b>	<u>50,750</u>	<u>11,574</u>	<u>39,176</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(37,500)</u>	<u>3,152</u>	<u>40,652</u>
<b>Net change in fund balances</b>	(37,500)	3,152	40,652
<b>Fund balance - beginning</b>	<u>37,500</u>	<u>1,266</u>	<u>(36,234)</u>
<b>Fund balance - ending</b>	<u>\$ -</u>	<u>\$ 4,418</u>	<u>\$ 4,418</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)
\$ -	\$ -	\$ -	\$ 1,031,013	\$ 1,064,514	\$ 33,501
124,179	95,177	(29,002)	-	-	-
1,370	9,361	7,991	5,000	24,758	19,758
-	-	-	-	51,124	51,124
<u>125,549</u>	<u>104,538</u>	<u>(21,011)</u>	<u>1,036,013</u>	<u>1,140,396</u>	<u>104,383</u>
125,549	34,990	90,559	-	-	-
-	-	-	1,161,013	999,933	161,080
-	2,500	(2,500)	-	-	-
<u>125,549</u>	<u>37,490</u>	<u>90,559</u>	<u>1,161,013</u>	<u>999,933</u>	<u>161,080</u>
-	67,048	69,548	(125,000)	140,463	265,463
-	67,048	69,548	(125,000)	140,463	265,463
-	176,514	176,514	125,000	588,067	463,067
<u>\$ -</u>	<u>\$ 243,562</u>	<u>\$ 246,062</u>	<u>\$ -</u>	<u>\$ 728,530</u>	<u>\$ 728,530</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, 2006**

	<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	535,000	44,000	(491,000)
Total revenues	<u>535,000</u>	<u>44,000</u>	<u>(491,000)</u>
<b>Expenditures</b>			
Current:			
General Government	535,000	-	535,000
Public safety	-	-	-
Culture/Recreation	-	-	-
Total expenditures	<u>535,000</u>	<u>-</u>	<u>535,000</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>44,000</u>	<u>44,000</u>
<b>Net change in fund balances</b>	-	44,000	44,000
<b>Fund balance - beginning</b>	-	515,156	(515,156)
<b>Fund balance - ending</b>	<u>\$ -</u>	<u>\$ 559,156</u>	<u>\$ (471,156)</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)
\$ 200,000	\$ 281,965	\$ 81,965	\$ 190,000	\$ 70,465	\$ (119,535)
5,000	45,901	40,901	1,000	9,883	8,883
-	-	-	-	-	-
<u>205,000</u>	<u>327,866</u>	<u>122,866</u>	<u>191,000</u>	<u>80,348</u>	<u>(110,652)</u>
-	-	-	-	-	-
-	-	-	191,000	7,014	183,986
<u>555,000</u>	<u>284,643</u>	<u>270,357</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>555,000</u>	<u>284,643</u>	<u>270,357</u>	<u>191,000</u>	<u>7,014</u>	<u>183,986</u>
(350,000)	43,223	393,223	-	73,334	73,334
(350,000)	43,223	393,223	-	73,334	73,334
350,000	986,731	636,731	-	186,603	186,603
<u>\$ -</u>	<u>\$ 1,029,954</u>	<u>\$ 1,029,954</u>	<u>\$ -</u>	<u>\$ 259,937</u>	<u>\$ 259,937</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, 2006**

	<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>			
Impact fees	\$ 620,000	\$ 149,802	\$ (470,198)
Interest	6,000	28,036	22,036
Total revenues	<u>626,000</u>	<u>177,838</u>	<u>(448,162)</u>
<b>Expenditures</b>			
Current:			
Public safety	626,000	7,014	618,986
Total expenditures	<u>626,000</u>	<u>7,014</u>	<u>618,986</u>
<b>Excess of revenues over expenditures</b>	<u>-</u>	<u>170,824</u>	<u>170,824</u>
<b>Net change in fund balances</b>	-	170,824	170,824
<b>Fund balance - beginning</b>	-	516,306	516,306
<b>Fund balance - ending</b>	<u>\$ -</u>	<u>\$ 687,130</u>	<u>\$ 687,130</u>

**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, 2006**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Expenditures</b>			
Debt service:			
Principal	\$ 100,000	\$ 100,000	\$ -
Interest and fiscal charges	71,400	71,797	(397)
Total expenditures	<u>171,400</u>	<u>171,797</u>	<u>(397)</u>
<b>Deficiency of revenues under expenditures</b>	<u>(171,400)</u>	<u>(171,797)</u>	<u>(397)</u>
<b>Other financing sources (uses)</b>			
Transfers in	171,400	171,797	397
Total other financing sources (uses)	<u>171,400</u>	<u>171,797</u>	<u>397</u>
<b>Net change in fund balances</b>	-	-	-
<b>Fund balance - beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance - ending</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

The Capital Projects Fund is 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 for the Lake Monroe Riverwalk.

East-West Connector Construction:

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

**CITY OF SANFORD, FLORIDA**  
**Balance Sheet**  
**Nonmajor Capital Project Funds**  
**September 30, 2006**

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	<b>Riverwalk Fund</b>	<b>East-West Connector Construction</b>	<b>Total Capital Projects Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 137,003	\$ 51,710	\$ 188,713
Total assets	\$ 137,003	\$ 51,710	\$ 188,713
<b>Fund balances</b>			
Fund balances:			
Unreserved and undesignated	\$ 137,003	\$ 51,710	\$ 188,713
Total fund balances	137,003	51,710	188,713
<b>Total fund balances</b>	<b>\$ 137,003</b>	<b>\$ 51,710</b>	<b>\$ 188,713</b>

**CITY OF SANFORD, FLORIDA**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Capital Project Funds**  
**Year Ended September 30, 2006**

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	<b>Riverwalk Fund</b>	<b>East-West Connector Construction</b>	<b>Total Capital Projects Funds</b>
<b>Revenues</b>			
Interest earnings	\$ 5,726	\$ -	\$ 5,726
Total revenues	5,726	-	5,726
 <b>Net change in fund balances</b>	 5,726	 -	 5,726
 <b>Fund balance - beginning</b>	 131,277	 51,710	 182,987
 <b>Fund balance - ending</b>	 \$ 137,003	 \$ 51,710	 \$ 188,713



CITY OF SANFORD, FLORIDA  
Schedule 1

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

Last Four Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b><u>Governmental activities</u></b>				
Invested in capital assets, net of related debt	\$ 29,346,215	\$ 34,149,786	\$ 36,293,287	\$ 38,473,897
Restricted	1,833,224	1,869,556	2,507,199	3,110,023
Unrestricted	<u>9,983,304</u>	<u>13,796,173</u>	<u>14,924,212</u>	<u>17,872,420</u>
Total governmental activities net assets	<u>\$ 41,162,743</u>	<u>\$ 49,815,515</u>	<u>\$ 53,724,698</u>	<u>\$ 59,456,340</u>
<b><u>Business-type activities</u></b>				
Invested in capital assets, net of related debt	\$ 53,700,928	\$ 60,689,258	\$ 75,632,685	\$ 85,888,293
Restricted	9,777,458	9,331,175	10,088,357	10,753,432
Unrestricted	<u>13,548,581</u>	<u>14,699,489</u>	<u>5,337,171</u>	<u>4,044,563</u>
Total business-type activities net assets	<u>\$ 77,026,967</u>	<u>\$ 84,719,922</u>	<u>\$ 91,058,213</u>	<u>\$ 100,686,288</u>
<b><u>Primary government</u></b>				
Invested in capital assets, net of related debt	\$ 83,047,143	\$ 94,839,044	\$ 111,925,972	\$ 124,362,190
Restricted	11,610,682	11,200,731	12,595,556	13,758,675
Unrestricted	<u>23,531,885</u>	<u>28,495,662</u>	<u>20,261,383</u>	<u>21,916,983</u>
Total primary government net assets	<u>\$ 118,189,710</u>	<u>\$ 134,535,437</u>	<u>\$ 144,782,911</u>	<u>\$ 160,037,848</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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b><u>Expenses</u></b>				
Governmental activities:				
General government	\$ 4,662	\$ 4,068	\$ 5,494	\$ 5,826
Public safety	14,388	15,489	16,279	17,961
Physical environment	2,295	7,705	3,597	3,739
Transportation	3,813	3,050	3,976	3,554
Economic environment	599	398	622	601
Human services	366	521	128	431
Culture/Recreation	3,258	3,840	3,914	4,625
Interest on long-term debt	*	*	76	72
Total governmental activities expenses	<u>\$ 29,381</u>	<u>\$ 35,071</u>	<u>\$ 34,086</u>	<u>\$ 36,809</u>
Business-type activities:				
Solid waste	\$ 10,934	\$ 11,961	\$ 12,960	\$ 15,631
Waste and wastewater	1,395	1,462	1,671	1,420
Total business-type activities expenses	<u>\$ 12,329</u>	<u>\$ 13,423</u>	<u>\$ 14,631</u>	<u>\$ 17,051</u>
Total primary government net assets	<u>\$ 41,710</u>	<u>\$ 48,494</u>	<u>\$ 48,717</u>	<u>\$ 53,860</u>
<b><u>Program revenues</u></b>				
Governmental activities:				
Charges for services	\$ 6,897	\$ 7,885	\$ 8,607	\$ 9,125
Operating grants and contributions	1,127	5,719	902	1,312
Capital grants and contributions	4,486	3,788	2,433	704
Total governmental activities program revenues	<u>\$ 12,510</u>	<u>\$ 17,392</u>	<u>\$ 11,942</u>	<u>\$ 11,141</u>
Business-type activities:				
Charges for services	\$ 13,622	\$ 15,143	\$ 15,136	\$ 17,467
Operating grants and contributions	29	-	-	50
Capital grants and contributions	2,169	5,676	4,871	8,122
Total business-type activities program revenues	<u>\$ 15,820</u>	<u>\$ 20,819</u>	<u>\$ 20,007</u>	<u>\$ 25,639</u>
Total primary government program revenues	<u>\$ 28,330</u>	<u>\$ 38,211</u>	<u>\$ 31,949</u>	<u>\$ 36,780</u>
<b><u>Net (expense) / revenue</u></b>				
Governmental activities	\$ (16,871)	\$ (17,679)	\$ (22,144)	\$ (25,668)
Business-type activities	3,491	7,396	5,376	8,588
Total primary government net expense	<u>\$ (13,380)</u>	<u>\$ (10,283)</u>	<u>\$ (16,768)</u>	<u>\$ (17,080)</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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b><u>General revenues and other changes in net assets</u></b>				
Governmental activities:				
Property tax	\$ 8,855	\$ 9,483	\$ 10,265	\$ 12,101
Other taxes	12,178	16,047	14,835	16,923
Grants and contributions not restricted to specific programs	3,947	-	-	-
Unrestricted Investment earnings	265	241	574	1,201
Gain on sale of capital assets	20	142	3	-
Miscellaneous	144	430	713	795
Transfers in (out)	(550)	(12)	(338)	(175)
Total governmental activities	<u>\$ 24,859</u>	<u>\$ 26,331</u>	<u>\$ 26,052</u>	<u>30,845</u>
Business-type activities:				
Grants and contributions not restricted to specific programs	\$ 1,724	\$ -	\$ -	\$ -
Unrestricted Investment earnings	373	286	580	785
Gain on sale of capital assets	133	-	8	6
Miscellaneous	109	-	37	74
Transfers in (out)	550	12	338	175
Total business-type activities	<u>\$ 2,889</u>	<u>\$ 298</u>	<u>\$ 963</u>	<u>\$ 1,040</u>
Total primary government	<u>\$ 27,748</u>	<u>\$ 26,629</u>	<u>\$ 27,015</u>	<u>31,885</u>
<b><u>Change in net assets</u></b>				
Governmental activities	\$ 7,988	\$ 8,652	\$ 3,908	5,177
Business-type activities	<u>\$ 6,380</u>	<u>\$ 7,694</u>	<u>\$ 6,339</u>	<u>9,628</u>
	<u>\$ 14,368</u>	<u>\$ 16,346</u>	<u>\$ 10,247</u>	<u>14,805</u>

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

CITY OF SANFORD, FLORIDA  
Schedule 3

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

Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>General fund</b>										
Reserved	\$ 1,141	\$ 1,869	\$ 938	\$ 3,091	\$ 3,614	\$ 3,155	\$ 105	\$ 134	\$ 177	\$ 175
Unreserved	4,994	5,650	10,813	10,879	10,727	11,159	13,154	9,990	16,051	19,622
Total general fund	\$ 6,135	\$ 7,519	\$ 11,751	\$ 13,970	\$ 14,341	\$ 14,314	\$ 13,259	\$ 10,124	\$ 16,228	\$ 19,797
<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
Debt service funds	383	-	-	-	-	(77,331)	-	-	-	-
Capital projects funds	-	-	-	1,732	(82,263)	-	(1,516)	9	131	189
Various	1,951	2,238	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 2,334	\$ 2,238	\$ 2,457	\$ 4,854	\$ (77,877)	\$ (75,334)	\$ 810	\$ 2,395	\$ 3,202	\$ 3,859

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**

	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Revenues</b>										
Taxes	\$ 11,732	\$ 12,623	\$ 13,522	\$ 14,401	\$ 15,772	\$ 16,271	\$ 21,034	\$ 21,287	\$ 20,158	\$ 23,638
Licenses and permits	753	713	851	1,080	1,177	827	1,006	1,490	1,564	1,721
Intergovernmental revenues	4,062	4,695	5,228	4,230	4,520	4,908	8,615	7,953	12,358	6,737
Charges for services	662	1,006	1,054	4,067	4,380	4,516	4,524	4,979	5,537	5,835
Fines and forfeitures	252	270	383	285	1,166	331	323	362	289	428
Impact fees	155	101	315	607	717	171	286	747	386	502
Interest earnings	580	671	735	1,172	1,204	415	265	241	574	1,201
Administrative services	626	748	756	765	833	906	906	906	1,060	1,095
Miscellaneous revenues	210	243	143	306	248	321	786	776	687	855
Sale of cemetery plots	26	32	32	20	18	29	-	-	-	-
<b>Total revenues</b>	<b>\$ 19,068</b>	<b>\$ 21,114</b>	<b>\$ 23,046</b>	<b>\$ 26,940</b>	<b>\$ 30,067</b>	<b>\$ 28,731</b>	<b>\$ 37,746</b>	<b>\$ 38,855</b>	<b>\$ 42,652</b>	<b>\$ 42,313</b>
<b>Expenditures</b>										
General government	\$ 2,574	\$ 2,903	\$ 3,101	\$ 3,610	\$ 3,571	\$ 3,906	\$ 4,412	\$ 4,284	\$ 5,481	\$ 5,352
Public safety	8,380	9,008	8,850	9,348	11,422	12,435	13,415	14,247	15,268	16,327
Transportation	2,133	1,928	1,883	2,398	3,304	2,403	2,520	2,538	3,138	3,002
Physical environment	-	-	-	2,627	3,265	3,035	2,930	2,975	2,948	3,567
Economic environment	948	1,349	793	417	423	658	534	383	609	560
Human services	9	8	18	73	98	223	252	260	147	450
Culture/Recreation	2,766	2,519	2,513	2,678	5,058	3,214	3,217	3,198	3,339	3,795
Capital outlay	-	1,065	3,005	2,527	1,909	5,028	12,359	7,056	4,301	5,241
Principal	454	482	290	205	1,035	80	85	90	95	100
Interest and fiscal charges	155	126	97	100	128	92	87	82	77	72
<b>Total expenditures</b>	<b>\$ 17,419</b>	<b>\$ 19,388</b>	<b>\$ 20,550</b>	<b>\$ 23,983</b>	<b>\$ 30,213</b>	<b>\$ 31,074</b>	<b>\$ 39,811</b>	<b>\$ 35,113</b>	<b>\$ 35,403</b>	<b>\$ 38,466</b>
Excess of revenues over (under) expenditures	\$ 1,649	\$ 1,726	\$ 2,496	\$ 2,957	\$ (146)	\$ (2,343)	\$ (2,065)	\$ 3,742	\$ 7,249	\$ 3,847
<b>Other financing sources (uses)</b>										
Operating transfer to component unit					(136)	(239)				
Transfers in	\$ 561	\$ 599	\$ 978	\$ 671	\$ 1,424	\$ 1,960	\$ 1,340	\$ 172	\$ 551	\$ 172
Transfers (out)	(561)	(620)	(1,116)	(699)	(1,484)	(1,978)	(1,891)	(183)	(888)	(347)
Bond proceeds				1,750						
<b>Total other financing sources (uses)</b>	<b>\$ -</b>	<b>\$ (21)</b>	<b>\$ (138)</b>	<b>\$ 1,722</b>	<b>\$ (196)</b>	<b>\$ (257)</b>	<b>\$ (551)</b>	<b>\$ (11)</b>	<b>\$ (337)</b>	<b>\$ (175)</b>
<b>Extraordinary item</b>										
Hurricane expenditures	-	-	-	-	-	-	-	(5,281)	-	-
								(5,281)		
<b>Net change in fund balances</b>	<b>\$ 1,649</b>	<b>\$ 1,705</b>	<b>\$ 2,358</b>	<b>\$ 4,679</b>	<b>\$ (342)</b>	<b>\$ (2,600)</b>	<b>\$ (2,616)</b>	<b>\$ (1,550)</b>	<b>\$ 6,912</b>	<b>\$ 3,672</b>
Debt service as a percentage of non-capital expenditures	3.50%	3.32%	2.21%	1.42%	4.11%	0.66%	0.63%	0.61%	0.55%	0.52%

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					
1997*	\$ 1,106,681	\$ 177,933	\$ 1,284,614	\$ (352,758)	\$ 931,856	6.876	\$ 940,319	99.100%
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%

\* 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.

**Source:** Seminole County Property Appraiser's Office

**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		
1997	6.876	5.389	10.308	0.482	23.055
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	4.999	8.127	0.462	19.938
2006	6.325	4.999	7.965	0.462	19.751

**Source:** Seminole County Tax Collector's Office

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

**PRINCIPAL PROPERTY TAXPAYERS**

**Current Year and Nine Years Ago**

Taxpayer Name	Business Name	Fiscal Year 2005 / 2006			Fiscal Year 1996 / 1997		
		Taxable Value	Percent of Total Taxable Value	Rank	Taxable Value	Percent of Total Taxable Value	Rank
Seminole Towne Center LP	Seminole Towne Center Mall	\$ 109,952,142	3.78%	1			
NAP Seminole Marketplace LLC	NAP Seminole Marketplace LLC	45,851,849	1.58%	2			
Central Fla Regional Hospital	Central Fla Regional Hospital	43,548,607	1.50%	3			
Wal-Mart Stores East	Wal-Mart Supercenter	37,121,818	1.28%	4			
Colonial Realty LP	Colonial Village	35,357,491	1.22%	5			
Florida Power & Light	Florida Power & Light	28,227,628	0.97%	6			
Plantation Lakes Ltd	Plantation Lakes, Ltd	27,559,310	0.95%	7			
El-Ad Arbor Lakes LLC	Arbor Lakes, Ltd	26,893,125	0.93%	8			
Alcort Orlando LLC	Westlake Apartments	23,657,952	0.81%	9			
Woolbright Gateway Ltd	Woolbright Gateway, Ltd	23,269,945	0.80%	10			
Seminole Towne Center, LP	Seminole Towne Center Mall	-	-		\$ 88,401,753	9.49%	1
Kimco of Merritt Island, Inc	Seminole Center	-	-		14,222,742	1.53%	2
Central Fla Regional Hospital	Central Fla Regional Hospital	-	-		13,100,589	1.41%	3
Faison Associates	Faison Gateway Plaza	-	-		8,643,768	0.93%	4
Dillard Department Stores, Inc	Dillards	-	-		8,325,390	0.89%	5
Placid Lake Association	Placid Lake Association	-	-		8,165,410	0.88%	6
Sanford Landings Apartments	Sanford Landings Apartments	-	-		7,025,380	0.75%	7
Sears Roebuck & Co	Sears	-	-		6,572,168	0.71%	8
The Manufacturers Life Insurance Co	Bridgewater Apartments	-	-		6,428,340	0.69%	9
Dreyfus Interest Development, Inc	Dreyfus Interest Development, Inc	-	-		6,006,307	0.64%	10
Total		<u>\$ 401,439,867</u>	<u>13.82%</u>		<u>\$ 166,891,847</u>	<u>17.91%</u>	

**Source:** Seminole County Tax Collector's Office

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

**PROPERTY TAX LEVIES AND COLLECTIONS**

**Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy <sup>(1)</sup>	Current Tax Collections <sup>(2)</sup>	Percent of Levy Collected	Delinquent Tax Collections <sup>(3)</sup>	Total Tax Collections	Total Collections as a Percent of Current Levy
1997	\$ 6,407,351	\$ 6,197,399	96.7%	\$ 46,104	\$ 6,243,503	97.4%
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%

**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				
1997	\$ -	\$ 32,743,318	\$ 7,783,213	-	40,526,531	\$ 932,920,482	4.3%	\$1,141
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

**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, 2006**

<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 School District (1)	\$ 0	8.82%	\$ 0
Seminole County Government (2)	26,775,000	8.82%	2,361,555
Total Debt Overlapping			\$ 2,361,555

(1) Source: Seminole County School Board

(2) Source: Seminole County Finance Department

**CITY OF SANFORD, FLORIDA  
Schedule 11**

**PLEGDED 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 Requirments (3) Principal	Debt Service Requirments (3) Interest	Coverage	Stormwater Revenues	Debt Service Requirments (4) Principal	Debt Service Requirments (4) Interest	Coverage	Facilities Revenues	Debt Service Requirments (4) Principal	Debt Service Requirments (4) Interest	Coverage (6)
1997	\$ 9,851,873	\$5,362,477	\$4,489,396	\$ 695,000	\$1,774,301	1.82	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	-
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	82,947	8.01	54,948	100,000	71,400	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 statements.

**Source:** City of Sanford Finance Department.

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

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Personal Income (2)</u>	<u>Public School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
1997	35,529	\$ 26,258	\$ 932,920,482	9,388	3.1%
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%

**Sources:** (1) Office of Economic and Demographic Research  
"The Florida Legislature"

(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 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 figures list the median household income provided by Metro Orlando Economic Development Commission as an estimate for per capita personal income.

(3) Seminole County School Board

(4) Florida Research and Economic Database  
Labor Force Data

**CITY OF SANFORD, FLORIDA  
Schedule 13**

**PRINCIPAL EMPLOYERS**

**Current Year and Nine Years Ago**

<u>Employer</u>	<u>Business</u>	<u>Fiscal Year 2005 / 2006</u>			<u>Fiscal Year 1996 / 1997</u>		
		<u>Employees</u>	<u>Percent of Total City Employment</u>	<u>Rank</u>	<u>Employees</u>	<u>Percent of Total City Employment</u>	<u>Rank</u>
Seminole County Public School**		2,006	11.15%	1	*	*	*
Seminole Community College		1,344	7.47%	2	*	*	*
Maronda Homes		1,266	7.04%	3	*	*	*
Central Fla Regional Hospital		900	5.00%	4	*	*	*
Wal-Mart Stores		807	4.49%	5	*	*	*
Florida Extruders		671	3.73%	6	*	*	*
City of Sanford		482	2.68%	7	*	*	*
Orlando Sanford International Airport ***		476	2.65%	8	*	*	*
Featherlite Motorcoach		340	1.89%	9	*	*	*
CPH Engineers		298	1.66%	10	*	*	*
Total		<u>8,590</u>			<u>-</u>		

\* Data not available

\*\* SCPS Elementary, Middle, High, ESC Building, Transportation, Food Services, Maintenance, ESSS Support, etc.

\*\*\* Sanford Airport Authority, Orlando Sanford International Inc., Swissport and Preflight

**Sources:** Metro Orlando Economic Development Commission  
Businessinseminole.com

**Note:** The City of Sanford has an estimated daytime population of over 17,988 with approximately 1,764 business establishments as of 9/30/06.

CITY OF SANFORD, FLORIDA  
Schedule 14

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

Last Ten Fiscal Years

Full-time Equivalent Employees as of September 30,										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>General Government:</b>										
City Manager	*	3	4	4	*	5	5	3	3	6
Code Enforcement	*	13	13	17.5	*			5	5	9
City Clerk	*	3	4	3	*	3	2	2	2	3
Human Resources	*	5	5	4	*	4	3	2	2	4
Civil Service	*			1	*	1	1	-	-	-
Finance	*	17	17	17.5	*	17	16	16	16	17
Planning/Development	*	8	9	10	*	21	25	15	15	22
<b>Public Safety:</b>										
Police	*	122	128	128	*	135	135	140	140	147
Fire	*	61	62	63	*	70	67.5	67.5	67.5	69
<b>Public Works</b>										
	*	33	33	49	*	56	52	52	52	86
<b>Utilities</b>										
	*	90	90	91	*	95	94	91	91	97
<b>Parks &amp; Recreation</b>										
	*	44	44	48	*	45	41	42	42	31.1
<b>Total</b>	-	399	409	436	-	452	442	436	436	491.1

Source: City of Sanford Budgets 1997-2006

\* Data not available

CITY OF SANFORD, FLORIDA  
Schedule 15

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Building Inspections</b>										
Building permits issued	3,339	3,013	3,679	4,310	3,403	2,723	7,233	5,901	6,879	5,542
Number of BEMP building inspections completed	*	*	*	*	*	*	*	*	*	5,168
Number of BEMP re-inspections	*	*	*	*	*	*	*	*	*	8,014
Number of total building construction plans reviewed	*	*	*	*	*	*	*	*	*	5,211
Number of BEMP building permits issued (residential and commercial)	*	*	*	*	*	*	*	*	*	150
<b>Law Enforcement</b>										
Physical arrests	*	*	*	*	*	*	*	*	*	3,285
DUI arrests	*	*	*	*	*	*	*	333	193	167
Traffic violations	*	*	*	*	*	*	*	*	8,127	7,808
Traffic crashes	*	*	*	*	*	*	*	1,894	1,862	1,686
Total calls received by agency	*	*	*	*	*	*	*	*	*	111,089
Dispatched calls requiring police service (based on calendar year figures)	*	*	*	72,516	79,569	73,840	70,094	79,322	89,083	96,198
<b>Fire</b>										
Emergency responses	*	*	*	*	*	8,670	8,091	8,681	8,813	8,690
Number of actual fires suppressed	*	*	*	*	*	270	262	214	180	268
Number of building inspections	*	*	*	890	1,498	*	*	*	1,420	1,153
Number of school inspections	*	*	*	*	*	*	*	*	*	17
Number of investigations	*	*	*	38	47	*	*	*	34	42
<b>Public Works</b>										
Street resurfacing (miles)	*	*	*	*	*	*	*	*	*	1.85
Other street repairs (# of potholes, etc.)	*	*	*	72	78	78	70	87	101	115
Paved streets (miles)	*	*	157	148	148	149	154.38	157.33	163.13	156.12
Unpaved streets (miles)	*	*	*	*	*	*	*	*	*	2.10

\* 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**

	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b><u>Transportation</u></b>										
Miles of streets	173.1	175.71	176.02	175.71	165	149	149	157	163	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	55	60	60	61	61	67	69.5	69.5	72	73
Number of Police Stations	2	2	2	2	2	4	5	5	5	4
Number of Sworn Officers	91	95	96	97	108	111	108	116	114	126
<b><u>Municipal Water System:</u></b>										
Number of Customers	11,319	11,510	11,783	12,086	12,276	12,445	13,574	13,867	16,256	16,861
Average Daily Consumption	5.64 MGD	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
Plant Capacity - All Plants	15.1 MGD	16.5 MGD	17.5 MGD	17.5 MGD	17.5 MGD	17.5 MGD				
Deep Wells	16	16	16	16	16	18	20	20	20	20
Number of Fire Hydrants	810	810	820	911	942	907	1,008	1,008	1,008	1,459
<b><u>Municipal Sewer System:</u></b>										
Number of Customers	10,409	10,414	10,870	11,169	11,370	11,952	12,641	12,461	14,856	12,850
Treatment Facility Capacity	7.3 MGD									
Annual Average Flow	4.43 MGD	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
<b><u>Municipal Stormwater System:</u></b>										
Number of Customers	10,037	10,207	10,783	11,069	11,279	11,412	11,927	12,482	12,482	13,530
<b><u>Building Permits Issued</u></b>										
	3,339	3,013	3,679	4,310	3,403	2,723	7,233	5,901	6,879	5,542
<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	35	36	36	36	36	36	36	36
Park Area - #of acres	340	340	353	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	3,516	4,016	3,556	3,556	3,556	3,556	3,556	3,621	3,621

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, 2006, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 26, 2007. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**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*.

However, we noted other matters which we have reported to management of the City in a separate management letter dated March 26, 2007.

This report is intended solely for the information and use of City management, the City Commission, 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.

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

Orlando, Florida  
March 26, 2007



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL AWARDS PROGRAM AND INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

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* that are applicable to each of its major federal awards programs for the year ended September 30, 2006. The City's major federal awards programs are identified in the summary of auditors' findings 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 is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 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 for the year ended September 30, 2006.

## 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. In planning and performing our audit, we considered the City of Sanford, Florida's internal control (other than the Sanford Airport Authority) over compliance with requirements that could have a direct and material effect on a major federal awards program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all of the matters in internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal awards program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of City management, the City Commission, 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.

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

Orlando, Florida  
March 26, 2007

**CITY OF SANFORD, FLORIDA**  
**Schedule of Findings and Questioned Costs –**  
**Federal Awards Programs**  
**Year Ended September 30, 2006**

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

1. The Independent Auditors' Report on the financial statements expresses unqualified opinions.
2. No reportable conditions relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. No reportable conditions relating to the audit of major federal award programs are reported in the Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Awards Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The Independent Auditors' Report on compliance for each major federal awards program expresses an unqualified opinion.
6. There were no audit findings relative to major federal awards programs.
7. The programs tested as major programs include the following:

<b>Federal Programs</b>	<b>CFDA Number</b>
<hr/>	
<b>U.S. Department of Housing and Urban Development</b>	
Cloud Branch Drainage	14.218
<b>U.S. Environmental Protection Agency</b>	
State Revolving Loans	66.458

**CITY OF SANFORD, FLORIDA**  
**Schedule of Findings and Questioned Costs -**  
**Federal Awards Programs**  
**Year Ended September 30, 2006**

8. The threshold used to distinguish between Type A and Type B programs was \$467,451 for major federal awards programs.
9. 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 reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. None are reported.

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

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**  
**Year Ended September 30, 2006**

**Prior Year Audit Findings:**

**U.S. Department of Environmental Protection:**

State Revolving Fund Loans – CFDA 66.468

**Finding 05-01 – Noncompliance Reimbursement Requests**

*Condition:* During testing it was noted that costs related to a project denied by the Florida Department of Environmental Protection (FDEP) were incorrectly submitted for reimbursement. As a result, the City of Sanford received \$41,397 in loan funds that were not approved.

*Recommendation:* We recommend that, when using outside firms to compile reimbursement requests, the City of Sanford carefully review the package in order to minimize the chance for erroneous submissions.

*Current Status:* The Financial Services Department, in conjunction with the other departments of the City, have instituted a process to ensure that all requests for future draws are reviewed by the appropriate staff and compared to the approved projects prior to being submitted.

**U.S. Department of Environmental Protection:**

State Revolving Fund Loans – CFDA 66.458

**Finding 05-02 – Noncompliance Reimbursement Requests**

*Condition:* During testing it was noted that the City of Sanford requested reimbursement for an easement purchase that was not acquired until after the reimbursement request was submitted.

*Recommendation:* We recommend that, when using outside firms to compile reimbursement requests, the City of Sanford carefully review the package in order to minimize the chance for erroneous submissions.

*Current Status:* The Financial Services Department, in conjunction with the other departments of the City, have instituted a process to ensure that all requests for future draws are reviewed by the appropriate staff and compared to the approved projects prior to being submitted.

**Corrective Action Plan:**

There were no findings in the current year that required a corrective action plan.

**CITY OF SANFORD, FLORIDA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2006**

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		\$ 3,820
Urban & Community Forestry Grant (Reforestation)	10.664	05H-137	107,590
Total Department of Agriculture			<u>111,410</u>
<b>U.S. Department of Housing and Urban Development</b>			
Passed through Seminole County-Community Development Block Program:			
CDBG Cloud Branch Drainage (2005-2006)	14.218		430,898
CDBG Goldsboro Community Resource Building	14.219/218		549
Youthbuild Program	14.243		6,969
Total Department of Housing and Urban Development			<u>438,416</u>
<b>U.S. Department of Justice</b>			
Bulletproof Vest Grant - FY 2004	16.607		431
COPS Universal Hiring Program	16.710	2003-UMWX-0219	102,529
DEA Officer Reimbursement	16.580		24,389
Local Law Enforcement Block Grant	16.592	2004-LB-BX-0131	45,282
FDLE Edward Byrne Memorial Justice Assistance Grant	16.738	JAG240	19,500
Total Department of Justice			<u>192,131</u>
<b>U.S. Department of Environmental Protection Agency</b>			
Passed through State of Florida Department of Environmental Protection:			
State Revolving Fund Loan	66.458	SQ G12058624P	1,389,705
State Revolving Fund Loan	66.458	WW586250	13,012,495
Total Department of Environmental Protection Agency			<u>14,402,200</u>
<b>U.S. Department of Energy</b>			
Passed through State Department of Community Affairs:			
WAP Weatherization Assistance	81.042	05-WX-5S-06-69-02-030	350
LIHEAP Low Income Home Energy Assistance Program	93.568	06-EA-3M-06-69-02-028	311,349
LIHEAP Low Income Home Energy Assistance Program	93.568	05-EA-5K-06-69-02-028	125,860
Total Department of Energy			<u>437,559</u>
<b>Total Expenditure of Federal Awards</b>			<u><u>\$ 15,581,716</u></u>

**City of Sanford, Florida**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For The Year Ended September 30, 2006**

**Note 1 – Reporting Entity**

For reporting entity purposes, the Schedule of Federal Awards 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 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**

Amounts presented for U.S. Department of Environmental Protection Agency State Revolving Fund Loans are the amounts expended during the fiscal year, including expenditures not yet reimbursed, and do not include amounts expended in prior years for which loan balances are outstanding.



## 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 (the "City"), as of and for the year ended September 30, 2006, and have issued our report thereon dated March 26, 2007.

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, Independent Auditors' Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in accordance with OMB Circular A-133, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 26, 2007, 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)(h)1) require that we address in the management letter, if not already addressed in the auditors' reports on internal controls over financial reporting and on compliance and other matters or on the 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.

The Rules of the Auditor General (Section 10.554(1)(h)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)(h)3) require disclosure in the management letter of any recommendations to improve the City's management, accounting procedures, and internal controls. Such matters are noted on Appendix A.

The Rules of the Auditor General (Section 10.554(1)(h)4) require disclosure in the management letter of the following matters if not clearly inconsequential, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies,

shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. There were no such matters found.

The Rules of the Auditor General (Section 10.554(1)(h)5) 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 component units is provided in the notes to the financial statements.

As required by the Rules of the Auditor General (Section 10.554(1)(h)6.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), Florida Statutes. 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)(h)6.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 financial report, filed with the Department of Financial Services, is in agreement with the annual audited financial statements for the year ended September 30, 2006.

As required by the Rules of the Auditor General (Sections 10.554(1)(h)6.c. and 10.556), the scope of our audit included financial condition assessment procedures as of September 30, 2006. It is management's responsibility to monitor the entity'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 results of our financial condition assessment procedures disclosed no deteriorating financial conditions.

This report is intended solely for the information and use of City management, the City Commission, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than those specified parties.

*Chang, Behrert & Holland, L.L.P.*

Orlando, Florida  
March 26, 2007

**CITY OF SANFORD, FLORIDA**  
Appendix A - Management Letter Comments  
Year Ended September 30, 2006

**Information Systems**

**Physical Security**

**Observation 2006-01:** The City of Sanford does not have a backup generator supporting the computer room. A backup generator is necessary to prevent data loss in the event of a power failure.

**Recommendation:** We recommend that the City purchase a generator and test it annually under a full load.

**Management's Response:**

The City has spent considerable amount of resources updating the power supply and wiring to the computer server room and the telephone server room, including installation of a 25 KVA Toshiba Uninterruptible Power Supply (battery backup). This system will provide approximately 30 minutes of backup power in order to shut down the system in case of a power outage. The additional wiring was installed in a manner to allow for the planned implementation of a backup generator, which will be budgeted for purchase during fiscal year 2008.

**Observation 2006-02:** A fire suppression system is not currently installed in the computer room. This creates a risk that critical data and equipment could be damaged or destroyed.

**Recommendation:** We recommend that the client consider the use of a clean agent fire suppression system such as FM200 which is rated safe for use on computer equipment. Management has plans to submit a request for this as part of next's year's budget. We agree and recommend that these plans be carried forward.

**Management's Response:**

We currently have portable fire suppression and are working with an architect as part of a renovation plan. The plan is to reconfigure the server room, isolating the computer hardware in a manner that will facilitate improved cooling and will also allow for the planned installation of an FM200 fire suppression system.

**Network**

**Observation 2006-03:** The City has not performed a penetration and vulnerability test for the network. During the lifetime of any network, changes can occur which may create situations that perpetuate imperfect security, and these situations can compound over time.

**Recommendation:** To mitigate the risk that gaps in security can be overlooked, we recommend that penetration and vulnerability test be performed by a third-party at least annually.

**CITY OF SANFORD, FLORIDA**  
Appendix A - Management Letter Comments  
Year Ended September 30, 2006

***Management's Response:***

While we have performed informal tests, it is the intention of the City to review our entire network security. To date, we have installed two additional Intrusion Detection and Prevention appliances. We will consider the feasibility of hiring an outside security firm to perform additional tests.

**Backup Operations & Disaster Recovery Plan**

***Observation 2006-04:*** There is no 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 and will formalize a disaster recovery plan by the end of the third quarter of this fiscal year.

**Budget**

***Observation 2006-05:*** We noted an incident where the City entered a budget amendment twice. This in turn overstated budgeted revenues and expenditures. The City currently has in their budget system a warning that will appear if the same budget entry number is entered more than once; however, the system still allows this warning to be bypassed.

***Recommendation:*** We recommend that the City implement a preventive control which will not allow the same budget entry number to be entered twice. We also recommend that budget transfers and amendments be reviewed by finance on a regular basis to detect irregularities.

***Management's Response:***

We have changed our document numbering system, streamlined the paper flow, and have implemented procedures to ensure that the same budget entries will not be entered twice. We are currently reviewing the budget transfers and amendments on a regular basis.

